Innovate the Future

JINDAL VIJAYANAGAR STEEL LIMITED

10th ANNUAL REPORT 2003-2004

Outstanding Environment Management
Green Tech Foundation

Best IT User
'NASSCOM-Economic Times'

Commitment to Total Quality Management
CII-EXIM BANK

BOARD OF DIRECTORS

Mr. P.R.JINDAL
Chairman

Mr. SAJJAN JINDAL
Managing Director

Dr. B.N.SINGH
Jt. Managing Director & CEO

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

Dr. S.K.GUPTA
Director

Mr. BALAJI SWAMINATHAN
Nominee Director of ICICI Bank Ltd.

Mr. R.N.ROY
Nominee Director of IDBI

Mr. N.GOKULRAM, IAS
Nominee Director of KSIIDC

Mr. S. DAVID CHANDRASEKARAN
Nominee Director of LIC of India

Mr. R.P.SINGH
Nominee Director of IFCI Ltd.

Dr. RAMASWAMY P. AIYAR
Director

COMPANY SECRETARY
Mr. R.P.Raichur

STATUTORY AUDITORS
M/s. Lodha & Company
6, Karim Chambers,
40A, Doshi Marg (Hamam Street),
Mumbai – 400 023.

CONCURRENT AUDITORS
S. R. Batliboi & Company
Chartered Accountants
22 Camac Street,
Block 'C' 3rd Floor,
Kolkata- 700 106

BANKERS
Allahabad Bank
ICICI Bank Limited
Punjab National Bank
State Bank of India
State Bank of Indore
State Bank of Mysore
Vijaya Bank

REGISTERED OFFICE & WORKS
P.O. Toranagallu, Sandur Taluk,
Bellary Dist., Karnataka – 583 123.

REGISTRARS & SHARE TRANSFER AGENTS
Karvy Computershare Pvt. Ltd.
TKN Complex, 51/2, Vani Vilas Road,
Opp. National College,
Basavanagudi, Bangalore – 560 004.

CONTENTS

NOTICE

NOTICE is hereby given that the **TENTH ANNUAL GENERAL MEETING** of the Shareholders of **JINDAL VIJAYANAGAR STEEL LIMITED** will be held on **Thursday,** the **30th day of December, 2004 at 12.00 noon** at the Registered Office of the Company at Village & P.O. Toranagallu, Sandur Taluk, Bellary District, Karnataka - 583 123 to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2004 and the Balance Sheet as at that date, together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. P.R.Jindal who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Dr. Ramaswamy P. Aiyar who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

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

   "**RESOLVED THAT** Mr. N.Gokulram, IAS, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of the ensuing 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. N. Gokulram, IAS, 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 by rotation".

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

   "**RESOLVED THAT** Dr. B.N. Singh, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of the ensuing 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 Dr. B.N. Singh 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 by rotation."

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

   "**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government, the Company hereby approves the appointment of Dr. B.N.Singh as the Joint Managing Director & CEO of the Company for a period of five years with effect from 13.10.2003 upon such terms and conditions as are set out in the Agreement, a copy of which is initialled by the Chairman for the purpose of identification and placed before this meeting, with specific authority to the Board of Directors to alter or vary the terms and conditions of the said appointment and / or agreement including the remuneration so as to not exceed a maximum limit of Rs.9,00,000/- p.m. or the limits set out in Sections 198, 309 read with Schedule XIII of the Companies Act, 1956 or any amendments thereto, whichever is lower, as may be agreed to between the Board of Directors and Dr. B.N.Singh."

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

   "**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government, the Company hereby approves the reappointment of Mr.Seshagiri Rao M.V.S. as the Director (Finance) of the Company for a period of five years with effect from 06.04.2004 upon such terms and conditions as are set out in the Agreement, a copy of which is initialled by the Chairman for the purpose of identification and placed before this meeting, with specific authority to the Board of Directors to alter or vary the terms and conditions of the said appointment and / or agreement including the remuneration so as to not exceed a maximum limit of Rs.4,00,000/- p.m. or the limits set out in Sections 198, 309 read with Schedule XIII of the Companies Act, 1956 or any amendments thereto, whichever is lower, as may be agreed to between the Board of Directors and Mr. Seshagiri Rao M.V.S."

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

   "**RESOLVED THAT** pursuant to Section 293(1)(e) and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the Company be and are hereby authorised to contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, such amount or amounts the aggregate of which will not in any financial year, exceed Rs.5,00,00,000/- (Rupees Five Crores Only) or 5% of the Company's average net profits as determined in accordance with the provisions of Sections 349 & 350 of the Act during the three financial years immediately preceding, whichever is greater."

By Order of the Board
For **JINDAL VIJAYANAGAR STEEL LIMITED**

Place : Mumbai
Date : 26th October, 2004

R.P.Raichur
Company Secretary

NOTES :

a] 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.

b] The instrument(s) appointing the proxy, if any, shall be delivered at the Regd. Office of the Company at Toranagallu, Bellary District - 583 123, Karnataka, 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.

c] The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the businesses under items 5 to 9 set out above is annexed hereto.

d] The Register of Members and Share Transfer Books of the Company will remain closed from 25.11.2004 to 26.11.2004 (both days inclusive).

e] Shareholders are requested to note that owing to the decision of Karvy Consultants Limited, to hive off its Registry business to another entity i.e., Karvy Computershare Private Limited (formerly Karvy Securities Registry Private Limited) the existing MOU executed between the Company and Karvy Consultants Limited has been transferred to Karvy Computershare Private Limited w.e.f. 01.04.2004. Pursuant to the said transfer Karvy Computershare Private Limited, TKN Complex, 51/2, Vani Vilas Road, Opp. National College, Basavanagudi, Bangalore – 560 004 are the Company's Registrars & Share Transfer Agents.

f] Members are requested to intimate the Registrars and Share Transfer Agents of the Company - Karvy Computershare Private Limited, 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.

g] 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.

h] Members holding Share certificates under different folio numbers but in the same order of name are requested to apply for consolidation of such folios and send relevant Share certificates to the Registrars and Share Transfer Agents of the Company.

i] Members/Proxies are requested to bring the attendance slip duly filled in.

j] As an austerity measure, copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT:

The Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 for item numbers 5 to 9 of the accompanying notice is as under :

Item No. 5:

Mr. N. Gokulram, IAS, was appointed by the Board of Directors in their meeting held on 27.07.2004 as an Additional Director of your Company w.e.f. 13.07.2004 pursuant to Section 260 of the Companies Act, 1956 and he holds office upto the date of the ensuing Annual General Meeting. As per Article 119 (a) of the Articles of Association of the Company, KSIIDC is entitled to appoint two Directors, one of whom shall be a retiring Director, as its nominees on the Board as long as KSIIDC continues to hold 11% or Rs. 50 crores in the Equity share capital of your Company, whichever is less. Your Company has received a notice under section 257 of the Companies Act, 1956, from KSIIDC proposing the appointment of Mr. N.Gokulram, IAS as Director.

Mr. N. Gokulram, IAS, is the Principal Secretary, Commerce & Industries Department, Government of Karnataka. A senior and extremely seasoned bureaucrat, Mr.Gokulram belongs to the 1974 batch of IAS officers. He holds a Masters Degree in Science and has served Karnataka in various capacities including Principal Secretary, Forest, Ecology & Environment Department, Govt. of Karnataka.

In view of his rich & vast experience and distinguished career, the appointment of Mr. N.Gokulram, IAS as Director would be in the best interest of your Company.

None of the Directors other than Mr. N.Gokulram, IAS is concerned or interested in the resolution.

Your Directors recommend the resolution for your approval.

Item No. 6 & 7:

Dr. B.N. Singh was appointed as an Additional Director in terms of Article 123 of the Articles of Association of your Company, in the Board meeting held on 22nd October 2003. In the same Board Meeting he was also appointed as the Joint Managing Director & CEO of your Company.

Dr. B.N. Singh, aged 56 years, holds a BSc in Metallurgy from BIT Sindri, Ranchi University, M.Tech in Metallurgy from IIT Kanpur, MBA from XLRI and Doctorate in Metallurgy from Ranchi University. He was formerly Director General of LNM Group's Algeria Plant. Dr. Singh is credited with the turnaround of the ailing Rashtriya Ispat Nigam Limited, Vizag, which he took over as Chairman & Managing Director in 1997. He had a distinguished association with SAIL for over a decade in varied assignments including ED (In-Charge) and Director (Personnel), ED (Works)-IISCO Burnpur, Managing Director-Rourkela Steel Plant, Chairman & Managing Director- Rashtriya Ispat Nigam Limited. His stint of nearly 17 years with TISCO before joining SAIL gave him an opportunity to work in Research and Marketing.

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 Dr.B.N.Singh for appointment as Director of your Company.

Members' approval is also sought for the appointment of Dr. B.N.Singh as Joint Managing Director & CEO for a period of five years with effect from 13.10.2003 and for the payment of salary and other perquisites to be fixed from time to time by the Board of Directors of your Company.

The remuneration of the Joint Managing Director & CEO will be fixed by the Board of Directors in such a manner that the Salary and the aggregate value of all the perquisites and allowances like furnished accommodation or HRA in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs, project allowance/bonus, medical reimbursement, club fees and leave travel concession for himself and his family, medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Dr. B.N. Singh shall not exceed the maximum remuneration approved by the members in general meeting.

Your Directors have recommended a maximum remuneration of Rs.9,00,000/- per month.

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

a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;

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

c) Earned leave with full pay or encashment as per rules of the Company.

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

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

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

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

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

The terms of remuneration of Dr. B.N. Singh has the approval of the Remuneration Committee. The remuneration payable to Dr. B.N.Singh is subject to the approval of the Central Government as per the amended provisions of Schedule XIII of the Companies Act, 1956.

The above details may also be treated as an abstract of the terms of appointment of Dr. B.N.Singh under section 302 of the Companies Act, 1956.

The statement required to be given under Part II Section II (B) (iv) of Schedule XIII of the Companies Act, 1956, is enclosed.

A copy of the agreement executed by Dr. B.N.Singh is available for inspection at the Registered Office of the Company from 10.00 a.m. to 12.00 noon on all working days of the Company.

Dr. B.N. Singh brings rich and varied experience spanning a period of over 3 decades that would enable him to effectively manage the affairs of your Company. His appointment as Joint Managing Director & CEO would be in the best interest of your Company.

None of the Directors other than Dr. B.N.Singh is concerned or interested in the resolutions.

Your Directors recommend the resolutions as at item Nos.6 & 7 for your approval.

Item No. 8:

The members of the Company had in their 5th Annual General Meeting held on 28th September, 1999 approved the appointment of Mr. Seshagiri Rao M.V.S as Director (Finance) of the Company for a period of five years commencing from 6th April, 1999. The term of Mr. Seshagiri Rao expired on 5th April 2004. Your Directors have in their meeting held on 20th January 2004 reappointed Mr. Seshagiri Rao M.V.S as Director (Finance) w.e.f. 6th April 2004 on the terms and conditions contained in the Agreement executed with Mr. Rao.

Mr. Seshagiri Rao, M.V.S, aged 46 years, is a member of the Institute of Cost and Works Accountants of India and a Licentiate member of the Institute of Company Secretaries of India. He is also a Certified Associate of Indian Institute of Bankers and a Diploma holder in Business Finance awarded by the Institute of Chartered Financial Analysts of India. Mr. Rao joined the Company as Chief Financial Officer and became Director (Finance) in the year 1999 and has over the years grown with the Company progressively shouldering higher responsibilities. He possesses rich experience spanning over two decades in the areas of Corporate Finance, Banking and has held key positions in large Corporate houses in India.

Members' approval is sought for the said reappointment of Mr. Seshagiri Rao M.V.S as Director (Finance) for a further period of five years with effect from 6th April 2004 and for payment of salary and other perquisites to be fixed from time to time by the Board of Directors of your Company.

The remuneration of the Director (Finance) will be fixed by the Board of Directors from time to time in such a manner that the salary and the aggregate value of all the perquisites like rent free and maintained accommodation or HRA in case the Director (Finance) is occupying any premises on his own, gas, electricity, water, furniture and furnishings, LTA for self and family, club fees, medical benefits, personal accident insurance, interest subsidy on housing loans, annual fees for professional bodies and other allowances / benefits etc. in accordance with the rules of the Company and performance linked incentive / reward / bonus shall not exceed the maximum remuneration approved by the members in general meeting.

Your Directors have recommended a maximum remuneration of Rs.4,00,000/- per month.

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

a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;

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

c) Earned leave with full pay or encashment as per rules of the Company.

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

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

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

The Director (Finance) shall not be eligible for any sitting fees for attending the Company's Board or Committee Meetings.

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

The terms of remuneration of Mr. Seshagiri Rao M.V.S has the approval of the Remuneration Committee. The remuneration payable to Mr. Seshagiri Rao M.V.S is subject to the approval of the Central Government as per the amended provisions of Schedule XIII of the Companies Act, 1956.

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

The statement required to be given under Part II Section II (B) (iv) of Schedule XIII of the Companies Act, 1956 is enclosed.

A copy of the agreement executed with Mr.Seshagiri Rao M.V.S is available for inspection by the members of the Company at its Registered Office from 10.00 a.m. to 12.00 noon on all working days of the Company.

In view of his vast experience and illustrious career, the reappointment of Mr. Seshagiri Rao M.V.S as Director (Finance) would be in the best interest of your Company.

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

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

Item No. 9:

Sub-section (1) (e) of Section 293 of the Companies Act, 1956 inter-alia, provides that the Board of Directors of a Public Company shall not except with the consent of such Public Company in general meeting, contribute to charitable and other funds not directly related to the business of the Company or welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed Rs. 50,000/- or 5% of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act, during the three financial years immediately preceding, whichever is greater.

Members of the Company had in their Extra-Ordinary General Meeting held on 22nd April 2003 authorised the Board of Directors to contribute to Charitable and other funds not directly relating to the business of the Company or the welfare of its employees, upto a sum of Rs. 50 lacs in any financial year. Members may be aware that the Company has grown considerably over the years with substantial improvement in its financial position consequently increasing its Corporate Social Responsibilities. Accordingly, in order to enable the Company to contribute more towards charitable and other funds not directly relating to the business of the Company or the welfare of its employees, approval of members is sought to authorise the Board of Directors to make the aforesaid contribution of such an amount in any financial year which will be greater of Rs.5 crores or 5% of average net profits of the Company as determined in accordance with the provisions of Sections 349 and 350 of the Act, during the immediately preceding three financial years.

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

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

By Order of the Board
For **JINDAL VIJAYANAGAR STEEL LIMITED**

Place : Mumbai — **R.P.Raichur**
Date : 26th October, 2004 — Company Secretary

Statement required to be given under Part II Section II(B)(IV) of Schedule XIII of the Companies Act, 1956.

I. GENERAL INFORMATION

(1) Nature of Industry	Steel Industry.
(2) Date or expected date of commencement of commercial production	Roughing Mill on 29.03.1997 and integrated operation of all the units on 01.07.2002.
(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable
(4) Financial performance based on given indicators	For the year ended 31.03.2004 EBIDTA : Rs. 1,085.56 crores Profit before tax & Exceptional items : Rs. 299.40 crores Net profit after taxes : Rs. 528.68 crores
(5) Export performance and net foreign exchange collaborations	For the Year ended 31.03.2004 exports were to the tune of Rs.137.31 crores
(6) Foreign investments or collaborators if any	Nil

II. INFORMATION ABOUT THE APPOINTEES

Particulars	Dr. B.N.Singh	Mr. Seshagiri Rao M.V.S
(1) Background details	Given in the explanatory statement above.	Given in the explanatory statement above.
(2) Past remuneration	Rs.23.80 Lacs during F.Y.2003-04	Rs.21.79 Lacs for the F.Y.2003-04 Rs.18.41 Lacs for the F.Y.2002-03 Rs.13.95 Lacs for the F.Y.2001-02
(3) Recognition or award	TISCO Chander (1976), SAIL Gold Medal (1980), National Metallurgist of the Year (1984), Dr. Rajendra Prasad Gold Medal(1985), Metals & Materials Science Gold Medal (1989), Indian Institute of Metal's Steel 80s (1992), Indian Institute of Engineers' Distinguished Metallurgist (1995).	Nil
(4) Job profile and his suitability	Given in the explanatory statement above.	Given in the explanatory statement above.
(5) Remuneration proposed	Given in the explanatory statement above.	Given in the explanatory statement above.
(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position or person (in case of expatriates the relevant details would be w.r.t. the country of his origin.)	Considering the vast industrial experience of Dr. B.N. Singh and size of operations of the Company remuneration offered to him is reasonable compared to that in private sector of the steel industry.	Considering the vast experience of Mr. Seshagiri Rao M.V.S in Corporate Finance & Banking and size of operations of the Company remuneration offered to him is reasonable compared to that in the private sector of the steel industry.
(7) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any	No such pecuniary relationship directly or indirectly with the Company or relationship with any of the managerial personnel.	No such pecuniary relationship directly or indirectly with the Company or relationship with any of the managerial personnel.

