



Jindal Steel & Power Limited  
O.P. Jindal Marg, Hisar - 125 005, Haryana



# Notice

To,

**The Members,**

**Jindal Steel & Power Limited**

Notice is hereby given that 31st Annual General Meeting of the members of the Company will be held on Tuesday, the 28th September, 2010 at 12.00 noon at the Registered Office of the Company at O.P. Jindal Marg, Hisar – 125 005, Haryana, to transact the following business :

## ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2010 and Profit & Loss Account for the financial year ended on that date and the Reports of Directors and Auditors thereon.
2. To declare final dividend on equity shares.
3. To appoint a Director in place of Shri Naveen Jindal who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Vikrant Gujral who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri Ram Vinay Shahi who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint a Director in place of Shri Arun Kumar Mukherji who retires by rotation and being eligible offers himself for re-appointment.
7. To appoint M/s S.S. Kothari Mehta & Co., Chartered Accountants (Firm registration No. 0000756N) as Auditors of the Company to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting and to fix their remuneration.

## SPECIAL BUSINESS

8. **To consider and, if thought fit, to pass with or without modification(s) the following resolution 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, Shri Arun Kumar, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT pursuant to Section 293(1)(d) of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and Articles of Association of the Company, consent of the Company be and is hereby given to the Board of Directors of the Company to borrow moneys whether rupee loans or foreign currency loans or other external commercial borrowings (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) from the Banks and/ or Financial/ Lending Institutions or from any other sources, such as, Foreign Banks, Foreign Investment/ Financial Institutions or Funds or other Bodies,

Authorities/ Entities located in India or abroad whether by way of cash credit, working capital, term loans, advances in any form, bill discounting or other forms of credit, issue of Non-Convertible Debentures/ Fully Convertible Debentures/ Partly Convertible Debentures with or without detachable or non-detachable warrants or warrants of any other kind, bonds, external commercial borrowings or other debt instruments or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or pledge on the Company's assets and properties whether moveable or immoveable or stock-in-trade (including raw materials, stores, spare parts and components or stock in transit), work-in-progress and book debts of the Company on such terms and conditions as may be considered suitable by the Board of Directors upto a limit the outstanding of which should not exceed, at any given time, Rs. 35,000 Crores (Rupees thirty five thousand crores only).

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution the Board be and is hereby authorised to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary, proper or desirable, delegate all or any of these powers to any Committee of Directors or Managing Director or Wholetime Director or Director of the Company and to settle any question, difficulty or doubt that may arise in this regard, to finalise and execute all such deeds, documents and writings as it may deem necessary, desirable, expedient or proper."

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

"**RESOLVED THAT** consent of the Company be and is hereby given in terms of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors to mortgage/ hypothecate and/ or create charge/ pledge, etc. in addition to the mortgages/ hypothecations/ charges/ pledges created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable and/ or immoveable properties of the Company, both present and future and/ or the whole or any part of the undertaking(s) of the Company in favour of the Banks, Financial Institutions, Bodies Corporate, Persons or any other Lending Institutions whether situated in India or abroad, Agents and/ or Trustees for securing any loans, advances, working capital facilities, bill discounting, or any other financial assistance, fully/ partly convertible debentures and/ or secured non convertible debentures with or without detachable or non-detachable warrants or secured premium notes, floating rate notes/ bonds or any other secured debt instruments or external commercial borrowings in any form together with interest, further interest thereon, compound interest in case of default, accumulated interest, all other costs, charges and expenses payable by the Company upto a limit of Rs. 35,000 Crores (Rupees thirty five thousand crores only) in terms of Section 293(1)(d) of the Companies Act, 1956 and the documents be finalised and executed by the Company in their favour containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors and the Lenders/ Trustees.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution the Board be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable, delegate all or any of these powers to a Committee of Directors or Managing Director or Wholetime Director or Director of the Company and to settle any question, difficulty or doubt that may arise in this regard, to finalise and execute all such deeds, documents and writings as it may deem necessary, desirable, expedient or proper."

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

"**RESOLVED BY WAY OF SPECIAL RESOLUTION THAT** in accordance with the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956, Foreign Exchange Management Act, 1999 (including any regulation, statutory modification(s) or re-enactment(s) thereof for the time being in force including but not limited to Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident Outside India) Regulation, 2000, the Issue

of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 and also the provisions of any other applicable laws, rules, regulations and in accordance with relevant provisions of Memorandum and Articles of Association of the Company and subject to the approval, consent, permission and/ or sanction of the Ministry of Finance (MOF), Government of India (GOI), the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Stock Exchange(s) and/ or any other appropriate authorities, institutions or bodies, as may be necessary and subject to such conditions and modifications as may be prescribed in granting such approvals, consents and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which terms shall include a Committee of Directors), the consent of the Company be and is hereby accorded to the Board to offer, issue and allot, in one or more tranches, any securities including Global Depository Receipts ("GDR") and/ or American Depository Receipts ("ADR") and/ or Foreign Currency Convertible Bonds ("FCCB") and/ or Convertible Bonds/ Debentures and/ or Euro-Convertible Bonds whether cumulative/ redeemable/ partly/ fully convertible and/ or securities partly or fully convertible into equity shares and/ or securities linked to equity shares and/ or any instruments or securities with or without detachable warrants, or such other types of securities representing either equity shares and/ or convertible securities, (hereinafter collectively referred to as "Securities") in India or in one or more foreign market(s) to be subscribed in foreign currency(ies)/ Indian Rupees by Foreign/ Domestic Investors, including Non-Residents, Foreign Institutional Investors, Non-Resident Indians, Foreign Nationals, Corporate Bodies, Banks, Institutions, Mutual Funds or such other eligible entities or persons as may be decided by the Board in accordance with applicable laws, whether or not such persons/ entities/ investors are members of the Company, through Prospectus, Offering Letter, Circular Memorandum or through any other mode, from time to time, as may be deemed appropriate by the Board on such terms and conditions as the Board may, in its sole and absolute discretion, deem fit upto USD 750 million equivalent to approximately Rs. 3,750 Crores (with a right to the Board to retain additional allotment, such amount of subscription not exceeding 25% of the amount of initial offer of each tranche as the Board may deem fit) on such terms and conditions including pricing (subject to the minimum pricing norms prescribed by SEBI, RBI and/ or any other authorities), as the Board may in its sole and absolute discretion decide including the form and all other terms and conditions and matters connected therewith and wherever necessary in consultation with the lead managers, underwriters, stabilisation agents, guarantors, financial and/ or legal advisors, depositors, custodians, principal/ paying/ transfer/ conversion agents, listing agents, registrars and issue such Securities in any market and/or to the persons as may be deemed fit by the Board so as to enable the Company to get listed at any Stock Exchange(s) in India and/ or Singapore and/ or any other overseas Stock Exchange(s).

**RESOLVED FURTHER THAT** these securities will be disposed off by the Board in its absolute discretion in such manner as the Board may deem fit and proper.

**RESOLVED FURTHER THAT** without prejudice to the generality of the above and subject to the applicable laws, the aforesaid issue of the Securities may have all or any terms or combination of terms in accordance with normal practices including but not limited to conditions relating to payment of interest, dividend, premium or redemption or early redemption at the option of the Company and/ or to the holder(s) of the Securities and other debt-service payment whatsoever and all such terms as are provided in offerings of this nature, including terms for issue of additional equity shares, of variation of interest payment and/ or variation of the price and/ or the period of conversions of Securities into equity shares or issue of equity shares during the duration of the Securities and/ or voting rights or options for early redemption of Securities, and the Board is empowered to finalise and approve the same or any modification thereof.

**RESOLVED FURTHER THAT** the Company and/ or any agency or body authorised by the Board may issue depository receipts representing the underlying equity shares or other Securities or FCCBs in registered form with such features and attributes as are prevalent in international capital markets for instruments of this nature and provide for the tradability or free transferability thereof as per the international practices and regulations and under the forms and

practices prevalent in the international markets including filing any registration statement and any other document and any amendment thereto with any relevant authority(ies) for securities listing and trading in the overseas Stock/ Securities Exchange(s).

**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 above or as may be necessary in accordance with the terms of the offering(s).

**RESOLVED FURTHER THAT** subject to the applicable laws, the Board, as and when it deems fit and proper, be and is hereby also authorised to issue and allot equity shares (including equity shares issued and allotted upon conversion of any Securities) with differential rights including differential rights as to dividend and/ or voting.

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

**RESOLVED FURTHER THAT** for the purpose of giving effect to any issue or allotment of Securities or instruments representing the same, the Board be and is hereby authorised to determine the form, terms and timing of the offering(s), including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche, issue price, face value, premium amount of issue/ conversion of Securities/ redemption of Securities, rate of interest, redemption period, utilisation of issue proceeds, listing on one or more Stock Exchange(s) abroad/ India as the Board in its sole and absolute discretion may deem fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues and on behalf of the Company, to do all such acts, deeds, matters and things as it may, at its sole and absolute discretion, deem necessary or desirable for such purpose, including without limitation the appointment of Registrars, Book-runners, Lead-Managers, Trustees, Agents, Bankers, Global Co-coordinators, Custodians, Depositories, Consultants, Solicitors, Accountants, or such other Agencies, entering into arrangements for underwriting, marketing, listing, trading, depository and such other arrangements and agreements, as may be necessary and to issue any Offer document(s) and sign all deeds, documents and to pay and remunerate all agencies/ intermediaries by way of commission, brokerage, fees, charges, out of pocket expenses and the like as may be involved or connected in such offerings of Securities, with power on behalf of the Company to settle any question, difficulty or doubt that may arise in regard to any such issue, offer or allotment of Securities and in complying with any regulations, as it may in its sole and absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this Resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or Wholetime Director(s), Directors or any other Officer(s) of the Company to give effect to the aforesaid Resolution.

**RESOLVED FURTHER THAT** all the acts, deeds and things already done by the Board in this regard be and are hereby confirmed, approved and ratified."

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

"**RESOLVED THAT** pursuant to Section 198, 269, 309, 310 and all other applicable provisions, if any, Schedule XIII to the Companies Act, 1956 and Article 139 of Articles of Association of the Company, the Company hereby approves the reappointment of Shri Anand Goel as Joint Managing Director of the Company for a period of five years with effect from 01st August, 2010 on the following terms and conditions:

- (a) Basic salary of Rs. 5,37,633/- (Rupees five lacs thirty seven thousand six hundred thirty three only) per month.

- (b) Performance based target variable pay, benefits, perquisites, allowances, reimbursements and facilities as may be determined by the Board, from time to time.

**RESOLVED FURTHER THAT** the terms of remuneration as mentioned herein above will also be payable to Shri Anand Goel, Joint Managing Director for the period from 01st April, 2010 upto 31st July, 2010 being revision of salary as per Company's Policy.

**RESOLVED FURTHER THAT** notwithstanding anything to the contrary contained hereinabove, where in any financial year during the currency of his tenure, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of basic salary, performance based target variable pay, benefits, perquisites, allowances, reimbursements and facilities as specified above."

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

**"RESOLVED THAT** pursuant to Section 198, 309, 310 and all other applicable provisions, if any, and Schedule XIII to the Companies Act, 1956, the Company hereby approves the revision of remuneration of Shri Vikrant Gujral, Group Vice Chairman & Head Global Ventures of the Company with effect from 01st April, 2010 in the following manner:

- (a) Basic salary of Rs. 4,56,992/- (Rupees four lacs fifty six thousand nine hundred and ninety two only) per month.  
(b) Management incentive, performance based target variable pay, benefits, perquisites, allowances, reimbursements and facilities as may be determined by the Board, from time to time.

**RESOLVED FURTHER THAT** notwithstanding anything to the contrary contained hereinabove, where in any financial year during the currency of his tenure, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of basic salary, management incentive, performance based target variable pay, benefits, perquisites, allowances, reimbursements and facilities as specified above."

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

**"RESOLVED THAT** pursuant to Section 198, 309, 310 and all other applicable provisions, if any, and Schedule XIII to the Companies Act, 1956, the Company hereby approves the revision of remuneration of Shri Arun Kumar Mukherji, Wholetime Director of the Company with effect from 01st April, 2010 in the following manner:

- (a) Basic salary of Rs. 2,40,000/- (Rupees two lacs forty thousand only) per month.  
(b) Performance based target variable pay, benefits, perquisites, allowances, reimbursements and facilities as may be determined by the Board, from time to time.

**RESOLVED FURTHER THAT** notwithstanding anything to the contrary contained hereinabove, where in any financial year during the currency of his tenure, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of basic salary, performance based target variable pay, benefits, perquisites, allowances, reimbursements and facilities as specified above."

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

**"RESOLVED THAT** pursuant to Section 198, 309, 310 and all other applicable provisions, if any, and Schedule XIII to the Companies Act, 1956, approval of the shareholders be and is hereby given to the increase in the individual variable pay of Shri Vikrant Gujral, Group Vice Chairman and Head Global Ventures, Shri Anand Goel, Joint Managing Director and Shri Arun Kumar Mukherji, Wholetime Director to Rs. 11,40,480/-, Rs. 13,82,400/- and Rs. 5,76,000/- respectively and group variable pay of Shri Anand Goel to Rs. 15,55,200/- for the financial year 2009-10."

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

**“RESOLVED BY WAY OF SPECIAL RESOLUTION THAT** pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 read with Director’s Relatives (Office or Place of Profit) Rules, 2003 and subject to approval of Central Government, the salary of Shri Paras Goel, Asst. General Manager–Sales and Marketing be and is hereby revised w.e.f. 01st April, 2010 as per details given below:

a) Basic Salary	:	Rs. 6,45,840/- (Rupees six lacs forty five thousand eight hundred forty only) per annum.
b) Flexible Compensation Plan*	:	Rs. 8,91,264/- (Rupees eight lacs ninety one thousand two hundred sixty four only) per annum.
c) Employer’s Contribution to Provident Fund	:	Rs. 77,496/- (Rupees seventy seven thousand four hundred ninety six only) per annum.
d) Target Variable Pay which shall not be less than Rs. 2,26,000/- (Rupees two lacs twenty six thousand only) and not more than Rs. 3,00,000/- (Rupees three lacs only) per annum based on performance of the employee and the Company’s business.		

He shall also be entitled to following perquisites:

e) Perquisites :	
i) Gratuity amount of Rs. 31,068/- (Rupees thirty one thousand sixty eight only) per annum.	
ii) Mediclaim Insurance coverage for self and family for which premium amounting to Rs. 9,000/- (Rupees nine thousand only) per annum will be paid by the Company.	
iii) Group Personal Accident Insurance coverage for which premium amounting to Rs. 4,512/- (Rupees four thousand five hundred twelve only) per annum will be paid by the Company.	
iv) Encashment of earned leave – maximum for 30 days i.e. Rs. 53,820/- (Rupees fifty three thousand eight hundred twenty only) being one month’s basic pay.	

\* The Flexible Compensation Plan (FCP) consists of the following components with liberty to choose one or more of them, to the extent of its full amount or a part thereof.

Allowances/ Reimbursements	Maximum Entitlement (per annum)
House Rent Allowance	Rs. 3,22,920/- (Rupees three lacs twenty two thousand nine hundred twenty only)
Corporate Attire Reimbursement	Rs. 21,600/- (Rupees twenty one thousand six hundred only)
Children Hostel Allowance	Rs. 7,200/- (Rupees seven thousand two hundred only)
Children Education Allowance	Rs. 2,400/- (Rupees two thousand four hundred only)
Professional Pursuit Reimbursement	Rs. 18,000/- (Rupees eighteen thousand only)
Medical Reimbursement	Rs. 15,000/- (Rupees fifteen thousand only)
Leave Travel Allowance	Rs. 1,00,000/- (Rupees one lac only)
Cost of Car (Notional Value)	Rs. 1,00,000/- (Rupees one lac only)
Fuel Reimbursement	Rs. 84,000/- (Rupees eighty four thousand only)
Insurance / Maintenance of Car	Rs. 15,000/- (Rupees fifteen thousand only)
Special allowance	Rs. 2,05,144/- (Rupees two lacs five thousand one hundred forty four only). This amount may increase depending upon the choice of above components.

**RESOLVED FURTHER THAT** Shri Naveen Jindal, Executive Vice Chairman & Managing Director and Shri Vikrant Gujral, Group Vice Chairman and Head Global Ventures of the Company be and are hereby authorised severally to change terms of his appointment including his designation and remuneration.

**RESOLVED FURTHER THAT** in accordance with standing practice of the Company, the salary of Shri Paras Goel may be revised from 01st April every year and next such revision may take effect from 01st April, 2011.

**RESOLVED FURTHER THAT** Shri Sushil Maroo, Director and Shri T. K. Sadhu, Company Secretary be and are hereby authorised severally to apply to and seek approval of Central Government to the increase in the remuneration of Shri Paras Goel and take such other steps and do all such things as may be deemed necessary for giving effect to this Resolution.

**RESOLVED FURTHER THAT** the Sub-Committee of Directors be and is hereby authorised to alter, change or modify any of the above mentioned terms of remuneration as may be directed or advised by the Central Government while considering approval under Section 314 of the Companies Act, 1956 without seeking any further approval from shareholders."

By order of the Board

Date: 31st July, 2010

Place : New Delhi

**Registered Office:**

O.P. Jindal Marg,  
Hisar – 125 005, Haryana

T.K. Sadhu

Company Secretary

#### Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
2. A blank proxy form is sent herewith.
3. The instrument appointing proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
4. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of items 8 to 16 of the Notice is annexed hereto.
5. All documents referred to in the accompanying Notice and Explanatory Statement are open to inspection at the Registered Office of the Company during office hours on all working days up to the date of Annual General Meeting between 11:00 AM and 01:00 PM.

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

##### RESOLUTION NO. 8:

Shri Arun Kumar was appointed as Additional Director by Board of Directors through resolution by circulation on 29th September, 2009. As per provisions of Section 260 of the Companies Act, 1956, he holds office as Additional Director upto the ensuing Annual General Meeting. The Company has received notice along with Rs. 500/- from a member proposing his candidature for appointment as a Director liable to retire by rotation in terms of Section 257 of the Companies Act, 1956.

The Board considered this matter in their meeting held on 04th May, 2010 and recommends the resolution for your approval. Shri Arun Kumar is interested in the Resolution.



**RESOLUTION NO. 9 & 10:**

The shareholders of the Company had, in their meeting held on 26th September, 2008, approved borrowings upto an amount of Rs. 25,000/- Crores (Rupees twenty five thousand crores only) and authorised the Board to borrow funds from time to time, for the business of the Company. The Company has drawn up expansion plans for Raigarh works, envisages setting up of 6.0 million TPA steel plant in Angul (Odisha), 3.0 million TPA steel Plant in Patratu (Jharkhand), is implementing 9.6 million TPA iron ore washing plant in Barbil (Odisha) and 2.0 million TPA cement plant in Raigarh (Chattisgarh). In view of this, the existing borrowing limits are found to be inadequate. Therefore, the Board recommended that the borrowing limits may, for the time being, be increased to Rs. 35,000/- Crores (Rupees thirty five thousand crores only).

Pursuant to Section 293 (1)(d) of the Companies Act, 1956 approval of the shareholders is required for increasing the borrowing limit as suggested above and authorising the Board to borrow funds from time to time from FIs, Banks, FIIs, International lenders and other sources.

The Company has to secure the borrowings by way of mortgage, hypothecation, charge, etc as may be required by the lenders. Since the Company proposes to increase the borrowing limit of the Company to Rs. 35,000/- Crores (Rupees thirty five thousand crores only), approval is sought from the shareholders in terms of Section 293(1)(a) of the Companies Act, 1956, for securing the borrowed funds upto Rs. 35,000/- Crores (Rupees thirty five thousand crores only) by way of hypothecation, mortgages, charges etc. on the movable and immovable properties of the Company.

The Board considered this matter in its meeting held on 04th May, 2010 and recommends these two resolutions for your approval. None of the Directors is, in any way, concerned or interested in these Resolutions.

**RESOLUTION NO. 11:**

In order to mobilise funds for the normal capital expenditure, ongoing expansion, modernisation, general corporate purposes, working capital requirements etc., it is proposed to make an offering by way of public offer and / or private placement of Foreign Currency Convertible Bonds (FCCBs), Global Depository Receipts (GDRs), American Depository Receipts (ADRs) or any other equity and / or preference share related instruments amounting in aggregate to USD 750 million equivalent to approximately Rs. 3,750 Crores (with a right to the Board to retain additional allotment, such amount of subscription not exceeding 25% of the amount of initial offer of each tranche as the Board may deem fit) to the international investor(s) in one or more tranches.

The detailed terms and conditions of the offer including price would have to be determined in consultation with the lead managers, advisors and underwriters to be appointed by the Company. Since the pricing of the offering can be decided only at a later stage, it is not possible to state the price or the exact number of securities or instruments to be issued.

Pursuant to Foreign Exchange Management Act, 1999 and relevant provisions of Schedule I to FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism), Scheme, 1993, the Company is eligible to raise funds through Foreign Currency Convertible Bonds (FCCBs), Global Depository Receipts (GDRs) or American Depository Receipts (ADRs).

Discussions will be initiated with internationally reputed consultants and merchant bankers for identifying the parties and negotiating the terms and conditions of the offering and the requisite approval(s)/ sanction(s) of Reserve Bank of India and/ or other Authorities would also be obtained for this purpose after shareholders approval is obtained.

Section 81 of the Companies Act, 1956, provides, inter-alia, that when it is proposed to increase the Subscribed 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 that Section unless the shareholders in a general meeting decide otherwise by way of a Special Resolution.



The Board had in its meeting held on 04th May, 2010 discussed this proposal and recommends this resolution for your approval. None of the Directors is, in any way, concerned or interested in this Resolution.

#### **RESOLUTION NO. 12:**

Shri Anand Goel was initially appointed as Wholetime Director of the Company for a period of 5 years w.e.f. 01st August, 2000 and re-appointed for a further period of 5 years upto 31st July, 2010. He is presently working as Joint Managing Director and has 35 years of experience out of which he served JSL Ltd for 25 years in several senior managerial positions. He has been involved in conceptualisation and execution of projects at Raigarh for manufacturing of rails, parallel flange beams, columns, plates and coils, the setting up of steel projects at Angul (Odisha) and Patratu (Jharkhand) and expansion of Raigarh steel plant from 3.0 MTPA to 6.0 MTPA. He has made substantial contribution towards the growth of the Company during the last ten years. The Board of Directors considered his reappointment in their meeting held on 04th May, 2010 and subject to your approval re-appointed him as Joint Managing Director of the Company for five year w.e.f. 01st August, 2010 on revised remuneration. Therefore, the Board recommends this Resolution for your approval.

As per Section I of Part-II of Schedule XIII to the Companies Act, 1956, if the Company has adequate profits, the Board may fix / revise remuneration within the ceiling as provided in Section 198 and 309 of that Act which is 10% of the net profits. As per the audited accounts for the accounting year 2009-10, the Company has earned net profit of Rs. 1,479.68 Crores, which is considered sufficient for the purpose of payment of proposed remuneration to the managerial personnel of the Company. In terms of Section 310 read with Schedule XIII to the Companies Act, 1956, the Board can revise the remuneration subject to approval of the shareholders in general meeting.

The terms and conditions including remuneration given in the said Resolution may be treated as an abstract of terms of appointment of Shri Anand Goel as the Joint Managing Director under Section 302 of the Companies Act, 1956.

Shri Anand Goel is interested in this Resolution.

#### **RESOLUTION NO. 13 & 14:**

In view of their status in the industry, standard and cost of living, increasing responsibilities on account of expanding business activities within India and abroad, time and effort put in by them towards managing affairs of the Company, the Board has, subject to the approval of shareholders revised the remuneration of Shri Vikrant Gujral and Shri Arun Kumar Mukherji with effect from 01st April, 2010 as contained in resolution no. 13 & 14.

As per Section I of Part-II of Schedule XIII to the Companies Act, 1956, if the Company has adequate profits, the Board may fix / revise remuneration within the ceiling as provided in Section 198 and 309 of that Act which is 10% of the net profits. As per the audited accounts for the accounting year 2009-10, the Company has earned net profit of Rs. 1,479.68 Crores, which is considered sufficient for the purpose of payment of proposed remuneration to the managerial personnel of the Company. In terms of Section 310 read with Schedule XIII to the Companies Act, 1956, the Board can revise the remuneration subject to approval of the shareholders in general meeting. The Board has considered these resolutions in the meeting held on 04th May, 2010 and recommends these resolutions for your approval.

The terms of revision of remuneration given in the said resolutions may be treated as abstract of terms of remuneration of the said directors under Section 302 of the Companies Act, 1956.

Shri Vikrant Gujral and Shri Arun Kumar Mukherji are interested in their respective Resolutions.

#### **RESOLUTION NO. 15:**

The shareholders had, vide their resolutions passed in Annual General Meeting held on 29th September, 2009, approved, among other terms of remuneration, payment of Individual Variable Pay and Group Variable Pay to Shri Vikrant Gujral, Group Vice Chairman and Head Global Ventures, Shri Anand Goel, Joint Managing Director and Shri Arun Kumar Mukherji, Wholetime Director of the Company for the financial year 2009-10. However, keeping in view the performance of these managerial personnel during the financial year and overall performance of the

Company, the Board of Directors has, in its meeting held on 04th May, 2010, decided, subject to approval of the shareholders, to increase Individual Variable Pay and Group Variable Pay to them as contained in the Resolution.

As per Section I of part II of Schedule XIII to the Companies Act, 1956, if the Company has adequate profits, the Board may fix remuneration within the ceiling as provided in Section 198 and 309 of that Act which is 10% of the net profits. As per the audited accounts for the accounting year 2009-10, the Company has earned net Profit of Rs. 1,479.68 Crores, which is considered sufficient to pay increased Individual Variable Pay and/ or Group Variable Pay. Therefore, the Board recommends this resolution for your approval.

The terms of revision of remuneration given in the said resolution may be treated as abstract of terms of remuneration of the said Directors under Section 302 of the Companies Act, 1956.

Shri Vikrant Gujral, Shri Anand Goel and Shri Arun Kumar Mukherji are interested in this resolution to the extent of increase in their respective variable pay.

#### **RESOLUTION NO. 16:**

Shareholders, in their meeting held on 29th September, 2009, had approved appointment of Shri Paras Goel as Asst. General Manager–Sales and Marketing and Central Government, vide its letter no. A71682041- CL- VII dated 30th April, 2010 had also approved his appointment from 01st October, 2010 at a total annual remuneration of Rs. 16,38,612/- (Rupees sixteen lac thirty eight thousand six hundred twelve only). As per this approval letter any increase in his salary above this limit will require approval of Central Government.

As per policy of the Company, remuneration of each employee is revised w.e.f. 01st April every year. In terms of Rule 4(7) of the Director's Relatives (Office or Place of Profit) Rules, 2003, the Selection Committee consisting of Shri R. V. Shahi and Shri Hardip Singh Wirk, Independent Directors and Prof. Anand G. Khanna, outside expert, Professor in Institute of Management Technology, Ghaziabad, have recommended increase in his salary w.e.f. 01st April, 2010 and the Board of Directors has, in its meeting held on 04th May, 2010, revised, subject to approval of shareholders and Central Government, his salary w.e.f. 01st April, 2010 and recommends this resolution for your approval.

As per Section 314 of the Companies Act, 1956 prior consent of shareholders of the Company by way of Special Resolution and approval of the Central Government is required. After obtaining approval of shareholders, application will be submitted to the Central Government for seeking approval to the revision of remuneration of Shri Paras Goel.

Shri Anand Goel being relative is interested in this resolution.

By order of the Board

Date: 31st July, 2010

Place : New Delhi

**Registered Office:**

O.P. Jindal Marg

Hisar – 125 005, Haryana

T.K. Sadhu  
Company Secretary

## FOR ATTENTION OF THE SHAREHOLDERS

1. Register of members and share transfer books of the Company will remain closed from 15th September, 2010 to 17th September, 2010 (both days inclusive). The dividend, if declared by the members, shall be paid to those members whose names, in case of shares held in electronic form (Demat Form), appear as beneficial owners, as at close of business hours on Tuesday, 14th September, 2010 and for shares held in physical form appear in the Register of members on Friday, 17th September, 2010.
2. The Ministry of Corporate Affairs, Government of India has vide their letter 47/396/2010- CL-III dated 18/05/2010 given the direction to the Company under Section 212(8) of the Companies Act, 1956 for not attaching the Balance Sheet and other documents as required under Section 212(1) of the Companies Act, 1956 with Annual Accounts of the Company.

The Company undertakes that Annual Accounts of the Subsidiaries namely 1. Jindal Power Limited, 2. Jindal Minerals & Metals Africa Limited, 3. Jindal Minerals and Metals Africa Congo SPRL, 4. Jindal Steel & Power (Mauritius) Limited, 5. Trans Atlantic Trading Limited, 6. PT Jindal Overseas, 7. Vision Overseas Limited, 8. Jubilant Overseas Limited, 9. Affiliate Overseas Limited, 10. Skyhigh Overseas Limited, 11. Harmony Overseas Limited, 12. Worth Overseas Limited, 13. Jindal Steel Bolivia SA, 14. Gas to Liquid International, 15. Jindal Power Trading Company Limited (formerly Chhattisgarh Energy Trading Company Limited), 16. Jindal Power LLC, 17. Rolling Hill Resources LLC, 18. Jindal Mining Industry LLC, 19. JSPL Mazambique Minerals LDA, 20. Jindal Synuels Limited, 21. Enduring Overseas Limited, 22. Jindal Mining & Exploration Limited, 23. Jindal Investment Holdings Limited, 24. Jindal Africa Investments (Pty) Ltd., 25. Osho Madagascar SARL, 26. Jindal Hydro Power Limited, 27. Jindal Power Transmission Limited, 28. Jindal Power Distribution Limited, 29. Attunli Hydro Electric Power Company Limited, 30. Etalin Hydro Electric Power Company Limited, 31. Jindal DRC SPRL (Congo), 32. Jindal Minerals Mining Limited, 33. Jindal Madagascar SARL, 34. Jindal Investmentors LDA, 35. Belde Empreendimentos Minerios Ltd., 36. Kasai Sud Diamant, 37. Eastern Solid Fuels Pty. Limited, 38. Jindal Mining Pty. Limited (Matt Trading Pty. Limited), 39. Jindal Brasil Mineracao SA and the related detailed information will be made available to the investors of these subsidiaries and Jindal Steel & Power Limited as and when they demand. The Annual Accounts of these Subsidiary Companies will also be kept for inspection by any investor, at Registered Office of the Company as well as these subsidiaries and will be hosted on the Company's website.

3. 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 information ready at the Annual General Meeting.
4. Members are requested to note that Alankit Assignments Limited, Alankit House, 2E/21, Jhandewalan Extn., New Delhi-110055, is the Registrar and Transfer Agent to look after the work related to shares held in physical and dematerialised form.
5. Members are requested to immediately notify to the Registrar and Transfer Agent any change in their address in respect of shares held in physical form and to their Depository Participants (DPs) in respect of shares held in the dematerialised form.
6. Please bring a copy of the Annual Report and duly filled in attendance slip for attending the Annual General Meeting.

**7. UNCLAIMED/ UNPAID DIVIDEND**

In terms of Section 205C of the Companies Act, 1956, the Central Government has established "Investor Education and Protection Fund" (IEPF) and any amount of dividend/ fixed deposit, etc. remaining unclaimed/ unpaid for a period of seven years from the date it becomes due for the payment should be transferred to this fund. Amount unclaimed/ unpaid in respect of following payments will be transferred to this fund as shown below:

S. No.	Year	Description	Date of Payment	Date of Transfer to IEPF
1	2002-03	Dividend @ 125%	26th July, 2003	31st August, 2010
2	2003-04	Interim Dividend @ 75%	23rd October, 2003	28th November, 2010
3	2003-04	Dividend @125%	17th July, 2004	22nd August, 2011
4	2004-05	Interim Dividend @ 100%	27th October, 2004	2nd December, 2011
5	2004-05	Dividend @ 200%	25th July, 2005	30th August, 2012
6	2005-06	Interim Dividend @ 100%	31st October, 2005	5th December, 2012
7	2005-06	Dividend @ 200%	27th September, 2006	26th October, 2013
8	2006-07	Interim Dividend @ 120%	29th January, 2007	28th February, 2014
9	2006-07	Dividend @ 240%	3rd October, 2007	2nd October, 2014
10	2007-08	Interim Dividend @ 150%	3rd March, 2008	2nd March, 2015
11	2007-08	Dividend @ 250%	4th October, 2008	3rd October, 2015
12	2008-09	Dividend@ 550%	1st October, 2009	30th September, 2016

Those who have not encashed their dividend warrants with respect to above dividends may please correspond with the Company for claiming the unclaimed amount.

**NO GIFTS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING**



# Directors' Report

To

**The Members,**

Your Directors are pleased to present the 31st Annual Report together with the Statement of Accounts for the year ended 31st March, 2010.



**FINANCIAL RESULTS**

(Rs. in Crores)

Particulars	Standalone		Consolidated	
	Financial Year ended 31.03.2010	Financial Year ended 31.03.2009	Financial Year ended 31.03.2010	Financial Year ended 31.03.2009
Sales & other income	7,484.90	7,799.43	11,151.82	10,913.37
Profit before interest and depreciation	2,612.13	2,603.82	5,907.99	5,231.81
Profit before tax	1,907.50	2,001.88	4,553.45	3,811.10
Profit after tax	1,479.68	1,536.48	3,634.56	3,007.15
Appropriations:				
Interim dividend	-	-	3.38	-
Final dividend	116.52	85.33	116.52	85.28
Corporate tax on dividend	4.28	-	19.96	14.75
General reserve	150.00	155.00	150.00	155.00

**FURTHER ISSUE OF CAPITAL**

Company has allotted 77,56,51,530 Bonus shares of Re.1/- each on 19th September, 2009 in the ratio of 5 bonus shares for each existing equity share of Re. 1/- 11,81,875 equity shares of Re. 1/- each were also allotted on various dates against options granted under the Company's Employee Stock Option Scheme - 2005.

**DIVIDEND**

Your Directors recommend a dividend of 125% i.e. Rs. 1.25 per equity share of Re. 1/- each. Stock Options under Series I (Part III) and Series III (Part II) have vested in the employees and shares will be allotted against these Options in due course. These shares will rank pari - passu with the existing shares in all respects. Accordingly, provision for payment of dividend for 2009-10 has also been made in respect of 32,29,029 equity shares being the number of shares that may be allotted on exercise of these Options.

**OPERATIONAL REVIEW**

The Company, on a consolidated basis, has achieved an aggregate income of Rs. 11,151.82 Crores as compared to previous year's Rs. 10,913.37 Crores. Profit before tax has increased to Rs. 4,553.45 Crores from previous year's Rs. 3,811.10 Crores. Profit after tax has increased to Rs. 3,634.56 Crores from previous year's Rs. 3,007.15 Crores. Reserves and Surplus have increased to Rs.10,301.32 Crores.

**Sponge Iron**

The Company has produced 13,09,408 MT of Sponge Iron in the year under report as against previous year's production of 12,48,511 MT and achieved capacity utilisation of 95.6%.

The Company has produced 13,09,408 MT of Sponge Iron in the year under report as against previous year's production of 12,48,511MT and achieved capacity utilisation of 95.6%.

## Steel

The production of steel products during the year under report as compared to previous year is given below:

Sl. No.	Product	Production in MTs	
		(2009-10)	(2008-09)
1	Finished steel products	12,14,583	9,98,205
2	Semi steel products	19,64,032	15,78,790

## Ferro Chrome

The Company has produced 540 MT of HC Ferro Chrome during the year as against 16,143 MT in the previous year.

## Power

The Company generated 2,976 million Kwh during the year as against 2,831 million Kwh of the previous year.

## Raipur Unit

Raipur Unit produced 973 MT of MS ingots, 1,665 MT of casting and has done machining of 8,885 MT as against previous year's figures of 937 MT, 1,964 MT and 4,210 MT respectively.

## Mining

The production of calibrated iron ore at captive mine at Tensa in Odisha was 12.34 lac MT as against previous year's production of 10.41 lacs MT. The Company has exported 6.09 lacs MT of iron ore fines as against previous years' 9.08 lacs MT. The production of coal at captive mine was 59.98 lac MT registering a marginal increase over previous years' production.

## PROJECTS UNDER IMPLEMENTATION

### a) Projects at Raigarh, Chhattisgarh

#### 1. 4 x 135 MW Captive Power Plant

The Company is setting up 540 MW (4 x 135 MW) captive power plant at its coal mine at Tamnar, Raigarh in two phases which will cater to the increasing power requirement of the steel complex at Raigarh. Environment clearance has been obtained for 2x150 MW (1st phase) Power Plant and Company has applied for environment clearance for 2x150 MW (2nd phase) Power Plant. The estimated project cost of Phase I (2x135 MW) is Rs. 1,179 Crores and Phase II (2x135 MW) is Rs.1,080 Crores. The entire land required for the project has been acquired. The order for Boiler Turbine Generator (BTG) Package has been placed on M/S Shanghai Electric Company, China. Complete BOP packages like CHP, AHP and Water Treatment Plant System, Electrical System like HT/LT Switchgears, Bus Ducts, Transformers, Switchyard, C&I Packages etc. have also been awarded. The first unit (135 MW) has been synchronised on May 03, 2010 and is expected to be commissioned in June 2010. The second unit (135 MW) of 1st phase will be commissioned by the end of 2010.

#### 2. 2.0 MTPA Cement Plant

The Company is setting up 2.0 MTPA cement plant at Raigarh in two phases. Slag Grinding Unit of 0.5 MTPA has been set up in first phase at a cost of Rs.125 Crores and will utilise the slag generated by steel plant which will help in solid waste management. The Company has acquired most of the required land and balance is under acquisition. Prospecting license of Banipather Mines, Kharsia, Raigarh has been



obtained for Gudeli C & Gudeli A block. Letter of intent for mining lease for Godadih Block of Chilhati mines has been received and mining plan of the same is under progress.

### 3. 0.6 MTPA Medium and Light Section Mill

A Medium and Light Section Mill is being set up at Raigarh for rolling 100 to 300 MM Beams & Channels with a provision to extend up to 400 MM in future at an estimated cost of Rs. 500 Crores. This Mill along with Rail and Universal Beam Mill will be able to roll 100-900 MM wide Structurals at Raigarh works. It would also have the capability to roll 100 to 200 MM Angles, Rails (small) and Flats of various sizes. The critical equipment and technology has been supplied by M/s Danieli Morgard Shammer of Italy. Korus Engineering Solutions, New Delhi has been working as the Engineering Consultant for this project. M/s Gannon Dunkerley & Co. Limited is the main civil & structural contractor. The project is expected to be commissioned in 2010.

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Slag Grinding Unit of 0.5 MTPA has been set up in first phase at a cost of Rs.125 Crores and will utilise the slag generated by steel plant which will help in solid waste management.

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#### b) Steel Plant in Angul, Odisha

The Company has taken steps for implementation of this project. Orders have been placed for equipment and civil structure. Out of 4,331 acres of land required for the project, 4,000 acres of land has already been acquired. The integrated steel plant is expected to be commissioned by 2012.

#### c) Steel plant in Patratu, Jharkhand

The Company is setting up 6.0 MTPA integrated steel plant at Patratu in the state of Jharkhand. The facility envisaged, in first phase, is 2 Rebar Mills of 1.0 MTPA each, Wire Rod Mill of 0.6 MTPA, Coke Oven of 1.5 MTPA, Sinter Plant of 4.27 MTPA and Blast furnace of 3.0 MTPA. Major orders for various equipments have been finalised. Wire Road Mill of 0.6 MTPA has been commissioned on 29th March 2010. The integrated steel plant is expected to be commissioned by 2012.

#### d) Projects at Barbil, Odisha

As a part of mineral conservation, the Company is setting up iron ore washing plant (Phase - II) with 9.6 MTPA capacity with an investment of Rs. 289 Crores. This plant is expected to be commissioned by the end of 2010. Management is considering enhancing the production capacity of existing Pellet plant from 4.5 MTPA to 10.5 MTPA.

#### e) Raipur Machinery Division, Chhattisgarh

Raipur Machinery Division has successfully commissioned following facilities during the year under report, viz, two new 6 ton induction furnace, three CNC lathe machines, two new horizontal machining centers, one new CNC horizontal boring machine, two new CNC plano miller. Three horizontal boring machines and two HMT conventional boring machines will be installed by September, 2010. After completion of expansion, the production capacity of the workshop will increase to 8,200 MTPA and foundry to 4,200 MTPA.

Raipur Machinery Division is also setting up facilities for manufacturing pressure vessels. The estimated cost of this project is Rs. 31.70 Crores. Required land has been acquired and environment clearance has also been obtained. The Unit will be commissioned in 2011.

#### f) Wind Mill Power, Maharashtra

The Company had decided to establish 16 wind mills each having power generation capacity of 1.5 MW, in technical collaboration with Vensys of Germany at a cost of Rs. 163 Crores in village Bhud and Amberi in District Satara in the state of Maharashtra. Ten wind mills have started generating power from March 2009. Remaining six mills have become operational in the year under report. Power generated by these wind mills is supplied to Maharashtra State Electricity Transmission Company Limited.

#### g) El-Mutun Iron Ore Mine, Bolivia

A Joint Venture Contract has been executed between Jindal Steel Bolivia S. A. (JSB), a subsidiary of the Company and the entities of Government of Republic of Bolivia subsequent to the awarding of exploitation rights by the Government of Republic of Bolivia over an area of El Mutun Mine. This contract has also been approved by the Bolivian parliament. The Company proposes to invest US\$ 2.10 billion in next 8 years for development of the mine in the granted concession and setting up mining facilities, steel making facilities and the requisite infrastructure through JSB.

### SUBSIDIARY COMPANIES AND THEIR BUSINESS

Jindal Power Limited (JPL) is operating 1000 MW (4 X 250 MW) power plant in Raigarh (Chhattisgarh). JPL has closed financial year 2009-10 with a total income of Rs. 4,054.93 Crores (Previous year Rs. 3,314.27 Crores) and earned profit after tax of 2,318.76 Crores (Previous year Rs. 1,581.93 Crores). JPL is expanding its power generation capacity by setting up 2,400 MW (4 X 600 MW) power plant at the existing site at Tamnar, Raigarh. JPL also envisages setting up 4,000 MW Etalin hydro electric power plant, 500 MW Attunli hydro electric power plant and 1600 MW middle Subhansiri hydro electric power plant in the state of Arunachal Pradesh in Joint Venture with Hydro Power Corporation of Arunachal Pradesh Limited. JPL is a member of Indian Energy Exchange Limited and its subsidiary, Jindal Power Trading Company Limited has obtained 'C' category power trading license and is a member of Power Exchange of India Limited and both are trading in power on their respective power exchanges.

Company is working actively in African Continent to explore different business opportunities to be undertaken through subsidiaries. Presently, it is active in four countries in Africa. Kasai Sud Diamant SPRL, Congo, possessed mining rights for diamond and has till end of April 2010 produced 12,000 carats of diamonds. Drilling has been started at Banalia Site to prove Diamond kimberlite. In south Africa, Jindal Mining SA (Pty) Limited is operating a coal mine namely Keipersol Collinery in Piet Retief. Till April 2010 end, total coal produced was about 2,25,000 tonnes and presently this mine is producing 70,000 tonnes per month. The Coal is being sold in local market as well as being exported. The Company is targeting to produce one million tonne coal in the year 2010-11. In Mozambique, JSPL Mozambique Minerais LDA has applied for mining concession for coal block after completing first phase drilling. The second phase drilling to convert the reserve into the category of measured reserves has been started. Efforts are being made to get more mining concessions in Mozambique. In Madagascar, the Company is operating through two subsidiaries, namely Osha Madagascar SARL and Jindal Madagascar SARL which has acquired three Limestone blocks and is currently exploring these blocks. The Company is stepping up its efforts to expand its business activities in Africa and substantially increase the investment.

## TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to Section 205C of the Companies Act, 1956, the Company has transferred unpaid / unclaimed dividend for 2001-02 amounting to Rs. 13,94,928/- to Investor Education and Protection Fund of Government of India. The details including dates with respect to transfer of unclaimed / unpaid dividend amounts to Investor Education and Protection Fund of Central Government is given at the end of the Notice of the Annual General Meeting.

## EMPLOYEES STOCK OPTION

Details of allotment of shares made pursuant to Employees Stock Option Scheme-2005 to the employees of the Company and its subsidiary, Jindal Power Limited is given below:

S.No.	Series	No. of equity Shares allotted	Date of allotment
1	Series II (Part I)	57,136	13th April, 2009
2	Series I (Part II)	4,20,487	21st July 2009
3	Series III (Part - I)	4,52,246	30th January 2010
4	Series II (Part II)	2,52,006	13th April 2010

Options under Series I (Part-III) and Series III (Part II) have vested in the employees on 26th November, 2009 and 27th April, 2010 respectively and employees are entitled to exercise their options during their respective exercise periods of six months from the date of vesting.

As required by Clause 12 of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 information with respect to active Stock Options as on 31st March, 2010 is given in a separate statement as Annexure-I forming part of this Report.

## LISTING

The equity shares continue to be listed on The Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). Both these stock exchanges have nation wide terminals and therefore, shareholders / Investors are not facing any difficulty in trading in the shares of the Company from any part of the country. The Company has paid annual listing fee for 2010-11 to The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited and annual custody fee to National Securities Depository Limited and Central Depository Services (India) Limited. Shares issued against stock options and bonus shares have been listed and trading permission have been granted by these stock exchanges.

## FIXED DEPOSITS

The Company has received Rs. 41.63 Crores as fresh deposits from 7,055 applicants during the year under report. The aggregate amount outstanding in respect of fixed deposits as on 31st March, 2010 was Rs. 70.58 Crores representing 14,689 fixed deposit holders. Amount of deposits that have matured but were unclaimed as on 31st March, 2010 was Rs. 73.06 lacs representing 315 deposit holders. Since then 65 deposits totaling Rs. 17.20 lacs have been paid / renewed.

