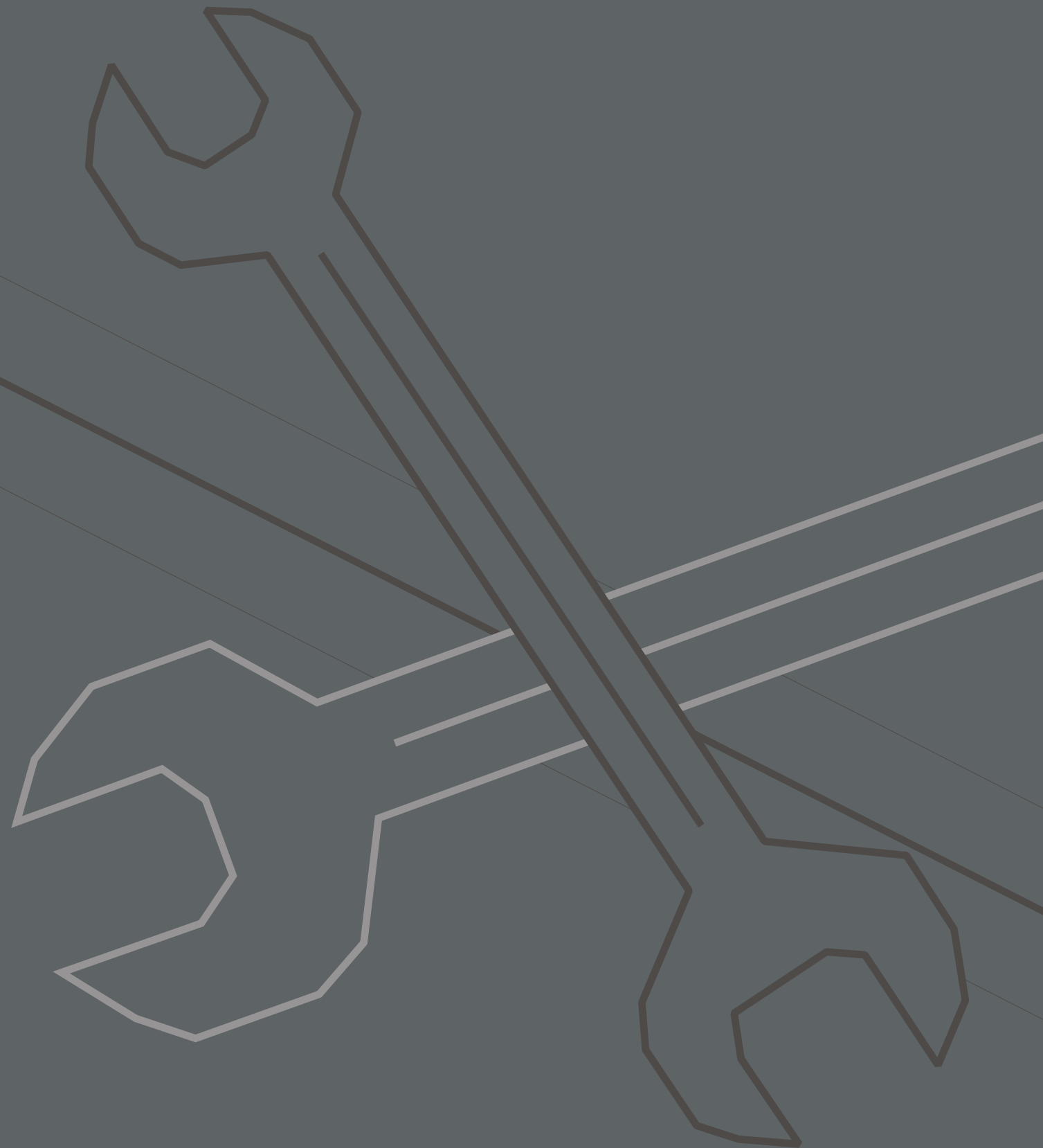
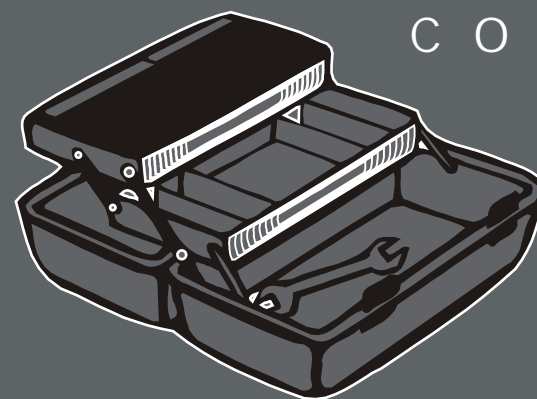

ANNUAL REPORT
2006-2007





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

"THE FARTHER WE DREAM OF
TRAVELLING, THE CLOSER AND
TIGHTER MUST BE OUR
STRENGTHS AND RESOLVE."



Savitri Devi Jindal, Chairperson

CHAIRPERSON'S MESSAGE

Dear Stakeholders,

The capability to achieve the competitive edge comes from a robust strategy and the ability to see the future. We must rise to the challenge of our function as wealth-creators in an ever more competitive global economy, while ensuring that the social developmental needs are not neglected.

We have been able to accomplish our objectives by aligning ourselves with our strong values, which remained constant since inception and which forms the core of all our business activities. Jindal Stainless has always believed in managing its affairs with diligence, transparency, responsibility and accountability. The focus on key achievable was within the framework of our values for community development. Be it girl child education, setting up hospitals, urban beautification, encouraging sports, art and culture.

As we work together to achieve the vision, we feel it is equally important to recognize the trust reposed on us and it is your conviction that will lead us further.

Savitri Devi Jindal
Chairperson



M I N I N G



P O W E R



S T A I N L E S S S T E E L M A K I N G



BACKWARD INTEGRATION

P R O C E S S I N G



C L I E N T S E R V I C E



M I N T I N G



FORWARD THRUST

As we expand our footprint across the globe as India's leading integrated manufacturer of quality stainless steel in a much stronger way than ever before, it's time for us at JSL, to look beyond the laurels and milestones achieved thus far.

Besides enjoying leadership in the domestic market, we at Jindal Stainless are successfully addressing the global market demands with a versatile array of stainless steel flat products in Austenitic, Ferritic and Martensitic grades, while being a global leader in Chrome Manganese 200 series grades.

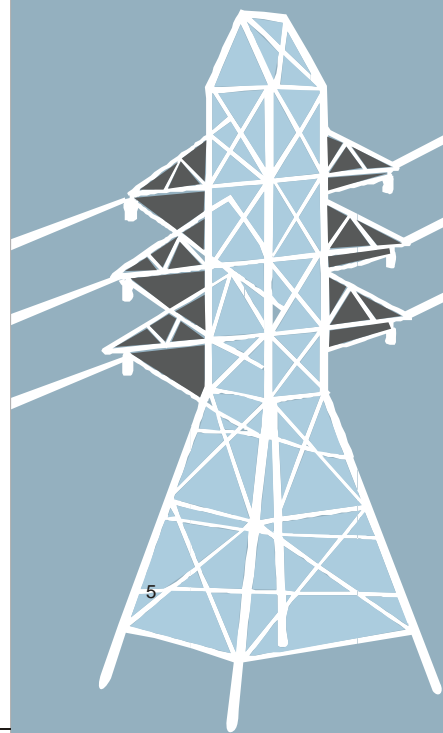
Our focus on both backward and forward integration, tracing from mining to melting, hot rolling, cold rolling to customized servicing and offering premium lifestyle creative products, has been the key growth factor going forward and echoes our 360 degrees approach to make stainless steel a part of everyday life. We are expanding our manufacturing capacities, improving efficiencies, witnessing use of stainless steel in infrastructure applications and garnering larger market share than ever.

Yet, in the true nature of our philosophy, with each feat achieved and milestones crossed, we also reflect on the miles to go and beyond. More so with increasing competition worldwide, it only encourages us to plan and constantly supersede our current operational and management excellences.

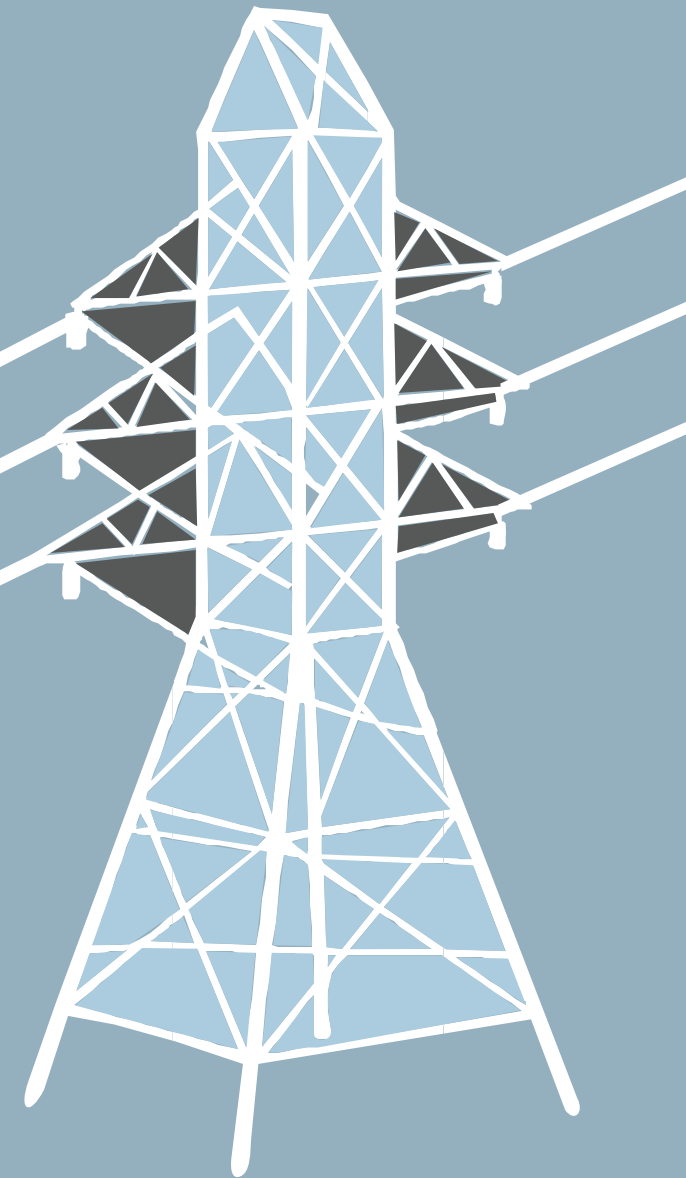
As long this philosophy remains at the heart of every JSL employee, the future is sure to be paved with stainless steel - ever-shining, beautiful and inspiring.



FROM BUYING POWER TO



CAPTIVE POWER



NMO + POWER

POWER GENERATION



POWER MANAGEMENT





CAPTIVE POWER = COST RATIONALISATION

The Greenfield Stainless Steel plant and the Ferro alloys facility are both power-intensive operations. The company has set up a 2 X 125 MW captive thermal power plant which will reach 500 MW power production capacity in the next phase. This captive power generation shall translate into improved cost rationalization and increased competitiveness. The power plant is a conventional thermal power plant operating on sub critical pressure, single reheat system cycle with regenerative feed heating arrangement. The plant is configured with Pulverised Coal Fired steam generators and steam turbine generators. The company has been allotted coal blocks for captive coal mining required to address the fuel needs.

FROM TECHNICAL CAPABILITY



TO EXPERTISE



OWN + EXPERTISE

MELTING SHOP



HOT ROLLING



COLD ROLLING





ALLOYING, MELTING, CASTING, ROLLING, CUTTING , VALUE-ADDED CUSTOMISING: STAINLESS EXPERTISE

At Jindal Stainless, we have always valued avant-garde technological superiority as a corner stone of our growth as India's top line integrated stainless steel manufacturer. Right from mining expertise to Melt Shop with Ultra High-Power Electric Arc Furnaces, Argon Oxygen Converters / Vacuum Oxygen Decarburisation, Continuous Casting, followed by Hot Rolling and Cold Rolling operations; we own and operate with most advanced technology and machinery available.

Whether it's the leaders at the helm of operations or the machines and plants entrusted to them, we follow Six Sigma Processes, leaving minimal chances for compromise or error.

Each process, Each day, Every year.

FROM ANTICIPATION TO

PROVIDING SOLUTIONS

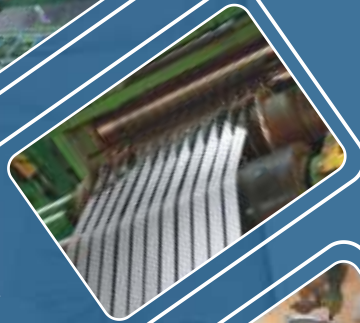


NMO + CLIENT SERVICE

SERVICE CENTRE



VALUE-ADDITION



LIFESTYLE





UNDERSTANDING INDIVIDUAL CUSTOMER NEEDS AND CUSTOMISING - THE EDGE IS SERVICE

From designer lifestyle products, to increasing usage in architectural designs and infrastructure, stainless steel has certainly coming of age. And we, at Jindal Stainless have grown along with it. One of our most important learning has been that no two customers have identical needs and customizations alone can offer optimum customer satisfaction. In the backdrop of diverse usages and customer needs, it was only a timely measure for Jindal Stainless to establish Jindal Stainless Steelway Ltd. (a subsidiary of Jindal Stainless Ltd.) - service centre, with facilities for Slitting, Cut-to-Length and Polishing, established in collaboration with Steelways s.r.l. Italy.

At JSSL, we provide customised products and distribution services in stainless steel to meet specific requirements of customers on just-in-time basis.

FROM TAKING LITTLE TO



GIVING BACK MORE

NOW + RESPONSIBILITY

WOMEN'S UPLIFTMENT



EDUCATION



SPORTS - DELHI MARATHON





STAINLESS INNOVATION AWARDS



O.P. JINDAL DESIGN TALK



COFFEE TABLE BOOK



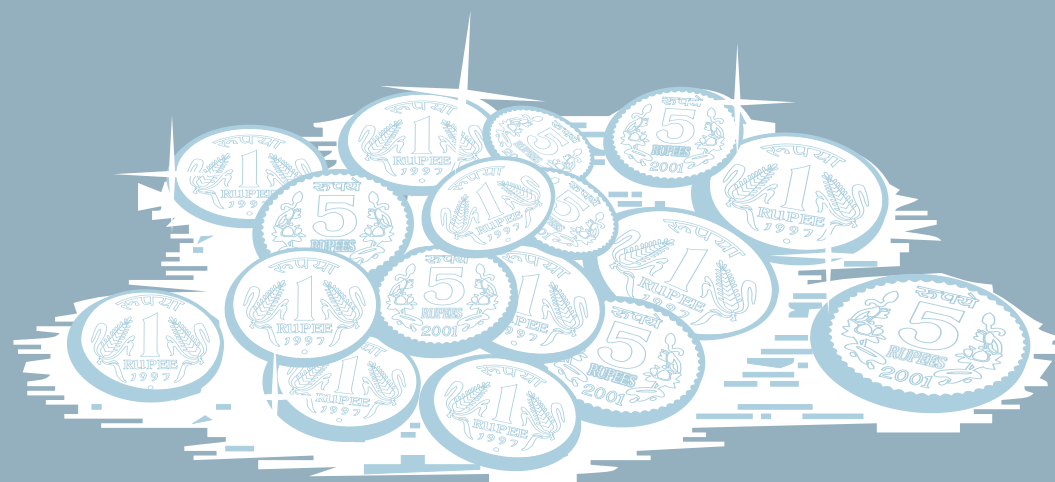
LIVING UP TO OUR RESPONSIBILITY TOWARDS CHILDREN, WOMEN AND OUR ENVIRONMENT

Since inception, we at JSL believe that any high performance sustainable organization rests on the three pillars of economic, social and environmental performance. To be a truly sustainable organization, in the broadest definition of the term, an organization must perform well across all three dimensions. Ever since, we have never required the writ of environmental and social legislation to realize our responsibilities towards people and the environment.

We fully comply with the postulates of environment control certifications and in order to promote the adoption of a continuous improvement approach, Jindal Stainless has obtained ISO 9001:2000, OHSAS 18001:1999 and ISO 14001:2004 certifications. We have a fully equipped environment management infrastructure in place and we use certified processes and technologies to make stainless steel and our work practices as 'Green' as could be.

The vision of our founder O.P. Jindal, for sharing our growth at the community level is today a reality. As a responsible corporate citizen, JSL continues to contribute to the community cause through Education and Healthcare, Rural Development Initiatives, Womens' upliftment programmes and Environment Protection and Management initiatives. Go Green : Stainless Steel

FROM GLINTING COINS TO



MINTING MILES

OWN
+
PLACE OF PRIDE

COIN



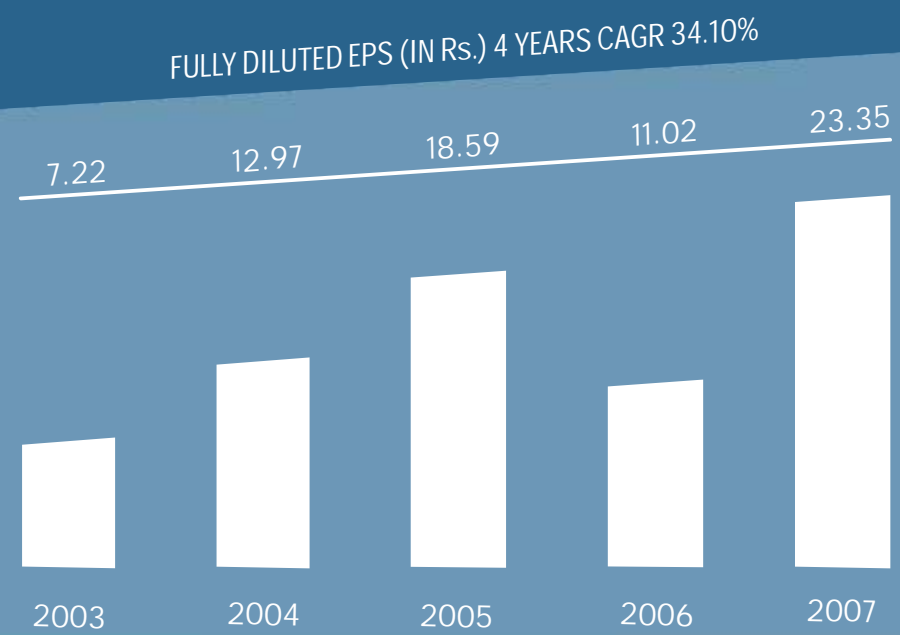
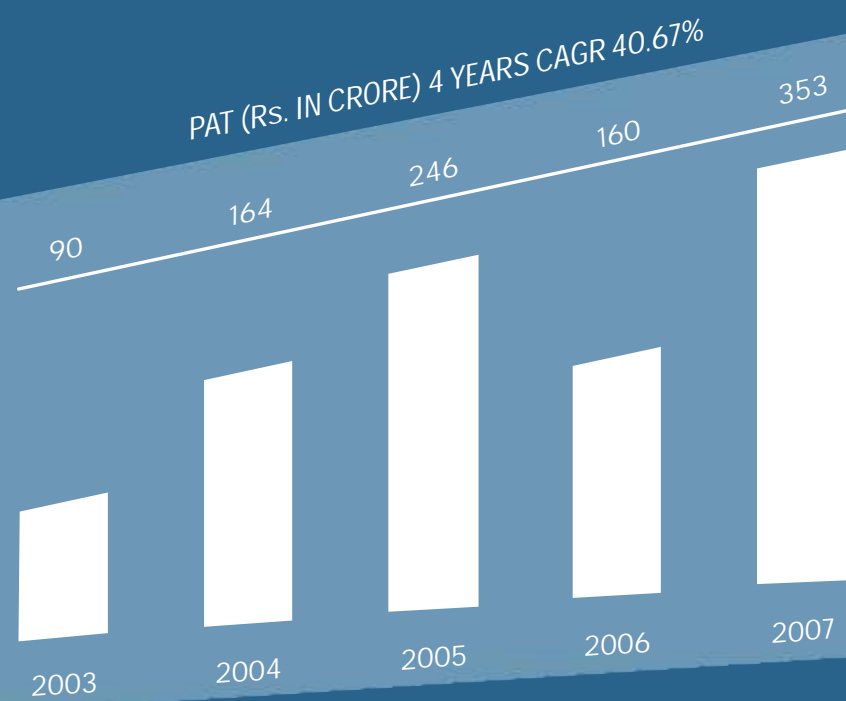
SURGICAL EQUIPMENT



STREET FURNITURE



EXCELLENCE





Notice





Notice is hereby given that the **27th Annual General Meeting** of shareholders of **JINDAL STAINLESS LIMITED** will be held **on Friday, 31st day of August, 2007 at 12.00 Noon at Registered Office** of the company at O.P. JINDAL MARG, HISAR (Haryana) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2007 and the Profit and Loss Account for the year ended on that date and the Reports of the Auditors and the Board of directors.
2. To approve payment of interim dividend and to declare final dividend on equity shares for the year ended 31st March 2007.
3. To appoint a director in place of Smt. Savitri Jindal, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a director in place of Sh. R.G. Garg, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Sh. Rajinder Parkash, who retires by rotation and being eligible, offers himself for re-appointment.
6. To re-appoint M/s. Lodha & Co., Chartered Accountants and M/s. S.S. Kothari Mehta & Co., Chartered Accountants as joint statutory auditors of the company, to conduct audit of books of accounts of the company and hold office from the conclusion of this annual general meeting to the conclusion of the next annual general meeting and to re-appoint M/s. N.C. Aggarwal & Co., Chartered Accountants, as branch auditors of Visakhapatnam division of the company.

AS ORDINARY RESOLUTIONS

- I. **“RESOLVED** that the retiring joint statutory auditors, M/s. Lodha & Co., Chartered Accountants, and M/s. S.S. Kothari Mehta & Co., Chartered Accountants, who, being eligible, offer themselves for re-appointment be and are hereby re-appointed as joint statutory auditors of the company to conduct audit of the books of accounts of the company for the year 2007-08 and to hold office until the conclusion of the next annual general meeting at a remuneration to be finalised by the Board of directors.”
- II. **“RESOLVED FURTHER** that M/s. N.C. Aggarwal & Co., Chartered Accountants, Hisar be and are hereby re-appointed as Branch Auditors of Visakhapatnam division of the company for the year ending 31st March, 2008 on the terms and conditions and remuneration as may be finalised by the Board of directors.”

SPECIAL BUSINESS

TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION, THE FOLLOWING RESOLUTIONS:

7. AS AN ORDINARY RESOLUTION:

“**RESOLVED** that in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Sh. N.P. Jayaswal, an Additional Director of the company who holds office up to the date of this annual general meeting pursuant to section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the company, liable to retire by rotation.”

8. AS AN ORDINARY RESOLUTION:

“**RESOLVED** that in accordance with the provisions of sections 198, 269 and 309 read with schedule XIII and other applicable provisions of the Companies Act, 1956 or any amendment thereto from time to time, consent of the company be and is hereby given to the appointment of Sh. N.P. Jayaswal as Executive Director for a period of 5 years w.e.f. 1st March, 2007 to 29th February, 2012 at remuneration and other perquisites and terms and conditions as detailed in the Explanatory Statement, with liberty to the Board of directors to alter or vary the same so as not to exceed the limits set out in sections 198 and 309 read with schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed upon between the Board of Directors and Sh. N.P. Jayaswal provided, however, that the normal annual increment as per policy of the company shall be granted to him by the Vice Chairman & Managing Director.”

9. AS AN ORDINARY RESOLUTION:

“**RESOLVED** that in accordance with the provisions of section 16 and section 94 of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and Article 39 of the Articles of Association of the company, the authorised share capital of the company be and is hereby altered from Rs.95,00,00,000/- (Rs. ninety five crore) consisting of 27,45,00,000 (twenty seven crore forty five lacs) Equity Shares of Rs.2/- (Rupees two) each, 2,00,00,000 (two crore) Redeemable Cumulative Non Convertible Preference Shares of Rs.10/- (Rupees ten) each and 10,05,00,000 (ten crore & five lacs) Unclassified Shares of Rs.2/- (Rupees two) each TO Rs.95,00,00,000/- (Rs. ninety five crore) consisting of 47,50,00,000 (forty seven crore fifty lacs) Equity Shares of Rs.2/- (Rupees two) each by cancelling 10,05,00,000 (ten crore & five lacs) Unclassified Shares of Rs.2/- (Rupees two) each and 2,00,00,000 (two crore) Redeemable Cumulative Non Convertible Preference Shares of Rs.10/- (Rupees ten) each, remaining un-issued and which have not been taken or agreed to be taken by any person and by creating 20,05,00,000 (twenty crore & five lacs) Equity Shares of Rs.2/- (Rupees two) each and consequently the existing clause V of the Memorandum of Association of the company relating to Share Capital be and is hereby altered by deleting the same and substituting in its place and stead, the following as new Clause V :

V: The Authorised Share Capital of the Company is Rs.95,00,00,000/- (Rupees ninety five crore only) consisting of 47,50,00,000 (forty seven crore fifty lacs) Equity Shares of Rs.2/- (Rupees two) each.

10. AS A SPECIAL RESOLUTION:

(a) **RESOLVED** that pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to the provisions of Chapter XIII-A of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (“**DIP Guidelines**”) as in force and subject to all other applicable rules, regulations and guidelines of the Securities and Exchange Board of India (“**SEBI**”), the applicable provisions of Foreign Exchange Management Act, 2000 (“**FEMA**”), Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000, and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with Stock Exchanges where the shares of the Company are listed, and subject to requisite approvals, consents, permissions and / or sanctions of SEBI, the Stock Exchanges, Reserve Bank of India (“**RBI**”), Department of Industrial Policy and Promotion, Ministry of Commerce (“**DIPP**”), the Foreign Investment Promotion Board (“**FIPB**”), and all other authorities as may be required (hereinafter collectively referred to as “**Appropriate Authorities**”), and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, and for sanction (hereinafter referred to as “**Requisite Approvals**”), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “**Board**”) and/or duly authorised

Notice

persons there of for the time being exercising the powers conferred by the Board by this resolution, the Board be authorized at their absolute discretion to create, offer, issue and allot equity shares, fully convertible debentures or partly convertible debentures, whether optionally or compulsorily convertible or any securities other than warrants, which are convertible or exchangeable with equity shares at a later date (“**Specified Securities**”) for an amount not exceeding Rs. 600 Crore (Rupees Six Hundred Crore) inclusive of such premium from time to time in one or more tranches, to Qualified Institutional Buyers (“**QIBs**”) under Chapter XIII-A of the DIP Guidelines through a placement document and /or such other documents/writings/circulars/memoranda and in such manner and on such price, terms and conditions as may be determined by the Board in accordance with the provisions of Chapter XIII-A of the DIP Guidelines or other provisions of law as may be prevailing at the time. Provided that, the price inclusive of premium of the Specified Securities so issued shall not be less than the price arrived in accordance with the provisions of Chapter XIII-A of the DIP Guidelines.

- (b) “**RESOLVED FURTHER** that the Relevant Date for determining the pricing of the Specified Securities to QIBs as per provisions of Chapter XIII-A of the DIP Guidelines, as amended up-to-date, is 30 days prior to the date on which the meeting of the shareholders is held for obtaining the approval of the shareholders in terms of Section 81 (1A) of the Companies Act, 1956.
- (c) **RESOLVED FURTHER** that the Board be and is hereby authorised to issue and allot such number of Specified Securities as may be required including issue and allotment of equity shares upon conversion of any of the Specified Securities referred to above or as may be necessary in accordance with the terms of the offer, all such equity shares ranking pari-passu and inter-se with the then existing equity shares of the Company in all respects.
- (d) **RESOLVED FURTHER** that the Board be and is hereby authorised to enter into and execute all such arrangements/ agreements with any advisors/ merchant bankers/ underwriters/ depositories/ custodians and all such agents as may be involved or concerned in such issue of the Specified Securities; and to remunerate all such agents including by way of payment of commission and/ or brokerage and/ or fee and/ or expenses incurred in relation to the issue of the Specified Securities and other expenses, if any.
- (e) **RESOLVED FURTHER** that for the purpose of giving effect to the above resolutions, the Board/ sub-committee constituted thereunder be authorized on behalf of the Company to take all actions and to do all such deeds; matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue or allotment of the aforesaid Specified Securities and listing thereof with the stock exchange(s) where the Company's shares are listed and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the aforesaid Specified Securities, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deems fit, without being required to seek any further consent or approval of the shareholders or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.
- (f) **RESOLVED FURTHER** that all actions heretofore taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved, ratified and confirmed in all respects.
- (g) **RESOLVED FURTHER** that the Board be authorised to delegate all or any of the powers conferred by this resolution on it, to any Committee of Directors or the Chairman or any other Director(s) or officer(s) of the Company to give effect to the aforesaid resolution.”

11. AS A SPECIAL RESOLUTION:

- (a) “**RESOLVED** that pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any modification or re-enactment thereof, for the time being in force), subject to all applicable laws and in accordance with all relevant provisions of the Memorandum and Articles of Association of the Company and the listing agreements entered into by the Company with the stock exchanges where the Company's shares are listed and subject to any necessary approval, consent, permission and/or sanction of the Central Government, Reserve Bank of India, Ministry of Finance and/or any other appropriate authorities, including banks, financial institutions or other creditors, and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, or sanction, and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”) and/or duly authorised persons thereof for the time being exercising the powers conferred by the Board by this resolution, the Company issue, offer and allot, in the course of an international offering to eligible foreign investors (whether or not such investors are members of the Company), by way of circulation of an offering circular or prospectus or by way of private placement, Foreign Currency Convertible Bonds, Global Depositary Receipts, American Depositary Receipts, or any other equity related instrument (“**Securities**”) up to an aggregate principal amount of United States Dollars 150 million in

Notice

one or more tranche or tranches, to be subscribed in foreign currency, and convertible into equity shares of the Company, such issue and allotment to be made in one or more tranche or tranches, on such terms and conditions as may be decided and deemed appropriate by the authorised persons of the Board at the time of issue or allotment.

- (b) **RESOLVED FURTHER** that without prejudice to the generality of the above and subject to all applicable laws, the aforesaid issue of Securities may have all or any terms or combination of terms in accordance with international practices including but not limited to conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever, and all such terms as are provided in issue of securities of this nature internationally including terms for issue of equity shares upon conversion of the Securities or variation of the conversion price of the Securities during the term of the Securities and the Company is also entitled to enter into and execute all such arrangements/agreements as the case may be with any lead managers, managers, underwriters, advisors, depositories and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate all such agencies including the payment of commissions, brokerage, fees or the like, and also to seek the listing of any or all of such Securities or securities representing the same in one or more stock exchanges outside India.
- (c) **RESOLVED FURTHER** that the Securities issued in foreign markets shall be deemed to have been made abroad and/or in the international market and/or at the place of issue of the Securities in the international market and may be governed by foreign laws, as applicable.
- (d) **RESOLVED FURTHER** that the Board be and is hereby authorised to enter into and execute all such arrangements/agreements with any advisors/ merchant bankers/ underwriters/ depositories/ custodians and all such agents as may be involved or concerned in such issue of the Securities; and to remunerate all such agents including by way of payment of commission and/ or brokerage and/ or fee and/ or expenses incurred in relation to the issue of the Securities and other expenses, if any.
- (e) **RESOLVED FURTHER** that the Company may enter into any arrangement with any agency or body authorised by the Company for the issue, upon conversion of the Securities, of equity shares of the Company in registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the trade-ability or free transferability thereof as per the international practices and regulations, and under the forms and practices prevalent in the international markets.
- (f) **RESOLVED FURTHER** that the relevant date for the determination of the minimum conversion price at which the shares may be issued upon conversion of the Securities is 30 days prior to the date on which the meeting of the shareholders of the Company is held for obtaining their approval for the issuance of the Securities and that the equity shares issued upon conversion of the Securities not be issued at a price below the minimum conversion price so calculated.
- (g) **RESOLVED FURTHER** that the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities referred to in paragraph (a) above or as may be necessary in accordance with the terms of the offering, all such equity shares being pari passu with the then existing equity shares of the Company in all respects.
- (h) **RESOLVED FURTHER** that all actions heretofore taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved, ratified and confirmed in all respects.
- (i) **RESOLVED FURTHER** that for the purpose of giving effect to any issue or allotment of Securities or securities representing the same or equity shares, as described herein above, the Board/ sub-committee constituted thereunder be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at their discretion deem necessary or desirable for such purpose, including without limitation the utilization of issue proceeds, entering into of underwriting, and marketing arrangements, and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit."

By order of the Board

(A.P. Garg)
Sr. Vice President
& Company Secretary

Registered Office:
O.P. Jindal Marg, Hisar - 125 005.
28th May, 2007

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 AND A PROXY NEED NOT BE A MEMBER.
- B. A blank proxy form is sent here with.
- C. The instrument appointing the proxy should be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
- D. An explanatory statement pursuant to section 173 (2) of the Companies Act, 1956, in respect of item nos. 7 to 11 of the Notice is annexed hereto.

Explanatory Statement under section 173(2) of the Companies Act, 1956.
ITEM NOS. 7 & 8

The Board of directors, in its meeting held on 9th February 2007 appointed Sh. N.P. Jayaswal as Additional Director with effect from 1st March, 2007 pursuant to Article 78 of Articles of Association of the company and section 260 of the Companies Act, 1956 and elevated him as Executive Director for a period of 5 years w.e.f. 1st March, 2007 to 29th February, 2012, subject to the approval of shareholders at the annual general meeting. As per the said Article and section, Sh. N.P. Jayaswal will hold office up to the date of this annual general meeting. A notice pursuant to section 257 of the Companies Act, 1956, has been received from a member signifying his intention to propose him as a candidate for the office of Director.

In terms of schedule XIII to the Companies Act, 1956, Sh. N.P. Jayaswal is eligible for appointment as Executive Director. Hence the proposal. His appointment shall be subject to retirement by rotation. The profile of Sh. N.P. Jayaswal is given hereto under the head 'Additional Information'. The terms and conditions of his appointment are as mentioned hereunder:

Particulars of terms and conditions and remuneration:

- 1. Period: 5 years with effect from 1.3.2007 to 29.2.2012
- 2. Remuneration :
 - (a) Basic Salary : Rs.1,00,000/- (Rs. One Lakh only) per month
 - (b) Perquisites and allowances:

In addition to the salary, Sh. N.P. Jayaswal, Executive Director shall also be entitled to:

 - (i) House Rent Allowance @ Rs.10,000/- (Rupees ten thousand only) per month.
 - (ii) Choice Pay @ Rs.88,250/- (Rupees eighty eight thousand two hundred fifty only) per month.
 - (iii) Reimbursement of Professional Pursuits @ Rs.6,000/- (Rupees six thousand only) per annum.
 - (iv) Leave Travel Assistance @ Rs.30,000/- (Rupees thirty thousand only) per annum.
 - (v) Reimbursement of medical expenses @ Rs. 15,000/- (Rupees fifteen thousand only) per annum.
 - (vi) Bonus / Ex-gratia @ 20% of basic salary, payable annually.
 - (vii) Medi-claim Insurance coverage for self, spouse and dependent children as per company rules.
 - (viii) Group Personal Accident Insurance Coverage as per company rules.
 - (ix) Chauffeur driven car for business and personal usage.
 - (x) Reimbursement of expenses incurred on official entertainment.
 - (xi) Provident fund as per rules thereof.
 - (xii) Gratuity as per rules thereof.
 - (xiii) Other allowances as per rules of the company.
- 3. Minimum Remuneration: Not with standing anything to the contrary herein contained, where in any financial year during the currency of the tenure of Sh. N.P. Jayaswal, Executive Director, the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary, perquisites and allowances as specified above, subject to Central Government approval.
- 4. He shall also be entitled to reimbursement of expenses actually and properly incurred by him for the business of the company.

Notice

5. He shall not be paid any sitting fees for attending the meetings of the Board of directors or committees thereof.
6. The above remuneration payable to him shall be subject to the limits of 5% and 10% of the net profits of the company, as the case may be as laid down in section 309 of the Companies Act, 1956 read with schedule XIII to the Companies Act, 1956 and the overall limit of 11% of the net profits of the company as laid down in Section 198(1) of the said Act.
7. He shall be liable to retire by rotation.

In compliance with the provisions of section 309 of the Companies Act, 1956, the terms of remuneration specified above is place before the members in the annual general meeting for their approval.

The above may be treated as an abstract required under section 302 of the Companies Act, 1956. There is no written agreement in this regard.

Sh. N.P. Jayaswal, being concerned, is interested in this resolution. None of the other directors of the company is concerned or interested in the resolution. Your Directors, therefore, recommend the resolution for your approval.