III. OTHER INFORMATION

(1) Reasons for loss or inadequate profits (2) Steps taken or proposed to be taken for improvement (3) Expected increase in productivity and profits in measurable terms	Delay in achieving financial closure, initial teething problems in commissioning of Corex I unit and delay in its stabilisation led to significant time and cost overruns during implementation phase. Bunching of capacity additions coupled with unprecedented downturn in Steel industry further aggravated the problem. High cost debt raised to complete the project increased the interest burden significantly. Financial restructuring package approved by the lenders under the Corporate Debt Restructuring (CDR) mechanism and Company's ability to repay and prepay term loans out of internal accruals have resulted into substantial saving of interest. Steel prices have made substantial recovery from April 2003 onwards. Several cost reduction initiatives taken by the Company started yielding results increasing the profitability of the Company. Hence, Company has earned net profits of Rs.528.68 crores for the year ended 31.03.2004.

DIRECTORS' REPORT

Dear Members,

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

1. FINANCIAL RESULTS

Rs. crores

Sr No.	Particulars	31.03.2004	31.03.2003
1.	Sales (Gross)	**3596.31**	2786.04
	Less : Excise Duty	**316.53**	281.28
	Sales (Net)	**3279.78**	2504.76
2.	Other Income	**25.17**	7.50
	Total Revenue	**3304.95**	2512.26
3.	Gross Profit / (Loss) before Interest, Depreciation, Miscellaneous Expenditures written off, Exceptional Items & Taxation	**1085.56**	715.29
4.	Interest	**409.28**	563.45
5.	Depreciation and Miscellaneous Expenditures written off	**376.88**	345.10
6.	Profit / (Loss) before Exceptional Items & Taxation	**299.40**	(193.26)
7.	Exceptional Items	**390.76**	(209.57)
8.	Profit / (Loss) before Taxation	**690.16**	(402.83)
9.	Tax including Deferred Tax	**(161.48)**	292.16
10.	Net Profit / (Loss) for the year	**528.68**	(110.67)

The financial year 2003-04 is the year of turnaround for your Company registering remarkably improved performance. While the buoyant market conditions and higher sales realisation aided for improved financial performance, the growth in production of over 11% and control on the cost of production despite increase in the input prices, have added to the profitability of the Company. The financial restructuring and repayment and prepayment of debt of Rs.416 crores during the year resulted in net interest reduction of Rs.154 crores relative to previous year. The Company has also entered into settlement agreements with various foreign & domestic lenders and got certain benefits/concessions/waivers represented by exceptional gain of Rs.390.76 crores in the current year. The Company posted a net profit of Rs.528.68 crores reducing 80% of accumulated losses.

2. REVISED RESTRUCTURING PACKAGE (RRP)

Approval of shareholders was obtained at the Extra-ordinary General Meeting held on 22nd April, 2003 for conversion of 40% of the existing equity into 0.01% Cumulative Redeemable Preference Shares.

However, since the same is embodied in the Scheme of Arrangement and Amalgamation for which a separate approval of the Members was sought and obtained in the High Court of Karnataka convened meeting of equity shareholders held on 29.01.2004, the same is not being pursued separately.

All the CDR lenders have implemented the RRP. The Company entered into Settlement Agreements with non-CDR lenders and these agreements have also become effective.

3. SCHEME OF ARRANGEMENT & AMALGAMATION

As the members are aware, your Company has initiated a Scheme of Arrangement and Amalgamation, whereby the steel business of Jindal Iron & Steel Co. Limited(JISCO) will be merged with your Company. Appointed date of the Scheme is April 1, 2003. The Scheme provides for reorganisation of capital structure of the Company, which gives effect to revised restructuring package referred above and consists of conversion of institutional loans into equity, reduction of capital and issue of share warrants etc. The scheme was approved unanimously by the equity shareholders, preference shareholders and secured creditors (which includes institutional lenders) in their respective meetings held on January 29, 2004. The Scheme has been sanctioned by the Hon'ble Bombay High Court and is now pending for the sanction of the Hon'ble Karnataka High Court.

On implementation of the Scheme with the due approvals from the Courts, your Company is expected to derive significant benefits due to synergetic operations in the entire value chain from Iron Ore to Galvanised Coils. The results for the financial year 2003-04 on giving effect to the Scheme if approved by the Court as filed by the Company, will appear as under:

Rs. crores

Sr No.	Particulars	31.03.2004 giving the impact of the Scheme
1.	Gross Turnover/ Income from Operations	5708.10
2.	Less : Inter divisional transfer	1029.34
3.	Sales (Gross) (Net of Inter division Transfer)	4678.76
	Less : Excise Duty	324.10
	Sales (Net)	4354.66
4.	Other Income	31.78
	Total Revenue	4386.44
5.	Gross Profit / (Loss) before Interest, Depreciation, Miscellaneous Expenditure written off, Exceptional Items & Taxation	1499.74
6.	Interest	488.35
7.	Depreciation and Miscellaneous Expenditure written off	439.05
8.	Profit / (Loss) before Exceptional Items & Taxation	572.34
9.	Exceptional Items	390.76
10.	Profit / (Loss) before Taxation	963.10
11.	Tax including Deferred Tax	160.90
12.	Net Profit / (Loss) for the year	802.20

The above information is provided voluntarily so as to bring out greater transparency and adequate disclosures. These figures are provisional and not conclusive and may differ from actuals based on the disposal of the Scheme by Hon'ble High Courts.

4. NEW PROJECTS

The Company initiated steps to set up a Beneficiation plant to reduce the high alumina content in Iron Ore enabling to produce better quality Pellets for iron making. The first and second phase of the Beneficiation plant have been commissioned during the financial year 2003-04 and the third phase will be commissioned in November 2004.

2nd Lime Calcination plant and 2nd Ladle Reheating Furnace were also commissioned. The Slag Grinding unit of 2,00,000 TPY capacity was commissioned which started commercial production in December 2003. Your Company has started manufacturing Cement in this Grinding unit with the addition of Clinker bought from outside.

5. FUTURE PROSPECTS

The steel market is expected to remain bullish particularly in the context of pick up in the world economic growth. The upsurge in demand in North America, renewed infrastructure building activity in Russia and visible recovery in Japanese economy will support the continuation of the upturn in steel cycle. The enhanced industrial activity with strong GDP growth gives further impetus to steel demand in India. In case the new capacities are not created, India may have to rely on steel imports in the years to come. In this promising environment your Company is well positioned to increase the capacity of the steel plant, as additional infrastructure has already been created and the incremental capacities can be created with marginal investments.

The Pellet plant of 3 MTPA produced 3.23 million MT during the F.Y.2003-04. The feeding of beneficiated Iron Ore with reduced alumina content coupled with certain modifications to the existing equipment has contributed to the enhancement of Pellet production capacity from 3 MTPA to 4.2 MTPA since June 2004.

Your Company has achieved 98.3% utilization of its capacity of 1.60 MTPA. Comprehending that with provision for production of additional hot metal, excess capacity presently available in the converter shop, caster and hot strip mill can be used to enhance capacity of steel plant to 2.5 MTPA, the Company has initiated following initiatives in respect of the above.

Your Company has tied up with Euro Ikon Iron and Steel Private Limited (EIISPL) for setting up the blast furnace with the 0.9 MTPA and will operate the said blast furnace under Operations and Maintenance agreement with EIISPL. Trial runs of the said furnace have commenced in August 2004.

Second reheating furnace of Hot Strip Mill (HSM) became operational during September 2004 with rolling capacity of 2 MTPA. HSM modernisation is under way which will enable to produce high end products, to improve quality and also to attain the flexibility of producing higher proportion of thinner gauge HR Coils. This modernisation is being done in phases spread over a period of 24 months.

Your Company has tied up with Euro Coke and Energy Private Limited (ECEPL) for setting up a Coke Oven Plant with a capacity of 0.62 MTPA which will be operated by the Company under Operations and Maintenance agreement with ECEPL. The trial runs will commence in November 2004.

JSW Power Limited (promoted by Jindal Thermal Power Company Limited and other group companies) is setting up 200 MW Power Plants adjacent to steel plant by utilising the waste gases / heat from Blast Furnace / BOF / Corex / Coke Oven Plants. On commissioning of these plants in January 2005 (100 MW) and September 2005 (100 MW), the power cost is expected to come down significantly.

As per the techno economic feasibility report prepared by MECON, a Govt. of India undertaking, the capacity of the Steel plant can be further enhanced from 2.5 MTPA to 3.8 MTPA (upto slab stage) at an expected cost of Rs.1275 crores. This expansion can be carried out with low specific investment cost per tonne (Rs.9800/- per tonne) thus reducing the overall interest and depreciation cost per tonne significantly. Considering the incremental earning that will accrue to the Company and faster pay back period, your Company proposes to take up implementation of this project to be financed by internal accruals (Rs.425 crores) and debt (Rs.850 crores). This expansion project is expected to be operational by March 2006.

The above initiatives taken by the Company to increase the scale of operations and vertical integration coupled with promising market outlook are expected to improve the financial performance during the year 2004-05.

6. ASSOCIATED COMPANIES FOR POWER, OXYGEN AND MINING

- **JINDAL THERMAL POWER COMPANY LIMITED (JTPCL)**

  Both the units of 130 MW have been working at 95% PLF. JTPCL has supplied 1269 (MU) of power to your Company in the year for catering its demand and that of JPOCL. Now JTPCL is fully meeting the requirements of the Steel Plant & Oxygen Plant.

  JTPCL has also supplied 780 MU of power to Karnataka Power Transmission Corporation Limited, (KPTCL) during the period under review.

- **JINDAL PRAXAIR OXYGEN COMPANY PRIVATE LIMITED (JPOCL)**

  As per Audited Financial Statement for the year ended 31.3.2003 of JPOCL, the reported turn over and net profit after tax were Rs. 275.71 crores and Rs. 29.10 crores respectively.

- **VIJAYANAGAR MINERALS PRIVATE LIMITED (VMPL)**

  During the financial year 2003-04, 1.04 million tonnes of Iron Ore was despatched from Thimmappanagudi Iron Ore Mines, registering a growth of 21.78%.Addititonal area of 98.22 hectares has been sanctioned to Vijayanagar Minerals Private Limited. In the coming year (2004-05) Thimmappanagudi Iron Ores Mines will mine and despatch 1.5 million tons of Iron Ore. Back filling has been completed and also dump stabilisation has been done, to protect environment.

  JVSL sources 30% of its Iron Ore requirements from VMPL and the balance is being procured from National Minerals Development Corporation and other private mine owners. Your Company has also been pursuing with the Government for allocation of additional iron ore mines to meet the entire Iron Ore requirement.

7. DIVIDEND

Your Directors have not recommended any dividend considering the unabsorbed book losses, even though the Company has made net profit during the year.

8. 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.

9. DIRECTORS

Mr. P. R. Jindal and Dr. Ramaswamy P. Aiyar, 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. J.K.Tandon, Joint Managing Director & CEO of your Company has tendered his resignation w.e.f 13.12.2003. Mr. J.K.Tandon has been with your Company since 1997 and has contributed immeasurably for the implementation of the integrated project and for the growth of the organisation over these years. The Board of Directors place on record its special appreciation of the valuable contribution made by him during his tenure as Joint Managing Director & CEO.

Your Directors have appointed Dr. B.N.Singh as Joint Managing Director & Chief Executive Officer w.e.f 13.10.2003 for a period of 5 years and have re-appointed Mr.Seshagiri Rao M.V.S as Director (Finance) for a further period of 5 years w.e.f 06.04.2004, subject to necessary approvals. The proposals regarding their appointment/re-appointment are also placed for your approval.

Mr. U.Mahesh Rao and Mr. Moosa Raza, IAS(Retd.) have resigned as Directors of your Company w.e.f 06.10.2003 and 01.04.2004 respectively.

Mr. Subir Hari Singh, IAS, nominee of KSIIDC in place of Mr. K. K. Misra, IAS, was appointed as an Additional Director of your Company by the Board w.e.f.23.07.2003. Mr. N. Gokulram, IAS was appointed by KSIIDC as its nominee Director on our Board in place of Mr. Subir Hari Singh, IAS with effect from 13.07.2004. KSIIDC also nominated Mr. K.Jairaj, IAS as its nominee in place of Mr. Kotilingangoud with effect from 19.06.2004 and withdrew his nomination w.e.f.11.10.2004.

LIC of India has nominated Mr. S.David Chandrasekaran as its nominee on the Board of your Company w.e.f 05.06.2003 in place of Mr. B.R.Sethi. ICICI Bank Ltd has nominated Mr.Balaji Swaminathan as its nominee on the Board of your Company w.e.f. 07.05.2004 in place of Mr.N.D.Pinge. IFCI nominated Mr. R.P. Singh as its nominee on the Board of your Company with effect from 29.06.2004 in place of Dr. S.S. Jha.

Your Directors also place on record their deep appreciation of the valuable services rendered by Mr. U. Mahesh Rao, Mr. Moosa Raza IAS (Retd.), Mr.N.D.Pinge, Mr. B. R. Sethi, Mr. Kotilingangoud, IAS Dr. S. S. Jha, Mr. Subir Hari Singh, IAS Mr. K. K. Misra, IAS and Mr. K.Jairaj, IAS during their tenure as Directors.

10. SHARE CAPITAL

Issue of Preference Shares

27,90,34,907-10% Cumulative Redeemable Preference Shares of Rs.10/- each were issued and allotted on 19.07.2003 to certain secured lenders in lieu of payment of a part of the simple interest overdues to lenders as per the terms of financial restructuring package approved by Corporate Debt Restructuring Cell (CDR). These Shares are currently listed on the Bangalore, Mumbai & National Stock Exchanges.

Forfeiture and Annulment of forfeiture of Equity shares

Out of 20,69,78,250 Equity shares forfeited during F.Y. 2000-01 for non payment of call money arrears aggregating to Rs.146,04,30,150/- and 3,53,410 Equity shares forfeited during the F.Y.2001-02 for non payment of allotment money, forfeiture in respect of 17,500 shares were annulled during the period under review in addition to the forfeiture already annulled of 2,11,800 Equity shares upto 31.03.2003. The Company has not made any forfeiture of shares during the year under review.

11. AUDITORS

M/s. Lodha & Co., Chartered Accountants, Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Auditors' if approved.

12. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding Conservation of Energy and Technology Absorption is given as an Annexure to this report.

13. AWARDS & RECOGNITION

- JVSL has been conferred with prestigious Commendation Certificate for Strong Commitment to Total Quality Management on the Journey towards Business Excellence by **CII-EXIM BANK**.
- JVSL has been honoured with Silver Award in Metals Sector for outstanding achievement in Environment Management by **GREENTECH FOUNDATION.**
- JVSL has the distinction of being certified to ISO-9001-2000 Quality Management System, ISO-14001:1996 Environment Management System and OHSAS 18001:1999 Occupational Health and Safety Management System which are successfully being maintained.
- JVSL bagged the prestigious **BEST IT USER** award in the MANUFACTURING category for the year 2004 instituted by 'NASSCOM-Economic Times' reflecting excellence in Information Technology usage for gaining significant business benefits.

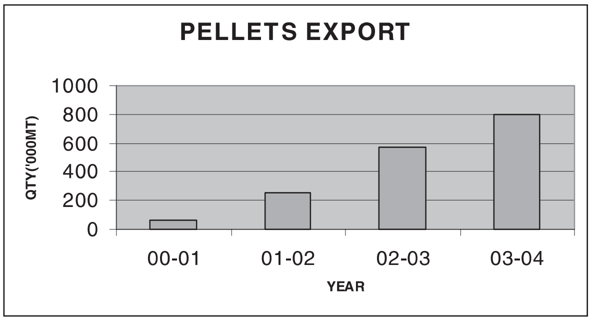
14. FOREIGN EXCHANGE EARNINGS AND OUTGO

i. Activities relating to exports and initiatives taken to increase export products and services and export plans :

Optimum Net Sales realisation was achieved due to right Mix of Sales in Domestic and Export Markets. As the export market was depressed at the start of the year, thrust was accorded to the value added products with target to the niche markets. Accordingly, new markets at Kenya, Australia, and Malaysia were explored and serviced. These markets were in addition to the earlier markets in Europe, Bangladesh, Thailand, China etc.

On pellets front, your Company increased its presence in China by supplying close to 800,000 mt of pellets during the financial year (an impressive growth of 40%). This has further enhanced the confidence of the buyers, viewing your Company as a consistent and reliable supplier of Pellets.

Supplies of pellets to domestic market were increased to 280,000 mt. This resulted in the overall sales volume exceeding one million tons (comprising of about 75% exports).



ii Foreign Exchange Earnings during the year 2003-04 was Rs.137.31 crores as against Rs.368.65 crores during previous year, while the foreign exchange outgo during the year was Rs.864.48 crores as against Rs.770.22 crores during the previous year.