A Joint Venture Contract has been executed between Jindal Steel Bolivia S. A.(JSB), a subsidiary of the Company and the entities of Government of Bolivia subsequent to the awarding of exploitation rights by the Government of Republic of Bolivia over an area of El Mutun Mine.

## DIRECTORS

Shri Arun Kumar, Additional Director will cease to be a director on the date of forthcoming Annual General Meeting. A member has given notice under section 257 of the Companies Act, 1956 for his appointment as director of the Company. Shri Asok K. Mohapatra and Shri Ashok Alladi resigned from the directorship of the Company from 26th June, 2009 and 31st August, 2009 respectively. Shri Naveen Jindal, Shri Vikrant Gujral, Shri R.V. Shahi and Shri Arun Kumar Mukherji, Directors of the Company will retire by rotation at the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment.

## PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in Annexure II forming part of this report.

## PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the particulars of employees are set out in Annexure-III to this Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act read with Clause 32 of the Listing Agreement, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company.

## CORPORATE GOVERNANCE

Your Company has implemented the conditions of Corporate Governance as contained in clause 49 of listing agreement. A separate report on Corporate Governance and Management Discussion and Analysis along with necessary certificates are given elsewhere in this report as Annexures IV & V and form a part of this report.

## AUDITORS

M/s S.S.Kothari Mehta & Co., Auditors of the Company hold office upto the conclusion of the ensuing Annual General Meeting. The Company has received communication from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. They are proposed to be re-appointed as Auditors of the Company for the financial year 2010-11.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Sub Section 2AA of Section 217 of the Companies Act, 1956 with respect to the Directors Responsibility Statement, it is hereby confirmed:-

- i) that in preparation of the annual accounts for the financial year ended 31st March, 2010 the applicable accounting standards had been followed along with proper explanations relating to material departures.
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under report.

iii) that the Directors had 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 by preventing and detecting fraud and other irregularities.

iv) that the Directors had prepared the accounts for the financial year ended 31st March, 2010 on a 'going concern basis'.

#### APPRECIATION

Your Directors wish to place on record their gratitude for the valuable guidance and support given by Government of India, various State Government departments, Financial Institutions, Banks, and various stake holders, such as, shareholders, customers, suppliers etc. The Directors also commend the continuing commitment and dedication of the employees at all levels which has been critical for the Company's growth. The Directors look forward to their continued support in future.

**For & on behalf of the Board**

Place : New Delhi  
Date : 4th May, 2010

**Savitri Jindal**  
Chairperson



# Annexures to Directors' Report

## ANNEXURE - I

Statement as at 31st March, 2010 pursuant to Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Sl. No	Description	Remarks
A	Options granted	During the year 2009-10 no stocks options were granted to the employees and Wholetime Directors of the Company and its subsidiaries.
B	Pricing formula	As approved by shareholders in their Annual General Meeting held on 25th July, 2005 price of shares arising on exercise of Options is equivalent to 75% of the average of the daily closing price of equity shares of the Company during 30 trading days preceding the date of grant of Options as quoted on the Bombay Stock Exchange Limited, Mumbai (BSE) or the National Stock Exchange of India Limited (NSE) wherever the trading volume of equity shares in aggregate during the said period is more.
C	Option vested	49,54,110 (Part – III Series-I) and 5,18,625 (Part –II Series- II)(pre bonus)
D	Options exercised	9,29,869
E	Total number of Ordinary Shares arising as a result of exercise of Options	57,136 equity shares of Re.1/- each allotted on 13.04.2009; 4,20,487 equity shares of Re.1/- each allotted on 21.07.2009 and 4,52,246 equity shares of Re.1/- each allotted on 30.01.2010 aggregating to 9,29,869 equity shares of Re.1/- each.
F	Options lapsed	On account of leaving of service, due to resignation, retirement or otherwise, by the employees of the Company and its subsidiary, 16,39,821 stock options lapsed during the year 2009-10.
G	Variation of terms of Options	NIL
H	Money realised by exercise of Options	Rs. 12,58,01,467/- (Includes premium of Rs.12,48,71,598/-)
I	Total number of Options in force	74,72,610* stock options.
J	Details of Options granted to	
	i) Senior managerial personnel	NA
	ii) Any other employees who received a grant in any one year of Options amounting to 5% or more of the Options granted during that year.	NA
	iii) Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	NA

Sl. No	Description	Remarks														
K	Diluted Earnings per Share (EPS) pursuant to issue of Ordinary Shares on Exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share.'	Rs. 15.78														
L	<div><div>i) Method of calculation of employee compensation cost</div><div>ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options.</div><div>iii) The impact of this difference on Profits and on EPS of the Company.</div></div>	<div><div>The Company has calculated the employee compensation cost using the intrinsic value method of accounting to account for stock-based compensation cost as per the intrinsic value method for the financial year 2009-10.</div><div>The employee compensation cost would have been decreased by Rs. 2.84 Crores.</div><div>The effect of adopting the fair value method on the net income and earnings per share is presented below:</div><div>(Rs. in Crores)</div><table><tr><td>Net Income, as reported</td><td>1479.68</td></tr><tr><td>Add: Intrinsic Value Compensation Cost</td><td>(4.85)</td></tr><tr><td>Less: Fair value Compensation Cost (Black Scholes Model)</td><td>(2.01)</td></tr><tr><td>Adjusted Net Income</td><td>1472.82</td></tr><tr><td>Earning per share</td><td>Basic (Rs.) Diluted (Rs.)</td></tr><tr><td>As reported</td><td>15.90 15.78</td></tr><tr><td>As adjusted</td><td>15.82 15.70</td></tr></table></div>	Net Income, as reported	1479.68	Add: Intrinsic Value Compensation Cost	(4.85)	Less: Fair value Compensation Cost (Black Scholes Model)	(2.01)	Adjusted Net Income	1472.82	Earning per share	Basic (Rs.) Diluted (Rs.)	As reported	15.90 15.78	As adjusted	15.82 15.70
Net Income, as reported	1479.68															
Add: Intrinsic Value Compensation Cost	(4.85)															
Less: Fair value Compensation Cost (Black Scholes Model)	(2.01)															
Adjusted Net Income	1472.82															
Earning per share	Basic (Rs.) Diluted (Rs.)															
As reported	15.90 15.78															
As adjusted	15.82 15.70															
M	Weighted average exercise price and weighted average fair value of Options granted for Options whose exercise price either equals or exceeds or is less than the market price of the stock.	<div>Options granted whose exercise price is less than the market price of the stock (adjusted for stock split):</div> <table><tr><td>Weighted average Exercise Price</td><td>NA</td></tr><tr><td>Weighted average fair value</td><td>NA</td></tr></table>	Weighted average Exercise Price	NA	Weighted average fair value	NA										
Weighted average Exercise Price	NA															
Weighted average fair value	NA															
N	A description of the method and significant assumption used during the year to estimate the fair values of Options	<div>The fair value of each options estimated using the Black Scholes Options Pricing Model after applying the following key assumptions</div> <div><div><div>i) Risk free interest rate</div><div>ii) Expected life</div><div>iii) Expected volatility</div><div>iv) Expected dividend</div><div>v) The price of the underlying shares in market at the time of option grant</div></div><div><div>NA</div><div>NA</div><div>NA</div><div>NA</div><div>NA</div></div></div>														

\* Company has allotted bonus shares in the ratio of 5:1 on 19th September, 2009 the number of options and exercise price were adjusted accordingly.



## ANNEXURE-II

### Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

#### A. Conservation of energy

##### a) Energy conservation measures taken:

- Replacement of 2 x 2500 NM<sup>3</sup>/Hr Roots blower with 1 x 3500 NM<sup>3</sup> / Hr Roots Blower in DRI-2.
- Installation of coal drier at coal mines to reduce specific coal consumption in DRI-2.
- Increasing the productivity by 6% (6,13,000 MT to 6,50,000MT) to reduce electrical power consumption in DRI-2.
- Installation of lighting transformer in 225MW power plant.
- Reduce make-up water consumption and 100% recirculation of water in RUBM.
- Replacement of 2 nos. of high head pumps of 160kW each with 90kW low head pump for high pressure water in ash conveying system of 2x55 MW power plant.
- Installation of booster pump to increase high water pressure there by to reduce running hour of conveying system of 2x55 MW power plant.

##### b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

- Installation of VFD drives in ID fan of 2x55 MW power plant.
- Use of THERMOL an eco-friendly multifunctional fuel additives to reduce specific consumption of FO in RUBM reheating furnace
- Installation of on-off control of rites inspection lighting for rails from bed-4 pulpit.
- Redistribution of lights to 12 hrs & 24 hrs and cable cellar illumination zone in LDB and optimisation of segregated power by the timer control circuit in BF plant.
- Reduction of FO consumption in plate mill by closing oil firing according to mill stoppage duration.
- Reduction of electrical power consumption in plate mill by switching-off various electrical systems and sub-systems according to mill stoppage duration.

##### c) Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods:

- Electrical power saving of 60.0 kW/hr is achieved.
- Specific consumption of coal per ton of DRI reduced from 1.48 MT to 1.42 MT.
- Electrical power consumption reduced from 85.32 kWh/ton to 83.12 kWh/ton.
- Electrical power saving of 12 kW/hr is achieved.
- Make up water consumption reduced from 1.4 m<sup>3</sup>/MT to 0.5 m<sup>3</sup>/MT.
- Electrical power saving of 70.0 kW/hr is achieved.
- Running hour reduced by 4 hrs thereby electrical power saving 15 kW/hr is achieved

##### d) Total energy consumption and energy consumption per unit of production.

- As per Form A given hereafter

## FORM A

## Form for disclosure of particulars with respect to Conservation of Energy

## a. Power and fuel consumption

	Current year	Previous Year
1. Electricity		
(a) Purchased		
Unit in ('000 kwh)	60,257.13	32,912.11
Total amount (Rs. In lacs)	2,615.24	1,625.92
Rate/Unit (Rs.)	4.34	4.94
(b) Own generation		
i) Through diesel generator		
Units ('000 Kwh)	4,201.01	673.97
Units per ltr. of diesel Oil	3.43	6.19
Cost / unit (Rs.)	9.99	14.39
ii) Through steam turbine / generator		
Units (in 000 Kwh)	19,99,854.16	18,19,481.24
Units per ltr. of fuel Oil / Gas	NIL	NIL
Cost / unit (Rs.)	NA	NA
2. Coal		
(a) Non Coking Coal*		
Quantity (MTs)	46,29,105.54	42,74,065.02
Total cost (Rs. in lacs)	42,800.36	34,733.34
Average rate / MT (Rs.)	924.59	812.65
(b) Coking Coal**		
Quantity (MTs)	10,23,075.23	9,79,923.30
Total cost (Rs. in lacs)	1,00,234.64	97,968.85
Average rate / MT (Rs.)	9,797.39	9,997.60
3. Coke		
Quantity (MTs)	1,15,671.15	1,14,603.72
Total cost (Rs. in lacs)	10,616.00	14,497.71
Average rate / MT (Rs.)	9,177.74	12,650.29
4. Furnace Oil		
Quantity (K. ltrs)	40,128.35	28,986.84
Total cost (Rs. in lacs)	10,378.94	7,432.28
Average rate / Ltr (Rs.)	25.86	25.64
5. Others internal generation		
Quantity	NIL	NIL
Total cost (Rs. in lacs)	NA	NA
Average rate / Kg. (Rs.)	NA	NA

\*Used in the manufacturing of Sponge Iron / Power Plant.

\*\*Used in coke oven and ultimately Consumed in Blast Furnace.

**b. Consumption per unit of production**

Sl. No.	Particulars	Current Year	Previous Year
1.	Electricity		
	For Sponge Iron mfg. (unit / ton)	81.79	76.36
	For Ferro Chrome mfg. (unit / ton)	NIL	3,232.11
	For Slabs / rounds / Beam /Blank Mfg. (unit / ton)	572.56	625.60
	For Rails / Beams / Channels Mfg. (unit / ton)	165.22	172.05
	For Plate / Coil Mfg. (unit / ton)	109.06	122.51
	For Steel melting (Ingots & Casting) (unit / ton)	978.00	819.00
	For Machine / Machinery parts Mfg. (unit / ton)	355.00	476.00
	For Pellet (unit/ ton)	65.00	NA
2.	Fuel Oils:		
	For Sponge Iron Mfg. (litre / ton)	NIL	NIL
3.	Coal:		
	For Sponge Iron Mfg. (mt. / ton)	1.43	1.45
	For Ferro Chrome Mfg. (mt. / ton)	NIL	0.04
	For Power Plant (Kg / Kw)	0.81	0.81

**B. Technology Absorption**

Efforts made in technology absorption as per Form B given below

**Form B****Form for disclosure of particulars with respect to absorption**

Research and development (R&D):

**a. Specific areas in which R&D carried out by the company.**

1. Pilot coke oven trials with various proportion of bio-diesel (5-10%) to achieve coke properties for use in blast furnace.
2. Improvement in coke quality through study on effect of weathering on coking coal fluidity and its maceral content.
3. Introduction of refractory dam in coal based sponge iron kiln.
4. Evaluation of welded joints for fatigue using MTS (Material testing System).
5. In house development of burden distribution software in Blast Furnace with Bell-less top charging.
6. Development of high strength brick by using fly ash % to as high as 70% (Under trial runs).
7. Elimination of longitudinal crack in Beam Blank through optimising mold flux composition.
8. In House Development of break out prediction system in collaboration with m/s Rockwell automation and IIT-Kanpur at one fifth cost of imported technology (project under trial runs).
9. Study to minimise accretion in coal base DRI kilns.
10. Development of software for mix grade casting in collaboration with IIT –Kanpur.
11. Water modeling study of Near –net-shape caster for reducing tundish skull and improving steel cleanliness in collaboration with IIT –Kanpur.
12. Process optimisation for iron ore pellet in rotary kilns for increasing productivity.

13. Substitution of existing coking coal by using various sources of coking / non coking coal with the help of petrographic and pilot coke oven studies.
14. Initiation of iron ore fines washing to reduce slag rate at BF: Field trial completed.
15. Production and usage of dolomatic lime instead of costly lime from Jaisalmer for steel making.

**b) Benefits derived as a result of the above R&D:**

1. This will act as an environment friendly substitute for hard coking coal (in the event of rising cost of hard coking coal).
2. With the help of above study, each variety of coal can be evaluated. This will be helpful in selection of coal for coke making.
3. This has helped to increase sponge iron productivity and quality especially with iron ore pellets.
4. This has helped to select correct welding process, that is expected to have desired life.
5. This has helped to decide the burden distribution pattern for coke as well as Iron ore, along with correct positioning of LMG ( Lower Material Gate), ultimately improving the gas utilisation and thus the productivity. The productivity increased to as high as 2. 8 mt/m<sup>3</sup>/d from 2.2 mt/m<sup>3</sup>/d.
6. This will be helpful to increase the consumption of fly ash in brick manufacturing process.
7. A drastic reduction in occurrence of longitudinal cracks in rolled products achieved.
8. This will identify the stickers in slab caster moulds with subsequent auto correction to prevent break outs.
9. Initial field trials taken in DRI kiln.
10. Initial trials taken at slab caster.
11. Initial trials are under progress.
12. Trial completed with 12% increase in productivity.
13. Trials taken in coke oven and results were as per the expectations.
14. Slag volume decreased from 295 Kg/thm to 280 kg/thm.
15. Initial trials were successful in reducing cost of steel by Rs. 80/- per tonne.

**c) Future plan of action:**

1. Effect of washing of I/ Ore on Sinter Quality & parameters of BF.
2. Conditions for deposition of Ti (C,N), in BF hearth.
3. Development of low carbon micro alloyed plate w.r.t mechanical properties, grain size and plate surface quality.
4. Study the effect of Spinel and Chrome ore fines on accretion formation in DRI kiln #1.
5. Reducing Moisture content of Coke and to study its effect on yield.
6. Tundish design modification of combi Caster tundish to reduce tundish skull weight.
7. Performance of pellets and factors influencing quality of DRI.
8. Application of Break out Prediction System to improve slab quality & caster productivity.
9. Development of steel grades for wire drawing applications.
10. Reduction of inclusions and surface defects in steel.
11. Reduction in ferroalloy consumption at SMS.
12. Improvement of snorkel life and lower vessel refractory life of R-H.
13. Application of refractory sheaths in steel ladles to reduce heat losses.
14. Introduction of Rail length measuring system using LASERS.
15. Improvement of end straightening of rails thru modification in straightening line.

**d) Expenditure on R&D**

a) Capital	:	Rs. 50.06 lacs
b) Recurring	:	Rs 278.71lacs
c) Total	:	Rs 328.77 lacs
d) Total R&D expenditure as a percentage of total turnover	:	0.04%

**Technology absorption, Adaptation, and Innovations:****a) Efforts in brief, made towards technology absorption, adaptation and innovation:**

- 1) Installation of new 100T EAF supplied by M/S Sarralle.
- 2) In house fabrication of combi caster.
- 3) Revamping of Mini Blast Furnace to a higher capacity with Bell Less top and PCI injection.
- 4) Injection of lime fines and sand to control EAF slag condition.
- 5) Breakout prediction system at slab caster.
- 6) Modification in cross transfer of billet caster to improve productivity of billet caster.
- 7) Modification of fume extraction system in EAF which has improved furnace availability as well as improvement of furnace floor environment.
- 8) CTL line at plate mill.
- 9) Dedusting system at Tandem Mill.
- 10) Installation of additional dedusting system at Steel Melt Shop.

**b) Benefits derived as a result of the above efforts:**

- 1) Increase in steel making capacity.
- 2) Increase in beam blanks, rounds and blooms production capacity.
- 3) Increase in productivity of Blast Furnace with reduced coke rate.
- 4) Decrease in slag handling delay and utilisation of lime fines which are otherwise treated as waste in steel melt shop.
- 5) Increase in productivity of slab caster.
- 6) Increase in productivity of billet caster.
- 7) Higher fume suction capacity and better shop floor environment.
- 8) Fulfilment of customer expectations with respect to size of plates.
- 9) Cleaner work environment at RUBM shop floor.
- 10) Cleaner work environment at EAF shop floor.

**c. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished.****a. Technology Imported:**

2005-06	2006-07	2007-08	2008-09	2009 - 10
1) 2.4 Million tonne sinter plant technology	1) Universal tandem rolling in Rail & Universal Beam Mill	1) RH degasser	1) 100T Electric Arc Furnace, Ladle Furnace and FES from Sarralle, Spain.	1) Medium Light Structural Mill supplied by M/S Danielle .

2005-06	2006-07	2007-08	2008-09	2009 - 10
2) Intermediate stands and finishing stand replaced by CCS stands and both structural sections and rails rolled with Universal configuration.				2) slag grinding unit for production of cement using fly ash and blast furnace slag

b) Year of import: as given above

c) Has technology been fully absorbed: Yes

d) If not fully absorbed, areas where this has not taken place, reason therefore and future plans of action:

#### Foreign Exchange Earnings And Outgo

##### a. Activities relating to Export

###### I) Initiative taken to increase export:

Enhancement of product basket has been achieved by diversifying into export of newer products in both long & flat category such as Wire rods, Sheets, etc. Diversification from channellised sales (through agents/traders) to direct sale to end users/ customers resulting in increase in sales realisation also. ADW-2000 certification by TUV NORD for supplies to pressure vessel/boiler industry in Europe. Plant approvals and certifications by various international bodies such as LRS, ABS, DNV, etc. Improvement of packaging/markings on products.

###### II) Development of new export market for products and services and export plans:

In spite of shortfall in export during 2009-10, due to huge price gap between domestic and international market as well as a sharp fall in demand for structural in Middle East and Europe, we have been able to add following new destinations for our products -Nepal (Semis / Plates / Beams / Wire rods); Brazil (Rails); Srilanka (Semis & Beams); South Africa (Beams); Kenya (Beams)

With growing volumes and product range, we plan to develop a consistent strategy in exports by commitment to provide for a certain quantum of annual sales towards exports in a consistent manner. Strategic pricing (i.e. Region specific prices) in line with International market, for immediate volumes. Focusing on acquisition of new customers and retaining existing ones through re-assurance of support to customers on - Supplies , Competitive price, Quality, & Delivery schedule.

Focusing on signing yearly off take understanding with large steel users. Focusing on aggressive exposure (visits) of sales team to various export markets to have first-hand learning of market activities and trends and practice being followed by competitors' globally. Building a strong shipping and chartering team at corporate level. Developing supply discipline and logistics to target project segments in export market which require tighter delivery schedules & quality norms.

##### b. Total Foreign Exchange used and earned

- |                             |   |                     |
|-----------------------------|---|---------------------|
| i. Foreign currency used    | : | Rs. 3,147.38 Crores |
| ii. Foreign currency earned | : | Rs. 410.41 Crores   |



# Corporate Governance Report





## 1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance philosophy of the Company is based on the principles of equity, fairness, transparency, spirit of law and honest communication. The Company believes that sound Corporate Governance is necessary to retain stakeholders' trust and ensures efficient working and proper conduct of the business of the Company with integrity. Development of Corporate Governance guidelines is a continuous process which evolves over a period of time and undergoes changes to suit the changing times and needs of the business, society and the nation.

The Company believes that sound Corporate Governance is necessary to retain stakeholders' trust and ensures efficient working and proper conduct of the business of the company with integrity.

## 2) BOARD OF DIRECTORS

- i) Structure of Board of Directors during the financial year 2009-10 and attendance at Board Meetings held during that year and Annual General Meeting (AGM) held on 29.09.2009 are given below:

Sl.No	Name and Designation	Category	Attendance in FY 2009-10	
			Board Meetings	AGM
1.	Smt. Savitri Jindal# Chairperson	Non – Executive and Promoter	1/4	Yes
2.	Shri Ratan Jindal# Director	Non – Executive and Promoter	3/4	No
3.	Shri Naveen Jindal# Executive Vice Chairman & Managing Director	Executive and Promoter	4/4	No
4.	Shri Vikrant Gujral Group Vice Chairman & Head Global Ventures	Executive	2/4	No
5.	Shri Anand Goel Joint Managing Director	Executive	2/4	No
6.	Shri S. Ananthakrishnan Nominee Director (IDBI Bank Limited)	Non Executive and Independent	4/4	No
7.	Shri A.K. Purwar Director	Non Executive and Independent	3/4	No
8.	Shri R.V. Shahi Director	Non Executive and Independent	4/4	Yes
9.	Shri Haigreave Khaitan Director	Non Executive and Independent	3/4	No
10.	Shri Hardip Singh Wirk Director	Non Executive and Independent	3/4	No
11.	Shri Rahul Mehra Director	Non Executive and Independent	2/4	No

Sl.No	Name and Designation	Category	Attendance in FY 2009-10	
			Board Meetings	AGM
12.	Shri Arun Kumar* Additional Director	Non Executive and Independent	1/2	No
13.	Shri Sushil Maroo Director	Non Executive	4/4	Yes
14.	Shri Arun Kumar Mukherji Wholetime Director	Executive	3/4	No
15.	Shri Asok K. Mohapatra** Additional Director	Non Executive and Independent	1/1	NA
16.	Shri Ashok Alladi*** Wholetime Director – Finance	Executive	2/2	No

# Smt. Savitri Jindal is mother of Shri Naveen Jindal and Shri Ratan Jindal.

\* Appointed as Additional Director on 16.09.2009 to hold office upto the Annual General Meeting held on 29.09.2009 and again appointed as Additional Director from 29.09.2009.

\*\* Ceased to be Additional Director w.e.f. 26.06.2009.

\*\*\* Ceased to be Director and Wholetime Director w.e.f. 31.08.2009.

## ii) Other Directorships

The number of directorships held in other bodies corporate by the Directors as on 31.03.2010 is as follows:

Name of Director	No. of Directorships in other Companies			No. of Chairmanship / Membership of Committees	
	Private	Public	Foreign	Chairmanship	Membership
Smt. Savitri Jindal	0	8	0	0	0
Shri Ratan Jindal	1	7	6	0	0
Shri Naveen Jindal	0	5	0	0	0
Shri Vikrant Gujral	0	1	7	0	0
Shri Anand Goel	6	9	8	0	1
Shri S. Ananthakrishnan	0	0	0	0	1
Shri A.K Purwar	4	11	0	4	2
Shri R.V. Shahi	1	2	0	3	0
Shri Haigreve Khaitan	3	18*	0	0	8
Shri Hardip Singh Wirk	1	1	0	0	0
Shri Rahul Mehra	0	0	0	0	0
Shri Arun Kumar	1	0	0	1	0
Shri Sushil Maroo	2	9	8	0	5
Shri Arun Kumar Mukherji	0	0	0	0	0

\* includes three companies where he has been appointed as Alternate Director.

**iii) Details of contract of service of Directors**

Name	Period of contract	Date of appointment	Notice period
Shri Naveen Jindal	5 years	09.05.2008	Nil
Shri Vikrant Gujral	5 years	17.04.2006	Nil
Shri Anand Goel	5 years	01.08.2005	Nil
Shri Arun Kumar Mukherji	5 years	01.04.2008	Nil

Appointment of Wholetime Directors is governed by resolutions passed by the Board of Directors and shareholders of the Company, which cover the terms and conditions of such appointments read with the service rules of the Company. There is no separate provision for payment of severance fee under the resolutions governing the appointment of Wholetime Directors.

**iv) Board Meetings**

The Board of Directors has met four times during the year on 27.05.2009, 29.07.2009, 31.10.2009 and 28.01.2010. Detailed agenda notes and the information required to be given in terms of business on the agenda were circulated in advance to the Directors and all matters with explanatory notes / reports relating to the respective Committees were circulated sufficiently in advance of their meetings.

**BRIEF INTRODUCTION OF DIRECTORS PROPOSED TO BE APPOINTED / REAPPOINTED AT THE FORTHCOMING ANNUAL GENERAL MEETING**

Shri Naveen Jindal, Shri Vikrant Gujral, Shri R.V. Shahi and Shri Arun Kumar Mukherji, Directors, of the Company retire by rotation and being eligible offer themselves for reappointment at the forthcoming Annual General Meeting. Shri Arun Kumar was appointed as Additional Director (Independent) from 29.09.2009. The Company has received notice from a member for his appointment as Director by the shareholders in the forthcoming Annual General Meeting.

**SHRI NAVEEN JINDAL** is M.B.A from University of Texas at Dallas U.S.A. and B.com (Hons) from Hans Raj College, Delhi University. He was the Joint Managing Director of Jindal Strips Limited for three and a half years and the Managing Director of Jindal Overseas (ME) FZE, Dubai for a period of nine months. He is the Managing Director of the Company for the past twelve years and possesses vast knowledge and experience in managing the affairs of the business and the Company. In his capacity as Managing Director, he is managing all the affairs of the Company including international business activities. During this period and under his leadership, the Company has completed various expansion plans and new projects successfully and achieved higher levels of growth. His expertise in the steel and power businesses has been instrumental in contributing to the growth of the Company. He was listed among 25 Indians who were part of the annual list of 250 Global Young Leaders in 2007 prepared by the World Economic Forum. Shri Naveen Jindal got re-elected to Indian Parliament in 2009 in the 15th Lok Sabha election. He is a member of Public Accounts Committee, the Standing Committee on Home Affairs, Consultative Committee on the Ministry of Defence, Parliamentary Forum on Children and a special invitee of the Consultative

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Shri Naveen Jindal is the Managing Director of the Company for the past twelve years and possesses vast knowledge and experience in managing the affairs of the business and the Company. During this period and under his leadership, the Company has completed various expansion plans and new projects successfully and achieved higher levels of growth.

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Committee of the Ministry of Road Transport and Highways. He is Director of Jindal Power Limited, Jindal Petroleum Limited, JSL Limited, Salasar Finvest Limited and Jindal Synergy Investment Limited.

**SHRI VIKRANT GUJRAL** is a Mechanical Engineer and possesses 47 years experience of working in Steel industry out of which he has worked in Plants of Steel Authority of India Limited (SAIL) for 38 years. He was Executive Director and Chairman of Indian Iron and Steel Co. Limited (IISCO), Chairman of Maharashtra Elektrosnelt Limited. He was also Managing Director of Bhilai Steel Plant for over 7 years. He was on the Board of SAIL and Bharat Refractories Limited. In November' 2003 he was awarded the coveted "National Metallurgist" award for the year 2003 by Ministry of Steel, Govt. of India in recognition of his outstanding contribution in Iron & Steel Plant modernising technology. He was appointed as Executive Vice Chairman and Chief Executive Officer of the Company in April 2001 and has since then guided the Company's operations and setting up of various projects. He combines practical experience with his managerial and marketing capabilities and has ushered the Company in the new phase of growth. Since March 2010 he was entrusted with additional responsibility of Global ventures, international mining, Coal Gasification and Coal To Liquid projects and has been re-designated as Group Vice Chairman and Head Global Ventures. He is director on the Board of Jindal Minerals & Metals Africa Limited, Jindal Investimentos LDA, Jindal Steel Bolivia SA, Gas To Liquids International SA, Jindal Minerals Mining Limited, Eastern Solid Fuels Pty Limited, Jindal Mining Pty Limited and Angul Sukinda Railway Limited.

**SHRI R. V. SHAHI** holds a bachelor's degree in Mechanical Engineering from the National Institute of Technology, Jamshedpur, a post graduate degree in industrial engineering from National Productivity Council, Madras, a post graduate degree in business management from Xavier Institute, Ranchi and a diploma in advanced industrial management from Delft, Holland. He is a fellow of International Institute of Electrical Engineers (India) and a fellow of Indian National Academy of Engineering. He has administrative and management experience of approximately 39 years. He has served as Secretary, Ministry of Power, Government of India from April 2002 – January 2007. Prior to his appointment as Secretary, Ministry of Power, he was Chairman & Managing Director of BSES Limited from 1994 to 2002. He has also worked with NTPC for 16 years at various positions including member on the Board of Directors of NTPC. Prior to this, he has worked with Hindustan Steel Limited and Steel Authority of India Limited for over 10 years. He has received several awards which includes, among others, the Eminent Engineer Award by the Institution of Engineers: Best Power Man of the Millennium year 2000 Award by the National Foundation of Indian Engineers and power-teleco convergence award 2000. Presently he is Chairman (Executive) of Energy Infratech Private Limited, an Engineering & Project development company. He is Director on the Board of Jindal Power Limited and Energo Infrastructure Development Corporation Limited.

**SHRI ARUN KUMAR** is an IAS Officer (Retired) of 1965 batch, M.Sc. Physics & Mathematics and has held various important positions during his long tenure of 38 years. Before retirement he was Chief Secretary to Government of Chhattisgarh (November 2000 – January 2003). During his service he held various important positions viz., Chairman, Administrative Reforms Commission (Chhattisgarh), Vice Chairman, State Planning Board (Chhattisgarh), President, Board of Revenue (Madhya Pradesh). He is currently on the Board of Raipur Southern Coal Fields Private Limited.

**SHRI ARUN KUMAR MUKHERJI** is a graduate in Electrical Engineering from Institute of Technology, Banaras Hindu University and holds Post Graduate Diploma in Metallurgy from Jamshedpur Technical Institute. He has worked in various departments in Tata Steel including Maintenance, Power Plants, Mills, Process Information, and Engineering Projects from 1968 to 1996. He joined Thai Special Steel Industries Limited Bangkok, Thailand as Project Director in 1996. He joined Jindal Steel & Power Limited in June 2005 as Executive Director (Projects). Presently he is working as Wholtime Director in Jindal Steel & Power Limited and is responsible for entire Raigarh Operations of the Company.

### 3) COMMITTEES OF THE BOARD

Board has, from time to time, constituted various committees, details of which are given below:

#### i) Audit Committee

The Audit Committee is vested with role and powers as mentioned in para C & D respectively of Clause 49(II) of the Listing Agreement. The Audit Committee provides direction to the audit functions and monitors the quality of internal and statutory audit. The responsibilities of the Audit Committee include overseeing the financial reporting process to ensure fairness, sufficiency and credibility of financial statements, recommendation of appointment and removal of statutory auditors and appointment of internal auditors and cost auditors and fixation of their remuneration, review of the quarterly and annual financial statements before submission to Board, review of the adequacy of internal control systems and the internal audit function, review of compliance with laws, inspection of records and audit reports and reports of statutory auditors, review of findings of internal investigations, review of statement of significant related party transactions, review of management discussion and analysis, review of management letters / letter of internal control weaknesses issued by statutory auditors, discussion on the scope of audit with external auditors and examination of reasons for substantial defaults, if any, in payment to stakeholders.

The Audit Committee of the Company consists of three Independent Non Executive Directors, namely, Shri R.V. Shahi, Shri S. Ananthakrishnan and Shri Haigreave Khaitan (appointed w.e.f. 21.04.2010) and one Non Executive Director namely, Shri Sushil Maroo. Four Audit Committee meetings were held on 26.05.2009, 28.07.2009, 31.10.2009 and 27.01.2010 during the financial year 2009-10. Shri R.V. Shahi is the Chairman of Audit Committee.

Details of attendance are given below:

Name of Members	Date of meeting			
	26.05.2009	28.07.2009	31.10.2009	27.01.2010
Shri Ashok Alladi*	✓	✓	NA	NA
Shri R. V. Shahi	✓	✓	✓	✓
Shri S. Ananthakrishnan	✓	✓	✓	✓
Shri Asok K. Mohapatra**	✓	NA	NA	NA
Shri Sushil Maroo***	NA	NA	✓	✓

\* ceased as member on 31.08.2009

\*\* ceased as member on 26.06.2009

\*\*\* Appointed as member on 16.09.2009

#### ii) Remuneration Committee

Except sitting fees, the Company is not paying any remuneration to the Non-Executive Directors. Therefore, no remuneration committee has been constituted.

The Audit Committee provides direction to the audit functions and monitors the quality of internal and statutory audit.

**Remuneration of Directors:**

Details of remuneration paid to Directors of the Company for the financial year ended on 31.03.2010 is as follows:

Sl. No.	Name	Sitting Fees	Salary	Perquisites and benefits	Total
1.	Smt. Savitri Jindal	---	---	---	---
2.	Shri Ratan Jindal	0.60	---	---	---
3.	Shri Naveen Jindal*	---	869.42	6106.29	6975.71
4.	Shri Vikrant Gujral	---	133.01	172.35	305.36
5.	Shri Anand Goel	---	161.65	57.01	218.66
6.	Shri S. Ananthakrishnan**	1.00	---	---	1.00
7.	Shri A.K Purwar	0.60	---	---	0.60
8.	Shri R.V. Shahi	1.05	---	---	1.00
9.	Shri Haigreve Khaitan	0.60	---	---	0.60
10.	Shri Hardip Singh Wirk	0.60	---	---	0.60
11.	Shri Rahul Mehra	0.40	---	---	0.40
12.	Shri Arun Kumar	0.20	---	---	0.20
13.	Shri Sushil Maroo	1.15	---	---	0.90
14.	Shri Arun Kumar Mukherji	---	54.54	37.10	91.64
15.	Shri Ashok Alladi	---	35.50	1.56	37.06

\* This includes Rs. 2,035.63 lacs relating to financial year 2008-09 and salary advances of Rs. 42.00 lacs.

\*\* In case of Nominee Director, the sitting fee was directly paid to IDBI Bank Limited.

**Notes:**

- 1) Non Executive Directors of the Company are not entitled to any remuneration other than sitting fees.
- 2) Salary & perquisites include all elements of remuneration i.e. salary, reimbursement and other allowances and benefits including employer's provident fund contribution and perquisite value of shares allotted under ESOP.
- 3) In addition to above salary, Wholtime Directors are entitled to payment of group and individual variable pay for 2009-10 which will be paid in due course.

**Stock Options granted to Directors:**

Wholtime Directors of the Company have been granted Stock Options under Employee Stock Option Scheme 2005 (Scheme) of the Company. According to the Scheme, shares under Series-I, Part-II were allotted to them on 21.07.2009. Options under Series-I, Part- III have vested on 26.11.2009. They have applied for allotment of shares against these options during the exercise period (26.11.2009 to 26.05.2010) and allotment will be made in due course of time. Details of options granted and shares allotted to Wholtime Directors are given below:

Sl. No	Name	Share allotted (Series-I, Part-II)	Shares applied for (under Series-I, Part- III)*
1.	Shri Vikrant Gujral	6,600	40,800
2.	Shri Anand Goel	5,000	30,000
3.	Shri Sushil Maroo	4,950	30,600
4.	Shri Arun Kumar Mukherji	2,970	18,360

\* Number of options and exercise price has been adjusted taking into account the bonus issue (5:1) on 19th September 2009. Exercise price per option, after adjustment, is Rs. 34 including premium of Rs. 33 per share.

**iii) Shareholders' / Investors' Grievance Committee**

The Shareholders'/Investors' Grievance Committee consists of Shri Anand Goel and Shri Sushil Maroo.

Shri Ashok Alladi ceased to be its member w.e.f 31.08.2009 due to resignation as Director of the Company. The Committee met 4 times on 26.05.2009, 28.07.2009, 23.10.2009 and 27.01.2010. Shri T.K. Sadhu, Company Secretary is Compliance Officer.

During the year under report the Company received 52 complaints from shareholders and all were resolved including the complaints pending on 31.03.2010.

Details of attendance are given below:

Name of Members	Date of meeting			
	26.05.2009	28.07.2009	23.10.2009	27.01.2010
Shri Anand Goel	✓	-	✓	✓
Shri Sushil Maroo	✓	✓	✓	✓
Shri Ashok Alladi	✓	✓	NA	NA

#### iv) Compensation Committee

Shri R.V. Shahi, Shri S. Ananthakrishnan and Shri Sushil Maroo are members of the Compensation Committee. One meeting of this Committee was held on 31st October, 2009 during the financial year 2009-10.

#### v) Sub-Committee of Directors

The Sub-Committee of Directors consists of Shri Naveen Jindal, Shri Vikrant Gujral, Shri Anand Goel and Shri Sushil Maroo. Board has delegated specific powers to the Sub-Committee of Directors, from time to time, for taking decisions in connection with day to day affairs of the Company and during the year under report the Committee met twenty four (24) times.

#### vi) Committee of Directors (Limited Review)

The Committee consists of Shri Naveen Jindal, Shri Vikrant Gujral, Shri Sushil Maroo and Shri R.V. Shahi. As per clause 41 of the listing agreement, in case variation in net profit or net loss after tax is in excess of 10% or Rs.10 lacs, whichever is higher; or the variation in exceptional or extraordinary items is in excess of 10% or Rs.10 lacs, whichever is higher, then the Limited Review Report should be approved by this Committee before submission with the stock exchanges. During the year 2009-10 no meeting of this Committee was held.



#### 4) GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held at registered office of the Company at O.P. Jindal Marg, Hisar-125005 (Haryana) on the following dates and times, wherein the following special resolutions were passed:

AGM	Year	Venue	Date & Day	Time	Special Resolution
30th	2008-09	Registered Office at O.P. Jindal Marg, Hisar 125005 (Haryana)	29.09.2009 Tuesday	12.00 Noon	<ul style="list-style-type: none"> <li>Giving of authority to Board to contribute an amount not exceeding Rs. 200 Crores to M/s. Om Prakash Jindal Gramin Jan Kalyan Sansthan and / or O.P. Jindal Global University.</li> <li>Appointment, subject to approval of Central Government, of Shri Paras Goel as Assistant General Manager – Sales &amp; Marketing.</li> <li>Giving of authority to Board pursuant to Section 81(1A) to offer, allot, issue any security including ADR, GDR &amp; FCCB etc. upto US\$ 750 Million.</li> </ul>
29th	2007-08	Registered Office at O.P. Jindal Marg, Hisar 125005 (Haryana)	26.09.2008 Friday	12.00 Noon	<ul style="list-style-type: none"> <li>Giving of authority to Board pursuant to Section 81(1A) to offer, allot, issue any security including ADR, GDR &amp; FCCB etc. upto US\$ 750 Million.</li> </ul>
28th	2006-07	Registered Office at O.P. Jindal Marg, Hisar 125005 (Haryana)	28.09.2007 Friday	11.30 A.M.	<ul style="list-style-type: none"> <li>Give authority to Board pursuant to Section 81(1A) to offer, allot, issue any security including ADR, GDR &amp; FCCB etc. upto US\$ 500 Million.</li> <li>Amendment in the Employee Stock Option Scheme 2005 for recovering Fringe Benefit Tax (FBT) under Section 115WKA of Income Tax Act 1961 from the Employees.</li> </ul>

During the financial year 2009-10, the Company has convened one Extraordinary General Meeting at Registered Office at O.P. Jindal Marg, Hisar-125005 (Haryana) on 04.09.2009 and passed the following resolutions:

1. Reclassification and increasing the authorised share capital of the Company.
2. Alteration in Article 3 of the Articles of Association of the Company.
3. Authority to issue bonus shares in the ratio of 5 bonus shares on each share held by the shareholder.

#### 5) DISCLOSURES

Neither has any non compliance with any of the legal provisions of the Companies Act, 1956 been made by the Company nor any penalty or stricture imposed by the stock exchanges or SEBI or any other statutory authority on any matter related to the capital markets during the last 3 years. All the mandatory requirements of Clause 49 are being complied with.

**6) WHISTLER BLOWER POLICY**

The Company has laid down a Business Code of Conduct as well as Whistler Blower Policy for all its employees across the organisation. The Code lays down that the employees shall promptly report any concern or breach and suggests not to hesitate in reporting a violation or raising a policy concern to the concerned superior. The Policy provides that the Company shall support and protect the employees for doing so.

**7) MEANS OF COMMUNICATION**

Information like quarterly / half yearly / annual financial results and press releases on significant developments in the Company that have been made available from time to time, to the press is hosted on the Company's website [www.jindalsteelpower.com](http://www.jindalsteelpower.com) and have also been submitted to the Stock Exchange(s) to enable them to put them on their websites and communicate to their members. The quarterly / half-yearly / annual financial results are published in English and Hindi language newspapers. Moreover, a report on management discussion and analysis has been given else where in this report. The Company is electronically filing specific documents / statements on the corpfiling website viz., [www.corpfiling.co.in](http://www.corpfiling.co.in).

**8) GENERAL SHAREHOLDERS INFORMATION****a) Financial calendar 2010-11**

First Quarter Results	:	Upto 14th August, 2010
Second Quarter Results	:	Upto 14th November, 2010
Third Quarter Results	:	Upto 14th February, 2011
Fourth Quarter Results	:	Upto 15th May, 2011

Alternatively,

Annual Results for the year	:	On or before
ending on 31st March, 2011		30th May, 2011

The amount of dividend will be deposited with the bank within 5 days of approval by the shareholders in the forthcoming Annual General Meeting and its payment will be made within 30 days of its declaration.

**b) Listing of shares on stock exchanges and stock code:**

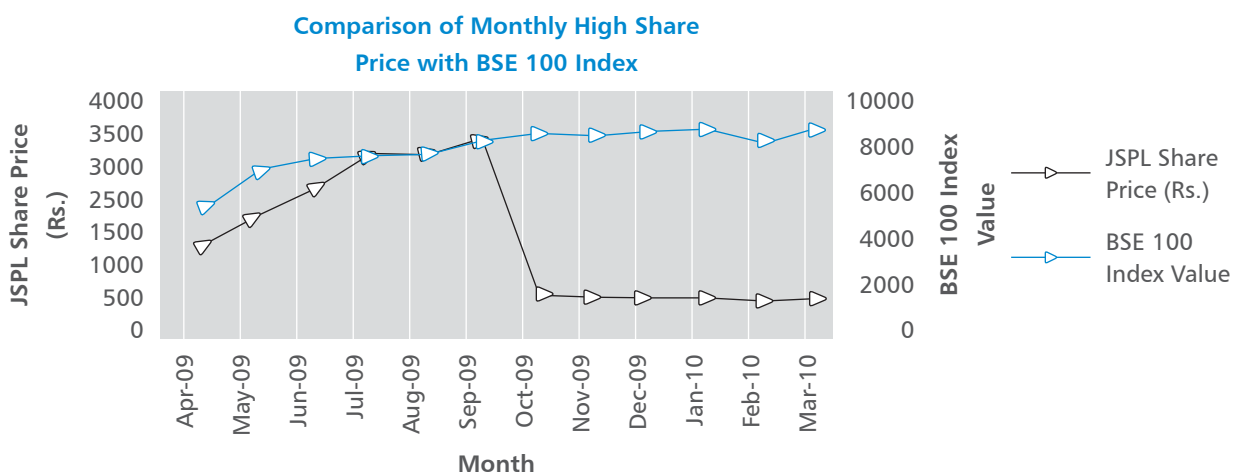
Sl. No.	Name of the stock exchange	Stock code
1	The Bombay Stock Exchange Limited	532286
2	National Stock Exchange of India Limited	JINDALSTEL.EQ

### c) Market Price Data – BSE:

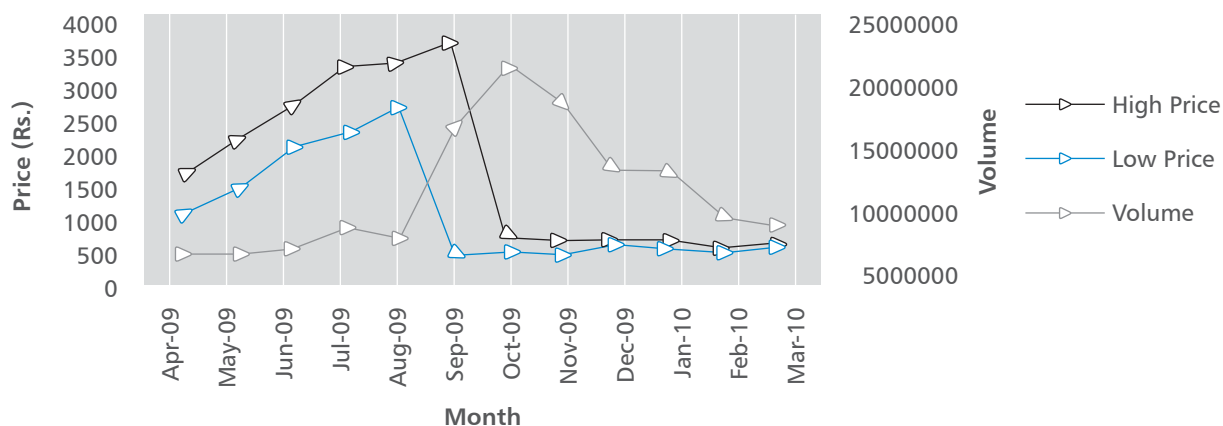
Bonus shares were allotted on 19th September, 2009. Accordingly, share price from 14th September, 2009 (ex-bonus) was adjusted.

