Annual Report 2010-11

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JSW ISPAT Steel

BOARD OF DIRECTORS	**Sajjan Jindal** *Chairman* **Vinod Mittal** *Vice Chairman* **Pramod Mittal** **Seshagiri Rao MVS** **U Mahesh Rao** **Vinod Kothari** **Atul Sud** **Haigreve Khaitan** **M Sankaranarayanan** *(Nominee - UTI)* **S N Baheti** *(Nominee - IDBI Bank Ltd.)* **Manju Jain** *(Nominee - IFCI Ltd.)* **Mayank Agrawal** *(Nominee - ICICI Bank Ltd.)* **Suhail Nathani** *(Alternate to Mr. Pramod Mittal)* **B K Singh** *Chief Executive Officer*
PRESIDENT & COMPANY SECRETARY	**T P Subramanian**
REGISTERED OFFICE	Tower A, 3rd Floor, DLF IT Park, 08 Major Arterial Road, Block AF, New Town, Kolkata-700 156. Ph.No: 91-33-40002020 Fax No.: 91-33-40002021 website: www.jswispat.in
AUDITORS	M/s. S R Batliboi & Co. Chartered Accountants
BANKERS	State Bank of India Punjab National Bank Bank of India Indian Overseas Bank The Hongkong and Shanghai Banking Corporation Ltd. ICICI Bank Ltd. UCO Bank
REGISTRAR & SHARE TRANSFER AGENTS	M/s. Link Intime India Private Limited C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West) Mumbai - 400 078. Tel. Nos. : 91-22-25946970-78 Fax Nos. : 91-22-25946969 Website : www.linkintime.co.in

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Notice

NOTICE is hereby given that the Twenty-sixth Annual General Meeting of the Members of **JSW ISPAT STEEL LIMITED (Formerly known as ISPAT INDUSTRIES LIMITED)** will be held at "Kala Kunj", 48, Shakespeare Sarani, Kolkata - 700 017 on Wednesday, the 21st day of December, 2011 at 11.30 A.M. to transact the following business:-

1. To receive, consider and adopt the Balance Sheet as at 30th June, 2011 and Profit and Loss Account of the Company for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr U Mahesh Rao, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr B K Singh, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint M/s S R Batliboi & Co., Chartered Accountants, as the Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and authorise Board of Directors of the Company to fix their remuneration.

SPECIAL BUSINESS

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

   "RESOLVED THAT Mr Sajjan Jindal, who was appointed by the Board of Directors as an Additional Director of the Company under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

   "RESOLVED THAT Mr Seshagiri Rao MVS, who was appointed by the Board of Directors as an Additional Director of the Company under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

   "RESOLVED THAT Mr Haigreve Khaitan, who was appointed by the Board of Directors as an Additional Director of the Company under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

   "RESOLVED THAT Mr Atul Sud, who was appointed by the Board of Directors as an Additional Director of the Company under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a 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 **Special Resolution:-**

   "RESOLVED THAT, pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to approvals of IFCI Ltd., the lead financial institution, and such other authorities, including Central Government, as may be required, the Company hereby approves the re-appointment of Mr Anil Sureka as Whole-time Director designated as Executive Director (Finance) of the Company for the period 1st February, 2011 to 30th June, 2011 upon the terms and conditions, including remuneration, as set out in the Explanatory Statement annexed to the Notice convening this meeting and as further set out in the Agreement submitted to this meeting.

By Order of the Board

T P Subramanian
President & Company Secretary

Mumbai,
the 27th day of August, 2011

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of business at item Nos. 5 to 9 above is annexed hereto.
3. The Register of Members and Share Transfer Register of the Company will remain closed from Wednesday, the 14th day of December, 2011 to Tuesday, 20th day of December, 2011 (both days inclusive).
4. Members are requested to intimate the Registrar and Share Transfer Agent of the Company – M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai – 400 078, immediately of any change in their mailing address or email address in respect of shares held in physical mode and to their Depository Participants (DPs) in respect of equity shares held in dematerialized form.
5. Members who are holding shares in identical order of names in more than one folio are requested to write to the Registrar and Share Transfer Agent of the Company to enable the Company to consolidate their holdings in one folio.

6. All requests for transfer of shares and allied matters should preferably be sent directly to the Company's Registrar and Share Transfer Agent along with the relevant transfer deeds and share certificates. Those Members who are holding their DP Account with a Depository may send their requests for transfer and allied matters to the Depository through their DP. Trading in shares of the Company is permitted only in dematerialized form and the members may lodge their request for dematerialization of their shares through their DP.

7. Members are requested to intimate to the Company queries, if any, regarding these accounts/reports at least ten days before the Annual General Meeting to enable the Company to keep the information ready at the Meeting.

8. All the documents referred to the accompanying Notice and Explanatory Statement are open for inspection in the Company's Registered Office at Tower A, 3rd Floor, DLF IT Park, 08, Major Arterial Road, Block AF, New Town, Kolkata – 700 156 on all working days of the Company, between 10.00 A.M. and 1.00 P.M. upto the date of the Annual General Meeting.

9. Members whose call money is in arrear are requested to make the payment immediately otherwise it may be subjected to forfeiture at the discretion of the Board of Directors. Reminders for payment of call money in arrear have also been sent to all such members.

10. The unclaimed dividends for the financial year ended 30th June, 1994 and earlier years have been transferred to the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956. Members who have not encashed the Dividend Warrants for the aforesaid years are requested to claim the amount from the Registrar of Companies, West Bengal at the address given below: -

    NIZAM PALACE, IInd MSO Building, 234/4, A.J.C. Bose Road, Kolkata-700 020.

    In terms of Section 205C introduced by the Companies (Amendment) Act, 1999 read with Section 205A of the Companies Act, 1956, as amended, the amount of unpaid dividend, matured deposits and debentures and other application money remaining unclaimed for a period of seven years is required to be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made by the Fund in respect of any such claims. The unclaimed dividends for the financial years ended 31st March, 1995, 31st March, 1996 and 31st March, 1997 have been transferred to the Fund.

11. Section 109A of the Companies Act, 1956 has introduced provisions for nomination by the holders of shares and debentures. The prescribed nomination form can be obtained from the Company's Registrar and Share Transfer Agent. The members may take advantage of this facility, if desired.

12. At the ensuing Annual General Meeting, Mr U Mahesh Rao and Mr B K Singh retire by rotation and, being eligible, offer themselves for re-appointment. At the ensuing Annual General Meeting, Mr Sajjan Jindal, Mr Seshagiri Rao MVS, Mr Haigreve Khaitan and Mr Atul Sud are proposed to be appointed as Directors of the Company. Mr Anil Sureka is proposed to be re-appointed as Whole-time Director designated as Executive Director (Finance) for the period 1st February, 2011 to 30th June, 2011. Pursuant to Clause 49 of the Listing Agreement(s), the details of these Directors are attached to the Notice convening the ensuing Annual General Meeting.

13. Copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.

Annexure To Notice

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

Item No.5

Pursuant to the Subscription cum Shareholders Agreement entered into on 20th December, 2010 by the Company with its Promoters and JSW Steel Limited, JSW Steel Limited nominated Mr Sajjan Jindal on the Board of Directors of your Company.

The Board of Directors of the Company appointed Mr Sajjan Jindal as an Additional Director of the Company with effect from 13th January, 2011, in terms of Section 260 of Companies Act, 1956, read with Article 142 of the Articles of Association of the Company. Mr Sajjan Jindal was also appointed as the Chairman of the Board of Directors of the Company with effect from 14th February, 2011 pursuant to the aforesaid Subscription cum Shareholders Agreement. Mr Sajjan Jindal will hold office as Additional Director upto the date of the Annual General Meeting. The Company has received notice in writing from a member, under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr Sajjan Jindal for appointment as Director of the Company. Consent in writing has also been received from Mr Sajjan Jindal to act as Director of the Company, if appointed.

Mr Sajjan Jindal holds a Bachelor's Degree in Mechanical Engineering from Bangalore University. Mr Sajjan Jindal is a Board Member and Chairman/Vice Chairman of various JSW Group Companies, including JSW Steel Ltd., JSW Energy Ltd., etc. His aggressive strategy and leadership skills has led JSW Group to become one of India's largest integrated steel maker with major interest in mining, power and infrastructure operations. Mr Sajjan Jindal pioneered development of DD and EDD Grades of mild steel in the Indian Steel Sector. He has over 25 years of experience in Steel Industry. In 2007, Mr Sajjan Jindal was felicitated with Ernst & Young "Enterpreneur of the Year" in manufacturing category. In 2009, Mr Sajjan Jindal was awarded the prestigious 19th Willy Kong/Ken Iverson Steel Vision Award at the Steel Survival Strategies XXIV Conference, New York, for elevating JSW Steel Ltd. amongst the selected few global steel producers. He is a member of Indian Council for Sustainable Development, member of the Advisory Committee of TERI School of Management, member of CII National Council, Council member of Indian Institute of Metals and member of the Board of Directors of Indian Institute of Management, Indore and was the president of Assocham from June, 2008 to October, 2009.

Mr Sajjan Jindal is not related to any of the Directors of the Company. Mr Sajjan Jindal does not hold any share in the Company.

Your Directors recommend the resolution for your approval.

Except Mr Sajjan Jindal, none of the other Directors of the Company is, in any way, concerned or interested in the resolution.

Item No.6

Pursuant to the Subscription-cum-Shareholders Agreement entered into on 20th December, 2010 by the Company with its Promoters and JSW Steel Limited, JSW Steel Limited nominated Mr Seshagiri Rao MVS on the Board of Directors of your Company.

The Board of Directors of the Company appointed Mr Seshagiri Rao MVS as an Additional Director of the Company with effect from 13th January, 2011, in terms of Section 260 of Companies Act, 1956, read with Article 142 of the Articles of Association of the Company. Mr Seshagiri Rao MVS will hold office as Additional Director upto the date of the Annual General Meeting. The Company has received notice in writing from a member, under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr Seshagiri Rao MVS for appointment as Director of the Company. Consent in writing has also been received from Mr Seshagiri Rao MVS to act as Director of the Company, if appointed.

Mr Seshagiri Rao MVS is a member of the Institute of Cost and Works Accountants of India and a licentiate member of the Institute of Company Secretaries of India. He is also a Certified Associate of Indian Institute of Bankers and a Diploma Holder in Business Finance awarded by the Institute of Chartered Financial Analysts of India.

Mr Seshagiri Rao MVS is the Jt. Managing Director and Group Chief Financial Officer of JSW Steel Limited, responsible for the overall operations of the Company, strategic initiatives related to business development, expansion of existing businesses, joint ventures, mergers and acquisitions and cost management.

He possesses rich experience spanning over three decades in the areas of Corporate Finance and Banking and has held key positions in large corporate houses in India. Prior to joining JSW Steel Ltd. he had worked with various reputed organizations like VST Limited, Andhra Bank, ESSAR Steel Ltd. and Nicholas Piramal India Ltd. in various capacities.

Mr Seshagiri Rao MVS is not related to any of the Directors of the Company. Mr Seshagiri Rao MVS holds 150 equity shares in the Company.

Your Directors recommend the resolution for your approval.

Except Mr Seshagiri Rao MVS, none of the other Directors of the Company is, in any way, concerned or interested in the resolution.

Item No.7

The Board of Directors of the Company appointed Mr Haigreve Khaitan as an Additional Director of the Company with effect from 13th January, 2011, in terms of Section 260 of Companies Act, 1956, read with Article 142 of the Articles of Association of the Company. Mr Haigreve Khaitan will hold office as Additional Director upto the date of the Annual General Meeting. The Company has received notice in writing from a member, under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr Haigreve Khaitan for appointment as Director of the Company. Consent in writing has also been received from Mr Haigreve Khaitan to act as Director of the Company, if appointed.

Mr Haigreve Khaitan holds a Bachelor's Degree in Law. Mr Haigreve Khaitan is a partner of Khaitan & Co., a leading law firm in India. Mr Haigreve Khaitan has rich and vast experience in all aspects of laws relating to Project Finance, Mergers & Acquisition, Securities Law, Restructuring, Privatisation of Government Business and Companies in India, Foreign Investment, Joint Ventures and Foreign Collaboration, Corporate and Trade Financing, Debt Issues, etc. He has also handled various litigation matters. He also advises a range of large Indian and multinational clients in various business sectors including infrastructure, power, telecom, automobile, engineering, steel, cement, agriculture and agri-products, software and information technology, retail, etc. He is member of various professional bodies.

Mr Haigreve Khaitan is not related to any of the Directors of the Company. Mr Haigreve Khaitan does not hold any share in the Company.

Your Directors recommend the resolution for your approval.

Except Mr Haigreve Khaitan, none of the other Directors of the Company is, in any way, concerned or interested in the resolution.

Item No. 8

The Board of Directors of the Company appointed Mr Atul Sud as an Additional Director of the Company with effect from 13th January, 2011, in terms of Section 260 of Companies Act, 1956, read with Article 142 of the Articles of Association of the Company. Mr Atul Sud will hold office as Additional Director upto the date of the Annual General Meeting. The Company has received notice in writing from a member, under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr Atul Sud for appointment as Director of the Company. Consent in writing has also been received from Mr Atul Sud to act as Director of the Company, if appointed.

Mr Atul Sud holds a Master's Degree in Economics and Business Administration. Mr Atul Sud is Founder Promoter & CEO of Strategic Capital Corporation, an independent investment and securities fund set-up in the year 1995. He is also presently Chairman of EFG Wealth Management India, a joint venture with EFG International, a Swiss based global private bank. He has served as Senior Director of American Express Bank with varied country management responsibilities for Treasury, Corporate Banking, Investment Banking and International Finance. He was Principal Consultant to HDFC for setting-up of HDFC Bank. He was advisor to Kelinwort Benson, an English Merchant Bank, for Indian GDR Issues.

Mr Atul Sud is not related to any of the Directors of the Company. Mr Atul Sud does not hold any share in the Company.

Your Directors recommend the resolution for your approval.

Except Mr Atul Sud, none of the other Directors of the Company is, in any way, concerned or interested in the resolution.

Item No.9

At the 21st Annual General Meeting held on 29th August, 2006, Mr Anil Sureka was re-appointed as Whole-time Director, designated as Executive Director (Finance), for a period of five years with effect from 1st February, 2006. Accordingly, the term of appointment of Mr Anil Sureka as Executive Director (Finance) was effective upto 31st January, 2011.

The Board of Directors of the Company, at its meeting held on 13th January, 2011, accorded its in-principle approval for re-appointment of Mr Anil Sureka as Whole-time Director, designated as Executive Director (Finance), on the existing terms and conditions, with effect from 1st February, 2011 subject to recommendation of

Remuneration Committee as to terms of remuneration etc. and further subject to confirmation by the Board at a subsequent meeting.

Based on the recommendation of the Remuneration Committee and subject to the approval of the Members of the Company, IFCI Ltd., the Lead Financial Institution and such other authorities, including Central Government, as may be required, the Board of Directors, at its meeting held on 22nd July, 2011, approved and confirmed re-appointment of Mr. Anil Sureka as Whole-time Director of the Company designated as Executive Director (Finance), on the following terms:

➢ Period of re-appointment

 1st February, 2011 to 30th June, 2011.

➢ Remuneration

 Not exceeding Rs.11,17,224/- per month (including all perquisites and allowances)

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

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

The aforesaid particulars shall be deemed to be the abstract in terms of Section 302 of the Companies Act, 1956.

Mr Anil Sureka is an Associate Member of the Institute of Company Secretaries of India. He has been associated with the Company for last 25 years and is having over 35 years of rich and vast experience in handling finance functions, including project financing as well as accounts, secretarial and other allied matters. Mr Anil Sureka was overseeing finance, taxation, legal, secretarial, audit and accounts related functions of the Company.

Mr. Anil Sureka has since resigned as Executive Director (Finance) as well as Director of the Company with effect from 1st July, 2011.

The remuneration recommended by the Remuneration Committee and approved by the Board of Directors to be paid to Mr Anil Sureka upon his re-appointment as Executive Director (Finance), for the period 1st February, 2011 to 30th June, 2011 is the same as had been lastly approved by the Central Government for his earlier period of appointment. The remuneration proposed to be paid to Mr Anil Sureka upon his re-appointment as Executive Director (Finance) takes into consideration the business activities of the Company, his experience in steel industry, prevailing trend of executive compensation and is in line with the remuneration being paid to its managerial personnel by companies of comparable size in the Steel Industry. Apart from remuneration, Mr Anil Sureka does not have any pecuniary relationship, directly or indirectly, with the Company or its managerial personnel.

GENERAL INFORMATION

Nature of Industry

Iron and Steel.

Commencement of Commercial Production

The Company's plants for manufacture of Direct Reduced Iron, Hot Rolled Coils, Pig Iron/ Hot Metal, Cold Rolled/Galvanised Coils/ Sheets, Colour Coated Sheets, Sinter and Oxygen are already in Commercial Production.

Financial performance based on given Indicators

Financial performance of the Company, as may be reflected by effective capital, total income, profit and dividend declared, is as under :-

Financial year 2010-11		**(Rs. in Crores)**
a.	Effective Capital	6785.55
b.	Total Income	8550.99
c.	Profit / (Loss)	(1805.88)
d.	Dividend declared	NIL

Export Performance

Export earnings during the year 2010-11 was Rs.486.16 Crores, signifying an increase of 40% over the previous period, on an annualized basis.

Global steel demand has been slack due to negative economic indicators in advanced economies.

The Company would continue to integrate its export strategies with global steel demand conditions. The dynamics of global market scenario shall drive the Company's export plans as well as development of niche steel products for advanced application overseas.

Net Foreign Exchange earnings/outgo

There was a net foreign exchange outgo of Rs.2122.89 crores during the financial year due increase in prices of various imported inputs.

Foreign Investment and Foreign Collaboration

The Company has invested in Equity Capital of the following foreign wholly-owned subsidiaries of the Company:-

Name of wholly-owned subsidiaries	No. of Share held	Face Value per Share	Amount (Rs. in Crores)
Nippon Ispat Singapore (Pte) Ltd.	784,502	S'pore $ 1	1.57
Erebus Limited	215,000	US$100	96.92
Arima Holdings Limited	50,000	US$100	22.32
Lakeland Securities Limited	1	US$100	–

The Company does not have any foreign collaboration.

OTHER INFORMATION

Reasons for inadequacy of profits

The following are the main reasons for inadequate profits:-

- Plant shut-down during most part of November and December, 2010 for technical upgradation and maintenance activities.
- Steep increase in prices of raw materials
- Increase in costs of logistics
- Lower availability of Natural Gas
- Non-ownership of raw material resources, such as captive power, iron ore and coal mines.

Steps taken or proposed to be taken for improvement in productivity and profits

The Company constantly prioritizes its strategies to balance challenges arising out of its large exposure to spot markets for raw materials, increasing raw material prices, shortages in availability of key inputs etc. The strategies are primarily directed towards ensuring security of raw materials, economizing on input costs and enhancing productivity. Simultaneously, the Company also seeks to adjust its strategies to effectively meet the supply-side dynamics.

The Company's strategic initiatives are -

- Drive the synergies of operation between JSW Group and JSW ISPAT Steel Ltd.
- Integrate sourcing and other centralised functions to derive better economies of scale.
- Commission a Coke-Oven project of the annual capacity of 1 Million MTs at Dolvi Steel Complex by JSW Steel Limited.
- Commission Iron Ore Pellet project of the annual capacity of 4 Million MTs at Dolvi Steel Complex by JSW Steel Limited.
- Commission Lime Calcining Plant of the capacity of 600 tons per day, gas-based power plant of the capacity of 55 MW and Cold Rolling facility of the capacity of 0.8 Million Tons at Dolvi Steel Complex.
- Set-up railway siding facility adjacent to Dolvi Steel Complex to ensure economic transportation of inputs as well as finished steel products.
- Set-up additional Colour Coating Line of the annual capacity of 0.1 Million MTs at Kalmeshwar Complex.
- Enhance production of value added grades and products.
- Penetrate the retail segment and explore new segments in domestic markets.
- Identify potential iron ore areas in India and abroad.

The Company expects that the above strategies would enable improvement in overall productivity and operational performance. Upon completion of the planned projects, the Company expects its earnings before interest, depreciation and tax to be higher by around 2.3 times its earnings during the completed financial year 2010-11.

The forecasts, though based on realistic estimates, could vary due to demand conditions and changes in the Steel Industry scenario.

Mr Anil Sureka is not related to any of the Directors of the Company. Mr Anil Sureka holds 120 equity shares in the Company.

Your Directors recommend the resolution for your approval.

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

By Order of the Board

T. P. Subramanian
President & Company Secretary

Mumbai,
the 27th day of August, 2011

"Go-Green" Initiative

In furtherance of its "Go-Green" initiative, the Ministry of Corporate Affairs, Government of India, has recently issued Circular No.17/2011 dated April 21, 2011 providing for service of documents/notices by companies to their shareholders through electronic mode. The Ministry's initiative allows shareholders at large to contribute to the green movement.

With a view to participate in the initiative, we request that you may provide your e-mail address, if you wish to receive the documents/notices etc., of our Company through electronic mode. You may send your e-mail address to our Registrar & Share Transfer Agents, M/s Link Intime India Private Ltd., at the following e-mail address, mentioning your Folio No.(s), if you are holding shares in physical form, and DP ID and Client ID, if you are holding shares in Dematerialised form:-

jswispatgogreen@linkintime.co.in

DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT/APPOINTMENT IN THE FORTHCOMING ANNUAL GENERAL MEETING

(Pursuant to Clause 49 of the Listing Agreement)

Name of Director	**Mr U Mahesh Rao**	**Mr B K Singh**	**Mr Sajjan Jindal**	**Mr Seshagiri Rao MVS**
Date of Birth	02.07.1938	02.02.1944	05.12.1959	15.01.1958
Date of Appointment	29.09.2001	01.05.2008	13.01.2011	13.01.2011
Qualifications	B.Com.	B.E. (Mechanical)	B. E. (Mechanical)	AICWA, LCS, CAIIB, Diploma in Business Finance
Expertise in specific functional areas	Corporate Affairs especially in Insurance Sector	Planning, Operations, Project implementation, Quality assurance etc.	Strategic planning, overseeing business operations, etc.	Corporate Financing and Banking, Business Development, acquisitions etc.
Directorship in other Indian Public Limited Companies (as on 30.06.2011)	Tata Tea Ltd. Tata Coffee Ltd.	NIL	JSW Steel Ltd. JSW Energy Ltd. Jindal South West Holdings Ltd. JSW Bengal Steel Ltd. TCPL Packaging Ltd. JSOFT Solutions Ltd. Vrindavan Fintrade Ltd.	JSW Steel Ltd.
Chairman / Member of the Committees of the Board of the other Indian Public Limited Companies on which he is a Director * (as on 30.06.2011)	**Audit Committee** Member Tata Tea Ltd. Tata Coffee Ltd. **Shareholders & Depositories Grievance Committee** Member Tata Tea Ltd.	NIL	NIL	NIL
No. of Equity Shares held in the Company	1000	NIL	NIL	150

Name of Director	**Mr Haigreve Khaitan**	**Mr Atul Sud**	**Mr Anil Sureka**
Date of Birth	13.07.1970	29.07.1956	19.11.1955
Date of Appointment	13.01.2011	13.01.2011	01.02.2001
Qualifications	B.Com., LLB.	MA (Economics), MBA.	B.Com., ACS
Expertise in specific functional areas	Laws relating to project finance, commercial and corporate laws, tax laws, mergers and acquisitions, restructuring, foreign collaboration, etc.	Investment and fund management	Finance, Accounts and Secretarial
Directorship in other Indian Public Limited Companies (as on 30.06.2011)	Bajaj Corp. Ltd., Ceat Ltd., Harrisons Malayalam Ltd., Inox Leisure Ltd., National Engineeering Industries Ltd., Jindal Steel & Power Ltd., Rama Newsprint & Papers Ltd., Sterlite Technologies Ltd., The Oudh Sugar Mills Ltd., Xpro India Ltd., AVTEC Ltd., Bennett, Coleman & Co. Ltd. Great Eastern Energy Corp. Ltd., Madras Aluminimum Co. Ltd.	Nitco Tiles Ltd., TCPL Packaging Ltd.	Ispat Energy Ltd., Amba River Coke Ltd., Chattisgarh Energy Ltd., Central India Power Company Ltd.
Chairman / Member of the Committees of the Board of the other Indian Public Limited Companies in which he is a Director * (as on 30.06.2011)	**Audit Committee** Member Harrisons Malayalam Ltd., Inox Leisure Ltd., National Engineering Industries Ltd., Jindal Steel & Power Ltd., Sterlite Technologies Ltd., AVTEC Ltd., Bennett, Coleman & Co. Ltd. **Shareholders Grievance Committee** Member National Engineering Industries Ltd., Rama Newsprint & Papers Ltd.	NIL	**Audit Committee** Member Ispat Energy Ltd.
No. of Equity Shares held in the Company	NIL	NIL	120

* Chairmanship/Membership in only two Committees, namely, Audit Committee and Shareholders/Investors Grievance Committee, have been considered above.

Directors' Report

Your Directors present their Twenty-sixth Annual Report on the operations of your Company alongwith the standalone and consolidated financial results for the year ended 30th June 2011.

FINANCIAL RESULTS

(Rs. in crores)

	Year ended 30th June, 2011	15 month period ended 30th June, 2010
Sales / Income from operations	**8990.07**	10983.14
Less : Excise Duty	**763.43**	850.41
Sales (net) / Income from Operations	**8226.64**	10132.73
Other Income	**324.35**	445.96
Total Income	**8550.99**	10578.69
Total Expenditure	**7901.53**	8855.75
Profit before Interest & Finance Charges and Depreciation	**649.46**	1807.47
Less : Interest & Finance Charges	**1022.91**	1369.98
Profit / (Loss) before Depreciation	**(373.45)**	437.49
Depreciation	**596.26**	773.95
Profit / (Loss) before Tax and Exceptional Items	**(969.71)**	(336.46)
Add : Exceptional Items	**1180.62**	-
Profit / (Loss) before tax	**(2150.33)**	(336.46)
Provision for Taxation (Net)		
- Wealth Tax	**0.03**	0.03
- Deferred Tax Charge / (Credit)	**(344.48)**	(14.15)
Net Profit / (Loss)	**(1805.88)**	(322.34)
Less: Debenture Redemption Reserve written back	**-**	20.26
Add: Balance brought forward from previous year	**(2134.23)**	(1832.15)
Amount carried to next year	**(3940.11)**	(2134.23)

Income from operations during the year under review was Rs.8990.07 Crores. Profit before interest and finance charges and depreciation was Rs.649.46 Crores.

After providing for interest and finance charges of Rs.1022.91 Crores and depreciation of Rs.596.26 Crores, loss before exceptional items was Rs.969.71 Crores. Exceptional items (details of which are contained in Note No.9 of the Notes forming part of the accounts) aggregating to Rs.1180.62 Crores have been provided for in the accounts for the year under review and, consequently, loss before tax was Rs.2150.33 Crores.

After considering Deferred Tax Credit of Rs.344.48 Crores and Wealth Tax provision of Rs.0.03 Crores, net loss during the year under review was Rs.1805.88 Crores. The loss is proposed to be carried to next year's accounts.

DIVIDEND

In view of the accumulated losses, the Board of Directors does not recommend any dividend on the Equity Shares. The Board of Directors does not declare dividend on the Cumulative Redeemable Preference Shares.

STEEL SCENARIO

Steel industry, across the world, has been gripped by uncertainties prevailing in the overall economic landscape. Global steel demand has been impacted by the slow economic growth in developed markets. Though GDP in US had marginally increased during 2010-11, the country faces a large fiscal deficit, low employment growth and reduced consumer spending.

In the European Union Zone, the economies of Spain, Ireland, Greece and Portugal have been impacted by high unemployment, negative growth and increasing inflation levels. Government spending in all the economies have been widely hit and the potential threat of sovereign defaults loom large. The overall GDP growth in European Union Zone has, therefore, been low.

On the other hand, economic growth in China was robust at over 10%. Coupled with economic growth, Chinese investments were also higher during the year under review.