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 has been provided as an Annexure to this report. However, as per the provisions of section 219(1)(b)(iv) of the Companies Act, 1956, this report alongwith the accounts are being sent to all the shareholders of your Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

16. THE CORPORATE GOVERNANCE CODE

The importance of Corporate Governance has always been recognised by your Company and is manifest in the Company's vision. As a proactive step your Company has been following the Corporate Governance practices like striking out reasonable balance in the Composition of Board of Directors, setting up Audit Committee and other Business Committees, adequate disclosures and business to be deliberated by the Board etc, even before the code became mandatorily applicable.

A Report in line with the requirements of clause 49 of the Listing Agreement on the Corporate Governance practices followed by the Company and the Auditors' Certificate on Compliance of mandatory requirements along with Management Discussion and Analysis, are given as an annexure to this report.

17. DIRECTORS' RESPONSIBILITY STATEMENT

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

(i) In the preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) Your Directors have selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

(iii) Your Directors 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) Your Directors have prepared the annual accounts on a going concern basis.

18. 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, and the Financial Institutions, Banks as well as the Shareholders and Debentureholders during the year under review. Your Directors also wish to place on record their appreciation of the devoted and dedicated service rendered by all the employees of your Company.

For and on behalf of the Board of Directors

Place : Mumbai
Date: 26th October, 2004

P R JINDAL
Chairman

ANNEXURE TO DIRECTORS' REPORT

FORM A

Form for Disclosure of particulars with respect to Conservation of Energy

A	POWER & FUEL CONSUMPTION	Current Year (2003-04)	Previous Year (2002-03)
1	Electricity		
	a) Purchased Unit (kwh) (in Lacs)	**6,231.91**	4,868.98
	Total Amount (Rs. in crores)	**182.82**	143.13
	Rate / Unit	**Rs. 2.93**	Rs. 2.94
	b) Own Generation		
	i) Through diesel generator Units (kwh) (in lacs)	**0.52**	1.00
	Units per ltr of diesel	**3.00**	3.09
	Cost / Unit	**Rs. 36.25**	Rs. 16.82
2	Coal + Coke		
	Quantity (MT)	**2016299 MT of Coal + 344484 MT of Coke**	1716603 MT of Coal + 271608 MT of Coke
	Total Amount (Rs in crores)	**916.64**	668.33
	Coal Rate (Rs. / MT)	**3090**	3113
	Coke Rate (Rs. / MT)	**8525**	4919
3	Furnace Oil		
	Quantity (K.Ltrs)	**0 KL of HFO + 0 KL of LDO**	0.85 KL of HFO + 3.856 KL of LDO
	Total Amount (Rs in crores)	**0**	0.0052
	Average Rate (Rs. / Ltrs)	**0**	11.05
4	LPG		
	Quantity (MT)	**1,434.35**	1,579.52
	Total Amount (Rs in crores)	**2.87**	3.14
	Average Rate (Rs. / MT)	**20014**	19881
5	Others / Internal generation (Please give details)		
	Quantity (Water cu.nm)	**6505340**	4530977
	Total Cost (Rs in crores)	**0.05**	0.04
	Rate / Unit (Rs. / M^3)	**0.078**	0.096

B CONSUMPTION PER UNIT OF PRODUCTION

	Standards (if any)	Current Year 2003-04	Previous Year 2002-03
Products (with details) Unit	HR Coils	HR Coils	HR Coils
Electricity (kwh / MT)	350.0	357.0 ##	317.4#
Furnace Oil (Litre / MT)	-	0.00	0.00
LPG (Kg / T)	1.3	0.9	1.1
Others (Specify)			
- Water (M3 / T)	4.5*	4.1	3.2

Power consumed on Slab and Pellet sold has been reduced to arrive at consumption per unit for current year.

This does not include power consumption in Corex-2 & Pellet plant during trial run.

Standard of Electricity (Kwh/MT) revised to consider Pellet Plant power.

* Revised considering Integrated Operation.

FORM B

Form for 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 was carried out in the areas of Iron Ore Beneficiation, Iron Ore Pelletization, Corex Iron Making, Steel Making, Hot Rolling, New Product Development with focus on improvement in process parameters and their optimization, quality of intermediate & final products, energy conservation, Waste reduction & utilization and Cost reduction.
2. **Benefits derived as a result of R&D efforts**
   - The R&D project partly funded by Ministry of Steel and Department of Science and technology to identify suitable indigenous coal is continuing in collaboration with Society for Innovation and Development, Indian Institute of Science, Bangalore and Central Fuel research Institute, Dhanbad. The plant scale trials were conducted with unwashed grade-B Singareni Coal. 3000 tonnes of coal was used and 10% of imported coal could be successfully replaced.
   - Iron Ore fines from different sources procured for beneficiation were classified as *Preferable, Tolerable and Not Washable* and Iron Ore fines input increased from preferred sources from 78% to 84% with resultant increased drop in alumina from 26% to 33% at 80% yield.
   - 32000 tonnes of iron Ore Slimes, a waste product from NMDC, were successfully utilized in pellet making.
   - Despite increased level of alumina in the iron Ore fines, from 1.77% to 2.14%, Pellet plant parameters were optimized with respect to firing temperature, burn through temperature, carbon content etc., resulting in increased productivity and better quality of pellets.
   - Oxygen consumption in Corex process through Tuyeres and Dust burners was optimized resulting in reduced oxygen consumption by about 30 Nm^3/thm and increased melting rate and reduced fuel rate.
   - During the year the company has added several new products like API-5L-X65, 50 Cr V 4, Low C, low Al Si killed Boron treated etc.
3. **Future plan of action**
   R&D programmes identified for the next year (2004-05) are as follows:
   Optimization of Coal Blend for top charged and Stamp charged Coke Ovens, Development of process for beneficiation of Iron Ore Slimes, Coal for Coal Injection, Mathematical Models for control of Super Heat in Continuous Casting process, Roll Force Prediction Model for new grades of Steel etc.
4. **Expenditure on R&D**
   - Capital – Rs. 1.13 crores
   - Recurring – Rs. 1.27 crores
   - Total – Rs. 2.40 crores
   - Total R&D expentiture as a percentage of total turnover – 0.07%

TECHNOLOGY ABSORPTION

1. Efforts made and Benefits derived
   The 1.5 MTPA Iron Ore Beneficiation Plant, commercialized based on in-house technology, has attained rated capacity.
   With in-house developed technique of slag splashing and high MgO practice, the BOF lining life achieved is 4309 heats, which is a national Bench Mark.
2. Imported Technologies

Innovation/ Technology	Year of Import/ Absorption	Status of Implementation
• CORE X from VAI, Austria.	1999	Successfully Commissioned and surpassed rated capacity and JVSL performance is world Bench Mark.
• Iron Ore Pelletization Technology from Kvaerner metals, USA	2000	Successfully commissioned and surpassed rated capacity.

MANAGEMENT DISCUSSION AND ANALYSIS

A) OVERVIEW

The year under review ended with a commendable performance by the Company having achieved a turnaround with a Net Profit of Rs. 528.68 crores. As a result, substantial portion of the brought forward losses was reduced and it has also paved the way for wiping out the carry forward balance losses fully in the ensuing financial year. Within a short span of commencement of commercial operation on integrated basis, the Company has shown significant improvements in the operational performance and achieved the production level close to the rated capacity in all the Plants. The Earnings before Interest, Depreciation and Tax (EBIDTA) during the year under review is higher by 52% in comparison with that of the previous year, i.e. from Rs. 715.29 crores to Rs. 1,085.56 crores. The Company's Gross turnover went up to Rs. 3,596.31 crores, registering a growth of around 29% over the previous year.

The revised financial restructuring package approved by Corporate Debt Restructuring Cell (CDR) in February 2003 was implemented in respect of all the CDR participating lenders and settlements have been made with other lenders, resulting in substantial reduction in Interest costs by more than Rs. 150 crores during the year. The Company has met all the commitments to the lenders during the year and there were no overdue as of end March 2004. The repayments / pre-payments to the Lenders coupled with benefits on account of waiver of part of the debt / overdue interest by certain lenders has resulted in reduction in overall debt by Rs. 1,154 crores as of end March 2004. Consequently, there has been significant improvement in the debt gearing to 2.8 as at end of the financial year 2003-04.

B) INDUSTRY STRUCTURE, DEVELOPMENT AND OUTLOOK

The financial year 2003-04 witnessed recovery of the global economy and steady growth in North America, Japan and other European Countries. Overall, the global economy is in a path of recovery offering opportunities for transnational business for Indian enterprises. India is set to be one of the Asia's fastest growing economies. The Central Statistical Organization (CSO) estimates that the country's GDP growth will be around 8.1 per cent in the fiscal year 2003-04, on the back of the best monsoon in a decade. Manufacturing sector is expected to register a growth of 7.1 per cent as against 6.2 per cent during the previous year. Foreign Exchange reserves reached a record high of $ 118 billion up from $ 76 billion previous year, partly owing to strong current account balance position.

Steel Industry witnessed spurt in global demand with a growth of 4.6%, driven primarily by China, whose demand has grown by 10%. The Indian Steel Industry has had one of its best years ever in the financial year 2003-04. Buoyed by continual increase in prices and effectively managing input prices, integrated steel players like your Company performed well during the year. Domestic demand for Steel remained firm on account of increased investment activities in infrastructure, automotive, engineering and durable sector.

Indian Steel Companies will continue to exhibit good growth despite the fear of slow down in Chinese economy, as they are less dependent on exports and cater more to the domestic market. Continuing thrust on infrastructure and growth of the automotive industry coupled with an estimated GDP growth of 7% in financial year 2004-05 will keep the good times rolling for the Steel Industry.

C) OPPORTUNITIES AND THREATS

The Company has adopted the latest and most environment friendly COREX technology for Iron making process. The Company has achieved the operational performance above the rated capacity, within a short span of time from the commencement. The COREX performance of the Company is the Benchmark in the world, as it continues to be better than that of the other COREX Units in the world. The improved techno-economic parameters in all the units viz., Pellet Plant, COREX, BOF-CCP and HSM have brought down the cost of production and thereby contributed for higher operating margins. The Company produces greenest steel driven by its Vision "Transform thru' Innovation" and is also creating ample opportunities to further bring down the cost of production.

While focussing on its core competency in Steel, the Company has set up onsite plants through the Joint Venture Companies. The associate companies namely, Jindal Thermal Power Company Limited (JTPCL) for power, Jindal Praxair Oxygen Private Limited (JPOCL) for oxygen, and Vijayanagar Minerals Private Limited (VMPL) for mining focus on their respective core competencies and are operating profitably. The Company thus derives significant benefits out of the said strategic investments yielding returns apart from assured supplies of raw materials required for the operations.

The Company is in the process of implementation of the Scheme of Arrangement and Amalgamation between the Company, Jindal Iron & Steel Company Limited (JISCO) and Jindal South West Holdings Limited. The Scheme interalia includes consolidation of the Steel business of JISCO with the Company. It is expected that the consolidation of the businesses would compliment each other's strengths and provide a platform for being one of the most efficient integrated steel producers. The proposal is expected to achieve the operational synergies and opportunities to leverage the strengths of each of the Companies. The scheme has been approved by Hon'ble Bombay High Court and is now pending for sanction of the Hon'ble Karnataka High Court.

The implementation of the revised financial restructuring package approved by Corporate Debt Restructuring Cell, settlements with various non CDR lenders and the benefit to be accrued (subject to approval of Hon'ble High Courts) as a result of the ensuing consolidation of the Steel businesses of JISCO with the Company are expected to provide ample opportunity to the Company to continuously evaluate various options to replace the expensive debts with low cost debt, to undertake currency swaps and interest rate swaps. As a result, the financial profile will strengthen and also the interest cost is expected to reduce further.

The improved financial position will enable the Company to set up additional capacities with marginal investments to bring down the fixed cost per tonne and to take advantage of growing steel demand. The Company has already initiated steps to enhance the capacity of its Plants through de-bottlenecking with marginal investments out of the internal accruals. The rated capacity of the Pellet Plant which was initially at 3 MTPA, is enhanced to 4.2 MTPA. The Company will be taking under Operating and Maintenance Agreement Iron making Unit of 0.9 MTPA capacity through Blast Furnace process being set up by an international trading Company within the Company's premises, which will enable the overall steel capacity of the Company to enhance from 1.6 MTPA to 2.5 MTPA. The HSM facilities are being accordingly upgraded for handling the additional slabs that would become available, once the Blast Furnace commences the operations. BOF/ CCP shops have inherent capacity to process incremental Hot Metal. The power cost is also expected to come down significantly once the 200MW Power Plant being set up by JSW Power Limited (promoted by JTPCL and other group companies) becomes operational. These power plants are expected to be operational in January 2005 (100 MW) and September 2005 (100 MW) and utilise waste gases / heat from BF/BOF/ Corex / Coke Oven Plants for generation of power. The increase in scale of operation and higher level of integration will make your Company competitive at total cost level and remain profitable during downturn.

Recognising the buoyant market conditions and growing steel demand, your Company has initiated steps to further enhance the capacity of steel plant from 2.5 MTPA to 3.8 MTPA (upto Slab stage) at an estimated cost of Rs.1,275 Crores. This expansion project is expected to come on stream in March, 2006.

The major threat will be the volatility in the export markets due to probable slow down in China and thereby exerting pressure on prices. However, to a large extent this risk is mitigated due to assured off-take from Associate Companies with wide export markets and also the advantage of being the only flat steel producer in South India.

The other area of concern for any Steel Industry is the availability of raw materials such as Coke, Coal and Iron Ore and their rising prices. The Company has been strategically located in the rich Iron ore Bellary - Hospet region in terms of procurement of Iron Ore. Arrangements are made with major suppliers to procure Coal. The Company is also exploring possibilities to make investment in coal mines, overseas ensuring assured supply of coal. The Company has entered into an arrangement of operating and maintenance of a Coke facility being set up adjacent to steel plant by Euro Coke & Energy Private Limited promoted by a reputed international trader based in Switzerland. This facility will be operational in phases from November 2004 to February 2005 ensuring availability of Coke at reasonable price.

D) RISK AND CONCERNS

The cyclical price movement of steel products is a major area of concern for the Steel Industry. The fortune of the Industry swings in tandem with the trend of market prices. With the increased integration of the domestic and global markets, the price movement tend to become more and more unpredictable. There are new capacities / brown field expansions proposed to be set up in India and abroad which may again lead to supply outstripping demand.

The Company is making all out efforts to become one of the lowest cost producers in the world and thereby become nationally and internationally most cost competitive. The Company is aiming towards a sound financial profile to enable it to sustain the downturn.

Further, the Company has sizeable market share in the South India, being the only flat steel producer in that area and has assured off-take from its Associate Company. This will substantially insulate the Company from any adverse market conditions.

E) INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

The Company has a proper and adequate system of internal control procedures, commensurate with its size and nature of business, to provide reasonable assurance that all assets and resources are safeguarded and protected against loss from unauthorized use or disposition, and that transactions are authorized, recorded and reported correctly. The internal control system provides for well-documented policies, guidelines, authorizations and approval procedures.

Management Information Systems (MIS) is the backbone of the Company's control mechanism. Well-conceived annual planning and effective budgetary control ensures adequate control on all the expenditures of the Company. The Company has implemented integrated Enterprise Resource Planning (ERP) to cover most of its operations, which has in built controls for authorization.

The Company has a full-fledged independent Internal Audit Department, which carries out an extensive program of Internal Audit and a periodic review by the Management further supplements the Company's internal control systems. In addition, the Company has regular Concurrent Audit / Pre-Audit carried out by one of the leading external firm of Chartered Accountants. The Internal Auditors and Concurrent Auditors present a summary of significant Audit observations and action taken reports, periodically at regular intervals, to the Audit Committee comprising of Independent / Nominee Directors. The Audit Committee met regularly during the financial year and reviewed the Audit observations and also followed up for implementation of corrective actions. The Audit Committee also met the Auditors, including Company's Statutory Auditors to ascertain their views on the adequacy of the Internal Control systems in the Company.

F) FINANCIAL PERFORMANCE

During the financial year 2003-04, the Company achieved improved operational performance in all the production units. Pellet Plant achieved 3.25 million MT (108% of rated capacity), Corex Plant 1.61 million MT (101%), BOF-CCP Plant 1.60 million MT (100%) and HSM Plant 1.57 million MT (98.3%). The Company achieved growth of 11% in production (1.57 million MT) and 12% in Sales (1.58 million MT) over the previous year.

There has been remarkable growth in the sale of Pellets (1.10 million MT) during the year showing a growth of 81% over the previous year. The sale of Pellets includes export of Pellets (0.78 million MT) with a growth of 38% over the previous year.

The Company initiated several cost reduction measures which have helped in containing the costs despite steep rise in prices of the raw materials. The Company is continuing the process of cost reduction to cover various spectrums of operations to achieve further reduction in costs. The Company is making continuous improvements in waste recycling & utilization, resulting in saving in costs & contribution towards environment protection.

The Company achieved highest ever EBIDTA of Rs. 1,085.56 crores and the Cash Profit recorded was Rs. 676.28 crores (after considering Interest of Rs. 409.28 crores) vis-à-vis Rs. 152 crores in the previous year. The Company has made payments to lenders / banks to the tune of Rs. 802 crores during the year towards interest and repayments / pre-payments of debt.