MONTH	BSE 100 INDEX			JSPL SHARE PRICE		
	HIGH	LOW	CLOSE	HIGH	LOW	VOLUME
Apr-09	5,893.12	4,871.32	5,803.97	1,678.00	1,153.10	33,75,263
May-09	7,684.57	5,928.84	7,620.13	2,230.00	1,521.00	34,08,504
Jun-09	8,131.63	7,297.57	7,571.49	2,709.00	2,105.00	38,20,789
Jul-09	8,233.12	6,893.29	8,176.54	3,237.00	2,340.00	57,93,642
Aug-09	8,350.37	7,680.97	8,255.50	3,309.90	2,658.00	47,99,845
Sep-09	8,936.85	8,067.46	8,930.31	3,622.90	545.10	1,49,54,912
Oct-09	9,198.20	8,305.69	8,333.18	778.00	585.00	2,04,24,994
Nov-09	9,097.86	8,039.48	8,914.77	742.65	550.00	1,69,90,490
Dec-09	9,268.47	8,800.10	9,229.71	749.90	686.50	1,09,36,214
Jan-10	9,447.11	8,490.09	8,707.87	736.00	617.50	1,09,00,540
Feb-10	8,871.03	8,372.70	8,758.51	666.00	600.25	67,65,276
Mar-10	9,413.23	8,841.74	9,300.20	724.00	635.00	59,93,453

The Company's share is a part of BSE 100 Index. Therefore, comparison has been made with it.



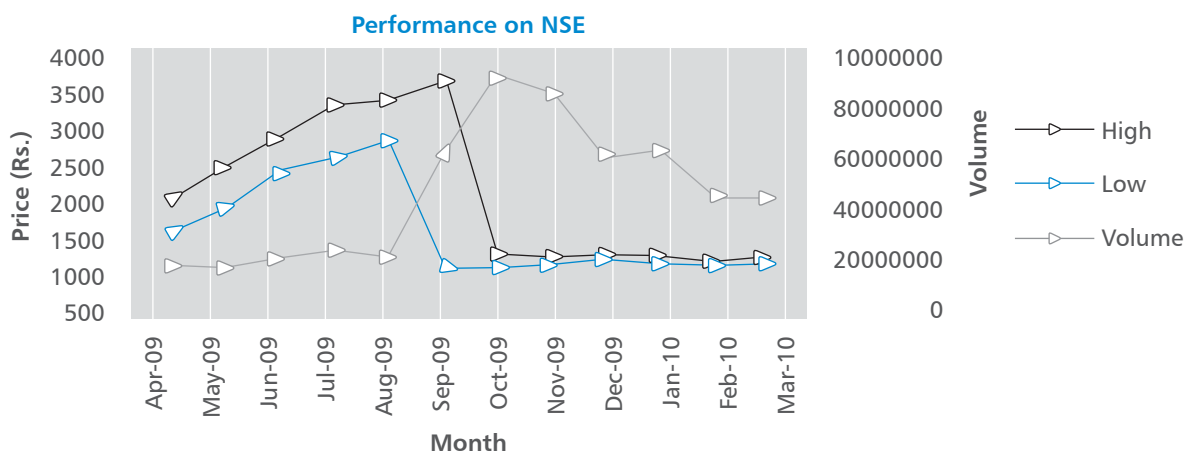
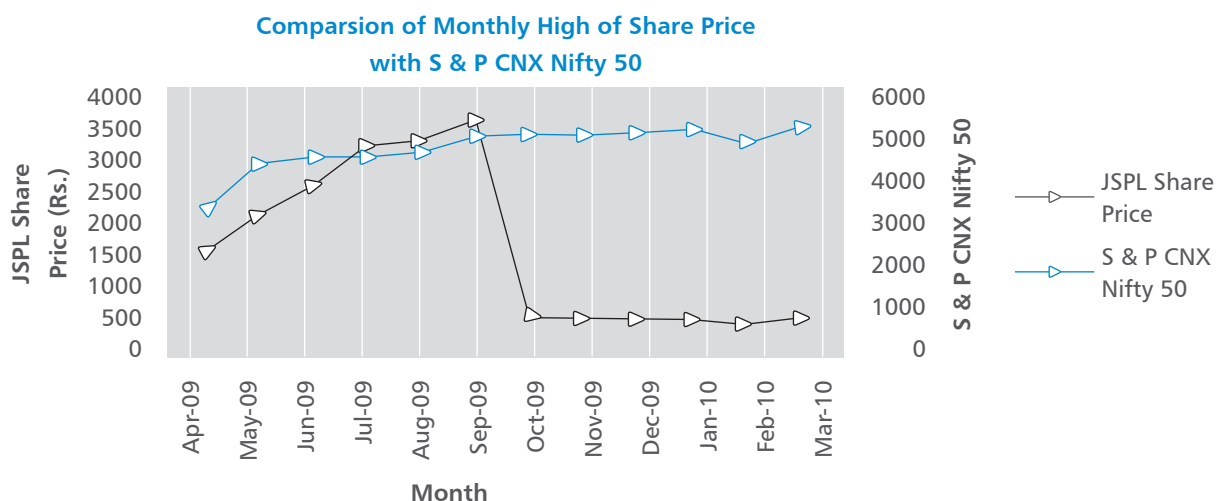
## Performance on BSE



## d) Market Price Data – NSE:

Bonus shares were allotted on 19th September 2009. Accordingly, share price from 14th September, 2009 (ex-bonus) was adjusted.

MONTH	S & P CNX NIFTY 50			JSPL SHARE PRICE		
	HIGH	LOW	CLOSE	HIGH	LOW	VOLUME
Apr-09	3,517.25	2,965.70	3,473.95	1,678.00	1,150.05	1,44,15,916
May-09	4,509.40	3,478.70	4,448.95	2,224.80	1,537.40	1,36,70,811
Jun-09	4,693.20	4,143.25	4,291.10	2,709.90	2,175.75	1,69,21,032
Jul-09	4,669.75	3,918.75	4,636.45	3,238.00	2,377.85	2,03,60,323
Aug-09	4,743.75	4,353.45	4,662.10	3,309.70	2,659.70	1,75,17,216
Sep-09	5,087.60	4,576.60	5,083.95	3,622.00	500.50	6,11,40,658
Oct-09	5,181.95	4,687.50	4,711.70	738.00	583.00	9,35,69,345
Nov-09	5,138.00	4,538.50	5,032.70	743.30	600.00	8,54,45,852
Dec-09	5,221.85	4,943.95	5,201.05	749.85	694.60	5,94,17,605
Jan-10	5,310.85	4,766.00	4,882.05	736.50	616.90	6,20,29,575
Feb-10	4,992.00	4,675.40	4,922.30	664.10	602.10	4,29,25,341
Mar-10	5,329.55	4,935.35	5,249.10	729.70	635.40	4,26,53,619



#### e) Share Transfer Agent

All the work relating to the share registry for the shares held in the physical form as well as the shares held in the electronic (demat) form is being done at one single point and for this purpose SEBI registered category I Registrar and Transfer Agent has been appointed, whose details are given below:

##### **Alankit Assignments Limited:**

Alankit House, 2E/21  
Jhandewala Extension  
New Delhi-110055  
Tel: 011-42541234  
Fax: 011-23552001  
Email: [alankit@alankit.com](mailto:alankit@alankit.com)

**f) Share Transfer System**

Presently, the share transfer instruments, which are received in physical form, are processed by R & T agent, Alankit Assignments Limited and the share certificates are dispatched within a period of 30 days from the date of receipt subject to the documents being complete and valid in all respects. The requests for dematerialisation of shares are also processed by the R&T agent within stipulated period of 21 days and uploaded with the concerned depositories. In terms of Clause 47(c) of the Listing Agreement, Company Secretary in practice examines the records and procedure of transfers and issues half yearly certificate which is being sent to the stock exchanges, where shares of the Company are listed.

**g) Distribution of Shareholding**

The shareholding distribution of equity shares as on 31.03.2010 is given hereunder:

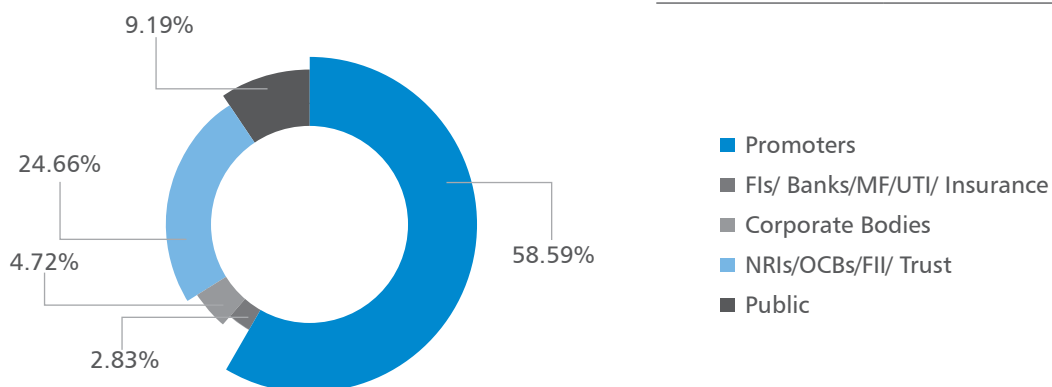
**Nominal value of each share Re. 1.00**

No. of Shareholders	% to Total	Shareholding of nominal value of Rs.	No. of Shares	Amount in Rs.	% to Total
1,01,374	66.83	Up to 100	33,79,373	33,79,373	0.363
21,981	14.49	101 to 500	50,69,720	50,69,720	0.544
5,432	3.58	501 to 1000	40,51,972	40,51,972	0.435
18,582	12.25	1001 to 5000	4,10,56,085	4,10,56,085	4.409
2,147	1.42	5,001 to 10,000	1,55,80,893	1,55,80,893	1.673
1,158	0.76	10,001 to 20,000	1,55,94,344	1,55,94,344	1.675
234	0.15	20,001 to 30,000	57,92,418	57,92,418	0.622
119	0.08	30,001 to 40,000	42,30,103	42,30,103	0.454
91	0.06	40,001 to 50,000	40,93,943	40,93,943	0.44
177	0.12	50,001 to 1,00,000	1,24,48,768	1,24,48,768	1.337
238	0.16	1,00,001 to 5,00,000	5,60,39,681	5,60,39,681	6.018
163	0.11	5,00,001 and above	76,38,96,782	76,38,96,782	82.031
<b>1,51,696</b>	<b>100</b>	<b>Total</b>	<b>93,12,34,082</b>	<b>93,12,34,082</b>	<b>100</b>

#### h) Categories of Shareholders (as on 31.03.2010)

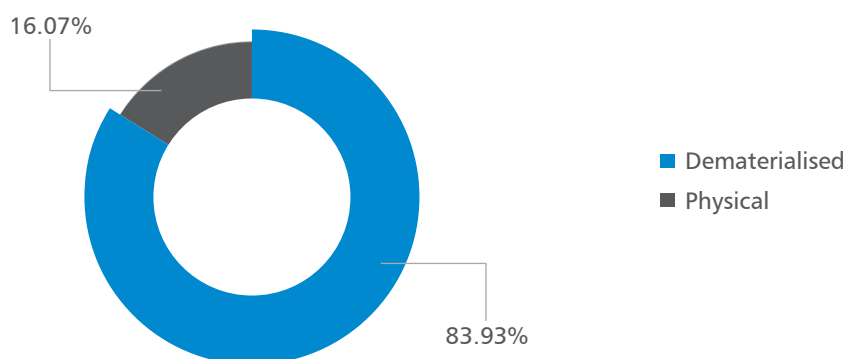
The categories of shareholders are shown hereunder:

Category	No. of Shares	% of Holding
Promoters	54,56,56,592	58.59
FIs/ Banks/MF/UTI/ Insurance	2,63,87,951	2.83
Corporate Bodies	4,39,90,130	4.72
NRIs/OCBs/FII/ Trust	22,96,44,278	24.66
Public	8,55,55,131	9.19
<b>Total</b>	<b>93,12,34,082</b>	<b>100.00</b>



#### i) Dematerialisation of Shares

As on 31.03.2010, the number of equity shares held in dematerialised form was 78,15,79,770 (83.93%) and in physical form was 14,96,54,312 (16.07%) equity shares.



#### j) Compliances under Listing Agreement

Company is regularly complying with the provisions of the Listing Agreement. Information, certificates and returns as required under Listing Agreement are sent to the Stock Exchange(s) within the prescribed time.



**k) Convertible Instrument**

No further Options were granted after Series III of the Employee Stock Option Scheme 2005 of the Company. Shares under Part I of Series II were allotted on 13.04.2009, Part-II of Series-I were allotted on 21.07.2009, Part I of Series III were allotted on 31.01.2009, Part II of Series II were allotted on 13.04.2010 and Part III of Series-I have vested in employees on 26.11.2009. Eligible employees are entitled to exercise their options with in 6 months from date of vesting and shares will be allotted to them in due course of time.

**l) Information on deviation from Accounting Standards, if any**

There has been no deviation from the Accounting Standards in preparation of annual accounts for the financial year 2009-10.

**m) Plant Locations**

Works	Location
Raigarh	Kharsia Road, Post Box No.16, Raigarh – 496 001, Chhattisgarh
Raipur	13 K M Stone, G E Road, Mandir Hasaud, Raipur – 492 001, Chhattisgarh
Patratu	Patratu, District Ranchi, Jharkhand
Angul	Plot No. 751, Near Panchpukhi Chhaka, Simplipada, Angul – 759122, Orissa.
Barbil	Plot No. 507/365, Barbil-Joda Highway, Barbil – 758 035, Orissa
Bolivia	Equipetrol Norte, A.V. San Martin# 1800, Edificio Tacuaral, Piso4to, Piso Oficina, 402-403, Santa Cruz De La Sierra, Bolivia
Mines	
i) Iron Ore Mines	TRB Iron Ore Mines, P. O. Tensa 770 042, Dist. Sundergarh, Orissa
ii) Coal Mines	Gare Coal Fields, Mand, Raigarh, Chhattisgarh

**n) Investor Correspondence**

Company Secretary  
Jindal Steel & Power Limited  
28, Najafgarh Road  
New Delhi-110015, Ph: 011- 45021814/15/17/19/20/23/52/53,  
Fax No. 011-25928118  
Email: investorcare@jindalsteel.com

**9) CODE OF CONDUCT**

Code of Conduct for the Directors and Senior Management of the Company was adopted by the Board in its meeting held on 31.10.2005. This Code has been laid down with a

view to promote good corporate governance and exemplary personal conduct and is applicable to all the Directors and Senior Managerial Personnel of the Company. This Code is also available on the website of the Company [www.jindalsteelpower.com](http://www.jindalsteelpower.com). Declaration of compliance of the Code of Conduct in terms of sub-clause (ii) of clause 49(I)(D) of listing agreement is given hereunder:

"The Board of Directors of Jindal Steel & Power Limited has pursuant to sub clause (i) of Clause 49 (I) D of the listing agreement laid down Code of Conduct for all Board members and senior managerial personnel of the Company which has also been posted on the website of the Company, viz. [www.jindalsteelpower.com](http://www.jindalsteelpower.com). In terms of sub-clause (ii) of the said clause and as per 'affirmation of compliance' letters received from the Directors and the members of senior managerial personnel of the Company, I hereby declare that Directors and the members of senior management of the Company have complied with the Code of Conduct during the financial year 2009-10".

**Naveen Jindal**

Executive Vice Chairman & Managing Director

#### **10) NON MANDATORY REQUIREMENTS**

The Company has not adopted non mandatory requirements of Corporate Governance during the year under report except Whistler Blower Policy.

#### **11) AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

The auditor's certificate on compliance of clause 49 of the Listing Agreement relating to corporate governance is published as an Annexure to the Directors' Report.

**For and on behalf of the Board**

Place : New Delhi  
Date : 4th May, 2010

**Savitri Jindal**  
Chairperson

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE****THE MEMBERS,  
JINDAL STEEL & POWER LIMITED**

We have examined the compliance of conditions of Corporate Governance by Jindal Steel & Power Limited, for the year ended 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the Directors and Management, we certify that the Company has substantially complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

**For S.S. Kothati Mehta & Co.  
Chartered Accountants**

**J. Krishnan**

Partner

Membership No. 84551

Place : New Delhi  
Date : 04th May, 2010



# Management Discussion and Analysis Report



## BUSINESS REVIEW

Global economy started recovery in 2009 but the speed of recovery remained slow. The process of recovery will get consolidated during 2010 in which Emerging Market Economies (EMEs) including India will play a significant role. The World Trade Organisation is of the view that world trade will stage a strong recovery in 2010. However, the risks to the recovery could be large public debt in developed economies, high unemployment rates and weak financial systems. The improvement in global macroeconomic conditions is witnessed by the turnaround in India's exports and the return of capital inflows.

Indian economy is on steady growth trajectory and recovery is getting more broad-based. Domestic output is expected to improve as the economy grows. There are better prospects for the Rabi crop and services and manufacturing sectors have also shown great resilience. Output growth during 2010-11 is expected to increase due to increasing levels of capacity utilisation in recent months. India's export and import sector has improved along with the recovery in the global economy. Union Budget for 2010-11 lays greater emphasis on quality of fiscal adjustment which would contribute to improving the overall medium-term growth outlook. Volatility in the domestic financial markets was much lower during 2009-10 than in the year before, when the crisis erupted. During 2009-10, foreign exchange reserves increased by US\$ 27.1 billion. Net capital inflows are expected to increase further during the current year, reflecting the prospects of higher growth.

Inflation had reached peak levels but is expected to moderate in the coming months. There are, however, upside risks to inflation. International commodity prices, particularly oil, have started to increase again. In several commodities, the import option for India to contain domestic inflation is limited, because of higher international prices. Increase in private sector consumption and the increasing demand supply gap will add to inflationary pressures.

Economic growth in 2010-11 is expected to be higher than in 2009-10 on account of overall growth of agriculture, industry and service sector. However, there are some risks like monsoon uncertainty, less consumption demand, pace of global recovery and decline in exports. Decision of the Government to exit from fiscal stimulus and the growth-supportive monetary policy could impact the growth process.

With an impressive track record, the country has assumed a favourable place in the world steel industry. Global steel giants from all over the world have shown interest in the industry because of its good performance. The crude steel production in India registered a moderate year-on-year growth of 2.7% in 2009 and reached 56.6 Million Metric Tons. On the other side, some Asian countries such as Japan and South Korea saw significant decline in their production levels. This further signifies the resilience and strength of the Indian steel industry against external risk factors.

Global economic slowdown hampered the growth of various steel intensive industries, such as, construction in 2009 and its impact also fell on steel demand. However, the Government's proactive incentive plans to boost economic growth by injecting funds in various industries

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The crude steel production in India registered a moderate year-on-year growth of 2.7% in 2009 and reached 56.6 Million Metric Tons. On the other side, some Asian countries such as Japan and South Korea saw significant decline in their production levels. This further signifies the resilience and strength of the Indian steel industry against external risk factors.

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like construction, infrastructure and power will help the steel industry to again achieve its previous growth trajectory. Steel consumption in India is expected to grow significantly in coming years since per capita finished steel consumption is far less from other countries. According to the year-end review by the Press Information Bureau, India has emerged as the fourth largest producer of steel in the world and the second largest producer of crude steel.

The National Steel Policy has a target for taking steel production up to 110 MT by 2019–20. With the current rate of ongoing greenfield and brownfield projects, the Ministry of Steel has projected that India's steel capacity is expected to touch 124.06 MT by 2011–12. Based on the status of Memoranda of Understanding (MoUs) signed by the private producers with the various State Governments, such as Odisha, Jharkhand, Chhattisgarh, West Bengal, India's steel capacity is likely to be 293 MT by 2020. India accounts for around 5 per cent of the global steel consumption. However, its use in railway coaches, wagons, airports, hotels and retail stores is growing immensely. India's steel consumption rose on account of improved demand from sectors like automobile and consumer durables. The scope for raising the total consumption of steel is huge, given that per capita steel consumption is only 35 kg compared to 150 kg across the world and 250 kg in China.

While the demand for steel will continue to grow in traditional sectors such as infrastructure, construction, housing, automotive, steel tubes and pipes, consumer durables, packaging and ground transportation, specialised steel will be increasingly used in hi-tech engineering industries such as power generation, petrochemicals, fertilisers, etc. The new airports and railway metro projects will require a large amount of stainless steel. With the growing need for oil and gas transportation infrastructure, huge opportunity is waiting to be tapped by steel manufacturers in the coming years.

#### OPPORTUNITIES AND THREATS

Steel industry plays an important role in the development of a country. India, a developing nation, requires huge contribution from this industry, to expedite its run to reach new heights in world economy. India has large reserves of mineral resources, such as, coal, iron ore etc and is in a strong position to mobilise these resources into productive use. Vast market potential with increasing middle class provides assured market to the industry. Recovery in Indian economy during 2009-10 has given rise to new investment opportunities which will increase demand for steel products. Last year the Company had undertaken comprehensive exercise on reducing costs and improving quality of the products which has given a strong edge to the Company in the market. The demand for steel is increasing and the prices have also firmed up during the year under report. The increase in steel making capacity by the Company will be absorbed by the increasing demand for steel products.

Power, iron ore and coal are three key raw materials for production of steel. Your Directors are making all efforts to ensure their availability considering the proposed enhancement in the production capacity of steel. In South Africa, Company is operating, through a subsidiary a coal mine named as Kiepersol Colliery in Piet Retief, South Africa and started coal production in December 2009. In Mozambique, Company has acquired coal block in Tete province and is exploring the coal block. Efforts are being made to get more mining concession in Mozambique. Jindal Steel Bolivia, S.A (JSB), a subsidiary of the Company has been awarded exploration rights by the Government of Republic of Bolivia over El-Mutun Iron Ore Mine. JSB will set up mining facilities, steel making facilities and requisite infrastructure for development of the mine in granted concession.

The Company is increasing captive power generation capacity for meeting power requirement of steel plants. Phase-1 (2x135 MW) of Captive power plant of 540 MW (4x135 MW) capacity is under implementation at coal mine at Tamnar, Chhattisgarh. Part I of 135 MW has been synchronised and will start generating Power in June 2010. Setting up of captive power plants is a part of the integrated steel plants being set up in Angul, Odisha and Patratu, Jharkhand for meeting their power requirements. The Company had, last year, commissioned wind mill power plants in villages - Bhud and Amberi in District Satara in the State of Maharashtra with an aggregate generation capacity of 15 MW. During the year under report additional 9 MW wind mill power generation capacity has been added.

Jindal Power Limited (JPL), subsidiary of the Company is expanding power generation capacity of 1,000 MW power plant at Raigarh, by setting up 2,400 MW power project. JPL has signed three joint venture agreements with Hydro Power Development Corporation of Arunachal Pradesh Limited, a public sector undertaking for setting up hydro electric power plants with an aggregate capacity of 6,100 MW in Arunachal Pradesh.

Your Company has, over the years, built a strong technical and managerial team who possesses sufficient experience in setting up big projects and manage them efficiently. This team is competent enough to set up steel projects in Angul, Odisha and Patratu, Jharkhand and expanding steel production capacity in Raigarh. The Company is therefore poised well for further growth and sustainable development.

There are however cost factors of financing which the Company has to consider while taking strategic decisions. The upward pressure on inflation has prompted RBI to increase its benchmark rates. This has increased the cost of financing for working capital requirement. Additionally, it is also putting pressure on all the expansion projects. Already the interest rates for the short term and medium term loans have gone up by 25-50 basis points in the last few months.

Cheaper imports from countries such as China and Ukraine will make steel industry vulnerable. Further lowering of customs duty on steel products which is 5% at present or further increasing of excise duty on production of steel products which was raised from 8% to 10% in the union budget 2010 could adversely impact the revenue and profitability of steel industry.

United States of America and European countries are slowly coming out of acute slow down of 2009 but unemployment figures and financial system is still a worrying factor which could prove a little drag on the pace of projected economic growth of the country in the current year. But the internal economic factors indicate increasing demand for steel which is expected to command better prices. Electricity continues to be in short supply and its domestic and industrial demand is rising. As the Company is self sufficient in supply of raw materials and has captive facilities for meeting its electricity requirement, the Company is expected to do better in coming years.

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## OUTLOOK

The global steel market has significantly improved since the low of 2008-09. The first half of 2009 witnessed monthly steel production levels go below 100mn MT due to global economic recession. The production levels picked up from 2nd half driven by China as consumers across sectors started replenishing stocks. Global Steel Production for 2009 was 1,220 MMTPA as against 1,329 MMTPA in 2008.

World Steel Association in its April, 2010 report, forecasted that apparent steel use will increase by 10.7% to 1,241 mmt in 2010 after contracting by 6.7% in 2009. This represents an improved figure over the Autumn 2009 forecast for both 2009 and 2010. With these projections, world steel demand in 2010 will exceed pre-crisis levels of 2007. In 2011, it is forecast that world steel demand will grow by 5.3% to reach a historical high of 1,306 mmt. The resilience of the emerging economies, especially China, has been the critical factor enabling the earlier than expected recovery of world steel demand.

Indian steel industry was among the very few countries which registered positive growth during 2009-10 and is expected to increase by 10-12% in 2010-11. This growth is to be driven by infrastructure sector which is expected to grow at 17.5% in financial year 2010-11. Union Budget 2010 has provided Rs. 1,73,552 Crore for infrastructure development. Steel production in 2010-11 is likely to be 65 million tonnes compared to 60-61 million tonnes in the year 2009-10.

The rise in construction activities, too, fuelled volume growth for the steel, thereby indicating that recovery in demand is broad-based and is gathering pace. Companies across sectors are re-launching projects that were shelved and this has increased demand for the metal. The process of re-stocking inventories is also on a high in anticipation of price hike going forward. The domestic demand, especially from the railways, and varied use of stainless steel, will also act as a catalyst in growth of the steel industry in India.

The prices of semi finished and finished steel in India have been closely following international trend. International steel prices have been rising steadily in the last few months mostly due to upswing in raw material prices globally and demand pull in some of the products, mainly flat products.

The price of the raw materials like coking coal and iron ore has been rising continuously for a number of months now. Although the manufacturers are absorbing some of the price increase, the long term financial implications are forcing them to pass it on to customers. Over the last 12 months the price of coking coal has increased by 96% while the price of iron ore has increased by 91%. The corresponding increase in Semis has been 15% and that for HR Coils has been 38% in India. Thus, much of the increase in input prices has been absorbed by the manufacturers.

The Company plans to have 30% of its sales through MoU customers which will insulate it from external factors related to price and ensure a steady order pipeline. It will also focus on efficiently developing value added grades for new applications to enter new markets and limit the impact of competition for greater profitability. It will also focus on efficiently increasing sales through the stockyards by keeping the optimum inventory levels and product mix for just in time order delivery as well as for serving a large number of smaller customers.

## FINANCIAL PERFORMANCE

The overall operational performance of the Company has been satisfactory. During the financial year 2009-10, the Company achieved net sales of Rs. 7,367.59 Crores and net profit after tax of Rs. 1,479.68 Crores registering marginal decrease of about 4% as compared to 2008-09 due to lower price realisation.



## INTERNAL CONTROLS AND SYSTEMS

Internal controls and proper systems give authenticity to the information, reports, records, documents, transactions and serve as a strong foundation for decision making by the management. The Company has established proper internal control systems and procedures which are compatible with size of its operations and business. With a view to ensure that systems are adhered to and controls are not flouted, three firms of chartered accountants are conducting internal audit of operations, establishments, marketing offices and stockyards quarterly. Cost Auditors are separately appointed to audit cost accounts of the steel plants and their report is submitted to the Central Government. Audit Committee reviews the reports of Internal Auditors and Cost Audit Report and monitors effectiveness and operational efficiency of internal control systems. Audit Committee is giving valuable suggestions from time to time in improving the business processes, systems and internal controls. Annual internal audit plans are prepared by internal auditors in consultation with Audit Committee and audit is conducted in accordance with this plan. Separate department headed by a Sr. Vice President looks after internal control systems and assists internal auditors and the Audit Committee and provides desired inputs to them.

## FINANCIAL MANAGEMENT

Borrowing from Banks, Financial Institutions, other lenders in India and/or abroad is integral to running the business. The Company has been availing various types of financial facilities from Banks, Financial Institutions, other lenders in India and/or abroad for meeting fund requirements for implementing the projects, expansion plans and working capital. Options available in the credit market are properly assessed and sufficient care is taken to avail these facilities at competitive terms and conditions and are appropriately secured as per terms of sanction. The borrowings are at competitive cost and their disbursement is linked to the project/working capital requirements. Senior managerial personnel are looking after the arrangement of funds, servicing of debts and management of internal accruals. The Company arranged Rs. 3,189 Crores from banks and FIs for meeting capital expenditure in the year under report.

## CORPORATE SOCIAL RESPONSIBILITY

Company believes that corporates impact society and the environment through their operations, products and services. The Company has, from the very beginning, devoted itself to the cause of up-liftment of under privileged people and backward areas of the country. As a responsible corporate citizen, the Company has a long history of social commitment in projects that have been making meaningful contribution to the society in different areas. Company believes that an effective growth policy must also take into account the fulfillment of basic needs of the masses, especially of those living in rural areas. It endeavors to improve the quality of life of the community in the area it operates. To achieve this, it deploys its resources to the extent it can reasonably afford, to improve the infrastructure, education,

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health, water, sanitation, environment, etc. in the area it operates. CSR activities undertaken during the year under report by the Company's plants / mines are briefly given hereunder.

#### A) Plants

##### i) Raigarh, Chhattisgarh

Company has adopted 29 villages in Raigarh and contributes to the development of the region through a more holistic effort. A hospital, school, Jindal Institute of Technology, an english medium primary school in tribal area, health centres, Asha school for the disabled, computer labs, musical fountain, auditorium have been built at Raigarh. The Company is also managing three State Government ITIs. Many initiatives are being taken under the Company's Corporate Social Responsibility (CSR) policy, such as, renovation of roads/school buildings, provision of facilities for drinking water, vocational training to women and encouragement for sports activities.

Women empowerment programme, education of the girl child and providing teacher support for existing adult education programme for women is in progress at 7 separate centers. 324 women have been imparted basic education in the adopted villages.

For providing medical facilities to villagers in the surrounding villages, Mobile medical van has been commissioned and about 14,317 persons were examined, treated and provided free medicines. Patients are being treated in O.P. Jindal Hospital & Research Centre, Raigarh and operations for family planning are conducted under "National Population Control Program".

##### ii) Angul, Odisha

CSR activities at Angul project consists of six major components i.e. Education, Health and Nutrition, Women empowerment, Sports- youth and Culture, Infrastructure development and Employability. 33 community teachers support was provided in ten schools and 1,231 children of 12 schools were covered under Art of Living, 4 schools were provided desks, benches and electrical fittings etc., 147 medical camps were held in which 19,270 patients received medical treatment and 1,915 patients were treated for eye diseases. 416 units of blood were collected from voluntary blood donation camps. 16 awareness programmes were held in connection with HIV & AIDS, anti alcohol and diarrhea control. For promotion of sustainable livelihood and micro-entrepreneurship amongst the under privileged people especially women and youth, 32 Self Help Groups comprising 742 members were trained on income generation activities like mushroom cultivation, stitching and embroidery, poultry farming, soft toy making etc. Company has also installed 61 hand pumps and bore wells, 13 water bodies were renovated and 860 households of 6 villages received drinking water through water tankers. 16,601 meters of roads were constructed, 360 households got electricity connections and 1,000 got solar lights as alternate source of energy. 123 students have passed industrial training from O. P. Jindal Institute of Technology (OPJIT), Angul in 7 trades and 100 under-matric youths completed modular employment scheme in 4 various trades.

##### iii) Patratu, Jharkhand

Company is currently operating in 13 villages around Patratu and has in collaboration with Jharkhand Silk Textile & Handicrafts Development Corporation Limited "JHARCRAFT", a Government corporation of Jharkhand, provided training to 150 women in Kantha and Zardouzi stitches in 5 villages of Patratu. 38

Self Help Groups (SHG) were formed and required assistance is being given to them for marketing of local goods. 4 mega health camps were organised and village health camps are regularly held for routine health check-up, vaccination, cataract operations etc. Veterinary camps were organised in all operating villages for check-up and treatment of livestock. Company has also constructed public toilets / soak pits for improving sanitation facilities and installed hand pumps for providing drinking water. Benches, desks, books were distributed in ten schools and science exhibition and Bal mela was organised.

**iv) Barbil, Odisha**

The key areas for CSR initiatives at Barbil are in the field of Education, Health and Basic Infrastructure development in the villages adjacent to its operations. The Company has adopted the Govt. High school at Deojhar Panchayat and has engaged additional teachers to coach class 9th and 10th students for better results. The Company supports a residential tribal school by bearing the cost of rice and providing uniforms to about 350 residential children. The Company has provided a school bus for the children from nearby villages to attend school. This has decreased the dropout of children specially girl child. 15 poor and meritorious children were assisted financially to continue higher education. The local ITI at Barbil is benefited through Public Private Partnership. The Company provides free treatment and medicines and the benefits of this initiative has reached to 10,000 people. Annually 8 -10 health camps are organised in the area where the villagers get the benefit of specialist services. Poor patients who need treatment at specialised centers are assisted financially on case to case basis. A dedicated ambulance is provided for delivery cases and patients who need urgent medical attention. 68 delivery patients used the ambulances services. Wherever possible piped water supply has been provided and where it is not feasible, hand bore wells have been provided. 8 villages benefited from this Scheme. Local ponds have been renovated by desilting and providing bathing steps. The storage capacity of the ponds have been increased. 28 toilets have been constructed to promote sanitation in the villages. Community centers have been built at Bhagalpur and Balita Village. Village roads have been constructed and repaired for easy transportation. Sewing Machines have been provided to two Self Help Groups. To promote sports and cultural activities employees participate as volunteers in all major local tournaments and festivals. Some of the tournaments of football matches are sponsored by the Company. Company also provides necessary help during major festivals observed locally. This apart, the Company also responds to all the requests from the district administration. The Company has sponsored major programmes organised by the district administration like Palshree mela, sports and athletic meet, Adolescent Meet etc.

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## B) Mines

### i) TRB Iron Ore Mine, Tensa, Odisha

15 K.M. road from Tensa to Barsuan and 19 K.M. road from Barsuan to Kaleiposh was repaired and made motorable. Overhead water supply has been provided at Tensa and Barsuan for supplying drinking water to the villagers and additional water supply pipeline was laid for providing water to residents in village Tantra. An ambulance is operating in five villages for providing medical facilities to the villagers. An additional club room was constructed for Mahila Samiti at village Tantra for socio-economic development of tribal people. Turmeric powder machine and leaf plate press machine was also provided to the club. Furniture has been provided to Koira college and Aurobindo integral school, electrification work was done at school building at Dengula Sebashrama and boundary wall was constructed for school at Village Barsuan. The Company has constructed a residential school for girls with modern facilities, called Baidapali Residential High School at Tensa at cost of Rs. 3.5 Crores and is providing education upto class X for 250 students.

### ii) Coal Mines

#### a. Gare IV/1 and IV/6, Dongamahua, Chhattisgarh

Company is running O.P. Jindal School (primary wing) and has renovated school buildings in various villages around the mine. Financial support was given to meritorious students and certain facilities like drinking water, computer and science lab, books, cycles, school bags, uniforms, study material was provided to schools in the villages around mine area. An education programme for elderly women is run under the project 'Chetna' and 177 women have benefited from this project. Company has organised medical camps and 2,880 patients were treated, 36 cataract operations and 1,136 family planning operations were also performed. Medical van is also attending to the patients in the villages. 2,116 livestock were treated for various diseases through animal husbandry medical support. Training was provided to the women for stitching, knitting and dona pattal making for augmenting their income. Drinking water sources were developed through borewells and submersible pumps and ponds have been constructed / renovated.

#### b. Amarkonda Murgadangal Coal Mine & Jitpur Coal Mine, Jharkhand

Medical camps were organised for treating patients of malaria, brain fever, eye ailments etc. Voluntary blood donation camps were organised and burn unit was set up in Sadar Hosiptal, Dumka. Veterinary camps were organised for routine immunisation and vaccination of all livestock of project villages. Gram Sabha meetings were also organised in connection with community development. 20 handpumps were repaired, new handpumps were installed, 20 solar home lights and blankets were distributed and solar street lights have been installed in villages around Dumka. Market sheds have been constructed to facilitate marketing of local products. Sports events were organised and sports material was distributed to the youth. A school was adopted in village Daldali and study material was provided to the students. A school has been adopted in village Jitpur for making it a model school. The Company has constructed building for Industrial Training Institute (ITI) at Godda which will start functioning from August 2010.

Under project 'Hunar', stitching and embroidery centre has been set up for women. Self Help Groups(SHG) have been formed and training has been imparted to the SHG members for Dona patal making, vermin composting, making of jute bags, poultry trade etc.

These initiatives will not only continue in future but will be broad based to include more sections of the community and add more areas for improvement.

## ENVIRONMENT PROTECTION

Environmental issues in steel industry are so numerous, complex and interconnected that an adhoc approach to problem solving is no longer considered effective. The growing pressure from all stakeholders requires steel companies to adopt environmental responsibility in all activities. There has been a paradigm shift in the attitude of the corporates as it switches over from 'Passive Environmental Strategies' to 'Proactive Environmental Strategies'. The Company operates on this philosophy and active strategies for environment management and energy conservation policies are formulated and implemented systematically.

Achieving a sustainable balance between environmental protection and economic growth is one of Company's highest values. Company strictly follows the principles of minimising pollution, wastages and energy usage during manufacturing and maximising the harmony between mankind and his surroundings. Environmental risk through air emission, noise and water pollution, solid waste generation, occupational health and safety are identified through environmental impact assessment studies and accordingly environment management plans with programmes are adopted to eliminate/minimise adverse impact. The Company at Raigarh has built up a strong Environment Management Department (EMD) having multidisciplinary team of professional and technical staff. EMD has established a modern environmental laboratory having sophisticated instruments including microbiological parameter testing facilities to monitor environmental quality to assess the environmental risk.

The technology selection for new equipments is based on their environment friendliness and the state of art pollution control devices are installed to manage the terminal discharges. High efficiency Pulsejet bag filters, Electro Static Precipitators, scrubbers & dust suppression systems are installed at required locations to control air pollution. The health of pollution control devices is constantly monitored through high precision Opacity meters. The Company has installed 5 Online Ambient Air quality monitoring stations around the factory and at Raigarh city to monitor air quality. Waste minimisation and its utilisation are integral to environment management efforts. The waste gases from DRI and Coke Ovens are usefully utilised for generation of power. The flue gas from Blast Furnace and Producer gas plant is used as fuel in rolling mills and for running turbines.

Water conservation is done to the maximum and close circuit arrangement exists to maintain zero discharge. The sewage from township and office area are completely treated in 3 state-of-art Sewage treatment plants having a combined capacity of 3050KL/day and the treated sewage water is fully utilised for gardening and horticulture activities. Rainwater harvesting is done through injection wells and water reservoirs. The company is expanding its rainwater-harvesting project to additional areas including adjoining villages. A 3 TPD bio-methanation plant is being erected under the supervision of bio technology division of BARC, Mumbai. The degradable waste generated in the premises would be usefully utilised for domestic gas generation. All environmental regulations are strictly complied with.

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The Company attaches great importance to development of greenery within the premises of the factories, offices and its surroundings. Wide green belts are created around the periphery of the plants. Green belts primarily comprising of native species are developed all along the plant periphery and their thickness varies between 5 to 150 meters. During this year alone over 5 lacs tree plantation was done and the cumulative plantation figure has crossed 2.0 million. The Company's environment policy is being applied at all the projects of the Company.

### INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT

The Company is taking various initiatives and has adopted various policies to provide better amenities to the employees to keep them motivated and satisfied. The Company is on the trajectory of growth and the challenge is to sustain the growth. Human Resource (HR) has emerged as a strategic business partner in recent few years and sustainability of growth depends on the robustness of its policies, systems and procedure. Keeping the above in mind the Company has developed a Business Partnership Model and has endeavoured to strengthen itself in the following areas viz, Culture Building, Commitment Building, Competence Building and Systems Building.

Many contemporary HR initiatives have been undertaken within these building blocks. The Company has engaged Hewitt Associates for the following purposes:

- a. Leadership Capability Development.
- b. Conducting Development Centre for Top 55 High Potential leaders in the organisation.
- c. Executive Coaching intervention for 55 High Potential leaders.
- d. Compensation & Benefit Benchmarking.

With an aim to enhance a culture of professionalism and building the Company as an institution, McKinsey Associates were appointed for Organisational Transformational Initiatives like:

- a. Structure and role clarity - for complete clarity on roles and responsibilities.
- b. Critical processes - for documented, well established and effective tools and processes used across entities.
- c. Management committees - for management accountability and initiative taking. There are management committee(s) that yield collective and quality decision making.
- d. Culture and capabilities - for strong and recognisable culture across various entities of the Company, which induces people to give their best and which also attracts new talent.

The Company is providing medical & health facilities for employees such as Group Medclaim Policy which provides assistance to the employees and their family members and reimburses hospitalisation expenses incurred for treatment anywhere in India, up to the sum insured. Employees are also covered under Group Personal Accident Insurance Policy. All Workers are eligible for Workmen Compensation Insurance Policy.

Various steps are being taken from time to time to ensure safety of employees in the factories, few among them are:

1. Safety week celebration
2. Safety tool talk at start of the shift
3. Work permit for jobs of hazardous nature
4. Awareness about work at height
5. Provision of personnel protective equipments for hot zones such as jeans coat, aluminised coat, helmet, safety shoes etc.

6. DSO (Department Safety Officers) in each department
7. Safety inspection
8. Safety meetings with Heads of the departments, supervisors & contractors
9. Safety Induction programme and job specific training programme for contract workers

The Company has also introduced various Schemes for enhancing motivation of the employees such as i) Own your car Scheme, ii) Own your laptop Scheme, iii) Furniture loan Scheme, iv) Home furnishing loan Scheme, v) Marriage gift policy and vi) Education assistance policy. Retirement benefits like Provident Fund and Gratuity are also applicable to all the employees.

#### STATUTORY COMPLIANCE

The Company Secretary, as Compliance Officer, ensures compliance of the SEBI regulations and provisions of the Listing Agreement. Compliance certificates are obtained from various units of the Company and the Board is informed of the same at every Board Meeting.

#### CAUTIONARY STATEMENT

This report contains projections, estimates and expectations etc. which are just “forward-looking statements”. Actual results could differ from those expressed or implied in this report. Important factors that may have impact on Company’s operations include economic conditions affecting demand / supply and price conditions in the domestic and overseas markets, changes in the Government regulations / policies, tax laws and other statutes and other incidental factors. The Company assumes no responsibility to publicly modify or revise any forward looking statements on the basis of any future events or new information. Actual results may differ from those mentioned in the report.

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For & on behalf of the Board

Place : New Delhi  
Date : 4th May, 2010

Savitri Jindal  
Chairperson



# Financial Statements

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## Auditors' Report to the Members of Jindal Steel & Power Limited

1. We have audited the attached balance sheet of **JINDAL STEEL & POWER LIMITED**, as at 31st March, 2010, and also the profit & loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 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 as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) 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;
  - (ii) 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;
  - (iii) The balance sheet, profit & loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion and read with note no. B.4 of schedule 20 regarding accounting for sales tax included in sales price of products sold out of sales tax exempted Unit under Sales Tax Subsidy Reserve account, the balance sheet, profit & loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub - section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the 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:
    - (a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2010;
    - (b) in the case of the profit and loss account, of the profit for the year ended on that date; and
    - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For **S. S. Kothari Mehta & Co.**  
Chartered Accountants  
Registration No. 000756N

**J. Krishnan**  
Partner

Membership No. 84551

Place : New Delhi  
Dated: 4th May, 2010

## Annexure to Auditors' Report

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

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As part of this programme, the management has physically verified certain fixed assets during the year. Discrepancies noticed on such verification as compared to book records, which were not material, have been properly adjusted in the books of account.
- (c) Fixed assets disposed off during the year were not substantial.
2. (a) As explained to us, physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores and spare parts and raw materials. Further, stock in the possession and custody of third parties and stock in transit as at 31st March, 2010 have been verified by the management with reference to confirmation or statement of account or correspondence with the third parties or subsequent receipts of goods. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for the physical verification of inventories followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (b) Since there are no such loans, comments regarding terms and conditions, repayment of the principal amount, interest due thereon and overdue amounts are not required.
- (c) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (d) Since there are no such loans, comments regarding terms and conditions, repayment of the principal amount, interest due thereon and overdue amounts are not required.
4. In our opinion and according to the information and explanations given to us during the course of audit, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and for the sale of goods and services. Further,

## Annexure to Auditors' Report (Contd.)

on the basis 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 nor have we been informed of any instance of a major weakness in the aforesaid internal control procedures.