Overall, while GDP in emerging economies grew by over 7% during 2010, the growth in advanced economies was significantly lower at 3%. The current year, however, has witnessed low GDP growth in emerging economies, due to rising inflationary pressures and tightening of economic policies.

A large number of enterprises in the steel sector are reassessing their capital expenditure plans. Advanced economies are not poised for sizeable growth and business sentiments are impacted due to the sovereign debt crisis in the European Union. US, European Union and several South Asian economies are not expected to grow substantially during 2012 and economic stimulus plans are generally perceived to be limited. Overall GDP growth is expected to remain modest in advanced economies. Stringent credit policies, lower export growth and the continuing fall in purchase index are widely expected to signal a lower GDP growth in China during 2012.

Crude steel production in India, at around 67 Million Tons, was higher by 6% during 2010 compared to the previous year.

Indian steel consumption has witnessed steady growth, on the back of a robust GDP and increase in industrial production. However, during the current year, domestic steel consumption has been flat due to low IIP growth and heavy inflationary pressures. Steel industry margins have been under severe squeeze due to high input costs and inflationary trends impacting domestic consumption. Capital investment plans are significantly low due to economic pressures and increasing cost of capital.

OPERATIONS

The Company had undertaken technical upgradation of facilities at its steel complex at Dolvi during November and December 2010. The upgradation involved blending of various technical facilities, plant shutdown and maintenance related activities. Operations at Dolvi Complex had recommenced during end-December 2010.

Production of Hot Rolled Coils at 2.2 Million MTs was lower by 16.9% compared to the previous period, on an annualized basis. Production of Direct Reduced Iron (Sponge Iron) at 1.21 Million MTs and production of Hot Metal at 1.35 Million MTs were respectively lower by 10.2% and 20.6% compared to previous period, on an annualised basis. The incidence of lower production in all the product segments was due to plant shut-down during most part of November and December, 2010 for technical upgradation and maintenance activities.

Restriction in availability of Natural Gas had cascading effect on input prices and also severely impacted production of Direct Reduced Iron.

Production of Cold Rolled Steel Coils/Sheets and Galvanized Coils/Sheets were lower at 0.21 Million MTs and 0.14 Million MTs, respectively. Production of Galvalume at 0.048 Million MTs had registered an increase of 90.1% over the previous period. Production of Tubes and Pipes, however, was lower at 0.014 Million MTs.

Sales of Hot Rolled Coils at 2.08 Million MTs was lower by 10.34%, compared to previous period, due to lower production. Sales of Cold Rolled Steel Coils/Sheets were lower by 51.98%, whereas sales of Galvanized Coils/Sheets were lower by 2.74%, compared to previous period, due to lower production. Sales of Galvalume had risen by 80.03%, on an annualised basis, signifying future growth prospects in the value-added segment.

Various cost reduction initiatives have been undertaken by the Company, such as, usage of alternate grades of raw material, successful in-house commissioning of natural gas injection in blast furnace and lower usage of fluxes. However, the increase in bench mark prices for key inputs, viz., iron ore, coal and coke is likely to push up the cost of production during the current financial year. Further, with the changeover to quarterly, and in some cases monthly, pricing against the earlier practice of yearly pricing by major raw material suppliers, uncertainties in the pricing of key inputs get heightened. Cost of natural gas has also risen sharply, since the Company is compelled to explore alternate domestic sources in the wake of supply restrictions.

EXPORTS

Export earnings during the year under review was Rs.486.16 Crores, signifying an increase of 40% over the previous period, on an annualized basis.

Global steel demand has been slack due to negative economic indicators in advanced economies.

The Company would continue to integrate its export strategies with global steel demand conditions. The dynamics of global market scenario shall drive the Company's export plans as well as development of niche steel products for advanced application overseas.

MANAGEMENT CONTROL - JSW STEEL LIMITED

The Company entered into a Subscription-cum-Shareholders Agreement (SSA) with its promoters and JSW Steel Limited on December 20, 2010, pursuant to which an amount of Rs. 2157 Crores has been received by the Company during the year from JSW Steel Limited towards subscription to equity shares in the Company.

In terms of the special resolution passed at the Extraordinary General Meeting of the members of the Company held on January 18, 2011, the Company was authorized to issue 108,66,49,874 Equity Shares to JSW Steel Limited, on preferential basis, at a price of Rs. 19.85 per Equity Share, determined in terms of SEBI's Issue of Capital and Disclosure Requirement (ICDR) Guidelines. Accordingly, the Securities Issue Committee of the Board of Directors of the Company, at its meeting held on January 24, 2011, allotted 108,66,49,874 Equity Shares of Rs. 10/- each at a premium of Rs. 9.85 per share to JSW Steel Limited.

In terms of Regulations 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, JSW Steel Limited had made an open offer to the equity shareholders of the Company which opened on March 12, 2011 and closed on April 5, 2011. Pursuant to the open offer, JSW Steel Limited has further acquired 8,99,40,890 Equity Shares in the Company.

Upon acquisition of the aforesaid Equity Shares in the Company by JSW Steel Limited, management and control of the Company stands vested in JSW Steel Limited.

The aforesaid infusion of funds by JSW Steel Limited has enabled the Company to, inter-alia, meet its long-term working capital requirements and achieve savings in interest costs. Besides achieving significant marketing synergies, the Company is also likely to be benefited through savings in raw material and energy costs.

CHANGE OF NAME – JSW ISPAT STEEL LIMITED

In terms of the aforementioned Subscription-cum-Shareholders Agreement and pursuant to the consent accorded by the Shareholders at the Extraordinary General Meeting held on June 24, 2011 and the approval received from the Office of Registrar of Companies, West Bengal, the name of the Company stands changed to JSW ISPAT Steel Limited with effect from June 28, 2011.

PROJECTS

The Company's lime production capacity is currently 600 Tons Per Day (TPD), while the requirement is over 1200 TPD. Requirement of lime is expected to rise to around 1800 TPD, once the steel-making capacity is enhanced to 5 Million Tons per annum. Hence, keeping in mind the present as well as future requirement of lime, the Company proposes to set-up a lime calcining plant of the capacity of 600 TPD at its Dolvi steel complex. The technology for the project as well as the major equipment are being sourced from M/s. Cimprogetti, Italy. The project is estimated to cost around Rs 75 crores and is planned to be financed through internal accruals. The project is expected to be commissioned within a period of 15 months.

The Company is planning to set-up a railway siding facility adjacent to its Dolvi steel complex, with a view to ensure economic transportation of key inputs as well as Hot Rolled Coils. Upon setting-up of the railway siding facility substantial savings are envisaged on both inbound and outbound logistics. Land required for the purpose is being acquired. The project is estimated to cost around Rs. 90 Crores and is planned to be financed through internal accruals. The project is expected to be commissioned within a period of 15 months.

With a view to ensure regular supply of power and achieve savings in cost thereof, the Company proposes to set-up a gas-based power plant of a capacity of 55 MW. The power plant will use waste gas being generated by the Blast Furnace, as feed-mix. The Company is at an advanced stage of negotiation with various technology and equipment suppliers. The project cost is estimated at around Rs.155 crores and is planned to be financed through internal accruals. The project is expected to be commissioned within a period of 18 months.

Considering the growing demand for colour coated steel with galvanized / galvalume base, both in project / construction sectors and consumable durable segment, the Company proposes to set-up a second colour coating line at its Kalmeshwar complex. The project is estimated to cost around Rs.40 crores and is planned to be financed through internal accruals. The project is expected to be commissioned within a period of 15 months.

Additionally, with a view to ensure raw material integration and achieve savings in input costs, JSW Steel Limited proposes to set-up a coke oven plant of the capacity of 1 Million Tons per Annum and a pellet plant of the capacity of 4 Million Tons Per Annum at the Company's Dolvi steel complex. Implementation of these projects would ensure that the Company is not exposed to market risks in sourcing quality coke and pellets for its steel-making operations. The coke oven and pellet projects are likely to be commissioned within 24 months and 21 months, respectively. The projects are proposed to be implemented through Special Purpose Vehicle (SPV) Company(ies).

JSW Steel Limited has also proposed to set-up a 0.8 Mio TPA Cold Rolling facility at the Company's Dolvi steel complex, with a view to augment the Company's efforts to capture downstream opportunities. The project is expected to cost around Rs.300 Crores and is likely to be commissioned within a period of 18 months.

ACQUISITION OF EQUITY SHARES IN JSW ENERGY LIMITED

In order to be eligible to treat one of the units (300 MW) of JSW Energy Ltd., at Ratnagiri, Maharashtra as a captive unit for supply of power, the Company has invested a sum of Rs. 163.29 Crores during the year in the Equity Shares of JSW Energy Ltd., during the year and is in the process of entering into a 'Energy Wheeling Agreement' to ensure long term supply of power.

CAPTIVE POWER PLANT OF ISPAT ENERGY LIMITED

Ispat Energy Limited, a wholly-owned subsidiary, has carried out technical evaluation of the condition of the equipments acquired for its 110 MW power project by an independent expert who has reported that the equipments, lying in the plant premises, are in poor condition and beyond economic repair / use and that any attempt to use the same may result in accidents during operation. Considering the above, the Board of Directors of Ispat Energy Limited has decided not to pursue the project. Accordingly, Ispat Energy Limited has, based on the report of an independent valuer, valued the above equipments, building etc., at a net realizable value of Rs. 14 Crores and charged the balance amount of Rs. 436.78 Crores to its Profit and Loss Account for the quarter ended 30th June 2011. As a consequence thereof, the Company has made provision of Rs. 110 Crores in the accounts towards diminution in the value of its investments in Ispat Energy Limited and has also made provision of Rs. 324.19 Crores towards loans and advances made to Ispat Energy Limited, not likely to be recoverable.

TRANSFER OF NON-CORE AREAS OF OPERATION

In view of lack of visible synergies and project delays, the Company proposes to transfer the following non-core areas of operation:-

- Implementation Agreement entered into with Government of Chattisgarh and Chattisgarh State Electricity Board during July, 2008 for setting-up a 1200 MW Thermal Power Plant;
- Memorandum of Understanding entered into with Gujarat Mineral Development Corporation Limited during May, 2010 for mining and supply of coal.
- Mining lease granted by Government of Madhya Pradesh during September, 2008 for development of Limestone mine in Madhya Pradesh.
- Reconnaissance permit granted by Government of Madhya Pradesh during September, 2009 for carrying out reconnaissance operations of precious minerals.

The Memorandum of Understanding etc., are proposed to be transferred to Special Purpose Vehicle Companies formed/to be formed for the purpose.

SUBSIDIARY COMPANIES

As explained in the foregoing, the Board of Directors of Ispat Energy Limited has decided not to pursue its 110 MW Power Project.

The Memorandum of Understanding entered into by Ispat Jharkhand Steels Limited for setting-up an integrated steel plant in the State of Jharkhand is currently being evaluated and an appropriate decision in the matter shall be taken during the current financial year.

In respect of the wholly-owned overseas subsidiaries, namely, Erebus Limited, Arima Holdings Limited and Lakeland Securities Limited, incorporated for the purpose of acquisition and development of iron ore and coal mining projects in Brazil, Columbia and Mozambique, necessary provision has been made in the accounts for the year towards diminution in the value of investments made by the Company in these subsidiaries. Reference may be had to Note No.9 (b) of the Notes forming part of the accounts for the year.

In terms of the general exemption granted by Ministry of Corporate Affairs, Government of India, vide General Circular No.2/2011 dated 8th February, 2011, the Balance Sheet and Profit and Loss Account of the Company's subsidiaries for the financial year ended 31st March, 2011 are not being attached. The requisite information, in terms of the aforesaid General Circular, are contained in the Consolidated Financial Statement of the Company and its subsidiaries. The aforesaid annual accounts of the subsidiaries and the related detailed information shall be made available to any member of the Company or its subsidiary companies, upon request. The Annual Accounts of the Subsidiary Companies will also be kept open at the Registered Office of the Company as well as the Registered Offices of the Subsidiary Companies, for inspection by any member.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company and its subsidiaries, prepared and presented in accordance with Accounting Standard (AS) 21, are attached to and form part of the Annual Report.

DEBT REFINANCING AND EXIT FROM CORPORATE DEBT RESTRUCTURING SCHEME

The Company has successfully arranged refinancing of its existing debt under Corporate Debt Restructuring mechanism and also arranged additional debt for meeting its long-term working capital requirements etc.

The Company plans to shortly exit from the Corporate Debt Restructuring Scheme. The debt consolidation undertaken by the Company would help in creating a simple and uniform security structure, under a consortium arrangement.

REDEMPTION OF 12% CUMULATIVE REDEEMABLE PREFERENCE SHARES (CRPS)

In accordance with the terms governing issue of 12% CRPS, the Company has further redeemed 8% of the face value (Rs. 100/- each) of the 12% CRPS. Upon redemption, the adjusted face value of the 12% CRPS is Rs. 76/- each.

PREFERENTIAL ISSUE OF EQUITY WARRANTS-CANCELLATION

'In-principle' approval of the Stock Exchanges for the proposed preferential allotment of 11,33,06,895 Equity Warrants to promoters was not received by the Company due to non-receipt of lenders' consent for 'lock-in' of the pledged equity shares belonging to the Promoters. The Board of Directors, in its meeting held on December 20, 2010, has cancelled the aforesaid preferential issue of Warrants.

ISSUE OF EQUITY SHARES, UPON EXERCISE OF CONVERSION OPTION BY LENDERS

During the year, certain lenders, in terms of loan / facility agreements entered into with the Company, have opted for conversion into Equity Shares of their outstanding dues to the extent of Rs. 77.71 Crores comprising Rs. 39.91 Crores towards principal and Rs. 37.80 Crores towards interest. Accordingly, the Board of Directors at its meeting held on November 24, 2010 has allotted 7,77,07,038 Equity Shares of Rs. 10/- each, at par, to these lenders, pursuant to Section 81(3) of the Companies Act, 1956 read with Public Companies (Terms of Issue of Debentures and Raising of Loans with Option to Convert such Debentures or Loans into Shares) Rules, 1977.

Pursuant to the approval of the CDR Empowered Group at its meeting held on January 12, 2011 and subsequent notices given to the Company by certain lenders for conversion of part of their outstanding dues into equity shares in the Company, the Securities Issue Committee of the Board of Directors of the Company, at its meeting held on March 31, 2011, had decided to allot 10,24,17,239 Equity Shares of Rs. 10/- each at a premium of Rs. 4.74 per share aggregating to Rs. 150.96 Crores to the respective lenders, subject to receipt of 'in principle' approval from the Stock Exchanges in terms of Clause 24(a) of the Listing Agreement. The 'in principle' approval of Bombay Stock Exchange Ltd ('BSE') has been received, while approval of National Stock Exchange of India Ltd. ('NSE') is still awaited. Pending receipt of 'in principle' approval from NSE, the said amount of Rs. 150.96 Crores has been considered as 'Share Capital Suspense Account'.

APPLICABILITY OF SECTION 23 OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985

Pursuant to the provisions contained in Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA"), the Company held an Extraordinary General Meeting on January 18, 2011 and informed the shareholders about the accumulated losses of the Company as at the end of the last financial year, i.e. June 30, 2010 being Rs. 2,134.23 Crores, which led to erosion of more than fifty percent of the Company's peak net worth of the immediately preceding four financial years. The Company has also reported the fact of such erosion of net worth to the Board for Industrial and Financial Reconstruction (BIFR).

DIRECTORS

Upon being nominated by JSW Steel Limited, Mr. Sajjan Jindal and Mr. Seshagiri Rao MVS have been appointed as Additional Directors of the Company with effect from Januray 13, 2011. Mr. Haigreve Khaitan and Mr. Atul Sud have been appointed as Additional Directors of the Company with effect from January 13, 2011. Mr. Sajjan Jindal, Mr. Seshagiri Rao MVS, Mr. Haigreve Khaitan and Mr. Atul Sud hold office upto the date of the ensuing Annual General Meeting. Separate notices have been received from members, under Section 257 of the Companies Act, 1956, proposing their names for appointment as Directors of the Company. Resolutions seeking approval of the members for their appointment as Directors of the Company have been proposed at the ensuing Annual General Meeting. The Board of Directors recommends adoption of the resolutions.

Dr A Besant C Raj and Dr Basudeb Sen have resigned as Directors with effect from January 13, 2011.

The Board of Directors wish to place on record its appreciation of the services rendered by Dr A Besant C Raj and Dr Basudeb Sen during their respective tenures as Directors of the Company.

Mr. Pramod Mittal resigned as Chairman of the Board of Directors with effect from February 14, 2011. However, he continues to be a Director of the Company.

The Board of Directors wish to place on record its appreciation of the valuable contribution made by Mr. Pramod Mittal during his tenure as Chairman of the Board.

Mr. R. K. Jena was appointed as an Alternate Director to Mr. Pramod Mittal with effect from February 14, 2011. He ceased to be Alternate Director with effect from May 9, 2011. Mr. Suhail Nathani has been appointed as an Alternate Director to Mr. Pramod Mittal with effect from May 11, 2011.

Mr. Sajjan Jindal has been appointed as the Chairman of the Board of Directors with effect from February 14, 2011.

Mr. Vinod Mittal has relinquished the office of Managing Director of the Company with effect from July 1, 2011. However, he continues to be the Vice Chairman of the Company, in executive capacity.

The Board of Directors wish to place on record its appreciation of the valuable contribution made by Mr. Vinod Mittal during his tenure as Managing Director of the Company.

Mr. B. K. Singh, Whole-time Director designated as Executive Director (Steel Plant) has been re-designated as Chief Executive Officer with effect from July 22, 2011.

Mr. Anil Sureka has been re-appointed as Whole-time Director of the Company designated as Executive Director (Finance) with effect from February 1, 2011, subject to approval of the members and other authority(ies), as may be required. Mr. Anil Sureka has since resigned as Executive Director (Finance) as well as Director of the Company with effect from July 1, 2011. Accordingly, his appointment as Executive Director (Finance) is upto June 30, 2011.

The Board of Directors wish to place on record its appreciation of the valuable services rendered by Mr. Anil Sureka during his tenure as Director of the Company.

Resolution seeking approval of the members for the re-appointment of Mr. Anil Sureka as Whole-time Director designated as Executive Director (Finance) for the period February 1, 2011 to June 30, 2011 has been proposed at the ensuing Annual General Meeting. The Board of Directors recommends adoption of the resolution.

Mr. Vinod Kothari was appointed as an Additional Director of the Company with effect from November 12, 2010. Subsequently, Mr. Vinod Kothari has been appointed as Director of the Company at the Annual General Meeting held on December 21, 2010.

Mr. B. K. Singh and Mr. U Mahesh Rao retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

Resolutions seeking approval of the members for re-appointment of the aforesaid retiring Directors have been proposed at the ensuing Annual General Meeting. The Board of Directors recommends adoption of the resolutions.

The nomination of Mr. R. P. Singh was withdrawn by IFCI Ltd. with effect from August 28, 2010. Ms Manju Jain has been nominated as Director by IFCI Ltd., in place of Mr. R. P. Singh, with effect from that date.

The Board of Directors wish to place on record its appreciation of the services rendered by Mr. R. P. Singh during his tenure as Director of the Company.

Mr. Vinod Garg has resigned as Executive Director (Commercial) as well as Director of the Company with effect from April 16, 2011.

The Board of Directors wish to place on record its appreciation of the valuable services rendered by Mr. Vinod Garg during his tenure as Director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:-

(i) in the preparation of the annual accounts for the financial year ended 30th June, 2011, the applicable accounting standards have been followed and there have been no material departures;

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

(iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(iv) the Directors have prepared the annual accounts for the financial year ended 30th June, 2011 on a going concern basis.

AUDITORS

The Auditors, M/s S R Batliboi & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and have expressed their willingness to be re-appointed.

The Company has obtained a letter from the Auditors to the effect that the re-appointment, if made, will be in conformity with the limits specified in Section 224 (1B) of the Companies Act, 1956.

AUDITORS' REPORT

The Auditors in their report have, while drawing attention to Note No.11 of Schedule 23 of the accounts for the year, commented on their inability to express any opinion on the future profitability projections made by the Company and their consequential impact, if any, on Deferred Tax Asset recognized in the said accounts.

The Auditors, in their statement under Companies (Auditors Report) Order, 2003 annexed to the aforesaid Report, have observed the following:-

a) Delay in few cases in depositing undisputed statutory dues;

b) Accumulated losses as at the end of the financial year exceeding fifty percent of the Company's net worth;

c) Certain delays in repayment to domestic financial institutions and banks during the year and the arrears of such dues as on the Balance Sheet date; and

d) Use by the Company of funds raised on short-term basis for repayment of long-term loans and financing of operating losses.

In the opinion of the Board of Directors, based on process improvements carried out for enhancing the steel-making capacity and operating efficiency, Company's Business Plans and strategies, improvement in net worth consequent to issue of Equity Shares to JSW Steel Limited and approval of the Company's proposals by its lenders through CDR mechanism, the Company is virtually certain that there would be sufficient taxable income in the future to claim the deferred tax credit.

Further, the Board of Directors informs that:-

a) Delays in few cases in depositing undisputed statutory dues have been due to mismatches in cash flows, which were subsequently rectified. However, no undisputed statutory dues were pending to be deposited as at the Balance Sheet date;

b) Pursuant to the provisions contained in Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, the Company has reported to Board for Industrial and Financial Reconstruction the fact of erosion of more than fifty percent of its net worth, as at 30th June, 2010, compared to the peak net worth during the immediately preceding four financial years.

c) Delays in making payment of dues to domestic financial institutions and banks were due to mismatches in cash flows; however, there is no such overdue amount as at the Balance Sheet date.

d) Though the observations are based on comparison of financial statements of two different periods, ignoring the non cash flow impacting items considered in the financial statements, there is no usage of short-term funds for long-term purposes.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the Management Discussion and Analysis and Corporate Governance Report together with the Certificate from the Auditors of the Company confirming compliance of the conditions of Corporate Governance form part of this Report.

SECRETARIAL COMPLIANCE REPORT

The Company had engaged M/s Robert Pavrey & Associates, Practising Company Secretaries, to review Secretarial Compliance for the financial year ended 30th June, 2011.

Though not mandatory, the Secretarial Compliance Certificate was obtained during the year, on a quarterly basis, from the aforementioned Practising Company Secretaries, and reviewed by the Board.

SEARCH AND SEIZUIRE OPERATIONS BY INCOME TAX AUTHORITIES

The Income Tax authorities had carried out search and seizure operations at certain locations of the Company during November, 2010. However, no order consequent to such operation has so far been received by the Company.

CODE OF CONDUCT

The Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct has been posted on the Company's website.

Board Members and Senior Management personnel have affirmed compliance with the Code for the financial year 2010-11. A separate declaration to this effect is annexed to the Corporate Governance Report.

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

In accordance with the requirements of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are annexed to and form part of this Report. (Annexure "A").

PERSONNEL

Employee relations continued to be harmonious during the year.

The Company's Performance Management System is bench-marked with prevailing best practices. The Company seeks to continuously enhance competitiveness and skills of its employees. Employee-recognition is prompt and rewarding.

The Board wishes to place on record its appreciation for the efforts of all its employees.

Information in terms of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forms part of this Report. (Annexure "B").

APPRECIATION

Your Directors wish to place on record their appreciation for the support extended to the Company by its lenders, the Central and State Governments as well as its business associates. Your Directors also thank the members for their continued support.

For and on behalf of the Board

Seshagiri Rao MVS	**B K Singh**
Director	Chief Executive Officer

Mumbai,
the 27th August, 2011.

Annexure "A" to the Directors' Report

STATEMENT CONTAINING PARTICULARS PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

a. Steel Complex at Dolvi

- Utilization of Blast Furnace Gas along with Natural Gas in the Boiler to replace Furnace Oil consumption.
- Power saving in Steel Melting Shop Utility through impeller design modification and replacement of Phase 2 GCP pumps.
- Maximization of natural light usage by fixing transparent sheets.
- Replacement of 70W HPSV fittings by 18W CFL Lamps in Sinter plant.
- Minimize usage of Halogen Lamps.
- Control of lighting ON/OFF in Sponge Iron Plant through timers.
- Utilisation of Natural Gas in Torpedo ladle pre-heater to replace Furnace Oil consumption.

b. Cold Rolling Mill, Galvanizing and Colour Coating Complex at Kalmeshwar

- CCL - Installation of ge fanuc plc for motor on/off operation from control post to save energy by efficient utilisation.
- Pipe Plant - Advance coc control unit provided to increase Speed from 35 MPM to 50 MPM which resulted in reducing energy consumption.
- CGL1 - Development of scada for line operation and control.
- CCL - Installation and commissioning of Roll Force Measurement system for better coating control.
- Mill, CGL4 & Finishing Line - Transparent Roofing Sheets provided to avoid switching on of Bay light during day time.
- CTL 4 - Replacement of old Analog drive by digital D.C. drive.
- CCL - Hyd. circuit combined for both EPC to run only one pump at a time instead of two pumps.
- CTL 3 - 3.7 kw (2 Nos.) motor replaced with 2.2 kw motor and VFD provided for magnetic roll.
- Narrow Slitter - 11 kw hyd motor replaced by 5.5 kw motor to save power.
- ACME Crane - Main hoist 90 kw VFD provided.
- CPL - Recoiler - 2 Nos. 1000W halogen fitting replaced by 250W metal halide lamp.
- ARP - 2 Nos. 400W HPSV lamps replaced by 2 Nos. of 65W CFL.
- CRS5 - Blower motor auto-off logic provided in 4 Nos. bridles, uncoiler and recoiler motors.
- RGM1 - Grinding wheel Analog drive replaced by Digital drive.

c. Proposals for reduction of energy consumption

i) Steel Complex at Dolvi

- Usage of Blast Furnace Gas for power generation (1X 55 MW)
- Installation and commissioning of VFDs in following motors of Sponge Iron Plant :
  - i. 225 KW Air Blower
  - ii. 225 KW Auxiliary Air Blower
- Installation and commissioning of 75 kw energy saver for C-161 conveyor motor in Sponge Iron Plant.
- Replacement of flexowall conveyor motor by energy efficient motor of 55 kw in Sponge Iron Plant.
- Installation and commissioning of VVVFDs in the following motors in Caster :-
  - i. BC bay East LT & CT
  - ii. BC bay West LT & CT
  - iii. Caster - 1 HT
  - iv. Caster - 2 HT
- Installation of VFD for coal injection ID Fan, 6 KV, 700 KW.
- Conducting energy audit for entire Dolvi steel complex to identify further potential areas of thermal and electrical energy conservation opportunities.

ii) Cold Rolling Mill, Galvanizing and Colour Coating Complex at Kalmeshwar

- Reduction in energy consumption at C.R. Slitter-3 by replacing DC Motors and Drives with AC Motors and VVF Drives.
- Maintaining Entry Tension Reel and Delivery Tension Reel Field Economy at minimum level in 6 Hi Cold Rolling Mill to achieve reduction in power consumption.
- Installation of Energy Saver to optimise lighting power consumption in CRM Plant and Street Lighting.
- Replacement of Halogen lamps by Metal Halide to save power at all inspection points in CRM.
- Installation of VVF Drive for three nos. of Cranes.
- Installation of VVF Drive for updraft fan and fume exhaust blowers in 6 Hi Mill.
- Increase transparent roofing sheets in CGL-1 and its Finishing Lines to use day lighting.
- Installation of capacitor bank at HT side to maintain unity power factor during repair and maintenance of main capacitor bank.
- Installation of spencer blower to save power in CGL-1 from existing roots blower.
- Provision of RTO in new CCL-2 to save fuel and power in steam generation.
- Automation of Boiler 1 and 2 with PLC and VFD to save power and fuel.

The above steps initiated by the Company have enabled savings in energy consumption as well as savings in costs. The Company constantly undertakes energy saving measures at its plant locations.