G) INDUSTRIAL RELATIONS & HUMAN RESOURCE MANAGEMENT

2003-04 was the year of Focus on sharing employees' thoughts and ideas. This was done in the form of various feed backs, perception survey, de-centralised Mera Sujhav Scheme, formation of additional quality circles, group discussions and quarterly inter-action meetings.

Employee development initiatives were given special emphasis during the year. Training man-days achieved during the year under review was 7.14.

Your Company continued its efforts of adding highly talented team required to bolster production from 1.60 MTPA to 2.50 MTPA. Fresh GETs and DETs were drawn from the best colleges in Karnataka blended with experienced professionals all over India. Strength of direct employees of the Company at the close of the year was 1805.

Employee relations continued to be quite satisfactory. Your Company's strategy in engaging the employees in the people process has resulted into manpower productivity of 1283 tonnes, one of the best among steel producers in the country.

H) CAUTIONARY STATEMENT

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting global and domestic demand-supply, finished goods prices in the domestic and overseas markets in which the Company operates, raw-materials cost and availability, changes in Government regulations, tax regimes, economic developments within or outside India and other factors such as litigation and industrial relations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

REPORT ON CORPORATE GOVERNANCE

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

1. COMPANY's PHILOSOPHY

Corporate Governance is about promoting corporate fairness, transparency and accountability"- J Wolfensohn, President of World Bank.

Jindal Vijayanagar Steel Limited (JVSL), as a constituent of the JSW Group, is committed to the highest standards of corporate governance in all its activities and processes. JVSL looks at corporate governance as the cornerstone for all sustained superior financial performance, for serving all the stakeholders and for instilling pride of association. 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 has put in place systems of good corporate governance, as recommended by SEBI under the Corporate Governance Committee headed by Mr. Kumarmangalam Birla and now confirms the compliance of Corporate Governance as contained in clause 49 of the Listing Agreement, the details of which are given below:

2. BOARD OF DIRECTORS

2. 1. Composition

The Board of Directors as at 31.03.2004 comprises of 13 Directors, of which 10 are non- executive. The Chairman is non-executive and the number of independent Directors i.e. those who have no business relationship with the Company is 8. The composition is as under:

Name of the Director	Position
Executive	
Mr. Sajjan Jindal	Managing Director
Dr. B.N. Singh	Jt. Managing Director & CEO
Mr. Seshagiri Rao M.V.S	Director (Finance)
Non-Executive	
Mr. P.R. Jindal	Chairman
Dr. S.K. Gupta	Director
Non-Executive Independent	
Mr. Moosa Raza IAS(Retd.)	Director
Dr. Ramaswamy P. Aiyar	Director
Nominee Directors	
Mr. N.D. Pinge	ICICI Bank Limited (Lender)
Mr. R.N.Roy	IDBI (Lender)
Mr. P.Kotilingangoud, IAS	KSIIDC (Equity Investor)
Mr. Subir Hari Singh, IAS	KSIIDC (Equity Investor)
Mr. S.David Chandrasekaran	LIC of India (Lender)
Dr. S.S. Jha	IFCI Limited (Lender)

2.2. Meetings and attendance record of each Director

6 Meetings of the Board were held on the following dates during the year ended 31st March, 2004.

1. 5th May, 2003
2. 9th July, 2003
3. 25th July, 2003
4. 22nd October, 2003
5. 13th November, 2003
6. 20th January, 2004

The attendance record of the Directors at the Board Meetings held during the year ended on 31st March, 2004 and the last Annual General Meeting (AGM) and the details of other Directorships and Committee Chairmanships and Memberships held by the Directors of the Company are given below:-

Name of the Director	Attendance Particulars		No. of Directorships and *Committee Member / Chairmanship		
	Board Meetings	Last AGM (Y/N)	Other Directorships#	Committee Memberships	Committee Chairmanships
Through out the Year					
Mr. P.R. Jindal	3	Yes	3	Nil	1
Dr. S.K. Gupta	6	Yes	3	1	2
Mr. Sajjan Jindal	6	Yes	5	Nil	Nil
Mr. Seshagiri Rao M.V.S	6	Yes	Nil	Nil	Nil
Mr. N.D. Pinge	4	No	5	2	Nil
Mr. R.N.Roy	5	Yes	Nil	Nil	Nil
Dr. S.S. Jha	5	Yes	2	3	Nil
Mr.P.Kotilingangoud IAS	Nil	No	8	Nil	Nil
Dr. Ramaswamy P. Aiyar	4	No	4	4	2
Mr. Moosa Raza, IAS (Retd)	5	Yes	5	Nil	3
Part of the Year					
Mr. S.David Chandrsekaran (from 05.06.2003)	5	Yes	Nil	Nil	Nil
Mr. Subir Hari Singh IAS (from 23.07.2003)	2	N.A.	8	1	Nil
Dr. B.N.Singh (from 13.10.2003)	2	N.A.	Nil	Nil	Nil
Mr. B.R. Sethi (Upto 05.06.2003)	1	N.A.	N.A.	N.A.	N.A.
Mr. K.K.Misra, IAS (upto 23.07.2003)	1	No	N.A.	N.A.	N.A.
Mr. U. Mahesh Rao (upto 06.10.2003)	3	Yes	N.A.	N.A.	N.A.
Mr. J.K. Tandon (Upto 13.12.2003)	5	Yes	N.A.	N.A.	N.A.

* Only three committees, namely, Audit Committee, Shareholders/Investors Grievance Committee and Remuneration Committee have been considered.
# Excluding Directorship in Private Companies.

2. 3. Reappointment / Appointment of Directors

The brief particulars of the Directors of the Company proposed to be reappointed /appointed at the ensuing Annual General Meeting are as under:-

2.3.1 Directors proposed to be Reappointed

Mr. P R Jindal, aged 53 years, has been with the Company since inception, as Chairman. He holds a Bachelors' Degree in Arts. He has successfully served the Steel Industry for well over 36 years. Setting up of SAW Pipes plant in Kosi Kalan (Uttar Pradesh) in 1984 was his pioneering idea and since then Saw Pipes Ltd has made considerable progress soon establishing its second and third major pipe manufacturing facilities at Nashik and Mundra in the state of Maharastra and Gujarat respectively thereby placing India firmly on the map of 'Line Pipe Manufacturing Nations'. Today, guided by Mr. P.R.Jindal's vision, Saw Pipes is setting up a major 'green-field' Integrated Pipe Manufacturing facility-complex at Mundra, Gujarat and has become one of the major players in energy transportation sector globally catering to prestigious clients all over the world.

Dr. Ramaswamy P. Aiyar, aged 67 years, was inducted on to the Board of JVSL on 28.09.1999. Dr.Aiyar has a Degree in Mechanical Engineering from the Benaras Hindu University and Masters and Ph.D. degrees from Loughborough University of Technology in U.K. He has taught at the Indian Institute of Management, Kolkatta since 1968 and has been Director of that Institute from 1981 to 1992. From 1992-98, he was the Director of the Academy for Management Excellence; a new Industry sponsored Management School. He continues with them as Advisor and Dressor Emeritus. His teaching and research experience are in the areas of Management Policy, Management Information Systems and Organisational Design. Dr. Aiyar has served in various Committees of the Government of India on Public Sector Management and Management Education. He has also been a member of the Boards of many leading public sector Companies like HMT, MECON, Hindustan Zinc, as well as in private sector companies such as Balmier & Lawrie, HCL, etc.

Mr. Seshagiri Rao, M.V.S, aged 46 years, is a member of the Institute of Cost and Works Accountants of India and a Licentiate member of the Institute of Company Secretaries of India. He is also a Certified Associate of Indian Institute of Bankers and a Diploma Holder in Business Finance awarded by the Institute of Chartered Financial Analysts of India. Mr. Rao joined the Company as Chief Financial Officer and became Director (Finance) in the year 1999 and has over the years grown with the Company progressively shouldering higher responsibilities. He possesses rich experience spanning over two decades in the areas of Corporate Finance & Banking and has held key positions in large Corporate houses in India.

2.3.2 Directors Proposed to be appointed

Mr.N.Gokulram, IAS, is the Principal Secretary, Commerce & Industries Department, Government of Karnataka. A senior and extremely seasoned bureaucrat, Mr.Gokulram belongs to the 1974 batch of IAS officers. He holds a Masters Degree in Science and has served Karnataka in various capacities including Principal Secretary, Forest, Ecology & Environment Department, Govt. of Karnataka.

Dr. B.N. Singh, aged 56 years, holds a B.Sc. in Metallurgy from BIT Sindri, Ranchi University and M. Tech in Metallurgy from IIT Kanpur, MBA from XLRI and Doctorate in Metallurgy from Ranchi University. He was formerly Director General of LNM Group's Algeria Plant. Dr. Singh is credited with the turnaround of the ailing Rashtriya Ispat Nigam Limited, Vizag, which he took over as Chairman & Managing Director in 1997. He had a distinguished association with SAIL for over a decade in varied assignments including ED (In-Charge) and Director (Personnel), ED (Works)-IISCO Burnpur, Managing Director-Rourkela Steel Plant, Chairman & Managing Director- Rashtriya Ispat Nigam Limited His stint of nearly 17 years with TISCO before joining SAIL gave him an opportunity to work in Research and Marketing. Dr. B.N. Singh brings to bear varied experience spanning a period of over 3 decades.

3. AUDIT COMMITTEE

i) The Audit Committee met 4 times during the year ended on 31st March, 2004 on 05.05.2003, 24.07.2003, 21.10.2003 & 19.01.2004. The Constitution of the Committee as at 31.03.2004 and the attendance of each member is as given below:

Sl. No.	Name of the Director	No. of Meetings attended
1	Mr. Moosa Raza, IAS (Retd.) (Chairman)	3
2	Mr. N.D. Pinge (ICICI Bank Limited)	4
3	Mr. R.N.Roy (IDBI)	4
4	Dr. S.S. Jha (IFCI Limited)	4
5	Dr. Ramaswamy P. Aiyar	3

All the 5 members of the Audit Committee are independent and non-executive directors. They possess adequate knowledge of Accounts, Audit, Finance, etc.

ii) Audit Committee meetings are also attended by the Director (Finance), Head of Internal Audit, Company Secretary and the Statutory and Concurrent Auditors.

iii) The present composition of the Audit Committee after it was last reconstituted on 29.06.04 is as follows:

Sl. No.	Name of the Director
1	Dr. Ramaswamy P. Aiyar (Chairman)
2	Mr. Balaji Swaminathan (ICICI Bank Limited)
3	Mr. R.N.Roy (IDBI)
4	Mr. R P Singh (IFCI Limited)

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

4. REMUNERATION COMMITTEE

The Remuneration Committee as at 31.03.2004 comprised of three independent and non-executive directors members, namely;

Sl. No.	Name of the Director
1.	Mr. Moosa Raza, IAS (Retd.).
2.	Mr. N.D. Pinge - (ICICI Bank Limited).
3.	Mr. R.N.Roy - (IDBI).

Two meetings of the committee were held on 25.07.2003 & on 19.01.2004 during the year ended on 31st March, 2004. The meetings were attended by all the members.

The Remuneration Committee was reconstituted on 18.06.04 and comprises of the following members

Sl.No.	Name of the Director
1	Dr. Ramaswamy P. Aiyar
2	Mr. Balaji Swaminathan (ICICI Bank Limited)
3	Mr. R.N.Roy (IDBI)

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

i. To determine on behalf of the Board and on behalf of the Shareholders the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment.

ii. To approve the payment of remuneration to managerial personnel as per the Policy laid down by the Committee.

4.1 Remuneration Policy

The Remuneration 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 organizational goals. Executive Directors (ED) are paid, subject to the approval of the Board and of the Company in General Meeting and such other approvals, as may be necessary, compensation as per the agreements entered into between them and the Company. The present remuneration structure of ED comprises of salary, perquisites, allowances, performance linked incentive and contributions to PF & Gratuity. The non-executive directors are paid only sitting fees.

4.2 Remuneration of Directors

The disclosure in respect of remuneration paid/payable to the Whole-time Directors of the Company for the financial year 2003-04 is given below:

Name of Director	Salary(Rs.)	Present Period of Agreement	Notice Period
Dr. S.K.Gupta Executive Vice Chairman (upto 19.12.2003)	21,61,083	20.12.2001 to 19.12.2003	6 months from Co.'s side, 3 months from the Director's side.
Mr. J.K. Tandon Jt. Managing Director & CEO (upto 13.12.2003)	22,35,993	05.11.2002 to 31.03.2004 (Resigned w.e.f. 13.12.2003)	6 months from Co.'s side, 3 months from the Director's side.
Dr. B.N.Singh Jt. Managing Director & CEO (from13.10.2003)	23,80,498	13.10.2003 to 12.10.2008	6 months from Co.'s side, 3 months from the Director's side.
Mr. Seshagiri Rao M.V.S Director (Finance)	21,78,849	06.04.2004 to 05.04.2009	3 months from either side.
TOTAL	**89,56,423**		

Note: Salary includes Basic Salary, House Rent Allowance, Bonus, LTA, Use of Company's Car, Furniture & Equipment and perquisites, the monitory 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. The Managing Director and Non-executive Directors do not draw any remuneration from the Company. Sitting fees to Non-executive Independent Directors is being paid at the rate of Rs.20,000/- for each meeting of the Board and sub-committees attended by them w.e.f 01.11.2003 (Previously Rs.5000/-).

5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Shareholders / Investors Grievance Committee met 2 times during the year ended on 31st March 2004 on 09.07.2003 & 19.01.2004. The Constitution of the Committee as at 31.03.2004 and the attendance of each Member is as given below:

Sl. No.	Name of the Director	No. of Meetings attended
1.	Mr. Moosa Raza, IAS (Retd.) (Chairman)	2
2.	Dr. Ramaswamy P. Aiyar	1
3.	Mr. N.D. Pinge (ICICI Bank Limited)	None
4.	Dr. S.S. Jha (IFCI Limited)	2
5.	Mr. R.N.Roy (IDBI)	2

The Shareholders'/Investors' Grievance Committee was reconstituted on 29.06.04 with the following members:

Sl.No.	Name of the Director
1	Dr. Ramaswamy P. Aiyar
2	Mr. Balaji Swaminathan (ICICI Bank Limited)
3	Mr. R.N.Roy (IDBI)
4	Mr. R.P.Singh (IFCI Limited)

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

1) Review the reports submitted by the Registrar and Share Transfer Agents of the Company at half yearly intervals.
2) Periodically interact with the Registrar 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.
3) Follow-up on the implementation of suggestions for improvement.
4) Periodically report to the Board about serious concerns if any.

Mr. R.P. Raichur, Company Secretary is the Compliance Officer. His address and contact details are as given below :

Address : Jindal Mansion
5A, G. Deshmukh Marg
Mumbai -400 026
Phone : 022-23513000
Fax : 022-23526400
Email : raichur.rp@jvsl.com

No. of Shareholders' Complaints received during the year ended 31.03.04 : 17632

Number not solved to the satisfaction of Shareholders : Nil

No. of pending Complaints : 192

No. of pending share transfers as on 31.03.2004 : 51*

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

6. **ANNUAL GENERAL MEETINGS**

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

AGM	Date	Time	Venue
7th AGM	17.08.2001	3.00 p.m.	Regd.Office : P. O. Toranagallu, Sandur Taluk, Bellary District, Karnataka – 583 123.
8th AGM	23.08.2002	12.00 noon	Regd.Office : P.O.Toranagallu, Sandur Taluk, Bellary District, Karnataka – 583 123.
9th AGM	09.07.2003	12.00 noon	Regd.Office : P.O.Toranagallu, Sandur Taluk, Bellary District, Karnataka – 583 123.

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

7. **DISCLOSURES**

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

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

8. **MEANS OF COMMUNICATION**

The quarterly, half-yearly and yearly financial 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 hrs. of the conclusion of the meeting of the Board in which they are considered, generally in 'Economic Times' (Mumbai & Southern India Editions) and 'Samyuktha Karnataka'(Davanagere Edition).

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

The quarterly financial results during the financial year 2003-04 were published as detailed below:

Quarter (F.Y. 2003-04)	Date of Board Meeting	Date of publication	Name of the Newspaper
1	25.07.2003	26.07.2003 27.07.2003	Economic Times Samyukta Karnataka.
2	22.10.2003	23.10.2003 24.10.2003	Economic Times, Financial Express & Business Standard. Samyukta Karnataka.
3	20.01.2004	21.01.2004 22.01.2004	Financial Express Samyukta Karnataka.

8.1 **Management Discussion & Analysis Report**

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

9. **GENERAL SHAREHOLDERS' INFORMATION**

Annual General Meeting

Date and Time : 30.12.2004 at 12.00 Noon

Venue : Regd. Office : P.O. Toranagallu, Sandur Taluk, Bellary District, Karnataka – 583 123.