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 transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions with parties, with whom transactions exceeding the value of Rupees Five Lacs in respect of each party have been entered into during the financial year, are at prices which are reasonable having regard to the prevailing market prices at the relevant time where such market prices are available.
6. In respect of fixed deposits accepted from the public, the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 including the Companies (Acceptance of Deposit) Rules, 1975 have been complied with. We have been informed that no Order has been passed by the Company Law Board or National Company Law Tribunal or RBI 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 and nature of its business.
8. We have broadly reviewed the cost accounting records maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and 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 and according to the records of the Company, 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, wherever applicable, have been regularly deposited with the appropriate authorities and there are no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31st March, 2010.
- (b) According to the information and explanations given to us and as per the books and records examined by us, there are no dues of Custom duty and Wealth tax which have not been deposited on account of any dispute, except the following in respect of disputed Excise duty, Sales tax, Service tax, Cess, Entry tax and Income tax:

## Annexure to Auditors' Report (Contd.)

Name of the Statute	Nature of dues	Amount (Rs in Lacs)	Forum where dispute is pending	Amount deposited (Rs. in Lacs)
Central Excise and Salt Act	Excise Duty	155.00	High Court, Chhattisgarh	100.00
		217.11	Appellate Commissioner, Raipur	60.89
		23,301.30	Excise Tribunal, Delhi	132.20
Finance Act, 1994	Service Tax	34.84	CESTAT, New Delhi	1.00
Central Sales Tax Act/Local Sales Tax Act / Entry Tax	Entry Tax	0.88	Deputy Commissioner, Commercial Tax (Appeals), Cuttack	NIL
Central Sales Tax Act/Local Sales Tax Act/Entry Tax	State Sales Tax	6.21	Deputy Commissioner Commercial Tax (Appeals), Raipur	6.21
Central Sales Tax Act/Local Sales Tax Act/Entry Tax	State Sales Tax	20.21	Deputy Commissioner, Commercial Tax (Appeals), Cuttack	NIL
Central Sales Tax Act/Local Sales Tax Act/Entry Tax	Central Sales Tax	44.05	High Court, Cuttack	44.05
		74.26	Deputy Commissioner, Commercial Tax, Cuttack	NIL
Chhattisgarh State Govt. Law	Energy Development Cess	8,233.73	Honorable Supreme Court	NIL
Customs Act, 1962	Customs Duty	3.16	Joint Secretary, Government of India	NIL
Business & Other Construction Workers Welfare Cess Act, 1996	Cess	11,750.00	Orissa High Court	5.00
Income Tax Act, 1961	Income Tax	11,066.36	Income Tax Appellate Tribunal	NIL
		36.82	Commissioner of Income Tax (Appeals)	NIL

10. The Company does not have accumulated losses as at the end of the financial year. There are no cash losses during the financial year under report and in the immediately preceding financial year.
11. According to the information and explanations given to us and as per the books and records examined by us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company does not fall within the category of Chit fund / Nidhi / Mutual Benefit fund / Society and hence the related reporting requirements of the Order are not applicable.

**Annexure** to Auditors' Report (Contd.)

14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments and hence the related reporting requirements of the Order are not applicable.
15. The Company has given guarantees against loans taken by others from banks and financial institutions; the terms and conditions of such guarantees are not, prima facie, prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanations given to us, the term loans raised during the year by the Company have been applied for the purpose for which the said loans were obtained, where the lenders have stipulated such end use.
17. According to the information and explanations given to us and as per the books and records examined by us, on an overall examination of the Balance Sheet of the Company, the funds raised by the Company on short-term basis have not been applied for long-term purposes.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us and on the basis of the records examined by us, the Company has created necessary securities for the debentures issued.
20. The Company has not raised any money by way of 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 fraud on or by the Company, noticed and reported during the year, nor have we been informed of such case by the management.

**For S. S. Kothari Mehta & Co.**  
**Chartered Accountants**

Registration No. 000756N

**J. Krishnan**  
**Partner**

Membership No. 84551

Place : New Delhi  
Dated: 4th May, 2010

## Balance Sheet as at 31st March, 2010

	Schedule	As at 31st March, 2010	(Rs. in Crores) As at 31st March, 2009
<b>SOURCES OF FUNDS</b>			
<b>Shareholders Fund</b>			
Share Capital	1	93.12	16.47
Reserves and Surplus	2	6,630.54	5,371.66
Employees' Stock Options Outstanding		22.67	29.82
Less : Deferred employee compensation expenditure (Refer note B.9 of Schedule 20)		(0.33)	(2.63)
		22.34	27.19
		<b>6,746.00</b>	<b>5,415.32</b>
<b>Loan Funds</b>			
Secured	3	4,235.16	2,105.49
Unsecured	4	4,148.10	2,857.16
		<b>8,383.26</b>	<b>4,962.65</b>
<b>Deferred Tax Liability (Net)</b>	20	<b>715.00</b>	<b>599.77</b>
<b>TOTAL</b>		<b>15,844.26</b>	<b>10,977.74</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	8,814.21	7,362.90
Less: Depreciation		(2,110.15)	(1,617.00)
		<b>6,704.06</b>	<b>5,745.90</b>
Add: Capital work in progress (including pre-operative expenses pending allocation / capitalisation and capital goods lying in stores)		6,435.28	2,318.01
		<b>13,139.34</b>	<b>8,063.91</b>
<b>Investments</b>	6	<b>1,067.11</b>	<b>1,233.40</b>
<b>Current Assets, Loans and Advances</b>			
Inventories	7	1,328.50	1,209.96
Sundry Debtors	8	622.36	391.46
Cash and Bank Balances	9	60.10	308.96
Loans and Advances	10	3,865.94	3,199.04
		<b>5,876.90</b>	<b>5,109.42</b>
<b>Less: Current Liabilities And Provisions</b>			
Liabilities	11	2,898.40	2,446.20
Provisions	12	1,343.71	985.81
		4,242.11	3,432.01
<b>Net Current Assets</b>		<b>1,634.79</b>	<b>1,677.41</b>
<b>Miscellaneous Expenditure</b>			
(To the extent not written off or adjusted)	13	3.02	3.02
<b>TOTAL</b>		<b>15,844.26</b>	<b>10,977.74</b>
Significant Accounting Policies & Notes to Accounts	20		

The accompanying schedules 1 to 20 form an integral part of these accounts

In terms of our report of even date

For & on behalf of the Board

For S.S. Kothari Mehta & Co.  
Chartered Accountants

J. Krishnan

Partner

Membership No. 84551

Naveen Jindal  
Executive Vice Chairman  
& Managing Director

Anand Goel  
Joint Managing  
Director

Sushil K. Maroo  
Director

Place : New Delhi  
Date : 4th May, 2010

T.K. Sadhu  
Company Secretary

## Profit & Loss Account for the year ended 31st March, 2010

			(Rs. in Crores)
	Schedule	For the year ended 31st March, 2010	For the year ended 31st March, 2009
<b>INCOME</b>			
Sales and Operational Income	14	8,595.67	8,977.49
Less: Inter Division Transfer		700.09	519.96
Less: Excise Duty		527.99	780.62
Net Sales and Operational Income		<b>7,367.59</b>	<b>7,676.91</b>
Other Income	15	117.31	122.52
<b>TOTAL</b>		<b>7,484.90</b>	<b>7,799.43</b>
<b>EXPENDITURE</b>			
Material, Manufacturing and Others	16	4,763.34	4,739.15
Less: Inter Division Transfer		700.09	519.96
		<b>4,063.25</b>	<b>4,219.19</b>
Personnel	17	214.87	177.53
Administration and Selling	18	594.65	798.69
Interest	19	192.47	168.91
Miscellaneous Expenditure written off		-	0.20
Depreciation	5	512.16	433.03
<b>TOTAL</b>		<b>5,577.40</b>	<b>5,797.55</b>
<b>PROFIT BEFORE TAXATION</b>		<b>1,907.50</b>	<b>2,001.88</b>
LESS: Provision for taxation			
(a) Income tax		312.48	355.93
(b) Deferred tax		115.23	105.10
(c) Wealth tax		0.07	0.19
(d) Fringe Benefits tax		-	4.18
(e) Fringe Benefits tax of earlier year		0.04	-
<b>PROFIT AFTER TAXATION</b>		<b>1,479.68</b>	<b>1,536.48</b>
ADD / (LESS)			
Surplus / (Loss) brought forward		4,318.95	3,047.80
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>5,798.63</b>	<b>4,584.28</b>
<b>APPROPRIATIONS</b>			
Proposed Dividend on Equity Shares (Refer note B.17 of Schedule 20)		116.52	85.33
Corporate Tax on Proposed Dividend		4.28	-
General Reserve		150.00	155.00
Debenture Redemption Reserve		49.00	25.00
Balance carried to Balance Sheet		<b>5,478.83</b>	<b>4,318.95</b>
		<b>5,798.63</b>	<b>4,584.28</b>
Basic Earning per share (in Rs.) (Refer note B.20 of Schedule 20)		15.90	99.44
Diluted Earning per share (in Rs.) (Refer note B.20 of Schedule 20)		15.78	98.58
Significant Accounting Policies & Notes to Accounts	20		

The accompanying schedules 1 to 20 form an integral part of these accounts

In terms of our report of even date

**For S.S. Kothari Mehta & Co.**  
**Chartered Accountants**

**J. Krishnan**

Partner

Membership No. 84551

**For & on behalf of the Board**

**Naveen Jindal**  
Executive Vice Chairman  
& Managing Director

**Anand Goel**  
Joint Managing  
Director

**Sushil K. Maroo**  
Director

**T.K. Sadhu**  
Company Secretary

Place : New Delhi  
Date : 4th May, 2010

## Schedules

forming part of the Balance Sheet as at 31st March, 2010

(Rs. in Crores)

As at  
31st March, 2009

As at  
31st March, 2010

**SCHEDULE - 1****Share Capital****Authorised**

2,000,000,000 (Previous year 200,000,000) Equity Shares of Re. 1 each	200.00	20.00
NIL (Previous year 10,000,000) Redeemable Cumulative Preference Shares of Rs. 100 each	-	100.00

	200.00	120.00
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**Issued, Subscribed and Paid Up****Equity Shares**

931,234,082 (Previous year 154,652,683) Equity Shares of Re. 1 each fully paid up	93.12	15.47
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	93.12	15.47
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Shares Forfeited Account - Preference Shares	-	1.00
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<b>TOTAL</b>	<b>93.12</b>	<b>16.47</b>
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**Notes:**

- (A) Out of the above, 126,122,840 (Previous year 126,122,840) Equity shares of Re. 1 each have been allotted as fully paid up to the erstwhile shareholders of Jindal Strips Limited pursuant to the scheme of arrangement sanctioned by the Hon'ble High Court of Punjab & Haryana.
- (B) Out of the above, 929,869 (Previous year 691,343) Equity Shares of Re. 1 each has been allotted as fully paid up to the employees (including those of subsidiary company) under the Employees Stock Option Scheme. (Refer note B.9 of Schedule 20)
- (C) 775,651,530 shares of face value of Re. 1 per share were allotted as fully paid bonus shares by utilisation of Rs. 775,651,530 from Securities Premium Account during the year.
- (D) Pursuant to the resolution passed at the EGM dated 04.09.2009, the Company has decided to reclassify the authorised share capital of the Company by cancellation of 10,000,000 Preference Shares of Rs. 100 each and simultaneous creation of 1,000,000,000 fresh Equity Shares of Re. 1 each and to increase the authorised share capital to Rs. 2,000,000,000.
- Consequently, the Company has cancelled 100,000 preference shares of Rs. 100 each, which was forfeited earlier. Upon cancellation of such shares, the amount of Rs. 10,000,000 was transferred to General Reserve.

**SCHEDULE - 2****Reserves and Surplus****(A) Securities Premium**

As per last account	157.32	143.36
Add: Addition during the year	12.49	13.96
Less: Utilised for issue of bonus shares	(77.57)	-

	92.24	157.32
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**(B) General Reserve**

As per last account	599.28	364.31
Add: Transfer from Profit and Loss Account	150.00	155.00
Add: Transfer from Shares Forfeited Account	1.00	-
Add: On account of Foreign Exchange Fluctuation as per notification on (AS-11)	-	79.97

	750.28	599.28
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## Schedules

forming part of the Balance Sheet as at 31st March, 2010 (Contd.)

	As at 31st March, 2010	(Rs. in Crores) As at 31st March, 2009
<b>(C) Debenture Redemption Reserve</b>		
As per last account	25.00	-
Add: Transfer from Profit and Loss Account	49.00	25.00
	<b>74.00</b>	<b>25.00</b>
<b>(D) Capital Redemption Reserve</b>		
As per last account	70.00	70.00
	<b>70.00</b>	<b>70.00</b>
<b>(E) Central/State Subsidy Reserve</b>		
As per last account	0.24	0.24
	<b>0.24</b>	<b>0.24</b>
<b>(F) Sales Tax Subsidy/Capital Reserve</b> (Refer note B.4 of Schedule 20)		
As per last account	133.19	83.15
Add: During the year	33.33	50.04
	<b>166.52</b>	<b>133.19</b>
<b>(G) Foreign Currency Translation Reserve</b>		
As per last account	67.68	-
Add: During the year	-	67.68
Less: During the year	(69.25)	-
	<b>(1.57)</b>	<b>67.68</b>
<b>(H) Surplus In Profit And Loss Account</b>	5,478.83	4,318.95
	<b>6,630.54</b>	<b>5,371.66</b>

### SCHEDULE - 3

#### Secured Loans

<b>(A) Debentures</b>		
i) 9.80% Secured Redeemable Non Convertible Debentures of Rs. 1,000,000 each	500.00	-
ii) 9.80% Secured Redeemable Non Convertible Debentures of Rs. 1,000,000 each	1,000.00	-
iii) 8.50% Secured Redeemable Non Convertible Debentures of Rs. 1,000,000 each	25.00	-
iv) 8.50% Secured Redeemable Non Convertible Debentures of Rs. 1,000,000 each	75.00	-
v) 9.80% Secured Redeemable Non Convertible Debentures of Rs. 1,000,000 each	62.00	-
vi) 6.75% Secured Redeemable Non Convertible Debentures of Rs. 1,000,000 each	100.00	-
	<b>1,762.00</b>	<b>-</b>
<b>(B) Term Loans</b>		
From Banks and Others	2,216.36	1,974.27
<b>(C) Others</b>	5.46	16.96
<b>(D) Working Capital Borrowings From Banks</b>	251.34	114.26
<b>TOTAL</b>	<b>4,235.16</b>	<b>2,105.49</b>

## Schedules

### forming part of the Balance Sheet as at 31st March, 2010 (Contd.)

#### NOTES :-

##### (A) Debentures

- i) Debentures placed with Life Insurance Corporation of India on private placement basis are redeemable at par in 2 equal annual instalments at the end of 9.5 and 10.5 years from the date of respective allotments i.e. Rs. 100 Crores (24.08.2009), Rs. 80 Crores (08.09.2009), Rs. 80 Crores (08.10.2009), Rs. 80 Crores (09.11.2009), Rs. 80 Crores (08.12.2009) and Rs. 80 Crores (08.01.2010). The debentures are secured on pari-passu charge basis by way of mortgage of immovable properties and hypothecation of movable fixed assets of the Company in favour of the Debenture Trustees.
- ii) Debentures placed with Life Insurance Corporation of India on private placement basis are redeemable at par in 2 equal annual instalments at the end of 9.5 and 10.5 years from the date of respective allotments i.e. Rs. 100 Crores (12.10.2009), Rs. 150 Crores (22.10.2009), Rs. 150 Crores (24.11.2009), Rs. 150 Crores (24.12.2009), Rs. 150 Crores (25.01.2010), Rs. 150 Crores (19.02.2010) and Rs. 150 Crores (26.03.2010). The debentures are secured on pari-passu charge basis by way of mortgage of immovable properties and hypothecation of movable fixed assets created/to be created at the 6x135 MW Power Plant Project at Angul, Orissa in favour of the Debenture Trustees.
- iii) Debentures placed with ICICI Lombard General Insurance Company Limited on private placement basis are redeemable at par at the end of 5 years from the date of allotment i.e. 03.12.2009. The debentures are secured on pari-passu basis by way of mortgage of immovable properties and hypothecation of movable fixed assets of the Company in favour of the Debenture Trustees.
- iv) Debentures placed with ICICI Prudential Life Insurance Company Limited on private placement basis are redeemable at par at the end of 5 years from the date of allotment i.e. 03.12.2009. The debentures are secured on pari-passu basis by way of mortgage of immovable properties and hypothecation of movable fixed assets of the Company in favour of the Debenture Trustees.
- v) Debentures placed with SBI Life Insurance Company Limited on private placement basis are redeemable at par in 5 equal annual instalments commencing from the end of 8 years from the date of allotment i.e. 29.12.2009. The debentures are secured on pari passu basis by way of mortgage of immovable properties and hypothecation of movable assets created/to be created at the 6x135 MW Power Plant Project at Angul, Orissa in favour of the Debenture Trustees.
- vi) Debentures placed with LIC Mutual Fund Asset Management Company Limited on private placement basis are redeemable at par at the end of 23 months from the date of allotment i.e. 22.01.2010. The debentures are secured on pari-passu basis by way of mortgage of immovable properties and hypothecation of movable fixed assets of the Company in favour of the Debenture Trustees.

##### (B) Term Loans

###### From Banks and Others

Secured by first pari-passu charge in favour of Banks by way of mortgage of the Company's immovable properties and hypothecation of moveable assets except those charged in favour of the Company's Bankers for securing working capital facilities excluding a) loan of Rs. 379.08 Crores (Previous year Rs. 469.95 Crores) which is secured by exclusive charge on assets created under Steel expansion project, b) loan of Rs. 287.27 Crores (Previous year Rs. 338.20 Crores) which is secured by exclusive charge on assets created under Plate Mill project at Raigarh, Chattisgarh, c) loan of Rs. 145.71 Crores (Previous year Rs. 180.00 Crores) which is secured by exclusive charge on assets under 3x25 MW Captive Power Plant at Raigarh, Chattisgarh, d) loans of Rs. Nil (Previous year Rs. 306.11 Crores) which were secured by exclusive charge on assets created under the Plate Mill project at Angul, Orissa, e) loans of Rs. 349.91 Crores (Previous year Rs. 270.07 Crores) which were secured by exclusive charge on assets created under the DRI project at Angul,

## Schedules

forming part of the Balance Sheet as at 31st March, 2010 (Contd.)

Orissa, f) loans of Rs. 414.46 Crores (Previous year Rs. 6.00 Crores) which are secured by exclusive charge on assets to be created under 2X135 MW Captive Power Plant (Phase - 1) at Dongamauha, Raigarh, Chattisgarh, g) loans of Rs. 67 Crores (Previous year Rs. Nil) which are secured by exclusive charge on assets created under 2X135 MW Captive Power Plant (Phase - 2) at Dongamauha, Raigarh, Chattisgarh, h) loans of Rs. 20 Crores (Previous year Rs. Nil) which are secured by exclusive charge on assets created/to be created under 1.6 MTPA Integrated Steel Plant and 1.5 MTPA Plate Mill project at Angul, Orissa, i) loan of Rs. 534.79 Crores (Previous year Rs. 234.57 Crores) which are secured by subservient charge on current assets of the Company, j) loans of Rs. Nil (Previous year Rs. 2.90 Crores) which were secured by third and residual charge of the Fixed Assets of the Company and k) Loan from banks and others includes US\$ Nil (Previous year US\$ 6.82 Million) as foreign currency loan. Further, loans of Rs. 4.08 Crores (Previous year Rs. 50.76 Crores) are also secured by a personal guarantee given by a Director of the Company.

Repayment due within one year Rs. 272.64 Crores (Previous year Rs. 316.14 Crores)

### (C) Others

Secured by hypothecation of the specific assets financed.

### (D) Working Capital Borrowing from Banks

Secured by hypothecation by way of first charge on stocks of finished goods, raw materials, work in progress, stores and spares and book debts and second charge in respect of other movable and immovable assets.

	As at 31st March, 2010	(Rs. in Crores) As at 31st March, 2009
<b>SCHEDULE - 4</b>		
<b>Unsecured Loans</b>		
Fixed Deposits from Public	70.58	32.48
Short Term Loans from Banks / Mutual Funds	250.00	150.25
Non-Convertible Debentures	75.00	100.00
Inter Corporate Deposits (from subsidiary)	1,198.56	39.63
Buyers' Credit from Banks	984.45	462.88
External Commercial Borrowing from Banks (ECB)	1,569.51	2,071.92
	<b>4,148.10</b>	<b>2,857.16</b>

Repayment due within one year Rs. 232.56 Crores (Previous year Rs. 506.42 Crores)

## Schedules

forming part of the Balance Sheet as at 31st March, 2010 (Contd.)

GROUP OF ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 1st April, 2009	Additions during the Year	Sales/Adj during the Year	Upto March, 2009	Additions during the Year	Sales/Adj during the Year	Upto March, 2010	As at 31st March, 2010	As at 31st March, 2009
Land - freehold	108.37	20.78	-	-	-	-	-	129.15	108.37
Land - leasehold	124.10	118.25	-	2.55	1.80	-	4.35	238.00	121.55
Live Stock	0.14	-	-	-	-	-	-	0.14	0.14
Building	704.18	239.98	5.99	79.57	25.39	0.51	104.45	833.72	624.61
Plant & Machinery	5,834.91	1,078.73	136.73	1,437.52	444.60	1.42	1,880.70	4,896.21	4,397.39
Electrical Installation	117.22	27.86	-	16.46	5.72	-	22.18	122.90	100.76
Furniture & Fixtures	40.05	16.62	0.12	8.76	3.60	0.01	12.35	44.20	31.29
Vehicles	117.88	56.78	4.20	42.13	15.28	2.12	55.29	115.17	75.75
Air Craft (GE Lease)	26.10	-	26.10	16.78	3.65	20.43	-	-	9.32
Air Craft (Owned)	285.18	61.88	-	12.23	16.26	-	28.49	318.57	272.95
Intangible assets-Software licences	4.77	3.57	-	1.00	1.34	-	2.34	6.00	3.77
<b>TOTAL</b>	<b>7,362.90</b>	<b>1,624.45</b>	<b>173.14</b>	<b>1,617.00</b>	<b>517.64</b>	<b>24.49</b>	<b>2,110.15</b>	<b>6,704.06</b>	<b>5,745.90</b>
Capital Work in Progress (Including pre-operative expenses pending allocation/ capitalisation and capital goods lying in stores)								6,435.28	2,318.01
<b>Previous Year</b>	<b>5,918.94</b>	<b>1,445.64</b>	<b>1.68</b>	<b>1,183.11</b>	<b>434.31</b>	<b>0.42</b>	<b>1,617.00</b>	<b>5,745.90</b>	<b>4,735.83</b>

### Notes:-

- Capital Work in Progress includes Rs. 440.21 Crores (Previous year Rs. 274.54 Crores) being Pre-operative Expenditure and Rs. 1024.05 Crores (Previous year Rs. 684.18 Crores) Capital stores (Refer note B.11 of Schedule 20).
- Freehold land includes Rs. 5.85 Crores jointly owned with the Company with 50% share and pending registration.
- Depreciation during the year includes Rs. 5.48 Crores (Previous year Rs. 1.28 Crores) transferred to pre-operative expenses.

## Schedules

forming part of the Balance Sheet as at 31st March, 2010 (Contd.)

		(Rs. in Crores)	
		As at 31st March, 2010	As at 31st March, 2009
<b>SCHEDULE - 6</b>			
<b>Investments - Long Term, Non-Trade</b>			
<b>(A) Unquoted Equity Shares</b>			
i)	Stainless Investments Limited 1,242,000 (Previous year 1,242,000) Equity Shares of Rs. 10 each	6.05	6.05
ii)	Jindal Holding Limited 2,414,000 (Previous year 2,414,000) Equity Shares of Rs. 10 each	14.48	14.48
iii)	Brahmaputra Capital and Finance Limited 19,200,000 (Previous year 19,200,000) Equity Shares of Rs. 10 each	19.20	19.20
iv)	Jindal Rex Exploration Private Limited 9,800 (Previous year 9,800) Equity Shares of Rs. 10 each	0.01	0.01
v)	Nalwa Steel & Power Limited (formerly Nalwa Sponge Iron Limited) - (Associate Company) 2,000,000 (Previous year 2,000,000) Equity Shares of Rs. 10 each	2.00	2.00
vi)	Globeleq Singapore (Pte) Limited - (Associate Company) Nil (Previous year 28,000) Equity Shares of USD 1.00 each	-	0.12
vii)	X-Zone SDN BHD 36,250 (Previous year 36,250) Equity Shares of Malaysian Ringgit 1.00 each	0.04	0.04
viii)	Jindal Petroleum Limited (formerly JSPL Oil & Natural Gas Limited) 49,400 (Previous year 49,400) Equity Shares of Rs. 10 each	0.05	0.05
ix)	Angul Sukinda Railway Limited - (Associate Company) 25,000 (Previous year Nil) Equity Shares of Rs. 10 each	0.03	-
		41.86	41.95
	Less: Provision For Diminution in value of Investments	(11.54)	(11.54)
	<b>SUB TOTAL (A)</b>	<b>30.32</b>	<b>30.41</b>
<b>(B) Unquoted Investment In Government and Trust Securities</b>			
i)	National Saving Certificates Nil (Previous year Rupees 1,000)	-	0.00
ii)	11.50% IDBI-SLR 2011 10,000 (Previous year 10,000) units of Rs. 1,000 each	1.05	1.12
iii)	11.50% IDBI-SLR 2010 5,500 (Previous year 5,500) units of Rs. 1,000 each	0.55	0.60
iv)	12.00% IDBI-SLR 2012 5,000 (Previous year 5,000) units of Rs. 1,000 each	0.55	0.60
v)	12.00% NHB-SLR 2011 20 (Previous year 20) units of Rs. 100,000 each	0.22	0.24
	<b>SUB TOTAL (B)</b>	<b>2.37</b>	<b>2.56</b>

## Schedules

forming part of the Balance Sheet as at 31st March, 2010 (Contd.)

	As at 31st March, 2010	(Rs. in Crores) As at 31st March, 2009
<b>SCHEDULE - 6 (Contd.)</b>		
<b>(C) Unquoted Fully Paid-Up Equity Shares of Subsidiary Companies</b>		
i) Jindal Power Limited 1,300,575,000 (Previous year 867,050,000) Equity Shares of Rs. 10 each (687,888,000 (Previous year 442,530,000) Equity Shares pledged as security with lenders of subsidiary company) During the year, 433,525,000 shares received as fully paid up bonus shares	867.05	867.05
ii) Jindal Minerals & Metals Africa Limited 832 (Previous year 832) Equity Shares of USD 1 each	27.59	27.59
iii) Jindal Steel & Power (Mauritius) Limited 19,150,000 (Previous year 19,150,000) Equity Shares of USD 1 each	79.35	79.35
iv) Jindal Steel Bolivia S.A. 999,910 (Previous year 855,014) Equity Shares of Bolivianos 100 each	59.91	49.89
v) Chhatisgarh Energy Trading Company Limited Nil (Previous year 6,030,000) Equity Shares of Rs. 10 each	-	6.03
<b>SUB TOTAL (C)</b>	<b>1,033.90</b>	<b>1,029.91</b>
<b>(D) Unquoted Fully Paid-Up Equity Shares of Incorporated Joint Ventures</b>		
i) Shresht Mining and Metals Private Limited 5,000 (Previous year 5,000) Equity Shares of Rs. 10 each	0.01	0.01
ii) Jindal Synfuels Limited (formerly Jindal Coal to Liquid Limited) 10,000 (Previous year 10,000) Equity Shares of Rs. 10 each	0.01	0.01
<b>SUB TOTAL (D)</b>	<b>0.02</b>	<b>0.02</b>
<b>Investments - Current</b>		
<b>(E) Investment In Units of Mutual Funds / Bonds</b>		
i) 8.15% ICICI - 2016 Bond 5 (Previous year 5) Units of Rs. 1,000,000 each	0.50	0.50
ii) Principal Cash Management Fund Nil (Previous year 254,790,005.30) Units of Rs. 10 each	-	35.00
iii) LICMF Liquid Fund Dividend Plan Nil (Previous year 45,545,328.623) Units of Rs. 10 each	-	50.00
iv) NLFSG Canara Robeco Liquid Super Institutional Growth Fund Nil (Previous year 70,145,903.4792) Units of Rs. 10 each	-	75.00
v) 9.50% Tourism Finance Corporation of India Limited Bond Nil (Previous year 100) units of Rs. 1,000,000 each	-	10.00
<b>SUB TOTAL (E)</b>	<b>0.50</b>	<b>170.50</b>
<b>Total Investments - Long Term and Current - (A+B+C+D+ E)</b>	<b>1,067.11</b>	<b>1,233.40</b>
Aggregate book value of quoted investments	Nil	Nil
Aggregate book value of unquoted investments	1,067.11	1,233.40

## Schedules

forming part of the Balance Sheet as at 31st March, 2010 (Contd.)

### SCHEDULE - 6 (Contd.)

NOTE: During the year, the Company has purchased and sold the following investments:

		(Rs. in Crores)			
		PURCHASE		SALE	
		UNITS	VALUE	UNITS	VALUE
1	Birla Sun Life Cash Plus- Inst. Prem. DDR	82,861,459.73	83.02	82,861,459.73	83.02
2	Birla Sun Life Cash Plus	15,004,543.86	15.01	15,004,543.86	15.01
3	Birla Sun Life Savings Fund Inst. DDR	15,001,475.91	15.00	15,001,475.91	15.00
4	Canara Robeco Liquid - Super IP - Growth	-	-	70,145,903.48	75.11
5	HDFC Liquid Fund Premium Plan Dividend Daily Reinvest	8,159,867.20	10.00	8,159,867.20	10.00
6	ICICI Prudential Instl Liquid Fund	12,005,146.59	12.01	12,005,146.59	12.01
7	ICICI Prudential Instl Liquid Plan - Super Instl. Daily Div.	114,438,198.13	114.54	114,438,198.13	114.54
8	LIC Mutual Fund Liquid Fund - Growth Plan	198,633,947.57	333.00	198,633,947.57	333.04
9	LIC Mutual Fund Income Plus Fund - Growth Plan	73,072,886.69	90.02	73,072,886.69	90.04
10	LIC Mutual Fund Saving Plus Fund - Growth Plan	93,083,471.35	135.02	93,083,471.35	135.07
11	LIC Mutual Fund Liquid Fund - Dividend Plan	1,018,231,269.84	1,118.03	1,063,768,195.73	1,168.03
12	LIC Mutual Fund Income Plus Fund - Daily Dividend Plan	224,112,296.54	224.11	224,112,296.54	224.11
13	Principal Cash Management Fund - Liquid Option Instl. Prem. Plan Growth	-	-	25,479,005.30	35.05
14	Reliance Liquidity Fund - Growth Option	219,616,831.28	303.01	219,616,831.28	303.06
15	Reliance Money Manager Fund - Inst. Growth Option	1,524,228.24	190.03	1,524,228.25	190.13
16	Reliance Liquid Fund - TP IP - Growth Plan	33,588,567.76	75.01	33,588,567.76	75.03
17	Reliance Liquidity Fund Daily Dividend Reinvestment	556,955,717.39	557.13	556,955,717.39	557.13
18	Reliance Money Manager Fund - Instl. Option Daily Dividend Plan	649,542.75	65.03	649,542.75	65.03
19	Tata Liquid Super High Investment Fund - Daily Dividend	44,889.24	5.00	44,889.24	5.00
20	9.50% Tourism Finance Corporation of India Limited Bond	-	-	100.00	10.00
		<b>2,666,984,340</b>	<b>3,344.97</b>	<b>2,808,146,275</b>	<b>3,515.41</b>
Previous year		2,366,424,538	3,127.18	2,265,626,490	3,007.31

		(Rs. in Crores)	
		As at 31st March, 2010	As at 31st March, 2009
<b>SCHEDULE - 7</b>			
<b>Inventories (As taken, valued and certified by the Management)</b>			
i)	Stores and Spares (Including in transit)	347.28	281.08
ii)	Raw Materials (Including in transit and at port)	300.60	297.19
iii)	Finished Goods (Including lying at port)	560.43	570.32
iv)	Work in Progress	119.72	61.37
v)	Scrap	0.47	-
		<b>1,328.50</b>	<b>1,209.96</b>

## Schedules

forming part of the Balance Sheet as at 31st March, 2010 (Contd.)

(Rs. in Crores)

	As at 31st March, 2010	As at 31st March, 2009
<b>SCHEDULE - 8</b>		
<b>Sundry Debtors (Unsecured)</b>		
i) <b>Exceeding six months</b>		
Considered Good	18.25	13.06
Considered Doubtful	1.93	2.72
Less: Provision for bad and doubtful debts	(1.93)	(2.72)
	<b>18.25</b>	<b>13.06</b>
ii) <b>Others</b>		
Considered good	604.11	378.40
(Includes Rs. 0.03 Crores (Previous year Rs. 1.97 Crores) due from subsidiary company)		
	<b>622.36</b>	<b>391.46</b>
<b>SCHEDULE - 9</b>		
<b>Cash and Bank Balances</b>		
Cash, Cheques, T T and Demand Drafts in hand	1.18	1.28
[Including cash in hand Rs. 1.11 Crores (Previous year Rs. 0.95 Crores)]		
Balances with Scheduled Banks		
i) In Current Accounts	48.31	103.58
ii) In Fixed Deposit Accounts*	10.61	204.10
[Pledged with Govt. Departments and Others Rs. 5.32 Crores (Previous year Rs. 5.32 Crores)]		
	<b>60.10</b>	<b>308.96</b>
*Fixed Deposits include Rs. Nil Crores unutilised monies out of ECB proceeds [(Previous year Rs. 190.03 Crores) from ICICI Bank Ltd., Hong Kong]		
<b>SCHEDULE - 10</b>		
<b>Loans and Advances</b>		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
- Considered good	1,499.57	1,635.81
- Considered doubtful	7.76	7.16
Less: Provision for doubtful advances	(7.76)	(7.16)
	<b>1,499.57</b>	<b>1,635.81</b>
[Includes Rs. 789.93 Crores (Previous year Rs. 921.54 Crores) against capital supplies and Rs. 0.16 Crores due from Directors (Previous year Rs. Nil)]		
Loans to Bodies Corporate & Others		
- Considered good	954.31	576.20
[Includes Rs. 785.40 Crores (Previous year Rs. 456.09 Crores) to subsidiaries]		
Advance against Share Application Money	43.98	17.32
Security Deposits	57.03	28.04
Balances with Govt. Departments and Others	218.74	139.02
Advance Income Tax (including TDS)	1,092.07	801.79
Advance Wealth tax	0.24	0.86
	<b>3,865.94</b>	<b>3,199.04</b>



## Schedules

forming part of the Balance Sheet as at 31st March, 2010 (Contd.)

	As at 31st March, 2010	(Rs. in Crores) As at 31st March, 2009
<b>SCHEDULE - 11</b>		
<b>Current Liabilities</b>		
Sundry Creditors	2,211.71	1,471.57
[Includes Rs. 602.97 Crores (Previous year Rs. 216.65 Crores) creditors against capital supplies and includes Rs. 48.26 Crores (Previous year Rs. 32.41 Crores) payable to subsidiary company] (Refer note B.15 of Schedule 20)		
Other Outstanding Liabilities	329.02	291.31
Advances from customers and Others	165.63	506.98
[Includes Rs. Nil (Previous Year Rs. 402.52 Crores) advance from subsidiary company]		
Security Deposits*	147.92	152.78
Interest accrued but not due	32.34	17.01
Investor Education & Protection Fund**		
- Unpaid Dividend	10.66	6.11
- Unpaid Fixed Deposits	0.24	0.11
- Unpaid Interest on Debentures	-	0.01
- Unpaid Interest on Fixed Deposits	0.88	0.32
	<b>2,898.40</b>	<b>2,446.20</b>

\* includes a secured amount of Rs. 110.99 Crores (Previous year Rs. 108.30 Crores)

\*\*There is no amount due and outstanding to be credited to Investor Education and Protection Fund

### SCHEDULE - 12

#### Provisions

For Proposed Dividend	116.84	85.64
For Corporate Tax on Dividend	4.28	-
For Provision for Taxation	1,180.87	870.05
For Provision for Wealth Tax	0.64	1.50
For Leave Encashment	31.92	26.15
For Gratuity	9.16	2.47
	<b>1,343.71</b>	<b>985.81</b>

### SCHEDULE - 13

#### Miscellaneous Expenditure

(To the extent not written off or adjusted)

Coal Mine development expenses	3.02	3.02
	<b>3.02</b>	<b>3.02</b>

## Schedules

forming part of the Profit & Loss Account for the year ended 31st March, 2010

(Rs. in Crores)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
<b>SCHEDULE - 14</b>		
<b>Sales and Operational Income</b>		
Sales	7,887.55	8,450.80
Inter Division Transfer	700.09	519.96
Job Charges	0.07	0.06
Export Benefits	7.96	6.67
	<b>8,595.67</b>	<b>8,977.49</b>
<b>SCHEDULE - 15</b>		
<b>Other Income</b>		
Miscellaneous Receipts	21.76	21.71
Liability/Provisions no longer required, written back	3.09	10.53
Profit on sale/discard of Fixed Assets	0.12	0.01
Profit on sale of Investments	0.44	0.13
Dividend Income [Includes Rs. 91.04 Crores from subsidiary company (Previous year Rs. 86.70 Crores)]	91.90	90.14
	<b>117.31</b>	<b>122.52</b>
<b>SCHEDULE - 16</b>		
<b>Material, Manufacturing and Others</b>		
Raw Material consumed	2,225.71	2,672.05
Goods Purchased for resale	179.63	60.59
Inter Division Transfer	700.09	519.96
Stores and Spares consumed	814.10	820.47
Power and Fuel	391.80	353.94
Other Manufacturing expenses	152.31	88.56
Royalty & Cess	85.51	65.06
Repairs to Buildings	25.32	50.57
Repairs to Plant and Machinery	208.78	205.69
<b>SUB TOTAL (A)</b>	<b>4,783.25</b>	<b>4,836.89</b>
<b>(Increase)/Decrease in Stocks</b>		
Opening Stock - Finished Goods	570.32	495.12
- Scrap	-	0.44
- Work in Progress	61.37	63.03
	<b>631.69</b>	<b>558.59</b>
Closing Stock - Finished Goods*	551.56	570.32
- Scrap	0.47	-
- Work in Progress	119.72	61.37
	<b>671.75</b>	<b>631.69</b>
<b>Net (Increase)/Decrease In Stock - SUB TOTAL (B)</b>	<b>(40.06)</b>	<b>(73.10)</b>
<b>Excise duty on account of increase/(decrease) on stock of finished goods -</b>		
<b>SUB TOTAL (C)</b>	<b>20.15</b>	<b>(24.64)</b>
<b>TOTAL (A+B+C)</b>	<b>4,763.34</b>	<b>4,739.15</b>

\*Net of Rs. 8.87 Crores of Inventory of Finished Goods during Trial Run Period of Wire Rod Mill which has been adjusted in Expenditure during Trial Run period in the current year.

## Schedules

forming part of the Profit & Loss Account for the year ended 31st March, 2010 (Contd.)

	(Rs. in Crores)	
	For the year ended 31st March, 2010	For the year ended 31st March, 2009
<b>SCHEDULE - 17</b>		
<b>Personnel</b>		
Salary, Wages, Bonus and other benefits	203.72	165.23
Contribution to Provident and Other funds	9.11	9.14
Workmen and Staff Welfare	6.89	7.09
Employees Compensation Expenses under Employees Stock Option Scheme (Refer note B.9 of schedule 20)	(4.85)	(3.93)
	<b>214.87</b>	<b>177.53</b>
<b>SCHEDULE - 18</b>		
<b>Administration and Selling</b>		
Rent	6.84	4.25
Rates and Taxes	12.57	60.87
Insurance	7.59	3.86
Auditors' Remuneration	0.36	0.23
Miscellaneous Expenses	241.56	170.00
Loss on Sale/Discard of Fixed Assets	2.49	0.16
Donation (Refer note 7 of Schedule 20)	55.50	53.12
Directors' meeting fees	0.07	0.04
Selling Expenses	202.55	320.31
Commission on Sales	7.13	7.45
Bank Charges	10.24	13.97
Financial Expenses	37.24	21.12
Provision for Doubtful debts & advances	(0.18)	(1.52)
Prior Period Adjustment	0.12	0.07
Foreign exchange Fluctuation	10.57	144.76
[Net of income of Rs. 38.62 Crores (Previous year Rs. 24.47 Crores)]		
	<b>594.65</b>	<b>798.69</b>
<b>SCHEDULE - 19</b>		
<b>Interest</b>		
<b>Interest Expenses</b>		
- Debentures and Other Fixed Loans	178.35	184.83
- Others [Includes Rs. 63.84 Crores (Previous year Rs. 28.48 Crores) paid to subsidiary company]	105.83	47.97
	<b>284.18</b>	<b>232.80</b>
Less: Interest Received		
[Including Tax Deducted at Source of Rs. 3.93 Crores (Previous Year Rs. 10.18 Crores)]		
- Interest on Inter Corporate Deposits	(82.97)	(57.93)
- Others	(8.74)	(5.96)
	<b>(91.71)</b>	<b>(63.89)</b>
<b>Net Interest</b>	<b>192.47</b>	<b>168.91</b>

## Schedules

forming part of the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date

### SCHEDULE - 20

#### Significant Accounting Policies And Notes To Accounts

##### A. Significant Accounting Policies

##### i) Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention, on going concern basis and in terms of the Accounting Standards issued by the Institute of Chartered Accountants of India and in compliance with Section 211(3C) of the Companies Act, 1956. The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis to the extent measurable and where there is certainty of ultimate realisation in respect of incomes. Accounting policies not specifically referred to otherwise are consistent and in consonance with the generally accepted accounting principles in India.

##### ii) Fixed Assets and Depreciation

###### a) Fixed Assets

Fixed Assets are stated at cost of acquisition inclusive of incidental expenses related thereto and are net of CENVAT/VAT credit. Fixed assets acquired by the Company pursuant to a Scheme of Arrangement are stated at their transfer values.

###### b) Expenditure during construction period

Expenditure related to and incurred during implementation of new/expansion-cum-modernisation projects is included under capital work-in-progress and the same is allocated to the respective Fixed Assets on completion of its construction/erection. Interest on borrowing costs related to a qualifying asset is worked out on the basis of actual utilisation of funds out of project specific loans and/or other borrowings to the extent identifiable with the qualifying asset and is capitalised with the cost of the qualifying asset.

###### c) Intangible Assets

Intangible Assets are recognised on the basis of recognition criteria as set out in Accounting Standard (AS-26) 'Intangible Assets'.

###### d) Depreciation and Amortisation

Depreciation on fixed assets is provided on straight-line method (SLM) at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Leasehold Land and Aircraft are being amortised over the period of lease. In the case of assets where impairment loss is recognised, the revised carrying amount is depreciated over the remaining estimated useful life of the asset.

Certain Plant and Machinery have been considered as continuous process plant on the basis of technical assessment and depreciation on the same is provided for accordingly.

Intangible Assets are amortised over the expected duration of benefits not exceeding ten years.

##### iii) Foreign Currency Transactions

Foreign currency transactions are recorded at the rate of exchange prevailing at the date of the transaction. Monetary foreign currency assets and liabilities are translated at the year-end exchange rates and resultant gains / losses are recognised in the profit & loss account for the year, except to the extent that they relate to new projects till the date of capitalisation which are carried to pre-operative expenses and those relating to fixed assets which are adjusted to the carrying cost of the respective assets.

In case of forward foreign exchange contracts, exchange differences are dealt with in the profit & loss account over the life of the contract except those relating to fixed assets in which case they are capitalised with the cost of respective fixed assets. Non-monetary foreign currency items are carried at historical cost.

## Schedules

forming part of the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date (Contd.)

In case of foreign subsidiaries, with non-integral foreign operations, revenue items are converted at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Exchange difference arising on conversion is recognised in Foreign Currency Translation Reserve.

### iv) Investments

Long-term investments are carried at cost. Provision is made when, in the opinion of the management, diminution in the value of investment is other than temporary in nature. Current investments are carried at the lower of cost or market / fair value.

### v) Valuation of Inventories

Raw Materials and Stores & Spares are valued at lower of cost, computed on weighted average basis, and net realisable value. Cost includes the purchase price as well as incidental expenses. Scrap is valued at estimated realisable value.

Work-in-progress is valued at lower of estimated cost and net realisable value and finished goods are valued at lower of cost and net realisable value. Cost for this purpose includes direct cost and appropriate administrative and other overheads.

### vi) Inter-Division Transfers

Inter-division transfer of goods, as independent marketable products produced by separate divisions for captive consumption, is transferred at approximate prevailing market price. The same is shown as a contra item to reflect the true working of the respective divisions in the Profit and Loss Account. Any unrealised profit on unsold stocks is eliminated while valuing the inventories. The value of such inter-divisional transfer is netted off from sales and operational income and expenses under materials, manufacturing and others.

Inter-divisional transfer/captive consumption to Fixed Assets is at cost.

### vii) Employee Benefits

Expenses & liabilities in respect of employee benefits are recorded in accordance with Accounting Standard (AS)-15 –Employee Benefits (revised 2005) issued by ICAI.

#### a) Provident Fund

The Company makes contribution to statutory provident fund in accordance with the Employees Provident Fund & Miscellaneous Provisions Act, 1952 which is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which services are rendered by the employee.

#### b) Gratuity

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognised in the Balance Sheet in respect of gratuity is the present value of the defined benefit/obligation at the Balance Sheet date less the fair value of plan assets, together with adjustment for unrecognised actuarial gains or losses and past service costs. The defined benefit/obligation is calculated at or near the Balance Sheet date by an independent Actuary using the projected unit credit method.

#### c) Compensated absences

Liability in respect of Compensated absences due or expected to be availed within one year from the Balance Sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the Balance Sheet date is estimated on the basis of an actuarial valuation performed by an independent Actuary using the projected unit credit method.

#### d) Other short term benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

## Schedules

forming part of the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date (Contd.)

### viii) Excise Duty and Customs Duty

Excise Duty liability on finished goods manufactured and lying in the factory is accounted for and the corresponding amount is considered for valuation thereof. Customs duty in respect of materials lying in bonded premises and in transit is accounted for as and when the property in the goods passes to the Company.