The required data with regard to conservation of Energy, as applicable to our Industry, is furnished below:-

Particulars	For year ended on 30th June, 2011	For 15 month period ended on 30th June, 2010
POWER AND FUEL CONSUMPTION		
Electricity		
a) **Purchased (Units in '000)**	**1556256**	2231972
Total amount (Rs. in Crores)	**864.15**	1142.90
Rate/Unit (in Rs.)	**5.55**	5.12
b) **Own generation (Units in '000)**		
Units through Furnace Oil	**61075**	84657
Unit/Ltrs of Furnace Oil	**4.18**	4.15
Cost/Unit (in Rs.)	**6.27**	4.94
Coal (Low ash coal in process)		
Quantity (MT)	**223490**	331583
Total cost (Rs. in Crores)	**213.27**	225.01
Avg. Rate/Unit (in Rs.)	**9543**	6786
Coke (including fines)		
Quantity (in MT)	**761016**	1076900
Total cost (Rs. in Crores)	**1621.60**	1798.64
Avg. Rate/Unit (in Rs.)	**21308**	16702
Furnace Oil & LDO		
Quantity (Ltrs in '000)	**1225**	26668
Total amount (Rs. in Crores)	**4.58**	79.02
Avg. Rate/Unit (in Rs.)	**37.39**	29.63
LPG/Propane		
Quantity (in MT)	**5736**	16268
Total amount (Rs. in Crores)	**25.00**	52.06
Avg. Rate/Unit (in Rs.)	**43595**	32004
NG/RLNG		
Quantity (SCM in '000)	**420868**	510802
Total amount (Rs. in Crores)	**464.58**	487.31
Avg. Rate/Unit (in Rs.)	**11.04**	9.54
Others		
Quantity (in Ltrs)	**777162**	1023154
Total amount (Rs. in Crores)	**3.12**	3.63
Avg. Rate/Unit (in Rs.)	**40.11**	35.52
CONSUMPTION PER M.T. OF PRODUCTION		
Galvanised Sheets		
Electricity (in Units) (kwh/t)	**114**	101
Furnace Oil (Ltrs.)	**0.27**	0.21
LPG/Propane (in Kgs.)	**18.42**	18.78
Cold Rolled Steel Sheets		
Electricity (in Units) (kwh/t)	**151**	132
Furnace Oil (Ltrs.)	**2.95**	3.31
Coal (in Kgs.)	**42.01**	36.88
LPG/Propane (in Kgs.)	**2.13**	1.89

Particulars	For year ended on 30th June, 2011	For 15 month period ended on 30th June, 2010
Colour Coated Sheets		
Electricity (in Units) (kwh/t)	**76**	81
Furnace Oil (Ltrs.)	**0.04**	0.01
LPG/Propane (in Kgs.)	**24.01**	22.60
Tube Mill		
Electricity (in Units) (kwh/t)	**94**	86
Furnace Oil (Ltrs.)	**0.03**	0.34
Pipe Mill		
Electricity (in Units) (kwh/t)	**39**	42
Galvalume		
Electricity (in Units) (kwh/t)	**262**	311
Furnace Oil (Ltrs.)	**0.08**	0.06
LPG/Propane (in Kgs.)	**21.52**	21.00
Sponge Iron		
Electricity (in Units) (kwh/t)	**96.70**	92.97
Gas (M3) (Natural Gas + RLNG)	**279.51**	281.28
Hot Strip Mill		
Electricity (in Units) (kwh/t)	**538.05**	515.46
Furnace Oil (Ltrs.)	**0.19**	7.27
Coal (in kg.)	**5.46**	4.52
Coke (in kg.)	**13.16**	10.92
Propane (in MT)	**0.00**	1.90
NG/RLNG (in M3)	**23.95**	10.77
Blast Furnace		
Electricity (in Units) (kwh/t)	**183.31**	173.35
Furnace Oil (Ltrs.)	**0.09**	0.67
Coal (in kg.)	**149.62**	142.83
Coke (in kg.)	**541.27**	488.33
LPG / Propane (in kgs.)	**0.24**	1.46
NG/RLNG (in M3)	**22.22**	0.67

Note: Details for the period ended 30th June, 2010 have been recast and includes relevant particulars of all facilities at the respective manufacturing units.

B. RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION

Research and Development activities undertaken by the Company have resulted in:-

a. Steel Complex at Dolvi

- Advanced high strength steel (ALM650, YS>700MPA) has been developed for Automotive Long and Cross Member application, as a result of which 30% weight reduction was possible as compared to existing BSK46.
- Independent top lance in shells will help in reducing cycle time and energy consumption.
- Energy saving guide column in EAF will reduce heat loss during arcing in EAF.
- Increase in Tunnel Furnace swivel speed increases productivity by 10%.
- Redesigning and in-house modification of kiln and bag filter enhances lime productivity in LCP-1

- Iron ore beneficiation system with in-house design and fabrication.
- Installation of ceramic cup for Blast Furnace hearth-life enhancement.
- Process for reducing Iron Ore in Blast Furnace to obtain Iron by co-injecting Natural Gas, with Coal as supplementary fuel.
- Installation of thin wall refractory in SIP furnace increases reduction zone volume to enhance productivity.
- Recirculation of hot air from circle cooler in Sinter.
- Auto ignition of furnace in Sinter Plant.
- Improving yield of 'B' bearing CG04BC grade for cold rolling customers.
- Reducing hardness to improve the cold rollability in CG04BC & CG04AC grades.

b. Cold Rolling Mill, Galvanizing and Colour Coating Complex at Kalmeshwar

i) **Cold Rolling Mill:**

- Development of QSTE 500 grade.
- Development of STC 520 grade.
- Development of new shades in RAL 7038, RAL 7037, RAL 6029, RAL 7016, RAL 3009, RAL 2011, RAL 6024 to meet customer's requirement.
- Development of new shades in PVDF as RAL 6001, RAL 1015, RAL 7022.
- Processing at colour coating line by combination of PVDF paint on top and SMP paint on bottom through 3 bake system.
- Thinner guage colour coated (0.35 mm with Guard Film) profiling at New Profiling Line.

ii) Continuous Galvanizing/Galvalume Line :

- Development of GPSP for AC Base Tray and Side panel.
- Development of HRGP for thicker gauge (1.80 mm to 3 mm) for Purlin application.
- Development of GPSP Luder Line free material for Washing Machine front panel, by processing HR Coils.

c. Future plans for technology absorption, research etc.

- Coordination with JSW R&D, other Research Institutes and technical Universities in India and abroad.
- New product and market development (Green or energy-efficient Steel, wider range products, particularly, Martensitic Stainless Steel, APIX70 > 12 mm, Dual Phase, IF steel etc), Product re-engineering and Brand development.
- Process re-engineering for more lean, efficient and effective process.
- Improvement in SMS, Caster and Mill Automation in collaboration with SMS Demag AG.
- Extension of Caster 2 metallurgical length to increase casting speed and productivity.
- Increase in F1 stand gear ratio in Mill to increase productivity
- Increase slab thickness of Caster 2 to 75 mm to improve Caster as well as HSM productivity
- Modifications in VOD for new product development.
- Modification of Sponge Iron Plant furnace for enhancing productivity to 240 Tons per hour with higher lump usage.

Technology absorption plans for the future also include:-

Blast Furnace

- Increase usage of Sinter to 90%.
- Installation of expert system to improve process control

Sponge Iron Plant

- Study under progress for usage of COG for making DRI
- Conversion of existing Shaft furnace for Production of Hot DRI for transferring to Hot Strip Mill.
- Plant operation with DRI Metallization > 95% with higher load operation.

Sinter Plant

- Improving mixing and nodulizing efficiency for mixers
- Emission reduction in sintering process

Hot Strip Mill

- Installation of 165 MVA Transformer (Shell 3/4)
- 2 Nos. dedicated top lance for each Shell
- EOT crane 300 T for EF- Bay
- Hydraulic Oscillator for Caster # 1
- Introduction of LCR in Caster # 1

Lime Calcining Plant

- Installation of 600 TPD Lime Calcining Plant

Power Plant

- Installation of BF Gas based 1x55 MW BTG Power Plant

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in Crores)

	2010-11 (12 months)	2009-10 (15 months)
Foreign Exchange Earnings		
a) Export (FOB Value)	**486.16**	433.44
b) Compensation for non-fulfillment of Contracts	**-**	6.33
Foreign Exchange Outgo		
a) CIF Value of Imports		
- Raw Materials, Components, Spare Parts & Production Consumables	**2461.99**	3336.07
- Capital Goods	**4.44**	73.79
b) Other Expenditure	**142.62**	176.39

For and on behalf of the Board

Seshagiri Rao MVS
Director

B K Singh
Chief Executive Officer

Mumbai,
the 27th August, 2011.

ANNEXURE "B" TO DIRECTORS' REPORT

STATEMENT OF PARTICULARS OF EMPLOYEES FOR THE YEAR ENDED 30TH JUNE, 2011 PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT,1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES,1975 AND FORMING PART OF THE DIRECTORS' REPORT.

Sl. No.	Name	Designation	Qualification	Age (Yrs.)	Experience (Yrs.)	Date of Joining	Total Income (Rs.)	Last Employment	Designation in Last Employment
1	Agarwal J P	Director - Corporate Finance	B. Com, Company Secretary.	54	26	01/07/1998	10396940	Mudra Ispat Ltd.	Managing Director
2	Balachandran R **	General Manager-Corporate Development	B.E. (E & E)	51	28	10/ 08/1998	1129236	Essar Power Ltd.	Manager-Maintenance Planning
3	Chaudhuri Abhijit	Director - Supply Chain Management	B. Tech. (Mechanical)	57	35	24/10/2007	7267842	Blue Star Ltd.	Sr. General Manager
4	Das A K **	Vice President - CRS	M.S. (Mechanical)	59	34	02/06/1995	1295288	Nepal Electricity Corporation	Mechanical Engineer
5	Garg Vinod **	Executive Director - Commercial	B.Com. FCA.	55	36	01/08/1984	15684415	Ispat Projects Ltd.	Executive
6	Jain Vijendra Kumar	Director - Metals & Minerals	B.Sc. (Mining Engg.)	63	39	01/09/2008	6202721	National Mineral Development Corporation Ltd.	Director-Production
7	Kumar Hemant **	President - Legal	B.Sc., LLB.	54	25	14/04/2004	3426926	Steel Authority of India Ltd.	Joint Principal Law Officer
8	Pande Pradeep **	President - HR	B.Sc., LLB, MLS, DIPT in T & D.	58	29	18/04/2005	4836781	Lupin Ltd.	President
9	Sharma Anil	Director - Corporate Affairs.	B.A.	57	35	15/06/2006	14993022	Bharti Tele Ventures Ltd.	Vice President - Corporate Affairs
10	Singh B.K.	Chief Executive Officer	B.E (Mechanical)	67	44	11/03/2004	13394267	Steel Authority of India Ltd.(Bhillai)	Managing Director
11	Subramanian T.P.	President & Company Secretary	B. Com, CS , LLB, CAIIBI.	56	37	01/05/1996	6357295	Ispat Profiles India Ltd.	General Manager
12	Sureka Anil	Executive Director - Finance	B.Sc. (Hons), ACS.	55	38	01/05/1998	8664266	Ispat Finance Ltd.	President
13	Sureka Raj Kumar	President - Taxation	B.Com., FCA, AICWA.	52	35	01/02/1997	6755079	Balasore Alloys Limited	General Manager-Commercial

** Employed for the part of the year.

Notes: (A) Remuneration as shown above comprises Salary, Commission, Dearness Allowance, House Rent Allowance, Company's Contribution to Provident Fund, Superannuation Fund, Leave Travel Allowance, Medical expenses reimbursed and value of other perquisites evaluated as per the Income Tax Rules,1962.

(B) All appointments are non-contractual except that of Mr.Vinod Garg, Mr. Anil Sureka and Mr. B K Singh.

(C) None of the above employees are related to any Director of the Company.

(D) There was no employee who holds by himself or along with his spouse and dependent children two percent or above of the equity share capital of the Company and has received remuneration in excess of that drawn by the Managing/Whole - time Director .

For and on behalf of the Board

Seshagiri Rao MVS
Director

B K Singh
Chief Executive Officer

Mumbai,
the 27th August, 2011.

Management Discussion and Analysis

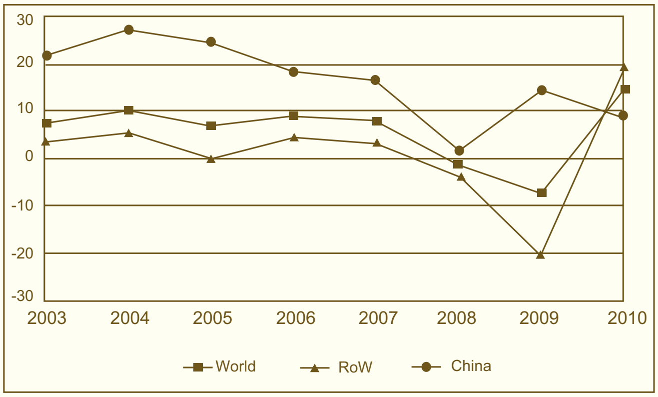
INDUSTRY STRUCTURE AND DEVELOPMENTS

Global Steel Scenario

World crude steel production touched 1,414 Million Metric Tonnes (MT) during 2010, an increase of 15% compared to 2009. All the major steel-producing countries and regions recorded double-digit growth during 2010. The European Union and North America had higher growth rates due to the lower base effect of 2009, while Asia and the CIS recorded relatively lower growth. China produced 627 Million MT of crude steel and continues to remain the World's top steel producer.

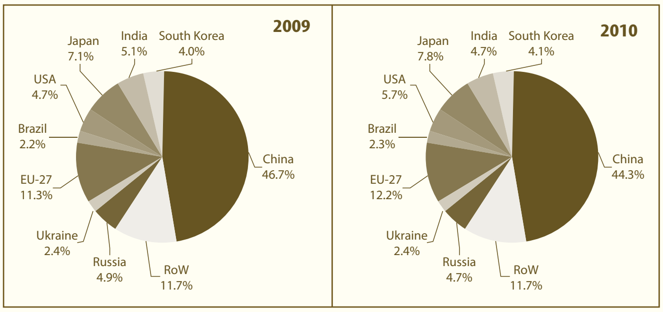
Steel production in Asia during 2010 was around 900 Million MT, up by 11% over the previous year. European Union produced around 175 Million MT in 2010, recording a significant growth of 24% over 2009. US Steel production at 112 Million MT was higher by 35% over the previous year. CIS Countries, however, recorded modest growth of 11% with production volume of around 110 Million MT.

Figure 1: Crude steel production annual growth trend



Source: World Steel Association (Y Axis – Percentage, X Axis – Year)

Figure 2: Share of world crude steel production 2009 and 2010



Source: World Steel Association

During the current year, however, global steel industry has been severely impacted by the prevailing economic uncertainities. Steel production during the current year is expected to be a little over 1500 Million MTs, an overall growth of 6% on year-to-year basis. Global steel production during 2012 is expected to be around 1550 Million MTs, registering a modest growth of 3%, reflecting the current business sentiments prevailing in most world economies. The wide diminishment in business optimism due to recent developments in the European Union, volatile swings in currency values and declines in stock markets have added to the overall negative business sentiments.

As a result, the global steel industry is bearing the twin challenges of subdued demand and increasing commodity prices. The slow global economic recovery and the debt crisis in Eurozone have significantly weakened investment prospects. High inflation levels and stringent monetary policies adopted by governments, across the world, have resulted in diminished growth prospects. Moreover, the inflationary pressures on commodity prices have resulted in steep escalation of steel-making costs and lower margins.

However, the Chinese economy is expected to accelerate by mid-2012, in response to easing of credit policies. Government funding of infrastructure projects is also likely to improve in USA and European Union, leading to increased construction activities and an accelerated demand for steel.

Indian Steel Scenario

India currently ranks 5th in terms of crude steel production. During 2010, steel production in India was around 66 Million MT, growing 6% over the previous year. Steel consumption had recorded a healthy growth of 10% during the year, backed by strong demand in automobile and construction sectors.

Indian crude steel production is estimated to increase by 200 Million MTs by the end of the current decade. Per capita steel consumption is expected to grow significantly from the current levels. Thrust on infrastructure projects is expected to create major demand for steel products in the coming years. The Eleventh Five Year Plan has estimated investment of over USD 500 billion in the infrastructure sector, comprising power, roads, railways, ports, etc.

During the current year, however, steel demand has been flat due to inflationary pressures. Capital investment by Indian industries has severely curtailed and infrastructure spend is at very low levels.

The high fiscal deficit levels have cast doubts on the country's ability to meet the budget goals. Price pressures remain elevated and infrastructure output growth has further slowed down. The domestic demand-driven economy has been steadily slowing down and federal revenue receipts have been severely impacted. Contraction in key sectors of the economy, namely, natural gas, cement, coal and infrastructure are reflected in weakening industrial activity.

The growth of capital goods sector is vital to the fortunes of the steel industry. High levels of investment in the capital goods sector are crucial for industrial growth. The dip in index of Industrial Production and the current inflationary pressures have resulted in slow growth of the capital goods sector during last few months. Thrust on infrastructure spending is essential to revive the growth pattern in the capital goods sector in the coming months.

The frequent increase in lending rates, made with the object to contain inflation, have resulted in a high cost of capital. Indian steel industry faces the critical dilemma of increasing cost of funds, which tends to impact margins as well as capital expenditure plans.

Indian Steel Industry: Road Ahead

Indian crude steel production is expected to grow at a compounded annual growth rate (CAGR) of around 10% during 2010-2013, according to recent research reports. Additionally, initiatives taken by the Government to boost economic growth by infusing funds in key industries, such as, construction, infrastructure, automobile and power are expected to provide an impetus for growth of the steel industry in future. The reports also state that steel consumption in India is expected to grow considerably in coming years.

Attracted by the growth prospect of the Indian steel industry, several global steel players have been planning to enter the market or have announced their expansion plans. Certain global players have entered into strategic partnerships or joint ventures with Indian steel majors to capitalise on their existing client base in the region.

Market Outlook

It has been estimated that steel production in the second half of 2012 shall be in excess of production in the first half, for the following reasons:

- Once the current Eurozone crisis is resolved and business confidence is restored, capital spending on projects would accelerate.
- Chinese economy would stabilize by mid-year, in response to easing of credit policies.
- Reduced inflationary pressures and declining interest rates would spur the Indian economy back on its growth path.
- Construction activities in USA and European Union would pick-up, on the back of increased spending on infrastructure sector.
- Asian economies would stabilize and industrial production levels would continue to improve.

Steel consumption, however, is likely to be 1500 Million MTs during 2012, signifying a growth of less than 1% on year-to-year basis.

OPPORTUNITIES AND THREATS

Opportunities

The projected Indian GDP growth and increased governmental spending on core infrastructure projects are expected to drive domestic steel consumption in the medium term. Steel demand in India is likely to reach 100 MT in the next few years, offering a tremendous scope to domestic steel producers to tap the huge potential. Sustained growth in infrastructure, automotive, manufacturing and consumer durables sectors would ensure a steady demand growth for all grades of steel products. With a perceptible improvement in demand from semi-urban and even rural segments, hitherto unexplored markets are being looked-into. Thrust is accorded on retail penetration and service centres are being set-up to reach all major consumption points.

Some of the other major opportunities are -

- Development of captive mining facilities and upstream integration which can result in lower cost of production and higher productivity and can also reduce incidence of price volatility of raw materials.
- Achieve better margins and realisation from value-added and branded products. Efforts need to be made to produce premium brands to add product value.
- Achieve cost competitiveness through access to cheaper iron ore / coal and sustained efforts towards achieving operation and process improvements.

Threats:

- Sharp increase in prices of raw materials, such as, iron ore, coke and coal.
- Increase in power tariff.
- Infrastructure constraints in roads, railways and ports leading to high logistics costs.
- Various statutory challenges in acquiring land for green-field steel projects, leading to delays in capacity-accretion.
- Dumping of cheap steel products into India and the consequent pressure on domestic prices.
- Depletion of raw material reserves and rising raw material costs.

Management Control - JSW Steel Limited

JSW Steel Ltd., in line with its strategic objective of achieving an annual steel-making capacity of 32 Million MTs by year 2020 to meet the growing steel demand in India, has acquired a majority equity stake in the Company and the management and control of the Company stand vested in JSW Steel Limited. While the inherent strength of JSW Steel Limited lies in being a low cost steel producer, Ispat Industries Limited has thin slab casting and compact strip mill technology besides being strategically located on the west coast of India with a captive jetty. This is expected to help the Company in deriving significant operational synergies.

Upon receiving requisite statutory approvals, the name of the Company stands changed to JSW ISPAT Steel Limited effective June 28, 2011.

Company's Strategies

The Company is committed to ensuring early implementation of its planned projects, so as to achieve valuable savings in input costs. At the same time, the Company is taking proactive steps to reduce cost and improve its operating processes. The Company shall focus on improving the market share of its products.

The Company's strategic initiatives are –

- Drive the synergies of operation between JSW Group and JSW ISPAT Steel Ltd.
- Integrate sourcing and other centralised functions to derive better economies of scale.
- Commission a coke-oven project of the annual capacity of 1 Million MTs at Dolvi Steel Complex by JSW Steel Limited.
- Commission Iron Ore Pellet project of the annual capacity of 4 Million MTs at Dolvi Steel Complex by JSW Steel Limited.
- Commission Lime Calcining Plant of the capacity of 600 tons per day, gas-based power plant of the capacity of 55 MW and Cold Rolling facility of the capacity of 0.8 Million Tons at Dolvi Steel Complex.
- Set-up railway siding facility adjacent to Dolvi Steel Complex to ensure economic transportation of inputs as well as finished steel products.
- Set-up additional Colour Coating Line of the annual capacity of 0.1 Million MTs at Kalmeshwar Complex.
- Enhance production of value added grades and products.
- Penetrate the retail segment and explore new segments in domestic markets.
- Identify potential iron ore areas in India and abroad.

PRODUCT/SEGMENT PERFORMANCE

Production of Hot Rolled Coils at 2.2 Million MTs was lower by 16.9% compared to the previous period, on an annualized basis. Production of Direct Reduced Iron (Sponge Iron) at 1.21 Million MTs and production of Hot Metal at 1.35 Million MTs were respectively lower by 10.2% and 20.6% compared to the previous period. The incidence of lower production in all the product segments was due to plant shut-down during most part of November and December, 2010 for technical upgradation and maintenance activities.

Restriction in availability of Natural Gas had cascading effect on input prices and also severely impacted production of Direct Reduced Iron.

Production of Cold Rolled Steel Coils/Sheets and Galvanized Coils/ Sheets were lower at 0.21 Million MTs and 0.14 Million MTs, respectively. Production of Galvalume at 0.048 Million MTs had registered an increase of 90.1% over the previous period. Production of Tubes and Pipes, however, was lower at 0.014 Million MTs.

Sale of Hot Rolled Coils at 2.08 Million MTs was lower by 10.34%, compared to previous period, due to lower production. Sales of Cold Rolled Steel Coils/Sheets were lower by 51.98%, whereas sales of Galvanized Coils/Sheets were lower by 2.74%, compared to previous period, due to lower production. Sales of Galvalume had risen by 80.03%, on an annual basis, signifying future growth prospects in the value-added segment.

Various cost reduction initiatives have been undertaken by the Company, such as, usage of alternate grades of raw material, successful in-house commissioning of natural gas injection in blast furnace and lower usage of fluxes. However, the increase in bench mark prices for key inputs, viz., iron ore, coal and coke is likely to push up the cost of production during the current financial year. Further, with the changeover to quarterly, and in some cases monthly, pricing against the earlier practice of yearly pricing by major raw material suppliers, uncertainties in the pricing of key inputs get heightened. Cost of natural gas has also risen sharply, since the Company is compelled to explore alternate domestic sources in the wake of supply restrictions.

Exports

Export earning during the year under review was Rs.486.16 Crores, signifying an increase of 40% over the previous period, on an annualized basis.

Global steel demand has been slack due to negative economic indicators in advanced economies.

FINANCIAL PERFORMANCE (STANDALONE) IN RELATION TO OPERATIONAL PERFORMANCE

The highlights of the financial results (standalone) for the year are as under:

(Rs. in crores)

		Year ended 30th June, 2011
1	Sales / Income from operations	8990.07
	Less : Excise Duty	763.43
	Sales (net)/ Income from Operations	8226.64
2	Other Income	324.35
3	Total Income	8550.99
4	Total Expenditure	7901.53
5	Profit before Interest & Finance Charges and Depreciation	649.46
6	Less : Interest & Finance Charges	1022.91
7	Profit / (Loss) before Depreciation	(373.45)
8	Depreciation	596.26
9	Profit / (Loss) before Tax and Exceptional Items	(969.71)
10	Add : Exceptional Items	1180.62
11	Profit/(Loss) before tax	(2150.33)
12	Provision for Taxation (Net)	
	- Wealth Tax	0.03
	- Deferred Tax Charge / (Credit)	(344.48)
13	Net Profit/(Loss)	(1805.88)
	Less : Debenture Redemption Reserve written back	---
	Add : Balance brought forward from previous year	(2134.23)
14	Amount carried to next year	(3940.11)

Income from operations during the year under review was Rs.8990.07 Crores. Profit before interest and finance charges and depreciation was Rs.649.46 Crores.

After providing for interest and finance charges of Rs.1022.91 Crores and depreciation of Rs.596.26 Crores, loss before exceptional items was Rs.969.71 Crores. Exceptional items (details of which are contained in Note No.9 of the Notes forming part of the accounts) aggregating to Rs.1180.62 Crores have been provided for in the accounts for the year under review and, consequently, loss before tax was Rs.2150.33 Crores.

After considering Deferred Tax Credit of Rs.344.48 Crores and Wealth Tax provision of Rs.0.03 Crores, net loss during the year under review was Rs.1805.88 Crores. The loss is proposed to be carried to next year's accounts.

MANAGEMENT OF RISKS AND CONCERNS

The Company's Risk Management process ensures a structured approach to all its business risks. Identification of risks and formulation of mitigation plans is a continuous process. The risk mitigation plans are subjected to continuous monitoring.

As a part of Enterprise Risk Management (ERM) process, a comprehensive Risk Management Policy has been framed. The Risk Management Process envisages:-

- Setting risk management objectives
- Identifying, prioritizing and reporting risk events
- Identifying risk mitigation strategies, and
- Risk monitoring and reporting.

While framing its Risk Management Policy, the Company seeks to go beyond regulatory requirement and ensure exemplary Corporate Governance practices.

The Risk Management Committee of the Board reviews, periodically, all risk management and mitigation procedures and adequacy of mitigation plans. The Company has well structured internal Risk Management teams and the roles and responsibilities of all functionaries are clearly defined. The teams meet periodically and review identified risks, their root causes and mitigation plans. High risk issues are deliberated and are subsequently reported to the Risk Management Committee of Board of Directors. Annual activity plans are drawn in advance and submitted to the Risk Management Committee.

The Company's Business Plans as well as the profitability estimates are subject to regular review by the Board of Directors. Projects under implementation are also subject to review by the Board of Directors.

The Company continuously monitors its Foreign Exchange positions and exposure to current and capital account transaction risks. A comprehensive Forex Risk Management Policy has been developed. An internally constituted Forex Risk Management Committee periodically reviews all forex operations, authorization levels etc. Status of Foreign Exchange exposure are periodically reviewed by the Board of Directors.

Confirmation of compliance with applicable statutory requirements are obtained from the respective units/divisions and subjected to an elaborate verification process. Quarterly Reports on Statutory Compliances, duly certified, are submitted to the Audit Committee as well as the Board of Directors for review. Compliance(s) with exception(s), if any, are duly reported to the Audit Committee and the Board of Directors. Status of Demands/Notices on the Company, under various acts and rules, as well as status of litigations are reported to the Board of Directors, every quarter.

In the process of undertaking reviews of financial projections, statutory litigations etc., the Board of Directors and the Audit Committee are entitled to independent expert opinions, wherever felt appropriate. Revenue-related litigations are subject to detailed risk-evaluation by independent experts, each quarter, and their reports are furnished to the Board of Directors.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal control systems and procedures are commensurate with its size and nature of business. Standard Operating Procedures (SOPs) have been clearly defined for various areas of operations. Similarly, well-defined Statement of Delegation of Powers has been implemented.