Date of Book Closure : 25th and 26th November, 2004 (both days inclusive)

Financial Calendar 2004 – 2005

First quarterly results : Declared on 27th July, 2004

Second quarterly results : Declared on 26th October, 2004

Third quarterly results : Last week of January, 2005

Annual results for the year ending on 31.03.2005 : Last week of May, 2005

Annual General Meeting for the year 2005 : Last week of July, 2005

Listing of Securities

a. **Equity Shares**

129,10,15,500 Equity Shares of your Company are presently listed on the following Stock Exchanges:

Bangalore Stock Exchange Limited

The Stock Exchange, Mumbai

National Stock Exchange of India Limited

The Company's Equity Shares have been de-listed from the Ahmedabad, Calcutta, Cochin, Hyderabad, Mangalore, Madras & Delhi Stock Exchanges during the year.

b. **Preference Shares**

27,90,34,907 Preference shares of your Company are presently listed on the following Stock Exchanges :

Bangalore Stock Exchange Limited.

The Stock Exchange, Mumbai.

National Stock Exchange of India Limited.

The Company has paid Annual Listing Fees to each of the above Stock Exchanges for the financial year 2003– 04.

c. **Debentures**

The fourth and final instalment of 14% NCDs aggregating to Rs.25.044 crores of the total Rs.100.177 crores issued to public redeemable in 4 equal instalments starting from the year 2001 were redeemed in full on 01.02.2004, 15.03.2004 & 15.04.2004. Consequently, since no securities of the Company would remain listed on the Ahmedabad, Calcutta, Cochin, Hyderabad, Mangalore, and Madras & Delhi Stock Exchanges as on the date of this report, the listing agreement entered into by the Company with these Exchanges stands automatically terminated w.e.f.15.04.2004.

Stock Code

The Stock Exchange, Mumbai (BSE)		National Stock Exchange of India Limited (NSE)	
Equity	Preference	Equity	Preference
500228	700085	JINDVIJSTL	JINDVIJSTL

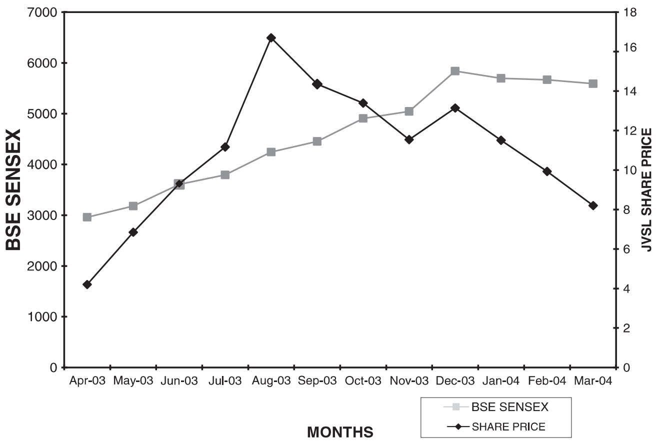
ISIN No. for Dematerialisation of shares:
Equity: INE019A01012 Preference: INE019A04016

Market Price Data

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

Month (2003-04)	Quotation at Bangalore Stock Exchange		Quotation at Mumbai Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr,2003	Nil	Nil	4.90	3.85
May,2003	Nil	Nil	7.10	4.15
Jun,2003	Nil	Nil	9.60	6.76
Jul,2003	Nil	Nil	12.44	9.25
Aug,2003	Nil	Nil	25.11	10.53
Sep,2003	Nil	Nil	17.00	12.65
Oct,2003	Nil	Nil	18.79	13.10
Nov,2003	Nil	Nil	15.34	10.86
Dec,2003	Nil	Nil	15.00	11.15
Jan,2004	Nil	Nil	14.20	11.10
Feb,2004	Nil	Nil	11.80	9.77
Mar,2004	Nil	Nil	10.00	6.55

Performance of Share Price in comparison to BSE Sensex



Registrar & Share Transfer Agents

Karvy Computershare Pvt Ltd (w.e.f. 01.04.2004)
(Earlier-Karvy Consultants Ltd)
No. 51/2, T.K.N. Complex, Vani Vilas Road,
Opp. National College, Basavanagudi, Bangalore – 560 004.
Ph. No.: 080 - 26621184 / 92 / 93
Fax No.: 080 - 26621169,
E-mail : kannans@karvy.com / prasannak@karvy.com
Website: www.karvy.com

Share Transfer System

Shares sent for transfer in physical form are normally registered by our Registrar and Share Transfer Agents 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 31st March, 2004 is given below :

Sl No	No. of Equity shares	No. of Share-holders	% of Share-holders	No. of Shares held	% of Share-holding
1	UPTO – 5000	659103	85.35%	113582005	8.80
2	5001 – 10000	55984	7.25%	47667149	3.69
3	10001 – 20000	26329	3.41%	42056037	3.26
4	20001 – 30000	9528	1.23%	24540945	1.90
5	30001 – 40000	4088	0.53%	14837374	1.15
6	40001 – 50000	7701	1.00%	37675466	2.92
7	50001 – 100000	5488	0.71%	41409396	3.21
8	>100001	4053	0.52%	969247128	75.07
	Total	**772274**	**100.00**	**1291015500**	**100.00**

Categories of Shareholders as on 31.03.2004

Category	No. of Holders	No. of Shares	% of holding
Promoters*	24	748267760	57.96
NRI	15241	46150501	3.57
FII	8	1974112	0.15
OCB	13	456800	0.04
IFI	6	25826965	2.00
IMF	28	6969100	0.54
Banks	7	1063900	0.08
Employees	4083	2019216	0.16
Bodies Corporate	4557	97283214	7.53
Public	748294	358626085	27.78
Trust	13	2377847	0.19
Total	**772274**	**1291015500**	**100.00**

* Excluding KSIIDC: 3.87% which is shown under Bodies Corporate.

Dematerialisation of Shares and Liquidity

The Company has arrangements with both National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) for demat facility. 1140386594 Equity Shares aggregating to 88.33% of the total Equity Capital is held in dematerialised form as on 31st March, 2004.

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

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

Plant Location

P.O. Toranagallu, Sandur Taluk, Bellary District, Karnataka – 583 123.

Registered Office & Address for Correspondence

Jindal Vijayanagar Steel Limited, P.O. Toranagallu, Sandur Taluk, Bellary Dist. Karnataka – 583 123.
Ph No.08395-283833
Fax:08395-250665/138

Compliance Certificate by Auditors

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

for and on behalf of the Board of Directors

Place : Mumbai **P R JINDAL**
Date : 26th October, 2004 **Chairman**

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

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

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

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

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

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

for **LODHA & CO.**
Chartered Accountants

Place : Mumbai **N. KISHORE BAFNA**
Date : 26th October, 2004 **Partner**

AUDITORS' REPORT

TO
THE MEMBERS,
JINDAL VIJAYANAGAR STEEL LIMITED

1. We have audited the attached Balance Sheet of **JINDAL VIJAYANAGAR STEEL LIMITED**, as at 31st March, 2004, the Profit and Loss Account for the year ended on that date and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (hereinafter referred to as the "Act"), we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:-
   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of 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 Act, to the extent applicable.
   (e) On the basis of written representations received from Directors as on 31st March, 2004, and taken on record by the Board of Directors, wherever applicable, we report that none of the Directors is disqualified as on 31st March, 2004 from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of section 274 of the Act.
   (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Note B-8 in Schedule 17 'Significant Accounting Policies and Notes to Accounts' regarding diminution, if any, in the fair value (amount unascertained) of certain current investments, Note B-11 regarding merger of steel business of Jindal Iron & Steel Company Limited into the Company, the relevant scheme being pending approval of the High Courts and other notes appearing in the said Schedule and elsewhere in the accounts, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2004;
      ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
      iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For LODHA & CO.
Chartered Accountants

N. KISHORE BAFNA
Partner
(Membership No. 7642)

Place : Mumbai
Date : 29th June, 2004

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2004 OF JINDAL VIJAYANAGAR STEEL LIMITED.

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

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The assets have been verified in accordance with a phased programme designed to cover all assets once in three years. The frequency of verification is considered reasonable, having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a physical verification was conducted and no material discrepancies were noticed on such verification. No substantial part of the fixed assets has been disposed off during the year.
2. (a) The inventory has been physically verified by the management at reasonable intervals during the year. Inventory lying with third parties and in transit have been verified by the management with reference to the confirmations received from them and/or subsequent receipt of goods.
   (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 the physical verification of the stock of these materials. Considering the above, in our opinion, the procedures for 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) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material.
3. The Company has neither taken nor granted any loans secured or unsecured from/to Companies, firms or other parties listed in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control procedures 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. During the course of our audit, no major weakness has been noticed in the internal control.
5 (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Act have been so entered.
   (b) In our opinion, having regard to our comments in para 4 above and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to Rs.5,00,000 or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. No deposits within the meaning of Sections 58A and 58AA of the Act and rules framed thereunder have been accepted by the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Order of the Central Government under Section 209(1)(d) of the Act and are of the opinion that, prima facie, the prescribed records have been made and maintained. We are, however, not required to make a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to the Company with the appropriate authorities. No undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.
   (b) According to the records of the Company, there are no dues of Income Tax, Sales Tax, Customs Duty, Wealth Tax, Excise Duty, Cess which have not been deposited on account of any dispute except the following :

Particulars	*Forum where the dispute is pending*	*Amount Rs. in Crores*
Customs Duty	High Court of Karnataka/ Supreme Court of India	47.38
	Customs, Excise and Service Tax Appellate Tribunal, Bangalore	8.68
Excise Duty	Customs, Excise and Service Tax Appellate Tribunal, Bangalore	13.02
	The Commissioner (Appeals), Bangalore	9.11
Slum Cess	High Court of Karnataka	1.73

10. The Company's accumulated losses as at 31st March, 2004 do not exceed fifty percent of its net worth and has not incurred cash losses during the financial year ended on that date. The Company had incurred cash losses during the immediately preceding financial year.
11. Considering the approved revised financial restructuring package and settlement made with certain lenders as referred in Note B-10 and B-12 in Schedule 17 respectively, the Company has no default existing as at the year end in repayment of dues to financial institutions, banks or debenture holders.
12. During the year, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. According to the records of the Company and on the basis of information and explanations given to us, the Company has not given any guarantee during the year for loans taken by others from banks or financial institutions.
14. According to the information and explanations given to us, in our opinion, the term loans were applied for the purpose for which they were obtained.
15. According to the information and explanations given to us and on an overall examination of the cash flow statements and balance sheet of the Company, in our opinion, the funds raised on short-term basis have, prima facie, not been used for long term investment and vice versa.
16. During the year, the Company has not made any preferential allotment of shares to parties and companies covered and recorded in the Register maintained under section 301 of the Act.
17. As explained to us, in respect of Debentures for Rs. 279.04 crores issued in an earlier year, the existing second charge is being upgraded to first charge as referred to in Note 4 in Schedule 2. Read with this and according to the records of the Company and on the basis of information and explanations given to us, securities have been created in respect of debentures issued.
18. According to the information and explanations given to us, frauds on or by the Company noticed or reported during the year in the course of our audit are not material.

For LODHA & CO.
Chartered Accountants

N. KISHORE BAFNA
Partner
(Membership No. 7642)

Place : Mumbai
Date : 29th June, 2004

BALANCE SHEET AS AT 31ST MARCH, 2004

Rupees in crores

	Schedule No.	As at 31.03.2004	As at 31.03.2003
SOURCES OF FUNDS			
1. **Shareholders' Funds :**			
Share Capital	1	**1,631.08**	1,352.03
2. **Advance against Share Capital**		**—**	72.99
3. **Loan Funds :**			
(a) Secured Loans	2	**4,647.17**	5,405.00
(b) Unsecured Loans	3	**139.86**	535.64
		4,787.03	5,940.64
	Total	**6,418.11**	7,365.66
APPLICATION OF FUNDS			
1. **Fixed Assets :**	4		
(a) Gross Block		**6,226.87**	6,309.56
(b) Less: Depreciation		**1,032.12**	719.83
(c) Net Block		**5,194.75**	5,589.73
(d) Capital Work-in-Progress		**51.18**	61.41
		5,245.93	5,651.14
2. **Investments**	5	**229.57**	222.59
3. **Deferred Tax Asset -Net**		**294.00**	437.59
4. **Current Assets, Loans and Advances :**			
(a) Inventories	6	**287.91**	266.45
(b) Sundry Debtors	7	**406.71**	279.63
(c) Cash and Bank Balances	8	**78.16**	38.84
(d) Loans and Advances	9	**232.02**	152.58
		1,004.80	737.50
Less: Current Liabilities and Provisions:			
(a) Liabilities	10	**878.97**	816.59
(b) Provisions	11	**18.40**	0.43
		897.37	817.02
Net Current Assets		**107.43**	(79.52)
5. (a) **Miscellaneous Expenditure** (to the extent not written off or adjusted)	12	**409.28**	473.28
(b) **Profit and Loss Account**		**131.90**	660.58
	Total	**6,418.11**	7,365.66

Significant Accounting Policies and Notes to Accounts 17
Schedules referred to above form an integral part of the Financial Statements

As per our attached report of even date
For LODHA & CO.
Chartered Accountants

For and on behalf of the Board of Directors

N.KISHORE BAFNA
Partner

SAJJAN JINDAL
Managing Director

Place : Mumbai,
Dated: 29th June, 2004

R.P. RAICHUR
Company Secretary

SESHAGIRI RAO M.V.S
Director(Finance)

DR. B. N. SINGH
Jt.Managing Director & CEO

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

Rupees in crores

		Schedule No.	Year Ended 31.03.2004	Year Ended 31.03.2003
INCOME :				
1.	Sales (Gross)		**3,596.31**	2,786.04
	Less: Excise duty		**(316.53)**	(281.28)
	Sales (Net)		**3,279.78**	2,504.76
2.	Other Income	13	**25.17**	7.50
			3,304.95	2,512.26
EXPENDITURE :				
3.	Cost of Materials	14	**1,414.03**	1,083.75
4.	Manufacturing and Other Expenses	15	**805.36**	713.22
5.	Interest and Finance charges	16	**409.28**	563.45
6.	Depreciation		**312.88**	280.59
7.	Miscellaneous Expenditure Written Off		**64.00**	64.51
			3,005.55	2,705.52
	Profit/(Loss) before Exceptional items and Taxation		**299.40**	(193.26)
8.	Exceptional Items (Refer note 12 in Schedule 17)		**390.76**	(209.57)
	Profit/(Loss) before Taxation		**690.16**	(402.83)
9.	Provision for Taxation:			
	(a) Current Tax		**(17.89)**	–
	(b) Net Deferred Tax Asset/(Liability)		**(143.59)**	292.16
	Profit/(Loss) after Taxation		**528.68**	(110.67)
10.	Loss brought forward from previous years		**660.58**	549.91
	Balance of Loss carried to Balance Sheet		**131.90**	660.58
	Basic earnings per share in Rs.		**3.92**	(0.86)
	Diluted earnings per share in Rs.		**3.78**	(0.86)

Significant Accounting Policies and Notes to Accounts 17
Schedules referred to above form an integral part of the Financial Statements

As per our attached report of even date
For LODHA & CO.
Chartered Accountants

N.KISHORE BAFNA
Partner

For and on behalf of the Board of Directors

SAJJAN JINDAL
Managing Director

Place : Mumbai,
Dated: 29th June, 2004

R.P. RAICHUR
Company Secretary

SESHAGIRI RAO M.V.S
Director(Finance)

DR. B. N. SINGH
Jt.Managing Director & CEO

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2004

Rupees in crores

			Year Ended 31.03.2004		Year Ended 31.03.2003
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS AND TAXATION		**299.40**		(193.26)
	Adjustments for :				
	Depreciation	**312.88**		280.59	
	Miscellaneous Expenditure written off	**64.00**		64.51	
	(Profit)/Loss on sale of fixed assets (net)	**0.19**		(0.02)	
	Interest Income	**(2.14)**		(3.81)	
	Profit on sale of Current Investments	**(0.05)**		-	
	Dividend Income	**(0.02)**		(0.80)	
	Interest	**378.36**		526.79	
	Foreign Exchange Fluctuation (net)	**(0.36)**		(0.79)	
	Wealth Tax	**0.24**		0.15	
	Provision no longer required written back	**(14.45)**		(1.73)	
			738.65		864.89
	Operating profit before working capital changes		**1,038.05**		671.63
	Adjustments for :				
	Trade and other receivables	**(215.90)**		(44.79)	
	Trade payables	**96.98**		(23.68)	
	Bank Borrowings for working capital	**11.74**		(8.45)	
	Inventories	**(21.46)**		(30.23)	
			(128.64)		(107.15)
	Cash flow before taxation & exceptional items		**909.41**		564.48
	Direct Taxes Paid		**(7.00)**		-
	NET CASH FLOW FROM OPERATING ACTIVITIES		**902.41**		564.48
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of fixed assets and capital advances		**(56.58)**		(66.89)
	Sale of Fixed Assets		**0.38**		0.39
	Interest received		**2.50**		3.44
	Dividend received		**0.02**		0.72
	Sale of Investments		**0.55**		-
	Loans and Advances		**(1.17)**		(1.11)
	Other Payables		**(36.98)**		(51.43)
	NET CASH (USED IN) / FROM INVESTING ACTIVITIES		**(91.28)**		(114.88)
C	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Receipt of advance against share capital		**-**		72.99
	Repayment of advance against Share Capital		**-**		(1.81)
	Proceeds from Long Term Borrowings		**-**		706.00
	Repayment against Long Term Borrowings		**(341.77)**		(160.98)
	Interest Paid		**(437.06)**		(1,071.54)
	NET CASH (USED IN) / FROM FINANCING ACTIVITIES		**(778.83)**		(455.34)
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS(A+B+C)		**32.30**		(5.74)
	CASH AND CASH EQUIVALENTS-OPENING BALANCES		**9.01**		14.75
	CASH AND CASH EQUIVALENTS-CLOSING BALANCES		**41.31**		9.01

NOTES :

(1) The above cash flow statement has been prepared by using the indirect method as per Accounting Standard 3 - Cash Flow Statement issued by the Institute of Chartered Accountants of India.