ITEM NO. 9

The present authorised capital of the company is Rs.95 crore consisting of consisting of 27,45,00,000 Equity Shares of Rs.2/- each, 2,00,00,000 Redeemable Cumulative Non Convertible Preference Shares of Rs.10/- each and 10,05,00,000 Unclassified Shares of Rs.2/- each. It is proposed to alter the authorised capital by cancelling 10,05,00,000 (ten crore & five lacs) Unclassified Shares of Rs.2/- (Rupees two) each and 2,00,00,000 (two crore) Redeemable Cumulative Non Convertible Preference Shares of Rs.10/- (Rupees ten) each, remaining un-issued and which have not been taken or agreed to be taken by any person and by creating 20,05,00,000 (twenty crore & five lacs) Equity Shares of Rs.2/- (Rupees two) each in the manner as set out in the Notice at item no.9 in accordance with section 94 of the Companies Act, 1956.

The alteration of the capital clause of the Memorandum of Association of the Company is in accordance with the provisions of Section 16 of the Companies Act, 1956.

Directors recommend the resolution for approval of the shareholders.

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

ITEM NO. 10

The Company is currently implementing an expansion cum modernization plan at Hisar envisaging capacity expansion, de-bottlenecking and quality improvement. The Company is also implementing Phase I of its project at Orissa envisaging the installation of ferro-alloy facilities, coke oven battery, coal based thermal captive power plant and waste gas recovery power plant. The plans are underway for financing of the Phase-II of its project at Orissa, being a 0.8 million tonnes stainless steel plant. The facilities to be installed in Phase-II include slab caster, hot rolling mill, hot rolled annealing pickling line and cold rolled annealing pickling line and bell annealing furnace.

In order to meet the funds requirements in respect of the expansion-cum-modernization plan at Hisar, Phase I and II of the Orissa project and for other working capital requirements and general corporate needs of the Company, the Company plans to raise funds through the issue of equity/ equity linked instruments.

The Board of directors of the Company, at their meeting held on 28th May, 2007 has approved the raising of funds by the Company up to an amount of Rs. 600 Crore (Rupees Six Hundred Crore only) by way of the issue of equity/ equity linked instruments (“**securities**”) to Qualified Institutional Buyers (QIB) through a Qualified Institutional Placement (QIP) in accordance with Chapter XIII-A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000, as amended from time to time (the “**Guidelines**”).

The detailed terms and conditions for the offer of securities will be determined in consultation with the advisors, lead managers, merchant bankers, underwriters, advocates and such other agencies and such other authorities as may be required to be consulted by the Company considering the prevailing market practices and conditions and other relevant factors and all other terms and conditions as may be decided by the Board or any authority appointed by the Board.

The pricing of the securities will be subject to applicable law and the Guidelines. As the pricing of the offering cannot be decided except at a later stage, it is not possible to state the price or the exact number of Securities to be issued. For the

Notice

reasons aforesaid, an enabling resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board of directors to finalise the terms of the issue.

The special resolution gives the Board of directors the power to issue the securities in one or more trenches to the Qualified Institutional Buyers, at such times and such prices as prescribed under Chapter XIII-A of the Guidelines.

Section 81 of the Companies Act, 1956 provides *inter alia* that a company in the first instance should offer any securities to be issued by the company to its existing equity shareholders, unless the shareholders approve otherwise at a general meeting by way of a special resolution under Section 81(1A) of the Companies Act, 1956. Accordingly, consent of the shareholders is being sought pursuant to the provisions of the said section 81 (1A) of the Companies Act, 1956 to issue and allot the said securities, to the Qualified Institutional Buyers, as may be decided by the Board of directors.

Further, the listing agreements executed by the Company with the stock exchanges where the shares of the Company are presently listed, provide *inter-alia* that the Company in the first instance should offer any shares to be issued by the Company for subscription on a pro-rata basis to its existing equity shareholders unless the shareholders approve the same at a general meeting. Accordingly, the required consent of the shareholders is being sought pursuant to the provisions of the listing agreements and other applicable provisions to issue and allot the said securities, to the Qualified Institutional Buyers, as may be decided by the Board of directors.

Your Directors believe that such issue is in the interest of the company and therefore recommend the passing of the said resolution as a special resolution.

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

ITEM NO. 11

The Company is currently implementing an expansion cum modernization plan at Hisar envisaging capacity expansion, de-bottlenecking and quality improvement. The Company is also implementing Phase-I of its project at Orissa envisaging the installation of ferro-alloy facilities, coke oven battery, coal based thermal captive power plant and waste gas recovery power plant. The plans are underway for financing of the Phase - II of its project at Orissa, being a 0.8 million tonnes stainless steel plant. The facilities to be installed in Phase-II include slab caster, hot rolling mill, hot rolled annealing pickling line and cold rolled annealing pickling line and bell annealing furnace.

In order to meet the funds requirements in respect of the expansion-cum-modernization plan at Hisar, Phase I and II of the Orissa project, the Company intends to make an international offering of Foreign Currency Convertible Bonds (FCCBs)/ Global Depository Receipts (GDRs)' American Depository Receipts (ADRs) or any other equity linked instruments (the "Securities") up to an aggregate amount of US\$ 150 million to any eligible international investor(s) in one or more tranches, at a price determined in accordance with applicable law and otherwise on such terms and conditions as may be deemed appropriate by the Board at the time of the issue or allotment of the Securities.

The Securities issued and allotted by the Company as mentioned above shall be convertible into equity share of the Company and the shares issuable upon conversion of such Securities shall rank pari passu in all respects with the existing equity shares of the Company.

None of the promoters, directors or key persons in the management of the company intends to subscribe to the Securities, which are proposed to be issued and allotted to eligible investors.

The special resolution seek to give the Board/any committee constituted thereunder the powers to issue the Securities in one or more tranche or tranches, at such time or times and at such price or prices as the Board may in its absolute discretion deem fit in accordance with applicable law.

The detailed terms and conditions for such an international issue of Securities will be determined by the Board of directors in consultation with the lead managers, advisors and underwriters as may be appointed by the Company. Since the pricing of the offering cannot be decided at this stage, it is not possible to state the price or the exact number of securities or shares to be issued and hence an enabling resolution is proposed to give adequate flexibility and discretion to the Board/any committee constituted thereunder to finalise the terms of the issue of the Securities in consultation with the lead managers/ underwriters or such other authorities as need to be consulted including in relation to the pricing of the issue which will be in accordance with the international practices and applicable law.

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Section 81 of the Companies Act, 1956, provides inter alia that when it is proposed to increase the issued capital of a Company by allotment of further shares, such further shares shall be offered to the existing shareholders of the company in the manner laid down in section 81, unless the shareholders in a general meeting decide otherwise under Section 81(1A) of the Companies Act, 1956.

The listing agreements with the stock exchanges on which the shares of the Company are listed provide inter alia that the Company, in the first instance, should offer all shares to be issued by the Company for subscription, pro-rata to the existing equity shareholders of the Company unless the shareholders decide otherwise in a general meeting.

Under the said special resolution, consent of the shareholders is being sought pursuant to the provisions of section 81(1A) and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the listing agreements executed by the Company with the various stock exchanges in India where the Company's shares are listed.

The said resolution will, if passed, enable the Board on behalf of the company to issue and allot securities, otherwise than on a pro-rata basis to the existing shareholders, as permitted by section 81 of the Companies Act, 1956.

The Board of directors believes that the proposed international issue of Securities will be in the best interest of the Company. Directors, therefore, recommend the resolution as a special resolution for approval of the shareholders. None of the directors of the company are, in any way concerned with or interested in the resolution.

Additional Information : As required in terms of clause 49 of the listing agreement.

Brief Profile of new director and the directors, who retire by rotation and are eligible for re-appointment:

Sh. N.P. Jayaswal

Sh. N.P. Jayaswal, Executive Director, a Graduate Engineer in Metallurgy from Bihar Institute of Technology, Sindri, has served Steel Authority of India and held various important positions in this Public Sector Undertaking. He has achieved Superannuation as Executive Director, Alloys Steel Plant, SAIL, Durgapur.

Outside Directorship: Nil

Committee Membership: Nil

Smt. Savitri Jindal

Smt. Savitri Jindal, Chairperson, is wife of late Shri O.P. Jindal, who was a great visionary, renowned industrialist and Jindal Group patriarch. She is Chairperson of O.P. Jindal Group. She is Member of Legislative Assembly, Haryana from Hisar Constituency and Minister of State for Urban Local Bodies & Housing.

Outside Directorship : Jindal Steel & Power Ltd. (Chairperson), JSW Steel Ltd. (Chairperson), Jindal Saw Ltd. (Chairperson), Rohit Tower Building Ltd. (Director), Jindal Industries Ltd. (Chairperson), Nalwa Sponge Iron Ltd. (Director) and Sonabheel Tea Ltd. (Director).

Committee Membership : Nil

Sh. R.G .Garg

Sh. R.G. Garg, Joint Managing Director and Chief Operating Officer, oversees the operations of the company and is assisted by senior executives for various functional areas. He is responsible for formulating and implementing the company's business strategy and annual plans. He has over 39 years of experience in the steel industry. He holds a B.Sc. Engineering (Honors) degree in mechanical engineering from Punjab Engineering College, Chandigarh.

Outside Directorship : Nalwa Sons Investments Ltd. (Director).

Committee Membership : Member of Shareholders / Investors Grievance Committee of Jindal Stainless Ltd.; Chairman of Shareholders / Investors Grievance Committee and Remuneration Committee of Nalwa Sons Investments Ltd.; Member of Audit Committee of Nalwa Sons Investments Ltd.

Notice

Sh. Rajinder Parkash

Sh. Rajinder Parkash, Executive Director, is responsible for providing comprehensive legal support and advice. He monitors the compliance and legal matters of the company. He holds a diploma in mechanical engineering. He has over 35 years of experience in the steel industry.

Outside Directorship : Nalwa Sons Investments Ltd. (Director), Nalwa Investments Ltd. (Director) and Jindal Steel & Alloys Ltd. (Director)

Committee Membership: Member of Shareholders / Investors Grievance Committee of Jindal Stainless Ltd.; Chairman of Audit Committee of Nalwa Sons Investments Ltd.; Member of Shareholders / Investors Grievance Committee and Remuneration Committee of Nalwa Sons Investments Ltd.

By order of the Board

Registered Office:
O.P. Jindal Marg,Hisar - 125 005.
28th May, 2007

(A.P. Garg)
Sr. Vice President
& Company Secretary

FOR ATTENTION OF SHAREHOLDERS

1. The register of members and share transfer books of the company will remain closed from Saturday, 4th August, 2007 to Wednesday, 15th August, 2007 (both days inclusive).
2. Members are requested to immediately notify to the Registrar 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.
3. Members holding shares in the same name under different ledger folios are requested to apply for consolidation of their folios and send relevant share certificates to the company.
4. Section 109A of the Companies Act, 1956 extends nomination facility to all shareholders. They may like to avail it.
5. The company's equity shares are compulsorily traded in dematerialised form by all investors. Shareholders are requested to get the shares dematerialised in their own interest.
6. **The company has created a new Email Id. 'investorcare@jindalstainless.com', which is being used exclusively for the purpose of redressing the complaints of the investors.**

REQUEST TO THE MEMBERS

- Members having old share certificates of Jindal Strips Limited (now Nalwa Sons Investments Limited) issued prior to the Scheme of Arrangement and Demerger between Jindal Strips Limited (now Nalwa Sons Investments Limited) and Jindal Stainless Limited and members having share certificates of erstwhile Jindal Ferro Alloys Limited are hereby requested to surrender their share certificates to THE COMPANY SECRETARY, NALWA SONS INVESTMENTS LIMITED (FORMERLY: JINDAL STRIPS LIMITED, O.P. JINDAL MARG, HISAR 125 005 (HARYANA) INDIA, to enable both Nalwa Sons Investments Limited and Jindal Stainless Limited to issue new share certificates. Members having share certificates of Nalwa Sons Investments Limited (Formerly: Jindal Strips Limited) having distinctive numbers in the range of 60000001-65136163 are not required to surrender their share certificates.
- Members having old share certificates of Jindal Stainless Limited comprising shares of face value of Rs.10/- each are hereby requested to surrender their share certificates to THE COMPANY SECRETARY, JINDAL STAINLESS LIMITED, O.P. JINDAL MARG, HISAR 125 005 (HARYANA) INDIA to issue new share certificates of face value of Rs.2/- each.
- Members should keep a record of their specimen signature before lodging shares with the company to prevent the possibility of a difference in signature at a later date.

Notice

- ▶ Members should quote their email addresses, telephone / fax numbers to get a prompt reply to their communications.
- ▶ Members may give their valuable suggestions for improvement of our investor services.
- ▶ Members desiring any information/clarification on the accounts are requested to write to the company at least seven days in advance, so as to enable the management to keep the information ready at the annual general meeting.
- ▶ As a measure of economy, copies of the annual report will not be distributed at the meeting. Members are requested to bring along their copies.
- ▶ Members/proxies are requested to bring the attendance slip, duly filled in.
- ▶ As per Central Government's approval under section 212(8) of the Companies Act, 1956 vide its letter dated 30th May,, 2007, the annual accounts of the seven subsidiary companies are not attached with director's report. Any shareholder / investor of the company or its subsidiary companies, interested in obtaining the annual accounts of the subsidiary companies and the related detailed information may write to the Company Secretary at registered office of the company.

The annual accounts of the subsidiary companies would be open and accessible for inspection by shareholder / investor at registered office of the company and registered office of the subsidiary companies on any working day except holidays till the date of the annual general meeting between 11.00 a.m. and 1.00 p.m.

- ▶ Members attending the AGM and desiring to go round the factory, are requested to inform a week in advance so that necessary arrangements are made.

IN DEFERENCE TO THE GOVT. POLICY, NO GIFTS WILL BE DISTRIBUTED AT THE A.G.M.



Directors' Report





Directors' Report

To

The Members,

Your directors are pleased to present the **27th annual report** on the business and operations of your company together with the audited statement of accounts for the year ended **31st March, 2007**.

Financial Results

Your Company's performance for the financial year ended **31st March 2007** is stated below:

Description	(Rs. in Crore)	
	Year Ended	Year Ended
	31.03.2007	31.03.2006
Gross Sales & Income from Operations	5267.80	3494.61
Less: Excise duty	390.30	311.47
Net Sales/Income from Operations	4877.50	3183.14
Add: Other Income	18.94	19.47
Total Sales/Income	4896.44	3202.61
Profit before Interest, Depreciation and Tax	844.18	433.93
Less: Interest/Bank Charges	70.35	55.04
Depreciation/ Amortisation	216.10	136.12
Loss on transfer of division under Scheme of Arrangement	-	2.55
Provision for Tax	85.22	26.59
Provision for Deferred Tax	113.28	53.03
Fringe benefit tax	0.91	0.72
Previous year taxation adjustment	5.31	0.15
Net Profit after Tax	353.01	159.73
Add / (Less):		
Amount brought forward	33.14	21.18
Debenture Redemption Reserve written back	0.45	-
Profit available for Appropriation	386.60	180.91
Less: Proposed dividend on Equity Shares	5.53	20.89
Dividend on Equity Shares for Previous Year	0.14	-
Interim Dividend on Equity Shares	22.12	-
Corporate Dividend Tax	4.06	2.93
Debenture Redemption Reserve	31.40	43.95
General Reserve	275.00	80.00
Balance carried to Balance Sheet	48.35	33.14

Turnover of your company has gone up by **50.74%** at **Rs.5267.80** crore in the current year in comparison to Rs. 3494.61 crore during previous year. Profits before interest, depreciation and tax is at **Rs.844.18** crore up by 94.54% over previous year. Profits after tax is up by **121% at Rs. 353.01 crore** in comparison to Rs.159.73 crore during previous year.

Share Capital

At the end of the financial year ended 31st March, 2007, the subscribed and paid up share capital of the company stands at Rs. 27.64 crore divided into 13,82,21,206 equity shares of Rs. 2 each. During the year, the company has allotted 8,69,350 equity shares of Rs.2/- each (underlying 4,34,675 GDS) upon conversion of 80 numbers of 2.50% Euro

Directors' Report

Convertible Bonds of USD 5,000 each. Further, during the year the company has allotted 2,15,00,000 warrants to the promoters of the company, convertible into equity shares on preferential allotment basis. Subsequently the company has also allotted 68,00,000 equity shares of Rs.2/- each upon conversion of 68,00,000 warrants convertible into equity shares of the company. Consequently the paid up capital of the company enhanced from Rs. 26.11 crore to Rs. 27.64 crore.

Dividend

During the year your directors have declared interim dividend @80% i.e. Re. 1.60/- per equity share in its meeting held on 26th March, 2007 on 13,82,21,206 equity shares amounting to Rs. 25.22 crore, inclusive of dividend tax. Your directors are pleased to recommend final dividend of 20% i.e. Re.0.40 per equity share of Rs.2/- each thus making a total dividend of 100% i.e. Rs.2/- per equity share of Rs.2/- each for the financial year 2006-07. The total dividend cost including interim dividend, to the company will be Rs. 31.69 crore, inclusive of dividend tax.

Operations

Your company is the India's largest stainless steel manufacturer, manufacturing different ranges of flat products in Austenitic, Ferritic and Martensitic grades to serve domestic and international market. Presently company is having manufacturing facilities at three locations, viz Hisar, Orissa and Vizag.

Hisar - Hot Rolling Division

Jindal Stainless at Hisar is having melting capacity of 600,000 tonnes per annum, which is planned to be enhanced to 720,000 tonnes per annum by December 07. During financial year 2006-07, the hot rolling division has produced 576,367 tonnes of hot liquid and rolled 446,498 tonnes of stainless steel coils.

The plant is under expansion and modernization. The technology has been upgraded to save energy cost, improve the quality of product and make environment healthy by installing Co-jet, IRS (Intelligence Refining System) and DOG house at melting shops. New pickling line has been commissioned to increase the HRAP plate production to meet out the growing demand of this segment.

Hisar - Cold Rolling Division

Your company is having the largest cold rolling facilities in India. It consists of five subunits consisting of three cold rolling lines, a coin blanking line & a special product division. The capacity of cold rolling division is enhanced from 150,000 tonnes per annum to 250,000 tonnes per annum. The capacity of coin blanking line is 10000 tonnes per annum and special product division is 12,000 tonnes per annum. Cold rolled products are sold both in the domestic and international markets. The major export destinations are China, Bangladesh, Vietnam, South Africa, Russian Federation, Ukraine, Belgium, Italy, Greece, UK, and USA. The quality of the product has been well accepted for the uses like sink, kitchen utensils and engineering purposes.

The blanking line produces coin blanks of stainless steel and cupro nickel material. The coin blanks produced by coin blanking line are supplied to Indian mints as well as overseas customers.

Special product division has taken a leap forward by setting up international quality equipments and process lines to produce a broad range of high quality finished products to cater diverse customer requirements, globally. In special product division, company produces razor blade stainless steel, which is a unique import substitution. Only four manufacturers worldwide make this difficult steel.

During the financial year, a new tension leveler was commissioned. Bright Annealing Line and Strip Grinding Line are in advanced stage of commissioning. The new equipments will not only augment the production but will enhance the product quality. During financial year 2006-07, the production of Hisar cold rolling division was at 108517 tonnes of cold rolled strips, 13030 tonnes of cold rolled special steel and 576 tonnes of coin blanks.

Vizag Division

Company's Vizag plant has smelting capacity of chrome ore to manufacture 40,000 tonnes per annum of high carbon ferro chrome. The division has produced 31,414 tonnes of high carbon ferro chrome during the year 2006-07 as compared to 30,861 tonnes during the preceding year. The division is installing a metal recovery plant to recover about 500 tonnes of high carbon ferro chrome from the accumulated slag. The commissioning of this plant will be completed during 2007-08.

Orissa - Ferro Alloys Division and Chromite Mines

Ferro chrome furnaces with capacity 150,000 tonnes per annum, installed as a facility under phase-I of Orissa project was stabilized during the year and produced 92,176 tonnes of ferro chrome. During the year 13 MW waste gas recovery power plant was commissioned and has started generating power from the waste gases released by the ferro chrome furnaces.

During the financial year 2006-07, company's chromite mines division has produced 92,415 tonnes of chrome ore and 25,642 tonnes of chrome ore concentrate as compared to 82,201 tonnes and 34,318 tonnes respectively during previous year.

Expansion & Modernizations Of Projects

Hot - Rolling Division

To increase the rolling capacity of hot rolling division, company is planning to add one more finishing stand in Steckel Mill, which is scheduled to be completed in December 2007. With the completion of this project, the rolling mill capacity shall increase to 720,000 tonnes per annum.

A new 220-tpd-Oxygen plant has been commissioned in April, 2007. Existing 132-kv switch-yard is being upgraded to 220-kv. With this strengthening of the switch-yard, the company gets the benefit of low cost power from the state electricity board.

During the year a new Hot Rolled Plate Pickling Line has been commissioned increasing the plate finishing capacity to 60,000 tonnes per annum.

Cold - Rolling Division

To enhance the capacity of cold rolling division, the company has undertaken the following projects:

- Cold Annealing Pickling Line
- 20 Hi Cold Rolling Mill With CNC Grinders
- Narrow Tension Leveling Line
- Narrow Bright Annealing Line
- Renovation in Hot Annealing Pickling Line

Installation of Cold Annealing Pickling Line, 20 Hi Cold Rolling Mill and Narrow Tension Leveling Line has already been completed. Others are in the advance stage of completion.

Integrated stainless steel project at Orissa

Your company is setting up a 0.8 million tonne integrated stainless steel plant at Orissa along with a 250 MW power plant in phases. Ferro Chrome Furnaces and 13 MW Waste Gas Recovery Power Plant of phase I are already in commercial operation. Other facilities of phase I viz. High Carbon Ferro Manganese Furnaces with capacity of 50,000 tonnes per annum, Low Carbon Silico Manganese Furnaces with capacity of 50,000 tonnes per annum, Coke Oven Battery with a capacity of 4,29,800 tonnes per annum and coal based 2 x 125 mw Captive Power Plant are under advanced stage of construction.

Phase II of Orissa project will include, set up of 0.8 million-tonne stainless steel plant. The main facilities to be installed in Phase-II include Slab Caster with capacity of 900,000 tonnes per annum, Hot Rolling Mill with capacity of 1,600,000 tonnes per annum, Hot Rolled Annealing Pickling Line with capacity of 800,000 tonnes per annum, Cold Rolled Annealing Pickling Line with capacity of 400,000 tonnes per annum and Bell Annealing Furnace with capacity of 62,500 tonnes per annum. The project is scheduled to complete by the end of financial year 2009-10.

Subsidiary Companies

The company has seven subsidiaries namely Jindal Stainless UK Limited, Jindal Stainless FZE, Dubai, PT Jindal Stainless, Indonesia, Jindal Stainless S.r.l., Italy, Jindal Stainless Steelway Limited, Jindal Architecture Limited and Austenitic Creations Private Limited.

Directors' Report

PT. Jindal Stainless, Indonesia (PTJSI)

The production of cold rolled products at PT Jindal Stainless Indonesia (PTJSI) was recorded at 65,357 tonnes as compared to previous year production of 42,131 tonnes representing a volume growth of 55%. During the financial year ended 31st March 2007, PTJSI attained sales of 62,332 tonnes (previous year 45,594 tonnes) amounting to sales of around USD 130 million (previous year around USD 72 million) and EBIDTA of around USD 11.3 million (previous year around USD 0.54 million). The company continues to export regularly to markets like US, China, Vietnam, Malaysia, Philippines, Korea Middle East and Indian sub continent.

In order to obtain benefit of economies of scale and have wider product range to meet requirements of growing finishes and grades, PTJSI has embarked upon its expansion project to increase its cold rolling capacity to 150,000 tonnes per annum.

Jindal Stainless Steelway Limited (JSSL)

Jindal Stainless Steelway Limited, has achieved a turnover of Rs. 133.58 crore and profit after tax of Rs. 5.93 crore in its first full financial year operations.

JSSL which embarked on its journey to provide highest quality customized products & services in stainless steel has been credited with many prestigious quality & safety certifications like ISO 14000 & SA8000 this year.

JSSL has planned to put up a string of service centers in different regions. JSSL second plant is coming at Mumbai and will be functional in financial year 2007-08. Mumbai service center will cover the western region's requirements besides exports. Third service center is planned in Chennai to cover southern India. The company is also planning to go further down the value chain by venturing into stainless steel tube manufacturing through high frequency induction welding process. This is a logical forward integration step as most of its existing customers needs stainless steel tubes in customized forms in addition to the flat products.

Austenitic Creations Private Limited (ACPL)

Austenitic Creations Private Limited is in the business of retailing lifestyle products and accessories under the brand name of artd'inox. ACPL has its chain of stand-alone and franchisee stores. The company has opened its exclusive outlets in Delhi, Gurgaon, Mumbai and Chandigarh and plans to open more in all the metro and big cities across India. ACPL also supply its products to all the multi brand outlets like Lifestyle, Westside and Pyramid & Shopper's Stop. The brand has been identified with design innovation and superior quality and is growing at a fast pace. This company is ISO 9001, 14001 and 18001 certified and meets all the social compliance requirements.

ACPL has started exports to all the major countries in USA, Europe, Australia and South Africa. Major clientele includes retailers and hospitality industry in both USA & Europe.

During the financial year gross turnover of ACPL was at Rs. 20.93 crore compared to Rs. 28.71 crore during last year. During the year, ACPL has suffered a loss after tax of Rs. 2.83 crore compared to previous year profit after tax of Rs. 0.36 crore.

Jindal Architecture Limited (JAL)

Jindal Architecture Limited has taken the initiative to promote stainless steel products and technology solutions to cater the requirement of the emerging market of Architecture, Building and Construction (ABC) in India. JAL specializes in complete design, fabrication and installation of high quality stainless steel architectural metal-works with an in-house design team comprising of architects, product designers and engineers.

JAL has also launched its retail segment of stainless steel furniture and modular kitchens. There are ample business opportunities for architectural business and stainless steel usage in view of ongoing boom in infrastructure development especially due to air port modernization at various locations, metro rail project at Delhi and Mumbai and common wealth games.

During the financial year gross turnover of JAL has gone up by 35% at Rs. 19.83 crore compared to Rs. 14.68 crore during last year and profit after tax was at Rs. 0.31 crore compared to previous year loss of Rs. 2.20 crore.

Directors' Report

Jindal Stainless FZE, Dubai

Jindal Stainless FZE acts as trading unit and serves the markets in Middle East Africa, and Singapore. Other than being a major global trading center, Middle East is fast emerging as a financial hub and is also poised for extensive growth in manufacturing sectors due to its significant financial resources. Presence in this region would enable the company to take advantage of emerging business opportunities. This subsidiary company would also act as a holding company, which may further extend its arms to other markets like Singapore.

Jindal Stainless UK Limited

To take advantage of the emerging business opportunities in the entire European Region, your company has established a subsidiary company Jindal Stainless UK Limited in UK. This subsidiary will acts as a nodal point and help in servicing markets like Italy, Russia and other European countries. This subsidiary company may also act as a holding company, which may further extend its arms to other markets.

Jindal Stainless S.R.L., Italy

In furtherance to extend its arm to markets in Italy, a step down subsidiary company through Jindal Stainless UK Limited for servicing the markets of Italy has been formed under the name Jindal Stainless S.R.L., Italy.

Quality And ISO Certifications

Jindal Stainless is an ISO 9001:2000, ISO 14001 and OHSAS 18001 certified company indicating that documented systems and procedures are in place for ensuring a consistent product quality, compliance to environmental standards and a safe and healthy environment for its stakeholders.

Jindal Stainless is implementing SAP organisation wide to ensure the effective systems in place. Internal management audit department carries out review of the internal control systems and suggests measures for its improvement. Internal audit is being carried out by an external agency.

The Audit Committee monitors performance of internal audit on a periodic basis, through review of the audit plans, audit findings and promptness of issue resolution through follow ups.

Your company believes that it has established sufficient and adequate internal control systems and procedures to give reasonable assurance that resources and assets of the company are safeguarded against any misuse and are used efficiently and economically, reliable and accurate financial and operational information is available on time and statutory laws & regulations are complied with.

Research & Development

Your company is leader in domestic stainless steel market and a reputed brand name in the international market. To maintain this position and to ensure cost competitiveness your company aims at continuous improvement in quality, product innovation, cost reduction by process optimization, through systematic research and development programmes. Your company is having a well equipped Research and Development department at Hisar, who closely interacts with marketing department to study, analyze and to develop new products, to upgrade existing products with additional attributes , process optimization and quality improvement.

The Research and Development department also interacts with national laboratories and academic institutes to utilize their facilities for material characterization and quality improvement.

Information Technology

Success of any business enterprises is dependent on the availability of the correct and timely information to the management. Your company believes in system driven growth. To ensure that all the required systems are in place and timely information is available to the management for effective decision making, your company is implementing SAP organization wide. All critical business transactions in the company are run on SAP system. Some of the other IT initiatives like connecting all the plants through video conferencing facility has helped the company in speedy communication, improved operational efficiencies, effective decision making and reduction in traveling expenses. Company is currently upgrading the data center facilities to ensure reliability and security of the IT infrastructure.

Directors' Report

Six Sigma

As business process excellence, Six Sigma initiatives were started in the year 2005. The objective was for continuous improvement in our various operational process and enhancing our market perspectives. A number of employees have been given six sigma training to create own black belt holders and green belt holders. Most of the six sigma projects for process improvement have been completed and rest are in advanced stage of completion. Presently, key focus area is to have more of our employees envelope in this six sigma drive to achieve Global benchmarks in cost leadership and customer satisfaction.

Total Productive Maintenance (TPM)

Active participation of your company in TPM activities has resulted in high production levels, continuous reduction in defect levels and equipment failure. The efficiency of work force has also improved due to safe and healthy environment. The motivation level is very high.

During last financial year, your company has also participated in the Total Productive Maintenance Kaizen Conference and shared its experience on reduction in energy consumption at Hot Rolling Division (Steckel Mill) by using TPM Kobetsu Kaizen/Plant Maintenance methodology. This was widely appreciated.

Listing On Stock Exchanges

In the last annual general meeting of the company, shareholders of the company had approved voluntary delisting of equity shares of the company from the stock exchanges at Delhi, Ahmedabad, Kolkata and Chennai. In pursuance to the above, the company applied for voluntary de-listing of its equity shares from these four stock exchanges. The Madras Stock Exchange Limited., Chennai, The Delhi Stock Exchange Association Limited., New Delhi and The Ahmedabad Stock Exchange Limited., Ahmedabad have already delisted the company's shares. Application for voluntary delisting at Kolkata Stock Exchange is being followed up. The Company's equity shares continue to listed at Bombay Stock Exchange (BSE) and National Stock Exchange(NSE).

Fixed Deposits

The company has accepted / renewed deposits amounting to Rs.14,53,05,000 during financial year 2006-07. There were no overdue deposits on 31st March, 2007, save Rs.79,51,000 which remained unclaimed. Out of this, the deposits amounting to Rs.21,79,000 have since been repaid / renewed upto 30th April, 2007. The current scheme of fixed deposits is proposed to be renewed.

Particulars Regarding the Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The Information relating to energy conservation, technology absorption, foreign exchange earnings and outgo required to be disclosed under The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure1 forming part of this report.

Particulars Of Employees

As required by the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the annexure to the directors' report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and accounts are being sent to all the shareholders of the 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.

Auditors And Auditors' Report

M/s. Lodha & Co. and M/s. S.S. Kothari Mehta & Co., statutory auditors of the company, hold office until the conclusion of the ensuing annual general meeting and are eligible for re-appointment. The company has received letters from them to the effect that their appointments, if made, would be within the prescribed limits under section 224 (1-B) of the Companies Act, 1956 and also that they are not otherwise disqualified within the meaning of sub section (3) of section 226 of the Companies Act, 1956, for such appointment. The notes to the accounts referred to in the auditors' report are self-explanatory and, therefore, do not call for any further comments.

Directors' Report

Cost Auditors

M/s. Ramanath Iyer & Co., Cost Accountants, the cost auditors for conducting the cost audit for the financial year 2006-07 were appointed by the board of directors subject to approval of Central Government, which was received vide Central Government's letter dated 2nd June, 2006.

The board of directors has re-appointed M/s. Ramanath Iyer & Co., cost accountants, the cost auditors for conducting the cost audit for the financial year 2007-08 subject to approval of the Central Government. Application for approval of the Central Government for re-appointment is being made.

Directors

Sh. Ashis Das has resigned with effect from 28th February 2007. The board places on record its appreciation for the valuable contribution of Sh. Ashis Das.

The Board of director has appointed Sh. N.P. Jayaswal as additional director and elevated him as Executive Director with effect from 1st March, 2007.

Smt. Savitri Jindal, Sh. R.G. Garg and Sh. Rajinder Parkash, directors, will retire at the annual general meeting by rotation and, being eligible, offer themselves for re-appointment.

Brief resume of the above directors, nature of their expertise in specific functional areas, details of directorship in other companies and the membership/ chairmanship of committees of the board, as stipulated under clause 49 of the listing agreement with the stock exchanges, are given in the section on corporate governance in the annual report.

Dematerialisation of Shares

The members are aware that the company's equity shares are under compulsory trading in dematerialised form for all categories of investors. The members are, therefore, again advised to get their shares dematerialised as trading of the shares will have to be in the electronic form only.

Directors' Responsibility Statement

- Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to directors' responsibility statement, it is hereby confirmed that:
- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed;
 - (b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2007 and of the profit of the company for the year ended on that date;
 - (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
 - (d) the directors have prepared the annual accounts of the company on a 'going concern' basis.

Corporate Governance

A separate section on corporate governance and a certificate from the practicing company secretary regarding compliance of conditions of corporate governance as stipulated under clause 49 of the listing agreement with the stock exchanges, forms part of the annual report.

Management Discussion And Analysis Report

Management discussion and analysis report as required under the listing agreements with the stock exchanges is enclosed with this report.

ACKNOWLEDGMENT

Your directors would like to express their gratitude for the valuable assistance and co-operation received from banks, government authorities, customers, vendors and shareholders during the year under review. Your directors also wish to place on record their appreciation for the committed services of the executives, staff and workers of the company.

for and on behalf of the Board of directors

New Delhi
28th May, 2007

Savitri Jindal
Chairperson

ANNEXURE I

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

- a) Conservation of Energy
- Energy conservation measures taken:
- Variable speed drives are provided for water pumps, hydraulic pumps, cooling towers, air compressor and blowers.
 - To optimize the combustion efficiency of annealing furnace, air/fuel ration controller are installed.
 - New SVC system has been installed at cold rolling division to improve power factor, quality of power and to reduce losses.
 - New oxygen plant commissioned to reduce power consumption per tonne of oxygen produced.
 - Steps have been taken to reduce the fuel consumption and NO2 emission in the Wartsila DG set.
 - Main gates & street lights are replaced by solar lights.
- b) Additional investments and proposals, if any, being implemented for reduction in consumption of energy.
- New 220 KV sub station is under commissioning to receive power wheeled form captive power plant from our Orissa plant.
 - Transfer of excess steam generated from waste heat recovery system of HRD power plant to CRD.
 - SCADA system shall be provided for close monitoring of power flow in complete plant.
- c) Impact of above measures.
- Uninterrupted power supply, improvement in power quality, less fluctuations and reduction in power consumption per tonne of sellable stainless steel.

FORM - “A”

Form for Disclosure of Particulars with respect to Conservation of Energy. (Excluding Ferro Alloys Divisions being not covered)

A. Power and Fuel Consumption	2006-07	2005-06
1. Electricity		
a) Purchased		
Units (in '000 Kwh)	*264022.67	**142638.39
Total amount (Rs. in lacs)	10316.68	5468.21
Rate/Unit (Rs.)	NOTE A3.91	3.83
* Net of exports to HSEB		
**Excluding exports to HSEB		
b) (i) Own Generation through DG Sets		
Units (in '000 Kwh) #	266437.38	350040.30
Units per litre of Oil	4.34	4.26
Cost /Unit (Rs.)	NOTE B5.34	4.71
# Excluding diesel generator auxiliary consumption		
2. Fuel Oils (FO, FOLV, LDO, HSD)		
Quantity (Kilo Litre)*	92762.59	115753.51
Total cost (Rs. in Lacs)	16704.38	18464.90
Average rate/litre (Rs.)	18.01	15.95
* including fuel used for power generation		
3. Coal / Coke		
Quantity (MT)	1767.54	4536.57
Total cost (Rs. in Lacs)	171.07	280.74
Average Rate/Kg. (Rs.)	9.68	6.19
4. Gases (Propane)		
Quantity (MT)	10682.47	9261.26
Total cost (Rs. in Lacs)	3165.54	2773.58
Average rate/Kg. (Rs.)	29.63	29.95

Directors' Report

5.	Gases (Ammonia)		
	Quantity (MT)	929.76	930.03
	Total cost (Rs. in Lacs)	199.47	168.16
	Average rate/Kg. (Rs.)	21.45	18.08
B.	Consumption per unit of production	2006-07	2006-05
	Production: Steel Strips, Plates, Flats, Bloom, Ingots, Ferro Chrome, Oxygen and Argon Gases.		
1.	Electricity:		
	(i) for alloys steel melting (unit/tonne) NOTE C	487.40	487.13
	(ii) for gas manufacturing (unit/cum)	0.83	0.85
	(iii) for cold rolled stainless steel manufacturing (unit/ton)	480.03	556.18
	(iv) for blade steel manufacturing (unit/tonne)	1549.19	1822.12
2.	Fuel Oils:		
	(i) for alloys steel melting (litre / tonne)	7.83	7.49
	(ii) for cold rolled stainless steel manufacturing (litre / tonne)	4.06	3.63
	(iii) for blade steel manufacturing (litre / tonne)	31.68	17.59
3.	Coal:		
	(i) for alloy steel melting (MT/tonne)	0.003	0.005
4.	Gases (Propane):		
	(i) for alloy steel melting (kg/tonne) NOTE D	1.59	0.35
	(ii) for cold rolled stainless steel manufacturing (unit/tonne)	66.06	68.52
	(iii) for blade steel manufacturing (unit/tonne)	37.85	-
5.	Gases (Ammonia):		
	(i) for blade steel manufacturing (Kg/tonne)	20.51	37.07
	(ii) for cold rolled stainless steel manufacturing (kg/tonne)	5.58	5.18
	The previous year's figures have been regrouped / rearranged where necessary.		