### ix) Miscellaneous Expenditure

The following expenditure shown under "miscellaneous expenditure" is amortised as follows:

- a) Share issue expenses are written off over a period of ten years.
- b) Debenture/Bonds issue expenses and premium on redemption are written off over the period of Debentures/Bonds.
- c) Iron Ore mines/Coal mines development expenditure and Railway plot development expenditure etc., are written off over a period of ten years.

### x) Revenue Recognition

- a) Sales and Operational income is inclusive of excise duty, export benefits and inter-divisional transfer but net of returns, rebates and sales tax. Materials returned/rejected are accounted for in the year of return/rejection. Sales net of excise duty and inter-divisional transfer is also disclosed separately.
- b) Export sales are accounted for on the basis of the date of bill of lading / airways bill.
- c) Income from job charges is accounted for at the time of billing.
- d) Since it is not possible to ascertain with reasonable certainty, the quantum of accruals in respect of certain claims of Railways, Insurance, Electricity, Customs and Excise, the same continue to be accounted for on acceptance basis.

### xi) Export benefits

Export benefits available under the Export Import policy of the Government of India are accounted for in the year of export, to the extent measurable.

### xii) Accounting for Leases

In respect of finance lease, the same is recognised as an asset and a liability to the lessor at fair value at the inception of the lease.

In respect of operating lease, the lease payments as per respective lease agreements are recognised as expense in the profit and loss account on a straight-line basis.

### xiii) Research and Development Expenditure

Research and Development expenditure not fulfilling the recognition criteria as set out in Accounting Standard (AS-26) on 'Intangible Assets' is charged to the profit and loss account while capital expenditure is added to the cost of fixed assets in the year in which it is incurred.

### xiv) Taxes on Income

Provision for current tax is made considering various allowances and benefits available to the Company under the provisions of the Income Tax Act, 1961.

In accordance with Accounting Standard (AS-22) "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, deferred taxes resulting from timing differences between book and tax profits are accounted for at the tax rate substantively enacted by the Balance Sheet date to the extent the timing differences are expected to be crystallised. Deferred tax assets are recognised to the extent there is reasonable/virtual certainty of realising such assets against future taxable income.

### xv) Impairment of Assets

Specified assets are reviewed for impairment wherever events or changes in circumstances indicate that the carrying

## Schedules

forming part of the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date (Contd.)

amount may not be recoverable. An impairment loss is recognised for the amount for which the asset's carrying amount exceeds its recoverable amount being the higher of the assets net selling price and its value in use. Value in use is based on the present value of the estimated future cash flows relating to the asset. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (i.e. cash generating units).

Previously recognised impairment losses, relating to assets other than goodwill, are reversed where the recoverable amount increases because of favourable changes in the estimates used to determine the recoverable amount since the last impairment was recognised. A reversal of an asset's impairment loss is limited to its carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior years.

### xvi) Provisions and Contingent Liabilities

Provisions are recognised for present obligations of uncertain timing or amount arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Where it is not probable that an outflow of resources embodying economic benefits will be required or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of resources embodying economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain events, are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefits is remote.

### xvii) Employee Stock Option Scheme

Stock options granted to the employees of the Company and its subsidiary under the Company's Stock Option schemes are evaluated as per the accounting treatment prescribed by the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India. Accordingly, excess of market value of the stock option as on date of grant over the exercise price of the options is recognised as deferred employee compensation and is charged to the profit and loss account as employee cost on straight line method over the vesting period of the options.

## B. Notes to Accounts

### 1. Contingent Liabilities not provided for in respect of:

Description	(Rs. in Crores)	
	Current Year	Previous Year
a) Guarantees issued by the Company's Bankers on behalf of the Company	323.39	332.91
b) Letter of credit opened by banks	1234.89	1315.35
c) Corporate guarantees / undertakings issued on behalf of third parties.	1825.95	126.41
d) Disputed Excise Duty and Other demands	632.30	213.77
e) Future liability on account of lease rent for unexpired period.	8.85	-
f) Bonds executed for machinery imports under EPCG Scheme	2529.15	1103.10
g) Income Tax demands where the cases are pending at various stages of appeal with the authorities	111.03	109.81

2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances): **Rs. 6163.80 Crores** (Previous year Rs. 4517.09 Crores).

3. In accordance with the guiding principles enunciated in Accounting Standard (AS-29) 'Provisions, Contingent Liabilities and Contingent Assets' and based on management assessment, the Company has made a provision for

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forming part of the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date (Contd.)

contingencies on account of duties and taxes payable under various laws. At the beginning of the financial year, there was an outstanding provision of Rs. 156.02 Crores (Previous year Rs. 107.49 Crores). The Company made an additional provision of Rs. Nil during the year (Previous year Rs. 48.53 Crores) and the amount utilised during the year was Rs. Nil (Previous year Rs. Nil). At the end of the financial year, there is an outstanding provision of Rs. 156.02 Crores (Previous year Rs. 156.02 Crores).

4. One of the Company's expansion units at Raigarh (Chhattisgarh) is eligible for sales tax exemption owing to its investment in capital assets under the State industrial policy which aims towards the objective of industrialisation of the State and development of backward areas. The period of exemption is linked to the quantum of investment. The Company has been advised that the element of sales tax included in the sales price of products sold out of this Unit is the nature of sales tax subsidy granted by the State Government. Accordingly, the same amounting to Rs. 33.33 Crores (Previous year Rs. 50.04 Crores) has been credited during the year to Sales Tax Subsidy Reserve Account. The cumulative amount credited to Sales Tax Subsidy Reserve Account up to 31st March, 2010 is Rs. 164.96 Crores (Previous year Rs. 131.63 Crores).
5. a) Provision for current income tax has been made considering various benefits and allowances available to the Company under the provisions of the Income Tax Act, 1961.
- b) Movement of deferred tax provision/adjustment in accordance with Accounting Standard (AS-22) "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India is as under:-

	As on 1st April, 2008	Charge/ (Credit) during 2008-09	As on 1st April, 2009	Charge/ (Credit) during the year	(Rs. in Crores) As on 31st March, 2010
<b>A. Deferred Tax Assets</b>					
a) Disallowance u/s 43-B of the Income Tax Act, 1961	(52.18)	(25.89)	(78.07)	(8.94)	(87.01)
b) Provision for Doubtful Debtors	(2.31)	0.52	(1.79)	0.27	(1.52)
<b>Total Deferred Tax Assets</b>	<b>(54.49)</b>	<b>(25.37)</b>	<b>(79.86)</b>	<b>(8.67)</b>	<b>(88.53)</b>
<b>B. Deferred Tax Liabilities</b>					
1) Difference between Book and Tax Depreciation	549.08	129.52	678.60	123.90	802.50
2) Miscellaneous Expenditure written off	0.08	0.95	1.03	-	1.03
<b>Total Deferred Tax Liabilities</b>	<b>549.16</b>	<b>130.47</b>	<b>679.63</b>	<b>123.90</b>	<b>803.53</b>
<b>C. Total Deferred Tax (Net)</b>	<b>494.67</b>	<b>105.10</b>	<b>599.77</b>	<b>115.23</b>	<b>715.00</b>

6. Additions / (Adjustments) to Plant and Machinery/Capital work-in-progress includes adjustment of Rs. 149.87 Crores (Previous year Rs. (377.39) Crores) on account of foreign exchange fluctuation on long-term liabilities relating to acquisition of Fixed Assets.
7. Donations include Rs. 0.50 Crores (Previous year Rs. Nil) to Haryana Pradesh Congress Committee and Rs. Nil (Previous year Rs. 0.02 Crores) to Keonjhar District Congress Committee as contribution to political parties.
8. Sales / Adjustments in gross block and depreciation under Schedule 5 includes the assets taken out of active use during the financial year of Rs. 19.80 Crores and Rs. 1.89 Crores (Previous year Rs. Nil and Rs. Nil) respectively. The resultant net block of Rs. 17.91 Crores (Previous year Rs. Nil) has been considered under inventory of stores & spares.



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forming part of the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date (Contd.)

9. The Employees Stock Option Scheme - 2005 (ESOS-2005) was approved by the shareholders of the Company in their Annual General Meeting held on 25th July, 2005 and amended by shareholders on 27th September, 2006. Under ESOS-2005, a maximum of 1,100,000 (Eleven lacs) equity shares of Rs. 5/- each could be granted to the employees of the Company and its subsidiary company(ies). In-principle approval from National Stock Exchange of India Limited and Bombay Stock Exchange Limited was given on 01.02.2006. A Compensation Committee was constituted by the Board of Directors of the Company in their meeting held on 12th May, 2005 for the administration of ESOS-2005. Under ESOS-2005, the Compensation Committee has granted stock options as follows:-

- a) 859,400 (Eight lacs fifty nine thousand four hundred) stock options on 26.11.2005 at an exercise price of Rs. 1,014/- per share (Series – I) which would vest after 2 years from the date of grant to the extent of 50% (Part 1), after 3 years from the date of grant to the extent of 25% (Part 2) and after 4 years from the date of grant to the extent of 25% (Part 3);
- b) 129,550 (One lac twenty nine thousand five hundred fifty) stock options on 02.09.2006 at an exercise price of Rs. 1,121/- per share (Series – II) which would vest after 2 years from the date of grant to the extent of 50% (Part 1), after 3 years from the date of grant to the extent of 25% (Part 2) and after 4 years from the date of grant to the extent of 25% (Part 3); and
- c) 136,950 (One lac thirty six thousand nine hundred fifty) stock options on 27.04.2007 at an exercise price of Rs. 1,819/- per share (Series – III) which would vest after 2 years from the date of grant to the extent of 50% (Part 1), after 3 years from the date of grant to the extent of 25% (Part 2) and after 4 years from the date of grant to the extent of 25% (Part 3).

Pursuant to Clause 5.3 (f) of SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and para 18 of the Employees Stock Option Scheme –2005 of the Company, the Compensation Committee is authorised to make a fair and reasonable adjustment to the number of options and to the exercise price in respect of options granted to the employees under the Scheme in case of corporate actions such as right issue, bonus issue, merger etc.

On 27.12.2007, sub-division of the face value of each equity share of the Company from Rs. 5/- to 5 equity shares of Re. 1/- each was approved by the shareholders in their General Meeting. Thereafter, the Compensation Committee has, in its meeting held on 27.01.2008, made an adjustment to the exercise price by reducing it in case of Series I to Rs. 203/- Series II to Rs. 225/- and Series III to Rs. 364/- per equity share of Re. 1/- each and to the number of options by increasing it 5 times the original grant consequent to which the number of maximum options that could be issued under the Employees Stock Option Scheme–2005 increased to 5,500,000 (Fifty five lacs) [originally 1,100,000 (Eleven lacs)]

Thereafter, the following allotments of equity shares were made under ESOS-2005 on the exercise of options:-

- a) 691,343 (Six lacs ninety one thousand three hundred forty three) equity shares of Re. 1/- each were allotted on 16th June, 2008 on exercise of options granted under Part 1 of Series I of ESOS 2005;
- b) 57,136 (Fifty seven thousand one hundred thirty six) equity shares of Re. 1/- each were allotted on 13th April, 2009 on exercise of options granted under Part 1 of Series II of ESOS 2005;
- c) 420,487 (Four lacs twenty thousand four hundred eighty seven) equity shares of Re. 1/- each were allotted on 21st July, 2009 on exercise of options granted under Part 2 of Series I of ESOS 2005.

The remaining 4,331,034 (Forty three lacs thirty one thousand thirty four) equity shares of Re. 1/- each were available for allotment under ESOS -2005 after the above 3 allotments.

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On 4th September, 2009, issue of 5 equity shares of Re. 1/- each as bonus shares on each existing equity share of the Company was approved by the shareholders in their General Meeting and on 19th September, 2009, fully paid-up bonus shares were allotted.

Thereafter, pursuant to Clause 5.3 (f) of SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and para 18 of the Employees Stock Option Scheme – 2005 of the Company, the Compensation Committee has, in its meeting held on 31st October, 2009 made the following adjustments:-

- The number of unexercised options and options yet to be granted is increased by 5 times consequently increasing the number of unexercised and options yet to be granted from 4,331,034 (Forty three lacs thirty one thousand thirty four) to 25,986,204 (Two Crores fifty nine lacs eighty six thousand two hundred four);
- The price of unexercised options was reduced in case of Series I to Rs. 34/-, Series II to Rs. 38/- and Series III to Rs. 61/- per equity share of Re. 1/- each.

In-principle approval for listing of additional 21,655,170 (Two Crores sixteen lacs fifty five thousand one hundred seventy) equity shares were obtained from National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

Thereafter, the following allotments of equity shares were made under ESOS-2005 on exercise of options:-

452,246 (Four lacs fifty two thousand two hundred forty six) equity shares of Re. 1/- each were allotted on 30th January, 2010 on exercise of options granted under part 1 of Series III of ESOS 2005.

The details of ESOS-2005 are as under:

	ESOS-2005		
	Series-I	Series-II	Series-III
1. Grant Price – Rupees	34	38	61
2. Grant Date	26.11.2005	02.09.2006	27.04.2007
3. Vesting commences on	26.11.2007	02.09.2008	27.04.2009
4. Vesting Schedule	50% of grant on 26.11.2007, subsequent 25% of grant on 26.11.2008 and balance 25% of grant on 26.11.2009	50% of grant on 02.09.2008, subsequent 25% of grant on 02.09.2009 and balance 25% of grant on 02.09.2010	50% of grant on 27.04.2009, subsequent 25% of grant on 27.04.2010 and balance 25% of grant on 27.04.2011
5. Option granted and outstanding at the beginning of the year	1,692,750	376,250	496,750
6. Option enhanced during the year (due to adjustment on account of bonus shares)	4,128,425	864,375	2,483,750
7. Option lapsed and/or withdrawn during the period	446,578	146,239	1,047,004
8. Option exercised during the year against which shares were allotted	420,487	57,136	452,246
9. Option granted and outstanding at the end of the year of which	4,954,110	1,037,250	1,481,250
- Options vested	4,954,110	518,625	-
- Options yet to vest	-	518,625	1,481,250

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forming part of the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date (Contd.)

### 10. As per Accounting Standard (AS-15) "Employee Benefits", the disclosure of employee benefits as defined in the Accounting Standard is given below:

		(Monetary figures Rs. in Crores)			
		Current Year		Previous Year	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
I	Components of Employer Expense	Funded	Unfunded	Funded	Unfunded
1	Current Service Cost	1.51	6.35	1.17	4.96
2	Interest Cost	0.76	2.07	0.64	1.09
3	Expected Return on Plan Assets	(0.76)	-	(0.49)	-
4	Curtailment Cost / (Credit)	-	-	-	-
5	Settlement Cost / (Credit)	-	-	-	-
6	Past Service Cost	8.37	-	-	-
7	Actuarial Losses / (Gains)	(0.54)	(1.00)	0.13	7.93
8	Total expense recognised in the Profit and Loss Account	9.34	7.43	1.45	13.98
II	Actual Returns for the year ended March 31, 2010	0.66	-	0.78	-
III	Net Assets / (Liability) recognised in the Balance Sheet as at March 31, 2010				
1	Present value of Defined Benefit Obligation	(21.13)	(31.92)	(9.51)	(26.15)
2	Fair Value of Plan Assets	9.97	-	7.04	-
3	Status {Surplus/(Deficit)} (1-2)	(11.16)	(31.92)	(2.47)	(26.15)
4	Unrecognised Past Service Cost	2.00	-	-	-
	Net Assets / (Liability) recognised in the Balance Sheet (3+4)	(9.16)	(31.92)	(2.47)	(26.15)
IV	Change in Defined Benefit Obligation (DBO) during the year ended March 31, 2010				
	Present Value of DBO at the beginning of the year	(9.51)	(26.15)	(7.56)	(13.15)
1	Current Service Cost	(1.51)	(6.35)	(1.17)	(4.96)
2	Interest Cost	(0.76)	(2.07)	(0.64)	(1.09)
3	Curtailment Cost / (Credit)	-	-	-	-
4	Settlement Cost / (Credit)	-	-	-	-
5	Plan Amendments	(10.37)	-	-	-
6	Acquisitions	-	-	-	-
7	Actuarial Losses / (Gains)	(0.65)	(1.00)	0.41	7.93
8	Benefits Paid	0.37	1.65	0.27	0.98
	Present Value of DBO at the end of the year	(21.13)	(31.92)	(9.51)	(26.15)
V	Change in Fair Value of Assets during the year ended March 31, 2010				
	Plan Assets at the beginning of the year	7.04	-	4.37	-
1	Acquisition Adjustment	-	-	-	-
2	Expected Return on Plan Assets	0.76	-	0.49	-
3	Actuarial Losses / (Gains)	0.10	-	(0.29)	-
4	Actual Company Contribution	2.64	1.65	2.16	0.98
5	Benefit Paid	(0.37)	(1.65)	(0.27)	(0.98)
	Plan Assets at the end of the year	9.97	-	7.04	-
VI	Actuarial Assumptions				
1	Discount Rate (%)	8.50	8.50	8.20	8.20
2	Expected Return on Plan Assets (%)	9.00	-	9.25	-

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forming part of the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date (Contd.)

**11. A.** Pre-operative expenditure forming part of capital work in-progress is as under:

	(Rs. in Crores)	
	Current Year	Previous Year
<b>Amount brought forward from last year</b>	<b>274.54</b>	<b>33.55</b>
Add: Expenditure incurred during the year		
Personnel expenses	52.25	12.89
Consultancy charges	20.18	48.91
Financial expenses	39.99	38.61
Depreciation	5.48	1.28
Foreign exchange fluctuation (Net)	28.33	377.39
Miscellaneous expenses	40.81	29.33
	<b>461.58</b>	<b>541.96</b>
Less: Capitalised as part of		
Plant and Machinery	10.77	259.29
Building	9.92	0.02
Other fixed assets	0.68	8.11
<b>Amount carried forward under capital work-in-progress</b>	<b>440.21</b>	<b>274.54</b>

**B.** Expenditure during Trial Run period relating to Wire Rod Mill has been capitalised as Fixed Asset as under:

Description	Current Year	Previous Year
Income		
Sales	1.79	-
Increase/Decrease in Stock	8.87	-
<b>Total Income (A)</b>	<b>10.66</b>	<b>-</b>
Less :- Expenditure		
Raw materials consumed	8.98	-
Power and Fuel	2.57	-
Personnel expenses	3.24	-
Stores and spare parts consumed	0.24	-
Repairs and Maintenance	0.04	-
Excise duty paid	0.31	-
Depreciation	0.09	-
Other Expenses	1.23	-
<b>Total Expenditure (B)</b>	<b>16.70</b>	<b>-</b>
(A-B) Loss during Trial run period during the current financial year	6.04	-
Add :- amount brought forward	-	-
<b>TOTAL</b>	<b>6.04</b>	<b>-</b>
Capitalised with the cost of fixed assets.	6.04	-

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forming part of the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date (Contd.)

### 12. Accounting for Leases:

#### Finance Lease

The Company has one aircraft acquired under finance lease. The lease has a primary period which is fixed and non-cancelable. The agreement provides for revision of lease rentals in the event of changes in (a) taxes, if any, leviable on the lease rental, (b) the rates of depreciation under the Income Tax Act, 1961 and (c) change in the lessor's cost of borrowing. There are no exceptional / restrictive covenants in the lease agreement. The minimum lease rentals as at March 31, 2010 and the present value as at March 31, 2010 of minimum lease payments in respect of assets acquired under finance lease are as follows:

	(Rs. in Crores)			
	Minimum Lease Payment		Present value of Minimum Lease payment	
	As at	As at	As at	As at
	31st March, 2010	31st March, 2009	31st March, 2010	31st March, 2009
I) Payable not later than 1 year	-	2.06	-	1.84
II) Payable later than 1 year and not later than 5 years	-	2.56	-	2.45
III) Payable later than 5 years	-	-	-	-
<b>Total (I+II+III)</b>	-	<b>4.62</b>	-	<b>4.29</b>
Less: Future Finance Charges	-	0.33	-	-
<b>Present Value of Minimum Lease Payments</b>	-	<b>4.29</b>	-	-

As per the terms of the lease agreement, the lease agreement has been terminated during the year.

13. The Company has unquoted investments of Rs. 1075.78 Crores in body corporates (Previous year Rs. 1071.88 Crores). Considering that the fall in the value of some of the investments had been a continuing one, the management had made a provision for diminution in the value of investments of Rs. 11.54 Crores during the earlier years. Based on the financial position of the investee companies, the management is of the view that the provision created as aforesaid is adequate.
14. In the opinion of the Board, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and provision for all known liabilities has been made.
15. The Company has so far not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year-end together with interest paid / payable under this Act has not been given.
16. In the Previous year, dividend proposed relating to the shares under ESOP was made on the basis of options vested but not exercised till the end of the financial year. Provision made in respect of options lapsed and not exercised in the current year has been adjusted with the dividend proposed for the year ended on 31st March, 2010.
17. The Company has made a provision of Rs. 4.28 Crores (Previous year Rs. Nil) for Corporate Dividend Tax on the amount of dividend proposed for the year ended 31st March, 2010 after considering the set-off against corporate dividend tax payable by a subsidiary company on the interim dividend declared by it for the same financial year, as per the provisions of section 115-O of the Income Tax Act, 1961.

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forming part of the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date (Contd.)

**18. Segment Reporting as required by Accounting Standard (AS-17) issued by the Institute of Chartered Accountants of India:**

Particulars		(Rs. in Crores)	
		Current Year	Previous Year
<b>1. Segment Revenue</b>			
a) Iron and Steel		7,590.16	8,279.16
b) Power		1,049.87	868.61
c) Others		108.86	67.55
<b>Sub-Total</b>		<b>8,748.89</b>	<b>9,215.32</b>
Less : Inter-segment Revenue		853.31	757.78
<b>Net Segment Revenue</b>		<b>7,895.58</b>	<b>8,457.54</b>
<b>2. Segment Results (Profit(+)/ Loss(-) before Tax and interest from each segment)</b>			
a) Iron and Steel		1,874.66	2,012.08
b) Power		486.92	474.87
c) Others		6.05	8.73
<b>Sub-Total</b>		<b>2,367.63</b>	<b>2,495.68</b>
Less : Interest, financial expenses and lease rent		239.95	203.99
Other un-allocable expenditure (net of un-allocable income)		220.18	289.81
<b>Profit before Tax</b>		<b>1,907.50</b>	<b>2,001.88</b>
Provision for Taxation			
– Income Tax and FBT		312.52	360.11
– Deferred Tax		115.23	105.10
– Wealth Tax		0.07	0.19
<b>Profit after tax</b>		<b>1,479.68</b>	<b>1,536.48</b>
<b>3. Other Information</b>			
I Segment Assets			
a) Iron and Steel		13,689.26	9,207.55
b) Power		2,747.18	1,646.04
c) Others		183.52	144.86
d) Un-allocated Assets*		3,466.42	3,411.30
<b>Total Assets</b>		<b>20,086.38</b>	<b>14,409.75</b>
II Segment Liabilities			
a) Iron and Steel		2,290.82	2,370.06
b) Power		31.31	29.64
c) Others		16.52	16.88
d) Un-allocated Liabilities		2,618.47	1,615.20
<b>Total Liabilities</b>		<b>4,957.12</b>	<b>4,031.78</b>
III Capital Expenditure (Including Capital work in Progress)			
a) Iron and Steel		4,702.70	2,999.39
b) Power		1,016.13	91.01
c) Others		22.89	12.77
<b>Total</b>		<b>5,741.72</b>	<b>3,103.17</b>
IV Depreciation			
a) Iron and Steel		443.08	365.69
b) Power		64.82	64.22
c) Others		4.26	3.12
<b>Total</b>		<b>512.16</b>	<b>433.03</b>
V Non-Cash expenditure other than depreciation			
a) Iron and Steel		(5.03)	(5.24)
b) Power		-	-
c) Others		-	-
<b>Total</b>		<b>(5.03)</b>	<b>(5.24)</b>

\*Unallocated assets include capital work in progress relating to ongoing projects with corresponding liabilities under unallocated liabilities.

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forming part of the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date (Contd.)

- 19.** Related party disclosure as required by Accounting Standard (AS-18) issued by the Institute of Chartered Accountants of India:

**A. List of Related Parties and Relationships**

**a) Subsidiaries, Step down Subsidiaries, Associates and Joint Ventures:**

**Subsidiaries**

1. Jindal Minerals & Metals Africa Limited (JMMAL)
2. Jindal Power Limited (JPL)
3. Jindal Power Trading Company Ltd. [formerly Chhattisgarh Energy Trading Company Ltd (CETCL)], (Till 02.05.2009)
4. Jindal Steel & Power (Mauritius) Limited (JSPML)
5. Jindal Steel Bolivia SA (JSB)

**Step down Subsidiaries**

1. Affiliate Overseas Limited, a subsidiary of JSPML
2. Attunli Hydro Electric Power Company Limited, a subsidiary of JPL (w.e.f. 19.05.2009)
3. Belde Empreendimentos Mineiros Limited, a subsidiary of JSPL Mozambique Minerais LDA
4. Eastern Solid Fuels Pty. Limited, a subsidiary of Jindal Mining & Exploration Limited (w.e.f. 17.06.2009)
5. Enduring Overseas Limited, a subsidiary of JSPML
6. Etalin Hydro Electric Power Company Limited, a subsidiary of JPL (w.e.f. 16.05.2009)
7. Gas to Liquids International S.A., a subsidiary of WOL
8. Harmony Overseas Limited, a subsidiary of JSPML
9. Jindal Africa Investments (Pty) Limited, a subsidiary of JSPML
10. Jindal Brasil Mineracao SA, a subsidiary of JSPML
11. Jindal DRC SPRL, a subsidiary of JSPML (w.e.f. 30.06.2009)
12. Jindal Hydro Power Limited, a subsidiary of JPL
13. Jindal Investimentos LDA, a subsidiary of JSPML (w.e.f. 13.11.2009)
14. Jindal Investment Holdings Limited, a subsidiary of JSPML
15. Jindal Madagascar SARL, a subsidiary of JSPML (w.e.f. 01.09.2009)
16. Jindal Minerals and Metals Africa Congo SPRL, a subsidiary of JMMAL
17. Jindal Minerals Mining Limited, a subsidiary of JSPML (w.e.f. 04.06.2009)
18. Jindal Mining & Exploration Limited, a subsidiary of JSPML
19. Jindal Mining Industry LLC, a subsidiary of JSPML
20. Jindal Mining Pty. Limited, a subsidiary of Eastern Solid Fuels PTY Limited (w.e.f. 17.06.2009)
21. Jindal Petroleum (Georgia) Limited, a subsidiary of Jindal Petroleum (Mauritius) Limited, (Till 30.06.2009)
22. Jindal Petroleum (Mauritius) Limited, a subsidiary of Jindal Petroleum Limited, (Till 30.06.2009)

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23. Jindal Petroleum Limited, a subsidiary of JPL, (Till 30.06.2009)
24. Jindal Petroleum Operating Company LLC, a subsidiary of Jindal Petroleum (Georgia) Ltd., (Till 30.06.2009)
25. Jindal Power Distribution Limited, a subsidiary of JPL
26. Jindal Power LLC, a subsidiary of JSPML
27. Jindal Power Trading Company Limited [formerly Chhattisgarh Energy Trading Company Limited (CETCL)], (From 02.05.2009), a subsidiary of JPL
28. Jindal Power Transmission Limited, a subsidiary of JPL
29. Jindal Steel & Power LLC, a subsidiary of JSPML, (wound up during 2009-10)
30. JSPL Mozambique Minerais LDA, a subsidiary of JSPML
31. Jubilant Overseas Limited, a subsidiary of JSPML
32. Kasai Sud Diamant, a subsidiary of Jindal DRC SPRL (w.e.f. 30.06.2009)
33. Osho Madagascar SARL, a subsidiary of JSPML
34. Power Plant Engineers Limited, a subsidiary of JPL, (Till 30.06.2009)
35. PT Jindal Overseas, a subsidiary of JSPML
36. Rolling Hills Resources LLC, a subsidiary of JSPML
37. Skyhigh Overseas Limited, a subsidiary of JSPML
38. Subansiri Hydro Electric Power Company Limited, a subsidiary of JPL
39. Trans Atlantic Trading Limited, a subsidiary of JSPML
40. Vision Overseas Limited, a subsidiary of JSPML
41. Worth Overseas Limited (WOL), a subsidiary of JSPML

### Associates and Joint Ventures

1. Angul Sukinda Railway Limited
2. Globleq Singapore Pte. Limited, (Till 21.12.2009)
3. Jindal Synfuels Limited (formerly Jindal Coal to Liquid Limited)
4. Nalwa Steel & Power Limited (formerly known as Nalwa Sponge Iron Limited)
5. Saras Mineracao De Ferro SA (Under Process of Winding up) [Associate of Jindal Steel & Power (Mauritius) Limited]
6. Shresht Mining and Metals Private Limited, incorporated Joint Venture

### b) Key Management Personnel:

1. Shri Naveen Jindal (Exec. Vice Chairman & Managing Director)
2. Shri Vikrant Gujral (Group Vice Chairman & Head Global Ventures)
3. Shri Anand Goel (Jt. Managing Director, Corporate Affairs)
4. Shri Arun K. Mukherji (Whole Time Director)
5. Shri Ashok Alladi (Whole Time Director upto 31.08.2009)



## Schedules

forming part of the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date (Contd.)

- c) Enterprises over which Key Management Personnel and their relatives exercise significant influence and with whom transactions have taken place during the year:
1. Advance Sporting Arms Private Limited
  2. Bir Plantation Private Limited
  3. Gagan Infraenergy Limited (formerly Gagan Sponge Iron Limited)
  4. India Flysafe Aviation Limited
  5. Jindal Coal Private Limited
  6. Jindal Realty Private Limited
  7. Jindal Rex Exploration Private Limited
  8. Jindal Saw Limited
  9. Jindal Stainless Limited
  10. Jindal System Private Limited
  11. Minerals Management Services (India) Private Limited [formerly Minerals Management Services (India) Limited]
  12. Nalwa Sons Investment Limited
  13. Opelina Finance and Investment Limited
  14. Trishakti Real Estate Private Limited
  15. Uttam Vidyut Transmission Private Limited
  16. Yno Finvest Private Limited

## Schedules

forming part of the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date (Contd.)

### B. Transactions with Related Parties

Description	Subsidiary, Step down Subsidiaries, Associates and Joint ventures		Key Management Personnel		(Rs. in Crores) Enterprises controlled by Key Management personnel and their relatives	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Purchase of Goods/Services	284.31	191.76	-	-	46.47	172.03
Sales of Goods (incl. capital goods)	136.99	463.83	-	-	446.77	475.56
Rendering of Services	8.23	2.67	-	-	0.08	-
Sale of Investments	6.03	-	-	-	-	-
Investment in Equity Shares	10.05	77.16	-	-	-	-
Advance against share Application money	36.71	12.30	-	-	-	-
Rent and other expenses Paid	-	-	-	-	0.04	0.07
Interest received/(paid)	(17.79)	(7.34)	-	-	25.58	-
Dividend received/(paid)	91.04	86.70	(0.17)	(0.01)	(13.06)	(5.94)
Remuneration	-	-	76.27	35.05	-	-
Lease rent received	-	-	-	-	5.40	5.40
Hire charges paid	-	-	-	-	21.72	-
Guarantees / Corporate guarantees obtained / (given)	(1,701.39)	(71.75)	-	-	(16.66)	-
Inter-corporate deposits given	325.57	398.35	-	-	39.69	-
Inter-corporate deposits taken	1,746.02	1,715.58	-	-	-	-
Inter-corporate deposits refunded	587.09	1,675.95	-	-	-	-
<b>Outstanding Balance at the year end</b>						
Inter Corporate Deposits Taken	1,198.56	39.63	-	-	-	-
Advance from customer & Others	-	405.20	-	-	-	-
Loans and Advances (including Interest)	853.28	477.65	0.16	-	394.20	10.50
Advance against Share Application money	38.98	12.30	-	-	-	-
Debtors – Dr. Balance	0.58	(3.82)	-	-	36.56	29.92
Creditors – Dr. Balance	0.02	-	-	-	0.03	21.38
Cr. Balance	53.67	38.47	-	-	1.64	0.07

**Note:** The above transactions do not include 433,525,000 fully paid-up Bonus Shares issued by Jindal Power Limited, a subsidiary company.

## Schedules

forming part of the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date (Contd.)

### 20. Earning per Share as required by Accounting Standard (AS-20) issued by the Institute of Chartered Accountants of India:

	(Rs. in Crores, except per share data)	
	Current Year	Previous Year
Profit after Taxation	1479.68	1536.48
Profit attributable to ordinary shareholders	1479.68	1536.48
<i>Number of Equity Shares (in nos.)</i>		
Issued and subscribed	930,727,664	154,508,732
Number of Potential Equity Shares (under Employees' stock option scheme)	7,030,687	1,354,125
Total no. of shares including potential equity shares	937,758,351	155,862,857
Basic earning per Share (Rs.)	15.90	99.44
Diluted earning per Share (Rs.)	15.78	98.58

21. Advances recoverable in cash or in kind or for value to be received includes Rs. 0.16 Crores (Previous year Rs. Nil) being the amount due from directors/officers of the Company. Maximum amount outstanding at any time during the year was Rs. 0.48 Crores (Previous year Rs. 0.14 Crores).

### 22. Prior period adjustment (net) includes:

	(Rs. in Crores)	
	Current Year	Previous Year
Expenses relating to earlier years		
- Miscellaneous Expenses	0.12	0.07

### 23. A. Auditors' Remuneration includes the following:

	Current Year	Previous Year
Payments towards		
- Audit fee	0.30	0.20
- Tax Audit fee	0.02	0.02
- Out of Pocket expenses	0.04	0.01
	0.36	0.23

### Cost Auditors' Remuneration includes the following:

	Current Year	Previous Year
Payments towards		
- Audit fee	0.01	0.01
- Out of Pocket expenses	0.00	0.00
	0.01	0.01

## Schedules

forming part of the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date (Contd.)

### B. Managerial Remuneration:

- 1) Computation of Net profit in accordance with section 349 of the Companies Act, 1956 for the purpose of managerial remuneration.

	Current Year	Previous Year
	(Rs. in Crores)	
<b>Profit for the year before taxation as per profit and loss account:</b>	1,907.50	2,001.88
Add:		
-Director's remuneration	76.28	35.05
-Miscellaneous Expenditure written off	-	0.20
-Provision for doubtful debts and advances	(0.18)	(1.52)
-Loss on sale of Fixed Assets	2.49	0.16
-Loss on sale of Investments	-	-
Less:		
- Profit on sale/discard of fixed assets	0.12	0.01
- Profit on sale of Investments	0.44	0.13
Net profit on which commission is payable	1,985.53	2,035.63
Share in Profits @ 2% of Net Profit	39.71	20.36
(Previous year @ 1% of Net Profit)		

- 2) Director's Remuneration includes the following:

	Current Year	Previous Year
Remuneration paid to Directors including the Managing Director and Whole time Directors		
-Salary	12.54	13.06
-Share in Profits to Executive Vice Chairman and Managing Director*	60.07	20.36
-Incentive to Vice Chairman and CEO	1.00	0.70
-Contribution to Provident Fund and Other funds	1.17	0.89
-Monetary value of perquisites**	1.50	0.04

\*Additional 1% commission amounting to Rs. 20.36 Crores has been paid relating to FY 2008-09 which has been approved in the Annual General Meeting dated 29.09.2009

\*\*Valuation as per the provisions of the Income Tax Act, 1961

## Schedules

forming part of the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date (Contd.)

### 24. Financial and Derivative Instruments:

- a) Derivative contracts entered into by the Company and outstanding as on 31st March, 2010.

For hedging currency and interest rate related risks:

Nominal amounts of derivative contracts entered into by the Company and outstanding is Rs. 2177.89 Crores (Previous year Rs. 2,250.11 Crores). Category wise break-up is given below:

	Current Year	(Rs. in Crores) Previous Year
Interest rate Swaps	568.17 (USD 125.86 Million)	804.3 (USD 157.86 Million)
Options	148.96 (USD 33 Million)	290.42 (USD 57 Million)
Forward Contracts	1,460.76 (USD 315.05 Million)	1,155.39 (USD 226.77 Million)

- b) The principal component of foreign currency loans/debts not hedged by derivative instruments amount to Rs. 1,569.51 Crores (Previous year Rs. 2,101.75 Crores) which in respective currencies is as under:

	Current Year	Previous Year
US Dollars	64.28 Million	81.83 Million
Japanese Yen	22,647.58 Million	31,196.34 Million
Euro	30.09 Million	9.88 Million

- c) As a measure of prudence, the Company has decided not to recognise any mark to market gains in respect of any outstanding derivative contracts.

### 25. Interest in Joint Ventures:

The Company's interest as a venturer, in jointly controlled entities (Incorporated Joint Ventures) is as under:

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2010
Shresht Mining And Metals Private Limited	India	50
Jindal Synfuels Limited (formerly Jindal Coal to Liquid Limited)	India	70

The Company's interests in the above Joint Ventures is reported as Long Term Investment (Schedule 6) and stated at cost. However, the Company's share of assets, liabilities, income and expenses, etc. (each without elimination of the effect of transactions between the Company and the joint ventures) related to its interest in the Joint Ventures are:

## Schedules

forming part of the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date (Contd.)

		(Rs. in Crores)	
		As at 31 March, 2010	As at 31 March, 2009
<b>I. Assets</b>			
1. Fixed Assets		-	-
2. Current Assets, Loans and Advances			
a) Cash and Bank Balances		0.12	-
<b>II. Liabilities</b>			
1. Unsecured Loans		0.49	0.23
2. Current Liabilities		0.00	0.02
<b>III. Miscellaneous Expenditure (To the extent not written off or adjusted)</b>		0.04	0.03
		<b>For the period ended 31st March, 2010</b>	<b>For the period ended 31st March, 2009</b>
<b>IV. Income</b>		-	-
<b>V. Expenses</b>			
Administrative and Other expenses (under pre-operative account)		0.48	0.24

26. Previous Year figures have been regrouped and/or rearranged wherever considered necessary to facilitate comparison with Current Year figures.

### 27. Additional Information

Pursuant to paragraphs 3 & 4 of Part II of Schedule VI to the Companies Act, 1956

#### [A] Installed Capacity

		(monetary figures in Rs. Crores)	
Sl. No.	Particulars	Unit	Installed Capacity (Per Annum)
			Current Year
			Previous Year
	<b>At Raigarh</b>		
1	Sponge Iron	M.T.	1,370,000
2	Mild Steel	M.T.	2,400,000
3	Ferro Alloys	M.T.	36,000
4	Power	MW	353
5	Hot Metal/Pig Iron	M.T.	1,500,000
6	Rail & Universal Beam Mill	M.T.	750,000
7	Plate Mill	M.T.	1,000,000
8	Fabricated Structures	M.T.	45,000
	<b>At Raipur</b>		
9	Machinery and Castings	M.T.	11,500
10	Ingots	M.T.	30,000
11	CF Castings	M.T.	3,000
	<b>At Barbil</b>		
12	Pelletization Plant	M.T.	4,500,000
	<b>At Satara (Maharashtra)</b>		
13	Wind Energy	MW	24
	<b>At Patratu</b>		
14	Wire Rod	M.T.	600,000

Note :Installed capacity is as certified by the management.

## Schedules

forming part of the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date (Contd.)

### [B] Raw Material Consumption

Sl. No.	Description	Unit	Current Year		Previous Year	
			Quantity (MT)	Amount (Rs. in Crores)	Quantity (MT)	Amount (Rs. in Crores)
1	Iron Ore	M.T.	4,680,896	643.44	4,258,356	532.28
2	Coking Coal	M.T.	1,021,581	1,000.83	979,923	979.69
3	Others			581.44		1,160.08
	<b>Grand Total</b>			<b>2,225.71</b>		<b>2,672.05</b>

### [C] Quantitative Information of Stock of Manufactured Finished Goods

Sl. No.	Particulars	Unit	(Rs. in Crores)					
			Opening Stock As at 01.04.2008		Opening Stock As at 01.04.2009		Closing Stock As at 31.03.2010	
			Quantity	Amount	Quantity	Amount	Quantity	Amount
1	Sponge Iron	M.T.	21,377	14.91	5,366	2.67	4,225	2.28
2	M.S.Round	M.T.	6,838	12.15	3,406	6.93	6,005	11.42
3	H.C. Ferro Chrome	M.T.	264	1.25	5,397	27.09	-	-
4	Hot Metal/Pig Iron	M.T.	28,916	35.07	3,448	5.01	2,795	3.90
5	Parallel Flange Beam/Columns	M.T.	68,292	141.84	32,703	84.68	61,592	150.04
6	Other Finished Steel Products	M.T.	21,248	43.06	28,695	72.82	15,309	36.01
7	Other Semi Steel Products	M.T.	54,510	93.10	96,901	195.41	59,807	112.15
8	Machineries	M.T.	194	2.68	891	8.94	767	6.80
9	Universal Plate /Coil	M.T.	61,468	140.08	50,629	153.94	60,963	141.87
10	Wire Rod	M.T.	-	-	-	-	4,153	12.66
11	Fabricated Structures	M.T.	-	-	90	0.27	8,762	28.57
12	Iron Ore Pellets	M.T.	-	-	450	0.06	87,978	12.65
13	Others			10.98		12.50		42.08
				495.12		570.32		560.43

## Schedules

forming part of the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date (Contd.)

### (D) Production

Sl. No.	Particulars	Unit	Current Year Quantity	Previous Year Quantity
1	Sponge Iron	M.T.	1,309,408	1,248,511
2	M.S.Round	M.T.	162,282	148,813
3	H.C. Ferro Chrome	M.T.	540	16,143
4	Power	Million KWH	2,942	2,831
5	Hot Metal / Pig Iron	M.T.	1,508,502	1,262,261
6	Parallel Flange Beam/Columns	M.T.	369,367	345,408
7	Universal Plate /Coil	M.T.	736,600	558,040
8	Other Finished Steel Products	M.T.	69,232	94,757
9	Other Semi Steel Products	M.T.	1,801,750	1,429,977
10	Machineries	M.T.	8,885	4,210
11	Wire Rod	M.T.	4,804	-
12	Fabricated Structures	M.T.	34,580	-
13	Iron Ore Pellets	M.T.	226,818	-
14	Wind Energy	Million KWH	34	-

### (E) The Following Items Were Used For Internal/ Captive Consumption During The Year

Sl. No.	Particulars	Unit	Current Year Quantity	Previous Year Quantity
1	Sponge Iron	M.T.	967,180	878,925
2	M.S.Round	M.T.	959	175
3	H.C. Ferro Chrome	M.T.	2,069	1,156
4	Power	Million KWH	1,954	1,818
5	Hot Metal / Pig Iron	M.T.	1,263,961	1,007,282
6	Parallel Flange Beam/Columns	M.T.	5,478	1,228
7	Other Semi Steel Products	M.T.	1,414,204	1,056,028
8	Machineries	M.T.	-	519
9	Universal Plate /Coil	M.T.	32,429	3,139
10	Other Finished Steel Products	M.T.	1,575	1,124



## Schedules

forming part of the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date (Contd.)

(Rs. in Crores)						
(F) Sales & Inter Divisional Transfer						
[a] Sales						
Sl. No.	Particulars	Unit	Current Year		Previous Year	
			Quantity	Amount	Quantity	Amount
I)	<b>Manufactured Finished Goods</b>					
1	Sponge Iron	M.T.	343,369	452.25	385,583	637.67
2	M.S. Round	M.T.	158,724	423.91	152,069	551.34
3	H.C. Ferro Chrome	M.T.	3,858	14.22	9,841	71.83
4	Power	Million KWH	945	216.56	1,012	246.18
5	Pig Iron	M.T.	245,193	474.13	280,419	701.77
6	Parallel Flange Beam/Columns	M.T.	334,804	1,142.30	379,770	1,666.74
7	Universal Plate/ Coil	M.T.	693,526	2,177.07	565,740	2,188.05
8	Other Finished Steel Products	M.T.	81,041	284.89	86,185	360.41
9	Other Semi Steel Products	M.T.	422,276	1,063.41	331,516	1,071.90
10	Machineries	M.T.	8,274	103.05	149,322	26.18
11	Iron Ore/ Iron Ore Fines	M.T.	1,572,941	537.59	1,325,328	524.28
12	Wire Rod	M.T.	121	0.37	-	-
13	Fabricated Structures	M.T.	25,909	98.24	-	-
14	Iron Ore Pellets	M.T.	11,893	7.15	-	-
15	Wind Energy	Million KWH	33	11.56	-	-
16	Others			721.78		376.19
	<b>TOTAL</b>			<b>7728.48</b>		<b>8422.54</b>
II)	<b>Traded Goods</b>					
1	Power	Million KWH	607	159.07	112	28.26
	<b>TOTAL</b>			<b>159.07</b>		<b>28.26</b>
	<b>TOTAL SALES</b>			<b>7887.55</b>		<b>8450.80</b>
[b] Inter Divisional Transfers						
Sl. No.	Particulars	Unit	Current Year		Previous Year	
			Quantity	Amount	Quantity	Amount
1	Sponge Iron	M.T.	-	-	15	0.02
2	H.C. Ferro Crome	M.T.	10	0.04	12	0.09
3	Power	Million KWH	42	5.81	-	-
4	Pig Iron	M.T.	-	-	28	0.08
5	Parallel Flange Beam/ Columns	M.T.	197	0.37	-	-
6	Universal Plate/ Coil	M.T.	311	0.60	-	-
7	Iron Ore	M.T.	5,803,406	439.72	4,914,841	276.13
8	Coal & Job Charges	M.T.	4,412,975	197.15	4,333,470	205.45
9	Other Finished Steel Products	M.T.	2	0.00	-	-
10	Other Semi Steel Products	M.T.	2,363	6.35	42	0.50
11	Machineries	M.T.	736	17.63	2,845	33.68
12	Iron Ore Pellets	M.T.	127,397	25.34	-	-
13	Others			7.08		4.01
	<b>TOTAL</b>			<b>700.09</b>		<b>519.96</b>

## Schedules

forming part of the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date (Contd.)