(2) Cash and cash equivalents exclude balance in margin money, short term deposits and balance in current accounts earmarked for debenture interest payments aggregating to Rs.36.85 crores (previous year Rs.29.83 crores).

(3) Undrawn working capital facilities Rs. 5.61 crores (previous year Rs 10.43 crores).

(4) Previous year's figures have been regrouped /rearranged wherever necessary to conform to current year's classification.

As per our attached report of even date
For LODHA & CO.
Chartered Accountants

For and on behalf of the Board of Directors

N.KISHORE BAFNA
Partner

SAJJAN JINDAL
Managing Director

Place : Mumbai,
Dated: 29th June, 2004

R.P. RAICHUR
Company Secretary

SESHAGIRI RAO M.V.S
Director(Finance)

DR. B. N. SINGH
Jt.Managing Director & CEO

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2004

Rupees in crores

	As at 31.03.2004	As at 31.03.2003
SCHEDULE 1		
SHARE CAPITAL		
1. **Authorised :**		
200,00,00,000 (previous year 220,00,00,000) Equity Shares of Rs.10 each	**2,000.00**	2,200.00
100,00,00,000 (previous year 80,00,00,000) Preference Shares of Rs.10 each	**1,000.00**	800.00
Total	**3,000.00**	3,000.00
2. **Issued & Subscribed:**		
129,10,15,500 (previous year 129,09,98,000) Equity Shares of Rs.10 each*	**1,291.02**	1,291.00
Add : Shares Forfeited (Amount originally paid-up)	**61.03**	61.03
27,90,34,907 (previous year Nil) 10% Cumulative Redeemable Preference Shares of Rs.10 each **	**279.03**	—
Total	**1,631.08**	1,352.03

** in respect of the above, forfeiture of 17500 shares (previous year 67,700) was annulled during the year.*
** Redeemable at par in four equal quarterly installments commencing from December 15, 2017.

	As at 31.03.2004	As at 31.03.2003
SCHEDULE 2		
SECURED LOANS		
1. **Debentures :**		
Non-Convertible Debentures(NCDs)		
1,89,10,518 (previous year 5,00,88,518) 14 % Redeemable Secured Non-Convertible Debentures of Rs.20 each	**37.82**	100.18
Less: Redeemed till date	**(28.36)**	(65.68)
	9.46	34.50
1,91,14,955 Redeemable Secured Non-Convertible Debentures of Rs.100 each [1 (a)]	**191.15**	191.15
8% (previous year 14%) Redeemable Secured Non-Convertible Debentures of Rs. 100 each (Series - 'A')	**279.04**	279.04
8% (previous year 16%) Redeemable Secured Non-Convertible Debentures of Rs. 100 each (Series - 'B')	**98.68**	98.68
	578.33	603.37
Add: Interest accrued and due	**—**	188.06
	578.33	791.43
2. **Secured Redeemable Optionally Fully Convertible Debentures(OFCDs) :**		
32,36,640 OFCDs of Rs. 100 each [1 (a)]	**32.36**	32.36
4,35,442 OFCDs of Rs. 100 each, Rs.90.91 paid up. [1 (a)]	**3.96**	3.96
Add: Interest accrued and due [1 (b)]	**10.08**	15.76
	46.40	52.08
3. **Banks :**		
(a) Buyer's Credit (Foreign Currency Loans)	**216.51**	263.76
(b) Rupee Term Loans [1 (c)]	**815.59**	281.38
(c) Foreign Currency Term Loans	**792.26**	1,550.30
	1,824.36	2,095.44
(d) Add: Interest accrued and due	**—**	55.69
	1,824.36	2,151.13
4. **Financial Institutions :**		
(a) Buyer's Credit (Foreign Currency Loans)	**87.46**	123.10
(b) Rupee Term Loans [1(d)]	**1,454.77**	1,624.15
(c) Foreign Currency Term Loans	**586.74**	475.37
	2,128.97	2,222.62
(d) Add: Interest accrued and due	**0.02**	130.39
	2,128.99	2,353.01
5. **Working Capital Loans from Banks**	**69.09**	57.35
Total	**4,647.17**	5,405.00

Notes:

1. Pursuant to financial restructuring approved under the CDR system as elucidated at Note B-10 in Schedule 17, interest had ceased to accrue effective October 1, 2002 on the following amounts aggregating to Rs. 456.88 crores
   (a) Rs. 227.47 crores to be converted into Equity shares at par.
   (b) Rs. 10.08 crores to be converted into Equity shares at par.
   (c) Rs. 12.07 crores to be converted into Equity shares at par.
   (d) Rs. 207.26 crores to be converted into Equity shares at par.
2. (a) The lenders other than foreign lenders, public debenture holders, HDFC, SBI Home finance and banks in respect of working capital shall have the option to convert 100% outstanding debts into equity at par in the event of default or as otherwise stipulated.
   (b) The aggregate of shares held by the lenders and shares pledged/to be pledged by promoters with the lenders shall not fall below 60% of the voting rights of the Company at any time during the tenure of the existing debts.
3. **Terms of Redemption/Conversion:**
   (a) Non Convertible Debentures (NCDs)
   (i) The 14% Redeemable Non - Convertible Debentures of Rs. 20 each are to be redeemed in four equal instalments at the end of 6th, 7th,8th & 9th year from the date of allotment i.e. 15.04.1995. The instalments due for redemption upto 31.3.2004 have been redeemed.
   (ii) The 8% Non-Convertible Debentures of Rs. 100 each shall be redeemed in instalments of :
   - Series 'A' : First instalment of Rs. 3.18 crores on 30.11.2004; 19 monthly instalments of Rs. 3.31 crores each from 31.12.2004 to 30.6.2006; 29 monthly instalments of Rs. 7.09 crores each from 31.7.2006 to 30.11.2008 and last instalment of Rs. 7.40 crores on 30.12.2008.
   - Series 'B' : First instalment of Rs. 1.13 crores on 30.11.2004; 19 monthly instalments of Rs. 1.17 crores each from 31.12.2004 to 30.6.2006; 29 monthly instalments of Rs. 2.51 crores each from 31.7.2006 to 30.11.2008 and last instalment of Rs. 2.61 crores on 31.12.2008.
   (b) Remaining NCDs of Rs. 100 each and OFCDs aggregating to Rs. 227.47 crores -refer Note 1-(a) above.
4. **Details of Security:**
   (a) NCDs (other than 8% NCDs Series 'B') are secured by:
   (i) pari passu charge by way of legal mortgage on the Company's property situated at Mouje Dhanot, Mehsana, in the State of Gujarat.
   (ii) pari passu charge by way of equitable mortgage in respect of immovable properties situated at Vaddu, Kurekuppe and Toranagallu Villages, Taluka Sandur, District Bellary in the State of Karnataka.
   (iii) pari passu charge by way of hypothecation of the whole of the Company's movable properties both present and future (save and except inventories and book debts).
   The above mentioned mortgage / hypothecation shall rank second and subservient to the charge created in favour of Financial Institutions/Banks for their Rupee/Foreign currency term Loans/guarantee assistance/OFCDs/8% NCDs Series 'B'. In respect of 8% NCDs Series 'A' the existing second charge is being upgraded to first charge.
   (b) (i) Buyer's credit (Foreign Currency Loans) are secured by way of Guarantee Assistance by a consortium of Banks/ Financial Institutions.
   (ii) The said Guarantee Assistance, OFCDs/ Rupee/ Foreign Currency Term Loans/ 8% NCDs Series 'B' from Financial Institutions / Banks are secured by :
   - pari passu first charge by way of equitable mortgage in respect of properties situated at Vaddu, Kurekuppe and Toranagallu villages, Taluk Sandur, District Bellary in the State of Karnataka.
   - pari passu first charge by way of hypothecation of the whole of the Company's properties both present and future (save and except inventories and book debts).
   (iii) The OFCDs and 8% NCDs Series ' B' are also secured by first charge by way of legal mortgage on the Company's property situated at Mouje Dhanot, Gandhinagar in the State of Gujarat.
   (iv) Rupee term loans, Foreign Currency Loans, guarantee assistance, OFCDs, NCDs (other than 14% NCDs and 8% NCDs) aggregating to Rs. 4,168.60 crores (previous year Rs. 4,529.41 crores as interim security) are personally guaranteed/to be guaranteed by the Managing Director alongwith interest thereon.
   (c) Working capital loans from Banks are secured/to be secured by :
   (i) pari passu first charge by way of hypothecation of Company's inventories and book debts, both present and future.
   (ii) pari passu second charge by way of Company's other movable properties both present and future, ranking subservient to the hypothecation in favour of Trustees for holders of NCDs (other than 8% NCDs Series 'B').
   (iii) pari passu second charge by way of equitable mortgage in respect of immovable properties situated at Vaddu, Kurekuppe and Toranagallu villages, Sandur Taluk, District Bellary in the state of Karnataka, ranking subservient to the mortgage created in favour of trustees for holders of NCDs (other than 8% NCDs Series 'B').
   (iv) personal guarantee of the Managing Director of the Company as interim security pending compliance of certain terms and conditions.

Rupees in crores

		As at 31.03.2004	As at 31.03.2003
SCHEDULE 3			
UNSECURED LOANS			
Buyer's credit (Foreign Currency loans) from banks		**139.86**	468.66
Add: Interest accrued and due		**—**	66.98
	Total	**139.86**	535.64

(Guaranteed by a Body Corporate)
(Repayable within one year Rs.139.86 crores; previous year Rs. 207.05 crores)

SCHEDULE 4
FIXED ASSETS

(Rupees in crores)

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2003	Additions/ Adjustments	Deductions/ Adjustments	**As at 31.03.2004**	Up to 31.03.2003	For the year	Adjustments/ (Deductions)	**Up to 31.03.2004**	**As at 31.03.2004**	As at 31.03.2003
Freehold Land	0.07	–	–	**0.07**	–	–	–	–	**0.07**	0.07
Leasehold Land	20.21	3.02	–	**23.23**	–	–	–	–	**23.23**	20.21
Buildings	1,166.98	17.16	–	**1,184.14**	83.62	37.50	–	**121.12**	**1,063.02**	1,083.36
Plant & Machinery@	5,103.13	43.99	(148.41)	**4,998.71**	628.77	273.86	(0.05)	**902.58**	**4,096.13**	4,474.36
Furniture & Fixtures@	13.19	0.47	(0.13)	**13.53**	5.77	0.86	(0.09)	**6.54**	**6.99**	7.42
Vehicles	5.98	2.18	(0.97)	**7.19**	1.67	0.66	(0.45)	**1.88**	**5.31**	4.31
Total	6,309.56	66.82	(149.51)	**6,226.87**	719.83	312.88	(0.59)	**1032.12**	**5,194.75**	5,589.73
Previous Year	4,365.56	1,944.62	(0.62)	6,309.56	437.81	282.25	(0.23)	719.83	5,589.73	
@ Include proportionate share of assets jointly owned										
Plant & Machinery	32.98	–	–	**32.98**	5.11	1.56	–	**6.67**	**26.31**	27.87
Furniture & Fixtures	2.54	–	–	**2.54**	1.08	0.16	–	**1.24**	**1.30**	1.46
Capital Work-in-Progress :										
Capital Advances *									**24.87**	25.21
Construction Materials									**4.21**	5.07
Capital Work-in-Progress									**22.10**	31.13
Total									**51.18**	61.41

* unsecured and considered good

Notes:

(1) Leasehold Land costing Rs. 17.57 crores and Rs. 3.02 crores acquired by the Company from Karnataka State Industrial and Investment Corporation Limited under lease cum sale arrangements entitling the Company to formally convert the same as Freehold Land at the end of lease period on 02-01-2005 and 20-04-2010 respectively without payment of any further consideration at that time. Registration formalities are to be completed in respect of leasehold land acquired during the year. Stamp duty, registration charges etc. payable at the time of converting the title from leasehold to freehold land will be accounted at the time when such liability arises.

(2) 'Buildings' include:
   (a) Roads not owned by the Company amortised over a period of five years. Gross Block Rs. 0.85 crores (previous year Rs. 0.60 crores) Net block Rs. 0.56 crores (previous year Rs. 0.48 crores)
   (b) Assets given on operating lease for which documents are yet to be executed pending approvals from Lenders and KSIIDC. Gross Block Rs. 7.89 crores (previous year Rs. 6.23 crores); Net block Rs. 7.37 crores (previous year Rs. 5.83 crores)

(3) Plant and Machinery amortised over a period of five years include:
   (a) 220KV HT line and Railway track system, assets not owned by the Company. Gross block Rs. 11.59 crores (previous year Rs.11.59 crores); net block Rs. 4.97 crores (previous year Rs. 7.29 crores).
   (b) ERP software. Gross block Rs. 9.93 crores (previous year Rs.9.93 crores); Net block Rs. 4.02 crores (previous year Rs. 6.01 crores).

(4) Adjustment to Plant & Machinery include Foreign Exchange Fluctuations - current year (gain) Rs. 148.33 crores, previous year (loss) Rs. 68.33 crores.

(5) Additions during the year include borrowing cost of Rs. Nil (previous year Rs. 748.73 crores)

(6) Depreciation for the previous year includes Rs. 1.66 crores debited to Pre operative expenses.

	Face Value Rupees	As at 31.03.2004 Nos.	As at 31.03.2004 Rupees in crores	As at 31.03.2003 Nos.	As at 31.03.2003 Rupees in crores
SCHEDULE 5					
INVESTMENTS					
LONG TERM :					
1. **IN GOVERNMENT SECURITIES**					
National Savings Certificate*			—		—
(Rs. 25000; previous year Rs. 25000)					
2. **TRADE & UNQUOTED**					
(a) **IN EQUITY SHARES**					
Jindal Thermal Power Co. Limited (JTPCL)@	10	144499400	**144.50**	144499400	144.50
Jindal Praxair Oxygen Co. Private Limited (JPOCPL) @	10	39520000	**39.52**	39520000	39.52
Vijayanagar Minerals Private Limited	10	4000	—	4000	—
(Rs. 40000; previous year Rs. 40000)					
(b) **IN PREFERENCE SHARES OF JPOCPL**					
10% Preference Shares	10	4160000	**4.16**	4160000	4.16
10% Non Cumulative Non Convertible Preference Shares	10	4200000	**4.20**	4200000	4.20
0.1% Non-Cumulative Non-Convertible Preference Shares	10	32310000	**32.31**	24974000	24.97

SCHEDULE 5 (Contd.....)

	Face Value Rupees	As at 31.03.2004 Nos.	Rupees in crores	As at 31.03.2003 Nos.	Rupees in crores
3. **CURRENT, NON-TRADE :**					
(a) **QUOTED**					
IN EQUITY SHARES					
PNB Gilts Ltd.	10	—	—	165900	0.50
Less: Provision for Diminution in value of investments			—		(0.14)
(b) **UNQUOTED**					
IN EQUITY SHARES					
SICOM Ltd.	10	600000	4.88	600000	4.88
	Total		**229.57**	Total:	222.59
Aggregate Book Value - Quoted Investments (after diminution)			—		0.36
- Unquoted Investments			**229.57**		222.23
Aggregate Market Value - Quoted Investments			—		0.36

Notes :
1. * Pledged with Commercial Tax Department.
2. @ Pledged as security in favour of certain Financial Institutions for loans granted to JTPCL/JPOCPL.