Note - Reasoning for variation:

- A. HSEB has increased power tariff since January, 2007 on account of FSA Charges @ 38 paise
- B. Increase in the power generation cost was due to rise in the prices of fuel.
- C. Power consumption Was 488.65 kwh / mt as against 487.13 kwh / mt because of change in Product mix.
- D. CR division power consumption is lower mainly due to new initiative of energy saving activities at Air Compressors, Water pumps, AP Lines etc.

FORM - “B”

Form of Disclosure of Particulars with respect to Technology Absorption 2006-07.

1) Specific areas in which, the company carried out Research & Development

- Low cost, lean duplex stainless steel 2304 has been successfully developed for the first time in the country for paper, pulp and viscose industries. Maiden supply has been made to paper industry.

- Premium quality mono-phase austenitic stainless steel, X8CrNiNb1613 with precise chemistry control has been developed and supplied for gas turbine applications

- Grade J204, an austenitic stainless steel belonging to 200 series with 18Cr-4.5Ni, matching corrosion behavior of AISI304 in many media has been developed to conserve nickel

- Grade 204Cu with high drawability containing 16%Cr-1.5%Ni has been developed and exported to substitute AISI 304 for applications in mild to medium corrosive environment

- Chrome Manganese-low nickel stainless steels, AISI 201 & AISI 202 have been developed and exported in cold rolled and annealed condition to several countries
- A Chromium-Manganese austenitic nickel free stainless steel grade J15Cr with very good ductility, toughness and weldability has been developed and manufactured for decorative indoor and material handling applications

- A high temperature oxidation resistant stainless steel equivalent to AISI 308 (UNS 30815) with rare-earth cerium addition was successfully developed and supplied as hot rolled plates

Directors' Report

- A new grade 201LN with 16.5%Cr-4.5%Ni-0.2%N was developed for cryogenic service for storage of liquefied gases as a replacement for expensive 304LN
- Development of a new process flow eliminating one inter stage annealing to produce cold rolled strips of grade 430 with lower hardness for coinage application
- Optimization of processing parameters at steckel mill and operational parameters in annealing pickling line helped in improving surface quality of cold rolled product of 300 series stainless steels.

2) Benefits derived

- Diversification of product range
- Business expansion to newer application areas
- Quality improvement
- Yield improvement
- Cost reduction

3) Future plan of action

- Extensive studies on corrosion, weldability and drawability of 200 series grades are in progress
- Studies have been undertaken on corrosion problems in sugar industries, jointly with Sugar Technologists Association of India. This is an opportunity for introducing JSL 200 series grades as low cost substitute for 304.
- Development of a lean duplex stainless steel grade equivalent to 2101 as an low cost substitute for 304 and 316 in chemical and marine structural applications
- Development of superferritic stainless steel grades like AISI 441 for auto and other sectors
- Development of cost effective Chrome-Manganese stainless steel for LPG cylinders
- Development of process technology for using low grade nickel ore.
- Development of an expert system for prediction of slab quality
- Installation of twin stand steckel mill for hot rolling of high strength steels of thinner gauges and improving production capacity of rolled products

4) Expenditure on R & D

		(Rs. in Lacs)
a) Capital	-	12.71
b) Revenue	-	91.29
Total	-	104.00
c) Total R&D expenditure as a percentage of total turnover	-	0.02%

5) Technology absorption, adaptation and innovation

1. Efforts made, in brief, towards technological absorption, adaptation and innovation

- Installation and commissioning of a dog house for EAF-1, to reduce noise and dust level
- Installation of a high duty load cell in the tundish car for precision assessment of remainder material to terminate casting operation and avoid ingress of slag into caster
- Installation and commissioning of a new Annealing Pickling line, AP-4 incorporating on-line skin pass and tension leveling facilities for improved shape and gauge control as well as to add production capacity of cold rolled product.
- Installation of a new bright annealed (BA) line along with tension leveler in SPD to augment precision strip production with improved surface finish

2. Benefits derived as a result of the above efforts:

- Cost reduction
- Process improvement
- Quality improvement
- Capacity augmentation

6) Foreign Exchange Earnings & Outgo

a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans	Mentioned in the Management Discussion & Analysis Report and Directors' Report
	(Rs. in Crore)
b) Foreign Exchange Earnings	2266.95
Foreign Exchange Outgo	2154.44



Corporate Governance



Corporate Governance

Your company recognizes communication as a key element of the overall corporate governance framework and therefore, emphasizes on seamless and efficient flow of relevant communication to all external constituencies. Your company follows the principles of fair representation and full disclosure in all its dealings and communications. The company's annual reports, results presentations and other forms of corporate and financial communications provide extensive details and convey important information on a timely basis. Your company has fully complied with all mandatory requirements of corporate governance in all material aspects. A report on corporate governance as per listing agreement is given below:

1. Company's philosophy on the code of corporate governance:

Your company's philosophy on corporate governance envisages the alignment of the highest levels of transparency, accountability and equity, in all facts of its operations and in all its interactions with its stakeholders including shareholders, employees, government and lenders. The company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholders value, over a sustained period of time.

2. Board of directors:

The composition of Board of directors presently consists of twelve directors as detailed hereunder indicating their status as independent or otherwise against their respective names:

Executive Directors:

Sr. No.	Name of Director	Designation	Status
1.	Sh. Ratan Jindal	Vice Chairman & Managing Director	Promoter
2.	Sh. V.S. Jain	Managing Director & Chief Executive Officer	Non-Independent
3.	Sh. R.G. Garg	Jt. Managing Director & Chief Operating Officer	Non-Independent
4.	Sh. N.C. Mathur	Director Corporate Affairs	Non-Independent
5.	Sh. Rajinder Parkash	Executive Director	Non-Independent
6.	Sh. N.P. Jayaswal	Executive Director	Non-Independent

Non Executive Directors:

Sr. No.	Name of Director	Designation	Status
1.	Smt. Savitri Jindal	Chairperson	Promoter
2.	Sh. Naveen Jindal	Director	Promoter
3.	Sh. Suman Jyoti Khaitan	Director	Independent
4.	Dr. Lokesh Kumar Singhal	Director	Independent
5.	Sh. T.R. Sridharan	Director	Independent
6.	Sh. B.D. Gupta	Director	Independent

Apart from the sitting fee paid for attending Board/Committee meetings, the non executive directors, except Smt. Savitri Jindal and Sh. Naveen Jindal who are promoter directors and transactions relating to them have been covered under related party segment, did not have any material pecuniary relationship or transactions with the company, during the year 2006-07.

During financial year 2006-07, nine Board meetings were held on 29th April, 2006, 24th July, 2006, 18th August, 2006, 2nd September, 2006, 23rd September, 2006, 27th October, 2006, 24th January, 2007, 9th February, 2007 and 26th March, 2007. The maximum time gap between any two meetings was not more than four calendar months.

Corporate Governance

Attendance of the directors at the Board meetings, last annual general meeting and number of other directorships and chairmanships / memberships of committee of each director in various companies:

Sr. No.	Name of the Director	Attendance Particulars		No. of total directorships and committee memberships/ chairmanships in public limited companies (Excluding remuneration committee)		
		Board Meetings	Last AGM	Total Directorships	Committee Memberships	Committee Chairmanships
1.	Smt. Savitri Devi Jindal	1	No	7	-	-
2.	Sh. Ratan Jindal	5	No	12	-	-
3.	Sh. Naveen Jindal	1	No	6	-	-
4.	Sh. V.S. Jain *	6	Yes	1	-	-
5.	Sh. R.G. Garg	8	Yes	2	2	1
6.	Sh. Suman J. Khaitan	9	No	7	2	1
7.	Dr. L.K. Singhal	8	Yes	1	1	1
8.	Sh. N.C. Mathur	8	No	1	-	-
9.	Sh. Rajinder Parkash	8	Yes	4	2	1
10.	Sh. T.R. Sridharan	5	No	3	2	-
11.	Sh. B.D. Gupta #	5	No	4	1	2
12.	Sh. N.P.Jayaswal **	0	**	1	-	-
13.	Sh. Ashis Das ##	1	No	##	##	##

* Appointed as additional director w.e.f. 18th August, 2006 and elevated as Managing Director & Chief Executive Officer w.e.f. 2nd September, 2006. The appointment was approved by the shareholders in the annual general meeting held on 29th September, 2006

Appointed as additional director w.e.f. 2nd September, 2006. The appointment was approved by the shareholders in the annual general meeting held on 29th September, 2006

** Appointed as additional director and elevated as Executive Director w.e.f. 1st March, 2007

Appointed as additional director w.e.f. 18th August, 2006 and elevated as Joint Managing Director & Chief Operating Officer (Orissa Division) w.e.f. 18th August, 2006 and ceased to be director w.e.f. 28th February, 2007

None of the directors on the Board is a director on more than 15 companies (as specified in section 275 of the Companies Act, 1956) and is a member of more than 10 committees and chairman of more than 5 committees (as specified in clause 49 of the listing agreement) across all the companies in which he/she is a director.

As on 31st March 2007 , non executive directors hold following number of shares in the company:

Name of non executive director	No. of shares
Smt.Savitri Jindal	88573
Sh. Naveen Jindal	113448
Sh. Suman Jyoti Khaitan	Nil
Dr. Lokesh Kumar Singhal	750
Sh. T.R. Sridharan	Nil
Sh. B.D. Gupta	Nil

Board Meetings, its committee meetings and procedures

A. Scheduling and selection of agenda items for Board meetings

- (i) The company holds minimum of four Board meetings in each year, which are pre-scheduled after the end of each financial quarter. Apart from the four pre-scheduled Board meeting, additional Board meeting are convened by giving appropriate notice at any time to address the specific needs of the company. The Board may also approve permitted urgent matters by passing resolutions by circulation.
- (ii) The meetings are usually held at the company's corporate office at New Delhi.
- (iii) All divisions/departments in the company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussion/approval/decision in the Board/Committee meetings. All such matters are communicated to the company secretary in advance so that the same could be included in the agenda for the Board meetings.
- (iv) The Board is given presentations covering finance, sales and marketing, and the major business segments and operations of the company, before taking on record the results of the company for the preceding financial quarter at each of the pre-scheduled Board meeting. The Board's annual agenda includes recommending dividend, determining directors who shall retire by rotation and recommending appointment of directors/ auditors, authentication of annual accounts and approving Directors' Report, long term strategic plan for the company and the principal issues that the company expects to face in the future, Board meetings also take note and review functions of its Committees.
- (v) The Chairperson / Vice Chairman & Managing Director / Managing Director & Chief Executive Officer and the company secretary in consultation with other concerned persons in the top management, finalise the agenda papers for the Board meetings.

B. Board material distributed in advance

- (i) Agenda papers are circulated to the directors, in advance, in the defined agenda format. All material information is incorporated in the agenda papers for facilitating meaningful, informed and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, the same are placed on the table at the meeting with specific reference to this effect in the agenda.
- (ii) With the permission of Chairman / Chairperson, additional or supplementary item(s) on the agenda are permitted. Sensitive subject matters may be discussed at the meeting without written material being circulated in advance for the meeting.

C. Recording minutes of proceedings at Board meeting

The Company Secretary records the minutes of the proceedings of each Board and Committee meetings. The minutes of Board/ Audit Committee meeting are circulated with the agenda papers of the next Board/ Audit Committee meeting for confirmation of members. The minutes of the proceedings of a meeting are entered in the minutes book within thirty days from the conclusion of the meeting and signed by the Chairman / Chairperson of the next Board/ Audit Committee meeting.

D. Post meeting follow up mechanism

The guidelines for Board and Committee meetings facilitate an effective post meeting follow-up, review and reporting process for the action taken on decisions of the Board and Committees. A report on the action taken on the decisions of the last Board/ Audit Committee meeting is placed in the next Board/ Audit Committee meeting.

E. Compliance

The Company Secretary while preparing the agenda, notes on agenda, minutes etc. of the meeting(s) and holding and conducting the meetings, is responsible for and is required to ensure adherence to all the applicable provisions of law. Certificate relating to compliance of provisions of law is placed in every Board meeting.

3. Audit Committee:

I. Composition and attendance:

An Audit Committee constituted in terms of section 292A of the Companies Act, 1956 as introduced by the Companies (Amendment) Act, 2000 and as per requirement of clause 49 of the Listing Agreement, comprises following non-executive directors:

1.

Sh. Suman Jyoti Khaitan

-

Chairman
2.

Dr. L.K. Singhal

-

Member
3.

Sh. T.R. Sridharan

-

Member

* Inducted in the Audit Committee w.e.f. 29th April, 2006.

Sh. A.P. Garg, Sr. Vice President & Company Secretary, is the Secretary of the audit committee. During financial year 2006-07, five meetings of audit committee were held on 29th April, 2006, 24th July, 2006, 18th August, 2006, 27th October, 2006 and 24th January, 2007. Sh. Suman Jyoti Khaitan and Dr. L.K. Singhal were present in all the five meetings. Sh. T.R. Sridharan attended four meetings.

II. Terms of Reference:

Terms of reference of the Audit Committee are as per section 292A of the Companies Act, 1956 and the guidelines set out in the listing agreement with the stock exchanges.

4. Remuneration Committee:

The Remuneration Committee, being no longer required, was dissolved by the Board of directors in its meeting held on 2nd September, 2006.

Remuneration of Executive Directors:

Details of the remuneration paid to the Managing / Executive Directors for the financial year ended 31st March, 2007 is given below :

(Amount in Rs.)						
Name of Directors	Designation	Salary	Commission	Contribution to PF	Others	Total
Sh. Ratan Jindal	Vice Chairman & Managing Director	-	56131008	-	-	56131008
Sh. V. S. Jain	Managing Director & CEO	1741667	-	209000	3221174	5171841
Sh. R.G. Garg	Jt. Managing Director & Chief Operating Officer	1542000	-	185040	1254183	2981223
Sh. N.C. Mathur	Director - Corporate Affairs	1093200	-	154543	1139486	2387229
Sh. Rajinder Parkash	Executive Director	840000	-	107520	483998	1431518
Sh. N.P. Jayaswal	Executive Director	100000	-	12000	130700	242700
Sh. Ashis Das *	Jt. Managing Director Chief Operating Officer (Orissa Division)	2350000	-	282000	2268744	4900744

* Sh. Ashis Das has resigned from the company with effect from 28th February, 2007.

At present, the company does not have any stock option plan as part of remuneration package for any director. All are on contractual service.

Sitting fees paid to Non Executive Directors :

The sitting fees paid for the year ended 31st March, 2007 to the directors are as follows: Sh. Naveen Jindal, Rs.10,000/-, Sh. V.S. Jain, Rs.10,000/-, Sh. Suman Jyoti Khaitan, Rs.1,80,000/-, Dr. L.K. Singhal, Rs.1,60,000/-, Sh. T.R. Sridharan, Rs.1,00,000/-, Sh. B.D. Gupta, Rs.80,000/-. No commission has been paid to the non-executive directors.

5. Shareholders'/Investors' Grievance Committee:

Shareholders'/ Investors' Grievance Committee of the company comprising Dr. L.K. Singhal, Chairman, Sh. R.G. Garg and Sh. Rajinder Parkash, looks into the grievances of the shareholders concerning transfer of shares, payment of dividend and non receipt of annual report and recommend measure for expeditious and effective investor service.

The company has duly appointed share transfer agent (R&T Agent) for servicing the shareholders holding shares in physical or dematerialised form. All requests for dematerialisation of shares are likewise processed and confirmations thereof are communicated to the investors within the prescribed time. The committee also monitors redressal of investors' grievances.

As required by the stock exchanges, the company has appointed Sh. A.P. Garg, Sr. Vice President & Company Secretary as the Compliance Officer to monitor the transfer process and liaison with the regulatory authorities. The company complies with the various requirements of the listing agreements and the depositories with respect to transfer of shares, the requisite certificates are sent to them within the prescribed time.

No. of shareholders' complaints received during the year ended 31st March, 2007 : 148

Number not solved to the satisfaction of shareholders: Nil

No. of pending complaints : Nil

Share Transfer Committee:

The Board of directors has delegated the power of approving transfer of securities and other related formalities to the share transfer committee comprising Sh. Ratan Jindal, Vice Chairman & Managing Director, Sh. Rajinder Parkash, Executive Director, Sh. A.P. Garg, Sr. Vice President & Company Secretary and Sh. V.M. Joshi, Vice President, Abhipra Capital Limited.

6. General Body Meetings:

The last three annual general meetings were held at registered office of the company at O.P. Jindal Marg, Hisar 125 005 (Haryana), as per details given below:

Year	Date	Day	Time
2003-04	29.9.2004	Wednesday	11.30 a.m.
2004-05	27.9.2005	Tuesday	11.30 a.m
2005-06	29.9.2006	Friday	11.30 a.m.

No. of special resolutions passed during last three AGMs

AGM	No. of special resolutions
2003-04	1
2004-05	0
2005-06	1

No special resolution was put through postal ballot last year. At ensuing annual general meeting also, there is no resolution

7 Disclosures :

- (i) Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large:

The company has not entered into any transaction of material nature with the promoters, the directors or the management, their subsidiaries or relatives etc. that may have any potential conflict with the interests of the company.

- (ii) Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The company has complied with the requirements of the stock exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years; no penalties or strictures have been imposed on the company by the stock exchanges or SEBI or any other statutory authorities relating to the above.

- (iii) Whistle Blower Policy

The employees of the company are accessible to the senior management for any counseling or consultation and the company has not denied any employee access to the audit committee.

- (iv) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause. The company has complied with the mandatory requirement of this clause.

Compliance with non-mandatory requirements

(1) The Board

The office of non-executive Chairperson of the company is maintained by the company at its expenses. Independent directors do not have a tenure exceeding, in the aggregate, nine years on the Board of the company.

(2) Remuneration Committee:

The Remuneration Committee, being no longer required, was dissolved by the Board of directors in its meeting held on 2nd September, 2006.

(3) Shareholders' Rights

The quarterly results of the company are published in one English (National daily) and one Hindi newspaper, having wide circulation in Haryana. Further, the quarterly results are also posted on the website of the company www.jindalstainless.com. The results are also available on www.sebiedifar.nic.in. In view of the forgoing, the half yearly results of the company are not sent to the shareholders individually.

(4) Audit Qualifications

During the period under review, there were no audit qualifications in the company's financial statements. The company continues to adopt best accounting practices.

(5) Training of Board members / Mechanism for evaluating non-executive Board members

The Board of directors of the company comprises of 6 non-executive directors. The directors appointed on the Board are from diverse fields relevant to the company's business and have long-standing experience and expertise in their respective fields. They have considerable experience in managing large corporates and have been in public life for decades. The enormously rich background of the Directors is of considerable value to the company.

Non-executive directors add substantial value through the deliberations at the meetings of the Board and committees thereof. To safeguard the interests of the investors, they also play a controlling role. In important committees of the Board like the audit committee etc., they play an important role by contributing to the deliberations of the committee meetings. Besides contributing at the meetings of the Board and committees, the non-executive directors also have off-line deliberations with the management of the company and also add value through such deliberations.

(6) Whistle Blower Policy

The employees of the company are accessible to the senior management for any counseling or consultation and the company

8. Means of Communication:

- | | |
|---|--|
| 1) Quarterly Results | Yes, the quarterly, half yearly and yearly financial results of the company are faxed /sent to the stock exchanges after they are approved by the Board. These are also published in the prescribed format as per the provisions of the listing agreement. |
| 2) Newspapers wherein results normally published | Business Standard (English) Jansatta (Hindi) |
| 3) Any website, where displayed | www.jindalstainless.com (for the year 2006-07) |
| 4) Whether it also displays official news releases | The company gives important Press Releases. |
| 5) The Presentations made to institutional investors or to the analysts | The company holds Analysts' Meet from time to time. |

9. General Shareholder Information

- | | | |
|-----------------------------|---|---|
| 9.1) Annual General Meeting | | |
| - Date and Time | : | 31st August, 2007 at 12.00 noon |
| - Venue | : | At registered office of the company at O.P. Jindal Marg, Hisar 125 005 (Haryana). |
| 9.2) Financial Calendar | | |
| 2007 2008 | | Annual General Meeting (Next Year) September 2008 |
| (Tentative) | : | Board Meetings |
| | | Results for quarter ended June 30, 2007 July, 2007 |
| | | Results for quarter ending September 30, 2007 October, 2007 |
| | | Results for quarter ending December 31, 2007 January, 2008 |
| | | Results for quarter ending March 31, 2008 April, 2008 |
| 9.3) Book Closure date | : | 4 th August, 2007 to 15th August, 2007 (both days inclusive) for annual general meeting and for payments of final dividend, if approved by the shareholders in the annual general meeting. |
| 9.4) Dividend payment date | : | Immediately after the annual general meeting. |

Nomination facility

The Companies (Amendment) Act, 1999 has provided for a nomination facility to the shareholders of the company. Your company is pleased to offer the facility of nomination to shareholders and shareholders may avail this facility by sending the duly completed Form 2B as revised vide Notification no. GSR 836(E) dated 24th October, 2000, Department of Company Affairs, to the Registrar of the company.

- | | | | |
|---|---|--|--|
| 9.5) Listing of Equity shares on stock Exchanges at | : | National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra-Kurla Complex,
Bandra (E),Mumbai 400 051 | The Bombay Stock Exchange Ltd.,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001 |
| | | The Calcutta Stock Exchange Association Limited*
7, Lyons Range, Kolkata - 700 001 | |

* The application for voluntary delisting of company's equity shares at The Calcutta Stock Exchange Association Limited, Kolkata is at an advance stage.

Corporate Governance

The company confirms that it has paid annual listing fees due to all the above stock exchanges.

- b)

Listing of 0.05% Foreign Currency Convertible Bonds (FCCBs) on Stock Exchange at

:

Singapore Exchange Securities Trading Limited
2, Shenton Way, #19-00, SGX Centre 1,
Singapore 068804
- c)

Listing of GDS on Stock Exchange

:

Luxembourg Stock Exchange,
P.O. Box 165,L 2011, Luxembourg.
- d)

Debenture Trustee

:

UTI Bank Limited
Maker Towers “F”, 13th Floor, Cuffee Parade, Colaba, Mumbai 400 005.
- 9.6)

Stock Code (Equity Shares)

:

Trading Symbol - Bombay Stock Exchange (Demat Segment) 532508
Trading Symbol - National Stock Exchange (Demat Segment) JSTAINLESS
Trading Symbol - Culcutta Stock Exchange (Demat Segment) 20256

International Securities Identification Number (ISIN)

- Equity Shares

:

INE 220G01021
- 0.05% FCCBs

:

XS0208872902
- GDS

:

US4775862000

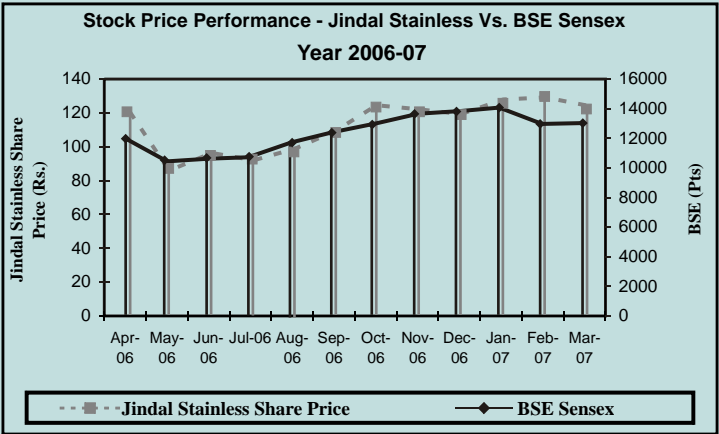
- Reuters Code

:

JIST.BO (Bombay Stock Exchange)
JIST.NS (National Stock Exchange)

9.7) Stock Market Data	: National Stock Exchange (NSE)		Bombay Stock Exchange (BSE)	
	(In Rs.)		(In Rs.)	
	Month High Price	Month Low Price	Month High Price	Month Low Price
April, 2006	137.50	108.70	137.50	110.00
May, 2006	128.00	69.00	127.50	72.00
June, 2006	99.90	62.50	99.40	62.50
July, 2006	105.50	91.25	104.60	91.55
August, 2006	104.50	91.25	104.60	91.55
September, 2006	112.75	94.55	112.90	95.00
October, 2006	131.45	107.50	131.50	100.40
November, 2006	131.90	112.30	130.00	114.70
December, 2006	131.75	102.50	127.00	103.00
January, 2007	131.85	114.10	130.95	114.10
February, 2007	138.00	110.00	138.50	110.00
March, 2007	134.90	116.00	135.00	116.00

9.8) Share price performance in comparison to broad based indices - BSE Sensex



Note : Based on the Monthly closing data of Jindal Stainless (Rs. per share) and BSE Sensex (Pts)

Corporate Governance

- 9.9) Registrar and Transfer Agents : Abhipra Capital Limited
Ground Floor Abhipra Complex, Dilkhush Industrial Area,
A-387, G.T. Karnal Road, Azadpur, New Delhi 110 033.
Phone No. (011) 42390909
Fax No. (011) 27215530
- 9.10) Share Transfer System : Share transfer requests are registered within 15- 20 days.
- 9.11) Distribution of shareholding as at 5th May, 2007:

By size of shareholding	Shareholders		Equity shares held	
	Number	Percentage	Number	Percentage
1 - 2500	43798	97.66	14563152	10.54
2501 - 5000	558	1.24	1979079	1.43
5001 - 10000	230	0.51	1636992	1.18
10001 - 15000	70	0.16	862264	0.62
15001 - 20000	26	0.06	459373	0.33
20001 - 25000	15	0.03	341657	0.25
25001 - 50000	51	0.11	1825591	1.32
50001 & Above	98	0.23	116553098	84.33
Total	44846	100.00	138221206	100.00
Physical Mode	17291	38.56	51455765	37.23
Electronic Mode	27555	61.44	86765441	62.77

By category of shareholders	Equity shares held	
	Number	Percentage
Promoters	59780010	43.25
GDS held by promoters underlying shares	16734984	12.11
GDS held by others underlying shares	869350	0.63
FIs/Banks/Mutual Funds	11232287	8.13
Corporate Bodies	6806127	4.92
Foreign Bank	9997524	7.23
FIIIs	13409639	9.70
NRIs/OCBs	2297677	1.66
Public	17093608	12.37
Total	138221206	100.00

- 9.12) Dematerialisation of shares : 62.77% of the shares have been dematerialised upto 5th May, 2007.
Trading in equity shares of the company is permitted only in dematerialized form.
- 9.13) Outstanding GDRs/ADRs/ Warrants or any convertible instruments, conversion dates and likely Impact on equity. : During financial year 2004-05, the company issued 0.5%, 12000 Foreign Currency Convertible Bonds (FCCBs) due 2009 of USD 5000 each for an aggregate amount of USD 60 million. During the financial year ended 31st March, 2006, 2141 0.5% bonds amounting to USD 10.70 million have been converted into 39,07,028 equity shares of Rs.2/- each. Unless previously redeemed, the balance 9859 may be converted at any time on or after 22.1.2005 and upto 9.12.2009 into equity shares of Rs.2/- each of the company at conversion price of Rs.119.872 per share, subject to adjustment in certain events.

Corporate Governance

During financial year 1998-99, the company issued 2.50%, 6000 Foreign currency Convertible Bonds (FCCBs) of USD 5000 each for an aggregate amount of USD 30 million. During the financial year ended 31st March, 2007, the balance 1620 2.50% bonds have been converted into 88,02,167 GDS.

During financial year 2006-07, the company issued and allotted 2,15,00,000 warrants convertible into equity shares to promoters @ Rs.103/- each warrants. Out of said warrants, 68,00,000 warrants have been converted into 68,00,000 equity shares. The balance will be converted into equity shares on or before 25.04.2008 (18 months from the date of allotment of warrants)

9.14)	Plant locations	:	HISAR O.P. Jindal Marg, Hisar-125 005 (Haryana)	KOTHAVALASA Jindal Nagar, Kothavalasa 535 183 Dist. Vizianagaram (A.P.)	ORISSA Kalinga Nagar Industrial Complex, P.O. Danagadi 755 026 Dist. Jajpur (Orissa) India
9.15)	Investor Correspondence :		For transfer/ dematerialisation of shares, payment of dividend on shares, query on Annual Report and any other query on the shares of the company.	Name: Sh. V.M. Joshi Designation: Vice President Address : Abhipra Capital Limited (Unit: Jindal Stainless Limited) Ground Floor Abhipra Complex, Dilkhush Industrial Area, A-387, G.T. Karnal Road, Azadpur, New Delhi 110 033. Phone No. (011) 42390909, Fax No. (011) 27215530	
				Email: investorcare@jindalstainless.com	

Shareholders holding shares in electronic mode should address all their correspondence relating to change of address, bank mandate and status to their respective Depository Participants (DPs).

10. Other Information

(a) Risk Management Framework:

The company has in place mechanisms to inform Board members about the risk assessment and minimization procedures and periodical reviews to ensure that risk is controlled by the executive management through the means of a properly defined framework.

(b) Code of Conduct

The company has laid down a code of conduct for all Board members and senior management personnel of the company. The code of conduct is available on the website of the company. The declaration of Managing Director & Chief Executive Officer is given below:

To the Shareholders of Jindal Stainless Limited

Sub.: Compliance with Code of Conduct

I hereby declare that all the Board members and senior management personnel have affirmed compliance with the Code of Conduct as adopted by the Board of directors.

Place: New Delhi
Date: 28th May, 2007

V.S. JAIN
Managing Director & Chief Executive Officer

General Disclosures

- (i) A summary of transactions with related parties in the ordinary course of business is periodically placed before the audit committee;
- (ii) The mandatory disclosure of transactions with related parties in compliance with Accounting Standard AS-18 is a part of this annual report.
- (iii) In preparing with annual accounts in respect of the financial year ended 31st March, 2007, no accounting treatment was different from that prescribed in the Accounting Standards;
- (iv) The company has a Code of Conduct for Prevention of Insider Trading in the shares of the company for directors and other identified persons in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and
- (v) During the financial year ended 31st March, 2007, the company issued 2,15,00,000 warrants convertible into equity shares on a preferential allotment basis in terms of guidelines for preferential issues contained in Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines

Certification

We, V.S. Jain, Managing Director & Chief Executive Officer and Sanjeev Pandiya, Sr. Vice President & Chief Financial Officer of Jindal Stainless Limited, to the best of our knowledge and belief certify that:

1. We have reviewed the balance sheet and profit and loss account (both consolidated and stand alone) of the company for the year ended March 31, 2007 and all its schedules and notes to accounts, as well as the cash flow statements.
2. To the best of our knowledge and information:
 - a. The financial statements and other financial information included in this report, fairly present in all material respects, the financial conditions, results of the operations and cash flows of the company as of and for the periods presented in the Annual report, and are in compliance with the existing accounting standards and/or applicable laws and regulations:
 - b. The financial statements and other financial information do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading:
 - c. These statements together present a true and fair view of the company's affair and are in compliance with existing accounting standards, applicable laws and regulations.
 - d. There is no continuing failure of internal controls and all controls are placed in the company.
3. We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the Company, which are fraudulent, illegal or in violation of the Company's code of conduct.
4. We along with the Company's other certifying officers i.e. the functional heads, are responsible for establishing and maintaining disclosures controls and procedures for the financial reporting of the Company, and we have:-
 - a. Designed such disclosure controls and procedures to ensure that material information relating to the Company, including transactions entered into with Foreign subsidiaries and all related party is made known to us by the officials in these entities, particularly during the period in which the Annual report is being prepared and
 - b. Evaluated the effectiveness of the company's disclosure, controls and procedures
5. We, along-with the other certifying officers of the company, have disclosed based on our most recent evaluation, wherefore applicable, to the Company's Statutory auditors and to the Audit Committee of the board of Directors:
 - a. All significant deficiencies in the design or operation of the internal controls, which we are aware could adversely affect the company's ability to record, process, summarize and report financial data and identified any material weakness in the internal controls and taken steps to rectify these deficiencies:
 - b. Whether there were significant changes in the internal controls over financial reporting subsequent to the date of our most recent evaluation, including any corrective actions with regards to significant deficiencies and material weakness:

Corporate Governance

- c. Fraud, if any which we have become aware of and that involves management or other employees who have a significant role in the Company's internal control systems over financial reporting;
- d. Significant changes in the accounting policies during the year, if any, have been disclosed in the notes to the financial statements.

The above is conveyed to the board of Directors of the Company.

New Delhi, 28th May 2007

V.S. JAIN
Managing Director &
Chief Executive Officer

SANJEEV PANDIYA
Sr. Vice President &
Chief Financial Officer

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)

To the members of Jindal Stainless Limited

We have examined the compliance of conditions of Corporate Governance Procedure implemented by Jindal Stainless Limited for the year ended on March 31, 2007 as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of 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. We further state that such compliance is neither an assurance as to the further viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s) with the Stock Exchanges have been complied with in all material respect by the company and that no investor grievance(s) is/are pending for the exceeding one month against the Company as per the records maintained by the Shareholders Grievance/Allotment & Transfer Committee of the Board.

Place: New Delhi
Dated: 3rd May, 2007

B.D. Tapriya
Company Secretary
C.P. No. 2059

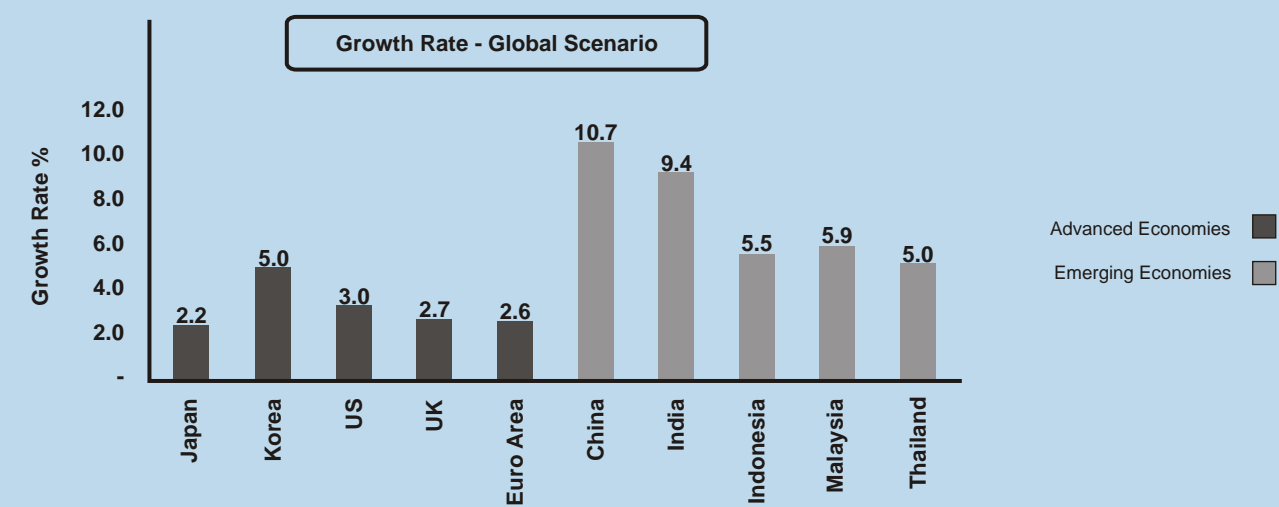


Management Discussion & Analysis





Stainless steel is crucial to the growth & development of any economy. The importance of stainless steel is evident from the fact that the existence of a strong stainless steel industry determines the pace of development of major industrial economies. The growth of many of these economies has been largely shaped by the strength of their steel industries in their initial stages of development.



Despite high oil prices that topped up to \$75 a barrel during last one year, global GDP has registered a growth of 3.9% in 2006 compared with 3.5 % in 2005. In 2006, US economies show an acceleration of 3.3% in GDP. After several years of weakness, European economy has shown recovery and registered a growth of 2.6%. In Asian region, China outperforms again with a growth rate of 10.7%, Japanese economy grew by 2.2% and Indian GDP growth rate is estimated at around 9.4%.

Global GDP is growing at a healthy rate. The pace of growth is evidently due to “Emerging Economies”, which was earlier commanded by “Advanced Economies”. It is the continuous expansion of developing countries, which has resulted in such a strong global performance. Developing countries have grown by 7.0%, which is almost double of the growth rate of high income countries 3.1%.