Reports of Concurrent Auditors, appointed by the lenders, as well as reports of the Company's Internal Audit Department and management responses on audit observations, are subject to regular review by the Audit Committee of Board of Directors. The Audit Committee also reviews reports of Management Auditors as well as Branch Auditors. The adequacy of internal control systems is also reviewed by the Audit Committee.

Corrective actions suggested by the Audit Committee are duly implemented and reported to the Audit Committee. The annual Audit Plan of the Internal Audit Department is reviewed and approved by the Audit Committee. The Audit Plan covers various operational areas and also ensures that all material financial and management issues are properly addressed. The Audit Committee also undertakes review of status of completion of previous Audit Plans to identify gaps, if any, in implementation.

The Company has an elaborate financial reporting process which ensures timely review of all financial information. The financial reporting process is also reviewed by the Audit Committee of Board of Directors.

Internal Control Systems are strengthened by appropriate IT applications which cover all areas of operation. The advanced MySAP Business Process solution ensures coverage of multiple operational areas.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company's Human Resource policies and strategies are directed towards strengthening the roots of the organization's mission. An elaborate HR Processes, including Talent Management, Organizational Development and Disciplinary Management, help the Company achieve this purpose. The Human Resource Policy seeks to ensure a high level of motivation among employees so that they play a significant role in achieving the Company's goals.

The Company has a robust in-built system of reviewing all Human Resources issues. The Performance Management System adopted by the Company is continuously strengthened with a view to ensure that employee appraisals are transparent and aligned to the corporate goals. The Company's Human Resource Committee, comprising senior officials, regularly reviews all employee related issues with a view to ensure immediate redressal. The Company's Balanced Score Card (BSC) and Performance Management System (PMS) ensure alignment of individual responsibilities with the Corporate mission.

The "Employee of the Month" scheme adopted by the Company ensures that performing team members are appropriately recognized. Career development plans of individuals are carried out, as a part of succession plan, based on their past performance, potential and the competency gaps.

Employees are rewarded on monthly basis through a variable pay structure, incentives and Employee of the Month awards. The Company gives due weightage to improvement in various activities carried throughout the organization.

Implementation of mySAP HCM module and automation of HR activities has focused on identifying the flow of HR data for efficient future use.

Employer branding helps the Company in getting the right workforce at the right time. The Company augments Employer branding through campus recruitment programme from prestigious Institutes like IITs, IIMs and NITs.

Employees are encouraged to undergo advanced Management Programmes (E-MBA) in Institutes of repute. The Company has constituted various in-house training programmes for skill advancement. Employees are also deputed to various external training programmes for enhancing competencies. The Company has also made significant changes in its training processes to address issues of skill advancement. Company has also initiated a competition on "Department practicing Best HR activities" to percolate the culture of best HR practices.

With a view to ensure development of leadership qualities, Management Development Program (MDP) for Senior Executives (AGM and above) are conducted. Sensitivity training program conducted by ISABS was organized in-house for our Senior Executives to foster cultural changes in the organization. Human Interaction Laboratories (HIL), were conducted for leaders at various levels of the Company.

The Company has identified and prioritized major processes and laid down key result areas and regularly evaluated performance through various inbuilt monitoring mechanisms like PMS/BSC, Gain Loss Analysis etc. for monitoring and controlling any deviations. In line with the organization vision, various improvement initiatives like TPM, Six-Sigma, Gemba Kaizen etc. have been implemented. The interventions range from Process Automation, Defect Reduction, Work-area Improvement etc., to Human Resources Initiatives and Profitability Enhancement.

The Company ensures safety and protection of health of its employees and all those who are associated with the Company. The Company believes that safety and health are essential to, and form an integral part of, every activity performed in the Company.

Various employee welfare schemes have been formulated, such as:-

- Family Help Groups, run by spouses of employees
- Recreational Centers
- Departmental get-togethers
- Cricket and Football Tournaments
- Felicitation of meritorious children of employees
- Mediclaim/hospitalization schemes etc.

The Company has a full-fledged Medical Centre at its Dolvi Complex for providing round-the-clock medical assistance to its employees. Specialist Doctors visit the Medical Centre, every fortnight, for rendering medical help. Health check-ups are carried out, periodically, for all employees. The Company had 3499 employees on its roll at various locations.

The Company firmly believes that an organization must play an important role in supporting the communities in which it resides and operates. Accordingly, Corporate Social Responsibility (CSR) programs play a pivotal role in the Company's growth initiatives.

Industrial relations continued to be harmonious in all units of the Company.

AWARDS AND ACCOLADES

The Company has been conferred with the following prestigious awards -

- Golden Peacock Award for Corporate Social Responsibility 2010
- FE-EVI Green Business Leadership Award 2009-10
- Safety Innovation Award winner 2010 by Institute of Engineers
- Dr. R. J. Rathi Award 2010 on Environment and Pollution Control in Industries
- Greentech Safety Award in 2010
- India Manufacturing Award – Gold Certificate 2009
- Special Commendation for Golden Peacock Award for Excellence in Corporate Governance 2009
- CII Exim Bank Award for Business Excellence 2008 - Commendation for Strong Commitment to Excel
- Amity HR Growth Award 2008
- Golden Peacock National Training Award 2008
- QCFI Convention at Chapter and National Level Conventions -Par Excellence Kaizen Award
- India Manufacturing Excellence Award-2007 for Gold Category 2007
- Good Green Governance Award 2007
- Golden Peacock National Training Award 2007
- TPM Excellence Award - Level 1
- Golden Peacock Environment Management Award-2006
- Safety Innovation Award 2006
- Golden Peacock Award for Corporate Social Responsibility 2005
- Excellence Kaizen Award 2005

MANAGEMENT OF ENVIRONMENT

The Company has always striven to be responsible and sensitive to ecological and environmental matters by protecting, conserving and restoring all natural resources, often far beyond what is mandated by government and other institutional policies.

The Company is committed to complying in full measure with all regulations regarding the preservation of the environment around its operations. By constantly upgrading technology and by applying the best processes and practices, the Company endeavors to provide environmental issues the priority they deserve. The Company seeks to constantly improve environmental performance by ensuring prevention of pollution, ensuring proper use of natural resources and minimization of all hazardous impact stemming from production, development, use and disposal of any of its products and services.

The Company seeks to -

- Ensure that its vision and mission statement, which explicitly states its Environmental policy are observed and complied.
- Communicate environmental policy to all employees, suppliers, contractors, customers, stakeholders and the community.
- Set up environmental management systems and programmes at the organizational level.
- Train employees and create awareness among suppliers, contractors, customers, stakeholders and the community at large.
- Train workforce on environmental issues and assign management representatives and facilitators to the task of monitoring environmental systems.
- Set quantitative objectives and targets for continuous improvement.
- Review environmental performance at different levels in the management hierarchy.

With a view to create environmental awareness amongst its stakeholders, the following steps are taken by the Company:

- All purchase orders, letterheads, envelopes etc., used for external/ internal communications bear printed environmental slogans.
- Sub-contractors have been advised to use environmental friendly technology for recycling of wastes like scrap, used oil etc.
- Preference is given to environment friendly/proactive suppliers while purchasing raw material and consumables.
- All inter-office memos, approvals, etc., are being processed through electronic media with a view to reduce paper consumption.
- World Environment week is celebrated each year. The major focus of World Environment Week celebrations is to create awareness and sensitize employees on caring for the environment. Number of activities are undertaken during the week long programme, such as Tree plantation, Quiz Competition, Essay Competition and Green Plant Competition.
- Service of documents to members through electronic mode, pursuant to the “Green Initiative” undertaken by Ministry of Corporate Affairs.

The Company complies with all environmental parameters specified, inter-alia, under:-

- Air (Prevention and Control of Pollution) Act, 1981
- Water (Prevention and Control of Pollution) Act, 1974
- Storage / Handling / Disposal of Hazardous Wastes Rules, 1989 as amended in 2004.
- Prescribed approvals / standards for effluents, air emissions and hazardous / bio-medical / solid wastes.
- Consent to operate issued by Maharashtra Pollution Control Board (MPCB).

At Dolvi Steel Complex

To prevent adverse impact of products and services on environment, the following measures are taken:

- A full-fledged effluent treatment plant is operated to treat and reuse waste water generated in process from Sponge Iron Plant, Hot Strip Mill, Blast Furnace and Sinter Plant.
- Sponge Iron Plant cooling tower blow down water is reused for EAF slag cooling.
- Canteen Waste Treatment plant is in place for treatment of canteen waste effluent and the treated water is used for gardening.
- Adequate air pollution control systems are provided. All pollution control equipments are designed for outlet emission, as per statutory norms.
- Raw material transfer points at Jetty (Dharamtar) have been provided with dust suppression system.
- Conveyor for transmission of raw material from Jetty operates in a closed system.
- All solid waste generated during process are recycled in sinter plant.
- All internal roads in the plant area are concretized and asphalted to reduce dust emissions.
- Road sweepers are provided for cleaning of all roads on regular basis.

To control dust emission in the ambient air and atmosphere, the following air pollution control equipments have been provided in the integrated steel plant:-

Sponge Iron Plant

- Dust Suppression System for Junction Houses of Conveyor Belts
- Furnace Dust Collection System – Cyclone with Wet Scrubber, provided by M/s. Midrex, USA.
- Product Screen Dust Collection System – Cyclone with Wet Scrubber
- Product Silo Dust Collection System – Cyclone with Wet Scrubber

Sinter Plant

- Dry Fog System for Junction Houses of Conveyor Belts from RMHS to Proportioning House.
- Fuel Bag Dedusting System with Bag Filter
- ESP System for Flux Handling Operation
- ESP System for Proportioning House
- ESP System for Sinter Machine
- ESP System for Sinter Sizing and Screening
- ESP System for Discharge End

Blast Furnace Plant

- Dust Suppression System (DSS I & II) for Junction Houses of Conveyor Belts from RMHS to Stock House
- Dedusting System with Bag Filter
- Gas Cleaning Plant
- Fume Extraction System

Lime Calcining Plant

- Lime Stone Dedusting System consists of Bag Filter
- Waste Gas Cleaning System consists of Bag Filter

Hot Strip Mill Plant

- Lime & Coke Dedusting System
- Lime Dedusting System (DE-II)
- Lime Dedusting System (DE-III)
- DRI Dedusting System (DE–I) for EAF Shell No. 1 and 2
- DRI Dedusting System (DE–II) for EAF Shell No. 3 and 4
- Super Sucker (2 Nos.)
- Gas Cleaning Plant (GCP) (2 Nos.)
- GCP – I for EAF & LF Shell No. 1 and 2
- GCP – II for EAF & LF Shell No. 3 and 4 consists of :
    - Combustion Chamber
    - Common Slag Drop Out Box
    - Forced Draft Cooler
    - Mixing Chamber
    - Bag House

Greening Drive

The Company has planted large number of trees in the plant premises, as per the guidelines of Maharashtra Pollution Control Board. The Company is maintaining a full-fledged Nursery, managed by qualified Horticulture Officers, to develop plants for its in-house requirement. Details of tree plantation are:-

Total No. of big trees	-	163883
Total No. of medium & small trees	-	352606
Lawn Development	-	1137358 Sq. Ft.

15 water fountains, waterfalls and water bodies have been developed and commissioned in the plant premises.

Resource Conservation

- Natural resource like Water, Energy, Raw materials and Natural Gas are optimally used, as compared to industry norms.
- A full-fledged effluent treatment plant is operated to treat and reuse waste water generated in process.
- Adequate air pollution control systems are provided. All pollution control equipments are designed for outlet emission, as per statutory norms.
- Solid waste generated is recycled in the Sinter Plant.
- Waste gas generated is used for power generation and recycled heating.
- Recycling of maximum solid wastes by operation of Sinter Plant and Cold Briquetting Plant.
- Maintaining pollution discharge level below national and international norms.
- The Company has a dedicated Environment Department, well-equipped with sophisticated laboratory equipments and manned by qualified and trained personnel, to handle environmental issues, carrying out analysis of water, air, stack emissions and noise monitoring throughout the integrated Steel Mill complex.
- The Company arranges for regular training programmes for its employees to create a strong environmental awareness.

At Kalmeshwar Complex

The Company complies with all the environmental parameters prescribed under applicable statutes and guidelines of Ministry of Environment and Forests, Central Pollution Control Board and Maharashtra Pollution Control Board. The complex is also well within the environmental norms prescribed under World Bank Policies and Guidelines.

Pollution Control and Environment Management efforts undertaken during the year include:

- All three solar ponds and sludge have been discarded and sent to Common Hazardous Waste Treatment Storage and Disposal Facility (CHWTSDF), Butibori for safe disposal.
- Zero Liquid Discharge Plant consisting of Dissolve Air Floatation, Tilted Plate Interceptor, Plate and Tube Reverse Osmosis, Multi Effect Evaporators, Filter Press were conceived and erected for the treatment of effluent generated from Pickling Line, Rolling Mills, Electrolytic Cleaning Line and Galvalume Line. Substantial valuable water resource will be recovered and re-used in process.
- Installation of eco-ventilators in PSA plant to improve workplace environment using renewable wind energy.
- Acid proof bricks changed in ARP section and continuous pickling

line, as preventive action, to avoid chances of percolation of acidic water into ground water.

- Two numbers of FRP tank were fabricated and installed above ground for the safe storage of raw acidic effluent generated from continues pickling line.
- To improve boiler stack emission, old filter bags are replaced by new filter bags.
- Construction of soak pit to avoid mixing of sewage water in to storm water drain.
- ETP treated effluent is regularly sent to Common Effluent Treatment plant for further treatment.

ENVIRONMENTAL RECOGNITIONS

The Company has received the following environmental recognitions:-

- 2006 : 'Ispat Industries Ltd, Sponge Iron Plant, Raigad' was declared as the winner of "Golden Peacock Environment Management Award" for the year 2006 by a jury headed by Justice P. N. Bhagwati, Former Chief Justice of India.
- 2010 : Dr. R. J. Rathi Award 2010 for Environment and Pollution Control in Industries.
- Fe-EVI Green Business Leadership Award 2009 -10 initiated by Financial Express and Emergent Ventures Limited.
- India Manufacturing Award – Gold Certificate 2009.

CORPORATE SOCIAL RESPONSIBILITY

The Company firmly believes that organizations must play an important role in supporting the communities in which they reside and operate. Accordingly, Corporate Social Responsibility (CSR) programmes play a pivotal role in the Company's initiatives.

The Company is fully committed to serving the local community in which it operates. Social development activities occupy a prime place in the Company's scheme of activities.

At Dolvi Steel Complex

As a part of its community initiatives, the Company engages in numerous activities that are built around the motto - "Adding a bit of steel to human lives".

The focus areas include:

- Tribal Development
- Women Empowerment
- Environment Conservation
- Youth Development
- Education
- Health
- Sports Development
- Agriculture Development

Tribal Development

- Harvesting Honey from wild bees - 56 tribal youth were trained in honey harvesting in association with Khadi Village Industrial Board.
- Nursery Development training - 65 Below Poverty Line (BPL) tribal woman were trained in Medicinal Plants Nursery Development in association with the Social Forestry Department, Pen.
- Life Style Education - 62 Tribal Community Members educated to promote self help groups, erase superstitions, sanitation, health-awareness and hygiene.
- De-addiction awareness/counseling workshop - 70 tribal members counseled and provided awareness education in de-addiction in association with Pune based NGO, Muktangan.
- Kitchen Garden Training was organised to train tribal and below poverty women to produce vegetable in their backyards using available fresh water. 70 women participated.

Women Empowerment

- Assisted formation of over 50 self-help groups, comprising 550 women, which continue to support and guide them to become self-reliant.
- 33 women were trained in readymade garment making, in association with MITCON.
- Sewing machine repairing training conducted for women at Wadkhal.
- JSW-ISPAT FOUNDATION started Nari Unnati Aani Vikas Pathshala for upliftment of underprivileged girls through vocational training at Kolad. 12 computers, 2 Printers and 26 sewing machines were donated by the Company.
- Women's Social Education programme was organized at Wadkal. Women were educated about importance of organization, small savings, health, legal awareness and other government schemes for women empowerment.

Environment Conservation

- The bund on Dharamtar Creek was repaired, near villages Patni and Pandapur, to make 4000 acres of paddy land cultivable and enabling landowners to get better crops.
- More than 2 lakh trees were planted with survival rate of approximately 90%. Green belt developed including lawns, shrubs, hedges, etc., covering 24,000 sq. meters.
- Distribution of plants - provided 2000 fruit plants like mango, coconut, papaya to 200 farmers to be planted in their courtyard with an additional training on organic farming.
- Free clean and potable drinking water is being supplied to households in over 44 villages.
- Celebration of Environment Day – tree plantation was held at four Schools. 100 plants were planted in the premises of four schools i.e. Gadab, Dolvi, Wadkhal and Shahbaj.

Youth Development

- Ten youth clubs were formed and registered under "The Bombay Public Trust Act 1950" and "The Societies Registration Act 1860". Regular counseling for record keeping, drafting proposals for government assistance and complying with other legal formalities are taken up at meetings.
- "Youth Employment Meet" organized in association with District Employment & Self Employment office, Raigad. About 2000 candidates attended the meet and applied for various vacancies.

- 26 youth were educated about various Government departments and agencies involved in disaster management and steps to be taken to gain access to existing resources and facilities.
- Brief training on methods for administering first aid to victims was given through demonstration of easily available resources within the community.
- Workshop for disabled persons was held at Janta Vidyamandir, Gadab to provide information about various schemes of Social Welfare Department, vocational trainings, loan schemes and helping aids available for physically challenged persons.
- Workshop organized at Abhayram Sanyas Ashram in association with Kotak Unnati Foundation, Panvel.

Educational Development

- Distributed 37,000 notebooks and 8,232 uniforms to 8,232 students of 82 schools alongwith computers for primary district schools.
- 20 primary school teachers were provided training on "Effective Teaching" in Mathematics and English in association with NGO - Pratham.
- Provided scholarship to meritoriou's Class 10 students of three higher secondary schools.
- On the occasion of Children's day, Bal Mela (Children's Festival) was organized at Wadkhal to provide a platform for children to articulate their concerns, identify solutions, express their enthusiasm and creativity.
- A workshop on self discipline for personality development was organized to help children understand self-worth and value.
- A mobile science exhibition based on the theme – "Time" was organized in association with Nehru Science Center, Mumbai. 1600 students from four schools participated in the exhibition and were educated through Non-Working Models and Working Models.
- 18 ITIs adopted under Public Private Partnership and Centre of Excellence Scheme.
- Students from surrounding villages have been selected for job oriented courses in O P Jindal Center for vocational Training in Electrical and Mechanical trade at Bellary – Vijaynagar.
- Technical training course in electrical and mechanical disciplines is being conducted by JSW Foundation at OPJC – Toranagallu in association with NTTF, a world class Trainer in Technical Education, having 22 Centres in India.

Health Education and Promotion

- 138 students from High School from neighboring villages were educated about HIV/AIDS.
- Health camp organized on occasion of International Women's Day. 256 patients, including 196 women, examined and provided medicines.
- One day Hasya Yoga camp was organized at Abhayram Sanyas Ashram, Dolvi. 48 people from Dolvi Village participated in the camp.
- Pregnant women were counselled and encouraged to undergo the blood testing under PPTCT (Prevention of Parent to Child Transmission) Scheme.

Sports Development

- JSW ISPAT MARATHON was jointly organized by the District Sports Office and the Company. This has become one of the most sought after District level sporting events in Maharashtra, with participation of over 8,500 people.
- Judo Karate training was provided to 160 school girls under Swayamsiddha programme of Zila Parishad.

Agricultural Development

- To promote organic farming, Vermi-composting training was organized in association with District Agriculture Training Center. 200 farmers from villages surrounding Dolvi Steel Complex participated in the training.

At Kalmeshwar Complex

- Construction of sheds covering the funeral pit and the place for holding condolence meeting in the funeral ground at Village Brahamani in Kalmeshwar Taluka.
- Construction of stage at community centre for cultural activities at Village Selu in Kalmeshwar Taluka.
- Construction of road from Kalmeshwar Railway siding to main approach road for use by local community and for safe driving of trucks from railway siding (bitumen laying is in progress).
- Arrangement of water kiosk (pyau) at Kalmeshwar during summer months.
- Kalmeshwar Unit's Ladies Club distributed clothes and kitchen items at Saraswati Bal & Mahila Vasati Gruh, Katol Road, Nagpur.
- Health Check-up Camp setup for Senior Citizens at Kalmeshwar.
- District level Football tournaments were organized wherein teams from Kalmeshwar, Nagpur and nearby villages had participated.
- Sponsorship of 'District Level Marathon Run' organized by 'Satpuda Krida & Sanskrutic Mandal' at Kalmeshwar.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis detailing the Company's objectives, projections, estimates, expectations or predictions may be "forward – looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations including global and Indian demand – supply conditions, finished goods prices, feedstock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the Countries within which the Company conducts business and other factors such as litigation and labour negotiations.

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company firmly believes that Corporate Governance is very closely linked to its core values and is associated with best practices, a fine blend of law, regulation and voluntary practices with the overall objective of protecting the interests of its stakeholders. The Company continues to focus on best practices in the area of Corporate Governance with specific emphasis on ensuring accountability and transparency.

The Company believes in Corporate Governance that is dynamic and continuously evolving with passage of time. Accordingly, the Company has sought to institutionalize best governance practices to effectively fulfill its corporate responsibilities. The Company is committed to a high level of transparency, accountability, integrity, ethical conduct and fairness and contributing towards the social and environmental growth of the surroundings in which it operates.

2. GOVERNANCE PRACTICES

The Company's Corporate Governance practices are driven by the ideology of transparency, integrity, ethical conduct, openness and fair reporting. The Company has adopted various best practices with a view to ensure that its corporate responsibilities are fully met.

The following policies and codes have been formulated:

a. Code of Conduct

The Company's Code of Conduct, which is required to be followed by the Board members and members of Senior Management (upto level of General Managers), is based on the principle that business should be conducted ethically, honestly and with integrity, to the exclusion of personal gains. The document also requires conduct of business in a professional manner directed towards maintaining and enhancing the reputation of the Company.

b. Code of Business Ethics

The Company's Code of Business Ethics, which applies to all its employees, encompasses responsibilities and obligations to customers, ensuring free competition, adopting fair methods in transactions with customers, vendors etc. and responsibilities to the society and country at large.

c. Business Policies

The Company's Business Policies ensure transparency of operations and accountability to its stakeholders.

The policies encourage and support professional development of employees, fair market practices and high level of integrity in financial reporting. The policies also seek to promote health, safety and quality of environment.

d. Prohibition of Insider Trading

The Company's Code of Conduct for prevention of Insider Trading, which applies to the Board Members and all officers and employees, seeks to prohibit trading in the securities of the Company based on insider or privileged information.

e. Risk Management

As a part of Enterprise Risk Management (ERM) process, a comprehensive Risk Management Policy has been framed and activated. The Risk Management Process involves setting risk management objectives, identifying, prioritizing and reporting risk events, identifying risk mitigation strategies and risk monitoring and reporting. The Company has formulated a comprehensive risk identification, assessment and minimization plan, which is subjected to periodic review and changes, if any. The risk management procedures are clearly defined and subjected to periodic review by internal Risk Management Committees. The Risk Management Committee of the Board of Directors also reviews implementation of mitigation plans, identification of new risk areas etc. The risk management procedures are also reviewed by the Board of Directors.

f. Safety, Health and Environment Policy

The Company firmly believes that health and safety is one of its prime concerns. The Company's Safety, Health and Environment Policy is aimed towards ensuring safety and health of its employees, customers, contractors and other stakeholders, by continuously enhancing safety and health standards in its activities, products and services. The Policy also seeks to achieve continuous improvement of environment by strengthening pollution prevention and control measures. With a view to fulfill its commitment to environmental protection, the Company periodically reviews challenging objectives and targets.

g. Equal employment opportunity

The Company is committed to a policy of equal employment opportunity and ensures no discrimination on grounds of race, colour, religion, sex, age or marital status.

h. Policy against sexual harassment

The Company is committed to provide a work environment in which every employee is treated with dignity, free from discrimination on grounds of sex. A comprehensive Policy against sexual harassment has been formulated to deter sexually determined behavior. The Policy seeks all employees to reinforce maintenance of a work environment, free of sexual harassment.

i. Quality Policy

The Company is committed to achieving total customer satisfaction through the supply of quality products and services on time, as per mutually agreed specifications and terms. The Company achieves this goal through the team effort of its committed employees and by continuously elevating quality consciousness and concern for environment in all spheres of activity, in its prevailing responsive working atmosphere.

j. Human Resource Development Policy

The Company's Human Resource Development Policy seek to enhance competitiveness and skills of employees, with a view to harness full potential of human capital. The policy also seeks to foster a culture of continuous learning and knowledge enhancement of employees at all levels through training, competency mapping and career development planning. The policy also seeks to ensure healthy work environment for all employees.

3. BOARD OF DIRECTORS

The composition of the Board of Directors is in conformity with Clause 49 of the Listing Agreement, as amended from time to time. The Board presently comprises fifteen Directors, of which, eight are Independent Non-Executive Directors. The Chairman of the Board is a Non-Executive Director.

During the financial year ended 30th June, 2011 (financial year 2010-11), nine meetings of the Board of Directors were held on the following dates:

28th August, 2010, 20th September, 2010, 12th November, 2010, 24th November, 2010, 20th December, 2010, 13th January, 2011, 14th February, 2011, 4th March, 2011 and 11th May, 2011

The composition of the Board of Directors as at 30th June, 2011, attendance of Directors at the Board Meetings and at the last Annual General Meeting and the number of Directorships and Committee Memberships held by the Directors in other companies are as under: -

Name of Director	Category	No. of Board Meetings Attended	Attendance at the last AGM held on 21.12.2010	No. of Directorship in other Indian Public Limited Companies @		No. of Membership in Committee of Directors in other Indian Public Limited Companies #	
				Chairman	Director	Chairman	Member
Mr Sajjan Jindal (Chairman)* (effective 13.01.2011)	Non-Independent Non-Executive	2	NA	4	3	Nil	NIL
Mr Vinod Mittal (Vice Chairman & Managing Director)**	Promoter Executive	9	No	1	Nil	Nil	Nil
Mr Pramod Mittal***	Promoter Non-Executive	Nil	No	4	Nil	Nil	Nil
Mr Seshagiri Rao MVS (effective 13.01.2011)	Non- Independent Non-Executive	3	NA	Nil	1	Nil	NIL
Mr U Mahesh Rao	Independent Non-Executive	7	Yes	Nil	2	Nil	3
Mr Vinod Kumar Kothari (effective 12.11.2010)	Independent Non-Executive	2	No	Nil	3	1	3
Mr Atul Sud (effective 13.01.2011)	Independent Non-Executive	1	NA	Nil	2	Nil	Nil
Mr Haigreve Khaitan (effective 13.01.2011)	Independent Non-Executive	Nil	NA	Nil	14	Nil	9
Mr M Sankaranaryanan (UTI Nominee)	Independent Non-Executive	5	No	Nil	Nil	Nil	Nil
Mr S N Baheti (IDBI Nominee)	Independent Non-Executive	9	No	Nil	Nil	Nil	Nil
Mr Mayank Agrawal (ICICI Nominee)	Independent Non-Executive	6	No	Nil	Nil	Nil	Nil
Ms Manju Jain (IFCI Nominee) (effective 28.08.2010)	Independent Non-Executive	8	No	Nil	3	Nil	Nil
Mr B K Singh Executive Director (Steel Plant) $	Executive	5	No	Nil	Nil	Nil	Nil
Mr Anil Sureka Executive Director(Finance) $$	Executive	8	Yes	Nil	4	Nil	1
Mr Suhail Nathani (Alternate Director to Mr Pramod Mittal) (effective 11.05.2011)	Non-Independent Non-Executive	Nil	NA	Nil	2	Nil	3

*Appointed as Chairman of the Board of Directors with effect from 14th February, 2011.

**Relinquished office of Managing Director with effect from 1st July, 2011. Continues to be Vice Chairman, in executive capacity.

*** Relinquished office of Chairman of Board of Directors with effect from 14th February, 2011.

$ Redesignated as Chief Executive Officer with effect from 22nd July, 2011.

$$ Ceased to be Executive Director (Finance) as well as Director with effect from 1st July, 2011.