Rupees in crores

		As at 31.03.2004	As at 31.03.2003
SCHEDULE 6			
INVENTORIES			
(As taken, valued and certified by the Management)			
1. Raw Materials		**189.27**	157.02
(Including in transit Rs. 79.49 crores; previous year Rs. 91.05 crores)			
2. Production Consumables and Stores & Spares		**59.64**	58.10
(Including in transit Rs. 7.09 crores; previous year Rs. 8.87 crores)			
3. Work-in-Progress		**21.87**	23.61
4. Finished Goods		**13.57**	23.30
5. Slag		**3.56**	4.42
	Total	**287.91**	266.45
SCHEDULE 7			
SUNDRY DEBTORS			
Unsecured			
Outstanding for a period exceeding six months :			
Considered Good		**0.09**	15.11
Considered Doubtful		**1.27**	2.23
Other Debts :			
Considered Good		**406.62**	264.52
Considered Doubtful		**0.07**	—
Less: Provision for Doubtful debts		**(1.34)**	(2.23)
	Total	**406.71**	279.63
SCHEDULE 8			
CASH AND BANK BALANCES			
1. Cash balance in hand		**0.06**	0.07
2. Cheques in hand		**11.70**	0.04
3. Balances with Scheduled Banks :			
(a) In Current Accounts		**41.86**	28.75
(b) In Margin Money Accounts		**24.54**	9.98
(c) In Short Term Deposit Accounts		—	—
(Rs. 10000; previous year Rs. 10000)			
	Total	**78.16**	38.84

Rupees in crores

		As at 31.03.2004		As at 31.03.2003
SCHEDULE 9				
LOANS AND ADVANCES				
(Unsecured, considered good unless otherwise stated)				
1. Advances recoverable in cash or in kind or for value to be received	**184.41**		134.63	
Less: Provision for Doubtful Advances	**—**	**184.41**	17.59	117.04
2. Deposits with Customs and with Government / Semi- Government Authorities		**17.71**		19.04
3. Excise Modvat receivable		**22.24**		15.56
4. Tax deducted at source		**7.66**		0.94
5. Loans to Bodies Corporate	**11.57**		22.54	
Less: Provision for Doubtful Loans	**11.57**	**—**	22.54	—
Total		**232.02**		152.58

	As at 31.03.2004	As at 31.03.2003
SCHEDULE 10		
CURRENT LIABILITIES		
1. Acceptances	**303.95**	244.91
2. Sundry Creditors(Include Rs. 0.22 crores; previous year Rs. 0.68 crores due to Small Scale/Ancillary Industrial Undertakings)	**410.66**	487.61
3. Advances from Customers	**79.30**	12.58
4. Interest Accrued but not due on loans	**54.06**	21.53
5. Investor Education and Protection Fund shall be credited by @ :		
(a) Unclaimed Debenture Redemption Instalments	**8.56**	11.39
(b) Unclaimed Debenture Interest	**4.20**	8.24
6. Other Liabilities*	**18.24**	30.33
Total	**878.97**	816.59

* Other liabilities include deposit of Rs. 10.32 crores (previous year Rs. 8.82 crores) received against assets, given on operating lease, for which documents are yet to be executed pending approval from lenders and KSIIDC.

@ No amount due and outstanding as on 31.3.2004.

	As at 31.03.2004	As at 31.03.2003
SCHEDULE 11		
PROVISIONS		
Provision for :		
Wealth Tax	**0.24**	0.16
Income Tax	**18.16**	0.27
Total	**18.40**	0.43

	As at 31.03.2004	As at 31.03.2003
SCHEDULE 12		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
1. Preliminary and Share Issue Expenses	**3.64**	5.22
2. Debenture Issue Expenses	**—**	1.00
3. Deferred Revenue Expenditure *	**405.64**	467.06
Total	**409.28**	473.28

* Includes borrowing cost etc. incurred during extended trial run period, expenses incurred on financial restructuring and arbitration matter, provision for doubtful capital advances etc.

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

	For The Year Ended 31.03.2004	For The Year Ended 31.03.2003
SCHEDULE 13		
Other Income		
1. Dividend:		
Current Investments	**0.02**	0.04
Others (TDS Rs. Nil, previous year Rs. 0.08 crores)	**—**	0.76
2. Interest (TDS Rs. 0.17 crores, previous year Rs 0.13 crores)	**2.14**	3.81
3. Profit on sale of Current Investments	**0.05**	-
4. Miscellaneous income	**8.51**	1.16
5. Provisions no longer required written-back	**14.45**	1.73
Total	**25.17**	7.50

Rupees in crores

		For The Year Ended 31.03.2004		For The Year Ended 31.03.2003
SCHEDULE 14				
Cost of Materials:				
1. **(Increase)/Decrease in Stock**				
Closing Stock :				
Finished Goods		**13.57**		23.30
Slag		**3.56**		4.42
Work-in-progress		**21.87**		23.61
Less :				
Opening Stock :				
Finished Goods		**23.30**		10.86
Slag		**4.42**		0.09
Work-in-progress		**23.61**		11.19
Trial run stock transferred		**—**		17.02
		12.33		(12.17)
2. Raw Materials Consumed		**1,401.70**		1,095.92
Total		**1,414.03**		1,083.75
SCHEDULE 15				
Manufacturing and Other Expenses				
1. Rent		**0.55**		0.39
2. Rates & Taxes		**1.49**		0.89
3. Insurance		**7.32**		6.94
4. Power and Fuel		**467.14**		397.96
5. Consumption of Production Consumables and Stores & Spares		**166.49**		130.31
6. Excise duty on Stock of finished goods (net)		**(1.92)**		2.89
7. Repairs & Maintenance :				
Plant & Machinery		**46.82**		32.08
Buildings		**8.29**		9.78
Others		**1.96**		1.09
8. Payment to & Provisions for employees:				
Salaries & Wages		**37.15**		33.33
Contribution to Provident & Other funds		**2.11**		2.02
Staff & Labour welfare expenses		**3.61**		1.80
9. Selling Expenses :				
Brokerage & Commission on:				
a) Domestic Sales	**0.27**		0.30	
b) Export Sales	**5.94**		5.93	
Freight	**48.00**		64.20	
Others	**0.30**	**54.51**	0.25	70.68
10. Cash Discount		**0.92**		1.06
11. Directors' Sitting Fees		**0.07**		0.04
12. Donations		**0.50**		0.16
13. Foreign Exchange Fluctuation (Net)		**(20.76)**		(3.48)
14. Miscellaneous Expenses		**28.66**		24.27
15. Wealth Tax		**0.24**		0.15
16. Bad advance/deposits written off	**23.01**		19.02	
Less: Provision made in earlier years *	**23.01**	**—**	19.02	—
17. Provision for Doubtful Debts		**—**		0.88
18. Provision for Doubtful Loans/Advances		**0.02**		—
19. Loss/(Profit) on sale of fixed assets (net)		**0.19**		(0.02)
Total		**805.36**		713.22

* Includes Rs. 3.49 crores (previous year Rs. 1.04 crores) debited to pre-operative expenses and Rs. 15.50 crores (previous year Rs. 17.13 crores) debited to Deferred Revenue Expenditure.

		For The Year Ended 31.03.2004		For The Year Ended 31.03.2003
SCHEDULE 16				
Interest and Finance Charges				
1. Interest on :				
Debentures and Fixed Loans		**359.49**		481.50
Others		**30.56**		45.29
2. Finance Charges		**19.23**		36.66
Total		**409.28**		563.45

SCHEDULE 17

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

1. General

The financial statements are prepared under the historical cost convention, on the basis of a going concern and as per applicable accounting standards. The Company follows mercantile system of accounting and recognises income and expenditure on accrual basis except liability for customs duty in respect of capital goods lying in bonded premises and those with significant uncertainties.

2. Inter Divisional Transfers

Inter divisional transfers of goods for captive consumption/ internal use are at cost except for trial-run production which is transferred at lower of cost and estimated net realisable value.

3. Valuation of Inventories

a) Raw materials, Production consumables, Construction materials and Stores and Spares are valued at lower of cost, computed on weighted average basis and net realisable value. Obsolete, defective, unserviceable and slow/non moving stocks are duly provided for.

b) Finished goods and work in progress are valued at lower of cost and net realisable value. Cost for this purpose includes direct materials, direct labour, excise duty and appropriate overheads including freight costs upto the ports in respect of finished goods meant for exports.

4. Fixed Assets and Depreciation

a) Fixed Assets are stated at cost of acquisition or construction less depreciation.

b) Preoperative expenditure during construction period / trial run: Direct expenses as well as clearly identifiable indirect expenses, incurred on project during the period of construction are being capitalised alongwith the respective assets; and all other allocable expenses (net of expenses charged to revenue according to the ratio determined and certified by Company's costing department) are being capitalised/treated as deferred revenue expenses, as approved by the Management.

c) Depreciation on assets is provided on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

d) Depreciation on machinery spares of the nature of capital/ insurance spares and having irregular use is provided prospectively over a period, not exceeding the useful life of the fixed asset to which they relate.

e) Continuous process plants as defined in Schedule XIV to the Companies Act, 1956 have been considered on technical assessment and depreciation provided accordingly.

f) Depreciation on the amount capitalised on account of foreign exchange fluctuations is provided prospectively over the residual life of the asset.

5. Borrowing Costs

Borrowing costs attributable to the acquisition and construction of an asset are capitalised as part of the cost of such asset upto the date when such asset is ready for its intended use. Other borrowing costs are treated as revenue.

6. Investments

a) Long term investments are stated at cost. In case, there is a permanent diminution in the value of any investments, a provision for the same is made in the accounts.

b) (i) Quoted current investments are stated at the lower of cost and market value.

(ii) Unquoted current investments are stated at the lower of cost and fair value when available.

c) Cost of each investment is arrived at on the basis of the average carrying amount of the total holding of that investment.

7. Miscellaneous Expenditure

a) Preliminary and Share issue expenses are written off over a period of ten years from the year of commencement of commercial production.

b) Debenture issue expenses are written off over the tenure of the debentures.

c) Deferred Revenue Expenditure is written off over a period of five to ten years, depending upon the nature and benefit of such expenditure in future.

8. Transactions in Foreign Currencies

a) Transactions are recorded at the exchange rates prevailing on the date of the transaction.

b) Foreign currency designated assets, liabilities and capital commitments are restated at the year end rates.

c) The exchange differences are adjusted to :

i) Carrying cost of fixed assets, if they relate to fixed assets and

ii) Profit and Loss account in other cases.

d) In case of forward contracts, the exchange differences are dealt with in the Profit and Loss account over the period of the contracts except in respect of liabilities incurred for acquiring fixed assets in which case, the differences are adjusted in their carrying cost.

9. Retirement Benefits

a) Contribution to Provident and Family Pension Funds are funded as a percentage of salary/wages.

b) Gratuity liability is funded as per group gratuity scheme of Life Insurance Corporation of India.

c) Leave encashment liability is provided for on the basis of actuarial valuation as at the year end.

10. Income Tax

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961. The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recongised to the extent there is virtual / reasonable certainty that these would be realised in future.

11. Research and Development expenditure

Revenue expenditure is charged to profit and loss account and capital expenditure added to cost of fixed assets.

12. Contingent liabilities

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed in the notes to accounts.

B. NOTES TO ACCOUNTS

Rupees in Crores

			Current year	Previous year
1.		Contingent Liabilities not provided for in respect of :		
	a)	Claims against the Company not acknowledged as debts	**6.82**	2.14
	b)	Securities provided to banks / Financial institutions against credit facilities extended to other bodies corporate	-	184.02
	c)	Bills Discounted (Since realised Rs.94.75 crores; Previous year Rs.0.33 crores)	**155.26**	174.25
	d)	Disputed claims, including those pending in Courts, for excise & custom duties, sales tax, income tax and other levies (excluding interest)	**176.24**	299.32
	e)	Other matters	**13.04**	3.22
2.	a)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**31.98**	64.97

b) Dividend of Rs. 19.65 crores for the period 19th July, 2003 to 31st March, 2004 on 10% Cumulative Redeemable Preference Shares are in arrears as on 31st March, 2004.

3. The Company along with Jindal Iron & Steel Company Ltd. and Jindal Thermal Power Company Ltd., jointly and severally, has given an undertaking to buyback 8.80 crores (previous year 9.90 crores) equity shares of face value of Rs.10 each of Jindal Thermal Power Company Ltd. from ICICI Bank Ltd. and Industrial Development Bank of India at the buyback price which will give an annualised return of 16% on the nominal value of shares purchased by them, as per buyback agreement dated 12th December, 2001 which is valid upto 11.12.2006.

4. Capital advances in Schedule 4 include Rs. 18.33 crores (previous year Rs. 18.33 crores) - net of provision of Rs. 86.63 crores (previous year Rs.86.63 crores) given to certain parties for capital assets being purchased under relevant contracts and have become long overdue. As per valuation report obtained from a reputed independent valuer, these capital assets, on acquisition and disposal thereof, are estimated to yield a net realisation equivalent to the outstanding capital advances. There is a reasonable certainty of parties discharging their contractual obligations and of acquiring the capital assets on its fair settlement.

5. Loans and Advances in Schedule 9 include:

a) Overdue advances Rs. 19.41crores (previous year Rs. 40.33 crores) given to certain companies against supply of raw materials pursuant to MOUs/orders which were subsequently cancelled by the Company in view of volatile market conditions. Payments are being received as per the repayment schedule. There is reasonable certainty of recovery in due course fully and hence, does not require any provisioning.

b) Advances towards Company's contribution for equity/ preference shares in:

- Jindal Praxair Oxygen Company Private Ltd., Rs.Nil (previous year Rs. 7.34 crores)

- Vijayanagar Minerals Private Ltd (VMPL)*, Rs. 4.06 crores (previous year Rs. 4.06 crores)

* (although the networth of VMPL is substantially eroded, in view of its continuing operations and considering the strategic / long term nature of the said investment, no provisioning is considered necessary at this stage).

c) Loans and advances in the nature of loans where there is no repayment schedule/or no interest or at an interest rate below what is specified in section 372A of the Companies Act, 1956:

Name of the party	Amount Outstanding (Rs. in crores)		No. of Equity Shares held in the Company	
	As on 31.03.2004	Maximum during the current period	As on 31.3.2004	Maximum during the current period
1. JVSL Employees Welfare Trust	2.29	2.29	2244600	2244600
2. Loans to Employees (as per the general policy of the Company)	0.21	0.21	-	-

In respect of the above parties, the rate of interest is nil.

6. a) The accounts of certain Sundry Debtors, Sundry Creditors, Advances and Lenders are subject to confirmation/ reconciliations and adjustments, if any, The Management does not expect any material difference affecting the current year's financial statements.

b) Sundry Debtors include amount due from Jindal Iron and Steel Company Ltd., a Company under the same management within the meaning of section 370(1-B) of the Companies Act, 1956, Rs. 302.44 crores (previous year Rs. 161.70 crores).

7. In the opinion of the Board, Current Assets, Loans and Advances (including Capital Advances) have a value on realisation in the ordinary course of business, at least equal to the amount at which they are stated.

8. There is a diminution of Rs.3.24 crores (previous year Rs.3.27 crores) in the value of equity shares of SICOM Ltd. based on its break up value (fair value unascertained) worked out as per its audited Balance Sheet as at 31.03.2003. However, as there is a reasonable certainty (in view of strong asset base and improved financials of the investee Company) that there would not be any loss on disposal of these shares, no provisioning has been considered necessary.

9. The Company's pending export obligation in respect of benefit availed under EPCG Scheme as on 31st March, 2004 of Rs. 3,333.63 crores (previous year Rs. 6,059.03 crores) would be fulfilled in due course of time.

10. In terms of revised financial restructuring package (RRP) approved by Corporate Debt Restructuring Cell (CDR) in February 2003:

a) 10% Cumulative Preference Shares aggregating to Rs. 279.03 crores have been issued during the year in settlement of overdues;

b) Under implementation through the Scheme of Arrangement and Amalgamation as referred to in Note 11 below :

i) reduction of existing equity share capital by 40% and in lieu thereof issue of 0.01% Cumulative Redeemable Preference Shares (CRPS);

ii) rupee debts of Rs. 456.88 crores to be converted into equity shares at par;

iii) requirement of promoters to contribute Rs. 108 crores towards equity at par by March 1, 2007 (revised date in the Scheme being on or before April 1, 2006).

11. a) Pursuant to "Scheme of Arrangement and Amalgamation" (Scheme) under Sections 391 to 394 of Companies Act, 1956, as approved by shareholders of the Company, a petition has been filed before the Hon'ble Karnataka High Court for sanction of the Scheme, in terms of which the steel business of Jindal Iron & Steel Company Limited (JISCO) along with related assets and liabilities is proposed to be transferred to the Company, appointed date -1st April, 2003.

b) JISCO has also filed a similar petition before Bombay High Court for approval of the Scheme which is pending. The Karnataka High Court vide its Order dated 3rd June, 2004 has directed to place a copy of the Order of Bombay High Court with them for passing the Order on the Company's petition.

c) The Scheme, interalia, includes the matters which are covered in the RRP as referred to in Note 10(b) above. The Scheme further provides for re-conversion of 0.01% CRPS referred to in note 10(b)(i) above into one equity share for every four 0.01% CRPS and issue of warrants to all existing equity shareholders entitling them to convert into equity shares on or before 1-4-2006 as may be decided by the Board.

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

12. The exceptional item of Rs 390.76 crores for the current year represents waiver of dues (including waiver of principal amount of Rs. 228.46 crores) on settlement with certain lenders who are not parties to CDR system and that of previous year represents additional interest expenditure on account of revocation of earlier restructuring package.