Among developing countries, India and China has shown robust growth in their GDP, which is almost double of overall growth rates of developing countries, and almost three fold of global GDP.

It is expected that despite rising oil prices and rising interest rates, developing economies will remain the critical driver of global growth in 2007 and 2008. Global GDP is expected to grow at the rate 3.2% and 3.5% in 2007 and 2008 respectively. India and China are expected to grow at 8.4% and 10% in 2007 and at 7.8% and 9.5% in 2008 respectively.

Global Stainless Steel Scenario

Strong GDP growth strengthens the stainless steel demand

Global GDP and industrial productions are growing at a healthy rate resulting in strong demand of stainless steel in all sectors including, infrastructure, construction and industrial applications.

On the support of strong global economic development stainless steel industry globally has witnessed compounded growth of around 6.8% per annum during the last four years. Global stainless steel production in 2006 is 28.49 million tonnes against 25.05 million tonnes in 2005, registering a growth of around 13.7%, beating the estimates of 27.8 million tonnes.

The growing segment is Asia, where stainless steel production grew around 20.6% to 15.2 million tonnes. Asia now produces more than half of stainless steel in the world. The driving force was China, which produced 5.3 million tonnes, a gain of around 68% from 2005.

Japan previously had been the largest stainless steel producer in Asia. Japanese output totaled 4.1 million tonnes in 2006, up 2.3% over 2005. All other stainless steel-producing countries in Asia showed growth rates of between 9 to 13 percent except South Korea, where production remained flat.

Management Discussion & Analysis

The second-largest stainless steel producing area in 2006 was Western Europe/Africa, where stainless steel production increased by 13.4% to 10 million tonnes.

Following the strong pace of global economic development in 2006, 2007 is also expected to be a bright year for the world economy. Global GDP is expected to grow at the rate 3.2% in 2007. Demand for stainless steel is expected to be firm from all key end users.

Although the new capacities are coming up all over the world, but proximity of raw material will be the critical factor in determining the cost competitiveness of any stainless steel manufacturer. Since Jindal Stainless facilities are coming up in ore rich state of Orissa, so Jindal Stainless will have additional advantage over others.

Indian Outlook

Indian Economy

Following the global trend, Indian economy has registered a growth of around 9.4% in 2006-07. The growth rate has been spurred by the manufacturing sector, which has logged an 11.3% rise in 2006-07. The per capita income in real terms (at 1999-2000 prices) during 2006-07 is likely to attain a level above Rs. 22,000 as compared to Rs. 20,734 for the year 2005-06. The growth rate in per capita income is estimated at 7.9 per cent during 2006-07, as against the previous year's estimate of 7.4 per cent.

Stainless steel is the highest growth metal

Following the high economic growth rate, Indian stainless steel market entered into the high growth segment of around 11-14% which is much higher than the world average of approximately 6%. The India's contribution to global SS production accordingly has increased from 2% in 1998 to more than 6% in 2006. Stainless steel production in India in 2006 was 1.7 million tonnes registering a growth of 9.7% over 1.5 million tonnes production in 2005.

The importance of stainless steel industry is so much that the level of per capita consumption of stainless steel is treated as one of the important indicators of socio - economic development and living standards of the people in any country.

In 2005 the per capita usage of stainless steel in India was around 1.1 kg, compared to 4.1 kg that of china and 12-13 kg that of the developed nations in Europe and western world. It is estimated that the per capita usage will grow over the next few years due to the continued growth of the Indian economy and rise in income levels.

Demand Forecast

The use of stainless steel in India is essentially in two distinct categories, utensil grade and industrial applications. According to Indian Stainless Steel Development Association, the utensil sector market in India accounted for approximately 70% of the stainless steel demand and the remainder was used in industrial applications such as processing, building and construction, transport, machinery and appliances. Railways, automobiles, architecture, building and construction sectors are expected to be the growth sectors for the Indian stainless steel industry in the medium term.

Rising real estate sector is creating a big market for stainless steel. The main growth thrust is coming due to several factors, which mainly includes consistent and sustaining GDP growth, expanding service sector, rising purchasing power and affluence, proactive and changing government policies etc. Indian real estate has huge potential demand in almost every sector especially commercial, residential, retail & industrial etc. The Indian IT/ITES (Information & Technologies Enabling Services) sector has been the primary demand driver in the commercial segment. To scale up their operations and to remain globally competitive, the Indian IT/ITES companies are exploring the smaller towns and cities. Housing shortage in urban India has resulted in huge demand of residential units. With the growing urbanization the real estate action is no longer limited to the large metropolises of India but has now entered to smaller towns and cities.

The construction boom fueled by mushrooming of malls, shopping complexes and IT parks and airports, etc provide a big market for the stainless steel industry and particularly high quality flat products.

Automobile sector is the high growth sector in India. Most auto majors are setting up facility in India to cater to the growing domestic market and also make India an export hub for fully built automobiles as well as the components. Besides, India is the largest manufacturer of 2 wheelers with a production of over 7 million units. With the implementation of Euro II and Euro III norms, stainless steel is becoming de facto the material of choice for exhaust systems. Another big opportunity

Management Discussion & Analysis

With the demonstrated benefits of lightweight and savings in maintenance costs besides the improved life, this sector will open up huge opportunities for stainless steel demand.

Railways major modernization drive has a major focus on the use of stainless steel whether it is light weight coaches, wagons, metro trains or even the station infrastructure. With the advent of Delhi Metro which showcases the benefit of stainless steel for rail body structure, interest has been generated in the other government bodies, who appreciate the lifecycle benefits and savings offered by lightweight and maintenance free stainless steel coaches and wagons.

During the past few years, Railways have been evaluating the benefits of stainless steel wagons for the transportation of coal. After extensive trials, stainless steel has established superior performance over alternative materials and as a result, the railways have decided for greater use of stainless steel in the manufacturing of wagons to be used in the transportation of coal.

Modernization of major Indian Airports is under process and has high potential for use of stainless steel which includes roofing, column cladding, building construction, wall panels, ticket booths and counters, elevators/ escalators, trolleys and conveyor systems, etc.

Indian capital goods industry has been going through a boom for the last five years and is expected to continue their phenomenal growth in earnings over the next few years, which will strengthen the stainless steel demand further. Currently, in India, about 3.5 per cent of GDP is spending on infrastructure, which is much less than China's 10 per cent, which means we still have a long way to go. India's current capex boom is leading to demand for different engineering goods.

High Nickel Prices- Growth Potential Of 200 Series Stainless Steel

Nickel forms the 8 % in weight but 70 % in terms of value of total raw material cost of 300 series of stainless steel like cold rolled 304 grade. During the year nickel rose up to an all time high of more than 50,000 \$/tonne mark compared to 17,755 \$ / tonne highest in previous year. The stainless steel market has seen a growing amount of substitution away from nickel bearing grades in recent years. The dramatic rally in Nickel price has really and truly attracted the market towards Lower Nickel Austenitic grades (200 Series) and Ferritic Nickel free grades (400 Series). Due to this trend the Cr Mn (Chrome Manganese) stainless steel 200 series has gained market acceptance worldwide particularly in China and more recently in certain European market. Jindal Stainless is a global leader in chrome manganese segment (200 Series) of stainless steel. Jindal Stainless, due to its technological capabilities, operational efficiencies and leadership in this segment is able to meet the increasing demand of this segment in a more competitive manner.

Plans Going Ahead

Jindal Stainless is expanding its operations through forward and backward integration and focusing on increased levels of productivity, quality & cost competitiveness.

Jindal Stainless is expanding the capacity of existing Hisar plant from 6,00,000 tonnes per annum to 720,000 tonnes per annum. This would help Jindal Stainless de-bottleneck the existing facilities, upgrade & expand its hot rolling & cold rolling capabilities.

Jindal Stainless is also setting up 0.8 million tonnes per annum integrated stainless steel plant in the state of Orissa in phases:

- Phase I of Orissa project will consist of Ferro Alloys facilities, Coke Oven Batteries and 250 MW coal based captive thermal power plant.
- Phase II of Orissa project envisages setting up of 0.8 million tonne stainless steel plant. The facilities to be installed include slab caster, hot rolling mill, hot rolled annealing pickling line, cold rolled annealing pickling line and bell annealing furnace.

Completion of phase II of Orissa project will place Jindal Stainless among top 10 global players in the stainless steel industry. Orissa is a state, rich in all kind of raw material including chrome ore, manganese ore and iron ore, required to run a stainless steel plant and coal for captive power generation. For Orissa projects all equipments have been planned to purchase from top suppliers from all over the world. Due to proximity of raw material and port, availability of low cost labour, low priced power from captive power plant will make Jindal Stainless highly cost competitive among all the leading players and will help in strengthening its position in the emerging stainless steel market in India and abroad.

Management Discussion & Analysis

Jindal Stainless has initiated new businesses to reach to the end consumer in consumer durables, automotive, lifestyle and architecture, building and construction segments. This helps Jindal Stainless to be close to consumer needs and extract maximum value of the supply chain while promoting stainless steel in everyday use.

To further strengthen existing export market, to capture the new customers and to improve on-time delivery and customer services; Jindal Stainless is creating overseas network of branches, warehouses and service centers. Jindal Stainless is conducting seminars in various cities within India and abroad to create brand awareness and to educate the existing and potential new customers about the benefits of 200 series stainless steel over 300 series in certain applications and benefits of stainless steel over normal steel. The aim is to create and capture new market at the same time.

Jindal Stainless, being a company managed by strong team of professionals, believes in system driven growth. To ensure efficient systems in place, organisation wide SAP is under implementation.

Risks and Concerns

Jindal Stainless has adopted an approach of continuous appraisal of existing risk policy and upgrade the same with the changing scenario. Risk associated with any stainless steel manufacturing plant can be:

- ▶ Risk associated with the demand pattern of the stainless steel products in Indian as well as International market, capacity changes in the competing countries etc. Jindal Stainless manufactures mainly 200 series, and rising Nickel prices are not a threat to the company in comparison to 300 series.
- ▶ Risk associated with prices and availability of raw material. Jindal Stainless is going for extensive use of e-procurement tools along with best practices for reverse auction, supply outreach and global assessment of raw material availability. Further in order to protect margins from the fluctuation in the raw material prices, Jindal Stainless hedges itself from raw material price fluctuations through transactions in futures and options. This is a continuous process and requires a close monitoring & refinement, from time to time in a volatile environment.
- ▶ Risk associated with failure of routine operations, internal controls and systems of the company. Surveys are conducted to assess any new risk and actions are taken to mitigate them. All plants of the Company are adequately insured to cover any loss that may arise due to operational risk.
- ▶ Risk associated with foreign exchange fluctuations, interest rates etc. Being a major importer and exporter, Jindal Stainless enjoys natural currency hedge, however additional exposures are intended to be managed separately based on market view and optimized through active hedging strategy including using forward contracts, currency swaps and options.

Internal Control Systems

Implementation of strong management information system, an independent internal management audit system, effective risk monitoring, implementation of standard policies and procedures are the basic requirement of effective corporate governance.

Jindal Stainless is implementing SAP organisation wide to ensure the effective systems in place. Internal management audit department carries out review of the internal control systems and suggests measures for its improvement. Internal audit is being carried out by an external agency.

The Audit Committee monitors performance of internal audit on a periodic basis, through review of the audit plans, audit findings and promptness of issue resolution through follow ups.

Jindal Stainless is an ISO 9001:2000, ISO 14001 and OHSAS 18001 certified company indicating that documented systems and procedures are in place for ensuring a consistent product quality, compliance to environmental standards and a safe and healthy environment for its stakeholders.

The company believes that it has established sufficient and adequate internal control systems and procedures to give reasonable assurance that all the resources and assets of the company are safeguarded against any misuse and are used efficiently and economically, reliable and accurate financial and operational information is available on time and statutory laws & regulations are complied with.

Financial Performance with respect to Operational Performance

Jindal Stainless has maintained its dominance in the domestic stainless steel production (flat products) with share of around 35%. International market has shown a shift of stainless steel demand towards 200 series from 300 series due to rising nickel prices. Being the pioneer, experienced and cost competitive in 200 series manufacturing, Jindal Stainless is able to further consolidate its position in international market.

The financial highlights for the year 2006-07 are as under:

Particulars	(Figures in Rs. Crore)	
	2006-07	2005-06
Gross sales	5267.80	3494.61
EBIDTA	844.18	433.93
PBT	557.73	240.22
PAT	353.01	159.73

During the year gross sales has gone up by 50.74% and net profit after tax has shown a growth of 121%.

Environment, Health & Safety Management

Environment, health and safety management is given the utmost priority in all the plants. Jindal Stainless is committed to improve the quality of environment and life in all its operations. To ensure disciplined implementation of all environment, health and safety measures, Jindal Stainless has an Integrated Management System in place for controlling, monitoring and reviewing all EHS activities.

The requirements of existing Environmental Legislations / Standard are complied with. Our operations continue to pursue the values of IS/ISO9001: 2000: QMS, IS/ISO-14001: 2004: EMS, OHSAS: 18001: 1999 and TPM Certification towards Environment Friendly and Safe Production.

Initial Flow Control, TPM and Six Sigma are some of the important management tools followed throughout the company. The management exercise best Industrial Code of Practices and conduct regular QSHE Meeting, SHE Pillar Meeting, SHE Meetings along with Internal Audits of QMS, EMS and OHSAS for system efficacy.

The company's continuous endeavors towards EHS up-gradation resulted to receive prestigious Green Tech Environment Excellence Award 2006 & SQF (IEI) Safety Excellence Innovation Award 2006. The Company has also initiated several activities like Emission Control for Green House Gases, CDM Projects and increasing Green canopy cover towards sustainable development. Jindal Stainless aims to be the best managed company in terms of environment, health and safety measures taken.

Human Capital

Your company fully recognizes the strategic importance of human capital for its continued success year on year. At Jindal Stainless the hallmark of HR practice is to create winning employee value proposition. The long practiced ethos of recognition, care and continuous development of people at all levels in the organization has positioned Jindal Stainless as one of the preferred employers.

As we are progressing ahead with the execution of the phase II of the Greenfield Integrated Stainless Steel Project at Orissa, we continue to build on the talent pipeline by augmenting it both at the entry and lateral levels. The talent mind set in the leadership team across all levels of the company has helped in attracting and retaining highly talented manpower.

People Development at Jindal Stainless is primarily through stretched jobs and creative experimentation. The value of meritocracy in your company is fostering an environment of excellence in performance and productivity. We are confident that Jindal Stainless will continue to be on the high growth trajectory on the strength of our people capability. Jindal Stainless has full confidence in capabilities and commitment of its team of over 2800 employees and appreciates their dedicated efforts towards meeting the organisation goals.

Management Discussion & Analysis

Social Concerns

Jindal Stainless is committed to the welfare of its employees in particular and society in general. As a part of its social responsibilities Jindal Stainless was involved in following activities:

- ▶ Jindal Stainless runs a 200 bed hospital known as N.C. Jindal Institute of Medical Care & Research.
- ▶ Running a residential public school for girls, Vidya Devi Jindal School under the CBSE curriculum.
- ▶ Running a co-education senior secondary school, O.P. Jindal Modern School at Hisar.
- ▶ Running N.C. Jindal Public School at Delhi with strength of over 3000 students.
- ▶ Jindal Stainless has built a Cancer Hospital, O.P. Jindal Cancer Institute & Research Center, at Hisar. The hospital is having 160 beds and all state-of-the-art equipments, amenities and facilities.
- ▶ Jindal Stainless has developed the O.P. Jindal Park spread in around 22 acres at Hisar.
- ▶ Jindal Stainless has been a proud associate sponsors to Delhi Half Marathon which attracts participation across all age and other barriers.
- ▶ The fourth edition of Stainless Innovation Awards 2007 was held in March 2007. The awards for the three categories Building & Architecture, Interior Design and Product Design, were adjudged from over 500 entries received from practicing professionals and students from all across India, in the form of Executed projects, Concept and Design ideas using stainless steel.
- ▶ The first edition of 'O P Jindal Design Talk' took place in March 2007, amidst evident enthusiasm of an august gathering of prominent architects and luminaries of building and design fraternity.
- ▶ Coffee Table book on Stainless Steel titled “Magic of Stainless Steel” was released in March '07. The book captures some of the best architectural and design wizardry in Stainless Steel across the globe. An eclectic mix of stunning visuals and documentation of stainless marvels worldwide, the book also traces the inception and journey of stainless steel, and will captivate even the most oblivious and non-interested. “Magic of Stainless Steel” is certain to become a collector's item.

Cautionary Statement

Statements in the Management Discussion and Analysis Report describing the company's objectives, projections, estimates, expectations may be “forward-looking statements” within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

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Auditors' Report

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TO THE MEMBERS OF JINDAL STAINLESS LIMITED

- We have audited the attached Balance Sheet of JINDAL STAINLESS LIMITED, as at 31st March 2007 and the Profit & Loss Account and also the Cash Flow Statement of the Company for the year ended on that date, annexed there to. 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. 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.
1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) (herein after called The Order) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as we considered appropriate, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
 2. Further to our comments in the Annexure referred to in Paragraph 1 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 and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
 - c) The reports on the accounts of the branches audited by other Auditors have been forwarded to us and have been appropriately dealt with by us in preparing our report;
 - d) The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account and with the audited accounts from the branches;
 - e) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956;
 - f) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March 2007 from being appointed as a Director of the company in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;
 - g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies and Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - I. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;
 - II. In the case of Profit & Loss Account, of the profit of the Company for the year ended on that date; and
 - III. In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

	For LODHA & CO., Chartered Accountants	For S.S. KOTHARI MEHTA & CO., Chartered Accountants
	(N. K. LODHA) Partner	(ARUN K. TULSIAN) Partner
Place: New Delhi Date : 28 th May, 2007	M.No. 85155	M.No. 89907

Auditors' Report

ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph 1 of our report of even date to the Members of JINDAL STAINLESS LIMITED on the Financial Statements for the year ended 31st March, 2007.

1. (a) The company has maintained proper records in respect of its fixed assets showing full particulars, including quantitative details and situation of fixed assets.

(b) We have been informed that certain fixed assets of the company have been physically verified by the management according to a phased programme of periodic verification which, in our opinion, is reasonable having regard to the size of the company and nature of fixed assets. As informed, no material discrepancies between book records and physical inventory have been noticed in respect of the fixed assets physically verified during the year.

(c) As per records and information and explanations given to us, no substantial part of fixed assets has been disposed off during the year.
2. (a) As informed, the inventory of the company at all its locations, except stocks lying with third parties, in transit and part of the stores and spares, have been physically verified by the management either at the end of the year or after the year end, and in respect of stores and spares, there is perpetual inventory system and a substantial portion of the stocks have been verified during the year. In our opinion, the frequency of verification is reasonable.

(b) According to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory; in respect of process stock, the records are updated as and when physical verification has been carried out. The discrepancies noticed on such physical verification of inventory as compared to book records were not material.
3. (a) As informed to us, the company has given unsecured loan to a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year in respect of said company is Rs. 2843.04 Lacs and there is no balance outstanding at the year end. The company has not granted any other loans, secured or unsecured, to firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(b) In our opinion and according to information and explanations given to us, the rate of interest and other terms and conditions on which aforesaid loan has been given are not, prima facie, prejudicial to the interest of the Company.

(c) In respect of aforesaid loan, the amount, principal as well as interest, is repayable on demand (within five year from sanction of loan) and the party is regular in repaying the amounts as and when demanded.

(d) There is no overdue amount at the year end as the loan has been squared off during the year.

(e) As informed to us, the company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (f) & (g) of The Order are not applicable.
4. In our opinion and according to the information and explanations given to us, having regard to the explanations that certain items purchased/sold are of special nature for which, as explained, suitable alternatives sources, do not exist for obtaining comparative quotations, taking into consideration the quality, usage and such other factors, there are adequate internal control systems commensurate with the size of the company and nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given, we have neither come across nor have we been informed of any instance of major weaknesses in aforesaid internal control systems.
5. (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and having regard to our comments in paragraph 4 above, and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered into the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.

Auditors' Report

6. In our opinion and according to the information and explanations given to us, the company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed there under with regard to deposits accepted from public. We have been informed that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
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 books of accounts maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of the Company's products and are of the opinion that, prime facie, the prescribed records have been made and maintained. We are, however, not required to make a detailed examination of such books and records.
9. (a) In our opinion and according to the information and explanations given to us, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues have generally been regularly deposited during the year with appropriate authorities. No undisputed amount 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) In our opinion and according to the information and explanations given to us, there are no dues in respect of Income Tax, Wealth Tax and Custom Duty that have not been deposited with appropriate authorities on account of disputes and the dues in respect of Excise duty, Service Tax, Sales Tax and Cess that have not been deposited with appropriate authorities on account of dispute and the forum where the dispute is pending are as given below:-

Name of the Statute	Nature of the Dues	Amount (Rs. In Lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act	Excise Duty	1.69	1995-96	High Court, New Delhi.
		21.69	1994-95	Reference application to CESTAT, New Delhi allowed for reference to High Court. CESTAT, Delhi.
		356.23	1999-05	
		266.87	2000-04	CESTAT, Bangalore.
		45.76	2005-07	Commissioner (Appeal)/ Joint Commissioner, Gurgaon.
		57.14	1994-96	Commissioner of Central Excise, Rohtak.
		111.76	2003-06	Commissioner/Assistant Commissioner of Centra Excise, Vishakhapatnam.
		7.63	1994-95	Addl. Commissioner of Central Excise, Rohtak.
		7.57	2000-01	Commissioner (Appeals), Gurgaon.
		18.02	1995-97	Joint Commissioner of Central Excise, Rohtak.
		0.40	1996-97	Commissioner (Appeals), Gurgaon.
		2.20	2001-02	Commissioner (Appeals), Gurgaon.
Finance Act	Service Tax	88.40	2005-06	Commissioner (Appeals), Rohtak.
Sale Tax Act	Sales Tax	3.00	1993-94	High Court of Punjab & Haryana.
ORISED Act - 2004	Cess	320.49	2005-07	Supreme Court.

Auditors' Report

- 10. The company does not have accumulated losses as at the end of the financial year and has not incurred cash losses during the financial year and in the immediately preceding financial year.
- 11. In our opinion, on the basis of books and records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions, banks and debenture holders.
- 12. In our opinion and according to information and explanations given to us, adequate records have been maintained by the Company for loan given on the basis of pledge of shares, debentures and other securities.
- 13. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4 (xiii) of The Order is not applicable to the Company.
- 14. In our opinion, and according to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of Clause 4 (xiv) of The Order is not applicable to the Company.
- 15. In our opinion and according to the information and explanations given to us, the terms and conditions on which Company has given guarantee aggregating to Rs 12942.00 Lacs (loan outstanding Rs 10125.13 lacs) for loans taken by others from banks or financial institutions are not prima facie prejudicial to the interest of the Company. (Read with note no. 2(e) of Notes to Accounts).
- 16. In our opinion and on the basis of information and explanations given to us, the term loans raised during the year by the Company were applied for the purposes for which the loans were obtained where such end use has been stipulated by the lender, however pending utilization during the course of the year the loan fund has been temporarily deployed in mutual funds/bonds.
- 17. On the basis of information and explanations given to us, and on the basis of an overall examination of the balance sheet of the Company, no funds raised on short-term basis have been used for long-term investments.
- 18. The Company has made preferential allotment of equity shares warrant to a party covered in the register maintained under Section 301 of the Act during the year. In our opinion and according to the information and explanations given to us, the price at which such warrants/ shares have been issued is not prejudicial to the interest of the Company. (Read with note no. 16 of Notes to Accounts)
- 19. On the basis of the records made available to us, the Company has created necessary security and charge in respect of debentures outstanding at the year end.
- 20. The company has not raised any money through public issue during the year.
- 21. During the course of our examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of material fraud on or by the company, noticed or reported during the year, nor we have been informed of such case by the management.

	For LODHA & CO., Chartered Accountants	For S.S. KOTHARI MEHTA &CO., Chartered Accountants
Place: New Delhi Date : 28 th May, 2007	(N. K. LODHA) Partner M.No. 85155	(ARUN K. TULSIAN) Partner M.No. 89907



Financial statement





DESCRIPTION	SCHEDULE	(Rs. In Lacs) 31.03.2007	(Rs. In Lacs) 31.03.2006
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital - Equity	1	2,764.42	2,611.04
Equity Share Warrants	1	1,514.10	-
Reserves and Surplus	2	137,412.76	98,309.97
		141,691.28	100,921.01
LOAN FUNDS			
Secured Loans	3	222,895.31	190,500.56
Unsecured Loans	4	44,337.52	30,595.83
		267,232.83	221,096.39
Deferred Tax Liability (Net) (Note No.21 of Schedule 20)		39,157.69	27,829.83
TOTAL		448,081.80	349,847.23
APPLICATION OF FUNDS			
FIXED ASSETS			
	5		
Gross Block		332,596.83	219,669.54
Less: Depreciation / Amortisation		60,227.88	41,967.24
Net Block		272,368.95	177,702.30
Add: Capital Work in Progress		105,708.77	82,380.74
		378,077.72	260,083.04
INVESTMENTS	6	18,855.93	31,021.77
CURRENT ASSETS, LOANS & ADVANCES			
	7		
Inventories		106,972.99	68,735.84
Sundry Debtors	8	58,041.39	35,042.55
Cash and Bank Balances	9	19,623.69	19,707.07
Loans and Advances	10	65,305.71	48,943.58
		249,943.78	172,429.04
LESS:CURRENT LIABILITIES & PROVISIONS			
Liabilities	11	177,893.04	96,336.50
Provisions	12	21,133.17	17,553.95
		199,026.21	113,890.45
NET CURRENT ASSETS		50,917.57	58,538.59
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	13	230.58	203.83
TOTAL		448,081.80	349,847.23
Notes forming part of accounts	20		

Schedules referred to above form an integral part of the accounts

AUDITORS' REPORT

In terms of our report of even date annexed hereto

FOR LODHA & CO.
Chartered Accountants

(N.K. LODHA)
Partner Membership No.85155

FOR S.S. KOTHARI MEHTA & CO.
Chartered Accountants

(ARUN K. TULSIAN)
Partner Membership No.89907

RATAN JINDAL
Vice- Chairman And
Managing Director

V.S. JAIN
Managing Director &
Chief Executive Officer

R.G. GARG
Joint Managing Director &
Chief Operating Officer

SANJEEV PANDIYA
Sr. Vice President &
Chief Financial Officer

SAVITRI JINDAL
Chairperson

A.P. GARG
Sr. Vice- President &
Company Secretary

N.C. MATHUR
Director Corporate Affairs

RAJINDER PARKASH
Executive Director

DIRECTORS
SUMAN JYOTI KHAITAN
T.R. SRIDHARAN
L.K. SINGHAL

PLACE : New Delhi
DATED : 28th May, 2007

Profit & Loss Account

for the year ended 31st March, 2007

DESCRIPTION	SCHEDULE	(Rs. In Lacs) 31.03.2007	(Rs. In Lacs) 31.03.2006
INCOME			
Gross Sales and Operational Income	14	526,780.09	349,460.55
Less : Excise Duty		39,030.31	31,146.66
Net Sales and Operational Income		487,749.78	318,313.89
Other Income	15	1,893.98	1,947.09
		489,643.76	320,260.98
EXPENDITURE			
Material, Manufacturing and Others	16	373,069.88	257,446.92
Personnel	17	7,351.58	5,347.27
Administrative and Selling	18	24,757.43	14,037.89
Interest and Bank Charges	19	7,035.15	5,503.85
Miscellaneous Expenditure Written off		46.86	36.14
Depreciation / Amortisation		21,609.96	13,611.43
		433,870.86	295,983.50
NET PROFIT		55,772.90	24,277.48
Less :- Loss on transfer of Division under the Scheme of Arrangement		-	254.78
NET PROFIT BEFORE TAXATION		55,772.90	24,022.70
Less:			
Provision for Taxation		8,521.99	2,659.21
Provision for Fringe Benefit Tax		91.09	72.39
Provision for Deferred Tax		11,327.86	5,303.36
Previous Year Taxation Adjustment		531.37	15.15
PROFIT AFTER TAXATION		35,300.59	15,972.59
ADD/(LESS)			
Amount Brought Forward		3,314.49	2,118.10
Debenture Redemption Reserve Written Back		44.63	-
PROFIT AVAILABLE FOR APPROPRIATION		38,659.71	18,090.69
Proposed Dividend on Equity Shares		552.88	2,088.83
Dividend on Equity Shares for previous year		13.91	-
Interim Dividend on Equity Shares		2,211.54	-
Corporate Dividend Tax		406.08	292.96
Debenture Redemption Reserve		3,140.09	4,394.41
General Reserve		27,500.00	8,000.00
Balance carried to Balance Sheet		4,835.21	3,314.49
		38,659.71	18,090.69
Earning Per Share (in Rs.) (Note No. 20 of Schedule 20)			
- Basic		26.76	14.26
- Diluted		23.35	11.02
Notes forming part of accounts	20		

Schedules referred to above form an integral part of the accounts

AUDITORS' REPORT

In terms of our report of even date annexed hereto

FOR LODHA & CO.
Chartered Accountants

(N.K. LODHA)
Partner Membership No.85155

FOR S.S. KOTHARI MEHTA & CO.
Chartered Accountants

(ARUN K. TULSIAN)
Partner Membership No.89907

RATAN JINDAL
Vice- Chairman And
Managing Director

V.S. JAIN
Managing Director &
Chief Executive Officer

R.G. GARG
Joint Managing Director &
Chief Operating Officer

SANJEEV PANDIYA
Sr. Vice President &
Chief Financial Officer

SAVITRI JINDAL
Chairperson

A.P. GARG
Sr. Vice- President &
Company Secretary

N.C. MATHUR
Director Corporate Affairs

RAJINDER PARKASH
Executive Director

DIRECTORS
SUMAN JYOTI KHAITAN
T.R. SRIDHARAN
L.K. SINGHAL

PLACE : New Delhi
DATED : 28th May, 2007

Schedule to the Balance Sheet

SCHEDULE - "1" SHARE CAPITAL	(Rs. In Lacs) 31.03.2007	(Rs. In Lacs) 31.03.2006
AUTHORISED		
27,45,00,000 Equity Shares of Rs.2/- each	5,490.00	5,490.00
10,05,00,000 Unclassified Shares of Rs.2/- each	2,010.00	2,010.00
2,00,00,000 Redeemable Cumulative Non- Convertible Preference Shares of Rs.10/- each.	2,000.00	2,000.00
	9,500.00	9,500.00
ISSUED, SUBSCRIBED AND PAID UP		
13,82,21,206 - Equity Shares of Rs.2/-each fully paid up (13,05,51,856 Equity Shares of Rs.2/- each fully paid up)	2,764.42	2,611.04
TOTAL	2,764.42	2,611.04
EQUITY SHARE WARRANTS (Note No.16 of Schedule 20)	1,514.10	-
TOTAL	1,514.10	-

of the above :-

- A. 13,778,717 Equity Shares of Rs 10/-each fully paid up issued to Shareholders of Jindal Strips Limited pursuant to Scheme of Arrangement & Demerger.
- B. One Equity Share of Rs.10/-each fully paid up issued to Shareholders of J - Inox Creations (P) Ltd. and Austenitic Creations (P) Ltd. pursuant to the Scheme of Amalgamation.
- C. 5,153,293 Fully Paid Up Bonus Equity Shares of Rs.10/- each in the ratio of 253 Equity Shares of Rs.10/- each for every 679 Equity Shares of Rs.10/- each, allotted out of Share Premium and Capital Redemption Reserve to the equity shareholders of the company pursuant to Scheme of Arrangement and Demerger.
- D. 999,752 Equity Shares of Rs.10/- each fully paid up allotted to the holders of 460 ECB of US\$ 5000 each at predetermined (as per scheme) conversion rate of Rs.100/- each on 13.01.2004.
- E. Company has subdivided the Equity Shares of Rs.10/- each into Equity Shares of Rs.2/- each on 10.03.2004.
- F. 9,997,524 Equity Shares of Rs. 2/- each fully paid up allotted to the holders of 920 ECB of US \$ 5000/- each at predetermined (as per scheme) conversion rate of Rs. 20/- each on 24.12.2004.
- G. 3,907,028 Equity Shares of Rs. 2/- each fully paid up allotted to the holders of 2141 FCCB of US \$ 5000/- each at predetermined (as per scheme) conversion rate of Rs. 119.872 each during the year ended on 31.3.06.
- H. 16,734,984 (represented by 8,367,492 nos. GDS) Equity Shares of Rs. 2/- each fully paid up allotted to the holders of 1540 ECB of US \$ 5000/- each at predetermined (as per scheme) conversion rate of Rs. 20/- each during the year ended on 31.03.06.
- I. 869,350 (represented by 434,675 nos. GDS) Equity Shares of Rs. 2/- each fully paid up allotted to the holders of 80 ECB of US \$ 5000/- each at predetermined (as per scheme) conversion rate of Rs. 20/- each during the year ended on 31.03.07.
- J. 6,800,000 Equity Shares of Rs. 2/- each fully paid up allotted to the holders of Equity Share warrants at predetermined conversion rate of Rs. 103/- each during the year ended on 31.03.07.

Schedules to the Balance Sheet

SCHEDULE - "2" RESERVES AND SURPLUS	(Rs. In Lacs) 31.03.2007	(Rs. In Lacs) 31.03.2006
A. SECURITIES PREMIUM ACCOUNT		
As per last account	18,364.25	10,746.66
Add : On Conversion of ECB / FCCB / Equity Share Warrants	7,024.48	7,617.59
	25,388.73	18,364.25
B. GENERAL RESERVE		
As per last account	69,088.34	61,088.34
Add : Transferred from Profit and Loss Account	27,500.00	8,000.00
	96,588.34	69,088.34
Less : Foreign Currency Translation Reserve	(50.21)	(12.34)
	96,538.13	69,076.00
C. DEBENTURE REDEMPTION RESERVE		
As per last account	5,394.41	1,000.00
Add : Transferred from Profit and Loss Account	3,140.09	4,394.41
Less : Written Back During the Year	(44.63)	-
	8,489.87	5,394.41
D. CENTRAL/STATE SUBSIDY RESERVE		
As per last account	39.27	39.27
(Against fulfilment of certain stipulations)		
	39.27	39.27
E. CAPITAL REDEMPTION RESERVE		
As per last account	2,000.00	2,000.00
	2,000.00	2,000.00
F. AMALGAMATION RESERVE		
As per last account	121.55	121.55
	121.55	121.55
G. SURPLUS-PROFIT AND LOSS ACCOUNT	4,835.21	3,314.49
TOTAL	137,412.76	98,309.97

Schedule to the Balance Sheet

SCHEDULE - "3" SECURED LOANS	(Rs. In Lacs) 31.03.2007	(Rs. In Lacs) 31.03.2006
A. REDEEMABLE NON-CONVERTIBLE DEBENTURES	43,000.00	43,000.00
B. TERM LOANS FROM BANKS		
Rupee Term Loans	126,806.41	84,603.77
Foreign Currency Loans	40,390.79	41,505.16
	167,197.20	126,108.93
C. CAR LOANS		
From Banks	158.73	74.43
From Institutions	-	15.08
	158.73	89.51
D. WORKING CAPITAL LOANS FROM BANKS	12,539.38	21,302.12
TOTAL	222,895.31	190,500.56

- NOTES :
- A. 1. Debentures referred to in A above are secured by pari-passu charge by way of equitable mortgage on the company's immoveable properties located in State of Gujarat , Hisar , Vizag and hypothecation of moveable assets in favour of debenture trustee ranking pari-passu with other Financial Institutions/Banks.
2. Debentures referred to in A above are privately placed and consist of :
- i) 6.90% debentures of Rs.10,00,000 each aggregating to Rs.20,000.00 Lacs (Rs.20,000.00 Lacs) are redeemable in five equal annual instalments at the end of 6th, 7th, 8th, 9th & 10th year from the date of allotment i.e. 3rd August, 2004.
- ii) 7.50% debentures of Rs.10,00,000 each aggregating to Rs.10,000.00 Lacs (Rs. 10,000.00 Lacs) are redeemable in five equal annual instalments at the end of 6th, 7th, 8th, 9th & 10th year from the date of allotment i.e. 15th April, 2005.
- iii) 7.75% debentures of Rs.10,00,000 each aggregating to Rs.13,000.00 Lacs (Rs. 13,000.00 Lacs) are redeemable in five equal annual instalments at the end of 6th, 7th, 8th, 9th & 10th year from the date of allotment i.e. 28th Dec., 2005.
- B. i) Term loans from Banks include loans of Rs.149566.19 Lacs (Rs.106073.09 Lacs), for which charge is created / to be created by way of mortgage of company's immoveable properties and hypothecation of moveable assets both present and future ranking pari-passu with other Banks/Financial Institutions.
- ii) Term loans from Banks include loans of Rs.2660.76 Lacs (Rs.4333.69 Lacs) secured by way of mortgage of immoveable properties and hypothecation of moveable assets of the company and second charge on the current assets of the company ranking pari-passu with other Banks/Financial Institutions.
- iii) Term loans from Banks include loans of Rs. 14595.26 Lacs (Rs.14827.15 Lacs), which are secured by way of mortgage of company's immoveable properties and hypothecation of moveable assets and by way of second charge on current assets of company and personal guarantee of the two Directors.
- iv) Term loans from Banks include loans of Rs.375.00 Lacs (Rs.875.00 Lacs) secured by way of mortgage of immoveable properties and hypothecation of moveable assets of the company ranking pari-passu with Banks/ Financial institutions and guaranteed by Managing Director.
- C. Secured by way of hypothecation of vehicles purchased thereunder.
- D. Working capital loans are secured by way of hypothecation of finished goods, raw-materials, work-in-progress, stores and spares, book debts and by way of second charge in respect of other moveable and immoveable properties of the company ranking pari-passu with other Banks/Financial Institutions.