@ Excludes Companies where appointed as an Alternate Director.

Only Audit Committee and Investor / Shareholders' Grievance Committee have been considered.

Attendance of Directors, who had ceased to hold office during the year under review, at Board Meetings held during the year and at the Annual General Meeting:

Name of Director	Category	Date of Cessation	No. of Board Meetings attended	Attendance at the last AGM held on 21.12.2010
Mr R P Singh (IFCI Nominee)	Independent Non-Executive	28.08.2010	Nil	NA
Dr A Besant C Raj	Independent Non-Executive	13.01.2011	1	No
Dr Basudeb Sen	Independent Non-Executive	13.01.2011	3	Yes
Mr Vinod Garg Executive Director (Commercial)	Executive	16.04.2011	7	Yes
Mr R K Jena (Alternate Director to Mr Pramod Mittal) (effective 14.02.2011)	Non-Independent Non-Executive	09.05.2011	Nil	NA

None of the Directors on the Board is a Member on more than ten Committees and Chairman of more than five Committees, as specified in the Clause 49 of the Listing Agreement, across all the Companies in which he is a Director.

During the financial year 2010-11, the Company did not have any material pecuniary relationship or transactions with its Non-Executive Directors apart from paying fees for attending meetings of the Board and/or its Committee(s). None of the Independent Non-Executive Directors:

a) are related to the promoters or persons occupying management positions at Board level or at one level below the Board;

b) has been an executive of the Company in the immediately preceding three financial years;

c) is a partner or an executive or was a partner or an executive during the preceding three years of the statutory auditors or internal auditors or legal/consulting firms having a material association with the Company;

d) is a material supplier, service provider or customer or lessor or lessee of the Company;

e) is a substantial shareholder of the Company i.e., owning 2% or more of the block of voting shares in the Company.

None of the Non-Executive Directors is holding any share in the Company, except Mr Pramod Mittal, Non-Executive Promoter, who is holding 674558 Equity Shares (0.03%) and 279672 – 0.01% Cumulative Redeemable Preference Shares (0.06%), Mr U Mahesh Rao who is holding 1000 Equity Shares (Nil%) and Mr Seshagiri Rao MVS, who is holding 150 Equity Shares (Nil%).

None of the Directors of the Company are related to each other, except Mr Pramod Mittal and Mr Vinod Mittal, who are related to each other.

4. BOARD PROCEDURE

The Board of Directors decides management policies, approves strategies and oversees business performance. The Board seeks to ensure that the corporate goals are met and seeks accountability with a view to ensure that the corporate mission is accomplished.

The Board reviews the Company's Business Plans, annual capital and operating budgets, strategies, performance of operations, schedule for implementation of capital projects, purchase/disposal of assets, risk assessment procedures and minimization plans, compliance of applicable statutory/regulatory requirements, major legal issues, significant labour matters, quarterly/annual financial results, reports and observations of Auditors, financial results of subsidiaries, significant transactions/arrangements entered into by subsidiaries, as well as minutes of deliberations at the respective Committees of the Board. Minutes of the meetings of Board of Directors of the unlisted Indian Subsidiary Companies are also reviewed by the Board. Information as required under Annexure-IA to Clause 49 of the Listing Agreement is made available to the Board, every quarter. Reconciliation of Share Capital Audit Report and Secretarial Compliance Reports are also reviewed by the Board on a quarterly basis.

While reviewing compliance reports of applicable laws, the Board also takes suitable steps to rectify non-compliance, if any.

The agenda for Board meetings are sent in advance to all the Directors, accompanied by comprehensive notes and copies of related documents. Presentations are periodically made on global economic conditions, steel scenario/outlook, operational performance, financial results, status of projects under implementation, risk management procedures, etc.

The Company has an effective post-meetings follow-up mechanism in place. Action Taken Report on decisions taken at previous meetings of the Board/Committees are reviewed at the succeeding meetings of the Board/Committees.

5. AUDIT COMMITTEE

The Company has an independent Audit Committee constituted in terms of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

The terms of reference of the Audit Committee are, broadly, as under:-

i) Review of accounting policies, financial reporting processes and disclosure of financial information.

ii) Recommend to the Board appointment/re-appointment of Statutory Auditors, fixation of audit fees as well as fees for other services being rendered by them.

iii) Review quarterly/annual financial results and recommend the same to the Board.

iv) Review reports of Internal Audit Department and Concurrent Auditors and management response thereto.

v) Review adequacy of internal control systems of the Company.

vi) Review annual plans of Internal Audit Department, performance of Statutory Auditors and Internal Audit Department and adequacy of internal audit function, including structure of Internal Audit Department etc.

vii) Review statutory compliances.

The Audit Committee also undertakes review of such other matters as may be delegated by the Board from time to time.

Besides having access to all the required information from within the Company, the Committee can obtain external legal or professional advice, wherever required. The Committee can investigate any activity within its reference terms, seek information from any employee and also seek attendance of outsiders with relevant experience, if it so considers necessary. The Committee is empowered to review the appointment/re-appointment of Internal Auditor.

The reports of Internal Audit Department (earlier known as Business Process Solutions Department) and Concurrent Auditors are reviewed by the Audit Committee. The Committee reviews adequacy of internal control systems with the Auditors as well as the Company. The Committee reviews with the Statutory Auditors their observations on accounts and accounting policies. The Committee engages in post-audit discussions with Statutory Auditors to ascertain areas of concern, if any.

The Committee also undertakes review of:-

i) Adequacy of internal audit functions including structure of Internal Audit Department.

ii) Annual Audit Plans as well as comparison of actual performance with approved plans.

iii) Performance of Statutory Auditors as well as Internal Audit Department.

iv) Significant findings, if any, of Statutory Auditors, Concurrent Auditors and Internal Audit Department.

v) Related party transactions, if any.

vi) Changes in accounting policies, if any.

vii) Major accounting entries involving estimates based on exercise of judgment by the management as well as significant adjustments, if any, made in financial statements arising out of audit findings.

viii) Audit Reports and Limited Review Reports of Statutory Auditors.

ix) Management discussion and analysis of financial condition and results of operation.

x) Reasons for substantial defaults, if any, in payments to debenture-holders and lenders.

The Audit Committee reviews the quarterly and annual financial statements with the management before submission to the Board. The minutes of the Audit Committee Meetings are circulated to the Board, discussed and taken note of. Follow-up actions taken by the Company on the directions of the Audit Committee are also subject to subsequent review.

The Audit Committee presently comprises eight members, all of whom are Independent Non-Executive Directors. The members of the Audit Committee posses relevant expertise in accounting/ financial management. Chairman of the meetings of the Audit Committee is an Independent Director.

The President and Company Secretary acts as the Secretary to the Committee.

Six meetings of the Audit Committee were held during the year on the following dates:

8th July, 2010, 28th August, 2010, 11th November, 2010, 14th February, 2011, 10th May, 2011 and 11th May, 2011.

The composition of the Audit Committee as at 30th June, 2011 and the meetings attended by the members are as under:-

Name of Director	Category	No. of Meetings attended
Mr U Mahesh Rao	Independent Non-Executive	5
Mr M Sankaranarayanan (UTI Nominee)	Independent Non-Executive	6
Mr Mayank Agrawal (ICICI Nominee)	Independent Non-Executive	2
Mr S N Baheti (IDBI Nominee)	Independent Non-Executive	5
Ms. Manju Jain (IFCI Nominee) (effective 28.08.2010)	Independent Non-Executive	3
Mr Vinod Kothari (effective 12.11.2010)	Independent Non-Executive	3
Mr Haigreve Khaitan (effective 14.02.2011)	Independent Non-Executive	Nil
Mr Atul Sud (effective 14.02.2011)	Independent Non-Executive	Nil

Attendance of Directors, who had ceased to hold office during the year, at Audit Committee Meetings held during the year:

Name of Director	Category	Date of Cessation	No. of Meetings attended
Mr R P Singh (IFCI Nominee)	Independent Non-Executive	28.08.2010	Nil
Dr A Besant C Raj	Independent Non-Executive	13.01.2011	1

6. SHARE TRANSFER AND INVESTORS GRIEVANCE COMMITTEE

The Share Transfer and Investors Grievance Committee approves transfer of shares, consolidation/sub-division of shares, issue of duplicate shares and other allied matters. The Committee also looks into the investors' grievances pertaining to share transfers, dematerialization of shares, issue of duplicate shares and all other matters concerning shareholders/investors and gives direction from time to time for effective settlement of investors' grievances.

Eight meetings of the Committee were held during the year on the following dates:

8th July, 2010, 27th August, 2010, 26th October, 2010, 11th November, 2010, 21st December, 2010, 18th January, 2011, 17th March, 2011 and 10th May, 2011.

The composition of the Committee as on 30th June, 2011 and the meetings attended by the members are as under:-

Name of Director	Category	No. of Meetings attended
Mr U Mahesh Rao (Chairman of the Committee)	Independent Non-Executive	8
Mr Vinod Mittal Vice-Chairman & Managing Director* (effective 14.02.2011)	Promoter Executive	1
Mr Anil Sureka Executive Director (Finance) **	Executive	8
Mr Haigreve Khaitan (effective 14.02.2011)	Independent Non-Executive	Nil

* Relinquished office of the Managing Director with effective from 1st July, 2011. Continues to be Vice Chairman, in executive capacity.

** Ceased to be a Director of the Company with effect from 1st July, 2011.

Attendance of Directors, who had ceased to hold office during the year, at Share Transfer & Investors Grievance Committee Meetings held during the year:

Name of Director	Category	Date of Cessation	No. of Meetings attended
Dr A Besant C Raj	Independent Non-Executive	13.01.2011	1

The Chairman of the Committee is an Independent Non-Executive Director. The Chairman of the Committee was present at the Annual General Meeting held on 21st December, 2010.

Name and Designation of Compliance Officer:

Mr. T P Subramanian, President & Company Secretary is the Compliance Officer.

The minutes of the Share Transfer and Investors Grievance Committee Meetings are circulated to the Board, discussed and taken note of. During the year under review, 516 complaints were received from shareholders. All complaints were appropriately replied / resolved and there was no complaint pending to be resolved as at 30th June, 2011. No request for transfer of Equity Shares and 0.01% Cumulative Redeemable Preference Shares was pending as on 30th June, 2011. No request for dematerialization of Equity Shares and 0.01% Cumulative Redeemable Preference Shares was pending as on 30th June, 2011.

7. REMUNERATION COMMITTEE

The broad terms of reference of the Remuneration Committee are as under:

i) Review of Remuneration Policy in relation to Whole-time Directors.

ii) Recommend to the Board remuneration including salary, perquisites and commission to be paid to Whole-time Directors.

While reviewing the remuneration policy, periodically, the Committee takes into consideration the prevailing trend of executive compensation, across all sectors, Company's business activities and plans, background of concerned managerial personnel etc.

The Committee comprises three members all of whom are Independent Non-Executive Directors.

No meeting of the Remuneration Committee was held during the year.

The composition of the Committee as at 30th June, 2011 is as under:-

Name of Director	Category
Mr U Mahesh Rao (Chairman of the Committee)	Independent Non-Executive
Mr M Sankaranarayanan (UTI Nominee)	Independent Non-Executive
Mr Atul Sud (effective 14.02.2011)	Independent Non-Executive

Particulars of Director who had ceased to hold office during the year:

Name of Director	Category	Date of Cessation
Dr A Besant C Raj	Independent Non-Executive	13.01.2011

The Chairman of the Remuneration Committee was present at the Annual General Meeting held on 21st December, 2010.

8. REMUNERATION POLICY

Non-Executive Directors of the Company are paid sitting fees of Rs.20,000/- for attending each meeting of Board of Directors and Audit Committee of Directors and Rs.12,000/- for attending each meeting of other Committees of Directors. Besides sitting fees, the Non-Executive Directors are not paid any other remuneration or commission.

The Company pays remuneration to its Whole-time Directors in the form of a fixed component, comprising of salary, perquisites and allowances. No other benefits, bonuses or performance linked incentives are being paid to Whole-time Directors.

Payment of salary to Whole-time Directors is within the range approved by the Shareholders of the Company. Perquisites and allowances are paid as a percentage of salary, within the ceiling approved by the Shareholders.

Increase in salary is considered and approved by the Board, within the range approved by the shareholders of the Company, based on the recommendation of the Remuneration Committee. Approval of appropriate authorities, wherever required, is obtained.

While deciding the remuneration package of the Whole-time Directors, the following factors are considered:

a) Employment scenario, in general.

b) Company's business activities and expansion plans.

c) Size of Company's operations and its overall ranking in terms of assets employed, sales turnover, exports undertaken etc.

d) Prevailing trend of executive compensation across all sectors.

e) Background, experience etc., of the concerned managerial personnel.

The details of the remuneration paid to the Whole-time Directors, during financial year 2010-2011, are as under:-

Name of Director	Salary & Perks	Commission	Total	Service Years	Contract Period
	(Rs. in Lacs)	(Rs. in Lacs)	(Rs. in Lacs)		
Mr Vinod Mittal (Vice Chairman & Managing Director) #	57	Nil	57	5	(28.06.2007-27.06.2012)
Mr Anil Sureka Executive Director (Finance)*	86	Nil	86	5	(01.02.2006-31.01.2011) (01.02.2011-30.06.2011)
Mr B K Singh Executive Director (Steel Plant) @	134	Nil	134	5	(01.05.2008-30.04.2013)
Mr Vinod Garg Executive Director (Commercial) (Ceased effective 16.04.2011)	157 $	Nil	157	5	(21.04.2008-20.04.2013)

Relinquished office of Managing Director with effect from 1st July, 2011. Continues to be Vice Chairman, in executive capacity.

* Re-appointed as Whole-time Director designated as Executive Director (Finance) for the period from 1st February, 2011 to 30th June, 2011.

@ Re-designated as Chief Executive Officer effective 22nd July, 2011.

$ Includes leave encashment and gratuity paid upon cessation.

Notice Period — The service contract with the Vice Chairman & Managing Director and Whole-time Directors may be terminated by either party giving three months' notice in writing to the other party, or the Company paying three months' salary in lieu thereof.

Severance Fee — No Severance Fee is payable to any of the aforementioned Managing/Whole-time Directors.

Stock Option — NIL

9. OTHER COMMITTEES

In addition to the Committees mentioned hereinabove, the Board has constituted the following Committees:-

a) Project Management Committee

b) Committee of Directors

c) Corporate Governance Committee

d) Risk Management Committee

e) Securities Issue Committee

f) Finance Committee

g) Negotiating Committee

a) Project Management Committee

The broad terms of reference of the Project Management Committee are as under:-

i) Overview implementation of various capital projects, including status of progress, critical areas affecting project implementation schedules etc.

ii) Overview financing of projects, capital expenditure budgets, project costs incurred etc.

Apart from the Committee Members, the meetings of Project Management Committee are also attended by Heads of respective projects, representatives of key contractors, project consultants etc.

Since the major projects, identified earlier, were completed, no meeting of the Project Management Committee was held during the year.

The composition of the Project Management Committee as at 30th June, 2011 is as under:-

Name of Director	Category
Mr U Mahesh Rao	Independent Non-Executive
Mr Anil Sureka Executive Director (Finance)*	Executive
Mr Mayank Agrawal (ICICI Nominee)	Independent Non-Executive
Ms Manju Jain (IFCI Nominee) (effective 28.08.2010)	Independent Non-Executive
Mr S N Baheti (IDBI Nominee)	Independent Non-Executive

* Ceased to be a Director of the Company with effect from 1st July, 2011.

Particulars of Directors who had ceased to hold office during the year:

Name of Director	Category	Date of Cessation
Dr A Besant C Raj	Independent Non-Executive	13.01.2011
Mr. Vinod Garg Executive Director (Commercial)	Executive	16.04.201

b) Committee of Directors

The broad terms of reference of the Committee of Directors are as under: -

i) Review, periodically, the Business Plan and Financial Projections of the Company and modifications, if any, therein;

ii) Review, periodically, actual performance/achievement against Business Plan and Financial Projections.

iii) Report to the Board of Directors of its findings/observations in respect of (i) and (ii) above.

iv) Consider sale of any Fixed Asset, requiring approval of Board of Directors, subject to the condition that the book-value of the item of sale does not exceed Rs. 500 Lacs in value.

v) Appointing attorneys/representatives to represent the Company before various authorities.

vi) Fixing Record Date(s)/Book Closure Dates.

vii) Accepting working capital facilities that may be sanctioned by Banks/Lenders upto such amount as may be authorized by the Board.

viii) Opening/closure of Bank Accounts and changes in authorizations.

ix) Opening of Depots, Offices, Warehouses etc.

One meeting of the Committee of Directors was held during the year on 8th July, 2010.

The composition of the Committee as at 30th June, 2011 and the meeting attended by the members are as under:-

Name of Director	Category	No. of Meetings attended
Mr Pramod Mittal	Promoter Non-Executive	Nil
Mr Vinod Mittal, Vice Chairman & Managing Director *	Promoter Executive	1
Mr Anil Sureka Executive Director (Finance) @	Executive	1
Mr B K Singh Executive Director (Steel Plant) $	Executive	1
Mr U Mahesh Rao	Independent Non-Executive	1
Ms Manju Jain (IFCI Nominee) (effective 28.08.2010)	Independent Non-Executive	NA
Mr Mayank Agrawal (ICICI Nominee)	Independent Non-Executive	Nil
Mr S N Baheti (IDBI Nominee)	Independent Non-Executive	1

* Relinquished office of Managing Director effective 1st July, 2011. Continues to be Vice Chairman, in executive capacity.

@ Ceased to be a Director of the Company effective 1st July, 2011.

$ Redesignated as Chief Executive Officer effective 22nd July, 2011.

Attendance of Directors, who had ceased to hold office during the year, at Committee of Directors Meeting held during the year:

Name of Director	Category	Date of Cessation	No. of Meetings attended
Mr. R P Singh (IFCI Nominee)	Independent Non-Executive	28.08.2010	NIL
Mr Vinod Garg Executive Director (Commercial)	Executive	16.04.2011	1

With a view to ensure synchronization of areas of Board purview and enable a focused approach, the terms of reference of the Committee has been suitably integrated with the Finance Committee and the Committee of Directors has been dissolved effective 22nd July, 2011.

c) Corporate Governance Committee

The Broad terms of reference of the Corporate Governance Committee are as under:-

a) Review, periodically, the Corporate Governance policy of the Company.

b) Review, periodically, the status of compliance with Clause 49 of the Listing Agreement with Stock Exchanges, as well as all other applicable Codes/ Guidelines/Regulations.

c) Monitor Corporate Governance practices adopted by the Company.

d) Decide upon implementation of various non-mandatory practices/recommendations.

e) Any other matter as may be referred to by the Board of Directors, from time to time.

One meeting of the Corporate Governance Committee was held during the year on 27th August, 2010.

The composition of the Committee as at 30th June, 2011 and the meeting attended by the members are as under:-

Name of Director	Category	No. of Meetings attended
Mr U Mahesh Rao	Independent Non-Executive	1
Mr Haigreve Khaitan (effective 14.02.2011)	Independent Non-Executive	NA
Mr Atul Sud (effective 14.02.2011)	Independent Non-Executive	NA

Attendance of Directors, who had ceased to hold office during the year, at Corporate Governance Committee Meeting held during the year:

Name of Director	Category	Date of Cessation	No. of Meetings attended
Dr A Besant C Raj	Independent Non-Executive	13.01.2011	Nil
Dr Basudeb Sen	Independent Non-Executive	13.01.2011	1

With a view to ensure synchronization of areas of Board purview and enable a focussed approach, the terms of reference of the Committee has been suitably integrated with the Finance Committee and the Corporate Governance Committee has been dissolved effective 22nd July, 2011.

d) Risk Management Committee

The broad terms of reference of the Risk Management Committee are as under:-

i) Review, periodically, all risk management and mitigation procedures adopted by the Company.

ii) Review, periodically:

- Adequacy of risk mitigation plans.
- Identification of root causes.
- Adequacy of coverage of risk indicators in mitigation plans.
- Status of risk mitigation plans.

iii) Consider such other related matters as may be referred to by the Board.

One meeting of the Risk Management Committee was held during the year on 27th August, 2010.

The composition of the Committee as at 30th June, 2011 and the meeting attended by the members are as under:-

Name of Director	Category	No. of Meetings attended
Mr U Mahesh Rao (Chairman of the Committee)	Independent Non-Executive	1
Mr B K Singh Executive Director (Steel Plant)#	Executive	Nil
Mr Anil Sureka Executive Director (Finance)*	Executive	1
Mr Mayank Agrawal (ICICI Nominee)	Independent Non-Executive	Nil

Redesignated as Chief Executive Officer effective 22nd July, 2011.

* Ceased to be a Director of the Company effective 1st July, 2011.

Attendance of Directors, who had ceased to hold office during the year, at Risk Management Committee Meeting held during the year:

Name of Director	Category	Date of Cessation	No. of Meetings attended
Dr A Besant C Raj	Independent Non-Executive	13.01.2011	Nil
Mr Vinod Garg Executive Director (Commercial)	Executive	16.04.2011	1

e) **Securities Issue Committee**

The broad terms of reference of the Securities Issue Committee are as under:-

i) Decide on matters relating to creation, offer, issue and allotment of equity shares of the Company.

ii) Issue and allotment of equity shares of the Company, from time to time.

iii) Resolve and settle all questions and difficulties in relation to creation, offer, issue and allotment of equity shares of the Company.

iv) Listing of equity shares of the Company with the Stock Exchanges.

v) Such other matters in connection with or incidental to the issue and allotment of equity shares of the Company.

vi) Fixed Deposits with Scheduled Commercial Banks.

vii) Fixed/Public Deposits with Companies accepting such Fixed/Public Deposits under the provisions contained in Section 58A of Companies Act, 1956 and other relevant Acts/ Statutes.

viii) Mutual Fund Scheme(s)/offering(s), including Units.

ix) Money Market Instruments including, but not restricted to, rated Commercial Paper(s), Certificate(s) of Deposits etc.

(Terms of reference at Items (vi) to (ix) above are specific in relation to investment of surplus funds).

Two meetings of Securities Issue Committee were held during the year on 24th January, 2011 and 31st March, 2011.

The composition of the Securities Issue Committee as at 30th June, 2011 and the meetings attended by the members, are is as under:-

Name of Director	Category	No. of Meetings attended
Mr Vinod Kothari (effective 13.01.2011)	Independent Non-Executive	2
Mr Anil Sureka, Executive Director (Finance)*	Executive	2
Mr U Mahesh Rao	Independent Non-Executive	Nil
Mr S N Baheti (IDBI Nominee)	Independent Non-Executive	Nil
Mr Mayank Agrawal (ICICI Nominee)	Independent Non-Executive	Nil
Ms Manju Jain (IFCI Nominee) (effective 28.08.2010)	Independent Non-Executive	Nil

* Ceased to be a Director of the Company effective 1st July, 2011.

Attendance of Director, who had ceased to hold office during the year, at Securities Issue Committee Meetings held during the year:

Name of Director	Category	Date of Cessation	No. of Meetings attended
Mr Vinod Garg Executive Director (Commercial)	Executive	13.01.2011	NA

f) **Finance Committee**

A Finance Committee was constituted on 11th May, 2011.

The broad terms of reference of the Finance Committee are as under:-

i) Avail credit/financial facilities of any description from Banks/Financial Institutions/Bodies Corporate upto an amount not exceeding Rs. 1000 Crores, in the aggregate.

ii) Avail Credit/Financial facilities of any description from Banks/Financial Institutions for the purpose of re-financing the existing Credit/Financial facilities sanctioned to the Company. Credit/Financial facilities availed pursuant to this authority shall be to the extent of existing Credit/Financial facilities being re-financed.

iii) Invest and deal with any monies of the Company upon such security or without security in such manner as the Committee may deem fit and vary the terms of such investment and/or realize such investment(s), within the guidelines laid down by the Board of Directors.

iv) Make loans to Individuals/Bodies Corporate and/or to place deposits with other Companies/Firms upon such security or without security in such manner as the Committee may deem fit within the limits approved by the Board of Directors.

v) Open Current Account(s), Collection Account(s), Operation Account(s), or any other Account(s) with Banks and also to close any such accounts as the Committee may consider necessary and expedient.

With a view to effectively synchronize certain terms of reference of the Committee of Directors and the Corporate Governance Committee, which have been dissolved, the terms of reference of Finance Committee have since been enhanced effective 22nd July, 2011 by addition of the following :-

i) Review, periodically, the Business Plan and Financial Projections of the Company and modifications, if any, therein.

ii) Review, periodically, actual performance/achievement against Business Plan and Financial Projections.

iii) Consider sale of any Fixed Asset subject to the condition that the book-value of the item of sale does not exceed Rs. 1000 Lacs in value.

iv) Appointing attorneys/representatives to represent the Company before various authorities.

v) Fixing Record Date(s)/Book Closure Date(s).

vi) Review significant changes in statute(s) governing Corporate Governance policies/practices.

No meeting of the Finance Committee was held during the year.

The composition of the Finance Committee as at 30th June, 2011, is as under:-

Name of Director	Category
Mr Seshagiri Rao MVS	Non-Independent Non-Executive
Mr B K Singh Executive Director (Steel Plant)*	Executive
Mr Anil Sureka Executive Director (Finance)**	Executive

* Redesignated as Chief Executive Officer with effect from 22nd July, 2011.

** Ceased to be a Director of the Company with effect from 1st July, 2011.

g) Negotiating Committee

A Negotiating Committee was constituted on 4th March, 2011.

The broad terms of reference of the Negotiating Committee are to negotiate, finalise and approve the terms of investment in JSW Energy Limited and the terms of the Energy Wheeling Agreement and do all such acts, deeds, etc., in connection therewith or incidental thereto.

One meeting of the Negotiating Committee was held during the year on 20th April, 2011.

The composition of the Negotiating Committee as at 30th June, 2011 and the meeting attended by the members are as under:-

Name of Director	Category	No. of Meetings attended
Mr B K Singh Executive Director (Steel Plant)*	Executive	1
Mr Anil Sureka Executive Director (Finance)**	Executive	1
Mr. Atul Sud	Independent Non-Executive	Nil

* Redesignated as Chief Executive Officer with effect from 22nd July, 2011.

** Ceased to be a Director of the Company with effect from 1st July, 2011.

10. GENERAL BODY MEETINGS

10.1 Location and time, where last three Annual General Meetings (AGMs) held:

For the Year ended	Location	Date	Time
31.03.2008	Kala Mandir Main Hall, 48, Shakespeare Sarani Kolkata - 700 017	28.08.2008	10.30 A.M.
31.03.2009	Kala Mandir Main Hall, 48, Shakespeare Sarani Kolkata - 700 017	23.09.2009	10.30 A.M.
30.06.2010	Kala Kunj 48, Shakespeare Sarani, Kolkata - 700 017	21.12.2010	10.30 A.M.

10.2 Whether any special resolution passed in the previous three AGMs : Yes

10.3 Whether special resolutions:

a) (i) Were put through postal ballot last year : No

(ii) Details of voting pattern : N.A.

(iii) Person who conducted the postal ballot exercise : N.A.

b) (i) Are votes proposed to be conducted through postal ballot this year : No

(ii) Procedure for postal ballot : N.A.

11. EXTRA-ORDINARY GENERAL MEETING

Two Extra-ordinary General Meetings of the members of the Company were held during the financial year 2010-11, as under :-

(i) Extra-ordinary General Meeting held on 18th January, 2011 -

At the Extra-ordinary General meeting, the members :

(a) Accorded consent to issue and allot, on a preferential basis, to JSW Steel Limited, upto 108,66,49,874 Equity Shares of the face value of Rs.10/- each in the Company, for cash at a price of Rs.19.85 per Equity Share.

(b) Took on record the erosion of net worth as at 30th June, 2010, being the date of the last audited Accounts of the Company, by more than 50% of the peak net worth of the Company during the immediately preceding four financial years and resolved to report such fact to the Board for Industrial and Financial Reconstruction.

(ii) Extra-ordinary General Meeting held on 24th June, 2011 -

At the Extra-ordinary General meeting, the members accorded their consent for change of name of the Company from Ispat Industries Limited to JSW ISPAT Steel Limited.