(Rs. in Crores)		
[c] Other Operations		
	Current Year	Previous Year
Job Charges	0.07	0.06
Export Benefits Received	7.96	6.67
	8.03	6.73
<b>TOTAL OF [a]+[b]+[c]</b>	<b>8,595.67</b>	<b>8,977.49</b>

**(G) Sales Includes Goods Issued For Projects/ Captive (During Trial Run Period) Consumption as Detailed Below**

Sl. No.	Particulars	Unit	Current Year		Previous Year	
			Quantity	Amount	Quantity	Amount
1	Parallel Flange Beam/Columns	M.T.	29,591	68.57	7,996	17.09
2	Plate & Coil	M.T.	60,097	132.08	14,561	33.04
3	Other Semi Steel Products (Trial Period)	M.T.	530	1.59		
4	Other Finished Steel Products	M.T.	7,339	14.61	1,312	2.61
5	Other Semi Steel Products	M.T.	3,743	9.26	45	0.05
6	Fabricated Structures	M.T.	14,652	43.85	-	-
7	Machineries	M.T.	1,375	5.71	519	3.33
8	Others			186.61	-	-
	<b>TOTAL</b>			<b>462.28</b>		<b>56.12</b>

**(H) C.I.F. Value of Imports**

Sl. No.	Particulars	Current Year	Previous Year
		Amount	Amount
1	Raw Material & Fuel	1,112.94	913.21
2	Components & Spare Parts	199.81	87.92
3	Capital Goods and Others	1,813.24	618.66
	<b>TOTAL</b>	<b>3,125.99</b>	<b>1,619.79</b>

## Schedules

forming part of the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date (Contd.)

(I) Break up of Consumption of Raw Materials and Stores & Spares Into Imported & Indigenous :

Sl. No.	Particulars	Current Year		Previous Year	
		Amount	%	Amount	%
[a]	Raw Material				
	i) Imported (includes purchased through canalising agencies, High Sea Sales and Others)	1,029.02	46.23	854.46	31.98
	ii) Indigenous	1,196.69	53.77	1,817.59	68.02
		2,225.71	100.00	2,672.05	100.00
[b]	Stores And Spares				
	i) Imported (includes purchased through canalising agencies, High Sea Sales and Others)	197.52	24.26	91.10	11.10
	ii) Indigenous	616.58	75.74	729.37	88.90
		814.10	100.00	820.47	100.00
[c]	Coke And Coal				
	i) Imported (includes purchased through canalising agencies, High Sea Sales and Others)	173.10	77.90	139.71	55.67
	ii) Indigenous	49.12	22.10	111.26	44.33
		222.22	100.00	250.97	100.00

(J) Expenditure In Foreign Currency (As Remitted)

Sl. No.	Particulars	Current Year Amount	Previous Year Amount
1	Travelling	0.97	4.82
2	Interest and Arrangement charges	-	82.03
3	Dividend	0.03	3.01
4	Technical Knowhow fees	18.89	-
5	Others	1.50	28.98
		21.39	118.84

(K) Earnings In Foreign Currency

Sl. No.	Particulars	Current Year Amount	Previous Year Amount
1	FOB Value of Export Sales	410.41	1021.37
2	Others	-	-
		410.41	1,021.37

In terms of our report of even date

**For S.S. Kothari Mehta & Co.**  
Chartered Accountants  
J. Krishnan

Partner  
Membership No. 84551

For & on behalf of the Board

**Naveen Jindal**  
Executive Vice Chairman  
& Managing Director

**Anand Goel**  
Joint Managing  
Director

**Sushil K. Maroo**  
Director

Place : New Delhi  
Date : 4th May, 2010

**T.K. Sadhu**  
Company Secretary

## Balance Sheet Abstract

and Company's General Business Profile Pursuant to Part IV of Schedule VI to the Companies Act, 1956

### I. Registration Details

Registration no./CIN No.  State Code   
 Balance Sheet Date     
 Date Month Year

### II. Capital Raised during the year (Amount in Rupees thousands)

Public Issue  Right Issue   
 Bonus Issue  Private Placement

### III. Position of Mobilisation and Deployment of Funds (Amount in Rupees thousands)

Total Liabilities  Total Assets

#### Sources of Funds

Paid-up Capital  Reserves & Surplus   
 Secured Loans  Unsecured Loans   
 Other Liabilities

#### Application of Funds

Net Fixed Assets  Investments   
 Net Current Assets  Misc. Expenditure   
 Accumulated Losses

### IV. Performance of Company (Amount in Rupees thousands)

Turnover (Total Income)  Total Expenditure   
 + - Profit Before Tax + - Profit After Tax

(Please tick appropriate box + for Profit and - for Loss)

Earning per Share in Rupees  Dividend Rate %

### V. Generic Names of Three Principal Products/Services of Company (As per monetary terms)

Item Code no. (ITC Code)   
 Production Description SPONGE IRON  
 Item Code no. (ITC Code)   
 Production Description POWER  
 Item Code no. (ITC Code)   
 Production Description MILD STEEL

In terms of our report of even date

For S.S. Kothari Mehta & Co.  
 Chartered Accountants  
 J. Krishnan

Partner  
 Membership No. 84551

For & on behalf of the Board

Naveen Jindal  
 Executive Vice Chairman  
 & Managing Director

Anand Goel  
 Joint Managing  
 Director

Sushil K. Maroo  
 Director

Place : New Delhi  
 Date : 4th May, 2010

T.K. Sadhu  
 Company Secretary

## Cash Flow Statement for the year ended 31st March, 2010

	For the year ended 31st March, 2010	(Rs. in Crores) For the year ended 31st March, 2009
<b>A. CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>		
<b>Net Profit before Tax and Extraordinary Items</b>	<b>1,907.50</b>	<b>2,001.88</b>
Adjustment for:-		
Depreciation	512.16	433.03
Loss/(Profit) on Sale of Fixed Assets	2.37	0.15
Loss/(Profit) on Sale of Investments	(0.44)	(0.13)
Dividend Income	(91.90)	(90.14)
Liability/Provisions no longer required written back	(3.09)	(10.53)
Provisions for doubtful debts	(0.78)	(1.49)
Provisions for doubtful advances	0.60	(0.03)
Miscellaneous expenditure written off during the year	-	0.20
Employees Compensation Expenses under Employees Stock Option Scheme	(4.85)	(3.93)
Interest Paid	192.47	168.91
<b>Operating Profit before Working Capital Changes</b>	<b>2,514.04</b>	<b>2,497.92</b>
Adjustment for:-		
Inventories	(118.54)	(229.40)
Sundry Debtors	(230.12)	(102.59)
Other Current Assets	82.67	(872.40)
Income Tax paid	(292.29)	(334.25)
Other Current Liabilities	447.32	1,424.39
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>2,403.08</b>	<b>2,383.67</b>
<b>B. CASH INFLOW/(OUTFLOW) FROM INVESTMENT ACTIVITIES</b>		
Capital Expenditure	(5,778.54)	(2,569.34)
Sale Proceeds of Fixed Assets	146.28	1.11
Dividend received	87.56	3.44
Loans & Advances	(447.36)	(325.15)
Miscellaneous Expenditure	-	(0.08)
Interest Received	40.31	14.08
(Increase)/Decrease in Investments	176.76	(119.87)
Share Application Money (converted into Investment)	(36.70)	(90.69)
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>	<b>(5,811.69)</b>	<b>(3,086.50)</b>
<b>C. CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>		
State Sales Tax Subsidy	33.33	50.04
Issue of Equity Shares	12.59	14.03
Proceeds from Borrowings	4,385.11	1,120.48
Working Capital Loan from Banks	658.64	303.61
Repayment/Adjustment of Borrowings	(1,473.27)	(702.18)
Dividend Paid	(80.78)	(37.70)
Corporate Tax on Dividend	-	(6.63)
Interest Paid	(375.87)	(307.77)
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>	<b>3,159.75</b>	<b>433.88</b>
<b>Net Changes In Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(248.86)</b>	<b>(268.95)</b>
<b>Cash &amp; Cash Equivalents (Opening Balance)</b>	<b>308.96</b>	<b>577.91</b>
<b>Cash &amp; Cash Equivalents (Closing Balance)</b>	<b>60.10</b>	<b>308.96</b>

**Note:**

The figures have been regrouped/ rearranged, wherever necessary, for comparison purposes

In terms of our report of even date

For S.S. Kothari Mehta & Co.  
Chartered Accountants

J. Krishnan

Partner

Membership No. 84551

For & on behalf of the Board

Naveen Jindal  
Executive Vice Chairman  
& Managing Director

Anand Goel  
Joint Managing  
Director

Sushil K. Maroo  
Director

Place : New Delhi  
Date : 4th May, 2010

T.K. Sadhu  
Company Secretary

## Statement pursuant to exemption under Section 212(8) of Companies Act, 1956 relating to Subsidiary Companies

Name of the Subsidiary Companies	Currency	Issued & Subscribed Share Capital	Reserves	Total Assets	Total Liabilities	Investments		Total	Turnover	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) after Taxation	Proposed Dividend
						Long Term	Current						
Jindal Power Limited	INR in Crores	1,348.80	3,258.90	6,103.44	6,103.44	8.42	56.25	64.67	3,921.90	2,809.68	490.92	2,318.76	94.42
Jindal Hydro Power Ltd.	INR in Crores	0.05	-	0.05	0.05	-	-	-	-	-	-	-	-
Jindal Power Transmission Limited	INR in Crores	0.05	-	0.05	0.05	-	-	-	-	-	-	-	-
Jindal Power Distribution Limited	INR in Crores	0.05	-	0.05	0.05	-	-	-	-	-	-	-	-
Attuni Hydro Electric Power Company Limited	INR in Crores	1.00	-	15.00	15.00	-	-	-	-	-	-	-	-
Etalini Hydro Electric Power Company Limited	INR in Crores	1.00	-	246.00	246.00	-	-	-	-	-	-	-	-
Jindal Synfuels Limited	INR in Crores	0.21	-	0.21	0.21	-	-	-	-	-	-	-	-
Jindal Power Trading Company Limited	INR in Crores	7.60	0.33	7.93	7.93	0.00	-	0.00	0.52	0.36	0.11	0.25	-
Jindal Minerals & Metals Africa Limited	US\$ in Million	0.00	3.81	16.74	16.74	0.10	-	0.10	-	(0.88)	-	(0.88)	-
	INR in Crores	0.00	17.20	75.57	75.57	0.45	-	0.45	-	(3.96)	-	(3.96)	-
Jindal Minerals & Metals Africa Congo SPRL	US\$ in Million	0.10	(0.69)	18.42	18.42	-	-	-	-	(0.36)	0.00	(0.36)	-
	INR in Crores	0.45	(3.12)	83.13	83.13	-	-	-	-	(1.62)	0.01	(1.64)	-
Jindal Steel & Power (Mauritius) Limited	US\$ in Million	19.15	(15.77)	168.89	168.89	9.79	19.52	29.31	-	(11.36)	-	(11.36)	-
	INR in Crores	86.44	(71.20)	762.36	762.36	44.21	88.11	132.32	-	(51.30)	-	(51.30)	-
Trans Atlantic Trading Limited	US\$ in Million	0.00	1.02	7.49	7.49	-	-	-	1.05	0.53	-	0.53	-
	INR in Crores	0.00	4.60	33.83	33.83	-	-	-	4.75	2.38	-	2.38	-
PT Jindal Overseas	IDR in Million	879.10	(6,913.07)	10,233.99	10,233.99	-	-	-	-	(4,395.53)	-	(4,395.53)	-
	INR in Crores	0.44	(3.42)	5.07	5.07	-	-	-	-	(2.18)	-	(2.18)	-
Vision Overseas Limited	US\$ in Million	0.00	(0.01)	3.04	3.04	-	-	-	-	(0.00)	-	(0.00)	-
	INR in Crores	0.00	(0.04)	13.73	13.73	-	-	-	-	(0.01)	-	(0.01)	-
Jubilant Overseas Limited	US\$ in Million	0.00	(0.01)	3.04	3.04	-	-	-	-	(0.00)	-	(0.00)	-
	INR in Crores	0.00	(0.03)	13.73	13.73	-	-	-	-	(0.01)	-	(0.01)	-
Affiliate Overseas Limited	US\$ in Million	0.00	(0.01)	0.04	0.04	-	-	-	-	(0.00)	-	(0.00)	-
	INR in Crores	0.00	(0.04)	0.19	0.19	-	-	-	-	(0.01)	-	(0.01)	-
Skyhigh Overseas Limited	US\$ in Million	0.00	(0.01)	0.04	0.04	-	-	-	-	(0.00)	-	(0.00)	-
	INR in Crores	0.00	(0.03)	0.19	0.19	-	-	-	-	(0.01)	-	(0.01)	-
Harmony Overseas Limited	US\$ in Million	0.00	(0.01)	2.59	2.59	-	-	-	-	(0.00)	-	(0.00)	-
	INR in Crores	0.00	(0.04)	11.70	11.70	-	-	-	-	(0.01)	-	(0.01)	-
Worth Overseas Limited	US\$ in Million	4.50	(0.01)	20.99	20.99	4.90	-	4.90	-	(0.00)	-	(0.00)	-
	INR in Crores	20.31	(0.06)	94.73	94.73	22.12	-	22.12	-	(0.02)	-	(0.02)	-
Jindal Steel Bolivia SA	BOB in Million	100.00	(0.26)	150.23	150.23	0.00	-	0.00	-	(0.26)	-	(0.26)	-
	INR in Crores	62.79	(0.16)	94.34	94.34	0.00	-	0.00	-	(0.16)	-	(0.16)	-
Gas to Liquid International SA	BOB in Million	3.80	1.62	118.97	118.97	0.01	-	0.01	-	-	-	-	-
	INR in Crores	2.39	1.02	74.70	74.70	0.01	-	0.01	-	-	-	-	-
Jindal Power LLC	MNT in Million	424.10	(46.87)	391.36	391.36	-	-	-	-	(152.27)	-	(152.27)	-
	INR in Crores	1.40	(0.16)	1.30	1.30	-	-	-	-	(0.50)	-	(0.50)	-
Rolling hills Resources LLC	MNT in Million	2,260.40	(466.31)	2,865.32	2,865.32	-	-	-	-	(183.49)	-	(183.49)	-
	INR in Crores	7.48	(1.54)	9.48	9.48	-	-	-	-	(0.61)	-	(0.61)	-
Jindal Mining Industry LLC	MNT in Million	281.19	(17.22)	278.00	278.00	-	-	-	-	(15.60)	-	(15.60)	-
	INR in Crores	0.93	(0.06)	0.92	0.92	-	-	-	-	(0.05)	-	(0.05)	-
JSPL Mozambique Minerais LDA	MZN in Million	0.02	(7.08)	141.82	141.82	0.03	-	0.03	-	(4.94)	-	(4.94)	-
	INR in Crores	0.00	(1.14)	22.90	22.90	0.01	-	0.01	-	(0.80)	-	(0.80)	-
Enduring Overseas Limited	US\$ in Million	0.05	(1.11)	14.15	14.15	-	-	-	-	(1.07)	-	(1.07)	-
	INR in Crores	0.23	(5.00)	63.86	63.86	-	-	-	-	(4.82)	-	(4.82)	-
Jindal Mining & Exploration Limited	US\$ in Million	0.00	0.10	26.10	26.10	11.48	-	11.48	-	(0.00)	-	(0.00)	-
	INR in Crores	0.00	0.47	117.83	117.83	51.82	-	51.82	-	(0.01)	-	(0.01)	-
Jindal Investment Holdings Limited	US\$ in Million	0.00	(0.01)	0.01	0.01	-	-	-	-	(0.00)	-	(0.00)	-
	INR in Crores	0.00	(0.03)	0.06	0.06	-	-	-	-	(0.01)	-	(0.01)	-
Jindal Africa Investments (Pty) Ltd	ZAR in Million	0.00	2.14	17.04	17.04	-	-	-	11.99	0.08	0.02	0.06	-
	INR in Crores	0.00	1.30	10.37	10.37	-	-	-	7.30	0.05	0.01	0.03	-
Osho Madagascar SARL	MGA in Million	3.00	(1,455.23)	1,452.23	1,452.23	-	-	-	-	(1,155.94)	-	(1,155.94)	-
	INR in Crores	0.01	(3.04)	3.03	3.03	-	-	-	-	(2.41)	-	(2.41)	-
Jindal DRC SPRL	US\$ in Million	0.05	2.97	9.60	9.60	0.50	-	0.50	-	(0.15)	0.00	(0.15)	-
	INR in Crores	0.23	13.42	43.31	43.31	2.26	-	2.26	-	(0.67)	0.01	(0.68)	-
Jindal Minerals Mining Limited	MWK in Million	0.01	(34.71)	3.20	3.20	-	-	-	-	(34.71)	-	(34.71)	-
	INR in Crores	0.00	(1.02)	0.09	0.09	-	-	-	-	(1.02)	-	(1.02)	-
Jindal Madagascar SARL	MGA in Million	3.00	(284.35)	281.35	281.35	-	-	-	-	(284.35)	-	(284.35)	-
	INR in Crores	0.01	(0.59)	0.59	0.59	-	-	-	-	(0.59)	-	(0.59)	-
Jindal Investimentos Limitada	MZN in Million	0.02	-	1.64	1.64	-	-	-	-	-	-	-	-
	INR in Crores	0.00	-	0.27	0.27	-	-	-	-	-	-	-	-
Belde Empreendimentos Mineiros Ltd.	MZN in Million	0.03	-	0.03	0.03	-	-	-	-	-	-	-	-
	INR in Crores	0.00	-	0.00	0.00	-	-	-	-	-	-	-	-
Kasai Sud Diamant SPRL	US\$ in Million	1.43	(2.21)	8.55	8.55	-	-	-	0.50	(1.68)	0.00	(1.68)	-
	INR in Crores	6.45	(9.99)	38.61	38.61	-	-	-	2.25	(7.57)	0.01	(7.58)	-
Eastern Solid Fuels Pty. Ltd.	ZAR in Million	0.02	2.22	141.46	141.46	0.96	-	0.96	-	0.08	0.02	0.06	-
	INR in Crores	0.01	1.35	86.12	86.12	0.58	-	0.58	-	0.05	0.01	0.04	-
Jindal Mining SA (PTY) Ltd.	ZAR in Million	0.00	6.56	138.11	138.11	-	-	-	2.22	(3.27)	-	(3.27)	-
	INR in Crores	0.00	3.99	84.07	84.07	-	-	-	1.35	(1.99)	-	(1.99)	-
Jindal Brasil Mineracao SA.	BRL in Million	0.00	-	0.00	0.00	-	-	-	-	-	-	-	-
	INR in Crores	0.00	-	0.00	0.00	-	-	-	-	-	-	-	-

\*Exchange Rate as on 31.03.2010 : US\$ 1 = Rs. 45.14, IDR 1 = Rs.0.00495, BOB 1 = Rs.6.27945, MNT 1 = Rs.0.03309, MZN 1 = Rs.1.61478, ZAR 1 = Rs.6.08769, MGA 1 = Rs.0.02087, MWK 1 = Rs.0.29322, BRL 1 = Rs.24.9892

## Auditors' Report To The Board of Directors of Jindal Steel & Power Limited on The Consolidated Financial Statements

1. We have audited the attached consolidated balance sheet of **JINDAL STEEL & POWER LIMITED**, and its subsidiaries, associates and joint ventures (collectively referred to as "the Group") as at 31st March, 2010, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those 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 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The financial statements of one associate company and one joint venture have been audited by us in which the share of profit of the group is Rs. 13.86 Crores. Investment in associate company has been reported in accordance with Accounting Standard (AS)-23 and in joint venture in accordance with Accounting Standard (AS)-27.
4. (a) We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets (net) of Rs. 6101.45 Crores as at 31st March, 2010, total revenue of Rs. 4055.43 crores and net cash flows amounting to Rs. (305.48) Crores for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of the other auditors.
- (b) In the case of certain subsidiaries of the Company, having total assets (net) of Rs. 1702.69 Crores as at 31st March, 2010, total revenue of Rs. 44.38 Crores and net cash flows amounting to Rs. (1.25) Crores for the year then ended, the figures used for the consolidation are based on the management's estimate and are therefore unaudited.
5. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS)-21, 'Consolidated Financial Statements', Accounting Standard (AS)-23 'Accounting for Investments in Associates in Consolidated Financial Statements' and Accounting Standard (AS)-27, 'Financial Reporting of Interests in Joint Ventures' issued by the Institute of Chartered Accountants of India and on the basis of the separate financial statements of the subsidiaries, associates and joint ventures included in the consolidated financial statements.
6. Based on our audit and on consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the consolidated balance sheet, of the consolidated state of affairs of the Group as at 31st March, 2010;
  - (b) in the case of the consolidated profit and loss account, of the consolidated results of operations of the Group for the year ended on that date; and
  - (c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Group for the year ended on that date.

For **S. S. Kothari Mehta & Co.**  
**Chartered Accountants**

Registration No. 000756N

**J. Krishnan**  
**Partner**

Membership No. 84551

Place : New Delhi  
Dated: 4th May, 2010

## Consolidated Balance Sheet as at 31st March, 2010

	Schedule	As at 31st March, 2010	(Rs. in Crores) As at 31st March, 2009
<b>SOURCES OF FUNDS</b>			
<b>Shareholders Fund</b>			
Share Capital	1	93.12	16.47
Reserves and Surplus	2	10,301.32	7,007.83
Employees' Stock Options Outstanding		22.67	29.82
Less :- Deferred employee compensation expenditure (Refer note B.13 of Schedule 20)		(0.33)	(2.63)
		22.34	27.19
		<b>10,416.78</b>	<b>7,051.49</b>
Minority Interest		165.91	4.46
<b>Loan Funds</b>			
Secured	3	5,329.81	5,274.85
Unsecured	4	3,274.48	2,838.46
		<b>8,604.29</b>	<b>8,113.31</b>
<b>Deferred Tax Liability (Net)</b>	20	<b>845.47</b>	<b>717.03</b>
<b>TOTAL</b>		<b>20,032.45</b>	<b>15,886.29</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	13,162.51	11,672.41
Less: Depreciation		(3,265.08)	(2,241.49)
		<b>9,897.43</b>	<b>9,430.92</b>
Add: Capital work in progress (including pre operative expenses pending allocation / capitalisation and capital goods lying in stores)		7,946.97	3,255.36
		<b>17,844.40</b>	<b>12,686.28</b>
<b>Investments</b>	6	<b>318.47</b>	<b>513.87</b>
<b>Goodwill On Consolidation</b>		<b>100.66</b>	<b>36.32</b>
<b>Current Assets, Loans And Advances</b>			
Inventories	7	1,430.82	1,240.27
Sundry Debtors	8	753.32	574.11
Cash and Bank Balances	9	112.77	669.36
Loans and Advances	10	4,554.13	3,582.31
		<b>6,851.04</b>	<b>6,066.05</b>
<b>Less: Current Liabilities And Provisions</b>			
Liabilities	11	3,037.74	2,190.05
Provisions	12	2,052.22	1,229.32
		5,089.96	3,419.37
<b>Net Current Assets</b>		<b>1,761.08</b>	<b>2,646.68</b>
<b>Miscellaneous Expenditure</b>			
(To the extent not written off or adjusted)	13	7.84	3.14
<b>TOTAL</b>		<b>20,032.45</b>	<b>15,886.29</b>
Significant Accounting Policies & Notes to Accounts	20		

The accompanying schedules 1 to 20 form an integral part of these accounts

In terms of our report of even date

For S.S. Kothari Mehta & Co.  
Chartered Accountants

J. Krishnan

Partner

Membership No. 84551

For & on behalf of the Board

Naveen Jindal  
Executive Vice Chairman  
& Managing Director

Anand Goel  
Joint Managing  
Director

Sushil K. Maroo  
Director

T.K. Sadhu  
Company Secretary

Place : New Delhi  
Date : 4th May, 2010



## Consolidated Profit & Loss Accounts for the year ended 31st March, 2010

			(Rs. in Crores)
	Schedule	For the year ended 31st March, 2010	For the year ended 31st March, 2009
<b>INCOME</b>			
Sales and Operational Income	14	12,319.62	12,176.31
Less: Inter Division Transfer		700.09	519.96
Less: Excise Duty		527.99	781.62
Net Sales and Operational Income		<b>11,091.54</b>	<b>10,874.73</b>
Other Income	15	60.28	38.64
<b>TOTAL</b>		<b>11,151.82</b>	<b>10,913.37</b>
<b>EXPENDITURE</b>			
Material, Manufacturing and Others	16	4,898.42	4,972.75
Less: Inter Division Transfer		700.09	519.96
		<b>4,198.33</b>	<b>4,452.79</b>
Personnel	17	274.99	204.97
Administration and Selling	18	766.92	967.08
Interest	19	357.58	456.65
Miscellaneous Expenditure written off		3.59	56.72
Depreciation	5	996.96	964.06
<b>TOTAL</b>		<b>6,598.37</b>	<b>7,102.27</b>
<b>PROFIT BEFORE TAXATION</b>		<b>4,553.45</b>	<b>3,811.10</b>
LESS: Provision for taxation			
(a) Income tax		790.09	576.64
(b) Deferred tax		128.44	222.36
(c) Wealth tax		0.32	0.27
(d) Fringe Benefits tax		-	4.68
(e) Fringe Benefits tax of earlier year		0.04	-
<b>PROFIT AFTER TAXATION</b>		<b>3,634.56</b>	<b>3,007.15</b>
ADD: SHARE IN PROFIT OF ASSOCIATES		13.86	39.59
ADD/(LESS): MINORITY INTEREST		(75.45)	(1.02)
<b>NET PROFIT AFTER TAXATION AND MINORITY INTEREST</b>		<b>3,572.97</b>	<b>3,045.72</b>
ADD / (LESS)			
Surplus/(Loss) brought forward		5,912.31	3,146.62
Accumulated Profit/(Loss) on disposal of subsidiaries		0.15	-
Minority Interest on dilution of Equity Shareholding in subsidiaries		(52.45)	-
Capital Reserve on Consolidation		(433.62)	-
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>8,999.36</b>	<b>6,192.34</b>
Interim Dividend on Equity Shares		3.38	-
Corporate Tax on Interim Dividend		15.68	-
Proposed Dividend on Equity Shares (Refer note B.20 of Schedule 20)		116.52	85.28
Corporate Tax on Proposed Dividend (Refer note B.21 of Schedule 20)		4.28	14.75
General Reserve		150.00	155.00
Debenture Redemption Reserve		49.00	25.00
Balance carried to Balance Sheet		8,660.50	5,912.31
		<b>8,999.36</b>	<b>6,192.34</b>
Basic Earning per share (in Rs.) (Refer note B.24 of Schedule 20)		39.05	194.63
Diluted Earning per share (in Rs.) (Refer note B.24 of Schedule 20)		38.76	192.94
Significant Accounting Policies & Notes to Accounts	20		

The accompanying schedules 1 to 20 form an integral part of these accounts

In terms of our report of even date

For & on behalf of the Board

For S.S. Kothari Mehta & Co.  
Chartered Accountants

J. Krishnan

Partner

Membership No. 84551

Naveen Jindal  
Executive Vice Chairman  
& Managing Director

Anand Goel  
Joint Managing  
Director

Sushil K. Maroo  
Director

Place : New Delhi  
Date : 4th May, 2010

T.K. Sadhu  
Company Secretary

## Schedules

forming Part of the Consolidated Balance Sheet as at 31st March, 2010

(Rs. in Crores)

As at  
31st March, 2009

As at  
31st March, 2010

### SCHEDULE - 1

#### Share Capital

##### Authorised

2,000,000,000 (Previous year 200,000,000) Equity Shares of Re. 1/- each	200.00	20.00
Nil (Previous year 10,000,000) Redeemable Cumulative Preference Shares of Rs. 100 each	-	100.00

200.00 120.00

#### Issued, Subscribed and Paid Up

##### Equity Shares

931,234,082 (Previous year 154,652,683) Equity Shares of Re. 1/- each fully paid up	93.12	15.47
---	-------	-------

93.12 15.47

Shares Forfeited Account- Preference Shares	-	1.00
---	---	------

TOTAL 93.12 16.47

#### Notes:

- (A) Out of the above, 126,122,840 (Previous year 126,122,840) Equity shares of Re. 1 each have been allotted as fully paid up to the erstwhile shareholders of Jindal Strips Limited pursuant to the scheme of arrangement sanctioned by the Hon'ble High Court of Punjab & Haryana.
- (B) Out of the above, 929,869 (Previous year 691,343) Equity Shares of Re. 1 each has been allotted as fully paid up to the employees (including those of subsidiary company) under the Employees Stock Option Scheme. (Refer note B.13 of Schedule 20)
- (C) 775,651,530 shares of face value of Re. 1 per share were allotted as fully paid bonus shares by utilisation of Rs. 775,651,530 from Securities Premium Account during the year.
- (D) Pursuant to the resolution passed at the EGM dated 04.09.2009, the Company has decided to reclassify the authorised share capital of the Company by cancellation of 10,000,000 Preference Shares of Rs. 100 each and simultaneous creation of 1,000,000,000 fresh Equity Shares of Re. 1 each and to increase the authorised share capital to Rs. 2,000,000,000.
- Consequently, the Company has cancelled 100,000 preference shares of Rs. 100 each, which was forfeited earlier. Upon cancellation of such shares, the amount of Rs. 10,000,000 was transferred to General Reserve.

## Schedules

forming Part of the Consolidated Balance Sheet as at 31st March, 2010 (Contd.)

		(Rs. in Crores)	
		As at 31st March, 2010	As at 31st March, 2009
<b>SCHEDULE - 2</b>			
<b>Reserves And Surplus</b>			
<b>(A) Securities Premium</b>			
As per last account		157.32	143.36
Add: Addition during the year		18.57	13.96
Less: Utilised for issue of bonus shares		(77.57)	-
		<b>98.32</b>	<b>157.32</b>
<b>(B) General Reserve</b>			
As per last account		599.28	364.31
Add: Transfer from Profit and Loss Account		150.00	155.00
Add: Transfer from Shares Forfeited Account		1.00	-
Add: On account of Foreign Exchange Fluctuation as per notification on (AS-11)		-	79.97
		<b>750.28</b>	<b>599.28</b>
<b>(C) Debenture Redemption Reserve</b>			
As per last account		25.00	-
Add: Transfer from Profit and Loss Account		49.00	25.00
		<b>74.00</b>	<b>25.00</b>
<b>(D) Capital Redemption Reserve</b>			
As per last account		70.00	70.00
		<b>70.00</b>	<b>70.00</b>
<b>(E) Central/State Subsidy Reserve</b>			
As per last account		0.24	0.24
		<b>0.24</b>	<b>0.24</b>
<b>(F) Sales Tax Subsidy/Capital Reserve</b> (Refer note B.8 of Schedule 20)			
As per last account		133.77	83.73
Add: During the year		49.58	50.04
		<b>183.35</b>	<b>133.77</b>
<b>(G) Capital Reserve On Consolidation</b>			
Add: During the year		433.62	-
		<b>433.62</b>	<b>-</b>
<b>(H) Revaluation Reserve</b>			
Add: During the year		(0.01)	-
		<b>(0.01)</b>	<b>-</b>
<b>(I) Foreign Currency Translation Reserve</b>			
As per last account		109.90	-
Add: During the year		-	109.90
Less: During the year		(78.88)	-
		<b>31.02</b>	<b>109.90</b>
<b>(J) Surplus In Profit And Loss Account</b>			
		8,660.50	5,912.31
		<b>10,301.32</b>	<b>7,007.83</b>

## Schedules

forming Part of the Consolidated Balance Sheet as at 31st March, 2010 (Contd.)

(Rs. in Crores)

	As at 31st March, 2010	As at 31st March, 2009
<b>SCHEDULE - 3</b>		
<b>Loan Funds</b>		
(A) <b>Debentures</b>		
i) 9.80% Secured Redeemable Non Convertible Debentures of Rs. 1,000,000 each	500.00	-
ii) 9.80% Secured Redeemable Non Convertible Debentures of Rs. 1,000,000 each	1,000.00	-
iii) 8.50% Secured Redeemable Non Convertible Debentures of Rs. 1,000,000 each	25.00	-
iv) 8.50% Secured Redeemable Non Convertible Debentures of Rs. 1,000,000 each	75.00	-
v) 9.80% Secured Redeemable Non Convertible Debentures of Rs. 1,000,000 each	62.00	-
vi) 6.75% Secured Redeemable Non Convertible Debentures of Rs. 1,000,000 each	100.00	-
	<b>1,762.00</b>	<b>-</b>
(B) <b>Term Loans</b>		
From Financial Institutions	-	498.75
From Banks and Others	3,311.02	4,644.88
	<b>3,311.02</b>	<b>5,143.63</b>
(C) <b>Others</b>	5.45	16.96
(D) <b>Working Capital Borrowings From Banks</b>	251.34	114.26
<b>TOTAL</b>	<b>5,329.81</b>	<b>5,274.85</b>

### NOTES :-

#### (A) Debentures

- Debentures placed with Life Insurance Corporation of India on private placement basis are redeemable at par in 2 equal annual instalments at the end of 9.5 and 10.5 years from the date of respective allotments i.e. Rs. 100 Crores (24.08.2009), Rs. 80 Crores (08.09.2009), Rs. 80 Crores (08.10.2009), Rs. 80 Crores (09.11.2009), Rs. 80 Crores (08.12.2009) and Rs. 80 Crores (08.01.2010). The debentures are secured on pari-passu charge basis by way of mortgage of immovable properties and hypothecation of movable fixed assets of the Company in favour of the Debenture Trustees.
- Debentures placed with Life Insurance Corporation of India on private placement basis are redeemable at par in 2 equal annual instalments at the end of 9.5 and 10.5 years from the date of respective allotments i.e. Rs. 100 Crores (12.10.2009), Rs. 150 Crores (22.10.2009), Rs. 150 Crores (24.11.2009), Rs. 150 Crores (24.12.2009), Rs. 150 Crores (25.01.2010), Rs. 150 Crores (19.02.2010) and Rs. 150 Crores (26.03.2010). The debentures are secured on pari-passu charge basis by way of mortgage of immovable properties and hypothecation of movable fixed assets created/to be created at the 6x135 MW Power Plant Project at Angul, Orissa in favour of the Debenture Trustees.
- Debentures placed with ICICI Lombard General Insurance Company Limited on private placement basis are redeemable at par at the end of 5 years from the date of allotment i.e. 03.12.2009. The debentures are secured

## Schedules

forming Part of the Consolidated Balance Sheet as at 31st March, 2010 (Contd.)

on pari-passu basis by way of mortgage of immovable properties and hypothecation of movable fixed assets of the Company in favour of the Debenture Trustees.

- iv) Debentures placed with ICICI Prudential Life Insurance Company Limited on private placement basis are redeemable at par at the end of 5 years from the date of allotment i.e. 03.12.2009. The debentures are secured on pari-passu basis by way of mortgage of immovable properties and hypothecation of movable fixed assets of the Company in favour of the Debenture Trustees.
- v) Debentures placed with SBI Life Insurance Company Limited on private placement basis are redeemable at par in 5 equal annual instalments commencing from the end of 8 years from the date of allotment i.e. 29.12.2009. The debentures are secured on pari passu basis by way of mortgage of immovable properties and hypothecation of movable assets created/to be created at the 6x135 MW Power Plant Project at Angul, Orissa in favour of the Debenture Trustees.
- vi) Debentures placed with LIC Mutual Fund Asset Management Company Limited on private placement basis are redeemable at par at the end of 23 months from the date of allotment i.e. 22.01.2010. The debentures are secured on pari-passu basis by way of mortgage of immovable properties and hypothecation of movable fixed assets of the Company in favour of the Debenture Trustees.

### (B) Term Loans

#### From Banks and Others

Secured by first pari-passu charge in favour of Banks by way of mortgage of the Company's immovable properties and hypothecation of moveable assets except those charged in favour of the Company's Bankers for securing working capital facilities excluding a) loan of Rs. 379.08 Crores (Previous year Rs. 469.95 Crores) which is secured by exclusive charge on assets created under Steel expansion project, b) loan of Rs. 287.27 Crores (Previous year Rs. 338.20 Crores) which is secured by exclusive charge on assets created under Plate Mill project at Raigarh, Chattisgarh, c) loan of Rs. 145.71 Crores (Previous year Rs. 180.00 Crores) which is secured by exclusive charge on assets under 3x25 MW Captive Power Plant at Raigarh, Chattisgarh, d) loans of Rs. Nil (Previous year Rs. 306.11 Crores) which were secured by exclusive charge on assets created under the Plate Mill project at Angul, Orissa, e) loans of Rs. 349.91 Crores (Previous year Rs. 270.07 Crores) which were secured by exclusive charge on assets created under the DRI project at Angul, Orissa, f) loans of Rs. 414.46 Crores (Previous year Rs. 6.00 Crores) which are secured by exclusive charge on assets to be created under 2X135 MW Captive Power Plant (Phase - 1) at Dongamauha, Raigarh, Chattisgarh, g) loans of Rs. 67 Crores (Previous year Rs. Nil) which are secured by exclusive charge on assets created under 2X135 MW Captive Power Plant (Phase - 2) at Dongamauha, Raigarh, Chattisgarh, h) loans of Rs. 20 Crores (Previous year Rs. Nil) which are secured by exclusive charge on assets created/to be created under 1.6 MTPA Integrated Steel Plant and 1.5 MTPA Plate Mill project at Angul, Orissa, i) loan of Rs. 534.79 Crores (Previous year Rs. 234.57 Crores) which are secured by subservient charge on current assets of the Company, j) loans of Rs. Nil (Previous year Rs. 2.90 Crores) which were secured by third and residual charge of the Fixed Assets of the Company and k) Loan from banks and others includes US\$ Nil (Previous year US\$ 6.82 Million) as foreign currency loan. Further, loans of Rs. 4.08 Crores (Previous year Rs. 50.76 Crores) are also secured by a personal guarantee given by a Director of the Company.

Further, term loans from banks and financial institution in a subsidiary company, includes loans of Rs. 1,065.26 Crores (Previous year Rs. 2,824.36 Crores), which are secured / to be secured by way of first pari passu mortgage / charge on all the fixed assets (tangible and intangible), uncalled capital of the company, receivables accounts, book debts and all rights, titles and interest in accounts of the company both present and future, and are further secured / to be secured by way of hypothecation of all promoter's receivables realised by sale of energy purchased by the promoters from the company and deposit in the escrow account/designated account both present and future.

Term loans from Banks includes loans of Rs. Nil (Previous year Rs. 308.40 Crores), which are secured / to be secured

## Schedules

forming Part of the Consolidated Balance Sheet as at 31st March, 2010 (Contd.)

by way of mortgage / charge on pari passu basis which is second, subsequent and subservient to mortgage / charge as stated in above note.

The above loans are further secured / to be secured by way of pledge of 51% of the equity share capital issued / to be issued by the subsidiary company to the promoter on pari passu basis.

Repayment due within one year Rs. 393.78 Crores (Previous year Rs. 1,340.61 Crores)

### (C) Others

Secured by hypothecation of the specific assets financed.

### (D) Working Capital Borrowing From Banks

Secured by hypothecation by way of first charge on stocks of finished goods, raw materials, work in progress, stores and spares and book debts and second charge in respect of other movable and immovable assets.

	(Rs. in Crores)	
	As at 31st March, 2010	As at 31st March, 2009
<b>SCHEDULE - 4</b>		
<b>Unsecured Loans</b>		
Fixed Deposits from Public	70.58	32.48
Short Term Loans from Banks / Mutual Funds	550.00	150.25
Non-Convertible Debentures	75.00	100.00
Buyers' Credit from Banks	984.45	462.88
External Commercial Borrowing from Banks (ECB)	1,569.51	2,071.92
Other Loans (in Subsidiary Companies)	24.94	20.93
	<b>3,274.48</b>	<b>2,838.46</b>

Repayment due within one year Rs. 232.56 Crores (Previous year Rs. 506.42 Crores)

## Schedules

forming Part of the Consolidated Balance Sheet as at 31st March, 2010 (Contd.)

SCHEDULE - 5  
Fixed Assets

GROUP OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 1st April, 2009	Additions During The Year	Sales/Adj* During The Year	As at 31st March, 2010	Upto 31st March, 2009	Additions During The Year	Sales/Adj* During The Year	Upto 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009	(Rs. in Crores)
Land - freehold	120.99	22.47	-	143.46	-	-	-	-	143.46	120.99	
Land - leasehold	174.68	118.57	-	293.25	4.97	2.64	-	7.61	285.64	169.71	
Live Stock	0.14	-	-	0.14	-	-	-	-	0.14	0.14	
Building	1,397.23	269.46	8.57	1,658.12	142.92	80.43	(0.40)	223.75	1,434.37	1,254.31	
Plant & Machinery	9,312.97	1,120.30	158.79	10,274.48	1,989.28	910.90	2.48	2,897.70	7,376.78	7,323.69	
Electrical Installation	119.93	36.11	-	156.04	16.75	5.75	-	22.50	133.54	103.18	
Furniture & Fixtures	52.29	27.86	0.05	80.10	12.92	6.37	0.02	19.27	60.83	39.37	
Vehicles	128.04	67.87	4.80	191.11	44.17	19.71	2.39	61.49	129.62	83.87	
Air Craft (GE Lease)	26.10	-	26.10	-	16.79	3.65	20.44	-	-	9.31	
Air Craft (Owned)	285.18	61.88	-	347.06	12.23	16.26	-	28.49	318.57	272.95	
Intangible assets	54.86	60.16	96.27	18.75	1.46	2.81	-	4.27	14.48	53.40	
<b>TOTAL</b>	<b>11,672.41</b>	<b>1,784.68</b>	<b>294.58</b>	<b>13,162.51</b>	<b>2,241.49</b>	<b>1,048.52</b>	<b>24.93</b>	<b>3,265.08</b>	<b>9,897.43</b>	<b>9,430.92</b>	
Capital Work in Progress (Including pre-operative expenses pending allocation/capitalisation and capital goods lying in stores)									7,946.97	3,255.36	
<b>Previous Year</b>	<b>7,899.89</b>	<b>3,765.36</b>	<b>(7.16)</b>	<b>11,672.41</b>	<b>1,216.01</b>	<b>1,026.01</b>	<b>0.53</b>	<b>2,241.49</b>	<b>9,430.92</b>	<b>6,683.88</b>	

Notes:-

- 1) Capital Work in Progress includes Rs. 1,110.40 Crores (Previous year Rs. 387.99 Crores) being Pre-operative Expenditure and Rs. 1,024.05 Crores (Previous year Rs. 684.18 Crores) Capital stores (Refer note B.15 of Schedule 20).
- 2) In a subsidiary, capital work in progress includes a deduction of Rs. 2.50 Crores (Previous year Rs. Nil) on account of disposal of investment in subsidiaries.
- 3) Freehold land includes Rs. 5.85 Crores jointly owned with the Company with 50% share and pending registration.
- 4) Depreciation during the year includes Rs. 5.48 Crores (Previous year Rs. 1.28 Crores) transferred to pre-operative expenses.
- 5) In subsidiaries, depreciation amounting to Rs. 0.02 Crores (Previous year Rs. Nil) has been capitalised.
- 6) In a subsidiary, depreciation on Coal Handling Plant amounting to Rs. 46.06 Crores (Previous year Rs. 60.05 Crores) has been considered separately in the Profit & Loss Account.

\*Includes on account of disposal of Subsidiaries

## Schedules

forming Part of the Consolidated Balance Sheet as at 31st March, 2010 (Contd.)

(Rs. in Crores)

	As at 31st March, 2010	As at 31st March, 2009
<b>SCHEDULE - 6</b>		
<b>Investments - Long Term, Trade</b>		
<b>(A) Quoted Equity Shares</b>		
i) Rocklands Richfields Limited 50,915,494 (Previous year Nil) fully paid Ordinary Shares	82.71	-
ii) Caledon Resources Plc. 1,682,257 (Previous year Nil) fully paid Ordinary Shares	5.40	-
<b>SUB TOTAL (A)</b>	<b>88.11</b>	<b>-</b>
<b>Investments - Long Term, Non-Trade</b>		
<b>(B) Unquoted Equity Shares</b>		
i) Stainless Investments Limited 1,242,000 (Previous year 1,242,000) Equity Shares of Rs. 10 each	6.05	6.05
ii) Jindal Holding Limited 2,414,000 (Previous year 2,414,000) Equity Shares of Rs. 10 each	14.48	14.48
iii) Brahmaputra Capital and Finance Limited 19,200,000 (Previous year 19,200,000) Equity Shares of Rs. 10 each	19.20	19.20
iv) Jindal Rex Exploration Private Limited 9,800 (Previous year 9,800) Equity Shares of Rs. 10 each	0.01	0.01
v) X-Zone SDN BHD 36,250 (Previous year 36,250) Equity Shares of Malaysian Ringgit 1.00 each	0.04	0.04
vi) Indian Energy Exchange Limited 1,250,000 (Previous year 1,250,000) Equity Shares of Rs. 10 each	1.25	1.25
	41.03	41.03
Less: Provision For Diminution in value of Investments	(11.54)	(11.54)
<b>SUB TOTAL (B)</b>	<b>29.49</b>	<b>29.49</b>
<b>(C) Unquoted Investment In Government And Trust Securities</b>		
i) National Saving Certificates Nil (Previous year Rupees 1,000)	-	0.00
ii) 11.50% IDBI-SLR 2011 10,000 (Previous year 10,000) units of Rs. 1,000 each	1.05	1.12
iii) 11.50% IDBI-SLR 2010 5,500 (Previous year 5,500) units of Rs. 1,000 each	0.55	0.60
iv) 12.00% IDBI-SLR 2012 5,000 (Previous year 5,000) units of Rs. 1,000 each	0.55	0.60
v) 12.00% NHB-SLR 2011 20 (Previous year 20) units of Rs. 100,000 each	0.22	0.24
<b>SUB TOTAL (C)</b>	<b>2.37</b>	<b>2.56</b>



## Schedules

forming Part of the Consolidated Balance Sheet as at 31st March, 2010 (Contd.)