SCHEDULE - "4" UNSECURED LOANS	(Rs. In Lacs) 31.03.2007	(Rs. In Lacs) 31.03.2006
2.50% Euro Convertible Bonds * (ECB)	-	178.48
0.50% Foreign Currency Converitble Bonds ** (FCCB)	21,265.86	21,997.89
Fixed Deposits	1,971.22	1,704.80
Loans from Banks	14,500.00	5,000.00
Loans from Others	5,000.00	-
Security Deposits from Agents / Dealers / Others	1,600.44	1,714.66
TOTAL	44,337.52	30,595.83

Schedule to the Balance Sheet

NOTES :

- ★ 5.75% Euro Convertible Bonds (net of Indian Withholding Tax) were issued to Foreign Investors on 17th.December,1999 by Jindal Strips Limited in terms of the offering circular dated 16-12-99, these Bonds may be converted into Equity Shares of nominal value of Rs. 2/- each at the option of the holders at any time on or after 17th March, 2000, at a pre-determined price of Rs. 20/- per Equity share.

Pursuant to Supplemental Trust Deed dated 17th. December 2004, the rate of interest to be received by the Bond holders (net of Indian Withholding Tax) was reduced to 2.50% per annum and unless previously redeemed or converted, the Company will compulsorily convert the outstanding Bonds into GDS/Equity Shares on 17th December, 2006.

Holders of 1,540 No. of Euro Convertible Bond of USD 5000.00 each opted for conversion into Equity Shares of nominal value of Rs 2/- each at pre-determined price of Rs.20 per share during the year ended 31.03.2006.

Holders of 80 No. of Euro Convertible Bond of USD 5000.00 each opted for conversion into Equity Shares of nominal value of Rs 2/- each at pre-determined price of Rs.20 per share during the year ended 31.03.2007.
- ★ ★ 0.50% Foreign Currency Convertible Bonds (net of Indian Withholding Tax) were issued to foreign investors on 24th December, 2004 by the company, in terms of the Offering Memorandum dated 17th December, 2004. These Bonds at the option of the holder, may be converted into Equity Shares of normal value of Rs.2/- each at any time on or after 22nd January, 2005 at a pre-determined price of Rs. 119.872 per Share.

Unless previously redeemed, repurchased and cancelled, or converted, the Bonds are redeemable at 129.939% of their principal amount on 24th December, 2009.Holders of 2,141 No. of Foreign Currency Convertible Bonds of USD 5000.00 each opted for conversion into Equity Shares of nominal value of Rs 2/- each at pre-determined price of Rs.119.872 per share during the year ended 31.03.2006.

SCHEDULE - "5" FIXED ASSETS

DESCRIPTION	(Rs. In Lacs)									
	GROSS BLOCK				DEPRECIATION/AMORTISATION			NET BLOCK		
	COST ASON 01.04.2006	ADDITIONS DURING THE YEAR	SALE/ ADJUSTMENT DURING THE YEAR**	TOTAL ASON 31.03.2007	UPTO LAST YEAR	DURING THE YEAR*	ON SALE/ ADJUSTMENT DURING THE YEAR**	TOTAL UPTO 31.03.2007	31.03.2007	31.03.2006
LAND***	8,163.66	1,097.68	3.32	9,258.02	39.55	41.55	-	81.10	9,176.92	8,124.11
BUILDINGS	19,749.95	11,773.54	203.76	31,319.73	1,570.88	590.59	25.26	2,136.21	29,183.52	18,179.07
PLANT & MACHINERY	179,998.54	102,474.66	5,882.03	276,591.17	39,262.01	20,060.13	3,314.15	56,007.99	220,583.18	140,736.53
ELECTRIC INSTALLATION	6,659.40	2,934.00	-	9,593.40	116.57	331.42	-	447.99	9,145.41	6,542.83
VEHICLES	1,415.06	345.24	19.50	1,740.80	391.73	146.39	9.86	528.26	1,212.54	1,023.33
FURNITURE ,FIXTURES & EQUIPMENTS	1,038.96	234.04	0.03	1,272.97	277.78	86.92	0.05	364.65	908.32	761.18
POWER LINE AND BAY EXTENSION ****	712.49	-	-	712.49	71.25	71.25	-	142.50	569.99	641.24
INTANGIBLE ASSET\$										
TECHNICAL KNOW HOW	1,369.18	-	-	1,369.18	162.60	136.92	-	299.52	1,069.66	1,206.58
SOFTWARE	562.30	176.77	-	739.07	74.87	144.79	-	219.66	519.41	487.43
TOTAL	219,669.54	119,035.93	6,108.64	332,596.83	41,967.24	21,609.96	3,349.32	60,227.88	272,368.95	177,702.30
CAPITAL WORK IN PROGRESS	-	-	-	-	-	-	-	-	105,708.77	82,380.74
(Including capital advances Rs.13894.97 Lacs (Rs.19531.10 lacs), preoperative expenses pending allocation/capitalisation)										
Previous Year	170,383.62	55,743.46	6,457.54	219,669.54	32,059.36	13,820.85	3,912.97	41,967.24	177,702.30	-

* Depreciation for the year include Nil (209.42 Lacs) considered under preoperative expenses.

** Sale/adjustment include Nil (Rs.1314.91 Lacs) and Depreciation on sale/adjustment include Nil (Rs. 95.09 Lacs) transferred under Scheme of Arrangement.

*** Include land acquired on lease amounting to Rs.3531.62 Lacs (Rs.3362.14 Lacs) and amount amortise thereon during the year Rs. 41.55 Lacs (Rs.39.55 Lacs).

**** Not owned by the Company.

\$ Intangible Assets are amortised as under:
Technical Know How 10 Years
Software 5 years

Schedule to the Balance Sheet

SCHEDULE- " 6 " INVESTMENTS

DETAILS OF INVESTMENTS		31.03.2007			31.03.2007		
SR. NO.	PARTICULARS	Nos.	Face Value (Rs.)	Amount (Rs. In Lacs)	Nos.	Face Value (Rs.)	Amount (Rs. In Lacs)
Current Investment - Non Trade (At Cost Less Provision)							
A Mutual Funds / Debentures							
1	Chola Liquid Fund	-	-	-	14143371.355	10.00	2,000.00
2	Reliance Equity Opportunity Fund	-	-	-	1000000.000	10.00	100.00
3	DBS Floating Rate Fund	41137999.230	10.00	4,586.00	-	-	-
4	LIC Liquid Fund	49175752.660	10.00	6,676.50	-	-	-
5	Tata Gilt Security Fund	-	-	-	1898208.566	10.00	200.00
6	Kotak Mutual Fund	-	-	-	28345675.510	10.00	4,000.00
7	8.00% NCD JSW Steel Limited	266594.000	53.46	104.92	21166594.000	79.88	17,237.83
Total (A)		11,367.42			23,537.83		
B Govt./ Semi Govt. Securities							
1	8.40% Transmission Corp. of A.P. Ltd.	-	-	-	10.00	1,000,000.00	103.40
2	7.50% Bank of India	-	-	-	4.00	1,000,000.00	40.00
3	8.70% Uco Bank	-	-	-	140.00	1,000,000.00	1,400.00
4	7.45% KSFC 2014	-	-	-	13.00	1,000,000.00	127.85
Total (B)		-			1,671.25		
C Equity Share Fully Paid Up - Quoted							
1	Transport Corporation of India Limited	201676	2.00	116.77	-	-	-
2	Bhartiya International Limited	114609	10.00	128.02	-	-	-
3	Hotel Leela Ventures Limited	90000	2.00	50.27	-	-	-
Total (C)		295.06			-		
Long Term Investment							
A Govt./Semi Govt. Securities Non Trade							
1	Magnum of SBI Global	-	-	-	150000	10.00	15.00
2	12.40% Government of India Stocks (Face value Rs. 40 Lacs)	-	-	41.14	-	-	41.14
3	13.50% MKVDC BONDS---2007	-	-	-	75	50,000.00	38.40
4	13.05% Government of India Stocks (Face value Rs. 40 Lacs)	-	-	40.66	-	-	40.66
5	National Savings Certificate *	-	-	0.77	-	-	0.77
6	8.40% Transmission Corp. of A.P. Ltd.	10	1,000,000.00	103.40	-	-	-
7	7.50% Bank of India	4	1,000,000.00	40.00	-	-	-
8	7.64% KSFC 2016	10	1,000,000.00	97.71	-	-	-
Total (A)		323.68			135.97		
B Equity Shares Fully Paid Up of Subsidiary Company - Trade Unquoted							
1	Jindal Stainless Steelway Ltd.	12980000	10.00	1,770.00	11800000	10.00	1,180.00
2	PT. Jindal Stainless Indonesia **	7499900	1 USD	3,468.37	7499900	1 USD	3,468.37
3	Jindal Architecture Limited ***	4100100	10.00	410.01	4100100	10.00	410.01
4	Austenitic Creations Pvt. Limited ****	4203900	10.00	420.39	4200930	10.00	420.09
5	Jindal Stainless FZE Wholly owned subsidiary	6	1000000 AED	723.80	1	1000000 AED	121.05
6	Jindal Stainless UK Wholly owned subsidiary	100000	1 GBP	77.20	100000	1 GBP	77.20
Total (B)		6,869.77			5,676.72		
GRAND TOTAL :		18,855.93			31,021.77		
* Lodged with Government Authorities as Security							
** Refer Note No. 4 of schedule 20							
*** Include Nil (4052500) Equity shares pending allotment							
**** Include Nil (4155400) Equity shares pending allotment							
Aggregate value of Current Investment		11,662.48			25,209.08		
Aggregate value of unquoted investment		7,193.45			5,812.69		
Aggregate value of quoted investment		295.06			-		
Market value of quoted investment		295.06			-		

INVESTMENTS -
The Company has purchased and sold the following Current Investments during the year :-
(Rs. In Lacs)

Sr. No.		DETAIL OF INVESTMENTS		31.3.2007			31.3.2006		
A		MUTUAL FUNDS		Purchase Value	Sale Value	NO. OF UNITS (Sold/Purchase)	Purchase Value	Sale Value	NO. OF UNITS (Sold/Purchase)
1	ABN AMRO Cash Fund Institutional Growth	40,165.00	40,211.95	682,672,226.120			23,326.00	23,343.91	218,304,680.924
2	ABN AMRO Floating Rate Fund Institutional-G	28.00	28.03	263,477.340			-	-	-
3	Birla Cash Plus Institutional Premium Plan	4,911.51	4,918.72	81,480,453.120			1,000.00	1,001.61	9,523,446.726
4	Birla Balance Fund - Dividend Payout	-	-	-			510.00	431.08	2,858,744.400
5	Birla Sun Life Fund - Dividend Payout	-	-	-			300.00	244.80	1,186,708.860
6	CAN Bank LIQUID FUND -INST -GROWTH	5,830.00	5,833.73	73,198,146.560			8,548.00	8,559.13	68,096,646.560
7	Chola Liquid Fund	-	-	-			16,722.00	16,731.06	239,167,408.411
8	Chola Contra Fund	-	-	-			75.00	75.76	733,496.330
9	Chola Short Term Floating Rate Fund	-	-	-			2,590.87	2,591.27	18,479,936.070
10	Chola Liquid Fund - Regular Cumulative	-	-	-			2,000.00	2,003.28	28,265,801.420
11	Chola Insta Cash Plan Fund - Inst. Plan	2,671.92	2,679.33	25,093,422.020			-	-	-
12	DBS Chola Insta Cash Plan Fund - Cumulative	7,765.00	7,785.75	94,746,592.810			-	-	-
13	DBS Chola Insta Cash Plan Fund - Regular	46,184.00	46,280.40	629,449,140.490			-	-	-
14	Deutsche Mutual Fund	-	-	-			18,370.00	18,379.57	175,283,218.698
15	Deutsche Insta Cash Plan Fund- Institutional Plan-(G)	19,287.00	19,326.70	334,502,909.520			3,910.00	3,912.86	36,049,172.150
16	DSP Merrill Lynch - Floating Rate Fund - Growth	6,950.00	6,987.06	187,108.770			500.00	500.85	4,451,051.780
17	Fidelity Short Term Fund	1,000.00	1,008.32	15,050,000.000			-	-	-
18	GCFG Grindlays Cash fund - Plan C	-	-	-			170,321.19	170,377.71	1,452,451,097.070
19	Grindlays Cash Fund-Inst Plan - G	1,234.00	1,234.40	20,329,856.260			-	-	-
20	HDFC Mutual fund	-	-	-			150.00	147.09	1,466,992.665
21	HDFC Liquid Fund - Premium Plus Plan-Growth	-	-	-			8,603.00	8,606.15	64,200,261.076
22	HSBC Mutual Fund	-	-	-			7,355.00	7,361.52	70,059,505.815
23	HSBC Cash Fund - Inst. Plus - Growth Plan	-	-	-			2,327.00	2,327.77	21,829,679.700
24	JM Mutual Fund	-	-	-			205.00	205.61	2,050,000.000

Schedule to the Balance Sheet

Schedule to the Balance Sheet

Schedules to the Balance Sheet

9	12.30% APSFC 2008	-	-	-	-	496.33	496.44	450,000
10	7.45% Bank of Baroda	-	-	-	-	500.25	500.78	500,000
11	7.50% Bank of India	-	-	-	-	1,100.48	1,101.07	1,100,000
12	8.70% BOR 2015	249.50	250.59	250,000	-	-	-	-
13	8.85% Canara Bank 2016	801.50	802.10	800,000	-	-	-	-
14	8.15% CBI 2015	87.66	87.70	90,000	-	-	-	-
15	5.80% Central Bank of India	-	-	-	455.90	456.12	485,000	
16	7.05% Canara Bank Bond Issue-Series VII	-	-	-	1,000.00	986.50	1,000,000	
17	7.30% Food Corporation of India	-	-	-	250.00	250.19	250,000	
18	12% GEB 2007/08/09	-	-	-	555.20	554.93	500,000	
19	14% GEB 2006	-	-	-	619.97	620.58	860,000	
20	5.85% GUJ SDL	-	-	-	89.08	89.47	100,000	
21	8.33% GOI 2036	2,398.50	2,508.40	2,500,000	-	-	-	-
22	8.15% GOI FCI 2022	751.28	753.28	750,000	-	-	-	-
23	10.25%GOI	-	-	-	1,246.60	1,263.15	1,000,000	
24	10.25%GOI 2021	-	-	-	620.50	627.45	500,000	
25	11.50%GOI 2015	-	-	-	64.30	64.45	50,000	
26	6.01%GOI	-	-	-	125.27	125.41	146,000	
27	6.13%GOI	-	-	-	43.33	43.38	50,000	
28	8.07% GOI	-	-	-	524.00	527.15	500,000	
29	7.5% GOI 2034	-	-	-	2,991.30	3,020.36	3,000,000	
30	7.95% GOI 28/08/2032	-	-	-	154.50	155.07	150,000	
31	7.61%Gujarat SDL	-	-	-	1,012.50	1,010.70	1,000,000	
32	7.77% Gujarat SDL	-	-	-	1,132.17	1,151.79	1,125,000	
33	9.05% HUDCO 2016	300.15	300.25	300,000	-	-	-	-
34	8.95% ICICI 2021	767.13	769.32	780,000	-	-	-	-
35	10.10% ICICI Perpetual Bond	161.60	161.60	160,000	-	-	-	-
36	9.98% ICICI Perpetual Bond	401.20	401.49	400,000	-	-	-	-
37	10.90% IDBI	-	-	-	1,703.46	1,646.83	1,500,000	
38	11.50% IFCI 2010	55.78	55.79	50,000	-	-	-	-
39	10.25% INDUSIND Bank Ltd.	500.91	504.33	500,000	-	-	-	-

Schedule to the Balance Sheet

(Rs. In Lacs)							
DETAIL OF INVESTMENTS		31.3.2007			31.3.2006		
Sr. No.		Purchase Value	Sale Value	NO. OF UNITS (Sold/Purchase)	Purchase Value	Sale Value	NO. OF UNITS (Sold/Purchase)
40	8.40% INDUSIND Bank 2015	201.29	205.24	200,000	-	-	-
41	8.10% INDUSIND Bank Ltd.	-	-	-	404.00	405.72	400,000
42	8.40% INDUSIND Bank Ltd	-	-	-	8,000.00	8,017.90	8,000,000
43	10.90% IDBI 2008	-	-	-	1,095.11	1,102.01	1,000,000
44	11.15% IIBI 2008	-	-	-	331.78	331.80	300,000
45	11.15% IIBI 2010	-	-	-	608.61	609.16	525,000
46	11.50% IIBI 2010	-	-	-	550.65	550.94	475,000
47	11.50% ICICI	-	-	-	169.72	169.77	150,000
48	7.40% IOB	-	-	-	3,507.25	3,512.05	3,500,000
49	7.40% IOC	-	-	-	239.78	240.59	240,000
50	7.45% ICICI Bank	-	-	-	500.50	500.50	500,000
51	7.53% J & K Bank SDL	-	-	-	601.50	603.26	600,000
52	8% JVSL	-	-	-	12,713.61	12,864.00	10,000,000
53	7.45% KSFC	-	-	-	19.67	19.70	20,000
54	7.64% Karnataka Financial corp	-	-	-	1,000.00	1,007.17	1,000,000
55	7.77% Karnataka SDL	-	-	-	287.71	295.77	287,800
56	7.92% KSFC 2012	-	-	-	206.00	206.17	200,000
57	7.92% KSFC	-	-	-	408.00	408.51	400,000
58	9.50 % MPVCL	-	-	-	803.15	803.68	760,000
59	1.8% MSRDC	-	-	-	4,100.63	4,121.40	1,142
60	11.50% MPVCL	-	-	-	362.89	362.96	300,000
61	12.50% MSRDC	-	-	-	623.40	623.44	500,000
62	8.75% NCD UTI	501.65	501.99	500,000	-	-	-
63	8.85% PFC 2021	246.75	246.79	250,000	-	-	-
64	9.25% PNB Housing Finance 2017	900.00	900.69	900,000	-	-	-
65	6.10% Power Grid Corporation of India	-	-	-	582.81	582.88	625,000
66	6.68% Power Grid Corporation of India	-	-	-	273.70	274.89	287,500
67	8.70% PNB	-	-	-	1,053.70	1,054.30	1,000,000

Schedules to the Balance Sheet

68	11.50% RSEB 2009	-	-	-	-	553.23	554.10	50,000
69	11.50% REC	-	-	-	-	585.83	585.91	950,000
70	7.65% REC 2016	297.91	299.10	310,000	-	-	-	-
71	7.77% Rajasthan SDL	-	-	-	-	1,509.86	1,523.59	1,500,000
72	7.92% RSFC 2012	-	-	-	-	202.48	202.52	200,000
73	8.80% SBI 2021	1,001.90	1,001.84	1,000,000	-	-	-	-
74	9.50% SSNNL 2009	105.25	105.34	100,000	-	-	-	-
75	8.60% SSNNL 2015	-	-	-	-	309.60	309.72	300,000
76	7.40% Syndicate Bank	-	-	-	-	402.00	397.11	400,000
77	7.45% SBI 2015	262.00	262.00	280,000	-	-	-	-
78	8% SSNNL 2016	-	-	-	-	50.25	50.52	50,000
79	8.60% South Indian Bank	-	-	-	-	710.50	714.30	700,000
80	SSNNL DDB 2014	-	-	-	-	1,195.25	1,213.37	1,000
81	8.25% SSNNL 2014	487.90	488.11	500,000	-	-	-	-
82	12.50% SSNNL 2008	-	-	-	-	270.65	269.13	250,000
83	7.77% Tamilnadu SDL	-	-	-	-	160.15	163.89	160,200
84	8.4% Transmission Corporation of A.P. Ltd.	-	-	-	-	712.32	713.17	700,000
85	8.00% The Federal Bank Limited	-	-	-	-	506.75	508.26	500,000
86	The Bank of Rajasthan Ltd	-	-	-	-	5,000.00	5,021.93	5,000,000
87	The South Indian Bank	-	-	-	-	4,530.00	4,545.90	4,500,000
88	9.25% UCO Bank 2016	665.63	666.13	650,000	-	-	-	-
89	9.25% United Bank of India 2016	1,709.75	1,690.93	1,700,000	-	-	-	-
90	7.15% Union Bank of India	-	-	-	-	1,990.00	1,970.00	1,100,000
91	7.77% Uttaranchal SDL	-	-	-	-	151.50	151.55	150,000
92	7.85% UP (SL)	-	-	-	-	500.35	502.75	500,000
93	8.70% UCO BANK	-	-	-	-	1,100.00	1,101.76	1,100,000
94	9.25% Vijaya Bank 2016	952.81	954.54	950,000	-	-	-	-
95	12.50% VIDC	573.50	573.60	500,000	-	-	-	-
96	9.10% West Bengal IDFC	6,524.63	6,545.77	6,500,000	-	-	-	-
97	7.53% West Bengal SDL	-	-	-	-	1,503.75	1,506.45	1,500,000
98	7.77% West Bengal SDL	-	-	-	-	1,927.36	1,966.26	1,927,000

Schedule to the Balance Sheet

Schedule to the Balance Sheet

Schedules to the Balance Sheet

SCHEDULE - "7" INVENTORIES	(Rs. In Lacs) 31.03.2007	(Rs. In Lacs) 31.03.2006
(As taken, valued and Certified by the Management)		
(at lower of cost and net realisable value unless otherwise stated)		
i) Stores and Spares {Including material in transit Rs.906.98 Lacs (Rs.1344.53 Lacs)}	6,715.14	6,505.60
ii) Raw Materials {Including material in transit Rs. 21523.99 Lacs (Rs.9929.28 Lacs)}	48,235.66	22,941.54
iii) Finished Goods	32,101.76	28,737.05
iv) Trading Goods	299.75	121.59
v) Work in Progress	19,027.86	10,238.12
vi) Scrap (at estimated realisable value)	592.82	191.94
TOTAL	106,972.99	68,735.84
SCHEDULE - "8" SUNDRY DEBTORS		
(Unsecured, Considered good unless otherwise stated)		
Exceeding Six months		
i) Considered good	3,820.84	1,383.92
ii) Considered doubtful	80.62	483.96
Less: Provision	80.62	483.96
	3,820.84	1,383.92
Others - Considered good	54,220.55	33,658.63
TOTAL	58,041.39	35,042.55
SCHEDULE - "9" CASH AND BANK BALANCES		
Cash in Hand	21.57	32.98
Cheques in Hand	6,022.56	1,328.31
Stamps in Hand	3.70	1.39
Balance with Scheduled Banks		
In Current Accounts	2,953.54	188.33
In Fixed Deposit Accounts	10,595.00	18,150.00
Balance with Non-Scheduled Banks in Foreign Currency in Current A/c.		
In ANZ Bank {Maximum Outstanding during the year Rs. 9.41 Lacs (Rs. 9.53 Lacs)}	3.13	0.99
In ICBC Bank{(Maximum Outstanding during the year Rs. 23.94 Lacs (Rs. 15.44 Lacs)}	1.75	0.87
In Bank of China {Maximum Outstanding during the year Rs.1.85 Lacs (Rs. 6.02 Lacs)}	0.30	4.16
In SA Korea First Bank {Maximum Outstanding during the year Rs.22.10 Lacs (Nil)}	22.10	-
Puja & Silver Coins	0.04	0.04
TOTAL	19,623.69	19,707.07

Schedule to the Balance Sheet

	(Rs. In Lacs) 31.03.2007	(Rs. In Lacs) 31.03.2006
SCHEDULE - "10" LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in Cash or in kind or for value to be received {Including Advances to Subsidiary Companies Rs.1,007.09 Lacs (Rs.492.40 Lacs)} {Net of Provision of Rs.23.66 Lacs (Rs. Nil)}	36,964.52	18,064.52
Interest Accrued on Investments	19.49	893.63
Loans to Body Corporates {Including loans to subsidiary companies Rs.3,404.56 Lacs (Rs. 3,107.43 Lacs)}	3,404.56	9,152.45
Security Deposits	5,081.11	4,106.82
Pre-paid Taxes	19,831.71	16,714.14
Balance with Central Excise	4.32	12.02
TOTAL	65,305.71	48,943.58
SCHUDULE - "11" CURRENT LIABILITIES		
Acceptances	68,931.36	53,575.97
Sundry Creditors - Others {Including due to SSI Rs.47.81 Lacs (Rs. 111.96 Lacs)	82,033.40	28,119.69
Other Outstanding Liabilities	15,240.48	9,449.04
Interim Dividend Payable	2,211.54	-
Due to Customers and others	4,355.37	2,344.04
Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956 not due		
i) Unpaid Dividends	122.64	99.08
ii) Unclaimed Matured Deposits	84.19	90.80
iii) Unclaimed Matured Debentures	-	5.66
iv) Interest Accrued on (i) to (iii)	15.54	38.73
Interest Accrued but not due	4,898.52	2,613.49
TOTAL	177,893.04	96,336.50
SCHEDULE - "12" PROVISIONS		
For Taxation	20,148.50	14,952.82
For Leave Encashment	337.83	219.34
Proposed Dividend on Equity Shares	552.88	2,088.83
Corporate Tax on Dividend	93.96	292.96
TOTAL	21,133.17	17,553.95
SCHEDULE - "13" MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses	2.25	4.02
Less : Written off During the Year	2.25	1.77
	-	2.25
Euro Issue Expenses	8.35	19.49
Less : Written off During the Year	8.35	11.14
	-	8.35
Mine Development Expense	193.23	137.25
Add : Additions During the Year	73.61	79.21
Less : Written off During the Year	36.26	23.23
	230.58	193.23
TOTAL	230.58	203.83

Schedules to the Profit & Loss Account

SCHEDULE - "14" SALES AND OPERATIONAL INCOME	(Rs. In Lacs) 31.03.2007	(Rs. In Lacs) 31.03.2006
Sales	517,256.78	339,114.62
Job Charges Received	2,400.37	1,174.27
Export Benefits	7,122.94	9,171.66
TOTAL	526,780.09	349,460.55
SCHEDULE - "15" OTHER INCOME		
Dividend Received on Current Investments	11.62	482.26
Profit on Sale of Investments (Net)	533.83	-
{On Current Investments Profit Rs.845.21 Lacs }		
{On Current Investments Loss Rs.169.23 }		
{On Current Investments Loss on Diminution in value Rs.167.17 Lacs }		
{On Long Term Investments Profit Rs.25.92 Lacs }		
{On Long Term Investments Loss Rs.0.90 Lacs }		
Previous Years Adjustment (Net) (Note No.17 of Schedule 20)	68.46	359.44
Guarantee Commission	149.21	198.51
Lease Rent	3.00	3.00
Miscellaneous Receipt	1,059.01	712.70
Claims Received	68.85	191.18
TOTAL	1,893.98	1,947.09
SCHEDULE - "16" MATERIAL, MANUFACTURING AND OTHERS		
Raw Material Consumed	300,923.18	203,495.40
Goods Purchased for Sale	13,074.37	4,624.07
Stores and Spares Consumed	19,946.69	17,683.63
Carriage Inward	1,771.96	1,258.78
Power and Fuel	43,612.70	30,074.48
Repairs to Buildings	69.01	130.81
Repairs to Plant & Machinery	1,205.02	1,159.71
Job Work Expenses	1,856.14	2,639.66
Other Manufacturing Expenses	2,661.91	2,009.09
TOTAL- A	385,120.98	263,075.63
(INCREASE)/ DECREASE IN STOCK		
Opening Stock		
Finished Goods - Manufactured	28,737.05	13,793.24
Trading Goods	121.59	71.76
Scrap	191.94	81.78
Work in Progress	10,238.12	16,306.80
	39,288.70	30,253.58
Add : Stock Generated During Trial Run	-	1,026.90
	39,288.70	31,280.48
Less : Transferred as per Scheme of Arrangement	-	291.96
TOTAL - B	39,288.70	30,988.52

Schedules to the Profit & Loss Account

	(Rs. In Lacs) 31.03.2007	(Rs. In Lacs) 31.03.2006
Closing Stock		
Finished Goods - Manufactured	32,101.76	28,737.05
Trading Goods	299.75	121.59
Scrap	592.82	191.94
Work in Progress	19,027.86	10,238.12
TOTAL - C	52,022.19	39,288.70
INCREASE IN STOCKS - D (B - C)	(12,733.49)	(8,300.18)
Excise Duty on account of Inc./ (Dec.) on Stock of Finished Products (E)	682.39	2,671.47
GRAND TOTAL (A + D + E)	373,069.88	257,446.92
SCHEDULE - "17" PERSONNEL		
Salaries, Wages, Bonus and other benefits	6,667.08	4,822.60
Contribution to Provident and other funds	393.62	308.50
Workmen and Staff Welfare	290.88	216.17
TOTAL	7,351.58	5,347.27
SCHEDULE - "18" ADMINISTRATIVE AND SELLING		
Rent	65.83	75.66
Lease Rent	4.56	4.53
Rates and Taxes	28.74	211.52
Insurance	530.95	679.39
Legal and Professional	1,667.91	877.34
Postage, Telegram, Telex and Telephone	246.60	195.28
Printing and Stationery	233.23	167.62
Travelling and Conveyance	618.34	390.89
Directors' Meeting Fees	5.40	2.80
Vehicle Upkeep and Maintenance	139.12	115.57
Auditors' Remuneration	19.12	20.54
Selling Expenses	890.15	330.71
Freight & Forwarding Expenses	10,001.01	6,472.09
Commission on Sales	5,000.49	910.15
Provision for Doubtful Debts / Advances	23.66	201.60
Bad Debts	Rs. 411.57 Lacs (Rs. 87.45)	
Less : Provision for Doubtful Debts, reversed	Rs. 403.34 Lacs (Rs. Nil)	
	8.23	87.45
Advertisement & Publicity	238.55	238.70
Miscellaneous Expenses	973.92	674.43

Schedules to the Profit & Loss Account

	(Rs. In Lacs) 31.03.2007	(Rs. In Lacs) 31.03.2006
Donation	385.53	159.90
Discount & Rebate	1,949.23	1,869.74
Loss on Sale / Discard of Fixed Assets (Net) {Profit of Rs.6.50 Lacs (Rs.1.62 lacs) on Sale } {Loss of Rs.5.99 Lacs (Rs.199.46 lacs) on Sale } {Loss of Rs.1,727.37 Lacs (Nil.) on Discard }	1,726.86	197.84
Loss on Sale of Investments (Net) (On Current Investments Profit Rs. 542.50 Lacs) (On Current Investments Loss Rs. 696.77 Lacs- -Includes Loss on Future Indices Rs.122.70 Lacs) (On Long Term Investments Profit Rs. 0.13 Lacs)	-	154.14
TOTAL	24,757.43	14,037.89
SCHEDULE - "19" INTEREST AND BANK CHARGES		
INTEREST ON		
Fixed Loans	8,016.05	4,269.31
Others	6,678.26	3,492.44
Financial Expenses / Bank Charges	1,046.08	650.56
	15,740.39	8,412.31
Less: Interest received		
Interest on Securities (Net)	67.53	413.27
TDS Rs. 55.99 Lacs (Rs.232.48 Lacs) {Including interest on Current investments Rs. 53.35 Lacs (Rs. 343.74 Lacs)}		
Loans & Advances	1,871.78	1,562.68
TDS Rs.456.21 Lacs (Rs.340.16 Lacs) {Including interest on loan to subsidiary companies Rs. 287.55 Lacs (Rs. 200.25 Lacs)}		
Banks	73.45	73.71
TDS Rs. 17.74 Lacs (Rs.25.50 Lacs)		
Interest on Debtors	1,661.89	730.82
TDS Rs.135.07 Lacs (Rs.156.57 Lacs)		
Foreign Exchange Gain (Net)	4,900.15	77.04
Others	130.44	50.94
	8,705.24	2,908.46
TOTAL	7,035.15	5,503.85

SCHEDULE - "20" NOTES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

1. **SIGNIFICANT ACCOUNTING POLICIES:**
- i) **Basis of Preparation of Financial Statements :**
The financial statements are prepared under the historical cost convention, on accrual basis of accounting, in accordance with the generally accepted accounting principles as applicable, accounting standards issued by the Institutes of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 except certain claims like those relating to Railways, Insurance, Electricity, Customs, Excise which are accounted for on acceptance basis on account of uncertainties.
- ii) **A) Fixed Assets & Depreciation :**
- a) **Fixed Assets:**
Fixed Assets are stated at cost of acquisition inclusive of borrowing costs and other related overheads incurred during the period of construction. Assets vested in the company pursuant to the Scheme of Arrangement & Demerger are stated at their fair market values based on the valuation report of financial consultant.
- b) **Depreciation & Amortisation:**
Depreciation on Fixed Assets is provided on Straight Line Method basis at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. For assets acquired pursuant to the Scheme of Arrangement and Demerger where the residual life of assets are estimated at less than that worked out on the basis of rates under Schedule XIV, the same are depreciated over their respective residual lives. Depreciation on the amount capitalised on account of foreign exchange fluctuation is provided over the residual life of the asset.
- c) Assets not owned by the Company are amortised over a period of ten years.
- d) Lease Hold Land is amortised over the life of lease.
- e) Classification of plant & machinery into continuous and non-continuous is made on the basis of technical assessment and depreciation is provided for accordingly.
- B) Intangible Assets:**
Intangible Assets are stated at cost which includes any directly attributable expenditure on making the asset ready for its intended use. Intangible Assets are amortised over the expected duration of benefit or 10 years, whichever is lower.
- C) Impairment:**
Impairment loss is recognised wherever the carrying amount of an asset is in excess of its recoverable amount and the same is recognised as an expense in the statement of profit and loss and carrying amount of the asset is reduced to its recoverable amount. Post impairment, depreciation is provided on the revised carrying value of the asset over its remaining useful life
Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased.
- iii) **Borrowing Costs:**
Borrowing costs attributable to the acquisition /construction of qualifying assets are capitalised as part of cost of such assets and other borrowing costs are recognised as expense in the period in which these are incurred.
- iv) **Foreign Currency Transactions:**
Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the transactions. Monetary assets and liabilities related to foreign currency transactions remaining unsettled are translated at year end rate.
The difference in translation of Monetary assets and liabilities and realised gains and losses on foreign exchange transaction other than those relating to fixed assets acquired from outside India are recognised in profit & loss account.
Exchange differences in respect of liabilities incurred to acquire fixed assets from outside India are adjusted in the carrying amount of such assets.
Foreign currency gain/loss relating to translation of net investment in non-integral foreign operation is recognized in the foreign currency translation reserve.
Premium/Discount on forward foreign exchange contracts are pro-rated over the period of contract.
- v) **Equity derivative instruments/contracts:**
Loss/profit on equity derivative instruments/contracts are accounted for on their settlement and loss on outstanding contracts at balance sheet date is recognised on reasonable certainty.
- vi) **Investments:**
Long term investments are carried at cost. When there is a decline other than temporary in their value, the carrying amount is reduced on an individual investment basis and decline is charged to the Profit & Loss Account. Appropriate adjustment is made in carrying amount of investment in case of subsequent rise in value of investments.
Current Investments are carried at lower of cost or market value.
- vii) **Valuation of Inventories:**
Inventories are valued at the lower of cost and net realisable value except scrap which is valued at net realisable value. The cost is computed on Weighted Average basis. Finished goods and Work in Progress includes cost of conversion and other overheads incurred in bringing the inventories to their present location and condition.
- viii) **Retirement Benefits:**
Year end liability in respect of Gratuity is covered under the Group Gratuity Scheme with the Life Insurance Corporation of India and premium is charged by LIC on actuarial valuation basis.
Leave Encashment benefits are provided for on actuarial basis.
- ix) **Miscellaneous Expenditure:**
- i) Preliminary expenses are written off over the period of 10 years.
- ii) Bonds issue expenses and premium on redemption are written off over the expected duration of benefit or life of the bonds whichever is earlier.

Notes to Accounts

- iii) Mines development expenses incurred for developing and preparing new mines are written off over the period of expected duration of benefits or 10 years whichever is earlier.
- x) **Taxation:**

Provision is made for income-tax liability in accordance with the provisions of Income-Tax Act, 1961.

Deferred tax resulting from timing differences between book profits and tax profits is accounted for applying the tax rates and laws that have been enacted or substantively enacted till the Balance Sheet date.

Deferred Tax Assets arising from timing differences are recognised to the extent there is a reasonable/virtual certainty that the assets can be realized in future.