12. DISCLOSURES

a. The particulars of transactions between the Company and its related parties, as defined in terms of Accounting Standard 18, are set out in Page Nos. 64 to 68 of the Annual Report. However, these transactions are not likely to have any potential conflict with the Company's interest.

b. The Company has complied with the requirements of the Stock Exchanges, Securities and Exchange Board of India and other statutory authorities on matters relating to Capital Markets during the last three years.

No penalties/strictures have been imposed on the Company by Stock Exchanges or Securities and Exchange Board of India (SEBI) or any statutory authority on any matter related to capital market during the last three years except for the following:

An order was passed on 31st March, 2004 and issued on 5th April, 2004, by SEBI, whereby the Company was instructed to be more careful in future and ensure compliance with the SEBI Act, Rules and Regulations framed there under and more specifically with the Code of Corporate Disclosures, while disclosing any information which may be construed to be price sensitive in nature. However, subsequently, an order was issued by Adjudicating Officer, SEBI on 1st December, 2005, levying a penalty of Rs.1 lac on the Company in the same matter.

The Company preferred an appeal against the said Order to Securities Appellate Tribunal (SAT) which was admitted and recovery of penalty was stayed during the pendency of appeal. At the hearing held on 12th September, 2007, SAT allowed the Company's appeal and the impugned Order of SEBI dated 1st December, 2005 was set aside.

Against the SAT order, SEBI has filed Special Leave Petition in Honorable Supreme Court. The Company has entered into appearance and the Special Leave Petition is yet to be admitted.

c. A certificate from the Chief Executive Officer and Chief Financial Officer with regard to the Annual Audited Accounts for the financial year ended 30th June, 2011 was submitted to the Board, in compliance with Clause 49 of the Listing Agreement. The Certificate is annexed to this Report.

d. The Company has adopted and complied with all mandatory requirements under Clause 49 of the Listing Agreement.

e. The Company has adopted non-mandatory requirement under Clause 49 of the Listing Agreement to the extent relating to setting-up of Remuneration Committee. Please refer details provided under Section "Remuneration Committee" of this Report.

14. MEANS OF COMMUNICATION

Half-yearly report sent to each household of Shareholder	Since the unaudited quarterly/ half-yearly results are published in the newspapers and displayed on the Company's website, the same were not sent to each household of shareholders.
Quarterly results - which Newspapers normally published in	Financial Express (in English) Sangbad Pratidin (Bengali version)
Website where quarterly results are displayed.	www.jswispat.in
Whether it also displays official news releases and presentation made to institutional investors or to the analysts?	Press releases have been displayed on the Company's website
Whether Management Discussion & Analysis is part of Annual Report?	Yes

15. COMPANY'S CORPORATE WEBSITE

The Company's website is a comprehensive reference on its management, vision, mission, policies, products and processes, social responsibility initiatives, investor relations, updates and news.

16. GENERAL SHAREHOLDERS' INFORMATION

16.1 **Annual General Meeting**	
Day, Date and Time	Wednesday, 21st December, 2011 at 11.30 A.M.
16.2 **Book Closure Date**	14th December, 2011 to 20th December, 2011 (both days inclusive)
16.3 **Dividend Payment Date**	Not Applicable since dividend not recommended/ declared.
16.4 **Financial Calendar:**	
Year Ending	June 30
Annual General Meeting	November/ December
Board Meeting for considering Unaudited Quarterly Results for first three-quarters of the financial year ending 30th June, 2012.	Within 45 days from the end of each quarter.
Board Meeting for considering Audited Results of the Company for the Financial Year ending 30th June, 2012.	Within two months from the end of the financial year

16.5 Listing on Stock Exchanges

Equity Shares	**0.01% Cumulative Redeemable Preference Shares**
The Calcutta Stock Exchange Limited 7 Lyons Range, Kolkata 700 001.	The Calcutta Stock Exchange Limited 7 Lyons Range, Kolkata 700 001.
National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051.	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051.
Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 023.	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 023.
10% Cumulative Redeemable Preference Shares	**12% Cumulative Redeemable Preference Shares**
National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051.	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051.
Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 023.	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 023.
Global Depository Receipts (GDRs)	
The Luxembourg Stock Exchange Societe de la Bourse de Luxembourg, 11, Avenue De La Porte Neuve, L - 2227 Luxembourg.	

Note: Annual Listing Fees for the year 2011-2012 have been duly paid to all the above Stock Exchanges. Annual Custody fees for the year 2011-2012 have been duly paid to National Securities Depository Ltd. and Central Depository Services (India) Ltd.

16.6 **Redemption of 12% Cumulative Redeemable Preference Shares (CRPS)**

In accordance with the terms governing issue of 12% CRPS, the Company has redeemed part of the face value (Rs.100/- each) of the 12% CRPS. Upon redemption, the adjusted face value of the 12% CRPS is Rs.76/- each.

16.7 **Stock Market information**

(i) **Stock Code:**

> National Stock Exchange of India Ltd.

Equity Shares of Rs.10/- each	:	JSWISPAT (Series EQ)
0.01% Cumulative Redeemable Preference Shares of Rs.10/- each	:	JSWISPAT (Series P1)
10% Cumulative Redeemable Preference Shares of Rs.10/- each	:	JSWISPAT (Series P2)
12% Cumulative Redeemable Preference Shares of Rs.100/- each (adjusted face value Rs.76/- each)	:	JSWISPAT (Series P3)

> Bombay Stock Exchange Ltd.

Equity Shares of Rs.10/- each	:	500305
0.01% Cumulative Redeemable Preference Shares of Rs.10/- each	:	700109
10% Cumulative Redeemable Preference Shares of Rs.10/- each	:	700112
12% Cumulative Redeemable Preference Shares of Rs.100/- each (adjusted face value Rs.76/- each)	:	700113

> The Calcutta Stock Exchange Ltd.

Equity Shares of Rs.10/- each	:	10019278
0.01% Cumulative Redeemable Preference Shares of Rs.10/- each	:	10019279

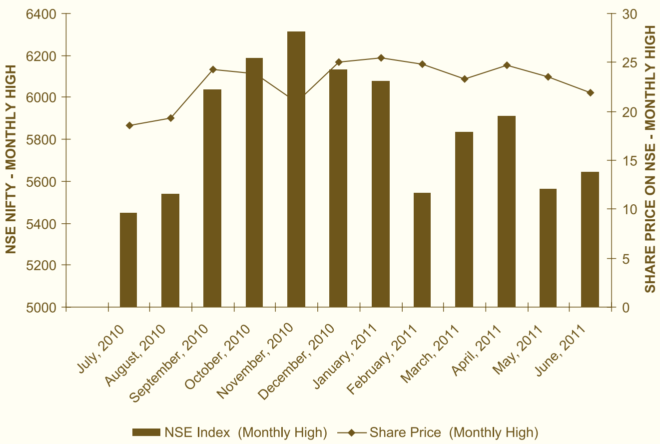
(ii) **ISIN Nos. of Dematerialised Shares**

Equity Shares of Rs.10/- each	:	INE 136A01022
0.01% Cumulative Redeemable Preference Shares of Rs.10/-each	:	INE 136A04034
10% Cumulative Redeemable Preference Shares of Rs.10/- each	:	INE 136A04018
12% Cumulative Redeemable Preference Shares of Rs.100/- each (adjusted face value Rs.76/- each)	:	INE 136A04026

(iii) **Market Price**

Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
July, 2010	18.55	17.65	18.55	17.60
August, 2010	19.30	17.55	19.30	17.60
September, 2010	24.35	18.85	24.30	18.85
October, 2010	23.85	19.60	23.85	19.60
November, 2010	21.00	16.35	20.95	16.35
December, 2010	24.95	17.70	25.00	17.70
January, 2011	25.45	22.35	25.45	22.30
February, 2011	24.85	21.05	24.80	21.05
March, 2011	23.35	21.60	23.35	21.65
April, 2011	24.75	22.65	24.75	22.70
May, 2011	22.85	21.55	23.50	19.90
June, 2011	21.85	18.45	21.90	18.45

MARKET PRICE VS NIFTY



16.8 **Registrars & Share Transfer Agents:**

M/s Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound, LBS Marg,
Bhandup (West), Mumbai-400 078 .
Ph. Nos. 91-22-25946970-78, Fax No. 91-22-25946969
E-mail: rnt.helpdesk@linkintime.co.in
(Registered with SEBI as Share Transfer Agent - Category I)

16.9 **Share Transfer System**

The Company's Equity Shares, 0.01% Cumulative Redeemable Preference Shares of Rs.10/- each (0.01% CRPS), 10% Cumulative Redeemable Preference Shares of Rs.10/- each (10% CRPS) and 12% Cumulative Redeemable Preference Shares of Rs.100/- each (adjusted face value Rs. 76/- each) (12% CRPS) are admitted for dealings with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), under the Depositories Act, 1996. As such, facilities for dematerialization of the Company's Equity Shares, 0.01% CRPS, 10% CRPS and 12% CRPS are available vide ISIN No. INE136A01022, INE136A04034, INE136A04018 and INE136A04026 respectively, at both the depositories.

To expedite the process of transfer, the Company has authorized M/s. Link Intime India Private Limited, Registrar & Share Transfer Agents, to effect the transfer, who attend to share transfer formalities at least once in a fortnight. In terms of the Rules and Regulation prescribed by SEBI and provisions of the Listing Agreement entered into with the Stock Exchanges, Share transfers in physical form are carried out and returned to the shareholders within 20 days from the date of receipt, subject to the transfer documents being valid and complete in all respects. Those who are desirous of holding their shares in the Company in electronic form have to approach their Depository Participant for dematerialization of their shares.

The Share Transfer and Investors Grievance Committee looks into issues relating to share transfers and investor grievances. This Committee generally meets on regular basis. The total number of such meetings held during the year under review was eight (previous year - eleven). Total number of Equity Shares physically transferred during the year were 1,88,009 (Previous Year – 1,20,063) and total number of 0.01% CRPS physically transferred during the year were 48,644 (Previous Year – 67,728). No transfer request was received during the year in respect of 10% Cumulative Redeemable Preference Shares and 12% Cumulative Redeemable Preference Shares.

16.10 **Undelivered/Unclaimed Shares**

18,565 Share Certificates in respect of 18,77,590 Equity Shares pertaining to 18,565 Equity Shareholders and 18,638 Share Certificates in respect of 12,61,163 – 0.01% Cumulative Redeemable Preference Shares (CRPS) pertaining to 18,638 CRPS holders are lying undelivered with the Company's Registrar & Share Transfer Agent, M/s. Link Intime India Pvt. Ltd. as at 30th June, 2011. The Company, after sending three reminders to the registered address of the shareholders, requesting for correct particulars to dispatch the undelivered share certificates, will be crediting the unclaimed shares to a Unclaimed Suspense Account to be opened by the Company for this purpose with one of the Depository Participants, if no response is received. Any corporate benefit in terms of securities accruing on such shares viz bonus shares, split etc. shall be credited to the said Unclaimed Suspense Account. The voting rights on these shares shall also remain frozen till the rightful owner of such shares claims the shares.

As and when the rightful owner of such shares approaches the Company at later date, the Company shall, after proper verification, either credit the shares lying in the Unclaimed Suspense Account to the demat account of the owner to the extent of the owner's entitlement, or deliver the physical certificates after rematerializing the same, depending on what has been opted by the owner.

16.11 **Investor Grievance Redressal System**

M/s Link Intime India Private Limited, Registrars and Share Transfer Agents, in consultation with the Secretarial Department of the Company, handle all Investors' grievances. The Registrars have adequate skilled staff with professional qualifications and advanced computer systems for speedy redressal of investors' grievances. It is ensured that the total process of settlement of a complaint right from its receipt to disposal does not exceed 15 days.

Periodical Review meetings are held, at least once in a fortnight, between the officials of the Registrars & Share Transfer Agents and the Company to discuss the various issues relating to share transfer and other allied matters, dematerialization of shares, investors complaints, etc.

The following e-mail ID of the Compliance Officer has been designated exclusively for registering complaints of the investors:

investorgrievance_cell@jswispat.in

The investors may send their grievance to the said e-mail address. The investors may also send their grievance to the e-mail address of the Company's Registrars and Share Transfer Agents, M/s Link Intime India Private Ltd., as under :-

rnt.helpdesk@linkintCime.co.in

16.12 (a) **Distribution of Equity Shareholding as on 30th June, 2011**

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shares held
001 to 5000	724063	99.05	262505786	11.00
5001 to 10000	4155	0.57	31160033	1.31
10001 to 50000	2285	0.31	47119304	1.97
50001 to 100000	234	0.03	16757301	0.70
100001 and above	281	0.04	2029256706	85.02
TOTAL	**731018**	**100.00**	**2386799130**	**100.00**

(b) **Categories of Equity Shareholders as on 30th June, 2011**

Particulars	No. of Shares held	Percentage to total Shareholding
Promoter Group	1670464935	69.99
Financial Institutions / Banks/ Insurance Companies / Mutual Funds	156058929	6.54
NRIs / OCBs / Other Foreign Shareholders/ (Other than Promoter Group)	104143593	4.36
Public & Others	456131673	19.11
TOTAL	**2386799130**	**100.00**

16.13 **Dematerialization of Shares and liquidity :**

Approximately 98.98% of the Equity Shares have been dematerialized up to 30th June, 2011.

Trading in Equity Shares of the Company is permitted only in dematerialized form with effect from 08.05.2000 as per notification issued by the Securities and Exchange Board of India.

16.14 **Outstanding Global Depository Receipts (GDRs):**

10691 GDRs representing 106912 Equity Shares of Rs.10/- each.

16.15 **Plant Locations** :

1) Cold Rolling Mill & Coating Complex:
A-10/1 MIDC Industrial Area, Kalmeshwar 441501
Dist. Nagpur, Maharashtra
2) Sponge Iron Plant:
Geetapuram, Dolvi 402 107, Taluka Pen,
Dist. Raigad, Maharashtra
3) Hot Strip Mill Plant:
Geetapuram, Dolvi 402 107, Taluka Pen,
Dist. Raigad, Maharashtra
4) Blast Furnace Plant:
Geetapuram, Dolvi 402 107, Taluka Pen,
Dist. Raigad, Maharashtra

16.16 **Address for Correspondence by Investors**

JSW ISPAT Steel Limited
(Formerly known as Ispat Industries Limited)
Tower A, 3rd Floor,
DLF IT Park, 08, Major Arterial Road
Block AF, New Town
Kolkata 700 156
Ph.No: 91-33-40002020
Fax No.: 91-33-40002021
E-mail: investorgrievance_cell@jswispat.in

Unit-in-Charge
Unit: JSW ISPAT Steel Limited
Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai 400 078.
Ph. Nos. 91-22-25946970-78
Fax No. 91-22-25946969
E-mail: rnt.helpdesk@linkintime.co.in

Note: Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.

DECLARATION IN TERMS OF CLAUSE 49 (1) (D) (ii) OF LISTING AGREEMENT

It is hereby confirmed that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct, laid down by the Board of Directors, for the financial year ended 30th June, 2011.

For JSW ISPAT Steel Limited

B K Singh
Chief Executive Officer

27th day of August, 2011

CEO/CFO CERTIFICATION IN TERMS OF CLAUSE 49 OF LISTING AGREEMENTS

August 27, 2011.

The Board of Directors

JSW ISPAT Steel Limited

Dear Sirs,

Re: CEO / CFO Certification in terms of Clause 49 of Listing Agreements with Stock Exchanges.

In pursuance to the Clause 49 of the Listing Agreements with Stock Exchanges, we wish to certify as under with regard to the Annual Audited Accounts of the Company for the financial year ended 30th June, 2011, including the Schedules and Notes forming part thereof, as well as the Cash Flow Statement for the financial year ended on that date:

a. We have reviewed the Annual Accounts, including the Schedules and Notes forming part thereof, and Cash Flow Statement for the financial year ended 30th June, 2011 and that to the best of our knowledge and belief :

    i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

    ii. these statements together present a true and fair view of the Company's affairs as per the Companies Act, 1956, and are in compliance with existing Indian accounting standards, all applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year which are fraudulent, illegal or violative of the Company's Code of Conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and authorizing respective process owners to maintain such internal controls. The internal control systems are subject to continuous evaluation and deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies.

d. There were no significant changes in the internal control systems over financial reporting during the financial year, which were to be indicated to the Auditors and the Audit Committee.

e. There were no significant changes in accounting policies during the financial year, which were to be indicated to the Auditors and Audit Committee.

f. There have been no instances of significant fraud during the financial year, of which we have become aware of and the involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Rajesh Asher
Executive Director (Corporate)

B K Singh
Chief Executive Officer

AUDITORS' CERTIFICATE TO THE MEMBERS OF JSW ISPAT STEEL LIMITED

We have examined the compliance of conditions of corporate governance by JSW ISPAT Steel Limited, for the year ended on 30th June 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

We 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.R. BATLIBOI & CO.
Firm Registration Number : 301003E
Chartered Accountants

Per Hemal Shah
Partner
Membership No. 42650

14th Floor, 'The Ruby',
29 Senapati Bapat Marg,
Dadar (W)
Mumbai - 400 028
Dated: 27th August, 2011

Auditors' Report to the Members of JSW ISPAT Steel Limited

To the Members of JSW ISPAT Steel Limited
(Formerly Ispat Industries Limited)

1. We have audited the attached Balance Sheet of JSW ISPAT Steel Limited ('the Company') as at 30th June, 2011 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. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that :

   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 and proper returns adequate for the purposes of our audit have been received from branches/ sales depots not visited by us.

   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, 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, *subject to our comment in para (vii) below.*

   v. On the basis of the written representations received from the directors, as on 30th June, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   vi. Without qualifying our opinion, attention is drawn to Note No. 13 of Schedule 23 regarding Sundry Debtors of Rs. 255.61 crores, towards sale consideration of landed property along with interest thereon which are overdue from Peddar Realty Private Limited. These have been considered good of recovery by the management in view of the market value of the underlying assets of the said debtor.

   vii. *Attention is also drawn to Note No. 11 of Schedule 23 regarding net deferred tax asset (DTA) of Rs. 1308.76 crores (including Rs. 344.48 crores for the year) recognized upto 30th June, 2011, based on the future profitability projections made by the management. We are unable to express an opinion on the virtual certainty of achieving these projections as required by Accounting Standard 22, 'Accounting for Taxes on Income', and the consequential impact, if any, of the recognition of such deferred tax asset. This had also caused us to qualify our audit opinion on the financial statements for the period ended 30th June, 2010.*

      Had the impact of item stated above been considered, the loss for the year would have been Rs. 3114.64 crores (after adjusting DTA of Rs. 964.28 crores recognized upto 30th June, 2010) as against the reported loss of Rs. 1805.88 crores and the debit balance in Profit & Loss Account would have been Rs. 5248.87 crores as against the reported figure of Rs. 3940.11 crores.

   viii. *Subject to the effect of the observation in para (vii) above,* 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 Balance Sheet, of the state of affairs of the Company as at 30th June, 2011;

      b) in the case of Profit and Loss account, of the loss for the year ended on that date; and

      c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **S.R. BATLIBOI & CO.**
Firm Registration Number : 301003E
Chartered Accountants

Per **Hemal Shah**
Partner
Membership No. 42650

14th Floor, 'The Ruby',
29 Senapati Bapat Marg,
Dadar (W)
Mumbai - 400 028

Dated: 27th August, 2011

Annexure to the Auditors' Report

Referred to in our report of even date to the Members of JSW ISPAT Steel Limited (Formerly Ispat Industries Limited) as at and for the year ended 30th June, 2011

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification in a phased manner to cover all the items of fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification of fixed assets during the year.

(c) There was no substantial disposal of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification of inventories during the year.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clauses 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.

(b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clauses 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that some of the items purchased are of a special nature and alternative sources do not exist for obtaining quotations thereof, it appears that there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) In our opinion, there are no contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956.

(vi) The Company has not accepted any deposit from the public within the purview of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the products manufactured by the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there have been delays in a few cases.* The provisions relating to employees' state insurance are not applicable to the Company.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other undisputed statutory dues were outstanding, as on the Balance Sheet date for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income tax, sales tax, wealth-tax, service tax, custom duty, excise duty and cess on account of any dispute, are as follows :-

Name of the Statute	Nature of the Dues	Amount (Rs. in crores)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act,1944	Dispute of Cenvat credit on Inputs & Capital Goods and allied matters (Net of Rs. 1.08 crores deposited under protest)	43.96	1994-1995 1997-1999 2000-2011	Commissioner (Appeals), Customs, Excise & Service Tax Appellate Tribunal, High Court, Supreme Court
	Duty on valuation of inputs and Hot Metal	14.89	2000-2004	
	Duty on Freight	5.39	1996-2003	
	Various matters (Net of Rs. 0.82 crore deposited under protest)	5.89	1998-2005	
	Transfer of Cenvat Balance from one location to other	2.01	2005-2006	

Name of the Statute	Nature of the Dues	Amount (Rs. in crores)	Period to which the amount relates	Forum where dispute is pending
The Customs Act, 1962	Demand of Custom duty on barge and stevedoring charges	7.28	1994-2005	Customs, Excise & Service Tax Appellate Tribunal
	Demand of Custom Duty upon finalisation of Provisional Assessments	80.19	2004-2011	High Court
The Finance Act, 1994	Tax on services relating to foreign consultancy/ infrastructure support/ sales commission (Net of Rs. 0.44 crore deposited under protest)	0.27	1998-2003 2005-2009	Commissioner (Appeal), Customs, Excise & Service Tax Appellate Tribunal
The Bombay Sales Tax Act, 1959	Tax on Classification of CR/GC as manufacturing process (Net of Rs. 0.33 crore deposited under protest)	26.33	1998-2001 2002-2004	Jt. Commissioner (Appeal), High Court
	Demand for set off granted on capital goods	1.12	1999-2000	Sales Tax Appellate Tribunal
	Purchase Tax on Zinc (Net of Rs. 0.30 crore deposited under protest)	0.36	1989-1991 1995-1996	Sales Tax Appellate Tribunal
Central Sales Tax Act, 1956	'C' and 'F' Form related matters	1.62	2003-2004 2005-2006	W.B. Commercial Tax & Revision Board
West Bengal Value Added Tax Act, 2003	Purchase Tax Matters	0.01	2005-2006	Sr. Joint Commissioner
The Income Tax Act,1961	Minimum Alternate Tax	2.16	1989-1991	High Court
The Wealth Tax Act, 1957	Demand on valuation	0.27	2001-2002	Income Tax Appellate Tribunal

(x) *The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash loss during the year* but it had not incurred cash loss in the immediately preceding financial year.

(xi) *Based on our audit procedures and as per the information and explanations given by the management, the Company has delayed in repayment of dues to domestic financial institutions and banks during the year to the extent of Rs. 2342.37 crores, which includes Rs. 1418.81 crores towards working capital facilities (the delay in such repayments for more than 60 days being Rs. 654.73 crores).* However, there is no such overdue amount as on the balance sheet date. The company did not have any outstanding dues of debentures during the year.

(xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable.

(xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which these loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that *the Company has used short term funds to the extent of Rs. 460.32 crores for funding of losses.* Losses of the current year include provisions of exceptional nature aggregating to Rs. 1180.62 crores as disclosed in Note No. 9 on Schedule 23.

(xviii) The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through a public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **S.R. BATLIBOI & CO.**
Firm Registration Number : 301003E
Chartered Accountants

Per **Hemal Shah**
Partner
Membership No. 42650

14th Floor, 'The Ruby',
29 Senapati Bapat Marg,
Dadar (W)
Mumbai - 400 028

Dated: 27th August, 2011

Balance Sheet as at 30th June, 2011

(Rs. in crores)

	Schedule	As at 30th June, 2011	As at 30th June, 2010
SOURCES OF FUNDS			
1. Shareholders' Fund			
Share Capital	1	**3354.92**	2225.09
Share Capital Suspense		**150.96**	-
[Refer Note No. 8(b) on Schedule 23]			
Application Money towards Equity Warrants		**-**	18.00
(Refer Note No. 7 on Schedule 23)			
Reserves and Surplus	2	**2460.63**	1471.83
		5966.51	3714.92
2. Loan Funds			
Secured Loans	3	**5911.10**	7156.90
Unsecured Loans	4	**1021.66**	24.85
		6932.76	7181.75
TOTAL		**12899.27**	10896.67
APPLICATION OF FUNDS			
1. Fixed Assets			
Gross Block	5	**13438.70**	13456.02
Less : Depreciation		**6193.56**	5528.67
Net Block		**7245.14**	7927.35
Capital Work-in-Progress (including Capital Advances)	6	**61.86**	63.73
Pre-operative and Trial Run Expenses (Pending Allocation)	7	**-**	-
		7307.00	7991.08
2. Investments	8	**163.42**	229.37
3. Deferred Tax Asset (Net)	9	**1308.76**	964.28
4. Foreign Currency Monetary Items Translation Difference Account		**-**	2.08
(Refer Note No. 16 on Schedule 23)			
5. Current Assets, Loans and Advances			
Inventories	10	**2040.56**	1934.17
Sundry Debtors	11	**394.57**	758.97
Cash and Bank Balances	12	**595.88**	203.06
Loans, Advances and Deposits	13	**546.50**	795.32
		3577.51	3691.52
Less: Current Liabilities and Provisions			
Current Liabilities	14	**3351.80**	4079.38
Provisions	15	**45.73**	36.51
		3397.53	4115.89
Net Current Assets		**179.98**	(424.37)
6. Profit and Loss Account Debit balance		**3940.11**	2134.23
TOTAL		**12899.27**	10896.67
Significant Accounting Policies	22		
Notes on Accounts	23		
Schedules referred to above form an integral part of the Balance Sheet.			

As per our Attached Report of even date
FOR S. R. BATLIBOI & CO.
Firm Registration Number: 301003E
Chartered Accountants

For and on behalf of the Board

PER HEMAL SHAH
Partner
Membership No. 42650
14th Floor, 'The Ruby'
29 Senapati Bapat Marg,
Dadar (W)
Mumbai-400 028
Date : 27th August, 2011

T. P. SUBRAMANIAN
President
& Company Secretary

B. K. SINGH
Chief Executive Officer

SESHAGIRI RAO M.V.S.
Director

Profit & Loss Account for the year ended 30th June, 2011

(Rs. in crores)

	Schedule	**Jul'10 - Jun'11 (12 Months)**	Apr'09-Jun'10 (15 Months)
INCOME			
Sales (Gross)	16	**8990.07**	10983.14
Less : Excise Duty		**763.43**	850.41
Sales (Net)		**8226.64**	10132.73
Other Income	17	**324.35**	445.96
TOTAL (A)		**8550.99**	10578.69
EXPENDITURE			
Decrease/(Increase) in stocks	18	**(94.54)**	(269.53)
Excise Duty & Cess on stocks		**6.71**	29.54
(Refer Note No. 4 on Schedule 23)			
Raw Materials Consumed		**5591.39**	5895.25
Personnel Cost	19	**219.29**	269.31
Manufacturing, Selling & Distribution and Administrative Expenses [Including Prior Period Expenses Rs. 2.25 crores (Rs. 3.56 crores)]	20	**2178.68**	2846.65
Interest & Finance Charges	21	**1022.91**	1369.98
Depreciation		**677.67**	876.28
Less: Transfer from Revaluation Reserve		**81.41**	102.33
		596.26	773.95
TOTAL (B)		**9520.70**	10915.15
Profit/(Loss) before Tax and Exceptional Items (A-B)		**(969.71)**	(336.46)
Add : Exceptional Items		**1180.62**	-
(Refer Note No. 9 on Schedule 23)			
Profit/(Loss) before Tax		**(2150.33)**	(336.46)
Less:		**0.03**	0.03
Provision for Wealth Tax			
Deferred Tax Charge/(Credit) (Refer Note No. 11 on Schedule 23)		**(344.48)**	(14.15)
Profit/(Loss) after Tax		**(1805.88)**	(322.34)
Less : Debenture Redemption Reserve written back		**-**	20.26
Add : Loss brought forward from Previous Year		**(2134.23)**	(1832.15)
Loss carried to Balance Sheet		**(3940.11)**	(2134.23)
Basic and Diluted Earning per Share (Rs.) [Nominal value of shares Rs. 10 each] (Refer Note No. 23 on Schedule 23)		**(10.60)**	(3.37)
Significant Accounting Policies	22		
Notes on Accounts	23		
Schedules referred to above form an integral part of the Profit & Loss Account.			