(Rs. in Crores)

	As at 31st March, 2010	As at 31st March, 2009
<b>(D) Unquoted Investment In Shares Of Associate Companies</b>		
i) Fully paid up Equity Shares of Nalwa Steel & Power Limited (formerly Nalwa Sponge Iron Limited) 2,000,000 (Previous year 2,000,000) Equity Shares of Rs. 10 each	2.00	2.00
Add/(Less): Share in Profit/(Loss) - Prior years	127.10	87.51
Add/(Less): Share in Profit/(Loss) - Current year	13.86	39.59
ii) Fully paid up Equity Shares of Globeleq Singapore (Pte) Limited Nil (Previous year 28,000) Equity Shares of USD 1.00 each	-	0.12
Add/(Less): Share in Profit/(Loss) - Prior years	-	0.00
Add/(Less): Share in Profit/(Loss) - Current year	-	-
iii) Fully paid up Equity Shares of Saras Mineracao De Ferro S/A 49 (Previous year 49) Equity Shares of USD 1.00 each	0.00	0.00
Add/(Less): Share in Profit/(Loss) - Prior years	-	-
Add/(Less): Share in Profit/(Loss) - Current year	-	-
iv) Fully paid up Equity Shares of Angul Sukinda Railway Limited 25,000 (Previous year Nil) Equity Shares of Rs. 10 each	0.03	-
Add/(Less): Share in Profit/(Loss) - Prior years	-	-
Add/(Less): Share in Profit/(Loss) - Current year	-	-
<b>SUB TOTAL (D)</b>	<b>142.99</b>	<b>129.22</b>
<b>Investments - Current</b>		
<b>(E) Investment In Units Of Mutual Funds / Bonds</b>		
i) 8.15% ICICI - 2016 Bond 5 (Previous year 5) Units of Rs. 1,000,000 each	0.50	0.50
ii) Principal Cash Management Fund Nil (Previous year 254,790,005.30) Units of Rs. 10 each	-	35.00
iii) LICMF Liquid Fund Dividend Plan Nil (Previous year 45,545,328.623) Units of Rs. 10 each	-	50.00
iv) NLFSG Canara Robeco Liquid Super Institutional Growth Fund Nil (Previous year 70,145,903.4792) Units of Rs. 10 each	-	75.00
v) 9.50% Tourism Finance Corporation of India Limited Bond Nil (Previous year 100) units of Rs. 1,000,000 each	-	10.00
vi) Birla SunLife Dividend Option Nil (Previous year 35,651,010.501) units of Rs. 10 each	-	50.01
vii) HDFC Liquid Mutual Fund Nil (Previous year 22,759,675.445) units of Rs. 10 each	-	40.02
viii) Prudential ICICI Institutional Liquid Dividend Nil (Previous year 13,124,068.770) units of Rs. 10 each	-	37.00
ix) Reliance Liquidity Fund Nil (Previous year 15,160,473.613) units of Rs. 10 each	-	20.00

## Schedules

forming Part of the Consolidated Balance Sheet as at 31st March, 2010 (Contd.)

(Rs. in Crores)

	As at 31st March, 2010	As at 31st March, 2009
x) SBI Magnum Insta Cash Fund Nil (Previous year 2,548,640.810) units of Rs. 10 each	-	5.00
xi) TATA Mutual Fund Nil (Previous year 184,909.157) units of Rs. 10 each	-	30.00
xii) UTI Treasury Advantage Fund - Institutional Plan - Growth 323,448.008 (Previous year Nil) units of Rs. 10 each	40.00	-
xiii) LIC MF Liquid Fund - Growth 8,895,164,072 (Previous year Nil) units of Rs. 10 each	15.00	-
<b>SUB TOTAL (E)</b>	<b>55.50</b>	<b>352.53</b>
<b>Other Investments (Licences &amp; Telecom Society)</b>	<b>0.01</b>	<b>0.07</b>
<b>Total Investments- Long Term and Current - (A+B+C+D+E)</b>	<b>318.47</b>	<b>513.87</b>
Aggregate book value of quoted investments	88.11	Nil
Market value of quoted investments	58.32	Nil
Aggregate book value of unquoted investments	230.36	513.87

**NOTE:** During the year, the Company has purchased and sold the following investments:

		(Rs. in Crores)			
		PURCHASE		SALE	
		UNITS	VALUE	UNITS	VALUE
1	9.50% Tourism Finance Corporation of India Limited Bond	-	-	100.00	10.00
2	Axis Liquid Fund - Growth	49,652.59	5.00	49,652.59	5.00
3	Axis Treasury Advantage Fund - Growth	11,156,043.26	20.02	11,156,043.26	20.05
4	Birla Sun Life Cash Plus	15,004,543.86	15.01	15,004,543.86	15.01
5	Birla Sun Life Cash Plus - Inst. Prem. DDR	82,861,459.73	83.02	82,861,459.73	83.02
6	Birla Sun Life Savings Fund Inst. DDR	15,001,475.91	15.00	15,001,475.91	15.00
7	Birla Sunlife Cash Plus Instt. Premium Fund - Growth	265,297,464.94	383.04	265,297,464.94	384.02
8	Birla Sunlife Saving Fund Instt. Fund - Growth	110,923,003.77	190.26	110,923,003.77	190.78
9	Canara Robeco Liquid Fund Instt. Plan - Growth	10,790,202.50	12.00	10,790,202.50	12.00
10	Canara Robeco Liquid - Super IP-Growth	-	-	70,145,903.48	75.11
11	Canara Robeco Treasury Adv. Super Instt. Plan - Growth	8,690,403.79	12.00	8,690,403.79	12.02
12	HDFC Cash Management Fund Treasury Adv. Plan - Growth	88,354,849.89	175.23	88,354,849.89	175.65
13	HDFC Liquid Fund Premium Plan - Growth	244,976,410.25	441.00	244,976,410.25	441.94

## Schedules

forming Part of the Consolidated Balance Sheet as at 31st March, 2010 (Contd.)

		PURCHASE		SALE	
		UNITS	VALUE	UNITS	VALUE
(Rs. in Crores)					
14	HDFC Liquid Fund Premium Plan Dividend Daily Reinvest	8,159,867.20	10.00	8,159,867.20	10.00
15	ICICI Prudential Flexi Income Plan Premium - Growth	21,555,133.03	142.08	21,555,133.03	142.15
16	ICICI Prudential Instl Liquid Fund	12,005,146.59	12.01	12,005,146.59	12.01
17	ICICI Prudential Instl Liquid Plan - Super Instl. Daily Div.	114,438,198.13	114.54	114,438,198.13	114.54
18	ICICI Prudential Liquid Super Instt. Plan - Growth	167,805,149.90	307.00	167,805,149.91	307.85
19	JM High Liquidity Fund - Growth	86,459,262.39	124.02	86,459,262.39	124.04
20	JM Money Manager Fund - Growth	65,043,161.65	84.01	65,043,161.66	84.11
21	Kotak Flexi Debt Scheme Instt. - Growth	54,467,614.59	61.01	54,467,614.59	61.27
22	Kotak Liquid Instt. Premium - Growth	49,279,461.31	91.00	49,279,461.31	91.02
23	LIC Mutual Fund Income Plus Fund - Daily Dividend Plan	224,112,296.54	224.11	224,112,296.54	224.11
24	LIC Mutual Fund Income Plus Fund - Growth Plan	445,497,836.97	545.35	445,497,836.97	546.13
25	LIC Mutual Fund Liquid Fund - Dividend Plan	1,018,231,269.84	1,118.03	1,063,768,195.73	1,168.03
26	LIC Mutual Fund Liquid Fund - Growth Plan	796,915,219.26	1,324.06	796,915,219.26	1,325.33
27	LIC Mutual Fund Saving Plus Fund - Growth Plan	93,083,471.35	135.02	93,083,471.35	135.07
28	Principal Cash Management Fund - Liquid Option Instl. Prem. Plan - Growth	-	-	25,479,005.30	35.05
29	Reliance Liquid Fund - TP IP - Growth Plan	33,588,567.76	75.01	33,588,567.76	75.03
30	Reliance Liquidity Fund - Growth Option	454,190,372.67	620.01	454,190,372.67	620.81
31	Reliance Liquidity Fund Daily Dividend Reinvestment	556,955,717.39	557.13	556,955,717.39	557.13
32	Reliance Money Manager Fund - Inst. Growth Option	2,448,487.86	304.17	2,448,487.87	304.64
33	Reliance Money Manager Fund - Instl. Option Daily Dividend Plan	649,542.75	65.03	649,542.75	65.03
34	SBI Liquid Fund - Growth	123,288,923.53	244.00	123,288,923.53	244.54
35	Tata Liquid Super High Investment Fund - Appreciation	909,909.17	150.00	909,909.17	150.64

## Schedules

forming Part of the Consolidated Balance Sheet as at 31st March, 2010 (Contd.)

		(Rs. in Crores)			
		PURCHASE		SALE	
		UNITS	VALUE	UNITS	VALUE
36	Tata Liquid Super High Investment Fund - Daily Dividend	44,889.24	5.00	44,889.24	5.00
37	Tata Mutual Fund - Liquid Plus Fund	14,908,105.41	20.06	14,908,105.41	20.08
38	UTI Liquid Cash Plan Institutional Fund – Growth	2,221,179.78	329.00	2,221,179.78	329.48
39	UTI Treasury Advantage Fund Instt. Plan - Growth	1,352,228.52	165.06	1,352,228.52	165.44
		<b>5,200,716,523</b>	<b>8,178.29</b>	<b>5,341,878,458</b>	<b>8,358.13</b>
<b>Previous year</b>		<b>3,309,308,375</b>	<b>4,443.33</b>	<b>3,213,596,350</b>	<b>4,242.63</b>

		(Rs. in Crores)	
		As at 31st March, 2010	As at 31st March, 2009
<b>SCHEDULE - 7</b>			
<b>Inventories</b>			
<i>(As taken, valued and certified by the Management)</i>			
i)	Stores and Spares (including in transit)	411.62	299.63
ii)	Raw Materials (including in transit and at port)	311.57	308.95
iii)	Finished Goods (including lying at port)	587.44	570.32
iv)	Work in Progress	119.72	61.37
v)	Scrap	0.47	-
		<b>1,430.82</b>	<b>1,240.27</b>
<b>SCHEDULE - 8</b>			
<b>Sundry Debtors (Unsecured)</b>			
i)	<b>Exceeding six months</b>		
	Considered Good	18.26	13.36
	Considered Doubtful	1.93	2.72
	Less: Provision for bad and doubtful debts	(1.93)	(2.72)
		<b>18.26</b>	<b>13.36</b>
ii)	<b>Others</b>		
	Considered good	735.06	560.75
		<b>753.32</b>	<b>574.11</b>

## Schedules

forming Part of the Consolidated Balance Sheet as at 31st March, 2010 (Contd.)

	(Rs. in Crores)	
	As at 31st March, 2010	As at 31st March, 2009
<b>SCHEDULE - 9</b>		
<b>Cash And Bank Balances</b>		
Cash, Cheques, T T and Demand Drafts in hand (Including cash in hand Rs. 2.36 Crores (Previous year Rs. 2.26 Crores))	8.99	69.18
Balances with Scheduled Banks		
i) In Current Accounts	79.82	143.14
ii) In Fixed Deposit Accounts*	23.96	457.04
[Pledged with Govt. Departments and Others Rs. 5.32 Crores (Previous year Rs. 5.32 Crores)]		
	<b>112.77</b>	<b>669.36</b>
*Fixed Deposits include Rs. Nil Crores unutilised monies out of ECB proceeds [(Previous year Rs. 190.03 Crores) from ICICI Bank Ltd., Hong Kong]		
<b>SCHEDULE - 10</b>		
<b>Loans and Advances</b>		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
- Considered good	2,195.21	2,301.40
- Considered doubtful	7.85	7.16
Less: Provision for doubtful advances	(7.85)	(7.16)
	<b>2,195.21</b>	<b>2,301.40</b>
[Includes Rs. 791.59 Crores (Previous year Rs. 1,041.00 Crores) against capital supplies and Rs. 0.38 Crores due from Directors (Previous year Rs. 0.39 Crores)]		
Interest accrued	66.33	8.46
Loans to Bodies Corporate & Others		
- Considered good	168.67	76.05
Advance against Share Application Money	49.73	5.03
Security Deposits	63.38	32.57
Balances with Govt. Departments and Others	235.78	144.08
Advance Income Tax (including TDS)	1,774.79	1,013.86
Advance Wealth tax	0.24	0.86
	<b>4,554.13</b>	<b>3,582.31</b>

## Schedules

forming Part of the Consolidated Balance Sheet as at 31st March, 2010 (Contd.)

(Rs. in Crores)

As at  
31st March, 2009

As at  
31st March, 2010

### SCHEDULE - 11

#### Current Liabilities

Sundry Creditors	2,265.67	1,574.01
[Includes Rs. 607.12 Crores (Previous year Rs. 216.65 Crores) creditors against capital supplies]		
(Refer note B.19 of Schedule 20)		
Other Outstanding Liabilities	414.48	335.08
Advances from customers and Others	165.55	104.37
Security Deposits*	147.92	152.78
Interest accrued but not due	32.34	17.01
Investor Education & Protection Fund**		
- Unpaid Dividend	10.66	6.11
- Unpaid Fixed Deposits	0.24	0.11
- Unpaid Interest on Debentures	-	0.01
- Unpaid Interest on Fixed Deposits	0.88	0.32
Advance against share application money	-	0.25
	<b>3,037.74</b>	<b>2,190.05</b>

\* includes a secured amount of Rs. 110.99 Crores (Previous year Rs. 108.30 Crores)

\* \*\*There is no amount due and outstanding to be credited to Investor Education and Protection Fund

### SCHEDULE - 12

#### Provisions

For Proposed Dividend	116.84	85.64
For Corporate Tax on Dividend	4.28	14.75
For Provision for Taxation	1,884.41	1,095.76
For Provision for Wealth Tax	0.64	1.50
For Leave Encashment	36.58	28.49
For Gratuity	9.47	3.18
	<b>2,052.22</b>	<b>1,229.32</b>

### SCHEDULE - 13

#### Miscellaneous Expenditure

(To the extent not written off or adjusted)

Coal Mine development expenses	3.25	3.14
Share issue expenses	4.59	-
	<b>7.84</b>	<b>3.14</b>

## Schedules

forming part of the Consolidated Profit & Loss Account for the year ended 31st March, 2010

(Rs. in Crores)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
<b>SCHEDULE - 14</b>		
<b>Sales and Operational Income</b>		
Sales	11,611.50	11,649.62
Inter Division Transfer	700.09	519.96
Job Charges	0.07	0.06
Export Benefits	7.96	6.67
	<b>12,319.62</b>	<b>12,176.31</b>
<b>SCHEDULE - 15</b>		
<b>Other Income</b>		
Miscellaneous Receipts	41.73	23.03
Liability/Provisions no longer required, written back	3.17	10.54
Profit on sale/discard of Fixed Assets	4.04	0.01
Profit on sale of Investments	10.48	1.62
Dividend Income	0.86	3.44
	<b>60.28</b>	<b>38.64</b>
<b>SCHEDULE - 16</b>		
<b>Material, Manufacturing and Others</b>		
Raw Material consumed	2,225.71	2,672.22
Goods Purchased for resale	0.55	-
Inter Division Transfer	700.09	519.96
Stores and Spares consumed	818.30	825.42
Power and Fuel	657.71	604.89
Other Manufacturing expenses	170.56	97.16
Royalty & Cess	85.51	65.06
Repairs to Buildings	31.74	63.48
Repairs to Plant and Machinery	255.17	222.30
<b>SUB TOTAL (A)</b>	<b>4,945.34</b>	<b>5,070.49</b>
<b>(Increase)/Decrease In Stocks</b>		
Opening Stock - Finished Goods	570.32	495.12
- Scrap	-	0.44
- Work in Progress	61.37	63.03
	<b>631.69</b>	<b>558.59</b>
Closing Stock - Finished Goods*	578.57	570.32
- Scrap	0.47	-
- Work in Progress	119.72	61.37
	<b>698.76</b>	<b>631.69</b>
<b>Net (increase)/decrease in stock - SUB TOTAL (B)</b>	<b>(67.07)</b>	<b>(73.10)</b>
<b>Excise duty on account of increase/(decrease) on stock of finished goods -</b>		
<b>SUB TOTAL (C)</b>	<b>20.15</b>	<b>(24.64)</b>
<b>TOTAL (A+B+C)</b>	<b>4,898.42</b>	<b>4,972.75</b>

\*Net of Rs. 8.87 Crores of Inventory of Finished Goods during Trial Run Period of Wire Rod Mill which has been adjusted in expenditure during Trial Run period in the current year.

## Schedules

forming part of the Consolidated Profit & Loss Account for the year ended 31st March, 2010 (Contd.)

(Rs. in Crores)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
<b>SCHEDULE - 17</b>		
<b>Personnel</b>		
Salary, Wages, Bonus and other benefits	258.96	189.39
Contribution to Provident and Other funds	10.78	10.03
Workmen and Staff Welfare	10.10	9.48
Employees Compensation Expenses under Employees Stock Option Scheme (Refer note B.13 of schedule 20)	(4.85)	(3.93)
	<b>274.99</b>	<b>204.97</b>
<b>SCHEDULE - 18</b>		
<b>Administration and Selling</b>		
Rent	8.75	5.20
Rates and Taxes	13.58	61.39
Insurance	14.10	5.55
Auditors' Remuneration	0.36	0.23
Miscellaneous Expenses	304.39	212.06
Loss on Sale/Discard of Fixed Assets	2.52	0.24
Donation (Refer note B.11 of Schedule 20)	55.50	53.12
Directors' meeting fees	0.07	0.04
Selling Expenses	291.79	443.28
Commission on Sales	7.13	7.45
Bank Charges	14.21	15.99
Financial Expenses	37.40	21.12
Provision for Doubtful debts & advances	(0.10)	(1.60)
Prior Period Adjustment	0.12	(0.14)
Foreign exchange Fluctuation [net of income of Rs. 38.62 Crores (Previous year Rs. 26.08 Crores)]	17.10	143.15
	<b>766.92</b>	<b>967.08</b>
<b>SCHEDULE - 19</b>		
<b>Interest</b>		
<b>Interest Expenses</b>		
-Debentures and Other Fixed Loans	408.58	468.60
-Others	42.26	47.99
	<b>450.84</b>	<b>516.59</b>
Less: Interest Received		
[including Tax Deducted at Source of Rs. 16.39 Crores (Previous year Rs. 14.01 Crores)]		
-Interest on Inter Corporate Deposits	(75.20)	(45.27)
-Others	(18.06)	(14.67)
	<b>(93.26)</b>	<b>(59.94)</b>
<b>Net Interest</b>	<b>357.58</b>	<b>456.65</b>



## Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date

### SCHEDULE - 20

#### Significant Accounting Policies and Notes to Accounts

##### A. Significant Accounting Policies

##### i) Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention, on going concern basis and in terms of the Accounting Standards issued by the Institute of Chartered Accountants of India and in compliance with Section 211(3C) of the Companies Act, 1956. The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis to the extent measurable and where there is certainty of ultimate realisation in respect of incomes. Accounting policies not specifically referred to otherwise are consistent and in consonance with the generally accepted accounting principles in India.

In case of foreign subsidiaries, being non-integral operations, revenue items are consolidated at the average exchange rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the foreign currency translation reserve.

The difference between the cost of investment in the subsidiaries and joint ventures and the Company's share of net assets at the time of acquisition of shares in the subsidiaries and joint ventures is recognised in the financial statements as goodwill or capital reserve as the case may be.

Minority interest in the net assets of the consolidated subsidiaries is identified and presented in the consolidated balance sheet separately from liabilities and the equity of the Company's shareholders.

Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to minorities at the date on which investment in a subsidiary is made and the minorities' share of movements in the equity since the date the parent subsidiary relationship comes into existence.

Jindal Steel & Power Limited has prepared consolidated financial statements by consolidating its accounts with those of its subsidiaries as on 31.03.2010, in accordance with Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for investment in associates in consolidated financial statements) and Accounting Standard 27 (Accounting for investments in joint ventures in consolidated financial statements) issued by The Institute of Chartered Accountants of India.

## Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date(Contd.)

1. The subsidiary companies considered in the consolidated financial statements are:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership (%) as on	
		31.03.2010	31.03.2009
Jindal Power Limited	India	96.43	99.93
Jindal Minerals & Metals Africa Limited	Mauritius	80.00	80.00
Jindal Steel & Power (Mauritius) Limited	Mauritius	100.00	100.00
Jindal Steel Bolivia SA	Bolivia	99.99	99.99
Gas to Liquids International	Bolivia	80.00	80.00
Trans Atlantic Trading Limited	Guernsey	100.00	100.00
Jindal Minerals and Metals Africa Congo SPRL	Congo	99.95	99.95
PT Jindal Overseas	Indonesia	99.00	99.00
Worth Overseas Limited	Mauritius	100.00	100.00
Vision Overseas Limited	Mauritius	100.00	100.00
Jubilant Overseas Limited	Mauritius	100.00	100.00
Affiliate Overseas Limited	Mauritius	100.00	100.00
Skyhigh Overseas Limited	Mauritius	100.00	100.00
Harmony Overseas Limited	Mauritius	100.00	100.00
Jindal Power LLC	Mongolia	100.00	100.00
Jindal Mining Industry LLC	Mongolia	100.00	100.00
JSPL Mozambique Minerais LDA	Mozambique	97.50	97.50
Enduring Overseas Limited	Mauritius	100.00	100.00
Jindal Mining & Exploration Limited	Mauritius	100.00	100.00
Jindal Investment Holdings Limited	Mauritius	100.00	100.00
Jindal Africa Investments (Pty) Limited	South Africa	100.00	100.00
Osho Madagascar SARL	Madagascar	99.33	99.33
Rolling Hills Resources LLC	Mongolia	100.00	100.00
Eastern Solid Fuels Pty Limited*	South Africa	100.00	-
Jindal DRC SPRL (Congo)*	Congo	99.99	-
Jindal Minerals Mining Ltd.*	Malawi	99.50	-
Kasai SUD Diamant SPRL *	Congo	70.00	-
Jindal Mining Pty Ltd*	South Africa	74.00	-
Jindal Madagascar SARL*	Madagascar	100.00	-
Jindal Investimentos LDA*	Mozambique	100.00	-
Jindal Brasil Mineracao SA*	Brasil	98.00	-
Belde Empreendimentos Mineiros Ltd*	Mozambique	100.00	-
Attunli Hydro Electric Power Company Limited*	India	74.00	-
Etain Hydro Electric Power Company Limited*	India	74.00	-
Jindal Hydro Power Limited	India	98.80	98.80

## Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date(Contd.)

Jindal Petroleum Limited*	India	-	99.92
Jindal Power Distribution Limited	India	98.80	98.80
Chhattisgarh Energy Trading Company Limited	India	79.34	79.34
Jindal Power Transmission Limited	India	98.80	98.80
Power Plant Engineers Limited*	India	-	99.20
Subansiri Hydro Electric Power Co. Limited*	India	74.00	-
Jindal Petroleum (Georgia) Limited*	Mauritius	-	100.00
Jindal Petroleum (Mauritius) Limited*	Mauritius	-	100.00
Jindal Petroleum Operating Company LLC*	Georgia	-	100.00
Jindal Steel & Power LLC*	Mongolia	-	100.00

2. The associate companies considered in consolidated financial statements are:

Name of Associate	Country of Incorporation	Proportion of Ownership (%) as on	
		31.03.2010	31.03.2009
Angul Sukinda Railway Limited*	India	50.00	-
Nalwa Steel & Power Limited	India	40.00	40.00
Saras Mineracao de Ferro S.A	Brazil	49.00	49.00
Globeq Singapore Pte Limited*	Singapore	-	40.00

3. The joint venture companies considered in consolidated financial statements are:

Name of Joint Venture	Country of Incorporation	Proportion of Ownership (%) as on	
		31.03.2010	31.03.2009
Jindal Synfuels Limited (formerly known as Jindal Coal To Liquid Ltd.)	India	70.00	70.00
Shresht Mining and Metals Private Limited	India	50.00	50.00

\* Part of the Year

- 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 the unrealised profit/losses on intra-group transactions, and are presented to the extent possible, in the same manner as the Company's independent financial statements.
- iii) Investment in associate companies have been accounted for, by using equity method whereby investment is initially recorded at cost and the carrying amount is adjusted thereafter for post acquisition change in the Company's share of net assets of the associate, in accordance with the Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) issued by The Institute of Chartered Accountants of India.
- iv) Figures pertaining to the subsidiaries, associates and joint ventures have been re-classified wherever necessary to bring them in line with the parent company's financial statements.
- v) Investments other than in subsidiaries, associates and joint venture have been accounted as per Accounting Standard 13 (Accounting for investments).

## Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date(Contd.)

### vi) Other Accounting Policies

These are set out under "Significant Accounting Policies" as given in the standalone financial statements of Jindal Steel & Power Limited.

### vii) Fixed Assets and Depreciation

#### a) Fixed Assets

Fixed Assets are stated at cost of acquisition inclusive of incidental expenses related thereto and are net of CENVAT/VAT credit. Fixed assets acquired by the Company pursuant to a Scheme of Arrangement are stated at their transfer values.

#### b) Expenditure during construction period

Expenditure related to and incurred during implementation of new/expansion-cum-modernisation projects is included under capital work-in-progress and the same is allocated to the respective Fixed Assets on completion of its construction/erection. Interest on borrowing costs related to a qualifying asset is worked out on the basis of actual utilisation of funds out of project specific loans and/or other borrowings to the extent identifiable with the qualifying asset and is capitalised with the cost of the qualifying asset.

#### c) Intangible Assets

Intangible Assets are recognised on the basis of recognition criteria as set out in Accounting Standard (AS-26) 'Intangible Assets'.

#### d) Depreciation and Amortisation

Depreciation on fixed assets is provided on straight-line method (SLM) at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Leasehold Land and Aircraft are being amortised over the period of lease. In the case of assets where impairment loss is recognised, the revised carrying amount is depreciated over the remaining estimated useful life of the asset.

Certain Plant and Machinery have been considered as continuous process plant on the basis of technical assessment and depreciation on the same is provided for accordingly.

In case of Jindal Power Limited, a subsidiary, fixed assets are depreciated on written down value method (WDV) at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

In case of foreign companies, fixed assets are depreciated on straight line method (SLM) based upon estimated useful life of the assets. The depreciation charge in respect of these overseas subsidiaries is not significant in the context of the consolidated financial statements.

Intangible Assets are amortised over the expected duration of benefits not exceeding ten years.

### viii) Foreign Currency Transactions

Foreign currency transactions are recorded at the rate of exchange prevailing at the date of the transaction. Monetary foreign currency assets and liabilities are translated at the year-end exchange rates and resultant gains / losses are recognised in the profit & loss account for the year, except to the extent that they relate to new projects till the date of capitalisation which are carried to pre-operative expenses and those relating to fixed assets which are adjusted to the carrying cost of the respective assets.

In case of forward foreign exchange contracts, exchange differences are dealt with in the profit & loss account over the life of the contract except those relating to fixed assets in which case they are capitalised with the cost of respective fixed assets. Non-monetary foreign currency items are carried at historical cost.

## Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date(Contd.)

In case of foreign subsidiaries, with non-integral foreign operations, revenue items are converted at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Exchange difference arising on conversion is recognised in Foreign Currency Translation Reserve.

### ix) Investments

Long-term investments are carried at cost. Provision is made when, in the opinion of the management, diminution in the value of investment is other than temporary in nature. Current investments are carried at the lower of cost or market / fair value.

### x) Valuation of Inventories

Raw Materials and Stores & Spares are valued at lower of cost, computed on weighted average basis, and net realisable value. Cost includes the purchase price as well as incidental expenses. Scrap is valued at estimated realisable value.

Work-in-progress is valued at lower of estimated cost and net realisable value and finished goods are valued at lower of cost and net realisable value. Cost for this purpose includes direct cost and appropriate administrative and other overheads.

### xi) Inter-Division Transfers

Inter-division transfer of goods, as independent marketable products produced by separate divisions for captive consumption, are transferred at approximate prevailing market price. The same is shown as a contra item to reflect the true working of the respective divisions in the Profit and Loss Account. Any unrealised profit on unsold stocks is eliminated while valuing the inventories. The value of such inter-divisional transfer is netted off from sales and operational income and expenses under materials, manufacturing and others.

Inter-divisional transfer/captive consumption to Fixed Assets is at cost.

### xii) Employee Benefits

Expenses & liabilities in respect of employee benefits are recorded in accordance with Accounting Standard (AS-15) 'Employee Benefits (revised 2005)' issued by ICAI.

#### a) Provident Fund

The Company makes contribution to statutory provident fund in accordance with the Employees Provident Fund & Miscellaneous Provisions Act, 1952 which is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which services are rendered by the employee.

#### b) Gratuity

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognised in the Balance Sheet in respect of gratuity is the present value of the defined benefit/obligation at the Balance Sheet date less the fair value of plan assets, together with adjustment for unrecognised actuarial gains or losses and past service costs. The defined benefit/obligation is calculated at or near the Balance Sheet date by an independent Actuary using the projected unit credit method.

#### c) Compensated absences

Liability in respect of Compensated absences due or expected to be availed within one year from the Balance Sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the Balance Sheet date is

## Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date(Contd.)

estimated on the basis of an actuarial valuation performed by an independent Actuary using the projected unit credit method.

**d) Other short-term benefits**

Expense in respect of other short-term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

- e)** Overseas subsidiaries and step down subsidiaries are making contribution as per applicable local laws of the country in which they have been incorporated / operating.

**xiii) Excise Duty and Customs Duty**

Excise Duty liability on finished goods manufactured and lying in the factory is accounted for and the corresponding amount is considered for valuation thereof. Customs duty in respect of materials lying in bonded premises and in transit is accounted for as and when the property in the goods passes to the Company.

**xiv) Miscellaneous Expenditure**

The following expenditure shown under "miscellaneous expenditure" is amortised as follows:

- a) Share issue expenses are written off over a period of ten years.
- b) Debenture/Bonds issue expenses and premium on redemption are written off over the period of Debentures/Bonds.
- c) Iron Ore mines/Coal mines development expenditure and Railway plot development expenditure etc., are written off over a period of ten years.
- d) Diamond Mines Development Expenses are written off over a period of two years.

**xv) Revenue Recognition**

- a) Sales and Operational income is inclusive of excise duty, export benefits and inter-divisional transfer but net of returns, rebates and sales tax. Materials returned/rejected are accounted for in the year of return/rejection. Sales net of excise duty and inter-divisional transfer is also disclosed separately.
- b) Export sales are accounted for on the basis of the date of bill of lading/airways bill.
- c) Income from job charges is accounted for at the time of billing.
- d) Since it is not possible to ascertain with reasonable certainty, the quantum of accruals in respect of certain claims of Railways, Insurance, Electricity, Customs and Excise, the same continue to be accounted for on acceptance basis.
- e) Sale of power is accounted for on the basis of billing to consumers. Generally all consumers are billed on the basis of recording of consumption of energy by installed meters. Where meters are stopped or are faulty, the billing is done based on past consumption for such period.

**xvi) Export benefits**

Export benefits available under the Export Import policy of the Government of India are accounted for in the year of export, to the extent measurable.

**xvii) Accounting for Leases**

In respect of finance lease, the same is recognised as an asset and a liability to the lessor at fair value at the inception of the lease.

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forming part of the Consolidated Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date(Contd.)

In respect of operating lease, the lease payments as per respective lease agreements are recognised as expense in the profit and loss account on a straight-line basis.

### xviii) Research and Development Expenditure

Research and Development expenditure not fulfilling the recognition criteria as set out in Accounting Standard (AS-26) on 'Intangible Assets' is charged to the profit and loss account while capital expenditure is added to the cost of fixed assets in the year in which it is incurred.

### xix) Taxes on Income

#### i) Indian Companies:

Provision for current tax is made considering various allowances and benefits available to the Company under the provisions of the Income Tax Act, 1961.

#### ii) Foreign Companies:

Foreign subsidiaries and associates recognise tax liability in accordance with the applicable local laws.

In accordance with Accounting Standard (AS-22) "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, deferred taxes resulting from timing differences between book and tax profits are accounted for at the tax rate substantively enacted by the Balance Sheet date to the extent the timing differences are expected to be crystallised. Deferred tax assets are recognised to the extent there is reasonable/virtual certainty of realising such assets against future taxable income.

### xx) Impairment of Assets

Specified assets are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount for which the asset's carrying amount exceeds its recoverable amount being the higher of the asset's net selling price and its value in use. Value in use is based on the present value of the estimated future cash flows relating to the asset. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (i.e. cash generating units).

Previously recognised impairment losses, relating to assets other than goodwill, are reversed where the recoverable amount increases because of favourable changes in the estimates used to determine the recoverable amount since the last impairment was recognised. A reversal of an asset's impairment loss is limited to its carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior years.

### xxi) Provisions and Contingent Liabilities

Provisions are recognised for present obligations of uncertain timing or amount arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Where it is not probable that an outflow of resources embodying economic benefits will be required or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of resources embodying economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain events, are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefits is remote.

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forming part of the Consolidated Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date(Contd.)

### xxii) Employee Stock Option Scheme

Stock options granted to the employees of the Company and its subsidiary under the Company's Stock Option schemes are evaluated as per the accounting treatment prescribed by the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by Securities and Exchange Board of India. Accordingly, the excess of market value of the stock option as on date of grant over the exercise price of the options is recognised as deferred employee compensation and is charged to the profit and loss account as employee cost on straight line method over the vesting period of the options.

### B. Notes To Accounts

#### 1. Contingent Liabilities not provided for in respect of:

Description	(Rs. in Crores)	
	Current Year	Previous Year
a) Guarantees issued by the Company's Bankers on behalf of the Company	450.52	388.96
b) Letter of credit opened by banks	1239.89	1315.35
c) Corporate guarantees / undertakings issued on behalf of third parties.	1825.95	126.41
d) Disputed Excise Duty and Other demands	634.56	213.77
e) Future liability on account of lease rent for unexpired period.	10.55	-
f) Bonds executed for machinery imports under EPCG Scheme	2529.15	1103.10
g) Income Tax demands where the cases are pending at various stages of appeal with the authorities	111.03	109.81
h) Claims against the company, not acknowledge as debt	6.38	2.68

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances): Rs. 13,141.61 Crores (Previous year Rs. 10,296.93 Crores).
- Pursuant to the process of Initial public offering, Jindal Power Limited, a subsidiary has filed the Draft Red Herring Prospectus/Prospectus with Securities and Exchange Board of India, National Stock Exchange and Bombay Stock Exchange for approval.
- During the Previous year, Jindal Power Limited, a subsidiary, has initiated implementation of 2400 MW Thermal Power Plant for electricity generation at Raigarh in the State of Chhattisgarh. During the current year, it has also initiated 1,320 MW Thermal Power Project at Dumka and 660 MW Thermal Power Project at Godda in the State of Jharkhand.
- During the year, Kasai SUD Diamant SPRL, a step down subsidiary has started the mining of Rough Diamonds in The Democratic Republic of Congo.
- During the year, Jindal Mining Pty. Limited, a step down subsidiary has started the mining of Coal in South Africa.
- In accordance with the guiding principles enunciated in Accounting Standard (AS-29) 'Provisions, Contingent Liabilities and Contingent Assets' and based on management assessment, the Company has made a provision for contingencies on account of duties and taxes payable under various laws. At the beginning of the financial year, there was an outstanding provision of Rs. 156.02 Crores (Previous year Rs. 107.49 Crores). The Company made an additional provision of Rs. Nil during the year (Previous year Rs. 48.53 Crores) and the amount utilised during



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the year was Rs. Nil (Previous year Rs. Nil). At the end of the financial year, there is an outstanding provision of Rs. 156.02 Crores (Previous year Rs. 156.02 Crores).

8. One of the Company's expansion units at Raigarh (Chhattisgarh) is eligible for sales tax exemption owing to its investment in capital assets under the State industrial policy which aims towards the objective of industrialisation of the State and development of backward areas. The period of exemption is linked to the quantum of investment. The Company has been advised that the element of sales tax included in the sales price of products sold out of this Unit is the nature of sales tax subsidy granted by the State Government. Accordingly, the same amounting to Rs. 33.33 Crores (Previous year Rs. 50.04 Crores) has been credited during the year to Sales Tax Subsidy Reserve Account. The cumulative amount credited to Sales Tax Subsidy Reserve Account up to 31st March 2010 is Rs. 164.96 Crores (Previous year Rs. 131.63 Crores).
9. a) Provision for current income tax has been made considering various benefits and allowances available to the Company under the provisions of the Income Tax Act, 1961. For Foreign subsidiaries and associates, the provision for current income tax has been made based upon applicable law of that country.  
b) Movement of deferred tax provision/adjustment in accordance with Accounting Standard AS-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India is as under: -

	As on 1st April, 2008	Charge/ (Credit) during 2008-09	As on 1st April, 2009	Charge/ (Credit) during the year	(Rs. in Crores) As on 31st March, 2010
<b>A. Deferred Tax Assets</b>					
i) Disallowance u/s 43-B of the Income Tax Act, 1961	(52.18)	(25.89)	(78.07)	(8.94)	(87.01)
ii) Provision for Doubtful Debtors	(2.31)	0.52	(1.79)	0.27	(1.52)
<b>Total Deferred Tax Assets</b>	<b>(54.49)</b>	<b>(25.37)</b>	<b>(79.86)</b>	<b>(8.67)</b>	<b>(88.53)</b>
<b>B. Deferred Tax Liabilities</b>					
i) Difference between Book and Tax Depreciation	549.08	246.78	795.86	137.11	932.97
ii) Miscellaneous Expenditure written off	0.08	0.95	1.03	-	1.03
<b>Total Deferred Tax Liabilities</b>	<b>549.16</b>	<b>247.73</b>	<b>796.89</b>	<b>137.11</b>	<b>934.00</b>
<b>C. Total Deferred Tax (Net)</b>	<b>494.67</b>	<b>222.36</b>	<b>717.03</b>	<b>128.44</b>	<b>845.47</b>

10. Additions / (Adjustments) to Plant and Machinery/Capital work-in-progress includes adjustment of Rs. 149.87 Crores (Previous year Rs. 377.39 Crores) on account of foreign exchange fluctuation on long-term liabilities relating to acquisition of Fixed Assets.
11. Donations include Rs. 0.50 Crores (Previous year Rs. Nil) to Haryana Pradesh Congress Committee and Rs. Nil (Previous year Rs. 0.02 Crores) to Keonjhar District Congress Committee as contribution to political parties.
12. Sales / Adjustments in gross block and depreciation under Schedule 5 includes the assets taken out of active use during the financial year of Rs. 19.80 Crores and Rs. 1.89 Crores (Previous year Rs. Nil and Rs. Nil) respectively. The resultant net block of Rs. 17.91 Crores (Previous year Rs. Nil) has been considered under inventory of stores & spares.

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13. The Employees Stock Option Scheme-2005 (ESOS-2005) was approved by the shareholders of the Company in their Annual General Meeting held on 25th July 2005 and amended by shareholders on 27th September, 2006. Under ESOS-2005, a maximum of 11,00,000 (Eleven lacs) equity shares of Rs. 5/- each could be granted to the employees of the Company and its subsidiary company(ies). In-principle approval from National Stock Exchange of India Limited and Bombay Stock Exchange Limited was given on 01.02.2006. A Compensation Committee was constituted by the Board of Directors of the Company in their meeting held on 12th May, 2005, for the administration of ESOS-2005. Under ESOS-2005, the Compensation Committee has granted stock options as follows:-

- a) 859,400 (Eight lacs fifty nine thousand four hundred) stock options on 26.11.2005 at an exercise price of Rs. 1,014/- per share (Series - I) which would vest after 2 years from the date of grant to the extent of 50% (Part 1), after 3 years from the date of grant to the extent of 25% (Part 2) and after 4 years from the date of grant to the extent of 25% (Part 3);
- b) 129,550 (One lac twenty nine thousand five hundred fifty) stock options on 02.09.2006 at an exercise price of Rs. 1,121/- per share (Series – II) which would vest after 2 years from the date of grant to the extent of 50% (Part 1), after 3 years from the date of grant to the extent of 25% (Part 2) and after 4 years from the date of grant to the extent of 25% (Part 3); and
- c) 136,950 (One lac thirty six thousand nine hundred fifty) stock options on 27.04.2007 at an exercise price of Rs. 1,819/- per share (Series – III) which would vest after 2 years from the date of grant to the extent of 50% (Part 1), after 3 years from the date of grant to the extent of 25% (Part 2) and after 4 years from the date of grant to the extent of 25% (Part 3).

Pursuant to Clause 5.3 (f) of SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and para 18 of the Employees Stock Option Scheme – 2005 of the Company, the Compensation Committee is authorised to make a fair and reasonable adjustment to the number of options and to the exercise price in respect of options granted to the employees under the Scheme in case of corporate actions such as right issue, bonus issue, merger etc.

On 27.12.2007, sub-division of the face value of each equity share of the Company from Rs. 5/- to 5 equity shares of Re. 1/- each was approved by the shareholders in their General Meeting. Thereafter, the Compensation Committee has, in its meeting held on 27.01.2008, made an adjustment to the exercise price by reducing it in case of Series I to Rs. 203/- Series II to Rs. 225/- and Series III to Rs. 364/- per equity share of Re. 1/- each and to the number of options by increasing it 5 times the original grant consequent to which the number of maximum options that could be issued under the Employees Stock Option Scheme–2005 increased to 5,500,000 (Fifty five lacs) [originally 1,100,000 (Eleven lacs)]

Thereafter, the following allotments of equity shares were made under ESOS-2005 on the exercise of options:-

- a) 691,343 (Six lacs ninety one thousand three hundred forty three) equity shares of Re. 1/- each were allotted on 16th June, 2008 on exercise of options granted under Part 1 of Series I of ESOS 2005;
- b) 57,136 (Fifty seven thousand one hundred thirty six) equity shares of Re. 1/- each were allotted on 13th April, 2009 on exercise of options granted under Part 1 of Series II of ESOS 2005;
- c) 420,487 (Four lacs twenty thousand four hundred eighty seven) equity shares of Re. 1/- each were allotted on 21st July, 2009 on exercise of options granted under Part 2 of Series I of ESOS 2005.

The remaining 4,331,034 (Forty three lacs thirty one thousand thirty four) equity shares of Re. 1/- each were available for allotment under ESOS - 2005 after the above 3 allotments.

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On 4th September, 2009, issue of 5 equity shares of Re. 1/- each as bonus shares on each existing equity share of the Company was approved by the shareholders in their General Meeting and on 19th September, 2009, fully paid-up bonus shares were allotted.

Thereafter, pursuant to Clause 5.3 (f) of SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and para 18 of the Employees Stock Option Scheme – 2005 of the Company, the Compensation Committee has, in its meeting held on 31st October, 2009 made the following adjustments: -

- a) The number of unexercised options and options yet to be granted is increased by 5 times consequently increasing the number of unexercised and options yet to be granted from 4,331,034 (Forty three lacs thirty one thousand thirty four) to 25,986,204 (Two Crores fifty nine lacs eighty six thousand two hundred four);
- b) The price of unexercised options was reduced in case of Series I to Rs. 34/-, Series II to Rs. 38/- and Series III to Rs. 61/-per equity share of Re. 1/- each.

In-principle approval for listing of additional 21,655,170 (Two Crores sixteen lacs fifty five thousand one hundred seventy) equity shares was obtained from National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

Thereafter, the following allotments of equity shares were made under ESOS-2005 on exercise of options: -

452,246 (Four lacs fifty two thousand two hundred forty six) equity shares of Re. 1/- each were allotted on 30th January, 2010, on exercise of options granted under Part 1 of Series III of ESOS 2005.