Fringe Benefit Tax is accounted for in accordance with the provisions of the Income Tax Act, 1961.
- xi) **Management of Metal Price Risk**

Risks associated with fluctuations in the price of the precious raw material metal are mitigated by hedging on futures/option market. The results of metal hedging contracts/transactions are recorded upon their settlement as part of raw material cost. Portion of the cash flow to the extent of underlying transactions having not been completed is carried forward as receivable/payable.
- xii) **Contingent Liabilities**

Contingent liabilities, if material, are disclosed by way of notes.

2. Contingent Liabilities not provided for in respect of:

	As at 31.03.2006	(RS. IN LACS) As at 31.03.2006
a) Counter Guarantee given to Company's Bankers for the guarantee given by them on behalf of Company.	2801.20	2075.99
b) Letter of Credit outstanding.	44615.74	50592.95
c) Bills discounted by banks.	18360.75	7233.27
d) i) a) Sales tax Demands against which Company has preferred appeals.	94.13	442.53
b) Income tax Demands against which Company has preferred appeals.	-	951.39
ii) Excise Duty/Service Tax Show Cause Notices/Demands against which company has preferred appeals.	2387.97	2134.41
e) Corporate Guarantee given to Government/Banks on behalf of subsidiaries. {Against credit facilities/financial assistance Rs. 10125.13 lacs (Rs. 12291.51 lacs)}.	10827.50	12829.12
f) Guarantee given to custom authorities for import under EPCG Scheme	6549.21	21565.22
g) Demand made by Sr. Dy. Director of Mines, Notified Authority, Jajpur Road Circle, Orissa as cess on Chromite Ore production. The matter being pending with Hon'ble Supreme Court.	320.49	285.27
h) Demand raised by NESCO in respect of power purchases. The company has filed Writ petition with Hon'ble High Court of Orissa.	1332.34	511.15

3.

a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) **Rs. 63560.27 Lacs** (Rs. 96871.06 Lacs)

b) Estimated amount of contract remaining to be executed towards intangible assets and not provided for (net of advances) **Rs. Nil** (Rs. 50.40 Lacs)
4.

Company has given guarantee against credit facilities/financial assistance availed by a subsidiary M/s PT. Jindal Stainless Indonesia {Note No. 2 (e) above} and also pledged its 51% equity shareholding in the said subsidiary company with banks. Further company has also given undertaking not to dispose off its balance equity shareholding in the said subsidiary company.
5.

Appeals in respect of certain assessments of Sales Tax/Income Tax are pending and additional tax liabilities/refunds, if any, are not determinable at this stage. Adjustments for the same will be made after the same are finally determined. In the opinion of management there will not be material liability on this account.
6.

a) The Exchange rate difference amounting to **Rs. 3084.36 Lacs (Net Gain)** {Rs. 1506.29 Lacs (Net Loss)} is not shown separately and the same is included under the related head of expenditure and income.

b) Addition/adjustment to Fixed Assets/Capital Work-In-Progress includes **Rs. 739.60 Lacs (Net Gain)** {(Rs. 663.94 Lacs (Net Loss))on account of foreign exchange fluctuation on Loan/Liability.

c) Foreign exchange fluctuation amounting to **Rs. 4900.15 Lacs (Net Gain)** {Rs. 77.04 lacs (Net Gain)} includes fluctuation relating to forward cover **Rs. 3763.94 Lacs (Net Gain)** {(Rs. 743.97 Lacs (Net Gain))}.

Notes to Accounts

- d) Interest paid on fixed loan includes pro-rata premium of **Rs. 467.75 Lacs** (Rs. 475.32 Lacs).
7. After evaluation of the Technical and commercial bid, The Industrial Infrastructure Development Corporation of Orissa Ltd (IDCOL) had recommended JSL as Joint Venture partner for developing 500 Hect of Chromite Ore Mine near Tangarapada Area in Dhenkanal District, Orissa, which was challenged in the Hon'ble High Court of Orissa by other interested parties. The Hon'ble High Court squashed the recommendation of IDCOL and advised for fresh tender. A Special Leave Petition has been moved in the Hon'ble Supreme Court. M/s IDCOL also have filed Special Leave Petition in the Hon'ble Supreme Court.
8. Company had entered into an Agreement with M/s North Eastern Electricity Supply Company of Orissa Ltd (NESCO) for purchasing Power for its Unit at Orissa. The Company has made payment for the monthly energy bills till February, 2006 as per calculations made by NESCO. However, based on legal advice received, the Company has contended that NESCO has calculated the charges in violation of the Agreement with it / relevant Tariff Order and the OERC (Condition of Supply) Code and filed a Writ Petition in the Hon'ble High Court of Orissa for refund of excess amount paid. The payment for the period starting March, 06 onwards has been made by the Company as per legal advice received / interim orders of the Court from time to time including depositing additional amounts / furnishing Bank Guarantees. In terms of the interim Court Orders, the Company has also deposited an amount of Rs.10.71 Crores as Cash Deposit and Rs.4.35 Crores as Bank Guarantees.NESCO has disputed company's claim and has demanded differential payment of the energy Bills raised from time to time, amounting in all to Rs.21.15 Crore.
- The matter being sub-judice necessary accounting adjustments will be carried out in the year of outcome.
9. a) The Small Scale Industrial Undertakings to whom amounts owed are outstanding for more than 30 days are as under:-
(i) Poona Brush Company, Pune (ii) Zenith Rubber Pvt. Ltd. (iii) Kalyani Industries (iv) Pavan kumar Chemical Industries (v) S.V.L.N. Industries (vi) Indo Safety Proudcts (vii) Magnarc Electrodes Pvt. Ltd. (viii) Janakirama Chemicals (ix) Sri Akshaya Industries (x) Subhodaya Seva Sangham (xi) Vikas Iron & Steel Co. Ltd. (xii) Workmen Engineering Co.
- b) The Company has not recieved any intimation from supliers regarding their status under the Micro, small and Medium Enterprises Development Act, 2006 and hence disclosed, if any, relating to amounts unpaid as at the yeSr end together with interest paid / payable as required under the said Act have not been given.
10. Certain balances of sundry debtors, sundry creditors are subject to confirmation and/or reconciliation.
11. Advance Recoverable in Cash or in kind or for value to be received includes:-
a) **Rs. 0.24 Lacs** (Rs. 25.35 Lacs), maximum amount outstanding at any time during the Year is **Rs. 80.08 Lacs** (Rs. 53.30 Lacs) being the amount due from directors/officers of the company.
- b) Interest free loan to employees amounting to **Rs. 12.14 Lacs** (Rs. 3.45 Lacs) in the ordinary course of the business and as per employee service rules of the Company. Maximum balance outstanding during the year **Rs. 16.11 Lacs** (Rs.5.54 Lacs).
12. Loans to Body Corporate include **Rs. Nil** (Rs. 2773.12 Lacs) due from Nalwa Sons Investments Limited, a company under the same management as per Section 370 (1B) of the Companies Act, 1956. Maximum amount due during the year **Rs. 2843.04 Lacs** (Rs. 3258.08 Lacs).
13. Research and Development expenses for the year amounting to **Rs. 91.29 Lacs** (Rs. 21.91Lacs) on account of revenue expenditure and **Rs. 12.71 Lacs** (Rs. 24.69 Lacs) on account of capital expenditure have been charged/debited to respective head of accounts.
14. a) Derivative contracts entered into by the company and outstanding as on 31st March, 2007 for hedging currency risks:-

Nature	USD	Rs. in Lacs	EURO	Rs. in Lacs
Forward Covers				
Accounts Receivable	127,689,985	55,034.38	-	-
	(95,250,000)	(42,495.79)	(-)	(-)
Accounts Payable	92,314,455	39,824.46	-	-
	(-)	(-)	(10,000,000)	(5,400.10)
Options	-	-	-	-
	(-)	(-)	(2,000,000)	(1,080.02)

- b) Foreign Currency exposures that are not hedged by derivative instruments or otherwise outstanding as on 31st March, 2007 is as under:-

Nature	USD	Rs. in Lacs	EURO	Rs. in Lacs	AUD	Rs. in Lacs	SEK	Rs. in Lacs
Account	-	-	3,621,553	2084.20	-	-	-	-
Receivable	(-)	(-)	(175,360)	(94.70)	(-)	(-)	(-)	(-)
Account	77,942,104	33,624.22	13,573,813.53	7,822.59	70	0.02	4,483	0.28
Payable	(77,077,066)	(34,395.64)	(-)	(-)	(73)	(0.02)	(4,483)	(0.23)
Loans	137,489,508	59,312.97	-	-	-	-	-	-
	(155,456,019)	(69,372.25)	(-)	(-)	(-)	(-)	(-)	(-)

- c) As per the metal price risk management policy of the Company, the Company has entered into future & options contracts for hedging on the LME. The transactions outstanding as at year-end are as below :-

METAL	EXCHANGE	NATURE OF TRANSACTION	QTY (MT)
Nickel	LME	Purchase	11,050

Notes to Accounts

15. The State Government of Haryana promulgated an Ordinance on 05.05.2002 for levy of Local Area Development Tax (LADT) on manufacturing units in the State of Haryana on purchases made outside the State either for sale on consignment basis or transfer of stock to their branches for sale. On the Special Leave Petition filed by the Company before the Hon'ble Supreme Court against the Order of the Punjab & Haryana High Court, Supreme Court had issued an Interim Order asking Company to deposit due amount in installments and file returns with the Authorities. Liability in this regard has been provided for fully. During the year, on appeal of the Company, the High Court of Punjab & Haryana vide its Order dated 14th March, 2007, held that the levy of the LADT is not in the compensating nature of tax in terms of the parameters laid down by the Hon'ble Supreme Court (certain other Hon'ble Courts have also passed similar Orders). The final Order of the Hon'ble Supreme Court on above is pending.
16. In terms of the approval of the Shareholders obtained at the Extraordinary General Meeting of the Company held on 20th October, 2006, the Company has issued and allotted, 2,15,00,000 warrants (face value of Rs.103/- each and amount paid-up of Rs.10.30 each) on 26th October, 2006, to Promoter Group on preferential basis, to finance the long term corporate fund. The holders of each warrant will be entitled to apply for and be allotted one equity share of Rs.2/- each of the Company, at a price of Rs.103/- (including Rs.101/- on account of premium), any time after the date of allotment but on or before the expiry of 18 months from the date of allotment, in one or more tranches. Of the above, the holder of 6,800,000 warrants have exercised the option and were allotted one equity share per warrant. Total amount received of **Rs. 8518.10 Lacs** has been utilised towards financing of Long Term corporate fund including capital expenditure for ongoing expansion of company projects.
17. Prior Period Adjustment **Rs. 68.46 Lacs (Net Income)** {Rs.359.44 Lacs (Net Income)} includes:-

	2006-2007	(Rs. in Lacs) 2005-2006
Expenses relating to earlier years	56.03	108.39
Income relating to earlier years	53.60	179.91
Liability no longer required	70.89	287.92

18. Segment Reporting:

- i) **Information about Business Segment (for the year 2006-07)**
Company operates in a Single Primary Segment (Business Segment) i.e. Stainless Steel products.
- ii) **Secondary Segments (Geographical Segment)**

	2006-2007 (Rs. in Lacs)			2005-2006 (Rs. in Lacs)		
	Within India	Outside India	Total	Within India	Outside India	Total
1 Revenue	295,320.43	231,459.66	526,780.09	229,728.69	119,731.86	349,460.55
2 Segment Assets *	583,870.18	32,901.56	616, 771.74	421,199.37	10,791.18	431,990.55
3 Capital Expenditure incurred during the year *	142,837.92	265.65	143,103.57	89,690.71	1,889.97	91,580.68

*The Company's operating facilities are located in India.

19. Related Party Transactions:

A. List of Related Party & Relationship (As identified by the Management)

a) Subsidiary Companies:

1. PT. Jindal Stainless Indonesia
2. Jindal Stainless Steelway Limited
3. Austenitic Creations Pvt. Limeted
4. Jindal Architecture Limited
5. Jindal Stainless UK Limited
6. Jindal Stainless FZE
7. Jindal Stainless Italy S.R.L

b) Key Management Personnel :

- | | |
|-----------------------------|--|
| 1. Smt. Savitri Devi Jindal | Chairperson |
| 2. Shri Ratan Jindal | Vice-Chairman & Managing Director |
| 3. Shri V.S. Jain | Managing Director & CEO (w.e.f. 18.08.06) |
| 4. Shri Ashis Das | Joint Managing Director & COO (Orissa Division) (w.e.f. 18.08.06, till 28.02.07) |
| 5. Shri R.G. Garg | Joint Managing Director & COO |
| 6. Shri N.C. Mathur | Director-Corporate Affairs |
| 7. Shri Rajinder Parkash | Executive Director |
| 8. Shri N.P.Jayaswal | Executive Director (w.e.f. 01.03.07) |
| 9. Shri Arvind Parakh | Director Finance (till 30.09.06) |
| 10. Shri A.P. Garg | Sr. Vice - President & Company Secretary |
| 11. Shri Sanjeev Pandiya | Sr. Vice-President & CFO (w.e.f. 23.09.06) |

Notes to Accounts

c) Enterprises over which Key Management Personnel and their relatives exercise significant influence with whom transactions have been taken place during the year:

- 1. Jindal Steel & Power Limited
- 2. JSW Steel Limited
- 3. Jindal Saw Limited
- 4. Jindal Industries Limited
- 5. Nalwa Sons Investments Limited
- 6. Nalwa Steel & Power Limited (formerly Nalwa Sponge Iron Limited)
- 7. Bir Plantation Limited
- 8. Jindal Power Limited
- 9. Bharat Metals

B. Transactions:				(Rs. In Lacs)
Description	Subsidiary Companies	Key Management Personnels	Enterprises Controlled by key Management Personnels & their Relatives	
Purchase of Goods	2,141.23	-	*5527.78	
	(1324.36)	(-)	(11243.39)	
Sale of Goods	62428.60	-	\$3130.45	
	(25159.10)	(-)	(2605.35)	
Job Work Charges Paid	684.09	-	13.45	
	(323.72)	(-)	(745.01)	
Receiving of Services (Remuneration paid)	-	805.27	-	
	(-)	(508.07)	(-)	
Rent Received	-	13.80	3.60	
	(-)	(-)	(3.00)	
Miscellaneous Receipts	-	**198.52	-	
	(-)	(-)	(-)	
Rent Paid	-	-	3.60	
	(-)	(-)	(3.60)	
Loan Contribution	655.82	50.00	1745.09	
	(2972.06)	(50.00)	(1246.07)	
Loan Recovered	300.00	10.00	4749.21	
	(980.00)	(25.00)	(1903.44)	
Loan Taken	300.00	-	-	
	(-)	(-)	(-)	
Loan Repaid	300.00	-	-	
	(-)	(-)	(-)	
Interest Income	287.55	5.25	259.41	
	(200.25)	(2.23)	(898.05)	
Interest Paid	3.22	-	44.32	
	(-)	(-)	(6.71)	
Sharing of Exp. Recd./Accrued	88.63	-	40.17	
	(7.09)	(-)	(17.00)	
Sharing of Exp. Paid/due	171.60	-	59.02	
	(113.11)	(-)	(161.52)	

Notes to Accounts

Description	Subsidiary Companies	Key Management Personnels	(Rs. In Lacs)
			Enterprises Controlled by key Management Personnels & their Relatives
Quality Claims Paid	1139.81	(-)	-
	(-)	(-)	(-)
Equity Share Warrants issued	-	7570.50	-
	(-)	(-)	(-)
Amount Recd against Equity share Warrants	-	757.05	-
	(-)	(-)	(-)
Guarantee Commission Earned	149.21	-	-
	(244.94)	(-)	(-)
Equity Contribution	1192.75	-	-
	(766.51)	(-)	(-)
Corporate-Guarantee Given	2379.73	-	-
	(2713.86)	(-)	(-)
Redemption of 8% NCD JSW Steel Ltd.	-	-	1051.25
	(-)	(-)	(-)
Outstanding Balance as on 31.03.2007			
8% NCD JSW Steel Ltd.	-	-	104.92
	(-)	(-)	(17237.83)
Corporate-Guarantee	10827.50	-	-
	(12829.12)	(-)	(-)
Loans & Advances	***4411.65	-	50.00
	(3599.83)	(25.00)	(2904.34)
Debtors	11494.46	-	1759.83
	(7714.61)	(-)	(4.14)
Payables	180.19	561.31	2445.36
	(-)	(249.41)	(3080.37)

Note :-
Guarantee given by key management personnel for loan from banks/financial institutions (refer notes to schedule-3).
* Includes Purchase of Ferro Chrome /Sponge Iron of **Rs. 4867.03 Lacs** (Rs. 10807.80 Lacs) from Jindal Steel & Power Limited, Raigarh on arm length prices.
\$ Includes Sale of Chrome ore of **Rs. 2445 Lacs** (Rs. Nil) to Jindal Steel & Power Limited, Raigarh on arm length prices.
** Payment realised against insurance policy.
*** Includes Subordinated Debts of **Rs. 1077.50 Lacs** (Rs. 1115.38 Lacs).

Notes to Accounts

20. Earning per share (EPS) computed in accordance with Accounting Standard 20 Earning Per Share :

	2006-2007 (Rs. in Lacs)	2005-2006 (Rs. in Lacs)
(A) Basic :		
Net Profit after Tax as per P & L A/c.	35,300.59	15,972.59
No. of Equity Shares at Beginning of the year	130,551,856	109,909,844
6,800,000 Equity Warrants w.e.f. 16.02.2007 (6,800,000*44/365)	819,726	-
80 ECBs w.e.f. 25.08.2006 (869,350*219/365)	521,610	-
1540 ECBs w.e.f. 30.03.2006 (16,734,984*2/365)	-	91,699
20 FCCBs w.e.f. 22.07.2005 (36,497*253/365)	-	25,298
100 FCCBs w.e.f. 16.09.2005 (182,486*197/365)	-	98,492
1466 FCCBs w.e.f. 23.09.2005 (2,675,247*190/365)	-	1,392,594
555 FCCBs w.e.f. 14.10.2005 (1,012,798*169/365)	-	468,940
Weighted Average No. of Equity Shares (Face value Rs. 2/- per share)	131,893,192	111,986,867
Basic EPS (in Rs.)	26.76	14.26
(B) Diluted :		
Net Profit after Tax as per P & L A/c.	35,300.59	15,972.59
Add: Interest & fluctuation on Euro Bonds/FCCB (net of tax)	68.82	488.03
Profit attributable to Equity Share Holders	35,369.41	16,460.62
Weighted Average No. of Equity Shares	131,893,192	111,986,867
Add: Dilutive Potential Equity Shares :		
Weighted average No. of Potential Equity shares outstanding as on 31st March	18,915,413	18,860,676
Weighted average of Potential Equity shares converted during the period	655,409	18,564,989
Weighted average No. of Equity Shares (Face value Rs. 2/- per share)	151,464,014	149,412,532
Diluted EPS (in Rs.)	23.35	11.02

21. DEFERRED TAX LIABILITY (NET) COMPRISES OF THE FOLLOWING AS ON 31.03.2007:

		(Rs. in Lacs)	
	Balance as at 31.03.2006	Charge/(Credit) for the year	Balance as at 31.03.2007
A) Deferred Tax Liability			
Difference between book & tax depreciation	28,088.04	11,348.55	39,436.59
Total Deferred Tax Liability - A	28,088.04	11,348.55	39,436.59
B) Deferred Tax Assets			
1 Disallowance under Section 43B	5.00	99.95	104.95
2 Amortisation under Section 35D	(2.41)	2.81	0.40
3 Provision for doubtful debts & advances	162.90	(135.50)	27.40
4 Provisions for leave salary	73.83	41.00	114.83
5 Brought forward long term/short term capital losses	18.89	12.43	31.32
Total Deferred Tax Assets - B	258.21	20.69	278.90
Deferred Tax Liability (Net) (A-B)	27,829.83	11,327.86	39,157.69

Notes to Accounts

22 (A) Auditors Remuneration includes the following.	2006-2007 (Rs. in Lacs)	2005-2006 (Rs. in Lacs)
(i) Payment to Auditors		
Audit Fee	8.25	6.05
Other Capacity	3.20	7.70
Out of Pocket expenses	2.19	3.11
	13.64	16.86
(ii) Payment to Branch Auditors:		
Audit Fee	1.30	1.30
Tax Audit Fee	0.50	0.50
Certification Work etc.*	2.02	2.59
Misc. Matter	1.25	-
Out of Pocket expenses	0.41	0.29
	5.48	4.68
TOTAL	19.12	21.54
*Rs. Nil (Rs. 1.00 Lacs) included in Preoperative Expenses.		
(B) Payment to Cost Auditors:		
Audit Fee	0.55	0.53
Out of Pocket expenses	0.13	0.12
TOTAL	0.68	0.65
(C) Directors' Remuneration includes the following:		
Remuneration paid/payable to Whole Time Director (WTD), Managing Directors and Joint Managing Director		
Salary	161.58	189.08
Commission	561.31	249.41
Provident Fund	9.50	20.29
Monetary value of perquisites**	0.07	0.10
TOTAL	732.46	458.88

** As per Income Tax valuation.

** Excluding Gratuity/leave encashment, premium of Key Man insurance policy **Rs. Nil** (Rs. 375.00 Lacs)

Note :- Appointment and remuneration to a WTD amounting to **Rs. 2.43 Lacs** is subject to the approval of the shareholders in General Meeting.

23 Computation of net profit in accordance with Section 309 (5) read with Section 198 of the Companies Act, 1956:

	2006-07 (Rs. in Lacs)
Profit before taxes	55,772.90
Add/(Less):-	
Provision for Doubtful Debts reversed	(403.34)
Provision for Doubtful Debts/Advances	23.66
Managerial Remuneration	732.46
Director Meeting Fees	5.40
	358.18
Net Profit for the Year	56,131.08
Commission @ 1% to Vice Chairman & Managing Director	561.31
10% of the above net profit comes to	5,613.11

Notes to Accounts

24 Capital work-in-progress includes technical know-how and supervision fees, machinery under installation/in transit and other assets under erection and pre-operative expenses. Details of pre-operative expenses (Including Trial run expenses) are as under:-

Description	2006-2007 (Rs. in Lacs)	2005-2006 (Rs. in Lacs)
Interest on fixed Loans	8,138.13	5,619.07
Other Interest	-	21.96
Raw Material Consumed	-	4,646.28
Stores & Spares Consumed	-	74.18
Power & Fuel	479.15	4,165.07
Other Manufacturing Expenses	-	159.42
Jobwork Expenses	-	0.27
Repair to Plant & Machinery	-	0.84
Freight & forwarding Expenses	-	408.57
Salaries & Allowances	1,497.13	962.88
Workman and Staff welfare	3.03	0.36
Traveling and Conveyance	243.83	152.55
Financial Expenses/Bank Charges	592.22	899.03
Printing & Stationery	0.18	2.24
Postage & telegram,telex & telephone	41.52	36.39
Other Administrative Expenses	-	580.71
Legal & Professional Expenses	426.51	251.57
Licence & Fees	-	206.94
Depreciation & Amortisation	-	209.05
Miscellaneous Expenses	700.89	210.68
Software Development Expenses	55.44	213.14
Exchange Fluctuation(Net)	(770.60)	454.38
	11,407.43	19,275.58
Add: Pre-operative expenses brought forward	4,303.27	3,433.18
Less:-Net Sales during trial run	15,710.70	22,708.76
Gross Sales	-	5733.94
Less:-Excise Duty	-	961.41
Less: Interest from investment	2,174.39	3,066.07
Less:-Stock generated during trial run	-	1,026.90
Less: Capitalised during the year	8,124.19	9,539.99
Pre-operative expenses carried over	5,412.12	4,303.27

25 Additional Information Pursuant to Paragraphs 3 & 4 of Part II of the Schedule VI of the Companies Act, 1956:

A. INSTALLED CAPACITY:

Description	UNIT	Installed Capacity	
		2006-2007	2005-2006
AT HISAR:			
1. Strip Mill/Tandem Mill	MT	250000	250000
2. Plate/Steckel Mill	MT	450000	450000
3. Steel Melting	MT	600000	550000
4. Cupro Nickle Melting	MT	6000	6000
5. Cold Rolling Mill			
i) Cold Rolled Strips	MT	250000	150000
ii) Cold Rolled Special Steel	MT	12000	12000
iii) Coin Blanks	MT	10000	10000

Notes to Accounts

6. Oxygen Plant:			
i) Oxygen Gas	M. Cum.	55.00	37.50
ii) Argon Gas	M. Cum.	1.50	0.58
7. Industrial Machinery *	Nos.	209	209
AT VIZAG			
High Carbon Ferro Chrome	MT	40000	40000
AT ORISSA/MINES			
High Carbon Ferro Chrome	MT	150000	150000
Chrome Ore Concentrate	MT	72000	72000

- NOTES:**
- 1. Licenced capacity: Company's products since delicensed.
 - 2. Installed capacity is as certified by the Management.
 - 3 * No. is only indicative since machines are of different nature/size/cost etc.

B. RAW MATERIAL CONSUMPTION:-

Description	Unit	2006-2007		2005-2006	
		Qty.	Amount (Rs. in lacs)	Qty.	Amount (Rs. in lacs)
Steel Scrap	MT	391383	125,604.12	382029	91,117.58
Ferro Nickel	MT	9704	75,353.24	5396	36,114.07
Ferro Chrome	MT	24364	11,052.24	87182	29,679.46
Silica Manganese	MT	44591	16,985.09	42009	15,461.29
Ferro Manganese	MT	22477	6,670.38	23594	7,520.27
Ferro Silicon	MT	10203	4,295.28	7610	2,953.11
Chrome Ore	MT	17925	1,513.89	48406	2,554.10
Friable Ore/Lumpy Chrome Ore	MT	234686	11,576.77	-	-
Leco/Hard/Oil/Ash/Nut coke	MT	77664	5,776.50	19718	1,564.53
Hot Rolled Strips/Coils	MT	77	110.08	-	-
Mollasses	MT	17971	652.44	4198	201.72
Quartz	MT	7363	19.72	6818	19.69
Others			48,965.54		22,525.77
TOTAL			308575.29		209711.59
Less:- Inter unit transfer of raw material included in above			7652.11		6216.19
TOTAL			300923.18		203495.40
Note:-Sale of raw material has been deducted at sale price to arrive at the value of raw material consumed.					
TRADING GOODS PURCHASE					
Cold Rolled Strips	MT	4610	6,567.08	3891	3,165.95
SS Welded & Cold Drawn Tube/Pipe	MT	6	6.45	148	162.15
S.S. Wire/Bar	MT	-	-	74	43.38
Shredded Scrap(High Seas)	MT	1000	146.42	10276	1,252.59
Nickel (High Seas)	MT	511	6,354.42	-	-
TOTAL			13074.37		4624.07

C. OPENING & CLOSING STOCKS

Description	Opening Stock			Closing Stock		Closing Stock	
	01.04.05			31.03.06		31.03.07	
	Unit	Qty.	Amount (Rs.in lacs)	Qty.	Amount (Rs.in lacs)	Qty.	Amount (Rs.in lacs)
MANUFACTURED FINISHED GOODS							
Hot Rolled Flats	MT	808	377.57	1725	715.96	3471	1,815.30
Hot Rolled Strips/Plates	MT	14972	8,951.26	28731	19,260.46	14759	12,911.87
Cold Rolled Strips & Sheets	MT	2585	2,282.98	6023	5,018.39	10120	9,234.34
Cold Rolled Circles/Sheet	MT	25	15.26	596	413.59	79	60.14
Cold Rolled Coin Blanks	MT	303	357.39	248	75.98	228	52.95
H.C. Ferro Chrome	MT	736	212.85	2340	874.11	11468	4,984.45
Life Style Products	No.	19	76.06	-	.*	-	.*
S.S.Round/Wire Rod	MT	9	2.50	9	2.50	9	2.50
S.S.Welded & Cold Drawn Tubes/Pipes	MT	-	-	27	15.89	159	114.11
Cold Rolled Special Steel	MT	41	33.06	44	32.06	962	901.27
Uncoated Plates	MT	2	0.30	-	- **	-	- **
Steel Scrap	MT	14	2.23	14	2.23	14	2.23
Chrome Ore	MT	259446	1,260.51	387559	1,940.02 \$	407335	1,912.14 \$
Chrome Ore Concentrate	MT	12299	219.01	16327	380.14	3745	105.19
Oxygen Gas	Cum.	22573	2.26	52000	5.72	47890	5.27
TOTAL			13793.24		28737.05		32101.76
TRADING GOODS							
Cold Rolled Strips	MT	64	59.84	179	121.59	207	296.36
SS Welded & Cold Drawn Tube	MT	18	11.92		-	6	3.39
TOTAL			71.76		121.59		299.75
G. Total			13865.00		28858.64		32401.51

* Transferred under the Scheme of Arrangement
** Shortage Nil (2 MT)
\$ Chrome Ore Nil (80052 MT) recovered within mines.

D. PRODUCTION

Description	Unit	2006-2007	2005-2006
1. HISAR PLANT			
a) Steel Melting:			
Bloom/Slab/Ingot	MT	107693	338
b) Strips Mill Plant:			
Flat *	MT	44053	150584
Hot Rolled Strips #	MT	1542	1093
* Includes 339 MT (3514 MT) sent to Job worker for conversion to CR Sheets/Circle. * Includes 63 MT (Nil) manufactured for outside parties on Job work basis from Ingot. # Includes 1330 MT (1073 MT) transferred to CR unit for conversion to Cold Rolled Special Steel.			
c) Plate/Stackle Mill:			
Hot Rolled Strips/S.S.Plates **	MT	400903	386614
M.S. Plates/Coils	MT	80	-
** Includes 149078 MT (110707 MT) transferred to CR Unit for conversion to CR Strips.out of which HRAP 21001 MT (14485 MT) sold by CR unit. ** Includes 16375 MT (16819 MT) transferred to CR Unit for conversion to CR SS Special Steel. ** Includes 8411 MT (1154 MT) manufactured for outside parties on job-work basis from Scrap/Slab/Ingot. ** Includes 976 MT (3753 MT)sent to outside parties for job work for conversion to CR Strips/Tubes.			
d) Cupro Nickel Plant			
Cupro Nickel Coil ***	MT	166	1
***Transferred to CR Unit for conversion.			

Notes to Accounts

e) Oxygen Plant:				
Oxygen ****	Cum.	34,360,290		33,076,550
**** Includes 34364400 Cum (33046751 Cum) use for captive consumption.				
f) Industrial Machinery:				
Manufactured Machinery	Production of industrial machinery being numerous and having different nature, size, cost, etc. ; have not been given.			
g) Cold Rolling Mill				
Cold Rolled Strips *****	MT	108517		89021
Cold Rolled Special Steel	MT	13030		11869
Coin Blanks	MT	576		486
***** Includes 28123 MT (17190 MT) got manufactured from outside parties on job work basis and does not include production of HRAP 4096 MT (1965 MT) for HR Unit.				
***** Includes 1016 MT(Nil)sent to outside parties for job work for conversion to Tubes/Pipes.				
2. VIZAG PLANT				
H.C. Ferro Chrome #	MT	31414		30861
Chrome ore Briquittes*	MT	-		12267
# Include 23750 MT (29433 MT) transferred to HR Unit for Captive use.				
* Nil (352 MT) transferred for captive use in Orissa Unit {Shortage Nil (10 Mt)}.				
3. ORISSA PLANT/MINES				
H.C. Ferro Chrome #	MT	92175		2697
Chrome Ore \$	MT	92415		82201
Chrome Ore Concentrate*	MT	25642		34318
# Includes 83770 MT(2545 MT) transferred to HR Unit for Captive use.				
# Excluding NIL (1654 MT) transferred from trial run production in Orissa project .				
\$ Includes 54827 MT (27952 MT) transferred to Vizag Unit for Captive use.				
* Includes 9658 MT (5963 MT) transferred to Vizag Unit for Captive use.				

- NOTES:
1. Production figures do not include the material produced and transferred for further process, but includes Inter Divisional transfers.
 2. Total production of Ingots/Blooms/Slabs from Electric Arc Furnace was 576367 MT (547352 MT)

E. SALES

Description		2006-2007		2005-2006	
	Unit	Qty.	Amount	Qty.	Amount
			(Rs. in lacs)		(Rs. in lacs)
i) MANUFACTURED FINISHED GOODS					
Hot Rolled Strips/Plate S.S.	MT	261248	256,629.47	254927	165,929.19
Cold Rolled Strips S.S.	MT	103403	136,218.42	85583	86,459.90
Hot Rolled Flats S.S.	MT	41905	20,565.44	146153	61,587.11
Cold Rolled Special Steel	MT	12112	18,549.54	11866	16,068.07
S.S.Welded & Cold Drawn Tubes/Pipes	MT	1521	2,409.78*	45	40.91*
Cold Rolled S.S. Blank	MT	596	687.16	541	577.83
Cold Rolled S.S.Circle/Sheet	MT	629	378.51**	1939	1,186.85**
H.C. Ferro Chrome	MT	6941	2,581.08	1630	474.55
Chrome Ore	MT	17812	834.34	6188	144.28
Chrome Ore Concentrate	MT	28566	1,610.34	24327	956.08
MS Plate	MT	80	23.33	-	-
Chrome Ore Briquittes	MT	-	-	11905	742.31
Oxygen Gas	Cum.	-	-	372	7.18
TOTAL (i)	MT	474813	440487.41	545103	334174.26
	Cum.	-	-	372	

* Includes 1653 MT (72 MT) got manufactured from outside parties.
** Includes 627 MT (2510 MT) got manufactured from outside parties and 516 MT transferred to melting during the year.

Notes to Accounts

ii) SEMI FINISHED GOODS:					
Bloom/Slab/Ingot	MT	107693	64,030.14	338	498.13
TOTAL (ii)		107693	64030.14	338	498.13
iii) TRADING GOODS:					
Cold Rolled Strips	MT	4582	6,317.53	3776	3,047.53
S.S.Welded & Cold Drawn Tube Pipes	MT	-	-	166	188.72
SS Wire/Bar	MT	-	-	74	46.46
Shredded Scrap(High Seas)	MT	1000	119.80	10276	1,159.52
Nickel(High Seas)	MT	511	6,301.90	-	-
TOTAL (iii)		6093	12739.23	14292	4442.23
TOTAL (a) (i+ii+iii)			517,256.78		339,114.62
Job charges			2,400.37		1,174.27
Export Benefit			7,122.94		9,171.66
TOTAL (b)			9523.31		10,345.93
TOTAL (a+b)			526780.09		349460.55
NOTES:					
1 Sales includes the following goods issued for captive consumption as detailed below:					
Hot Rolled Strips/Plate S.S.	MT	1389	1,972.69	1341	3,655.92
TOTAL	MT	1389	1972.69	1,341	3,655.92
F. C.I.F. VALUE OF IMPORTS:					
Description		2006-2007 (Rs. in Lacs)		2005-2006 (Rs. in Lacs)	
Raw Material		169,255.74		92,864.04	
Stores & Spares		21,614.73		4,857.59	
Capital Goods		13,579.77		14,140.81	
G. BREAK UP OF CONSUMPTION OF RAW MATERIALS AND STORES AND SPARES					
Description		%	2006-2007 amount (Rs. in Lacs)	%	2005-2006 Amount (Rs. in Lacs)
a) RAW MATERIALS CONSUMED:-					
i) Imported (including purchased through canalising agencies, High Seas Sales and others)		51.86	156,066.96	47.16	95,971.90
ii) Indigenous		48.14	144,856.22	52.84	107,523.50
		100.00	300,923.18	100.00	203,495.40
b) STORES AND SPARES CONSUMED:-					
i) Imported (including purchased through canalising agencies, High Seas Sales and others)		26.79	5,343.57	19.73	3,488.64
ii) Indigenous		73.21	14,603.12	80.27	14,194.99
		100.00	19,946.69	100.00	17,683.63
H. EXPENDITURE IN FOREIGN CURRENCY					
(as remitted)					
i) Export selling expenses			3,613.07		1,196.84
ii) Interest			5,306.31		3,730.25
iii) Quality Claim			1,161.88		2,250.78
iii) Travelling			204.19		77.97
iv) Technical Know-How			-		634.06
v) Legal & Professional Expenses			86.41		91.21
vi) Others			477.91		134.36

Notes to Accounts

I. EARNINGS IN FOREIGN CURRENCY		
F.O.B. value of export	226,195.15	112,069.77
Interest	79.89	120.35
Others	419.66	247.26
J. REMITTANCE OF DIVIDEND ON EQUITY SHARES		
a) Year to which dividends relates	2005-06	2004-05
b) Amount remitted (net of tax) (Rs. In Lacs)	144.56	108.46
c) Number of Non Resident Shareholders	46	50
d) Number of Equity Shares held	9035230	9037935

26 Balance Sheet Abstract and Company's General Business Profile pursuant to Part IV of Schedule VI of the Companies Act,1956

i) Registration Details			
Registration Number	H-10901	State Code	05
Balance Sheet Date	31.03.2007		
ii) Capital Raised during the year (Rs. In lacs)			
	Public Issue		Rights Issue
	NIL		NIL
	Bonus Issue		Private Placement
	NIL		NIL
	Others		
	153.38		
iii) Position of Mobilisation and Deployment of Funds (Rs. In Lacs)			
	Total Liabilities		Total Assets
	448081.80		448081.80
Sources of Funds*			
Equity Capital	Paid-Up Capital\$		Reserves & Surplus
	4278.52		137412.76
	Secured Loans		Un-Secured Loans
	222895.31		44337.52
*Excluding deferred tax liability of Rs. 39157.69 Lacs			
\$ Including Equity Share Warrants			
Application of Funds			
	Net Fixed Assets		Investments
	378077.72		18855.93
	Net Current Assets		Misc. Expenditure
	50917.57		230.58
	Accumulated Losses		
	NIL		

Notes to Accounts

iv) Performance of Company (Amount Rs. In Lacs)

Turnover	Total Expenditure
489643.76	433870.86
Profit before Tax	Profit after Tax
55772.90	35300.59
Earning Per Share	Dividend Per Share
26.76	Rs. 2.00

v) Generic names of two principal products of Company (As per monetary terms)

Item Code No. (ITC Code)	72.19/72.20
Product Description	S.S.Hot Rolled/Cold Rolled Strips & Sheets,Flats & Plates
Item Code No. (ITC Code)	72.02
Product Description	Ferro Chrome

27. Previous years' figures have been re-arranged and regrouped wherever considered necessary .
28. Figures in bracket indicate previous year figures.
29. Schedule 1 to 20 are annexed to and form integral part of the Balance Sheet and Profit & Loss Account.