13. The Company is primarily engaged in the segment of "iron and steel products" and there are no reportable segments as per Accounting Standard (AS 17).

14. Sales include export incentives of Rs. 34.62 crores (previous year Rs. 59.24 crores).

15. Exchange variations in respect of forward contract to be recognised in Profit and Loss account of subsequent year; Gain Rs. 4.89 crores (previous year Loss Rs. 0.14 crores)

16. The Company has made certain claims on Jindal Praxair Oxygen Company Private Limited (JPOCPL) for an amount aggregating to Rs. 86.57 crores (previous year Rs.2.03 crores) in respect of claims on account of power, credit for excess billings and other issues. Apart from the above various claims of the Company on JPOCPL are pending for settlements. As a matter of prudence, the management has decided to account for the same only on final settlement of claims.

17. Managerial Remuneration :
(excluding gratuity provision) Rupees in crores

	Current year	Previous year
Salary and Allowances	**0.56**	0.41
Contribution to Provident Fund	**0.05**	0.04
Monetary value of Perquisites (as evaluated as per income tax rules wherever necessary)	**0.29**	0.13
Total	**0.90***	0.58

* includes Rs.0.24 crores in respect of which approval of shareholders is being obtained in the ensuing Annual General Meeting.

18. Remuneration to Auditors : Rupees in crores

	Current year	Previous year
As Audit Fees	0.17	0.17
For Tax Audit Fees	0.02	0.02
For Certification including Limited review and consultation in law matters	0.11	0.08
Out of Pocket Expenses (Including service tax)	0.03	0.01
Total	**0.33**	0.28

19. Creditors include the following Small Scale / Ancillary Industrial Undertakings to whom amounts are due for more than 30 days :

Castwel Industries; Arudra Engineers (P) Ltd.; Ma Santoshi Industrial Corporation; Knoop Marketing.

The above is based on the details available with the Company regarding the status of supplier as defined under the "Industries (Development and Regulation) Act, 1951" and the "Interest on Delayed Payment to Small Scale Ancillary Industrial Undertaking Act, 1993".

20. Deferred tax asset comprises timing differences on account of :

Rupees in crores

	Current year	Previous year
Assets:		
Depreciation (net)	**150.31**	280.85
Business Loss	**108.30**	108.30
Provision for doubtful capital advances (relating to earlier years)	**31.08**	36.64
Expenses including Interest to Financial Institutions allowable on payment basis	**4.31**	34.84
Deferred tax asset	**294.00**	460.63
Recognised in the accounts	**294.00**	437.59

The above has been recognised pursuant to the Accounting Standard (AS-22) relating to "Accounting for Taxes on income", since the management is virtually / reasonably certain of realising it in due course within the statutory time frame of allowability of the unabsorbed losses/ allowances under the Income Tax Act 1961, in view of favourable financial restructuring package, proposed merger of steel business of Jindal Iron and Steel Company Limited, better performance and improved market outlook.

21. The computation of Earnings per Share :

	Current year	Previous year
Profit/(Loss) for the year after tax (Rupees crores)	**528.68**	(110.67)
Less:-Dividend on preference shares (Rupees crores)	**22.22**	-
Profit/(Loss) for the year after tax for Equity Share holders (Numerator) (Rupees crores)	**506.45**	(110.67)
Nominal value per share in Rs.	**10**	10
Weighted average number of equity shares for Basic EPS (denominator)	**129,10,15,500**	129,09,98,000
Weighted average number of equity shares for Diluted EPS (denominator)	**133,93,73,697**	133,93,63,197
Basic Earnings per share in Rs.	**3.92**	(0.86)
Diluted Earnings per share in Rs.	**3.78**	(0.86)

22. There is no profit available for appropriation after brought forward of earlier years losses. Hence, no amount has been transferred to Debenture Redemption Reserve.

23. Related parties Disclosure as per Accounting Standard 18:

a) List of Related Parties:

(i) Parties where control exists:

NIL

(ii) Other parties with whom the Company has entered into transactions during the year.

1) Associates

Jindal Praxair Oxygen Company Private Limited (JPOCPL)
Jindal Thermal Power Company Limited (JTPCL)
Vijayanagar Minerals Private Limited (VMPL)
Jindal Iron & Steel Company Limited (JISCO)
Jindal Strips Limited (JSL)
Jindal Steel & Alloys Limited (JSAL)
Saw Pipes Limited (SPL)
Jindal Steel and Power Limited (JSPL)

2) Key Management Personnel

Dr. S.K.Gupta	Executive Vice Chairman
Mr. J.K.Tandon,	Jt. Managing Director & CEO
Dr. B.N.Singh	Jt. Managing Director & CEO
Mr. Seshagiri Rao M.V.S	Director (Finance)

b) Related Party Transactions:

Rupees in crores

Nature of transaction	Associates	Key Management Personnel	Total
Transactions during the current period			
Purchases of goods	547.38 (494.26)		547.38 (494.26)
Sales of goods	1572.93 (1439.06)		1572.93 (1439.06)
Purchase of assets	0.30 (0.99)		0.30 (0.99)
Deposit received against leased assets	1.50 (0.06)		1.50 (0.06)
Assets sold	0.00 (0.03)		0.00 (0.03)
Rendering of services	0.07 (0.26)		0.07 (0.26)
Receiving of services	0.64 (2.51)	0.89 (0.58)	1.53 (3.09)
Finance(including loans and equity contributions in cash or in kind):			
Purchase of Equity/Preference Shares	7.34 (@)		7.34 (@)
Payment of Advance against Equity (net of refund received)	0.00 (7.34)		0.00 (7.34)
Advance received	73.82 (0.00)		73.82 (0.00)
Refund made of Advance against Equity	0.00 (1.81)		0.00 (1.81)
Writing back of provision of advances/ doubtful debts during the year	0.88 (0.00)		0.88 (0.00)
Provision made for doubtful debts	0.00 (0.88)		0.00 (0.88)
Payable:			
Trade payables	197.30 (200.93)	0.00 (0.00)	197.30 (200.93)
Lease deposit	10.32 (8.82)		10.32 (8.82)
Other Advances	73.82 (0.00)		73.82 (0.00)
Receivable:			
Trade receivables	358.59 (237.84)		358.59 (237.84)
Advance for Equity	4.06 (11.39)		4.06 (11.39)
Other advances	0.25 (0.25)		0.25 (0.25)
Investments made	224.69 (217.35)		224.69 (217.35)
Guarantees and collaterals provided by the Company	184.02 (184.02)		184.02 (184.02)
Guarantees and Collaterals provided on Company's behalf	139.86 (535.64)		139.86 (535.64)

c) Details of material related party transactions (included under (b) above:

Rupees in crores

Nature of transaction	Associates				
	JISCO	JTPCL	JPOCPL	SPL	JSPL
Purchase of Goods	-	364.82 (322.26)	137.65 (145.26)	-	-
Sales of goods	1228.40 (893.20)	246.33 (273.17)	-	-	-
Purchase of assets	-	-	-	-	0.30 (0.00)
Writing back of provision of advances/ doubtful debts during the year	-	-	-	0.88 (0.00)	-
Purchase of Preference Shares	-	-	7.34 (0.00)	-	-

i. @ Rs.40000

ii. Figures in brackets relates to previous year.

iii. No amounts in respect of related parties have been written off/ written back/provided for during the year other than what is mentioned above.

iv. Related party relationships have been identified by the management and relied upon by the auditors.

24. ADDITIONAL INFORMATION PURSUANT TO PART-II OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

A. CAPACITY & PRODUCTION

(i) Installed Capacity

Description	Unit	Current year	Previous year
Hot Rolled Coils/Steel Plates/Sheets	M.T.	**1.60 million**	1.60 million

Notes:

a. Licensed capacity is not applicable in view of the Company's products having been delicensed as per the licensing policy of the Govt. Of India.

b. Slag Grinding unit having a capacity of 0.20 million M.T. per annum was commissioned during the year and commercial production commenced in December, 2003. The Company has started manufacturing slag cement in the grinding unit with bought out clinker. During the year 2003-04 - Turnover: 30569 M.T. (Rs. 5.91 crores); production: 32184 M.T. and closing stock: 1615 M.T (Rs. 0.28 crores).

c. Installed capacity is as certified by the management and accepted by auditors, being a technical matter.

(ii) Actual Production

Description	Unit	Current year	Previous year
Hot Rolled Coils/Plates/Sheets	M.T.	**1573484**	1416577

B. TURNOVER

Description	Current year Quantity M.T.	Current year Rupees In crores	Previous year Quantity M.T.	Previous year Rupees in crores
Hot Rolled Coils/ Plates/Sheets	**1580419**	**2922.82**	1409758	2336.22
Others		**673.49**		449.82

C. OPENING STOCK

Description	Current year Quantity M.T.	Current year Rupees In crores	Previous year Quantity M.T.	Previous year Rupees in crores
Hot Rolled Coils /Plates	**16063**	**23.30**	9244	10.86

D. CLOSING STOCK

Description	Current year Quantity M.T.	Current year Rupees In crores	Previous year Quantity M.T.	Previous year Rupees in crores
Hot Rolled Coils / Plates/Sheets	**9128**	**13.57**	16063	23.30

E. CONSUMPTION OF MATERIALS

Description	Current year Quantity M.T.	Current year Rupees In crores	Previous year Quantity M.T.	Previous year Rupees in crores
Iron ore lumps/fines	**3872422**	**147.03**	3364482	72.78
Scrap	**128608**	**136.20**	123899	94.98
Coal/Coke	**2360781**	**916.64**	2205196	741.00
Hotmetal	-	-	133952	77.92
Others		**201.83**		201.23
		1401.70		1187.91
Of which consumed during trial-run:				
Iron ore lumps/fines	-	-	649231	14.03
Coal/Coke	-	-	216985	72.67
Others		-		5.29
		-		91.99

F. CONSUMPTION OF RAW MATERIALS, STORES AND SPARES

Description	Current year Value Rupees in crores	Current year % of Total Value	Previous year Value Rupees in crores	Previous year % of Total Value
RAW MATERIALS				
Imported *	**1050.75**	**74.96**	831.37	69.98
Indigenous	**350.95**	**25.04**	356.54	30.02
Total	**1401.70**	**100.00**	1187.91	100.00
STORES AND SPARES				
Imported	**30.14**	**18.10**	13.48	10.15
Indigenous	**136.35**	**81.90**	119.45	89.85
Total	**166.49**	**100.00**	132.93	100.00

*Includes Rs. 56.04 crores (previous year Rs. 93.47 crores) indigenously procured.

G. C.I.F. VALUE OF IMPORTS

Rupees in crores

Description	Current year	Previous year
- Capital Goods	**5.11**	3.81
- Raw Materials	**777.88**	660.06
- Stores & Spare Parts & Production Consumables	**28.96**	28.81

H. EXPENDITURE IN FOREIGN CURRENCY

Rupees in crores

Description	Current year	Previous year
Interest and Finance charges	**44.69**	68.57
Technical know-how	**0.15**	3.33
Travelling & Others	**1.75**	0.26
Brokerage and Commission on export sales	**5.94**	5.38

I. EARNINGS IN FOREIGN CURRENCY

Rupees in crores

Description	Current year	Previous year
F.O.B. Value of Exports	**137.31**	368.65

25. a) Figures for the current year include the figures relating to Pellet and Corex-II plants, which had commenced commercial production from 1st July, 2002 and hence, they are not comparable with those of corresponding previous year.

b) Previous year's figures have been regrouped /rearranged wherever necessary to conform with current year's presentation.

Signature to Schedule 1 to 17

For and on behalf of the Board of Directors

SAJJAN JINDAL
Managing Director

R.P. RAICHUR
Company Secretary

SESHAGIRI RAO M.V.S
Director(Finance)

DR. B. N. SINGH
Jt.Managing Director & CEO

Place : Mumbai,
Dated: 29th June, 2004

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration No. 15365		**State Code 08**
Balance Sheet Date 31-3-2004		
II. Capital raised during the year (Amount Rs. in thousands) :		
Public Issue (Issue through Prospectus)		Nil
Rights Issue		Nil
Bonus Issue		Nil
Private Placement		2790349
III. Position of Mobilization and Deployment of Funds (Amount Rs. in thousands) :		
Total Liabilities		73154875
Total Assets		73154875
Sources of Funds		
Paid up Capital		16310768
Advance Against Share Capital		Nil
Reserves and Surplus		Nil
Secured Loans		46471692
Unsecured Loans		1398634
Application of Funds		
Net Fixed Assets		52459331
Investments		2295709
Deferred Tax Asset -Net		2939960
Net Current Assets		1074305
Misc. Expenditure		4092740
Accumulated Losses		1319049
IV. Performance of the Company (Amount Rs. in thousands) :		
Turnover		33049520
Total Expenditure		26147871
Profit before Tax		6901649
Profit after Tax		5286771
Earning per share in Rs.	Basic	3.92
	Diluted	3.78
Dividend %		Nil
V. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)		
Item Code No. (ITC Code)		72.08
Product Description		Hot Rolled Steel Strips/Sheets/Plates

For and on behalf of the Board of Directors

SAJJAN JINDAL
Managing Director

Place : Mumbai,	**R.P. RAICHUR**	**SESHAGIRI RAO M.V.S**	**DR. B. N. SINGH**
Dated: 29th June, 2004	Company Secretary	Director(Finance)	Jt.Managing Director & CEO

JINDAL VIJAYANAGAR STEEL LIMITED

Regd. Office : P.O. Toranagallu, Sandur Taluk, Bellary District, Karnataka – 583 123.

Regd. Folio No.....................................

ATTENDANCE SLIP

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

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

10th Annual General Meeting - 30th December, 2004

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

I hereby record my presence at the **Tenth Annual General Meeting** of the Company held on **Thursday, 30th December, 2004** at 12.00 noon at the Registered Office of the Company.

* 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.
3. **NO GIFTS WILL BE GIVEN.**

*** Strike out whichever is not applicable.**

Tear Here

JINDAL VIJAYANAGAR STEEL LIMITED

Regd. Office : P.O. Toranagallu, Sandur Taluk, Bellary District, Karnataka – 583 123.

Regd. Folio No.....................................

PROXY FORM

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

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

I/We ....

of ....

being a member/members of Jindal Vijayanagar 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 **Tenth Annual General Meeting** of the Company to be held on **Thursday, 30th December, 2004,** at the Registered Office of the Company at 12.00 noon, and at any adjournment thereof.

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

Note :-

1. Proxy need not be a member
2. Proxy form, complete in all respects, should reach the Company's Regd. Office at P.O. Toranagallu, Bellary District, Karnataka-583 123, 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.

TÜV Rheinland / Berlin-Brandenburg

TÜV

CERTIFICATE

The Organization

Jindal Vijayanagar Steel Ltd.
P.O. Vidyanagar – 583 275 (Toranagallu)
Dist. Bellary, Karnataka, India

maintains an Occupational Health & Safety Management System for
Manufacturing of Hot Rolled Steel Flat Products in Integrated Steel Plant Including Pellets

An audit was performed. Report No. 010751
Conformance to the requirements of

OHSAS 18001:1999

has been demonstrated.
The certificate is valid until 2005 September
Certificate Registration No. 01 113 010751

OHSAS 18001 - 1999

TÜV Rheinland / Berlin-Brandenburg

TÜV

CERTIFICATE

The Certification Body for Environmental Management Systems of TÜV Anlagentechnik GmbH
hereby certifies that the enterprise

Jindal Vijayanager Steel Ltd
PO. Vidyanagar – 583275 (Toranagallu)
Dist. Bellary (Karnataka), INDIA

has established and applies an environmental management system for
Manufacturing of Hot Rolled Steel Flat Products in Integrated Steel Plant Including Pellets

The audit was performed,
Report No. 010751
Proof has been furnished, that the requirements according to
ISO 14001
(edition 1996) are fulfilled
The certificate is valid until 2004 June
Certification Registration No. 01 104 010751

Andreas Gehmann

Certification Body for Environmental Management Systems
TÜV Anlagentechnik GmbH

ISO 14001 - 1996

TÜV CERT

CERTIFICATE

The TÜV CERT Certification Body of TÜV Anlagentechnik GmbH
TÜV Rheinland/Berlin-Brandenburg Group of Companies

certifies in accordance with TÜV CERT procedures the

Jindal Vijayanagar Steel Ltd.
P.O.Vidyanagar- 583 275 (Toranagallu),
Dist. – Bellary, Karnataka, India

has established and applies a quality management system for
Manufacture of Hot Rolled Steel Flat Products including Pellets in Integrated Steel Plant

An audit was performed, Report No. 99672
Proof has been furnished that the requirements according to
DIN EN ISO 9001: 2000
are fulfilled.
The certificate is valid until August 2005
Certificate Registration No. 01 100 99672

TÜV Rheinland / Berlin-Brandenburg
TÜV

S. Bhargava

TÜV CERT Certification Body of TÜV Anlagentechnik GmbH

ISO 9001 - 2000

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