The details of ESOS-2005 are as under:

	ESOS-2005		
	Series-I	Series-II	Series-III
1. Grant Price – Rupees	34	38	61
2. Grant Date	26.11.2005	02.09.2006	27.04.2007
3. Vesting commences on	26.11.2007	02.09.2008	27.04.2009
4. Vesting Schedule	50% of grant on 26.11.2007, subsequent 25% of grant on 26.11.2008 and balance 25% of grant on 26.11.2009	50% of grant on 02.09.2008, subsequent 25% of grant on 02.09.2009 and balance 25% of grant on 02.09.2010	50% of grant on 27.04.2009, subsequent 25% of grant on 27.04.2010 and balance 25% of grant on 27.04.2011
5. Option granted and outstanding at the beginning of the year	1,692,750	376,250	496,750
6. Option enhanced during the year (due to adjustment on account of bonus shares)	4,128,425	864,375	2,483,750
7. Option lapsed and/or withdrawn during the period	446,578	146,239	1,047,004
8. Option exercised during the year against which shares were allotted	420,487	57,136	452,246
9. Option granted and outstanding at the end of the year of which	4,954,110	1,037,250	1,481,250
- Options vested	4,954,110	518,625	-
- Options yet to vest	-	518,625	1,481,250

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- 14 A. As per Accounting Standard (AS-15) "Employee Benefits", the disclosure of employee benefits as defined in the Accounting Standard is given below:

		(Monetary figures Rs. In Crores)			
		Current Year		Previous Year	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Funded	Unfunded	Funded	Unfunded
i)	Components of Employer Expense				
1	Current Service Cost	2.14	7.33	1.30	5.09
2	Interest Cost	0.86	2.26	0.66	1.11
3	Expected Return on Plan Assets	(0.87)	-	(0.52)	-
4	Curtailment Cost / (Credit)	-	-	-	-
5	Settlement Cost / (Credit)	-	-	-	-
6	Past Service Cost	8.58	-	-	0.07
7	Actuarial Losses / (Gains)	(0.35)	0.36	1.06	9.94
8	Total expense recognised in the Profit and Loss Account	10.36	9.96	2.50	16.21
ii)	Actual Returns for the year ended March 31, 2010	0.66	-	0.78	-
iii)	Net Assets / (Liability) recognised in the Balance Sheet as at March 31, 2010				
1	Present value of Defined Benefit Obligation	(23.79)	(36.58)	(10.78)	(28.49)
2	Fair Value of Plan Assets	11.90	-	7.60	-
3	Status {Surplus/(Deficit)} (1-2)	(11.89)	(36.58)	(3.18)	(28.49)
4	Unrecognised Past Service Cost	2.42	-	-	-
	Net Assets / (Liability) recognised in the Balance Sheet (3+4)	(9.47)	(36.58)	(3.18)	(28.49)
iv)	Change in Defined Benefit Obligation (DBO) during the year ended March 31, 2010				
	Present Value of DBO at the beginning of the year	(10.78)	(28.49)	(7.84)	(13.48)
1	Current Service Cost	(2.14)	(7.33)	(1.30)	(5.09)
2	Interest Cost	(0.86)	(2.26)	(0.66)	(1.11)
3	Curtailment Cost / (Credit)	-	-	-	-
4	Settlement Cost / (Credit)	-	-	-	-
5	Plan Amendments	(11.00)	-	-	(0.07)
6	Acquisitions	-	-	-	-
7	Actuarial Losses / (Gains)	(0.57)	0.36	1.35	9.94
8	Benefits Paid	0.42	1.86	0.37	1.20
	Present Value of DBO at the end of the year	(23.79)	(36.58)	(10.78)	(28.49)
v)	Change in Fair Value of Assets during the year ended March 31, 2010				
	Plan Assets at the beginning of the year	7.60	-	4.62	-
1	Acquisition Adjustment	-	-	-	-
2	Expected Return on Plan Assets	0.87	-	0.52	-
3	Actuarial Losses / (Gains)	(0.21)	-	(0.30)	-
4	Actual Company Contribution	4.06	1.86	2.53	1.20
5	Benefit Paid	(0.42)	(1.86)	(0.37)	(1.20)
	Plan Assets at the end of the year	11.90	-	7.60	-
vi)	Actuarial Assumptions				
1	Discount Rate (%)				
	Holding Company	8.50	8.50	8.20	8.20
	Subsidiary Company	8.50	8.50	8.30	8.30
2	Expected Return on Plan Assets (%)				
	Holding Company	9.00		9.25	
	Subsidiary Company	9.15		9.15	

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- B. Foreign subsidiaries and step down subsidiaries are making contribution as per prevailing laws of their country in which they have been incorporated/operated.

- 15 A. Pre-operative expenditure forming part of capital work in-progress is as under:

	(Rs. in Crores)	
	Current Year	Previous Year
Amount brought forward from last year	387.99	295.65
Add: Expenditure incurred during the year		
Personnel expenses	57.54	14.16
Consultancy charges	28.23	48.92
Financial expenses	401.88	67.81
Depreciation	5.50	1.28
Foreign exchange fluctuation (Net)	28.33	377.39
Expenses relating to Mining & Exploration	224.80	111.86
Miscellaneous expenses	56.61	78.34
Income earned during construction period	-	(122.45)
	<b>1,190.88</b>	<b>872.96</b>
Less: Capitalised as part of		
Plant and Machinery	42.40	476.84
Building	9.92	0.02
Other fixed assets	28.16	8.11
Amount carried forward under Capital work-in-progress	<b>1,110.40</b>	<b>387.99</b>

- B. Expenditure during Trial Run period relating to Wire Rod Mill has been capitalised in Fixed Assets as under:

	(Rs. in Crores)	
Description	Current Year	Previous Year
Income		
Sales	1.79	-
Increase/Decrease in Stock	8.87	-
<b>Total Income (A)</b>	<b>10.66</b>	<b>-</b>
Less: - Expenditure		
Raw materials consumed	8.98	-
Power and Fuel	2.57	-
Personnel expenses	3.24	-
Stores and spare parts consumed	0.24	-
Repairs and Maintenance	0.04	-
Excise duty paid	0.31	-
Depreciation	0.09	-
Other Expenses	1.23	-
<b>Total Expenditure (B)</b>	<b>16.70</b>	<b>-</b>
(A-B) Loss during Trial run period during the current financial year	6.04	-
Add: - amount brought forward	-	-
<b>TOTAL</b>	<b>6.04</b>	<b>-</b>
Capitalised with the cost of fixed assets	<b>6.04</b>	<b>-</b>

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### 16. Accounting for Leases

#### Finance Lease

The Company has one aircraft acquired under finance lease. The lease has a primary period, which is fixed and non-cancelable. The agreement provides for revision of lease rentals in the event of changes in (a) taxes, if any, leviable on the lease rental, (b) the rates of depreciation under the Income Tax Act, 1961 and (c) change in the lessor's cost of borrowing. There are no exceptional/ restrictive covenants in the lease agreement. The minimum lease rentals as at March 31, 2010 and the present value as at 31st March, 2010 of minimum lease payments in respect of assets acquired under finance lease are as follows:

	Minimum Lease Payment		(Rs. in Crores) Present value of Minimum Lease payment	
	As at		As at	
	31st March, 2010	31st March, 2009	31st March, 2010	31st March, 2009
i) Payable not later than 1 year	-	2.06	-	1.84
ii) Payable later than 1 year and not later than 5 years	-	2.56	-	2.45
iii) Payable later than 5 years	-	-	-	-
<b>TOTAL (I+II+III)</b>	<b>-</b>	<b>4.62</b>	<b>-</b>	<b>4.29</b>
Less: Future Finance Charges	-	0.33	-	-
<b>Present Value of Minimum Lease Payments</b>	<b>-</b>	<b>4.29</b>	<b>-</b>	<b>-</b>

As per the terms of the lease agreement, the lease agreement has been terminated during the year.

17. The Company has unquoted investments of Rs. 184.02 Crores in body corporates (Previous year Rs. 170.30 Crores). Considering that the fall in the value of some of the investments had been a continuing one, the management had made a provision for diminution in the value of investments of Rs. 11.54 Crores during the earlier years. Based on the financial position of the investee companies, the management is of the view that the provision created as aforesaid is adequate.
18. In the opinion of the Board, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and provision for all known liabilities has been made.
19. The Company has so far not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year-end together with interest paid/payable under this Act has not been given. However, in Jindal Power Limited, a subsidiary, the principal amount remaining unpaid at the year-end is Rs. 0.16 Crores (Previous year Rs. Nil).
20. In the Previous year, dividend proposed relating to the shares under ESOP was made on the basis of options vested but not exercised till the end of the financial year. Provision made in respect of options lapsed and not exercised in the current year has been adjusted with the dividend proposed for the year ended on 31st March, 2010.
21. The Company has made provision of Rs. 4.28 Crores (Previous year Rs. Nil) for Corporate Dividend Tax on the amount of dividend proposed for the year ended 31st March, 2010 after considering the set-off against corporate dividend tax payable by a subsidiary company on the interim dividend declared by it for the same financial year,

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as per the provisions of section 115-O of the Income Tax Act, 1961.

22. Segment Reporting as required by Accounting Standard (AS-17) issued by the Institute of Chartered Accountants of India:-

Particulars	Current Year	(Rs. in Crores) Previous Year
<b>1. Segment Revenue</b>		
a) Iron and Steel	7,590.16	8,255.43
b) Power	4,769.48	4,067.42
c) Others	113.20	67.56
<b>Sub Total</b>	<b>12,472.84</b>	<b>12,390.41</b>
Less: Inter-segment Revenue	853.31	757.78
<b>Net Segment Revenue</b>	<b>11,619.53</b>	<b>11,632.63</b>
<b>2. Segment Results (Profit (+) / Loss (-) before Tax and interest from each segment)</b>		
a) Iron and Steel	1,874.66	1,937.79
b) Power	3,420.24	2,157.94
c) Others	(35.69)	8.73
<b>Sub Total</b>	<b>5,259.21</b>	<b>4,104.46</b>
Less: Interest, financial expenses and lease rent	409.19	456.65
Other un-allocable expenditure (net of Un-allocable income)	296.57	(163.29)
<b>Profit before Tax</b>	<b>4,553.45</b>	<b>3,811.10</b>
Provision for Taxation		
– Income Tax and FBT	790.13	581.32
– Deferred Tax	128.44	222.36
– Wealth Tax	0.32	0.27
<b>Profit after tax</b>	<b>3,634.56</b>	<b>3,007.15</b>
<b>3. Other Information</b>		
I Segment Assets		
a) Iron and Steel	11,850.17	9,207.55
b) Power	8,551.62	6,662.06
c) Others	1,254.20	24.34
d) Un-allocated Assets*	3,466.42	3,411.33
<b>Total Assets</b>	<b>25,122.41</b>	<b>19,305.28</b>
II Segment Liabilities		
a) Iron and Steel	2,242.12	2,370.06
b) Power	1,015.56	42.16
c) Others	59.14	23.42
d) Un-allocated Liabilities	2,618.61	1,615.25
<b>Total Liabilities</b>	<b>5,935.43</b>	<b>4,050.89</b>
III Capital Expenditure (Including Capital work in Progress)		
a) Iron and Steel	4,702.70	2,999.23
b) Power	2,241.92	902.93
c) Others	308.79	12.77
<b>Total</b>	<b>7,253.41</b>	<b>3,914.93</b>
IV Depreciation		
a) Iron and Steel	443.08	365.69
b) Power	540.64	594.95
c) Others	13.24	3.42
<b>Total</b>	<b>996.96</b>	<b>964.06</b>
V Non-Cash expenditure other than depreciation		
a) Iron and Steel	(5.03)	(5.24)
b) Power	-	(56.71)
c) Others	3.67	-
<b>Total</b>	<b>(1.36)</b>	<b>(61.95)</b>

\*Unallocated assets include capital work in progress relating to ongoing projects with corresponding liabilities under unallocated liabilities.

## Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date(Contd.)

- 23 A. Related party disclosure as required by Accounting Standard (AS-18) issued by the Institute of Chartered Accountants of India:-
- a) **Associates and Joint Ventures:**
1. Angul Sukinda Railway Limited
  2. Globleq Singapore Pte. Limited, (Till 21.12.2009)
  3. Jindal Synfuels Limited (formerly Jindal Coal to Liquid Limited)
  4. Nalwa Steel & Power Limited, formerly known as Nalwa Sponge Iron Limited
  5. Saras Mineracao De Ferro SA (Under Process of Winding up) (Associate of Jindal Steel & Power (Mauritius) Limited)
  6. Shresht Mining and Metals Private Limited, incorporated Joint Venture
- b) **Key Management Personnel:**
1. Shri Naveen Jindal (Exec. Vice Chairman & Managing Director)
  2. Shri Vikrant Gujral (Group Vice Chairman & Head Global Ventures)
  3. Dr. Rajendra Prasad Singh (Executive Vice Chairman)
  4. Shri Anand Goel (Jt. Managing Director, Corporate Affairs)
  5. Shri Sushil Kumar Maroo (Deputy Managing Director)
  6. Shri K.K.Sinha (Whole Time Director)
  7. Shri Arun K. Mukherji (Whole Time Director)
  8. Shri Pradip Kumar Chakraborty (Whole Time Director)
  9. Shri Ashok Alladi (Whole Time Director upto 31.08.2009)
- c) **Enterprises over which Key Management Personnel and their relatives exercise significant influence and with whom transactions have taken place during the year:**
1. Advance Sporting Arms Private Limited
  2. Bir Plantation Private Limited
  3. Gagan Infraenergy Limited (formerly Gagan Sponge Iron Limited)
  4. India Flysafe Aviation Limited
  5. Jindal Coal Private Limited
  6. Jindal Realty Private Limited
  7. Jindal Rex Exploration Private Limited
  8. Jindal Saw Limited
  9. Jindal Stainless Limited
  10. Jindal System Private Limited
  11. Minerals Mangement Services (India) Private Limited (formerly Minerals Management Services (India) Limited)
  12. Nalwa Sons Investment Limited
  13. Opelina Finance and Investment Limited



## Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date(Contd.)

14. Trishakti Real Estate Private Limited
15. Uttam Vidyut Transmission Private Limited
16. Yno Finvest Private Limited

### B. Transactions with Related Parties

Description	Associates and Joint ventures		Key Management Personnel		(Rs. in Crores) Enterprises controlled by Key Management personnel and their relatives	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Purchase of Goods/Services	75.41	126.47	-	-	46.47	172.03
Sales of Goods (incl. capital goods)	130.27	460.03	-	-	446.77	475.56
Investment in Equity Shares	0.03	-	-	-	-	-
Rendering of Services	-	-	-	-	0.08	-
Advance against Share Application Money	5.00	-	-	-	-	-
Loans and Advances Given for Capital Purchases/Services	-	-	0.10	0.50	-	-
Rent and other expenses Paid	-	-	-	-	0.04	0.07
Interest received/(paid)	0.07	0.04	-	-	25.58	-
Dividend received/(paid)	-	-	(0.17)	(0.01)	(13.06)	(5.94)
Lease Rent Received	-	-	-	-	5.40	5.40
Hire Charges Paid	-	-	-	-	21.72	-
Remuneration	-	-	82.18	35.05	-	-
Guarantees / Corporate guarantees obtained / (given)	(71.75)	(71.75)	-	-	(16.66)	-
Inter corporate deposits Given	0.45	-	-	-	39.69	-
<b>Outstanding Balance at the year-end</b>						
Loans and Advances (including Interest)	0.98	0.05	0.38	0.39	394.20	10.50
Advance against Share Application Money	5.00	-	-	-	-	-
Debtors – Dr. Balance	0.55	-	-	-	36.56	29.92
Cr. Balance	-	(5.79)	-	-	-	-
Creditors – Dr. Balance	0.02	-	-	-	0.03	21.38
Cr. Balance	5.41	6.16	-	-	1.64	0.07

## Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date(Contd.)

### 24. Earning per Share as required by Accounting Standard 20 issued by the Institute of Chartered Accountants of India

	(Rs. in Crores, except per share data)	
	Current Year	Previous Year
Profit after Taxation	3,634.56	3,007.15
Profit attributable to ordinary shareholders	3,634.56	3,007.15
<i>Number of Equity Shares (in nos.)</i>		
Issued and subscribed	930,727,664	154,508,732
Number of Potential Equity Shares (under Employees' stock option scheme)	7,030,687	1,354,125
Total no. of shares including potential equity shares	9,377,58,351	155,862,857
Basic earning per Share (Rs.)	39.05	194.63
Diluted earning per Share (Rs.)	38.76	192.94

25. Advances recoverable in cash or in kind or for value to be received includes Rs. 0.38 Crores (Previous year Rs. 0.39 Crores) being the amount due from directors/officers of the Company. Maximum amount outstanding at any time during the year was Rs. 0.87 Crores (Previous year Rs. 0.64 Crores).

### 26. Prior period adjustment (net) includes:

	Current Year	(Rs. in Crores) Previous Year
Expenses relating to earlier years		
- Miscellaneous Expenses	0.12	0.07

### 27. Financial and Derivative Instruments

- a) Derivative contracts entered into by the Company and outstanding as on 31st March, 2010.

For hedging currency and interest rate related risks:

Nominal amounts of derivative contracts entered into by the Company and outstanding are Rs. 2,177.89 Crores (Previous year Rs. 2,250.11 Crores). Category wise break-up is given below:

	Current Year	(Rs. in Crores) Previous Year
Interest rate Swaps	568.17 (USD 125.86 Million)	804.30 (USD 157.86 Million)
Options	148.96 (USD 33 Million)	290.42 (USD 57 Million)
Forward Contracts	1,460.76 (USD 315.05 Million)	1,155.39 (USD 226.77 Million)

- b) The principal component of foreign currency loans/debts not hedged by derivative instruments amount to Rs. 1,569.51 Crores (Previous year Rs. 2,101.75 Crores) which in respective currencies is as under:

	Current Year	Previous Year
US Dollars	64.28 Million	81.83 Million
Japanese Yen	22,647.58 Million	31,196.34 Million
Euro	30.09 Million	9.88 Million

- c) As a measure of prudence, the Company has decided not to recognise any mark to market gains in respect of any outstanding derivative contracts.

## Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date(Contd.)

### 28. Interest in Joint Ventures:

The Company's interest as a venturer, in jointly controlled entities (Incorporated Joint Ventures) is as under:

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2010
Shresht Mining And Metals Private Limited	India	50
Jindal Synfuels Limited (Formerly Jindal Coal to Liquid Limited)	India	70

The Company's interests in the above Joint Ventures is reported as Long Term Investment (Schedule-6) and stated at cost. However, the Company's share of assets, liabilities, income and expenses etc. (each without elimination of the effect of transactions between the Company and the joint ventures) related to their interests in the Joint Ventures are:

		(Rs. in Crores)	
		As at 31st March, 2010	As at 31st March, 2009
<b>I. Assets</b>			
1. Fixed Assets		-	-
2. Current Assets, Loans and Advances			
a) Cash and Bank Balances		0.12	-
<b>II. Liabilities</b>			
1. Unsecured Loans		0.49	0.23
2. Current Liabilities		0.00	0.02
<b>III. Miscellaneous Expenditure (To the extent not written off or adjusted)</b>		0.04	0.03
		<b>For the year ended 31st March, 2010</b>	<b>For the year ended 31st March, 2009</b>
<b>IV. Income</b>		-	-
<b>V. Expenses</b>			
Administrative and Other expenses (under pre-operative account)		0.48	0.24

29. Previous Year figures have been regrouped and/or rearranged wherever considered necessary to facilitate comparison with Current Year figures.

In terms of our report of even date

**For S.S. Kothari Mehta & Co.**  
Chartered Accountants

J. Krishnan

Partner

Membership No. 84551

**For & on behalf of the Board**

**Naveen Jindal**  
Executive Vice Chairman  
& Managing Director

**Anand Goel**  
Joint Managing  
Director

**Sushil K. Maroo**  
Director

**T.K. Sadhu**  
Company Secretary

Place : New Delhi  
Date : 4th May, 2010

## Consolidated Cash Flow Statement for the year ended 31st March, 2010

		(Rs. in Crores)
	For the year ended 31st March, 2010	For the year ended 31st March, 2009
<b>A. CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax, Minority Interest And Share Of Profit Of Associates	4,553.45	3,811.10
Adjustment for:-		
Depreciation	1,043.02	1,026.01
Loss/(Profit) on Sale of Fixed Assets	(1.52)	0.23
Loss/(Profit) on Sale of Investments	(10.48)	(1.62)
Dividend Income	(0.86)	(3.44)
Liability / Provisions no longer required written back	(3.17)	(10.54)
Provisions for doubtful debts	(0.79)	(1.60)
Provisions for doubtful advances	0.69	-
Miscellaneous expenditure written off during the year	3.59	56.72
Employees Compensation Expenses under Employees Stock Option Scheme	(4.85)	(3.93)
Interest Paid	357.58	456.65
<b>Operating Profit before Working Capital Changes</b>	5,936.66	5,329.58
Adjustment for:-		
Inventories	(190.55)	(244.20)
Sundry Debtors	(178.41)	(217.55)
Other Current Assets	(74.88)	(1,292.88)
Income Tax paid	(762.97)	(540.71)
Other Current Liabilities	844.82	839.41
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>5,574.67</b>	<b>3,873.65</b>
<b>B. CASH INFLOW/(OUTFLOW) FROM INVESTMENT ACTIVITIES</b>		
Capital Expenditure	(6,513.08)	(3,718.82)
Sale Proceeds of Fixed Assets	271.17	2.80
Dividend received	0.86	3.44
Loans & Advances	(161.87)	(121.60)
Miscellaneous Expenditure	(8.29)	-
Interest Received	93.26	-
(Increase)/Decrease in Investments	205.87	(203.38)
Share Application Money	(44.70)	(1.19)
Purchase of Goodwill	(64.34)	(11.61)
Minority Interest	(5.56)	(1.78)
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>	<b>(6,226.68)</b>	<b>(4,052.14)</b>
<b>C. CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>		
State Sales Tax Subsidy	48.25	50.04
Issue of Equity Shares	44.09	14.03
Proceeds from Borrowings	3,700.29	1,250.22
Working Capital Loan from Banks	658.64	303.61
Repayment/Adjustment of Borrowings	(3,717.71)	(813.99)
Dividend Paid	(80.85)	(38.57)
Corporate Tax on Dividend	(14.75)	(6.62)
Interest Paid	(542.54)	(531.54)
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>	<b>95.42</b>	<b>227.18</b>
<b>Net Changes In Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(556.59)</b>	<b>48.69</b>
Cash & Cash Equivalents (Opening Balance)	669.36	620.67
Cash & Cash Equivalents (Closing Balance)	112.77	669.36

### Note:

The figures have been regrouped/ rearranged, wherever necessary, for comparison purposes

In terms of our report of even date

For & on behalf of the Board

For S.S. Kothari Mehta & Co.  
Chartered Accountants

J. Krishnan

Partner

Membership No. 84551

Naveen Jindal  
Executive Vice Chairman  
& Managing Director

Anand Goel  
Joint Managing  
Director

Sushil K. Maroo  
Director

Place : New Delhi  
Date : 4th May, 2010

T.K. Sadhu  
Company Secretary

## Statement Pursuant to Section 212(1) of the companies Act, 1956 relating to Subsidiary Company

1	Name of the Subsidiary	Subansiri Hydro Electric Power Company Ltd. (Subsidiary of Jindal Power Limited)
2	Financial year of the Company	12.03.2010 to 31.03.2010
3	Shares held in the Subsidiary Company at the end of the financial year of the Subsidiary Company	N.A.
4	Extent of holding	71.36%
5	Change in the Company's interest in the Subsidiary between the end of the Financial Year of the Subsidiary and the end of the Company's Financial Year.	Financial year of the Company and the Subsidiary ended on 31.03.2010.
6	Net aggregate amount of subsidiary company's profits after deducting its losses or vice versa, so far as it concerns the members of the holding company which are not dealt with in the company's accounts	
	a) For the year ended March 31, 2010	NA
	b) For previous financial years of the subsidiary since it became the holding company's subsidiary	NA
7	Net aggregate amount of subsidiary company's profits after deducting its losses or vice versa, so far as it concerns the members of the holding company which are dealt with in the company's accounts	
	a) For the year ended March 31, 2010	NA
	b) For previous financial years of the subsidiary since it became the holding company's subsidiary	NA
8	Material changes which have occurred between the end of the Financial year of the Subsidiary and the end of the Company's Financial year in respect of :	
	a) Fixed Assets	NA
	b) Investments	NA
	c) Money lent by the Subsidiary Company	NA
	d) Moneys borrowed by the Subsidiary Company other than for meeting the Current Liabilities.	NA

For & on behalf of the Board

(Naveen Jindal) (Anand Goel)  
Executive Vice Chairman & Joint Managing Director  
Managing Director

(Sushil K. Maroo)  
Director

Place : New Delhi  
Date : 4th May, 2010

(T. K. Sadhu)  
Company Secretary



# Financial Statements of Subsidiary

## Subansiri Hydro Electric Power Company Limited

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## Directors' Report

To,

The Members,

Your Directors have the pleasure in presenting First Annual Report of the Company together with the Audited Statement of Accounts for the period ended on 31st March, 2010.

### FINANCIAL RESULTS

The Company was incorporated on 12th March, 2010 as a joint venture company by Jindal Power Limited (JPL) and Hydro Power Development Corporation of Arunachal Pradesh Limited (HPDCAPL), a public sector undertaking set up by the Government of Arunachal Pradesh ("GoAP"). JPL and HPDCAPL hold shares in the Company in ratio of 74:26. The Company is a subsidiary company of JPL. The Company has not commenced its commercial operations during the period under report.

### DIVIDEND

In view of absence of profits during the period under report, your Directors have not recommended any dividend.

### STATUS OF THE PROJECT

The Company is developing a 1600 MW run of the river hydroelectric power project ("Subansiri Middle Project") on the Kamla River, a tributary of Subansiri River in the state of Arunachal Pradesh.

On 28th August, 2009, JPL entered into Memorandum of Agreement ("MOA") with GoAP and HPDCAPL for execution of Subansiri Middle Project in the state of Arunachal Pradesh. On 29th August, 2009, JPL entered into a Joint Venture Agreement ("JV Agreement") with HPDCAPL for development of Subansiri Middle project through a Joint Venture Company pursuant to which the company was incorporated.

The estimated cost of Subansiri Middle Project is Rs. 11,203 Crores. This cost includes an upfront fee (including a processing fee) to GoAP of Rs. 80 Crores, which has been paid by JPL on behalf of the company. The project will be financed through a mixture of debt and equity. The project is expected to complete by 2018.

The detailed investigation for preparation of detailed project report for this project has already been completed by NHPC Ltd. and the Company is in the process of acquiring hydrological, geological, meteorological, topography and other site investigation data/ records from NHPC Ltd. Draft detailed project report was also prepared by NHPC Ltd. which will be obtained and updated by the Company. The Company is in process of engaging consultants for carrying out environment impact assessment study, environment management plan, social impact assessment study and updation of detailed project report for the project.

### COMPLIANCE CERTIFICATE

In accordance with the provisions of section 383A of the Companies Act, 1956 read with Companies (Compliance Certificate) Rules, 2001, the Company has obtained Compliance Certificate from a company secretary in wholetime practice and a copy of the same is annexed with this Report.

### AUDITORS

M/s B. M. Chatrath & Co., Chartered Accountants, D-26, Sector -3, Noida – 201301, auditors of the Company will retire at the conclusion of the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment. The Company has received communication from them to the effect that their re-appointment, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956.

Your directors recommend their re-appointment as Statutory Auditors of the Company for the financial year 2010-11.

## Directors' Report (Contd.)

### FIXED DEPOSITS

Your Company has not accepted fixed deposits from public within the meaning of section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

### DIRECTORS

Dr. Rajendra Prasad Singh, Shri Vinod Kumar Abbey, Shri Rajeev Jain, Shri Kapil Mantri and Shri Taru Siga were appointed as first directors of the Company through Articles of Association. They hold directorship upto ensuing Annual General Meeting. The Company has received notices for offering their candidature for appointment as director in the ensuing Annual General Meeting of the Company.

### PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

There is no information to be provided in terms of Section 217 (1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption. There has not been any foreign exchange earnings or outgo during the period under report.

### PARTICULARS OF EMPLOYEES

During the period under review, the Company did not have any employee drawing remuneration more than the limits prescribed in Section 217 (2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules, 1975.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under sub section 2AA of Section 217 of the Companies Act, 1956 with respect to the Directors Responsibility Statement, it is hereby confirmed:

- i) that in preparation of the annual accounts for the period ended March 31, 2010, the applicable accounting standards had been followed along with proper explanations relating to material departures.
- ii) that the Directors had 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 at the end of the financial year.
- iii) that the Directors had 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 by preventing and detecting fraud and other irregularities.
- iv) that the Directors had prepared the accounts for the period ended March 31, 2010, on a 'going concern basis'.

By Order of the Board of Directors

Place : New Delhi  
Date : 1st May, 2010

**V. K. Abbey**  
Director

**Rajeev Jain**  
Director



## Secretarial Compliance Certificate form (see rule 3)

To,  
The Members,  
Subansiri Hydro Electric Power Company Limited  
Tahung Tatak Building, Near APPSC,  
MLA Cottage Road, Itanagar,  
A. P. - 791111

CIN: U40102AR2010PLC008301  
Authorised Capital Rs. 500.00 Lacs  
Paid up Capital Rs. 74.00 Lacs  
Date of Incorporation – 12th March 2010

We have examined the registers, records, books and papers of M/s. Subansiri Hydro Electric Power Company Limited as required to be maintained under the Companies Act, 1956, and the rules made there under and also the provisions as contained in the Memorandum and Articles of Association of the Company for the period ended on 31st March, 2010. In our opinion and to the best of the information available to us and according to the examinations carried out by us and explanations furnished to us by the Company and the management, we certify that in respect of the aforesaid period:

1. The Company has kept and maintained the registers as stated below, as per the applicable provisions of the Act and the rules laid thereon and all entries therein have been duly recorded.

S. No.	Registers as maintained by the Company	U/s
1.	Register of Members	150
2.	Registers and Returns	163
3.	Minutes Book of Meetings	193
4.	Books of Accounts	209
5.	Register of Directors' Shareholding	307
6.	Register of Directors, Managing Directors, Managers and Secretary	303
7.	Register of Particulars of Contracts in which Directors are Interested	301

2. The Company has not filed any forms and returns with the Registrar of Companies during the period under scrutiny.
3. The company being a public limited company has fulfilled the minimum paid up capital requirement and its number of members was not less than seven during the period under scrutiny.
4. The Board of Directors had met once on March 12, 2010 during the period under scrutiny. In respect of this meeting proper notice was given and the proceedings were properly recorded in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the period under scrutiny.
6. As the company was incorporated on March 12, 2010, hence the company was not required to conduct the Annual General Meeting for the financial year ended on March 31, 2009.
7. No Extraordinary General Meeting of the Company was held during the period under scrutiny.
8. The Company has not advanced any loans to its directors, or the persons as referred to under Section 295 of the Act.
9. The Company has not entered into any contract falling within the purview of Section 297 of the Act.
10. The Company has made all the requisite entries in the register as maintained under section 301 of the Act.

## Secretarial Compliance Certificate form (see rule 3) (Contd.)

11. There are no instances falling within the purview of Section 314 of the Act & hence the Company was not required to obtain any approval from the Board of Directors, Members or Central Govt., as the case may be, during the period under scrutiny.
12. The Company has not issued any duplicate share certificates during the period under scrutiny.
13. The Company:
  - i. has not deposited any amount in separate bank account as no dividend was declared during the period under scrutiny.
  - ii. was not required to post warrants to any member of the Company as no dividend was declared during the period under scrutiny.
  - iii. has not transferred any amount to Investor Education and Protection Fund since there was no unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years;
  - iv. has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted with five directors and there was no change in the directorship of the company during the period under scrutiny.
15. The provisions of section 269 of the Act with regard to appointment of Managing Director/ Whole time Director/ Managers are not applicable to the company.
16. The Company has not appointed any sole-selling agents during the period under scrutiny.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities prescribed under the various provisions of the Act during the period under scrutiny.
18. All the directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the Act and the rules made there under.
19. The Company has not issued any equity shares during the period under scrutiny.
20. The Company has not bought back any shares during the period under scrutiny.
21. There was no redemption of preference shares or debentures during the period under scrutiny.
22. There was no transaction necessitating the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/ accepted any deposits including any unsecured loans falling within the purview of Section 58A during the period under scrutiny.
24. The Company does not attract provisions of section 293(1) (d) of the Act.
25. The provisions of section 372A are not applicable to the company.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the period under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the object of the Company during the period under scrutiny.

## Secretarial Compliance Certificate form (see rule 3) (Contd.)

28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the period under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the period under scrutiny.
30. The Company has not altered its Articles of Association during the period under scrutiny.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the period under scrutiny, for the offences under the Act.
32. The Company has not received any money as security from its employees during the period under scrutiny.
33. The Company has not constituted a separate Provident Fund Trust for its employees/ class of officers as contemplated under section 418 of the Act.

Place	New Delhi	Signature	: Sd/-
Date	01st May, 2010	Name of the Company Secretary	: Anchal Mittal
		Membership No.	: 21446
		C.P. No.	: 7825

## Auditors' Report To the Members of M/s. Subansiri Hydro Electric Power Company Limited

We have audited the attached Balance Sheet of M/s Subansiri Hydro Electric Power Company Limited as at 31st March, 2010 and also Cash Flow Statement of the Company for the period ended on that date. 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 from 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 and we report that:

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (ii) In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of those books.
  - (iii) The Balance Sheet and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
  - (iv) In our opinion, the Balance Sheet and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - (v) On the basis of written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles Generally Accepted in India.
    - a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010;
    - b) In the case of Cash Flow Statement, of the cash flows for the period ended on that date.

**For B. M. Chatrath & Co.,**  
Chartered Accountants

Place: New Delhi  
Date: 1st May, 2010

**Umesh C. Pandey**  
Partner

## Annexure to the Auditors' Report

(Referred to in Paragraph 1 of our Report of even date of accounts of M/s Subansiri Hydro Electric Power Company Limited for the period ended 31st March, 2010)

- i. (a) The Company does not have fixed assets therefore maintenance of reasonable proper records showing particulars including quantitative details and situation of fixed assets are not applicable.
- (b) As the company does not have any fixed assets, hence physical verification to be done by the management during the year at reasonable intervals is not applicable.
- (c) According to information and explanation given to us, since the company does not have any fixed assets, hence company has not disposed off a substantial part of the fixed assets during the year.
- ii. (a) The Company does not have inventory therefore physical verification during the period has not been done by the management.
- (b) As the Company does not have any Inventory, hence the applicability of procedures of physical verification followed by the management in relation to the size of the Company and the nature of its business does not arise.
- (c) As the Company does not have any Inventory, hence the company is not maintaining proper records of inventory and therefore no discrepancies noticed on verification between physical stocks and the book records.
- iii. In our opinion and according to the information and explanations given to us, the Company has not granted or taken unsecured loan to and from parties covered in the register maintained under section 301 of the Act.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods. During the course of our audit we have not observed any continuing failure to correct major weakness in internal controls.
- v. According to information and explanation given to us, we are of opinion that transactions that need to be entered into the register maintained in pursuance of section 301 of the Companies Act, 1956 have been so entered.
- vi. In our opinion and according to the information & explanations given to us, the company has not accepted deposits from the public. Hence Provisions of section 58A, 58AA or other relevant provisions of the Companies Act 1956 and the Companies (Acceptance of Deposit) Rules, 1975 with regards to the deposits accepted from the public is not applicable.
- vii. In our opinion and according to the information and explanation given to us, the Company has an internal control system commensurate with the size and nature of its business.
- viii. According to the information and explanation given to us maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub section (1) of the section 209 of the Act.
- ix. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including the Provident Fund, Investor Education Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Cess and any other statutory dues applicable to it.
- (b) According to the information and explanation given to us, no undisputed amount payable in respect of Income Tax, Sales Tax and Cess were in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of Sales Tax, Income Tax and Cess, which have not been deposited on account of any dispute.

## Annexure to the Auditors' Report

(Referred to in Paragraph 1 of our Report of even date of accounts of M/s Subansiri Hydro Electric Power Company Limited for the period ended 31st March, 2010) (Contd.)

- x. In our opinion, the company does not have any accumulated losses. The company has not incurred cash losses in the current period under audit.
- xi. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to a financial institution or bank and /or debenture holders.
- xii. In our opinion and according to the information and explanation given to us, the Company has not granted any loan and advances on the basis of security by way of pledge of shares, debentures and others securities.
- xiii. In our opinion and according to the information and explanation given to us, the Company is not a Chit Fund or a Nidhi Mutual Benefit Fund/ Society therefore the provisions of clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xv. In our opinion the Company has not given any guarantee for loan taken by others from bank or financial institutions, accordingly the provisions of clause 4 (xv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xvi. The Company has not obtained Term Loan during the period under audit. Therefore, the utilization for the purposes for which they were taken does not arise.
- xvii. According to the information and explanation given to us, no funds have been raised on short term basis and therefore have not been utilized for long term investment.
- xviii. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Act.
- xix. According to the information and explanations given to us, the Company has not issued debentures.
- xx. According to the information and explanations given to us, the Company has not raised money by public issue.
- xxi. According to the information and explanations given to us, no fraud on or by the Company, noticed and reported during the period.

For B. M. Chatrath & Co.,  
Chartered Accountants

Place: New Delhi  
Date: 1st May, 2010

Umesh C. Pandey  
Partner

**Balance Sheet** as at 31st March, 2010

(Amount in Rs.)

Particulars	Schedule No.	As at 31st March 2010
<b>SOURCES OF FUNDS</b>		
<b>Shareholders' Fund</b>		
Share Capital	1	10,000,000
Advance Against Share Application Money pending allotment		800,000,000
<b>TOTAL</b>		<b>810,000,000</b>
<b>APPLICATION OF FUNDS</b>		
<b>Fixed Assets</b>		
- Capital Work in Progress	2	802,668,444
		802,668,444
<b>Current Assets, Loans &amp; Advances</b>		
- Cash & Bank Balance	3	7,400,000
- Loans & Advances	4	2,600,000
		10,000,000
<b>Less: Current Liabilities &amp; Provisions</b>		
- Current Liabilities	5	3,071,826
		3,071,826
<b>Net Current Assets</b>		6,928,174
<b>Miscellaneous Expenditure</b>	6	403,382
(To the extent not written off or adjusted)		
<b>TOTAL</b>		<b>810,000,000</b>
Significant accounting policies & notes to accounts	7	-
The accompanying schedules 1 to 7 form an integral part of this Balance Sheet.		

In terms of our report of even date

For **B.M.CHATRATH & CO.**

Chartered Accountants

**(Umesh C.Pandey)**

Partner

Membership No. 55252

**(Dr. R.P. Singh)**

Director

**(Vinod K.Abbey)**

Director

Place : New Delhi

Date : 1st May, 2010

## Schedules

forming part of Balance Sheet as at 31st March 2010

(Amount in Rs.)

As at  
31st March 2010

### SCHEDULE 1

#### Share Capital

##### Authorised

5,000,000 Equity Shares of Rs. 10/- each

50,000,000

##### Issued & Subscribed Share Capital

1,000,000 Equity Shares of Rs. 10/-each fully paid

10,000,000

##### Paid Up Share Capital

(740,000 Equity Shares of Rs. 10/- each fully paid up)

7,400,000

##### Subscribed But Not Paid

260,000 Equity Shares of Rs. 10/- each

2,600,000

(Being share subscribed by Hydro Power Development

Corporation of Arunachal Pradesh for which subscription has not been received)

##### TOTAL

10,000,000

### SCHEDULE 2

#### Fixed Assets

##### Capital Work -in Progress

##### Preoperative Expenditure

Professional Charges

694,900

Audit fees

5,515

Salary Expenses

1,447,991

Travelling Expenses

520,038

Upfront Fees

800,000,000

##### TOTAL

802,668,444

### SCHEDULE 3

#### Cash & Bank Balances

- Cash in Hand

-

- Balance with Scheduled Banks in Current Account

-

- Cheques in Hand

7,400,000

##### TOTAL

7,400,000

### SCHEDULE 4

#### Loans & Advances

Receivables (Against Share Capital)

2,600,000

### SCHEDULE 5

#### Current Liabilities & Provisions

Sundry Creditors

45,167

TDS Payable

5,020

Expenses Payable

3,021,639

##### TOTAL

3,071,826

### SCHEDULE 6

#### Miscellaneous Expenditure

##### Preliminary Expenses

Registration Fees

358,500

Stamping Charges of MOA

710

Professional Fees for Incorporation

44,172

##### TOTAL

403,382



## Schedules

forming part of Balance Sheet as at 31st March 2010 (Contd.)

### SCHEDULE - 7

#### Significant Accounting Policies & Notes to Accounts

##### A. Significant Accounting Policies

###### 1. Basis of Preparation of Financial Statements:

The accounts of the Company are prepared under the historical cost convention and in accordance with applicable Accounting Standards except where otherwise stated. For recognition of income and expenditure, mercantile system of accounting is followed. Accounting policies not specifically referred to otherwise, are consistent and in consonance with the generally accepted accounting principles.

###### 2. Miscellaneous Expenditure:

Preliminary expenses shown under Misc. Expenditure will be written off from the date of start of commercial operation.

###### 3. Related Party Disclosure

Related party disclosure as required by Accounting Standard - 18 issued by Institute of Chartered Accountants of India:

###### I. List of Related Parties & Relationships

(a) Holding Company: - Jindal Power Ltd.

(b) Companies having substantial interest:- Hydro Power Development Corporation of Arunachal Pradesh Limited

###### II. Transactions with Related Parties

Nature of Transactions	Holding Company	Fellow Subsidiary Companies	Corporate having Significant Influence	(Amount in Rs.)	
				Key Management Personnels	Associates
	Current Period	Current Period	Current Period	Current Period	Current Period
Amount received against Share Capital	7,400,000/-	Nil	Nil	Nil	Nil
Receivable (Against share capital)	Nil	Nil	2,600,000/-	Nil	Nil
Advance Against Share Application Money (Pending Allotment)	800,000,000/-	Nil	Nil	Nil	Nil
Reimbursement of Expenses	3,021,639/-	Nil	Nil	Nil	Nil

##### B. Notes to Accounts

5. As the Company has not commenced commercial operations, no Profit & Loss Account for the current period has been prepared. The accounts for the current period have been prepared for the period ending 31st March, 2010.

## Schedules

forming part of Balance Sheet as at 31st March 2010 (Contd.)

6.	Detail of Preliminary Expenditure:	Amount (Rs.)
	Stamping Charges of MOA	710.00
	Registration Charges	3,58,500.00
	Professional Fees	44,172.00
	Total	<u>4,03,382.00</u>
7.	The details of Auditor's Remuneration are as under:	As on 31.03.2010
	Audit Fees	5,515.00
8.	This being the first year of the company (company incorporated on 12th March, 2010), previous year figures is not there.	
9.	Jindal Power Limited and Hydro Power Development Corporation of Arunachal Pradesh Limited have entered into a Joint Venture Agreement to develop and operate Subansiri Hydro Electric Power Project and have subscribed 74% and 26% of the share capital of the Joint Venture Company respectively.	
10.	Capital work in progress includes Rs. 80,00,00,000/- paid to the Government of Arunachal Pradesh on account of upfront fees including processing fees for setting of 1600 MW hydro electric power plant.	

For B.M.Chatrath & Co.

(Umesh C.Pandey)

Partner

Membership No. 55252

(Dr. R.P. Singh)

Director

(Vinod K.Abbey)

Director

Place : New Delhi

Date : 1st May, 2010

## Balance Sheet Abstract

and Company's Business Profile Pursuant to Part IV of Schedule VI to the Companies Act, 1956.

### I. REGISTRATION DETAILS

Registration No.

State Code

Balance Sheet Date   
Date Month Year

### II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public Issue

Rights Issue

Bonus Issue

Private Placement

### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Total Liabilities

Total Assets

#### Sources of Funds

Paid-up Capital

Reserves & Surplus

Share Application Money

Secured Loans

Unsecured Loans

#### Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Misc Expenditure

### IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover

Total Expenditure

+ - Profit/ Loss Before Tax   
(Please tick appropriate box+ for Profit and - for Loss)

Profit/ Loss After Tax

Earning Per Share in Rs.

Dividend %

### V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/ SERVICES OF COMPANY (AS PER MONETARY ITEMS)

Item Code no. (ITC Code)

Production Description

Item Code No. (ITC Code)

Production Description

Item Code No. (ITC Code)

Product Description

For & on behalf of the Board

Place : New Delhi  
Date : 1st May, 2010

(Dr. R.P.Singh)  
Director

(Vinod K.Abbey)  
Director

## Cash Flow Statement for the period ended 31st March 2010

Particulars	(Amt. In Rs.)
	For the period ended 31st March 2010
<b>A CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES</b>	
Cash flow before working capital changes	
Adjustments For :-	
Current Liabilities & Provisions	3,071,826
Cash outflow from Operating Activities	3,071,826
<b>B CASH INFLOW / (OUTFLOW) FROM INVESTMENT ACTIVITIES</b>	
Miscellaneous Expenditure	(403,382)
Addition to capital work in progress	(2,668,444)
Cash outflow from Investing Activities	(3,071,826)
<b>C CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES</b>	
Issue of Equity Share Capital	7,400,000
Net cash inflow/(outflow) from Financing Activities	7,400,000
NET CHANGES IN CASH & CASH EQUIVALENTS(A+B+C)	7,400,000
Cash & Cash equivalents (Opening Balance)	-
Cash & Cash equivalents (Closing Balance)	7,400,000

### Note:

1. Cash & Cash Equivalents including Cheques in hand represents Cash & Bank balances.
2. Rs. 800,000,000/- paid as upfront fees is cash Neutral.

In terms of our report of even date

**For B.M.CHATRATH & CO.**

**Chartered Accountants**

**(Umesh C.Pandey)**

Partner

Membership No. 55252

Place : New Delhi

Date : 1st May, 2010

**(Dr. R.P. Singh)**

Director

**(Vinod K.Abbey)**

Director



## Jindal Steel & Power Limited

O.P. Jindal Marg, Hisar - 125 005, Haryana

### ATTENDANCE SLIP

D.P. Id.

Folio No.

Client Id.\*

I/We ..... hereby record my/our presence at the Annual General Meeting of the Company at its Registered Office at O. P. Jindal Marg, Hisar – 125 005 on Tuesday, the 28th September, 2010 at 12.00 noon.

Name of the Shareholder.....  
(in BLOCK LETTERS)

Signature of the Shareholder / Proxy

#### NOTES

1. You are requested to sign and hand this over at the entrance.
  2. If you are attending the meeting in person or by proxy your copy of notice may please be brought by you or your proxy for reference at the meeting.
- \* Applicable for Investors holding shares in demat form.

----- TEAR HERE -----



## Jindal Steel & Power Limited

O.P. Jindal Marg, Hisar - 125 005, Haryana

### PROXY FORM

D.P. Id.

Folio No.

Client Id.\*

I/We ..... of ..... in the district of ..... being a member/members of the above named Company hereby appoint..... of ..... in the District of..... or failing him .....of ..... in the District of ..... as my /our proxy to vote for me /us on my /our behalf at the Annual General Meeting to be held on Tuesday, the 28th September, 2010 at 12.00 noon or at any adjournment thereof.

Signed this.....day of....., 2010.

Affix 30Ps.  
Revenue  
Stamp

Signature

#### NOTES

1. This form should be signed across the stamp as per specimen signature registered with the Company.
  2. The proxy must be deposited at the Registered office of the Company at O.P. Jindal Marg, Hisar- 125005, Haryana not less than 48 hours before the time of holding the meeting.
  3. This form is to be used in favour of /against the Resolution. Unless otherwise directed, the proxy will vote as he thinks fit.
  4. A proxy may not be a member.
- \* Applicable for investors holding shares in demat form.