Signatures to Schedules 1 to 20

AUDITORS' REPORT

In terms of our report of even date annexed hereto

FOR LODHA & CO.
Chartered Accountants

(N.K. LODHA)
Partner Membership No.85155

FOR S.S. KOTHARI MEHTA & CO.
Chartered Accountants

(ARUN K. TULSIAN)
Partner Membership No.89907

RATAN JINDAL
Vice- Chairman And
Managing Director

V.S. JAIN
Managing Director &
Chief Executive Officer

R.G. GARG
Joint Managing Director &
Chief Operating Officer

SANJEEV PANDIYA
Sr. Vice President &
Chief Financial Officer

SAVITRI JINDAL
Chairperson

A.P. GARG
Sr. Vice- President &
Company Secretary

N.C. MATHUR
Director Corporate Affairs

RAJINDER PARKASH
Executive Director

DIRECTORS
SUMAN JYOTI KHAITAN
T.R. SRIDHARAN
L.K. SINGHAL

PLACE : New Delhi
DATED : 28th May, 2007

Cash Flow Statement for the year ended 31.03.2007

PARTICULARS	(Rs. in Lacs)	
	2006-2007	
	AMOUNT	AMOUNT
2005-2006		
	AMOUNT	AMOUNT
A. Cash Inflow / (Outflow) from Operating Activities		
Net Profit Before Tax & Exceptional Item	55,772.90	24,277.48
Adjustment for :-		
Depreciation/Amortisation	21,609.96	13,611.43
Provision for Doubtful Debts & Advance / Bad Debts	31.89	201.60
Previous Year Adjustments (Liability written back)	(70.89)	(287.92)
Misc. Expenses Written Off	46.86	36.14
Misc. Expenses Incurred	(73.61)	(79.21)
Unrealised Exchange Fluctuation Loss / (Gain)	(2,852.23)	(29.63)
Interest and Bank Charges	11,935.30	5,580.89
Dividend Income	(11.62)	(482.26)
(Profit) / Loss on Sale of Investments (Net)	(533.83)	154.14
(Profit) / Loss on Sale/Discard of Fixed Assets (Net)	1,726.86	197.84
Operating Profit Before Working Capital Changes	87,581.59	43,180.50
(Increase) / Decrease in Inventories	(38,237.15)	(17,101.18)
(Increase) / Decrease in Sundry Debtors	(22,665.63)	(2,804.16)
(Increase) / Decrease in Loans & Advances	(14,034.80)	(7,381.57)
Increase / (Decrease) in Current Liabilities	79,686.40	20,423.11
Cash Inflow from Operating Activities Before Exceptional Items	92,330.41	36,316.70
Income Tax (Advance) / Refund (Net)	(7,066.34)	(4,884.05)
Net Cash Inflow from Operating Activities	85,264.07	31,432.65
B. Cash Inflow / (Outflow) from Investing Activities		
Sale/Redemption/(purchase) of Investment (Net)	15,304.01	(9,759.22)
Investment in Subsidiaries	(1,193.05)	(767.56)
Loan given to Subsidiaries	(335.02)	(1,255.27)
Capital Expenditure (including advances for capital expenditure)	(137,213.46)	(93,784.34)
Sales Proceeds of Fixed Assets Sold	1,032.47	1,077.33
Dividend Received	11.62	482.26
Interest Received	5,655.56	4,406.70
Net Cash Outflow from Investing Activities	(116,737.87)	(99,600.10)
C. Cash Inflow / (Outflow) from Financing Activities		
Dividend Paid (including corporate dividend tax)	(2,374.09)	(1,496.11)
Interest and Finance Charges Paid	(21,616.68)	(7,910.40)
Proceeds from / (Repayment of) Borrowings (net)	46,863.09	91,716.74
Issue of equity share warrants	8,518.10	-
Net Cash Inflow from Financing Activities	31,390.42	82,310.23
Net Changes in Cash & Cash Equivalents	(83.38)	14,142.78
Cash & Cash Equivalents (Closing Balance)	19,623.69	19,707.07
Transferred under the Scheme of Arrangement and Demerger to Austentic Creation Private Limited and Jindal Architecture Limited	-	(112.80)
Cash & Cash Equivalents (Opening Balance)	19,707.07	5,677.09
Net Changes in Cash & Cash Equivalents	(83.38)	14,142.78

Cash Flow Statement for the year ended 31.03.2007

PARTICULARS	2006-2007		2005-2006	
	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Notes :				
1. Cash and cash equivalents includes :-				
Cash, Cheques and Stamps in hand		6,047.83		1,362.68
Balance with Banks		13,575.82		18,344.35
Puja & Silver Coins		0.04		0.04
		19,623.69		19,707.07
2. Increase in Paid up Share Capital & Share Premium are cash neutral and as such not considered in this statement.				
3. Previous year's figures have been regrouped and rearranged wherever considered necessary.				

AUDITORS' REPORT

In terms of our report of even date annexed hereto

FOR LODHA & CO.
Chartered Accountants

(N.K. LODHA)
Partner Membership No.85155

FOR S.S. KOTHARI MEHTA & CO.
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N.C. MATHUR
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Executive Director

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T.R. SRIDHARAN
L.K. SINGHAL

PLACE : New Delhi
DATED : 28th May, 2007

Statement pursuant to section 212 of the Companies Act, 1956, relating to company's interest in subsidiary Companies

Description	Subsidiary Companies							(Rs. in Lacs)	
	Pt. Jindal Stainless, Indonesia	Jindal Stainless Steelway Limited	Jindal Architecture Limited	Austenitic Creations Private Limited	Jindal Stainless U.K.Limited	Jindal Stainless Italy, S.R.L.,	Jindal Stainless FZE		
a) Holding Company's interest	Holder of 74,99,900 Equity Shares of US \$ 1 each out of the subscribed capital of 75,00,000 Equity Shares of US \$ 1 each.	Holder of 74,99,900 Equity Shares of US \$ 1 each out of the subscribed capital of 75,00,000 Equity Shares of US \$ 1 each.	Holder of 41,00,100 Equity Shares of Rs.10/- each out of the subscribed capital of 41,02,500 Equity Shares of Rs.10/- each.	Holder of 42,03,900 Equity Shares of Rs.10/- each out of the subscribed capital of 46,16,900 Equity Shares of Rs.10/- each.	Holder of 1,00,000 Equity Shares of 1 GBP each out of the subscribed capital of 1,00,000 Equity Shares of 1 GBP each.	Euro 10,000- 100% Shareholding of Jindal Stainless U.K. Limited, wholly owned subsidiary company of Jindal Stainless U.K. Limited	Holder of 6 Equity Shares of AED 10,00,000 each out of the subscribed capital of 6 Equity Shares of AED 10,00,000 each.		
b) Financial year of the company ended on	31st March, 2007	31st March, 2007	31st March, 2007	31st March, 2007	31st March, 2007	31 st December, 2006	31st March, 2007		
c) Net aggregate amount of subsidiary company's profit (loss) not dealt within the company's Account.	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)		
i)For the subsidiary company's financial year ended 31st March, 2007.	155,792,292	48,627,221	3,138,974	(25,803,425)	1,480,608	(41,706)	7,015,331		
ii) For the subsidiary company's previous financial periods, since it became the holding company's subsidiary.	(106,356,532)	6,173,693	(22,029,268)	1,375,344	The company did not had any commercial activities last year.	This is the first year of the operation of the company.	The company did not had any commercial activities last year.		
Net aggregate amount of the subsidiary company's profit/loss dealt within the company's Account.									
d) i) For the subsidiary company's financial period ended 31st March, 2007.	Nil	Nil	Nil	Nil	Nil	Nil	Nil		
ii)For the subsidiary Company's previous financial period since it became the holding Company's subsidiary	Nil	Nil	Nil	Nil	Nil	Nil	Nil		

Description	Subsidiary Companies						
	Pt. Jindal Stainless, Indonesia	Jindal Stainless Steelway Limited	Jindal Architecture Limited	Austenitic Creations Private Limited	Jindal Stainless U.K.Limited	Jindal Stainless S.r.L., Italy	Jindal Stainless FZE, Dubai
e) Holding Company's interest as at 31.03.2007 incorporating changes since close of the financial year of Jindal Stainless Italy, S.R.L. in pursuance of Section 212(5) of the Companies Act, 1956.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
f) Material changes occurred between the end of financial year of Jindal Stainless Italy, S.R.L. and 31.03.2007 in respect of							
i) Fixed Assets ii) Investments iii) Money lent iv) Money Borrowed (other than to meet current liability)	N.A. N.A. N.A. N.A.	N.A. N.A. N.A. N.A.	N.A. N.A. N.A. N.A.	N.A. N.A. N.A. N.A.	N.A. N.A. N.A. N.A.	N.A. N.A. N.A. N.A.	N.A. N.A. N.A. N.A.

SAVITRI JINDAL CHAIRPERSON	RATAN JINDAL VICE-CHAIRMAN & MANAGING DIRECTOR	RAJINDER PARKASH MANAGING DIRECTOR & EXECUTIVE DIRECTOR	DIRECTORS SUMAN JYOTI KHAITAN T. R. SRIDHARAN L. K. SINGHAL
N.C. MATHUR DIRECTOR-CORPORATE AFFAIRS	A.P. GARG SR. VICE-PRESIDENT &	RAJINDER PARKASH EXECUTIVE DIRECTOR	
SANJEEV PANDIYA SR. VICE - PRESIDENT & CHIEF FINANCIAL OFFICER	V.S. JAIN MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER	R.G. GARG JOINT MANAGING & CHIEF OPERATING OFFICER	
PLACE : NEW DELHI			
DATED : 28 th MAY, 2007			

Consolidated Auditors' Report

Auditors' Report on the Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF JINDAL STAINLESS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF JINDAL STAINLESS LIMITED AND ITS SUBSIDIARIES

We have examined the attached consolidated Balance Sheet of Jindal Stainless Limited and its subsidiaries as at 31st March, 2007 and the consolidated Profit and Loss Account and also the consolidated Cash Flow Statement for the year then ended.

1. These financial statements are the responsibility of the Jindal Stainless Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.
2.

a)

We did not audit the financial statements of subsidiaries PT Jindal Stainless Indonesia, Jindal Stainless Steelway Ltd., Jindal Architecture Ltd., Austenitic Creations Pvt. Ltd. and Jindal Stainless FZE whose financial statements reflect total assets of Rs 32313.93 lacs as at 31st March, 2007 and total revenues of Rs 72621.34 lacs for the year then ended. These financial statements have been audited by respective auditors (including audit of foreign subsidiaries PT Jindal Stainless Indonesia and Jindal Stainless FZE whose accounts have been audited as per applicable GAAP of the country) whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.

b)

We did not audit the separate financial statements of other subsidiaries Jindal Stainless Italy S.R.L. and Jindal Stainless UK whose unaudited financial statements reflect total assets of Rs 99.49 lacs as at 31st March, 2007 and total revenues Rs.86.81 lacs for the year then ended. The said financial statements, which were furnished to us by the management, were unaudited. We are unable to express an opinion on true and fair view insofar as it relates to amounts considered in the consolidated financial statements of subsidiaries for the reason as stated above.
3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Jindal Stainless Limited and its aforementioned subsidiaries.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Jindal Stainless Limited and its subsidiaries (including unaudited financial statements of two of subsidiaries) included in the consolidated financial statements read together with Notes on Accounts of Consolidated Financial Statements, we are of the opinion that:-

- (a)

the consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Jindal Stainless Limited and its subsidiaries as at 31st March, 2007;
- (b)

the consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Jindal Stainless Limited and its subsidiaries for the year then ended; and
- (c)

the consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of Jindal Stainless Limited and its subsidiaries for the year ended on that date.

For Lodha & Co. Chartered Accountants	For S.S. Kothari Mehta & Co. Chartered Accountants
(N.K. LODHA) Partner M. No. 85155	(ARUN K. TULSIAN) Partner M. No. 89907

Place: New Delhi

Dated:28th May, 2007

Consolidated Balance Sheet

as at 31st March, 2007

DESCRIPTION	SCHEDULE	31.03.2007 (Rs. in Lacs)	31.03.2006 (Rs. in Lacs)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital - Equity	1	2,764.42	2,611.04
Equity Share Warrants	1	1,514.10	-
Reserves and Surplus	2	135,517.20	96,748.59
TOTAL		139,795.72	99,359.63
MINORITY INTEREST		542.86	294.19
LOAN FUNDS :			
Secured Loans	3	242,881.42	201,420.27
Unsecured Loans	4	44,737.52	32,086.27
TOTAL		287,618.94	233,506.54
Deferred Tax Liability (Net) (Note No.15 of Schedule 20)		39,284.25	27,331.00
TOTAL		467,241.77	360,491.36
APPLICATION OF FUNDS			
FIXED ASSETS:	5		
Gross Block		350,515.08	234,990.18
Less: Depreciation/Amortization		63,195.29	43,608.85
Net Block		287,319.79	191,381.33
Add: Capital Work in Progress		108,149.67	82,906.58
TOTAL		395,469.46	274,287.91
INVESTMENTS	6	11,986.28	25,345.04
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	121,074.30	76,119.74
Sundry Debtors	8	53,474.67	31,027.32
Cash and Bank Balances	9	20,500.41	20,975.63
Loans and Advances	10	65,860.81	48,569.87
TOTAL		260,910.19	176,692.56
LESS: CURRENT LIABILITIES & PROVISIONS			
Liabilities	11	179,683.03	98,426.29
Provisions	12	21,692.46	17,621.26
TOTAL		201,375.49	116,047.55
NET CURRENT ASSETS		59,534.70	80,176.11
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)	13	251.33	213.40
TOTAL		467,241.77	360,491.36
Notes forming part of accounts	20		

Schedules referred to above form an integral part of the accounts

AUDITORS' REPORT

In terms of our report of even date annexed hereto

FOR LODHA & CO.
Chartered Accountants

(N.K. LODHA)
Partner Membership No.85155

FOR S.S. KOTHARI MEHTA & CO.
Chartered Accountants

(ARUN K. TULSIAN)
Partner Membership No.89907

PLACE : New Delhi
DATED : 28th May, 2007

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Executive Director

DIRECTORS
SUMAN JYOTI KHAITAN
T.R. SRIDHARAN
L.K. SINGHAL

Consolidated Profit and Loss Account

year ended 31st March, 2007

DESCRIPTION	SCHEDULE	31.03.2007 (Rs. in Lacs)	31.03.2006 (Rs. in Lacs)
INCOME			
Gross Sales and Operational Income	14	536,791.38	356,223.37
Less : Excise Duty		38,993.43	31,172.19
Net Sales and Operational Income		497,797.95	325,051.18
Other Income	15	1,847.04	1,766.62
TOTAL		499,644.99	326,817.80
EXPENDITURE			
Material, Manufacturing and Others	16	376,980.23	259,971.87
Personnel	17	9,005.98	6,411.19
Administrative and Selling	18	27,043.66	15,684.79
Interest and Bank Charges	19	8,166.41	6,096.58
Miscellaneous Expenditure Written off		54.24	38.54
Depreciation/Amortization		23,025.79	14,680.96
TOTAL		444,276.31	302,883.93
Profit Before Taxation		55,368.68	23,933.87
Less:			
Provision for Taxation		8,980.41	2,676.21
Provision for Fringe Benefit Tax		105.71	83.24
Provision for Deferred Tax		11,957.68	4,922.76
Previous Year Taxation Adjustment		531.58	36.61
Profit After Taxation (before adjustment for Minority Interest)		33,793.30	16,215.05
Minority Interest		82.02	28.38
Net Profit (after adjustment for Minority Interest)		33,711.28	16,186.67
ADD/(LESS)			
Amount Brought Forward		2,141.42	730.95
Debenture Redemption Reserve Written Back		44.63	-
Net Profit		35,897.33	16,917.62
Pre-Acquisition Profits Transferred to Capital Reserve		105.21	-
Profit Available for Appropriations		35,792.12	16,917.62
Proposed Dividend on Equity Shares		552.88	2,088.83
Dividend on Equity Shares for previous year		13.91	-
Interim Dividend on Equity Shares		2,211.54	-
Corporate Dividend Tax		406.08	292.96
Debenture Redemption Reserve		3,140.09	4,394.41
General Reserve		27,561.43	8,000.00
Balance carried to Balance Sheet		1,906.19	2,141.42
TOTAL		35,792.12	16,917.62
Earning Per Share (in Rs.) (Note No. 14 of Schedule 20)			
- Basic		25.56	14.45
- Diluted		22.30	11.16
Notes forming part of accounts	20		

Schedules referred to above form an integral part of the accounts

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FOR LODHA & CO.
Chartered Accountants

(N.K. LODHA)
Partner Membership No.85155

FOR S.S. KOTHARI MEHTA & CO.
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L.K. SINGHAL

Schedules to the Consolidated Balance Sheet

DESCRIPTION	31.03.2007 (Rs. in Lacs)	31.03.2006 (Rs. in Lacs)
SCHEDULE "1" SHARE CAPITAL		
AUTHORISED		
27,45,00,000 Equity Shares of Rs.2/- each	5,490.00	5,490.00
10,05,00,000 Unclassified Shares of Rs.2/- each	2,010.00	2,010.00
2,00,00,000 Redeemable Cumulative Non- Convertible Preference Shares of Rs.10/- each.	2,000.00	2,000.00
	9,500.00	9,500.00
ISSUED, SUBSCRIBED AND PAID UP		
13,82,21,206 - Equity Shares of Rs.2/-each fully paid up (13,05,51,856 Equity Shares of Rs.2/- each fully paid up)	2,764.42	2,611.04
TOTAL	2,764.42	2,611.04
EQUITY SHARE WARRANTS (Note No.16 of Schedule 20)	1,514.10	-
TOTAL	1,514.10	-

of the above:-

- A. 1,37,78,717 Equity Shares of Rs 10/-each fully paid up issued to Shareholders of Jindal Strips Limited pursuant to Scheme of Arrangement & Demerger..
- B. One Equity Share of Rs.10/-each fully paid up issued to Shareholders of J - Inox Creations (P) Ltd. and Austenitic Creations (P) Ltd. pursuant to the Scheme of Amalgamation.
- C. 51,53,293 Fully Paid Up Bonus Equity Shares of Rs.10/- each in the ratio of 253 Equity Shares of Rs.10/- each for every 679 Equity Shares of Rs.10/- each, allotted out of Share Premium and Capital Redemption Reserve to the equity shareholders of the company pursuant to Scheme of Arrangement and Demerger.
- D. 999,752 Equity Shares of Rs.10/- each fully paid up allotted to the holders of 460 ECB of US\$ 5000 each at predetermined (as per scheme) conversion rate of Rs.100/- each on 13.01.2004.
- E. Company has subdivided the Equity Shares of Rs.10/- each into Equity Shares of Rs.2/- each on 10.03.2004.
- F. 9,997,524 Equity Shares of Rs. 2/- each fully paid up allotted to the holders of 920 ECB of US \$ 5000/- each at predetermined (as per scheme) conversion rate of Rs. 20/- each on 24.12.2004.
- G. 3,907,028 Equity shares of Rs. 2/- each fully paid up have been allotted to the holders of 2141 FCCB of US \$ 5000/- each at predetermined (as per scheme) conversion rate of Rs. 119.872 each during the year ended on 31.3.06.
- H. 16,734,984 (represented by 8,367,492 nos. GDS) Equity Shares of Rs. 2/- each fully paid up have been allotted to the holders of 1540 ECB of US \$ 5000/- each at predetermined (as per scheme) conversion rate of Rs. 20/- each during the year ended on 31.3.06.
- I. 869,350 (represented by 434,675 nos. GDS) Equity Shares of Rs.2/- each fully paid up have been allotted to the holders of 80 ECB of US \$ 5000/- each at predetermined (as per scheme) conversion rate of Rs. 20/- each during the year ended on 31.03.07.
- J. 6,800,000 Equity Shares of Rs. 2/- each fully paid up have been allotted to the holders of Equity Share Warrants at predetermined conversion rate of Rs. 103/- each during the year ended on 31.03.07.

Schedules to the Consolidated Balance Sheet

DESCRIPTION	31.03.2007	31.03.2006
SCHEDULE - "2" RESERVES AND SURPLUS		
a) SECURITIES PREMIUM ACCOUNT		
As per last Account	18,364.25	10,746.66
Add : On Conversion of ECB / FCCB / Equity Share Warrants	7,024.49	7,617.59
	25,388.74	18,364.25
b) GENERAL RESERVE		
As per last Account	69,088.34	61,088.34
Add :Transferred from Profit and Loss Account	27,561.43	8,000.00
	96,649.77	69,088.34
Add / Less : Foreign Currency Translation Reserve (includes arised on consolidation)	816.59	(400.66)
	97,466.36	68,687.68
c) CAPITAL RESERVE (ON CONSOLIDATION)	105.21	-
d) DEBENTURE REDEMPTION RESERVE		
As per last Account	5,394.41	1,000.00
Add :Transferred from Profit and Loss Account	3,140.09	4,394.41
Less : Written Back During the Year	44.63	-
	8,489.87	5,394.41
e) CENTRAL/STATE SUBSIDY RESERVE		
As per last Account (Against fulfilment of certain stipulations)	39.27	39.27
f) CAPITAL REDEMPTION RESERVE	2,000.00	2,000.00
g) AMALGAMATION RESERVE	121.56	121.56
h) SURPLUS-PROFIT AND LOSS ACCOUNT	1,906.19	2,141.42
TOTAL	135,517.20	96,748.59
SCHEDULE "3" SECURED LOANS:		
A) REDEEMABLE NON-CONVERTIBLE DEBENTURES	43,000.00	43,000.00
	43,000.00	43,000.00
B) TERM LOANS FROM BANKS & INSTITUTIONS		
Rupee Term Loans	131,477.93	84,603.77
Foreign Currency Loans	43,264.01	49,349.65
	174,741.94	133,953.42
C) CAR LOANS		
From Banks	158.73	74.43
From Institutions	-	15.08
	158.73	89.51
D) WORKING CAPITAL LOAN FROM BANKS	24,980.75	24,377.34
TOTAL	242,881.42	201,420.27

Schedules to the Consolidated Balance Sheet

NOTES:

- A.**
1. Debentures referred to in A above are secured by pari-passu charge by way of equitable mortgage on the company's immoveable properties located in State of Gujarat , Hisar , Vizag and hypothecation of moveable assets in favour of debenture trustee ranking pari-passu with other financial instructions/banks.
2. Debentures referred to in A above are privately placed and consist of :
- i) 6.90% debentures of Rs.10,00,000 each aggregating to **Rs.20,000.00 Lacs** (Previous Year Rs.20,000.00 Lacs) are redeemable in five equal annual instalments at the end of 6th, 7th, 8th, 9th & 10th year from the date of allotment i.e. 3rd August, 2004.
- ii) 7.50% debentures of Rs.10,00,000 each aggregating to **Rs.10,000.00 Lacs** (Previous Year Rs. 10,000.00 Lacs) are redeemable in five equal annual instalments at the end of 6th, 7th, 8th, 9th & 10th year from the date of allotment i.e. 15th April, 2005.
- iii) 7.75% debentures of Rs.10,00,000 each aggregating to **Rs.13,000.00 Lacs** (Previous Year Rs. 13,000.00 Lacs) are redeemable in five equal annual instalments at the end of 6th, 7th, 8th, 9th & 10th year from the date of allotment i.e. 28th Dec., 2005.
- B.**
- i) Term loans from Banks include loans of **Rs.1,51,260.96 Lacs** (Previous Year Rs.1,06,073.09 Lacs), for which charge is created / to be created by way of mortgage of company's immoveable properties and hypothecation of moveable assets both present and future ranking pari-passu with other Banks/Financial Institutions.
- ii) Term loans from Banks include loans of **Rs.2,660.76 Lacs** (Previous Year Rs.4,333.69 Lacs) secured by way of mortgage of immoveable properties and hypothecation of moveable assets of the company and second charge on the current assets of the company ranking pari-passu with other Banks/Financial Institutions.
- iii) Term loans from Banks include loans of **Rs.14,595.26 Lacs** (Previous Year Rs.14,827.15 Lacs), which are secured by way of mortgage of company's immoveable properties and hypothecation of moveable assets and by way of second charge on current assets of company and personal guarantee of two citizens.
- iv) Term loans from Banks include loans of **Rs.375.00 Lacs** (Previous Year Rs.875.00 Lacs) secured by way of mortgage of immoveable properties and hypothecation of moveable assets of the company ranking pari-passu with Banks/ Financial institutions and guaranteed by Managing Director.
- v) Term Loan of **Rs.5,849.96 Lacs** (Previous Year Rs.7,844.49 Lacs) is Secured by collateral corporate Guarantee given by the Company and by pledging of 51% equity shareholding of company in subsidiary PT Jindal Stainless Indonesia with banks.
- C.** Secured by way of hypothecation of vehicles purchased thereunder.
- D.**
- i) Working capital loans of Rs. 13,364.82 Lacs are secured by way of hypothecation of finished goods, raw-materials, work-in-progress, stores and spares, book debts and by way of second charge in respect of other moveable and immoveable properties of the company ranking pari-passu with other Banks/Financial Institutions.
- ii) Working capital loan of Rs. 11,615.93 Lacs obtained by subsidiary PT. Jindal Stainless Indoneia is collateralized by accounts receivable, inventories and corporate guarantee given by the company.

SCHEDULE - "4" UNSECURED LOANS

DESCRIPTION	31.03.2007 (R. in Lacs)	31.03.2006 (Rs. in Lacs)
2.50% Euro Convertible Bonds *	-	178.48
0.50% Foreign Currency Convertible Bonds **	21,265.86	21,997.89
12% Fully Convertible Debentures of Rs. 100 each #	400.00	-
Fixed Deposits	1,971.22	1,704.80
Loan From Bank	14,500.00	6,490.44
Loan From Others	5,000.00	-
Security Deposits from Agents / Dealers / Others	1,600.44	1,714.66
TOTAL	44,737.52	32,086.27

NOTES:

- * 5.75% Euro Convertible Bonds (net of Indian Withholding Tax) were issued to Foreign Investors on 17th December, 1999 by Jindal Strips Limited , in terms of the offering circular dated 16-12-99, these Bonds may be converted into Equity Shares of nominal value of Rs. 2/-each at option of the holders at any time on or after 17th March, 2000 at a predetermined price of Rs. 20/- per Equity Shares.
- Pursuant to Supplemental Trust Deed dated 17th December, 2004 the rate of interest to be received by the Bond holders (net of Indian Withholding Tax) was reduced to 2.50% per annum and unless previously redeemed or converted, the Company will compulsorily convert de outstanding bonds into Equity Shares on 17th December, 2006.
- Holders of 1,540 No. of Euro Convertible Bond of USD 5000.00 each opted for conversion into Equity Shares of nominal value of Rs 2/- each at pre-determined price of Rs.20 per share during the year ended 31.03.2006.
- Holders of 80 No. of Euro Convertible Bond of USD 5000.00 each opted for conversion into Equity Shares of nominal value of Rs 2/- each at pre-determined price of Rs.20 per share during the year ended 31.03.2007.
- ** 0.50% Foreign Currency Convertible Bonds (net of Indian Withholding Tax) were issued to foreign investors on 24th December, 2004 by the company, in terms of the Offering Memorandum dated 17th December, 2004. These Bonds at the option of the holder, may be converted into Equity Shares of normal value of Rs. 2/- each at any time on or after 22nd January, 2005 at a pre-determined price of Rs. 119.872 per Share.
- Unless previously redeemed, repurchased and cancelled, or converted, the Bonds are redeemable at 129.939% of their principal amount on 24th December, 2009.
- Holders of 2,141 No. of Foreign Currency Convertible Bonds of USD 5000.00 each opted for conversion into Equity Shares of nominal value of Rs 2/- each at pre-determined price of Rs.119.872 per share during the year ended 31.03.2006.
- # 2,00,000 12% fully convertible debentures of Rs.100/- each are convertible into equity shares of Rs. 10/- each at a premium of Rs. 3.20/- per share after one year from the date of allotment i.e. 30.03.2007.
- 2,00,000 12% fully convertible debentures of Rs.100/- each are convertible into equity shares of Rs. 10/- each at a premium of Rs. 9/- per share after one year from the date of allotment i.e. 31.03.2007.

Schedules to the Consolidated Balance Sheet

SCHEDULE "5" FIXED ASSETS

DESCRIPTION	GROSS BLOCK			DEPRECIATION/AMORTISATION				NET BLOCK		(Rs. in Lacs)
	COST AS ON 01.04.2006	ADDITIONS DURING THE YEAR	SALE/ADJUST- -MENT DURING THE YEAR \$	TOTAL AS ON 31.03.2007	UPTO LAST YEAR	DURING THE YEAR*	ON SALE/ ADJUSTMENT \$	TOTAL UPTO 31.03.2007	31.03.2007	
LAND**	9,830.06	1,204.41	50.69	10,983.78	47.87	47.46	0.50	94.83	10,888.95	9,782.19
BUILDINGS	22,334.04	13,332.33	252.69	35,463.58	1,711.95	710.84	31.54	2,391.25	33,072.33	20,672.09
PLANT & MACHINERY	190,655.27	103,530.79	6,150.41	288,035.65	40,707.80	21,314.65	3,395.34	58,627.11	229,408.54	149,947.48
ELECTRIC INSTALLATION	6,731.22	2,976.96	-	9,708.18	129.92	334.99	-	464.91	9,243.27	6,601.30
VEHICLES	1,470.74	389.53	32.13	1,828.14	401.25	154.01	12.31	542.95	1,285.19	1,069.48
FURNITURE ,FIXTURES & EQUIPMENTS	1,273.31	361.15	0.03	1,634.43	301.12	103.15	0.04	404.23	1,230.20	972.19
POWER LINE AND BAY EXTENSION ****	712.49	-	-	712.49	71.25	71.25	-	142.50	569.99	641.24
INTANGIBLE ASSETS										
TECHNICAL KNOW HOW	1,369.18	-	-	1,369.18	162.60	136.92	-	299.52	1,069.66	1,206.58
SOFTWARE	563.87	215.79	-	779.66	75.09	152.90	-	227.99	551.67	488.48
TOTAL	234,990.18	122,010.86	6,485.95	350,515.08	43,608.85	23,026.17	3,439.73	63,195.29	287,319.79	191,381.33
CAPITAL WORK IN PROGRESS {Including capital advances Rs.15841.04 Lacs (Rs.19531.10 Lacs), preoperative expenses pending allocation/ capitalisation}	-	-	-	-	-	-	-	-	108,149.67	82,906.58
Previous Year	179,903.56	59,603.85	4,517.23	234,990.18	32,455.46	14,890.65	3,737.26	43,608.85	191,381.33	-

* Depreciation during the year includes Rs.0.30 Lacs (Rs.209.69Lacs) considered under pre-operative expenses.
* In Profit & Loss Account depreciation during the year include Rs.0.08 Lacs written back for previous year.
** Includes land acquired on lease amounting to Rs. 3653.02 Lacs (Rs.3483.54 Lacs) and amount amortize thereon the year is Rs. 47.47 Lacs (Rs.44.98 Lacs).
*** Not owned by the company.
\$ Sales/adjustment in respect of Gross Block and Depreciation includes Rs.(-)363.75 Lacs (Rs.625.70) and Rs.(-)87.96 Lacs (Rs. 80.63) respectively for adjustment of Foreign Exchange Fluctuation.