As per our Attached Report of even date
FOR S. R. BATLIBOI & CO.
Firm Registration Number: 301003E
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SESHAGIRI RAO M.V.S.
Director

Cash Flow Statement for the year ended 30th June, 2011

(Rs. in crores)

		Jul'10 - Jun'11 (12 Months)	Apr'09 - Jun'10 (15 Months)
A:	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Profit / (Loss) before Tax	**(2150.33)**	(336.46)
	Adjustments for :		
	Depreciation	**596.26**	773.95
	Loss on Fixed Assets Sold / Discarded (Net)	**2.64**	6.01
	Net Unrealised Loss/(Gain) on Exchange Rates/Forward Exchange Contracts	**(8.34)**	(124.53)
	Gain on Prepayment of Deferred Sales Tax	**(219.82)**	(244.96)
	Advances/Debts/Deposits/Claims Provided For / Written Off	**859.46**	13.82
	Provision for potential loss of Inventory	**104.83**	-
	Interest Income	**(59.80)**	(23.15)
	Interest & Finance Charges	**1022.91**	1285.45
	Liabilities no Longer Required Written Back	**(9.84)**	(14.08)
	Gain on Sale of Trade Investments (Long term)	**-**	(2.17)
	Provision for Diminution in Value of Investments Written Back	**229.24**	-
	Amortisation of Foreign Currency Monetary Item Translation Difference (Net)	**2.08**	3.47
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**369.29**	1337.35
	Movements in Working Capital :		
	(Increase) / Decrease in Sundry Debtors	**49.80**	(179.98)
	(Increase) / Decrease in Loans and Advances including Deposits	**(260.09)**	149.77
	(Increase) / Decrease in Inventories	**(211.16)**	(551.12)
	Increase / (Decrease) in Current Liabilities & Provisions	**(730.55)**	490.17
	CASH GENERATED FROM/(USED IN) OPERATIONS	**(782.71)**	1246.19
	Direct taxes paid (net of refunds)	**(29.20)**	(0.35)
	NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES (A)	**(811.91)**	1245.84
B:	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Acquisition of Fixed Assets	**(61.39)**	(143.81)
	Project Development Expenses Paid to Subsidiary Company	**9.90**	(2.84)
	Project Promotional Recoverable Dues	**(0.92)**	(23.50)
	(Purchase)/Sales of Investments	**(163.29)**	5.69
	Proceeds from Sale of Fixed Assets	**0.25**	1.57
	Fixed Deposits (Receipts Pledged with various banks as security)	**(24.45)**	(103.90)
	Interest Received	**20.56**	10.74
	NET CASH USED IN INVESTING ACTIVITIES (B)	**(219.34)**	(256.05)
C:	**CASH FLOW FROM FINANCING ACTIVITIES :**		
	Proceeds from Issuance of Share Capital (including Share Premium)	**2157.00**	0.23
	Receipt of Call Money in Arrears	**0.07**	-
	Advance against Share Subscription	**-**	18.00
	Redemption of Cumulative Redeemable Preference Shares	**(34.55)**	(47.52)
	Collection of VAT / Sales Tax under deferral Scheme	**270.24**	300.66
	Repayment of VAT / Sales Tax under deferral Scheme	**(17.15)**	(54.60)
	Repayment of Unsecured Loans	**(138.58)**	(223.48)
	Receipt of Unsecured Loan	**1134.19**	47.00
	Long Term Borrowings Repaid	**(827.87)**	(192.09)
	Long Term Borrowings Received	**-**	455.55
	Working Captial Finance (Repaid) / Received (Net)	**(21.80)**	(181.47)
	Interest Paid	**(1121.93)**	(1092.30)
	NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)	**1399.62**	(970.02)
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**368.37**	19.77
	Cash & Cash Equivalents as on 1st July, 2010 (Opening Balance)	**23.27**	3.50
	Cash & Cash Equivalents as on 30th June, 2011(Closing Balance)	**391.64**	23.27

Cash Flow Statement for the year ended 30th June, 2011 *(Contd.)*

(Rs. in crores)

	Jul'10 - Jun'11 (12 Months)	Apr'09 - Jun'10 (15 Months)
Notes :-		
Components of Cash and Cash Equivalents		
Cash on hand [Including Stamps, Cheques/Drafts on hand]	**0.10**	20.77
Balances with Scheduled Banks in :		
- Current & Collection Accounts	**1.54**	2.50
Fixed Deposit Account [Receipts of Rs. 204.24 crores (Rs. 179.79 crores) pledged with various Banks as Security]	**594.24**	179.79
Balance with Non Scheduled Banks	**-**	-
Cash & Bank Balances as per Schedule 12	**595.88**	203.06
Less: Fixed Deposit not considered as cash and cash equivalent	**204.24**	179.79
Cash & Cash Equivalents in Cash Flow Statement	**391.64**	23.27

As per our Attached Report of even date
FOR S. R. BATLIBOI & CO.
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Chief Executive Officer

SESHAGIRI RAO M.V.S.
Director

Schedules Annexed to and forming part of the Balance Sheet as at 30th June, 2011

(Rs. in crores)

		As at 30th June, 2011	As at 30th June, 2010
SCHEDULE - 1			
SHARE CAPITAL			
AUTHORISED			
4,00,00,00,000	Equity Shares of Rs. 10 each	**4000.00**	4000.00
10,00,00,000	Preference Shares of Rs. 100 each	**1000.00**	1000.00
1,00,00,00,000	Preference Shares of Rs. 10 each	**1000.00**	1000.00
		6000.00	6000.00
ISSUED, SUBSCRIBED & PAID UP			
2,38,67,99,130 (1,22,24,42,218)	Equity Shares of Rs. 10 each fully paid-up	**2386.80**	1222.44
	Less :Allotment & Call Money in Arrears (Due from other than Directors)	**0.71**	0.73
	(A)	**2386.09**	1221.71
4,31,99,500	12% Cumulative Redeemable Preference Shares (CRPS) of Rs. 100 each fully paid-up (Redeemable at par in balance Nine annual installments by 31st March 2020)	**431.99**	431.99
	Less : Redeemed	**103.68**	69.12
		328.31	362.87
15,51,12,156	10% Cumulative Redeemable Preference Shares (CRPS) of Rs. 10 each fully paid-up (Redeemable at par in Eight quarterly installments commencing from 15th June 2018)	**155.11**	155.11
48,59,08,844	0.01% Cumulative Redeemable Preference Shares (CRPS) of Rs. 10 each fully paid-up (Redeemable at par in Eight quarterly installments commencing from 15th June 2018)	**485.91**	485.91
		969.33	1003.89
	Less :Allotment & Call Money in Arrears (Due from other than Directors)	**0.50**	0.51
	(B)	**968.83**	1003.38
	(A+B)	**3354.92**	2225.09

Note:

Out of above 18,31,09,080 equity shares of Rs. 10 each, 1,36,00,000 12 % CRPS of Rs. 100 each and 12,20,72,720 0.01% CRPS of Rs.10 each, fully paid-up, were issued for consideration other than cash, pursuant to Scheme of Reconstruction and Amalgamation approved by the jurisdictional High Courts of Bombay and Calcutta.

(Rs. in crores)

		As at 30th June, 2011		As at 30th June, 2010
SCHEDULE - 2				
RESERVES AND SURPLUS				
Capital Reserves				
(i) Investment Subsidy		**0.20**		0.20
(ii) Amount arisen on Forfeiture of Equity Warrants		**51.98**		51.98
(iii) Revaluation Reserve				
As per last Account	**965.94**		1070.44	
Less : Adjustments in respect of Fixed Assets Sold/ Discarded	**0.19**		2.17	
	965.75		1068.27	
Less : Transferred to Profit & Loss Account	**81.41**	**884.34**	102.33	965.94
Share Premium*				
As per last Account	**453.71**		453.71	
Add : Received during the year	**1070.40**	**1524.11**	-	453.71
Debenture Redemption Reserve				
As per last Account	**-**		20.26	
Less : Transferred to Profit & Loss Account	**-**	**-**	20.26	-
		2460.63		1471.83

* Net of Rs. 1.80 crores (Rs.1.82 crores) due on Allotment & Call Money in Arrears.

(Rs. in crores)

		As at 30th June, 2011		As at 30th June, 2010
SCHEDULE - 3				
SECURED LOANS				
A) Term Loans				
I) Rupee Loans				
1) From Financial Institutions				
(i) Term Loans	**1529.73**		1811.81	
(ii) Zero Coupon Loans	**50.42**	**1580.15**	53.78	1865.59
2) From Banks				
(i) Term Loans	**1960.25**		2438.88	
(ii) Zero Coupon Loans	**114.60**	**2074.85**	122.23	2561.11
II) Foreign Currency Loans				
(i) Financial Institutions	**248.75**		277.15	
(ii) Banks	**1790.65**	**2039.40**	2071.55	2348.70
III) Interest Accrued and Due		**-**		143.00
B) Working Capital Finance				
From Banks		**216.70**		238.50
		5911.10		7156.90

NOTES:

A. (i) The Rupee and Foreign Currency Term Loans from Financial Institutions and Banks, are secured by way of equitable mortgage by deposit of title deeds of the Company's immovable properties at Geetapuram (Dolvi) and by mortgage of leasing rights in the immovable properties at Kalmeshwar (Nagpur) both in the State of Maharashtra and a first charge by way of hypothecation of the Company's movables (save and except book debts) including movable machinery, machinery spares, tools and accessories, (both present and future), subject to prior charges created in favour of the Company's bankers on the stock of raw materials, finished goods, process stock, consumable stores and book debts for securing working capital facilities.

(ii) The Term Loans are also secured by way of english mortgage of the title in the Landed property at Mumbai, which was sold by the Company to Peddar Realty Pvt Ltd (PRPL) in an earlier year. The Company's title is subject to the rights and interest of PRPL. The indenture of mortgage has been jointly signed by the Company and PRPL. These term loans are further secured by the corporate guarantee and pledge of entire shareholdings of PRPL.

(iii) All the mortgages and charges created in favour of the Financial Institutions and Banks rank *pari-passu inter se*, except where specifically stipulated otherwise.

(iv) A second charge on the fixed and current assets has been created in favour of the working capital lenders and term loan lenders respectively.

(v) Term Loans are also secured by the pledge of a part of the shareholding of the promoters as well as by the personal guarantees of Mr. Pramod Mittal and Mr. Vinod Mittal, directors of the Company. Term loans aggregating to Rs. 143 crores (Rs. 143 crores) are also secured by personal guarantee of Mr. M. L. Mittal, a former director of the Company.

(vi) Term Loans of Rs. 143.68 crores (Rs. 143.68 crores) are further secured by the Corporate Guarantee of Navoday Consultants Ltd.

B. Cash Credit and other working capital facilities from Banks are secured by the hypothecation of raw materials, finished goods, process stock, consumable stores, book debts, etc. (both present and future), and second charge over the entire fixed assets of the Company. The working capital facilities from banks, are also secured by personal guarantees of Mr. Pramod Mittal and Mr. Vinod Mittal, directors of the Company. A part of the cash credit and other facilities from Punjab National Bank and Bank of India are also secured by personal guarantee of Mr. M. L. Mittal, a former director of the Company.

C. Term Loans aggregating to Rs. 756.13 crores (Rs. 869.68 crores) are repayable within one year.

(Rs. in crores)

	As at 30th June, 2011	As at 30th June, 2010
SCHEDULE - 4		
UNSECURED LOANS		
Short term Loans and Advances		
a) From Banks	**710.00**	-
b) From Others	**286.01**	-
(Entire amount is falling due for payment within one year)		
Other Loans and Advances		
a) Sales Tax Loan from Government of Maharashtra	**12.89**	14.35
b) Deferred Sales Tax/ Value Added Tax	**12.76**	10.50
[Includes Rs. 2.06 crores (Rs. 1.46 crores) falling due for payment within one year]		
	1021.66	24.85

SCHEDULE - 5

FIXED ASSETS

(Rs. in crores)

Particulars	Gross Block				Depreciation				Net Block	
	As at 30th June, 2010	Additions/ Adjustments	Sales / Adjustments	**As at 30th June, 2011**	Up to 30th June, 2010	For the year	On Sales/ Adjustments	**Up to 30th June, 2011**	**As at 30th June, 2011**	As at 30th June, 2010
LAND										
Leasehold	7.70	-	-	**7.70**	0.57	0.06	-	**0.63**	**7.07**	7.13
Freehold	131.04	4.46	-	**135.50 (A)**	-	-	-	**-**	**135.50**	131.04
	138.74	4.46	-	**143.20**	0.57	0.06	-	**0.63**	**142.57**	138.17
Buildings	539.39	3.53	0.52	**542.40 (B)**	130.68	15.42	0.36	**145.74**	**396.66**	408.71
Railway Sidings & Locomotives	59.39	-	-	**59.39**	16.90	2.85	-	**19.75**	**39.64**	42.49
Plant & Machinery	11989.08	48.29	64.47 (D)	**11972.90**	5033.79	625.54	0.67	**5658.66**	**6314.24**	6955.29
Vessels	13.83	-	-	**13.83**	2.76	1.00	-	**3.76**	**10.07**	11.07
Electrical Installations	627.00	0.70	0.02	**627.68**	289.91	27.27	0.03	**317.15**	**310.53**	337.09
Vehicles	12.08	1.02	0.78	**12.32**	6.59	0.95	0.47	**7.07**	**5.25**	5.49
Computers	39.28	2.19	7.93	**33.54**	30.78	2.81	7.52	**26.07**	**7.47**	8.50
Furniture & Fixtures and Office Equipments	37.23	1.87	5.66	**33.44**	16.69	1.77	3.73	**14.73**	**18.71**	20.54
Total	13456.02	62.06	79.38	**13438.70 (C)**	5528.67	677.67	12.78	**6193.56**	**7245.14**	7927.35
Previous Year's Total	13557.39	166.82	268.19 (D)	13456.02	4669.58	876.28	17.19	5528.67	7927.35	

Notes:

A) Includes Rs. 3.77 crores (Rs. 5.13 crores) being the cost of 62.10 acres (90.60 acres) land,which is yet to be registered in the Company's name.

B) Includes Rs. 0.12 crore (Rs. 0.12 crore) being cost of shares in Co-operative Housing Society and Rs. 0.04 crore (Rs. 0.04 crore) being the cost of certain properties,which are pending registration in the Company's name.

C) Land,Buildings, Railway Sidings, Plant & Machinery and Electrical Installations were revalued by approved valuers on 31st March 2006 on Replacement Cost basis and the net increase of Rs. 1018.38 crores was transferred to Revaluation Reserve.

D) Includes foreign exchange differences on long term foreign currency monetary items relating to depreciable fixed assets de-capitalised Rs. 63.46 crores (net) (Rs. 241.12 crores (net) de-capitalised)

(Rs. in crores)

	As at 30th June, 2011	As at 30th June, 2010
SCHEDULE - 6		
CAPITAL WORK-IN-PROGRESS (AT COST)		
Land & Site Development Expenses	**3.00**	6.65
Buildings	**10.92**	10.56
Plant & Machinery	**58.80**	152.47
Capital Goods in Stock & in Transit	**20.68**	20.93
Materials with Contractors / Fabricators	**0.86**	0.75
	94.26	191.36
Less: Transfer to Fixed Assets	**32.40**	127.63
#	**61.86**	63.73

Includes advances against capital goods Rs.8.87 crores (Rs.13.00 crores) net of doubtful advances fully provided for Rs. 9.24 crores (Rs.9.36 crores)

(Rs. in crores)

		As at 30th June, 2011		As at 30th June, 2010
SCHEDULE - 7				
PREOPERATIVE AND TRIAL RUN EXPENSES (PENDING ALLOCATION)				
OPENING BALANCE BROUGHT FORWARD		-		4.19
Payments to & Provisions for Employees				
Salaries, Bonus, Incentives etc.	-		0.32	
Contribution to Provident & Superannuation Funds	-		0.02	
Staff Welfare	-	-	0.05	0.39
Raw Material Consumption		-		12.69
Excise Duty		-		1.15
Manufacturing, Selling & Distribution and Administrative Expenses				
Power & Fuel		-		1.20
Consumption of Stores & Production Consumables		-		0.16
Packing Charges [Full Figure Rs. NIL (Rs. 46203)]		-		0.00
Repairs & Maintenance				
- Plant & Machinery	-		0.08	
- Others [Full Figure Rs. NIL (Rs. 9376)]	-		0.00	
Freight & Forwarding Charges (Net)	-		0.13	
Insurance	-		0.01	
Miscellaneous Expenses	-	-	0.01	0.23
(A)		-		20.01
Sales of Finished Goods	-	-		7.65
Sale of Scrap & By-Product	-	-		0.47
(B)	-	-		8.12
Increase/(Decrease) in Stocks				
Opening Stock				
Finished Goods		-		2.28
Work-in-process		-		0.70
Saleable Scrap [Full Figure Rs. NIL (Rs. 14048)]		-		0.00
By-Product		-		0.01
		-		2.99
Closing Stock (Refer Schedule - 18)				
Finished Goods		-		7.96
Work-in-process		-		0.69
Saleable Scrap		-		0.05
By-Product		-		0.03
		-		8.73
(C)		-		5.74
TOTAL (A - B - C)		-		6.15
Less: Transfer to Fixed Assets		-		6.15
TOTAL		-		-

(Rs. in crores)

	No. of Shares	Face value per Share (Rs.)		As at 30th June, 2011		As at 30th June, 2010
SCHEDULE - 8						
INVESTMENTS						
(At Cost)						
Long Term (Trade)						
(i) **In Equity Shares - Unquoted**						
Steelscape Consultancy Pvt. Ltd.	50,000	10		**0.05**		0.05
Rewa Infrastructures Private Limited	5,000	100		**0.05**		0.05
(Ceased to be a Subsidiary Company w.e.f. 16th November, 2010)						
Kalyani Mukand Ltd. @	480,000	10		**-**		-
(ii) **In Equity Shares - Quoted**						
Ispat Profiles India Ltd. @	1,500,000	10		**-**		-
JSW Energy Limited	23,625,000 (-)	10		**163.29**		-
(iii) **Equity Shares in Subsidiary Companies - Unquoted**						
Ispat Energy Limited	110,001,260	10	**110.00**		110.00	
(110,000,000 shares have been plegded with IDBI Trusteeship Ltd. towards loan to be disbursed to Ispat Energy Limited)						
Less : Provision for diminution in value of Investments			**110.00**	**-**	-	110.00
[Refer Note No. 9(a) on Schedule 23]						
Ispat Jharkhand Steels Ltd.	30,000	10		**0.03**		0.03
Arima Holdings Ltd. *	50,000	US$ 100	**22.32**		22.32	
Less : Provision for diminution in value of Investments			**22.32**	**-**	-	22.32
[Refer Note No. 9(b) on Schedule 23]						
Erebus Ltd. *	215,000	US$ 100	**96.92**		96.92	
Less : Provision for diminution in value of Investments			**96.92**	**-**	-	96.92
[Refer Note No. 9(b) on Schedule 23]						
Lakeland Securities Ltd. (Full Amount Rs. 3998) *	1	US$ 100		**0.00**		0.00
Nippon Ispat Singapore (Pte) Ltd. (Includes 2 Shares held in the name of the nominees) *	784,502	S'pore $1	**1.57**		1.57	
Less : Provision for diminution in value of Investments			**1.57**	**-**	1.57	-
TOTAL				**163.42**		229.37

Aggregate Amount of Investments	As at 30th June, 2011 Cost	As at 30th June, 2011 Market Value	As at 30th June, 2010 Cost	As at 30th June, 2010 Market Value
- Quoted	**163.29**	**157.93**	- @	- #
- Unquoted	**230.94**	**-**	230.94	-
TOTAL	**394.23**	**157.93**	230.94	-

Notes :

* Valued at the exchange rate prevailing on the date of allotment/transaction.

@ Value written off in earlier years.

Quotation not available.

(Rs. in crores)

	As at 30th June, 2011	As at 30th June, 2010
SCHEDULE - 9		
DEFERRED TAX ASSET (Net)		
As per Last account	**964.28**	950.13
Add : For the year	**344.48**	14.15
*	**1308.76**	964.28

* Refer Note No.11 on Schedule 23

(Rs. in crores)

	As at 30th June, 2011	As at 30th June, 2010
SCHEDULE - 10		
INVENTORIES		
At Lower of Cost and Net Realisable Value		
Stores and Spare Parts #	**222.05**	200.54
Raw Materials	**1465.91**	1369.27
Less: Provision for potential loss against inventory	**104.83**	-
[Refer Note No. 9(d) on Schedule 23]	**1361.08**	1369.27
Work-in-process	**18.37**	12.11
Finished Goods	**437.86**	337.38
[including Saleable Scrap Rs. 6.54 crores (Rs. 1.90 crores)]		
By-Products	**1.20**	14.87
*	**2040.56**	1934.17

\# Including discarded fixed assets Rs. 0.43 crore (Rs.0.37 crore)
* Including in Transit / Bonded Warehouses / with third parties, etc.

(Rs. in crores)

	As at 30th June, 2011	As at 30th June, 2010
SCHEDULE - 11		
SUNDRY DEBTORS		
Debts outstanding for more than six months		
Unsecured, Considered Good	**266.64**	326.98
Unsecured, Considered Doubtful	**321.57**	1.94
Other Debts		
Unsecured, Considered Good	**127.93**	431.99
	716.14	760.91
Less : Provision for doubtful debts	**321.57**	1.94
[Refer Note No. 9(c) on Schedule 23]		
*	**394.57**	758.97

* Refer Note No.13 on Schedule 23

(Rs. in crores)

	As at 30th June, 2011	As at 30th June, 2010
SCHEDULE -12		
CASH AND BANK BALANCES		
Cash on hand		
[Including Stamps, Cheques/Drafts on hand Rs. 0.01 crore (Rs.20.47 crores)]	**0.10**	20.77
Balances with Scheduled Banks in :		
- Current & Collection Accounts	**1.54**	2.50
Fixed Deposit Account [Receipts of Rs. 204.24 crores (Rs. 179.79 crores) pledged with various Banks as Security]	**594.24**	179.79
	595.88	203.06

(Rs. in crores)

	As at 30th June, 2011	As at 30th June, 2010
SCHEDULE - 13		
LOANS, ADVANCES AND DEPOSITS		
(Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received or pending adjustments	**306.54**	281.32
[including loans to employees Rs. 0.56 crore (Rs. 1.38 crores)]		
Sundry Deposits [Including deposit with Government/Semi Government Authorities Rs. 2.98 crores (Rs. 2.95 crores)]	**57.55**	59.82
Balances with Excise, Port Trust & Custom Authorities	**15.75**	3.27
Advance Income Tax/Tax Deducted at source (net of provisions)	**30.15**	0.99
Export Incentives Receivable	**13.57**	11.74
Sales Tax, VAT, Excise, Custom Duty, Octroi, etc. Recoverable	**104.98**	93.43
[Including under appeal]		
Interest Receivable on Fixed Deposits	**11.71**	4.41
Total - A	**540.25**	454.98
(Unsecured, Considered Doubtful)		
Amount recoverable from Ispat Energy Limited, a Subsidiary Company		
a) Towards Project Development	**302.44**	312.34
b) Unsecured Loans (not bearing interest)	**28.00**	28.00
Advances recoverable in cash or in kind or for value to be received or pending adjustments	**206.03**	0.44
Export Incentives Receivable	**1.27**	-
Sales Tax, VAT, Excise, Custom Duty, Octroi, etc. Recoverable	**3.67**	1.44
[Including under appeal]		
	541.41	342.22
Less: Provision made for doubtful Loan and Advances	**535.16**	1.88
[Refer Note No. 9(a), 9(e) and 9(f) for provision of Rs. 527.12 crores on Schedule 23]		
Total - B	**6.25**	340.34
Total (A+B) @	**546.50**	795.32

@ Refer Note No. 21 on Schedule 23

(Rs. in crores)

	As at 30th Jun, 2011	As at 30th Jun, 2010
SCHEDULE - 14		
CURRENT LIABILITIES		
Acceptances	**2058.81**	1800.43
Sundry Creditors		
a) Total outstanding dues of Micro and Small Enterprises (Refer Note No. 19 on Schedule 23)	**2.20**	10.41
b) Other creditors	**1119.13**	1817.01
Trade and other deposits	**12.82**	13.28
Advance from Customers	**36.13**	296.05
Other liabilities	**111.00**	121.88
Interest Accrued but not due on Loans	**11.71**	20.32
	3351.80	4079.38

(Rs. in crores)

	As at 30th Jun, 2011	As at 30th Jun, 2010
SCHEDULE - 15		
PROVISIONS		
Gratuity	**31.39**	24.76
Leave Salary	**14.31**	11.71
Wealth Tax (Net of Advance Tax)	**0.03**	0.04
	45.73	36.51

Schedules Annexed to and forming part of Profit & Loss Account for the year ended 30th June, 2011

(Rs. in crores)

	Jul'10 - Jun'11 (12 Months)	Apr'09 - Jun'10 (15 Months)
SCHEDULE - 16		
SALES (GROSS)		
Finished Goods	**8949.35**	10893.06
Less: Claims, Trade Discounts etc.	**110.43**	96.26
	8838.92	10796.80
Saleable Scrap & By products	**137.03**	172.74
Export Benefits	**14.12**	13.60
	8990.07	10983.14

(Rs. in crores)

	Jul'10 - Jun'11 (12 Months)	Apr'09 - Jun'10 (15 Months)
SCHEDULE - 17		
OTHER INCOME		
Insurance Claims	**4.23**	12.15
Liabilities no longer required written back	**9.84**	14.08
Gain on Sale of Trade Investments (Long term)	**-**	2.17
Miscellaneous Receipts	**15.63**	24.92
Net Gain on Exchange Rates / Forward Exchange Contract	**15.03**	124.53
Gain on prepayment of Deferred Value Added/Sales Tax	**219.82**	244.96
(Refer Note No.15 on Schedule 23)		
Interest Income (Gross)		
[Tax deducted at source Rs. 0.96 crore (Rs. 0.04 crore)]		
- On Bank Deposits	**27.47**	7.49
- On Receivables	**0.39**	0.30
- Interest Liability no longer required written back	**27.07**	-
- From Customers and Others	**4.87**	15.36
	59.80	23.15
	324.35	445.96

(Rs. in crores)

	Jul'10 - Jun'11 (12 Months)	Apr'09 - Jun'10 (15 Months)
SCHEDULE - 18		
DECREASE/(INCREASE) IN STOCKS		
OPENING STOCKS		
Finished Goods [Including Saleable Scrap Rs. 1.90 crores (Rs. 1.46 crores)]	**337.38**	73.53
Work-in-process	**12.11**	5.77
By-Products	**14.87**	9.13
	364.36	88.43
Add : Trial run Stock transferred as on 25.06.2009 (Refer Schedule - 7)		
Finished Goods [Including Saleable Scrap Rs. Nil (Rs. 0.05 crore)]	**-**	8.01
Work-in-process	**-**	0.69
By Products	**-**	0.03
	364.36	97.16
LESS: CLOSING STOCKS		
Finished Goods [Including Saleable Scrap Rs. 6.54 crores (Rs. 1.90 crores)]	**437.86**	337.38
Work-in-process	**18.37**	12.11
By-Products	**1.20**	14.87
	457.43	364.36
	(93.07)	(267.20)
Transferred to Fixed Assets	**1.47**	2.33
	(94.54)	(269.53)

(Rs. in crores)

	Jul'10 - Jun'11 (12 Months)	Apr'09 - Jun'10 (15 Months)
SCHEDULE - 19		
PERSONNEL COST		
Salaries, Bonus and Allowances	**180.96**	212.95
Contribution to Provident & Superannuation Funds	**12.44**	12.33
Gratuity Expenses	**9.04**	4.59
Staff Welfare	**28.03**	29.77
Managerial Remuneration (Refer Note No. 22 on Schedule 23)	**4.34**	9.67
Recovery of Managerial Remuneration of earlier years (Refer Note No. 12 on Schedule 23)	**(15.52)**	-
	219.29	269.31

(Rs. in crores)

	Jul'10 - Jun'11 (12 Months)		Apr'09 - Jun'10 (15 Months)	
SCHEDULE - 20				
MANUFACTURING, SELLING & DISTRIBUTION AND ADMINISTRATIVE EXPENSES				
Power Charges		**902.46**		1184.71
Fuel Charges		**498.51**		639.02
Consumption of Stores and Spare Parts		**347.14**		485.46
Slitting, Packing and other Expenses		**23.85**		30.91
Repairs & Maintenance :				
- Plant & Machinery	**152.48**		172.62	
- Buildings	**14.71**		15.82	
- Others	**3.25**	**170.44**	3.92	192.36
Freight & Forwarding Charges [Net of recovery of Rs. 127.03 crores (Rs. 177.69 crores)]		**73.02**		115.38
Commission on Sales (other than Sole Selling Agent)		**3.06**		1.79
Advertisement		**3.09**		2.14
Insurance		**17.67**		19.88
Rent & Hire		**25.53**		31.34
Rates & Taxes		**4.75**		8.16
Charity & Donation		**-**		0.01
Auditors' Remuneration :				
As Auditor				
- Audit Fee	**1.20**		1.50	
- Tax Audit Fee	**0.18**		0.15	
- Limited Review Fees	**0.51**		0.60	
In Other Manner - For certifications	**0.85**		0.77	
Travelling & Out of Pocket Expenses	**0.21**	**2.95**	0.18	3.20
Items pertaining to Previous Years				
- At Debit	**6.37**		6.27	
- Less: At Credit	**4.12**	**2.25**	2.71	3.56
Legal Expenses		**6.98**		10.50
Professional Charges		**27.38**		20.56
Postage & Communication Expenses		**6.58**		8.74
Miscellaneous Expenses		**45.22**		65.38
Directors' Sitting Fees		**0.16**		0.25
Loss on Fixed Assets Sold/Discarded (Net)		**2.64**		6.01
Irrecoverable Advances/Debts/Claims written off	**6.41**		2.44	
Less: Adjusted against provisions	**-**		-	
	6.41		2.44	
Add:Provision for Doubtful Debts/Advances/Deposits and Claims	**6.51**	**12.92**	11.38	13.82
Amortisation of Foreign Currency Monetary Items Translation Difference		**2.08**		3.47
		2178.68		2846.65

(Rs. in crores)

		Jul'10 - Jun'11 (12 Months)	Apr'09 - Jun'10 (15 Months)
SCHEDULE - 21			
INTEREST AND FINANCE CHARGES			
Interest :-			
- On Term Loans	#	**673.51**	834.55
- On Cash Credit and Others		**285.05**	446.69
- On Debentures		**-**	4.21
Finance Charges		**64.35**	84.53
		1022.91	1369.98

Including Exchange Fluctuation loss Rs. 7.31 crores (Rs. Nil) relating to term loans treated as Interest in terms of Accounting Standard 16 "Borrowing Cost."