Schedules to the Consolidated Balance Sheet

SCHEDULE- " 6 " INVESTMENTS

DETAILS OF INVESTMENTS

Sr. PARTICULARS No.	31.03.2007			31.03.2006		
	Nos.	Face Value (Rs.)	Amount (Rs. In Lacs)	Nos.	Face Value (Rs.)	Amount (Rs. In Lacs)
Current Investment - Non Trade (At Cost Less Provision)						
A Mutual Funds / Debentures						
1 Chola Liquid Fund	-	-	-	14143371.355	10.00	2,000.00
2 Reliance Equity Opportunity Fund	-	-	-	1000000.000	10.00	100.00
3 DBS Floating Rate Fund	41137999.230	10.00	4,586.00	-	-	-
4 LIC Liquid Fund	49175752.660	10.00	6,676.50	-	-	-
5 Tata Gilt Security Fund	-	-	-	1898208.566	10.00	200.00
6 Kotak Mutual Fund	-	-	-	28345675.510	10.00	4,000.00
7 SBI MICF Liquid Floater Plan	1,265.000	10.00	0.12	-	-	-
8 8.00% NCD JSW Steel Limited	266594.000	53.46	104.92	21166594.000	79.88	17,237.83
Total (A)			11,367.54			23,537.83
B Govt./ Semi Govt. Securities						
1 8.40% Transmission Corp. of A.P. Ltd.	-	-	-	10.00	1,000,000.00	103.40
2 7.50% Bank of India	-	-	-	4.00	1,000,000.00	40.00
3 8.70% Uco Bank	-	-	-	140.00	1,000,000.00	1,400.00
4 7.45% KSFC 2014	-	-	-	13.00	1,000,000.00	127.85
Total (B)			-			1,671.25
C Equity Share Fully Paid Up - Quoted						
1 Transport Corporation of India Limited	201676	2.00	116.77	-	-	-
2 Bhartiya International Limited	114609	10.00	128.02	-	-	-
3 Hotel Leela Ventures Limited	90000	2.00	50.27	-	-	-
Total (C)			295.06			-
Long Term Investment						
A Govt./Semi Govt. Securities-Non Trade						
1 Magnum of SBI Global	-	-	-	150000	10.00	15.00
2 12.40% Government of India Stocks (Face value Rs. 40 Lacs)	-	-	41.14	-	-	41.14
3 13.50% MKVDC BONDS---2007	-	-	-	75	50,000.00	38.40
4 13.05% Government of India Stocks (Face value Rs. 40 Lacs)	-	-	40.66	-	-	40.66
5 National Savings Certificate *	-	-	0.77	-	-	0.76
6 8.40% Transmission Corp. of A.P. Ltd.	10	1,000,000.00	103.40	-	-	-
7 7.50% Bank of India	4	1,000,000.00	40.00	-	-	-
8 7.64% KSFC 2016	10	1,000,000.00	97.71	-	-	-
Total (A)			323.68			135.96
GRAND TOTAL :			11,986.28			25,345.04
* Lodged with Government Authorities as Security						
Aggregate value of Current Investment			11,367.56			25,209.08
Aggregate value of unquoted investment			323.68			135.96
Aggregate value of quoted investment			295.06			-
Market value of quoted investment			295.06			-

Schedules to the Consolidated Balance Sheet

SCHEDULE - "7" INVENTORIES

DESCRIPTION	31.03.2007 (Rs. in Lacs)	31.03.2006 (Rs. in Lacs)
(As taken, valued and Certified by the Management) (at lower of cost and net realisable value unless otherwise stated)		
i) Stores and Spares {Including material in transit Rs. 908.19 Lacs (Previous Year Rs.1,344.53 Lacs)}	8,002.57	7,795.65
ii) Raw Materials {Including material in transit Rs. 23,620.60 Lacs (Previous Year Rs.11,874.95 Lacs)}	49,171.83	25,953.74
iii) Finished Goods	34,549.94	29,916.52
iv) Trading Goods	299.75	121.59
v) Work in Progress	28,436.30	12,127.28
vi) Scrap (at estimated realisable value)	613.91	204.96
TOTAL	121,074.30	76,119.74

SCHEDULE - "8" SUNDRY DEBTORS

(Unsecured, Considered good unless otherwise stated)		
Exceeding Six months		
i) Considered good	4,255.73	1,541.95
ii) Considered doubtful	126.04	529.45
Less: Provision	126.04	529.45
	4,255.73	1,541.95
Others - Considered good	49,218.94	29,485.37
TOTAL	53,474.67	31,027.32

SCHEDULE - "9" CASH AND BANK BALANCES

Cash in Hand	33.72	47.22
Cheques in Hand	6,027.39	1,328.51
Stamps in Hand	3.70	1.39
Balance with Scheduled Banks		
In Current Accounts	3,251.48	1,312.76
In Fixed Deposit Accounts-in Indian Currency*	10,647.37	18,152.08
Balance with Non-Scheduled Banks in Foreign Currency in Current A/c		
In ANZ Bank {Maximum Outstanding during the year Rs. 9.41 Lacs (P.Y. Rs. 9.53 Lacs)}	3.13	0.99
In ICBC Bank{(Maximum Outstanding during the year Rs. 23.94 Lacs (P.Y. Rs. 15.44 Lacs)}	1.75	0.87
In Bank of China {Maximum Outstanding during the year Rs. 1.85 Lacs (P.Y. Rs. 6.02 Lacs)}	0.30	4.16

Schedules to the Consolidated Balance Sheet

DESCRIPTION	31.03.2007 (Rs. in Lacs)	31.03.2006 (Rs. in Lacs)
In SA Korea First Bank {Maximum Outstanding during the year Rs. 22.10 Lacs (P.Y. Nil)}	22.10	-
In Standered Chartered Bank {Maximum Outstanding during the year Rs. 547.76 Lacs (P.Y. Rs. 77.42 Lacs)}	328.37	77.42
In PT Bank Mega {Maximum Outstanding during the year Rs. 88.03 Lacs (P.Y. Rs. 27.58 Lacs)}	22.30	14.70
In PT Bank Maspion {Maximum Outstanding during the year Rs. 40.77 Lacs (P.Y. Rs. 4.95 Lacs)}	2.21	1.03
In Deutsche Bank {Maximum Outstanding during the year Rs. 40.77 Lacs (P.Y. Nil)}	14.65	-
In HSBC Bank {Maximum Outstanding during the year Rs. 638.15 Lacs (P.Y. Rs. 92.70 Lacs)}	141.90	34.46
Puja & Silver Coins	0.04	0.04
TOTAL	20,500.41	20,975.63
* Rs. 22.18 Lacs (Nil) pledged against margin money for Bank Gaurantees issued.		
SCHEDULE - "10" LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in Cash or in kind or for value to be received {Net of Provision of Rs. 23.66 Lacs (Previous Year Nil)}	39,212.13	20,675.68
Interest Accrued on Investments	19.69	893.63
Loan To Body Corporate	-	6,045.02
Security Deposits	5,532.75	4,171.49
Pre-paid Taxes	21,084.89	16,754.42
Balance with Central Excise	11.35	29.63
TOTAL	65,860.81	48,569.87
SCHEDULE - "11" CURRENT LIABILITIES		
Acceptances	68,931.36	53,575.97
Sundry Creditors	82,223.04	29,310.05
Other Outstanding Liabilities	15,737.84	9,931.91
Due to Customers and others	5,366.41	2,587.39
Interim Dividend Payable	2,211.54	-
Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956 not due		
i) Unpaid Dividends	122.64	99.08
ii) Unclaimed Matured Deposits	84.19	90.80
iii) Unclaimed Matured Debentures	-	5.66
iv) Interest Accrued on (i) to (iii)	15.54	38.73
Interest Accrued but not due	4,990.47	2,786.70
TOTAL	179,683.03	98,426.29

Schedules to the Consolidated Balance Sheet

SCHEDULE - "12" PROVISIONS:

DESCRIPTION	31.03.2007 (Rs. in Lacs)	31.03.2006 (Rs. in Lacs)
For Taxation	20,630.04	14,980.67
Proposed Dividend on Equity Shares	552.88	2,088.83
Corporate Tax on Dividend	93.96	292.96
Other Retirement Benefits	415.58	258.80
TOTAL	21,692.46	17,621.26

SCHEDULE - "13" MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)		
Preliminary Expenses	11.82	15.21
Add: Addition During the Year	18.56	0.78
Less : Written off During the Year	9.63	4.17
	20.75	11.82
Euro Issue Expenses	8.35	19.49
Less : Written off During the Year	8.35	11.14
	-	8.35
Mine Development Expense	193.23	137.25
Add : Additions During the Year	73.61	79.21
Less : Written off During the Year	36.26	23.23
	230.58	193.23
TOTAL	251.33	213.40

SCHEDULE - "14" SALES AND OPERATIONAL INCOME

Sales	526,907.43	345,943.11
Job Charges Received	2,662.96	1,063.19
Consultancy Charges Received	86.81	-
Export Benefits	7,134.18	9,217.07
TOTAL	536,791.38	356,223.37

SCHEDULE - "15" OTHER INCOME

Dividend Received on Current Investments	16.52	482.26
Profit on Sale of Investments (Net)	534.26	-
{On Current Investments Profit Rs.845.21 Lacs }		
{On Current Investments Loss Rs.169.23 Lacs }		
{On Current Investments Loss on Dimunition in value Rs.167.17 Lacs }		
{On Long Term Investments Profit Rs.25.92 Lacs }		
{On Long Term Investments Loss Rs.0.90 Lacs }		
Previous Years Adjustment (Net)	68.60	316.77
{ Expenses Relating to Earlier Years Rs. 5.03 Lacs (P.Y. Rs. 108.39 Lacs)}		
{ Income Relating to Earlier Years Rs. 53.74 Lacs (P.Y. Rs. 137.24 Lacs)}		
{ Liability No Longer Required Rs. 70.89 Lacs (P.Y. Rs. 287.92 Lacs)}		
Lease Rent	3.00	3.00
Miscellaneous Receipt	1,155.81	766.97
Foreign Currency Translation Gain/(Loss) on Consolidation	-	6.44
Claims Received	68.85	191.18
TOTAL	1,847.04	1,766.62

Schedules to the Consolidated Profit & Loss Account

SCHEDULE - "16" MATERIAL, MANUFACTURING AND OTHERS	31.03.2007 (Rs. in Lacs)	31.03.2006 (Rs. in Lacs)
DESCRIPTION		
Raw Material Consumed	309,248.30	200,458.26
Goods Purchased for Sale	13,074.37	4,624.07
Stores and Spares Consumed	22,591.18	19,170.20
Carriage Inward	1,781.99	1,258.78
Power and Fuel	45,368.98	31,224.81
Repairs to Buildings	126.86	149.90
Repairs to Plant & Machinery	1,227.38	1,574.75
Job Work Expenses	1,443.43	2,768.87
Other Manufacturing Expenses	2,889.36	2,208.98
TOTAL- A	397,751.85	263,438.62
(INCREASE)/ DECREASE IN STOCK		
Opening Stock		
Finished Goods - Manufactured	29,916.52	14,865.19
Trading Goods	121.59	71.76
Scrap	204.96	81.78
Work in Progress	12,127.28	20,186.50
	42,370.35	35,205.23
Add: Stock Generated during Trial Run	-	1,026.90
TOTAL - B	42,370.35	36,232.13
Closing Stock		
Finished Goods - Manufactured	34,549.94	29,916.52
Trading Goods	299.75	121.59
Scrap	613.91	204.96
Work in Progress	28,436.30	12,127.28
TOTAL - C	63,899.90	42,370.35
INCREASE IN STOCKS - D (B - C)	(21,529.55)	(6,138.22)
Excise Duty on account of Increase/(Decrease) in stock of Finished Goods (E)	757.93	2,671.47
GRAND TOTAL (A + D + E)	376,980.23	259,971.87
SCHEDULE - "17" PERSONNEL		
Salaries, Wages, Bonus and other benefits	8,168.15	5,806.84
Contribution to Provident and other funds	451.97	342.19
Workmen and Staff Welfare	385.86	262.16
TOTAL	9,005.98	6,411.19
SCHEDULE - "18" ADMINISTRATIVE AND SELLING		
Rent	185.30	111.86
Lease Rent	4.56	4.53
Rates and Taxes	48.86	216.71
Insurance	593.71	719.18
Legal and Professional	1,825.26	987.35
Postage, Telegram, Telex and Telephone	326.93	261.77
Printing and Stationery	257.96	181.59
Travelling and Conveyance	822.96	517.64
Directors' Meeting Fees	5.55	2.88
Vehicle Upkeep and Maintenance	152.73	135.68
Auditors' Remuneration	31.30	24.79
Selling Expenses	943.47	426.79

Schedules to the Consolidated Profit & Loss Account

DESCRIPTION	31.03.2007 (Rs. in Lacs)	31.03.2006 (Rs. in Lacs)
Freight & Forwarding Expenses	11,036.54	7,223.56
Commission on Sales	5,076.54	967.63
Provision for Doubtful Debts & Advances	23.66	247.09
Bad Debts	Rs. 411.67 Lacs (Rs 91.12 Lacs)	91.12
Less : Provision for Doubtful Debts, reversed	Rs. 403.34 Lacs (Rs Nil)	
Advertisement & Publicity	437.12	427.51
Miscellaneous Expenses	1,172.89	748.77
Donation	390.81	160.66
Discount & Rebate	1,969.19	1,875.43
Loss on Sale/Discard of Fixed Assets (Net)	1,729.99	198.11
{Profit of Rs. 6.50 Lacs (P.Y. Rs.1.62 Lacs) on sale}		
{Loss of Rs. 9.12 Lacs (P.Y. Rs.199.46 Lacs) on sale}		
{Loss of Rs. 1727.37 Lacs (P.Y. Rs.Nil) on discard}		
Loss on Sale of Investments	-	154.14
(On Current Investments Profit Rs. 542.50 Lacs)		
(On Current Investments Loss Rs. 696.77 Lacs -		
- Includes Loss on Future Indices Rs. 122.70 Lacs)		
(On Long Term Investments Profit Rs. 0.13 Lacs)		
TOTAL	27,043.66	15,684.79
SCHEDULE - "19" INTEREST AND BANK CHARGES		
INTEREST ON		
Fixed Loans	8,775.06	4,870.66
Others	6,824.41	3,677.39
Financial Expenses / Bank Charges	1,190.23	745.41
	16,789.70	9,293.46
Less: Interest received		
Interest on Securities (Net)	67.53	413.27
{TDS Rs. 55.99 Lacs (Previous Year Rs.232.48 Lacs)}		
{Including interest on Current Investments		
Rs. 53.35 Lacs (Previous Year Rs. 343.74 Lacs)}		
Foreign Exchange Gain (Net)	5,063.97	565.63
Loans & Advances	1,620.28	1,362.43
{TDS Rs. 399.77 Lacs (Previous Year Rs.340.16 Lacs)}		
Banks	75.53	73.79
{TDS Rs. 17.88 Lacs (Previous Year Rs.25.50 Lacs)}		
From Debtors	1,661.89	730.82
{TDS Rs. 135.07 Lacs (Previous Year Rs.156.57 Lacs)}		
Others	134.09	50.94
	8,623.29	3,196.88
TOTAL	8,166.41	6,096.58

Notes to Consolidated Accounts

SCHEDULE - "20" NOTES TO CONSOLIDATED FINANCIAL STATEMENT OF THE COMPANY AND ITS SUBSIDIARIES

1. SIGNIFICANT ACCOUNTING POLICIES:

i) Basis of Preparation of Financial Statements:

Jindal Stainless Ltd has prepared consolidated financial statements by consolidating its accounts with those of its following subsidiaries, as on 31.03.2007, in accordance with Accounting Standard 21(Consolidated Financial Statements) issued by The Institute of Chartered Accountants of India.
- | Name of the Subsidiaries | Country of Incorporation | % Shareholding / voting power |
|--------------------------------------|--------------------------|-------------------------------|
| PT. JINDAL STAINLESS INDONESIA | INDONESIA | 99.99% |
| JINDAL STAINLESS STEELWAY LIMITED | INDIA | 81.91% |
| JINDAL ARCHITECTURE LIMITED | INDIA | 99.94% |
| AUSTENITIC CREATIONS PRIVATE LIMITED | INDIA | 91.05% |
| JINDAL STAINLESS UK LIMITED* | UK | 100.00% |
| JINDAL STAINLESS FZE | UAE | 100.00% |
| JINDAL STAINLESS ITALY S.R.L.* | ITALY | 100.00% |
- *Unaudited statements have been considered for the purpose of consolidation.

ii) The financial Statements of parent Company and its subsidiaries have been consolidated on line-by-line basis by adding together book value of like items of assets, liabilities, income and expenses after eliminating Intra-group balances and Intra- group transactions.

iii) Foreign Subsidiaries- Operations of Foreign subsidiaries has been considered by management non-integral; thus items of the assets and liabilities, both monetary and non-monetary, have been translated at the exchange rates prevailing at the end of the year and items of income and expenses have been translated at the average rate prevailing during the period. Resulting exchange differences arising on translation of said items have been transferred to Foreign Exchange Translation Reserve Account.

iv) Since foreign subsidiaries are in same line of business which function in different regulatory environment, certain policies such as in respect of depreciation/amortization, retirement benefits etc differ than the policies followed by the holding company. The notes on accounts and policies followed by subsidiaries and holding company are disclosed in their respective financial statements annexed in this annual report.

v) Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with Parent company's financial statements.

2. Contingent Liabilities not provided for in respect of:		(RS. IN LACS)
	As at 31.03.2007	As at 31.03.2006
(a) Counter Guarantee given to Company's Bankers for the guarantee given by them on behalf of the company.	3119.11	2075.99
(b) Letter of Credit outstanding.	45991.20	50604.04
(c) Bills discounted by Banks.	18360.75	7233.27
(d) i) a) Sales tax demands against which company has preferred appeals.	94.13	442.53
b) Income tax demands against which company has preferred appeals.	-	951.39
ii) Excise Duty Show Cause Notices/Demands against which company has preferred appeals.	2419.85	2134.41
(e) Guarantee Given to custom authorities for import under EPCG Scheme.	6549.21	21565.67
(f) Demand made by Sr. Dy. Director of Mines, Notified Authority, Jaipur Road Circle, Orissa as cess on Chromite Ore production. The matter being pending with Hon'ble Supreme Court.	320.49	285.27
(g) Demand raised by NESCO in respect of power purchases	1332.34	511.15

The company has field Writ petition with Hon'ble High Court of Orissa.

Notes to Consolidated Accounts

3. a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) **Rs. 65681.71 Lacs** (Previous Year Rs. 96871.06 Lacs).
b) Estimated amount of contract remaining to be executed towards intangible assets and not provided for (Net of advances) **Rs. NIL** (Previous Year Rs. 50.40 Lacs).
4. Appeals in respect of certain assessments of Sales Tax / Income Tax are pending and additional tax liabilities/refunds, if any, are not determinable at this stage. Adjustments for the same will be made after the same are finally determined. In the opinion of management there will not be material liability on this account.
5. After evaluation of the Technical and commercial bid, The Industrial Infrastructure Development Corporation of Orissa Ltd (IDCOL) had recommended JSL as Joint Venture partner for developing 500 Hect of Chromite Ore Mine near Tangarapada Area in Dhenkanal District, Orissa, which was challenged in the Hon'ble High Court of Orissa by other interested parties. The Hon'ble High Court squashed the recommendation of IDCOL and advised for fresh tender. A Special Leave Petition has been moved in the Hon'ble Supreme Court. M/s IDCOL also have filed Special Leave Petition in the Hon'ble Supreme Court.
6. Company had entered into an Agreement with M/s North Eastern Electricity Supply Company of Orissa Ltd (NESCO) for purchasing Power for its Unit at Orissa. The Company has made payment for the monthly energy bills till February, 2006 as per calculations made by NESCO. However, based on legal advice received, the Company has contended that NESCO has calculated the charges in violation of the Agreement with it / relevant Tariff Order and the OERC (Condition of Supply) Code and filed a Writ Petition in the Hon'ble High Court of Orissa for refund of excess amount paid. The payment for the period starting March, 06 onwards has been made by the Company as per legal advice received / interim orders of the Court from time to time including depositing additional amounts / furnishing Bank Guarantees. In terms of the interim Court Orders, the Company has also deposited an amount of Rs.10.71 Crore as Cash Deposit and Rs.4.35 Crore as Bank Guarantees.

NESCO has disputed company's claim and has demanded differential payment of the energy Bills raised from time to time, amounting in all to Rs.21.15 Crore. The matter being sub-judice necessary accounting adjustments will be carried out in the year of outcome.
7. Certain balances of sundry debtors, sundry creditors are subject to confirmation and/or reconciliation.
8. Advance Recoverable in Cash or in kind or for value to be received includes:
 - a) **Rs. 0.24 Lacs** (Previous Year Rs. 25.35 Lacs), maximum amount outstanding at any time during the Year is **Rs. 80.08 Lacs** (Previous Year Rs. 53.30 Lacs) being the amount due from directors/officers of the company.
 - b) Interest free loan to employees amounting to **Rs. 12.14 Lacs** (Previous Year Rs. 3.45 Lacs) in the ordinary course of the business and as per employee service rules of the Company. Maximum balance outstanding during the year **Rs. 16.11 Lacs** (Previous Year Rs. 5.54 Lacs).
9. Minority interest includes advance against Share Application Money **Rs. Nil** (Previous Year Rs. 4.50 Lacs).
10. The State Government of Haryana promulgated an Ordinance on 05.05.2002 for levy of Local Area Development Tax (LADT) on manufacturing units in the State of Haryana on purchases made outside the State either for sale on consignment basis or transfer of stock to their branches for sale. On the Special Leave Petition filed by the Company before the Hon'ble Supreme Court against the Order of the Punjab & Haryana High Court, Supreme Court had issued an Interim Order asking Company to deposit due amount in installments and file returns with the Authorities. Liability in this regard has been provided for fully. During the year, on appeal of the Company, the High Court of Punjab & Haryana vide its Order dated 14th March, 2007, held that the levy of the LADT is not in the compensating nature of tax in terms of the parameters laid down by the Hon'ble Supreme Court (certain other Hon'ble Courts have also passed similar Orders). The final Order of the Hon'ble Supreme Court on above is pending.
11. In terms of the approval of the Shareholders obtained at the Extraordinary General Meeting of the Company held on 20th October, 2006, the Company has issued and allotted, 2,15,00,000 warrants (face value of Rs.103/- each and amount paid-up of Rs.10.30 each) on 26th October, 2006, to Promoter Group on preferential basis, to finance the long term corporate fund. The holders of each warrant will be entitled to apply for and be allotted one equity share of Rs.2/- each of the Company, at a price of Rs.103/- (including Rs.101/- on account of premium), any time after the date of allotment but on or before the expiry of 18 months from the date of allotment, in one or more tranches. Of the above, the holder of 6,800,000 warrants have exercised the option and were allotted one equity share per warrant. Total amount received of **Rs. 8518.10 Lacs** has been utilised towards financing of Long Term corporate fund including capital expenditure for ongoing expansion of company projects.

Notes to Consolidated Accounts

12. Segment Reporting:

- i) Information about Business Segment (for the year 2006-07)
Company operates in a Single Primary Segment (Business Segment) i.e. Stainless Steel products.

ii) Secondary Segments (Geographical Segment)

Sr. No.	Particulars	2006-07 (Rs. In Lacs)			2005-06 (Rs. In Lacs)		
		Within India	Outside India	Total	Within India	Outside India	Total
1	Revenue	296,235.51	240,555.88	536,791.39	230,419.35	125,804.02	356,223.37
2	Segment Assets	591,911.29	55,369.76	647,281.05	427,422.99	26,103.08	453,526.07
3	Capital Expenditure incurred during the year	144,519.47	3,471.95	147,991.42	92,668.87	2,726.42	95,395.29

13. Related Party Transactions

A. List of Related Party & Relationship (As identified by the Management)

- a) Key Management Personnel :
- | | |
|-----------------------------|---|
| 1. Smt. Savitri Devi Jindal | Chairperson |
| 2. Shri Ratan Jindal | Vice-Chairman & Managing Director |
| 3. Shri V.S. Jain | Managing Director & CEO (w.e.f. 18.08.06) |
| 4. Shri Ashis Das | Joint Managing Director & COO (Orissa Division) (w.e.f. 18.08.06, till 28.02.07) |
| 5. Shri R.G. Garg | Joint Managing Director & COO |
| 6. Shri N.C. Mathur | Director-Corporate Affairs |
| 7. Shri Rajinder Parkash | Executive Director |
| 8. Shri N.P.Jayaswal | Executive Director (w.e.f. 01.03.07) |
| 9. Shri Arvind Parakh | Director Finance (till 30.09.06) |
| 10. Shri A.P. Garg | Sr. Vice - President & Company Secretary |
| 11. Shri Sanjeev Pandiya | Sr. Vice - President & CFO (w.e.f. 23.09.06) |
| 12. Shri S.S. Virdi | Executive Director, Jindal Stainless Steelway Limited |
| 13. Smt. Deepika Jindal | Executive Director, Austenitic Creations Private Limited (Part of the year w.e.f. 01.09.2006) |
| 14. Shri. Sugato Bose | Executive Director, Austenitic Creations Private Limited |
| 15. Shri P.K. Gupta | Executive Director, Jindal Architecture Limited (Part of the year upto 11.09.2006) |
| 16. Shri Avinash Gupta | Executive Director, Jindal Architecture Limited (Part of the year w.e.f. 11.09.2006) |

b) Key Management Personnel's Relatives

1. Smt. Megha Gupta
2. Smt. Sushma Gupta

c) Enterprises over which Key Management Personnel and their relatives exercise significant influence with whom transactions have been taken place during the year:

1. Jindal Steel & Power Limited
2. JSW Steel Limited
3. Jindal Saw Limited
4. Jindal Industries Limited
5. Nalwa Sons Investments Limited
6. Nalwa Steel and Power Limited (formaly Nalwa Sponge Iron Limited)
7. Bir Plantation Limited
8. Jindal Power Limited
9. Bharat Metals
10. Jindal Transworld (P) Ltd.

Notes to Consolidated Accounts

B. Transactions :

Description	2006-07 (Rs. in Lacs)		2005-06 (Rs. in Lacs)	
	Key Management Personnels	Enterprises Controlled by key Management Personnels & their Relatives	Key Management Personnels	Enterprises Controlled by key Management Personnels & their Relatives
Purchase of Goods	-	* 5527.78	-	11,243.39
Sale of Goods	-	3,130.57 \$	-	2,605.35
Job Work Charges Paid	-	13.45	-	745.01
Receiving of Services (Remuneration paid)	912.20	-	543.18	-
Rent Received	13.80	3.60	-	3.00
Rent Paid	1.61	3.60	-	3.60
Loan & Advances Given	50.00	1,745.09	50.00	1,246.07
Loan & Advances Recovered	10.00	4,749.21	25.00	1,903.44
Interest Income	5.25	259.41	2.23	898.05
Interest Paid	-	44.32	-	6.71
Sharing of Exp. Recd./Accrued	-	40.17	-	17.00
Sharing of Exp. Paid/due	-	59.02	-	161.52
Reimbursement of Services	2.68	-	-	-
Equity Share Capital Subscribed	40.56	-	-	-
Equity Share Warranrs Issued	7,570.50	-	-	-
Amount Received against Share Warrants	757.05	-	-	-
Redemption of 8% NCD JSW Steel Ltd.	-	1,051.25	-	-
Outstanding Balance as on 31.03.2007				
Loans & Advances	-	50.00	25.00	2,904.34
Debtors	-	1,759.83	-	4.14
Payables	561.31	2,445.75	251.31	3,080.37
Investments	-	104.93	-	17,237.83

Note :-

- * Includes Purchase of Ferro Chrome/Sponge Iron of Rs. 4,867.03 Lacs (Previous Year Rs.10,807.80 Lacs) from Jindal Steel & Power Limited, Raigarh on arm length prices.
- \$ Includes sale of Chrome Ore of Rs.2,445 Lacs (Previous Year Nil) to Jindal Steel & Power Limited, Raigarh on arm length prices.

Notes to Consolidated Accounts

14 Earning Per Share (EPS) computed in accordance with Accounting Standard 20 " Earning Per Share " .

	2006-2007 (Rs. in Lacs)	2005-2006 (Rs. in Lacs)
(A) Basic:-		
Net Profit after Tax and Minority Interest as per P & L A/c. (Denominator used for calculation of EPS)	33,711.28	16,186.67
No. of Equity Shares At Beginning of the year	130,551,856	109,909,844
6,8000,000 Equity Warrants w.e.f 16.02.2007 (6,800,000*44/365)	819,726	-
800 ECBs w.e.f. 25.08.2006 (869,350*219/365)*2/365)	521,610	-
1540 ECBs w.e.f. 30.03.2006 (16,734,984*2/365)	-	91,699
20 FCCBs w.e.f. 22.07.2005 (36,497*253/365)	-	25,298
100 FCCBs w.e.f. 16.09.2005 (182,486*197/365)	-	98,492
1466 FCCBs w.e.f. 23.09.2005 (2,675,247*190/365)	-	1,392,594
555 FCCBs w.e.f. 14.10.2005 (1,012,798*169/365)	-	468,940
Weighted Average No. of Equity Shares (Face Value Rs.2/- per share)	131,893,192	111,986,867
Basic EPS (in Rs.)	25.56	14.45
(B) Diluted:-		
Net Profit after Tax and Minority Interest as per P & L A/c.	33,711.28	16,186.67
Add: Interest & fluctuation on Euro Bonds/FCCB (net of tax)	68.82	488.03
Profit attributable to Share Holders (Denominator used for calculation of EPS)	33,780.10	16,674.70
Weighted Average of Equity Shares	131,893,192	111,986,867
Add: Dilutive Potential Equity Shares :		
Weighted average of Potential equity shares outstanding as on 31st March	18,915,413	18,860,676
Weighted average of Potential equity shares converted during the period	655,409	18,564,989
Weighted average No. of Equity Shares (Face value Rs. 2/- per share)	151,464,014	- 149,412,532
Diluted EPS (in Rs.)	22.30	11.16

Notes to Consolidated Accounts

15 DEFERRED TAX LIABILITY (NET) COMPRISES OF THE FOLLOWING AS ON 31.03.2007 :-

(Rs. In Lacs)			
	Balance as at 31.03.2006	Charge/(Credit) for the year	Balance as at 31.03.2007
A) Deferred Tax Liability			
Difference between book & tax depreciation	28,331.51	11,503.09	39,834.60
Difference between book & tax land right amortization*	36.33	(2.92)	33.41
Total Deferred Tax Liability - A	28,367.84	11,500.17	39,868.01
B) Deferred Tax Assets			
1 Disallowance under Section 43B	5.00	99.95	104.95
2 Amortization under Section 35D	(2.41)	2.81	0.40
3 Provision for doubtful debts & advances	162.90	(120.59)	42.31
4 Provisions for leave salary	73.83	41.00	114.83
5 Brought forward long term/short term capital losses	18.89	12.43	31.32
6 Fiscal Loss*	617.78	(617.78)	-
7 Post Employment Benefit*	5.07	7.61	12.68
8 Disallowance under Income Tax	4.98	8.59	13.57
9 Carry Forward Losses	150.80	112.90	263.70
Total Deferred Tax Assets - B	1,036.84	(453.08)	583.76
Deferred Tax Liability (Net) (A-B)	27,331.00	11,953.25	39,284.25

* Relates to Foreign Subsidiary and include on account of foreign currency fluctuation **Rs. 4.43 Lacs.**

16. a) Managerial remuneration paid / payable by a subsidiary company amounting to **Rs. 23.52 Lacs** is in excess of limit prescribed under schedule XIII of the Companies Act and is subject to approval of Central Government.
b) Managerial remuneration paid / payable by the company amounting to **Rs. 21.49 Lacs** is subject to approval of shareholders in general Meeting.

17. Previous year's figures have been re-arranged and regrouped wherever considered necessary.

AUDITORS' REPORT

In terms of our report of even date annexed hereto

FOR LODHA & CO.
Chartered Accountants

(N.K. LODHA)
Partner Membership No.85155

FOR S.S. KOTHARI MEHTA & CO.
Chartered Accountants

(ARUN K. TULSIAN)
Partner Membership No.89907

RATAN JINDAL
Vice- Chairman And
Managing Director

V.S. JAIN
Managing Director &
Chief Executive Officer

R.G. GARG
Joint Managing Director &
Chief Operating Officer

SANJEEV PANDIYA
Sr. Vice President &
Chief Financial Officer

SAVITRI JINDAL
Chairperson

A.P. GARG
Sr. Vice- President &
Company Secretary

N.C. MATHUR
Director Corporate Affairs

RAJINDER PARKASH
Executive Director

DIRECTORS
SUMAN JYOTI KHAITAN
T.R. SRIDHARAN
L.K. SINGHAL

PLACE : New Delhi
DATED : 28th May, 2007

Consolidated Cash Flow Statement for the year ended 31.03.2007

Description	2006-2007		2005-2006	
	AMOUNT	AMOUNT	AMOUNT	AMOUNT
A. Cash Inflow / (Outflow) from Operating Activities				
Net Profit Before Tax & Exceptional Item	55,368.68		23,933.87	
Adjustment for:-				
Depreciation / Amortization	23,025.79		14,680.96	
Provision for Doubtful Debts & Advance / Bad Debts	31.99		247.09	
Prior period Adjustments (Liability Written Back)	(70.89)		(316.77)	
Misc. Expenses Written Off	54.24		38.54	
Misc. Expenses Incurred	(92.17)		(79.99)	
Unrealised Exchange Fluctuation Loss / (Gain)	(2,812.69)		(589.86)	
Interest and Bank Charges	13,230.38		6,662.20	
Dividend Income	(16.52)		(482.26)	
(Profit) / Loss on Sale of Investments (Net)	(534.26)		154.14	
(Profit) / Loss on Sale/Discard of Fixed Assets (Net)	1,729.99		198.11	
Operating Profit Before Working Capital Changes	89,914.54		44,446.03	
Adjustment for:				
(Increase) / Decrease in Inventories	(44,954.56)		(18,854.25)	
(Increase) / Decrease in Sundry Debtors	(22,109.75)		(3,144.47)	
(Increase) / Decrease in Loans & Advances	(14,047.44)		(7,869.66)	
Increase / (Decrease) in Current Liabilities	79,437.46		20,679.56	
Cash Inflow from Operating Activities Before Exceptional Items	88,240.25		35,257.21	
Income Tax (Advance) / Refund (Net)	(8,298.80)		(4,914.35)	
Net Cash Inflow from Operating Activities		79,941.45		30,342.86
B. Cash Inflow / (Outflow) from Investing Activities				
Sale/Redemption/(purchase) of Investment (net)	16,011.59		(9,759.21)	
Capital Expenditure (including advances for capital expenditure)	(142,004.45)		(97,404.53)	
Sales Proceeds of Fixed Assets Sold	1,316.31		532.28	
Dividend Received	16.52		482.26	
Interest Received	4,646.29		4,429.05	
Net Cash Outflow from Investing Activities		(120,013.74)		(101,720.15)
C. Cash Inflow / (Outflow) from Financing Activities				
Dividend Paid (including Corporate Dividend Tax)	(2,374.09)		(1,496.11)	
Interest and Finance Charges Paid	(22,790.11)		(8,771.17)	
Proceeds from / (Repayment of) Borrowings (net)	54,859.27		96,561.53	
Issue of Equity share warrants	8,518.10		-	
Minority Interest	166.65		148.83	
Net Cash Inflow from Financing Activities		38,379.82		86,443.08
D. Change in Currency Fluctuation arising on Consolidation		1,217.25		(74.42)
Net Changes in Cash & Cash Equivalents		(475.22)		14,991.37
Cash & Cash Equivalents (Closing Balance)	20,500.41		20,975.63	
Cash & Cash Equivalents (Opening Balance)	20,975.63		5,984.26	
Net Changes in Cash & Cash Equivalents		(475.22)		14,991.37

Consolidated Cash Flow Statement for the year ended 31.03.2007

Description	2006-2007		2005-2006	
	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Notes :				
1) Cash and cash equivalents includes :-				
Cash, Cheques and Stamps in hand	6,064.81		1,377.12	
Balance with Banks	14,435.56		19,598.47	
Puja & Silver Coins	0.04		0.04	
	20,500.41		20,975.63	

2) Increase in Paid-up Share Capital and Securities Premium are cash neutral and as such not considered in this statement.
3) Previous year's figures have been regrouped and rearranged wherever considered necessary.

AUDITORS' REPORT

In terms of our report of even date annexed hereto

FOR LODHA & CO.
Chartered Accountants

(N.K. LODHA)
Partner Membership No.85155

FOR S.S. KOTHARI MEHTA & CO.
Chartered Accountants

(ARUN K. TULSIAN)
Partner Membership No.89907

RATAN JINDAL
Vice- Chairman And
Managing Director

V.S. JAIN
Managing Director &
Chief Executive Officer

R.G. GARG
Joint Managing Director &
Chief Operating Officer

SANJEEV PANDIYA
Sr. Vice President &
Chief Financial Officer

SAVITRI JINDAL
Chairperson

A.P. GARG
Sr. Vice- President &
Company Secretary

N.C. MATHUR
Director Corporate Affairs

RAJINDER PARKASH
Executive Director

DIRECTORS
SUMAN JYOTI KHAITAN
T.R. SRIDHARAN
L.K. SINGHAL

PLACE : New Delhi
DATED : 28th May, 2007

Statement pursuant to exemption received under Section 212 (8) of the Companies, Act, 1956 relating to subsidiary companies

Sr. No.	Description	Names of Subsidiary Companies							(Rs. in Lacs)	
		Pt. Jindal Stainless Indonesia*	Jindal Stainless Steelway Limited	Jindal Architecture Limited	Austenitic Creations Private Limited	Jindal Stainless UK Limited*	Jindal Stainless Italy S. R. L.,	Jindal Stainless FZE, Dubai*		
1.	Capital (Including Share application Money)	3,256.05	1,584.64	410.25	461.69	85.26	5.79	769.15		
2.	Reserve & Surplus (Net of Misc. Exp.)	639.43	1,230.76	(84.63)	(124.14)	14.24	(0.42)	67.29		
3.	Total Assets	32,453.51	8,359.88	2,944.32	3,847.63	129.47	8.23	836.91		
4.	Total Liabilities	28,558.03	5,544.61	2,618.70	3,510.08	29.98	2.86	0.47		
5.	Investment	-	0.13	-	-	-	-	-		
6.	Turnover	56,891.24	11,691.47	1,734.67	1,997.03	86.81	-	203.29		
7.	Profit Before taxation	2,505.93	885.78	22.85	(415.38)	18.31	(0.42)	70.15		
8.	Provision for Taxation	947.99	291.90	(8.56)	(131.98)	3.51	-	-		
9.	Profit After Taxation	1,557.94	593.67	31.41	(283.48)	14.81	(0.42)	70.15		
10.	Proposed Dividend	-	-	-	-	-	-	-		
11.	Reporting Currency	Indonesian Rupiah (Rp.)	Indian Rupee (INR)	Indian Rupee (INR)	Indian Rupee (INR)	Pounds (GBP)	Euro	Dirham (AED)		

As required under para (iii) of the Approval Letter dated May 3, 2006 issued by Ministry of Company Affairs.

* Indian Rupee equivalents of the figures given in foreign currencies, have been given based on exchange rate as on 31.03.2007

INR 1 = Rp. 209.955

INR 1 = GBP 0.01173

INR 1 = EURO 0.0173

INR 1 = AED 0.08451

Board of Directors

BOARD OF DIRECTORS

Chairperson	Savitri Devi Jindal
Vice Chairman & Managing Director	Ratan Jindal
Managing Director & Chief Executive Officer	V.S. Jain
Jt. Managing Director &Chief Operating Officer	R.G. Garg
Director - Corporate Affairs	N.C. Mathur
Directors	Naveen Jindal Suman Jyoti Khaitan Lokesh Kumar Singhal T.R. Sridharan B.D. Gupta
Executive Director	Rajiinder Parkash N.P. Jayaswal
Sr. Vice President & Company Secretary	A.P. Garg

MANAGEMENT TEAM

Executive Director – Projects	B.P. Goyal
Director – Commercial	R.K. Goyal
Director – Projects	P.S. Ghose
Executive Director – Minerals	P. Roy

Bankers	State Bank of India State Bank of Patiala Punjab National Bank Canara Bank Standard Chartered Bank ICICI Bank UTI Bank Export-Import Bank of India Bank of Baroda
Statutory Auditors	Messrs Lodha & Co., Chartered Accountants Messrs S.S. Kothari Mehta & Co., Chartered Accountants
Cost Auditors	Messrs Ramanath Iyer & Co., Cost Accountants
Registered Office	O.P. Jindal Marg, Hisar -125 005 (Haryana)
Works	Hisar (Haryana), Kothavalasa (A.P.), Danagadi, Dist. Jajpur (Orissa)

FORWARD LOOKING STATEMENT

In the Balance Sheet we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward looking statements that set out anticipated results based on the management plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as anticipate, estimates, expects, projects, intends, plans, believes and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realized although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumption. Should known or unknown risks or uncertainties materialize, or should prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligations to publicly update any for ward looking statement, whether as a result of new information, future events or other wise.



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