SCHEDULE 22

SIGNIFICANT ACCOUNTING POLICIES

1) BASIS OF PREPARATION OF ACCOUNTS:

The financial statements have been prepared to comply in all material aspects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in respect of fixed assets for which revaluation is carried out. Further, insurance & other claims, on the ground of prudence or uncertainty in realisation, are accounted for as and when accepted / received. The accounting policies applied by the Company are consistent with those used in the previous year.

2) USE OF ESTIMATES :

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the balance sheet date and the results of operations during the reporting year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

3) FIXED ASSETS :

a) Fixed Assets are stated at cost of acquisition inclusive of duties (net of CENVAT / VAT), taxes, incidental expenses, erection/ commissioning expenses and interest etc. up to the date the asset is ready to be put to use. In case of revaluation of fixed assets, the cost as assessed by the valuer is considered in the accounts and the differential amount is transferred to revaluation reserve.

Exchange differences, in respect of accounting periods commencing from 1st April 2007, on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset except for that part of exchange difference which is regarded as an adjustment to interest costs and are depreciated over the balance life of the respective asset.

b) Machinery spares which can be used only in connection with a particular item of fixed assets and whose use, as per the technical assessment, is expected to be irregular, are capitalised and depreciated prospectively over the residual life of the respective asset.

c) The carrying amount of assets is reviewed at each balance sheet date to determine if there is any indication of impairment thereof based on external / internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount, which represents the greater of the net selling price of assets and their 'value in use'. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

4) DEPRECIATION :

a) The classification of Plant & Machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

b) Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 or at rates determined based on the useful life of the assets estimated by the management, whichever is higher.

c) Depreciation on value adjustments made to the fixed assets due to change in foreign exchange rates prevailing at the end of the year, is provided prospectively from the date of procurement over the balance life of the respective assets.

d) Depreciation on revalued assets is provided at the rates specified in Section 205 (2) (b) of the Companies Act, 1956. However, in case of fixed assets whose life is determined by the valuer to be less than their useful life under Section 205, depreciation is provided at the higher rates, to ensure the amortisation of these assets over their useful life.

e) Leasehold Land is amortised over the period of lease.

f) In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over their remaining useful life.

5) FOREIGN CURRENCY TRANSACTIONS :

a) **Initial Recognition**

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b) **Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

c) **Exchange Differences**

Exchange differences, in respect of accounting periods commencing from 1st April 2007, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset (except for that part of exchange difference which is regarded as an adjustment to interest costs) and are depreciated over the balance life of the asset, in other cases, such exchange differences are accumulated in a "Foreign Currency Monetary Items Translation Difference Account" and amortised over the balance period of such long-term asset/liability but not beyond 31st March, 2011, and recognised directly to Profit & Loss Account as income or expense after 31st March, 2011.

Exchange differences arising on the settlement or reporting of monetary items, not covered above, at rates different from those at which they were initially recorded, or reported in previous financial statements, are recognised as income or expenses in the period in which they arise.

d) **Forward Exchange Contracts not intended for trading or speculation purposes**

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of Profit & Loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year. However, exchange differences in respect of accounting period commencing from 1st April, 2007 arising on the forward exchange contracts undertaken to hedge the long term foreign currency monetary item, in so far as they relate to the acquisition of depreciable capital asset, are added to or deducted from the cost of asset, in other cases, such exchange differences are accumulated in “Foreign Currency Monetary Items Translation Difference Account” and amortised over the balance period of such long term asset/ liability but not beyond 31st March, 2011, and recognised directly to Profit & Loss Account as income or expense after 31st March, 2011.

e) **Derivative Instruments**

In terms of the announcement made by the Institute of Chartered Accountants of India, the accounting for derivative contracts (other than those covered under AS-11) is done based on the “marked to market” principle on a portfolio basis, and the net loss after considering the offsetting effect of the underlying hedged item, is charged to the Profit & Loss Account. Net gains are ignored as a matter of prudence.

6) INVESTMENTS :

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline ‘other than temporary’ in the value of the investments.

7) INVENTORIES :

Inventories are valued as follows :

Raw materials, components, stores and spare parts:

At the lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Work-in-process and finished goods:

At the lower of cost and net realizable value. Cost includes direct materials and labour and a part of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

By-Products and Saleable Scraps are measured at its net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and sale thereof.

8) BORROWING COSTS :

Borrowing costs relating to the acquisition / construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs including exchange differences to the extent they are regarded as an adjustment to interest costs, are charged to revenue.

9) EXCISE DUTY & CUSTOM DUTY :

Excise duty is accounted for at the point of manufacture of goods and accordingly is considered for valuation of finished goods stock lying in the factories as on the balance sheet date. Similarly, customs duty on imported materials in transit / lying in bonded warehouse is accounted for at the time of import / bonding of materials.

10) EARNING PER SHARE :

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

11) REVENUE RECOGNITION :

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue from sale of goods is recognized when significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with delivery. Sales are net of returns, claims, trade discounts, Sales Tax and VAT etc.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

12) RETIREMENT AND OTHER EMPLOYEE BENEFITS :

a) Retirement benefits in the form of Provident and Superannuation Funds are defined contribution schemes and these contributions are charged to Profit & Loss Account in the year when these become due to the respective funds.

b) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation, as per projected unit credit method made at the Balance Sheet date.

c) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation, as per projected unit credit method.

d) Actuarial gains/losses are immediately taken to the Profit & Loss Account and are not deferred.

13) TAXATION :

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and tax laws enacted or substantially enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being differences between taxable and accounting income that originate in one period and are capable of reversal in one or more subsequent period(s). Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

14) SEGMENT REPORTING :

Identification of Segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which customers of the Company are located.

Unallocable items

The unallocable items consist of general corporate incomes and expenses which are not allocable to any business segment.

15) LEASES :

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit & Loss Account on a straight-line basis over the lease term.

16) CASH AND CASH EQUIVALENTS :

Cash and cash equivalents as indicated in the Cash flow statement comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

17) PROVISION :

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle such obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

SCHEDULE 23

NOTES ON ACCOUNTS

(Rs. in crores)

		As at 30th June, 2011	As at 30th June, 2010
1.	Contingent liabilities not provided for in respect of :		
a)	Claims by suppliers and third parties not acknowledged as debts	**62.95**	15.97
b)	Excise and Custom Demands under dispute/appeal	**14.64**	9.03
c)	Income Tax demands under appeal	**3.86**	3.38
d)	Sales Tax matters (under dispute/appeal)	**1.63**	1.63
e)	Bills discounted and Bank Guarantees outstanding	**1160.73**	1176.22
f)	Corporate Guarantees issued to Financial Institutions and others on behalf of various bodies corporate	**66.99**	290.44
g)	Custom Duty on import of equipments and spare parts under EPCG-scheme.	**115.32**	213.94
2.	Estimated amount of contracts remaining to be executed on Capital Account and not provided for [Net of Advances Rs. 8.87 crores (Rs. 13.00 crores)]	**128.53**	79.36
3.	Arrear Dividend (including tax) on Cumulative Redeemable Preference Shares for the period from 1999 - 2000 to the Balance Sheet date	**813.33**	748.32

4. Excise Duty & Cess on Stocks represents differential excise duty & cess on opening and closing stock of finished goods, saleable scrap and by-products.

5. a) The Company has entered into a Subscription cum Shareholders Agreement (SSA) with its promoters and JSW Steel Limited on December 20, 2010, pursuant to which, an amount of Rs. 2157 crores has been received by the Company during the year from JSW Steel Limited towards subscription to equity shares in the Company.

In terms of the special resolution passed at the Extra Ordinary General meeting of the Company held on January 18, 2011, the Company was authorized to issue 108,66,49,874 Equity Shares to JSW Steel Limited, on preferential basis, at a price of Rs. 19.85 per Equity Share, determined in terms of SEBI's Issue of Capital and Disclosure Requirement (ICDR) Guidelines. Accordingly, the Securities Issue Committee of the Board of Directors of the Company, at its meeting held on January 24, 2011, has allotted 108,66,49,874 Equity Shares of Rs. 10 each at a premium of Rs. 9.85 per share to JSW Steel Limited.

b) In terms of Regulations 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, JSW Steel Limited had made an open offer to the equity shareholders of the Company which opened on March 12, 2011 and closed on April 5, 2011. Pursuant to the open offer, JSW Steel Limited has further acquired 8,99,40,890 Equity Shares of the Company.

c) Details of utilization of proceeds of preferential issue of equity shares to JSW Steel Limited aggregating to Rs. 2157 crores are as follows :-

(Rs. in crores)

		As at 30th June, 2011
i.	Working Capital requirement and general corporate purposes	**1158.44**
ii.	Debt reduction / redemption of preference shares	**513.56**
iii.	Balance held in Fixed Deposits with Banks pending ultimate utilization	**485.00**
	Total	**2157.00**

6. a) Pursuant to the provisions contained in Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), the Company held an Extra Ordinary General meeting on January 18, 2011 and informed the shareholders about the accumulated losses of the Company as at the end of the last financial year, i.e. June 30, 2010 being Rs. 2134.23 crores, which led to erosion of more than fifty percent of the Company's peak net worth of the immediately preceding four financial years. As required by the said provisions, the Company has also reported the fact of such erosion of net worth to the Board for Industrial and Financial Reconstruction (BIFR).

b) As at the Balance sheet date, the accumulated losses of the Company stand at Rs. 3940.11 crores (Rs. 2134.23 crores) and the Shareholders' Fund amounts to Rs. 5082.17 crores (Rs. 2748.98 crores) [excluding revaluation reserve of Rs. 884.34 crores (Rs. 965.94 crores)].

As stated in para 5 above, JSW Steel Limited has invested an amount of Rs. 2157 crores, during the year, towards equity shares in the Company. Infusion of the said funds would enable the Company to meet its long-term working capital requirements and also achieve savings in interest cost. Besides achieving marketing synergies, the Company is also expected to make significant savings in raw material and energy costs. The Company has chalked out revised turnaround strategies which would enable generation of operational surpluses and adequate cash-flows to meet its requirement of additional funds in the near future, out of internal accruals. The Company has also made net profit (before exceptional items) in the last two quarters i.e. 1st January, 2011 to 30th June, 2011. Moreover, the net worth of the Company, as at the balance sheet date, is positive.

Accordingly, these financial statements have been drawn up as per the going concern assumption, which is appropriate in the opinion of the management.

7. 'In-principle' approval of the Stock Exchanges for the proposed preferential allotment of 11,33,06,895 Equity Warrants to promoters was not received by the Company due to non-receipt of lenders' consent for 'lock-in' of the pledged equity shares belonging to the Promoters. The Board of Directors, in its meeting held on December 20, 2010, has cancelled the aforesaid preferential issue of Warrants and the amount of Rs.18 crores, being application money received towards equity warrants, has been shown as current liabilities.

8. a) During the year, certain lenders, in terms of loan / facility agreements entered into with the Company, have opted for conversion into equity shares of their outstanding dues to the extent of Rs. 77.71 crores comprising Rs. 39.91 crores towards principal and Rs. 37.80 crores towards interest. Accordingly, the Board of Directors at its meeting held on November 24, 2010 has allotted 7,77,07,038 Equity Shares of Rs.10 each, at par, to these lenders, pursuant to Section 81(3) of the Companies Act, 1956 read with Public Companies (Terms of Issue of Debentures and Raising of Loans with Option to Convert such Debentures or Loans into Shares) Rules, 1977.

b) Pursuant to the approval of the CDR Empowered Group at its meeting held on January 12, 2011 and subsequent notices given to the Company by certain lenders for conversion of part of their outstanding dues into equity shares in the Company, the Securities Issue Committee of the Board of Directors of the Company, at its meeting held on March 31, 2011, had decided to allot 10,24,17,239 Equity Shares of Rs. 10 each at a premium of Rs. 4.74 per share aggregating to Rs. 150.96 crores to the respective lenders, subject to receipt of 'in-principle' approval from the Stock Exchanges in terms of Clause 24(a) of the Listing Agreement. The 'in-principle' approval of Bombay Stock Exchange Ltd. (BSE) has been received, while approval of National Stock Exchange of India Ltd. (NSE) is still awaited. Accordingly, the said amount of Rs. 150.96 crores has been considered as 'Share Capital Suspense Account' as at the Balance Sheet date. Pending receipt of 'in-principle' approval from NSE, the company has paid interest of Rs. 4.76 crores on these outstanding dues to the lenders, till Balance Sheet date.

9. Exceptional items of Rs. 1180.62 crores represent the following provisions towards doubtful debts/ advances and diminution in the value of investments, inventory etc:

a) The Company had invested Rs. 110 crores in the equity of its wholly owned subsidiary, Ispat Energy Limited (IEL) for the purpose of setting up a captive power plant and had also given advances of Rs. 330.44 crores, including unsecured loan of Rs. 28 crores, to IEL for development of the power plant project. IEL has carried out technical evaluation of the condition of the equipments acquired for the power project by an independent expert who has reported that the equipments, lying in the plant premises, are in poor condition and beyond economic repair / use and that any attempt to use the same may result in accidents during operation. Considering the above, the Board of Directors of IEL has decided not to pursue the above project. Accordingly, IEL has, based on the report of an independent valuer, valued the above plant, equipments, building etc. at the net realizable value of Rs. 14 crores and charged the balance amount of Rs. 436.78 crores to its Profit & Loss Account for the quarter ended 30th June, 2011. As a consequence thereof, the company has made provision of Rs. 110 crores in the accounts towards diminution in the value of its investments in IEL and has also made provision of Rs. 324.19 crores towards loans and advances made to IEL, not likely to be recoverable.

Further, custom duty and interest thereon aggregating to Rs. 66.99 crores, in respect of equipment imported for the above project under EPCG Scheme, have also been provided by IEL in its books of accounts for the quarter ended 30th June, 2011.

b) The Company had made investments aggregating to Rs. 119.24 crores in earlier years in certain wholly owned subsidiaries overseas, incorporated for the purpose of acquisition and development of Iron Ore and Coal mines overseas. The Auditors of these subsidiaries have, in their reports on the financial statements for the year ended 31st March, 2011, expressed their inability to assess the value of the investments as well as the recoverability of loans and advances made by the respective subsidiaries. Subsequently, in their accounts for the quarter ended 30th June, 2011, the respective subsidiaries have fully provided for the said investments and loans and advances aggregating to Rs.118.36 crores. Considering the provisions of Rs. 118.36 crores already made by the respective subsidiaries in their accounts for the quarter ended 30th June, 2011, with respect to the aforesaid investments and advances, and the negative net worth reported by the respective subsidiaries, the company has also made provision of Rs. 119.24 crores in the accounts towards diminution in the value of its investments in the aforesaid wholly owned subsidiaries.

c) Sundry debtors aggregating to Rs. 319.43 crores towards sale of Hot Rolled Coils/EAF Slag are due since long and no recovery has been made there against inspite of follow up by the company. In the meantime, these debtors have raised claims on the Company towards alleged supply of defective materials, non-settlement of turnover discount and also substantial losses having been incurred by them due to stoppage of supply of materials to them as well as direct sale of material by the Company to their customers. Based on such claims, these parties have indicated that no amount is payable by them to the Company, while reserving their right to submit further claims in due course. Although the company intends to take appropriate action in the matter, as a matter of prudence and abundant caution, provision of Rs. 319.43 crores against the above debtors has been made in the accounts.

d) Raw material valuing Rs. 104.83 crores procured against letter of credit is lying in transit overseas with a Stevedore since March 2010. As per the terms of contract, the seller was under an obligation to effect the first shipment of materials by May 2010 and the second shipment by June 2010. However, since the seller, has failed to ship the above materials till date, the company has invoked arbitration against the seller for breach of contract. Further, as a matter of abundant caution, full provision has been made in the accounts towards likely potential loss against the above materials.

e) On completion of reconciliation of accounts with certain major suppliers of raw materials, an aggregate amount of Rs. 191.41 crores has been debited to certain parties being the amount recoverable on account of payments made to them, earlier debited to the accounts of the aforesaid suppliers in the past. However, in view of the disputes raised by these parties / non-availability of confirmations, the aforesaid sum of Rs.191.41 crores has been provided in the accounts, on a conservative basis, pending further appropriate action in the matter.

f) Other advances of Rs. 11.52 crores, as per details given below, being doubtful of recovery, have been fully provided in the accounts-

i. Rs. 2.96 crores due from the Company's subsidiary, Nippon Ispat Singapore (Pte) Limited.

ii. Advance of Rs. 8.56 crores made to certain parties against supply of stores material/services, not confirmed and / or disputed by the respective parties.

10. In order to be eligible to treat one of the unit (300 MW) of JSW Energy Ltd.'s Ratnagiri unit as a captive unit for supply of power, the Company has acquired during the year equity shares of the market value of Rs. 163.29 crores of JSW Energy Ltd. and is in the process of entering into a 'Energy Wheeling Agreement' with JSW Energy Limited to ensure long term power supply from them.

11. In terms of Accounting Standard - 22, net deferred tax assets (DTA) of Rs. 344.48 crores (Rs. 14.15 crores) has been recognised till 31st March, 2011 and, as a matter of prudence, the Company has not recognised DTA from 1st April, 2011 onwards. Consequently, DTA as on 30th June, 2011 stands at Rs. 1308.76 crores (Rs. 964.28 crores). There is carried forward unabsorbed depreciation and business losses as at the Balance Sheet date. However, based on the future profitability projections, the Company is virtually certain that there would be sufficient taxable income in future, to claim the above tax credit.

The break-up of DTA of Rs. 1308.76 crores (Rs. 964.28 crores) is as follows :

(Rs. in crores)

	Particulars	**As at 30th June, 2011**	As at 30th June, 2010
a.	Unabsorbed Depreciation	**1687.35**	1550.30
b.	Unabsorbed Business Losses	**482.59**	329.09
c.	Timing Difference in Depreciable Assets	**(1151.23)**	(1200.44)
d.	Other Timing Differences	**290.05**	285.33
	Deferred Tax Asset (Net)	**1308.76**	964.28

12. a) Directors' Remuneration aggregating to Rs. 3.31 crores (Rs. 4.68 crores) for the year and Rs. 15.52 crores (Rs. 10.84 crores) paid in earlier years to the Managing and other Whole Time Directors, is in excess of the limit specified under Section 198 of the Companies Act, 1956 as well as the approvals received from the Ministry of Corporate Affairs (MCA). The Company's representation to the MCA for reconsidering the approvals granted for payment of remuneration to the Managing and other Whole time Directors has not been acceded to by MCA. The Company has initiated the process of recovering the above excess remuneration from respective directors/ex-director, and the recoverable amount appears under the head 'Loans and Advances' in Schedule 13. However, the company has made a further representation to MCA for reconsideration of approvals granted by them.

b) Directors' Remuneration amounting to Rs. 0.91 crore for the period from 1st April, 2011 to 30th June, 2011 is payable to Vice Chairman & Managing Director as per the approval obtained in the Remuneration Committee and the Board of Directors of the company as well as approval obtained from shareholders of the Company, which is subject to further approval by the Ministry of Corporate Affairs (MCA). The Company is in the process of making necessary application to MCA for such approval. Pending such approval, a sum of Rs. 0.06 crore has been paid and charged to the Profit & Loss Account for the period 1st April, 2011 to 30th June, 2011.

c) Directors' Remuneration amounting to Rs. 0.57 crore for the period from 1st February, 2011 to 30th June, 2011 is payable to a whole time director, as per approval obtained in the Remuneration Committee and Board of Directors of the Company, which is subject to further approval by the shareholders of the Company and by the Ministry of Corporate Affairs (MCA). The Company is in the process of obtaining such requisite approvals, pending which a sum of Rs. 0.10 crore has been paid and charged to the Profit & Loss Account for the period 1st February, 2011 to 30th June, 2011.

13. Sundry Debtors include Rs. 255.61 crores (Rs. 255.61 crores) recoverable from Peddar Realty Pvt. Ltd. towards sale consideration of landed property along with interest thereon upto 30th June, 2009. The management is certain about the realization of the total outstanding amount based on the current value of above property as per the valuation carried out by a reputed independent valuer on 18 February, 2011.

14. The Income Tax Department had conducted a Search and Seizure operation in the Company's premises on 30th November, 2010, under Section 132 of the Income Tax Act, 1961. No order/ demand, consequent to such operation, has so far been received by the Company from the Income Tax Department.

15. Other Income in Schedule 17 includes Rs. 219.82 crores (Rs. 244.96 crores), being the gain arising on pre-payment of net present value of the Deferred Value Added/Sales Tax liability of Rs. 267.98 crores (Rs. 297.98 crores) payable in future years, in terms of Section 94(2) of Maharashtra Value Added Tax Act 2002 read with Rule 84 of Maharashtra Value Added Tax Rules, 2005.

16. The break-up of movement in 'Foreign Currency Monetary Items Translation Difference Account' during the year is as follows :

(Rs. in crores)

	Jul 10-Jun 11 (12 months)	Apr 09-Jun 10 (15 months)
Opening balance	**2.08**	4.94
Add: Exchange differences for the year	**-**	0.61
Less: Amortisation during the year	**(2.08)**	(3.47)
Closing balance	**-**	2.08

17. The Company has taken certain plant and equipments on non-cancellable operating leases for a period of 10 to 15 years, which are renewable on expiry of the lease periods at mutually acceptable terms. Lease payments recognized in the profit & loss account under 'Rent & Hire' amounts to Rs. 16.40 crores (Rs. 20.50 crores) for the year and the particulars of future lease payments are as under :

(Rs. in crores)

Up to 1 year	**Later than 1 year and not later than 5 years**	**More than 5 years**
12.94	**43.15**	**26.46**
(20.73)	(50.46)	(32.35)

18. The Company has given undertakings to financial institutions not to dispose off its shareholding in Ispat Profiles India Ltd. till its loan is repaid in full.

19. Based on the information / documents available with the Company, information as per the requirement of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as follows :

(Rs. in crores)

	Particulars	**As at 30th June, 2011**	As at 30th June, 2010
a)	Principal Amount	**0.78**	9.12
	Interest due on above	**0.01**	1.29
b)	Amount of interest paid in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006	**-**	-
c)	Amount of interest due and payable for the period of delay in payment of principal	**0.12**	-
d)	Amount of interest accrued and remaining unpaid as at the Balance Sheet Date	**0.13**	0.35
e)	Amount of further interest remaining due and payable in the succeeding year	**1.42**	1.29

20. In terms of Accounting Standard 28 "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the management

has carried out the impairment test on March 31, 2011. The carrying value of each cash generating unit (CGU) is lower than their respective recoverable value, arrived at based on their 'value in use' and hence, no impairment charge is required to be recognised in the books of accounts. The 'value in use' is computed based on the management's latest operational and profitability projections, which have been extrapolated till the remaining useful life of the respective assets. The cash flows have been discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

21. a) Loans & Advances include the following interest free advances recoverable from Subsidiary Companies :

(Rs. in crores)

Name of the Company	**As at 30th June, 2011**	**Maximum amount due at any time during the year 2010-2011**	As at 30th June, 2010	Maximum amount due at any time during the period 2009-2010
Ispat Energy Limited [Including unsecured loans of Rs. 28 crores (Rs. 28 crores)]	**330.44**	**342.32**	340.34	340.34
Less : Provision made during the year	**324.19**	**-**	-	-
Net Balance	**6.25**	**342.32**	340.34	340.34
Nippon Ispat Singapore (Pte) Ltd.	**2.96**	**3.06**	3.00	3.20
Less : Provision made during the year	**2.96**	**-**	-	-
Net Balance	**-**	**3.06**	3.00	3.20
Rewa Infrastructures (P) Ltd. (Towards Project Development)(Ceased to be a Subsidiary Company w.e.f. 16th November, 2010)	**-**	**0.75**	0.75	0.75
Ispat Jharkhand Steels Ltd.(Towards Share Application Money)	**0.05**	**0.05**	0.05	0.05

b) Loans & Advances include the following amounts recoverable from the Officer and Directors/ex-director of the Company:

(Rs. in crores)

	As at 30th June, 2011	**Maximum amount due at any time during the year 2010-2011**	As at 30th June, 2010	Maximum amount due at any time during the period 2009-2010
Officer of the Company	**-**	**0.60**	0.38	0.38
Directors/ex-director of the Company	**18.75**	**18.83**	-	-

22. Managerial Remuneration :

(Rs. in crores)

		Jul 10-Jun 11 (12 months)	Apr 09-Jun 10 (15 months)
(a)	Vice Chairman & Managing Director		
	Salary	**1.34**	1.80
	Contribution to Provident & Superannuation Funds	**0.36**	0.49
	Perquisites	**1.15**	2.18
	Total	**2.85**	4.47
(b)	Other Whole-time Directors		
	Salary	**1.48**	2.03
	Contribution to Provident & Superannuation Funds and Others	**1.49***	0.55
	Perquisites	**1.83**	2.62
	Total	**4.80**	5.20
	Gross Total	**7.65**	9.67
	Less: Excess Managerial Remuneration recoverable	**3.31**	-
	Net Total	**4.34**	9.67

* Includes Rs. 0.70 crore and Rs. 0.39 crore towards gratuity and leave encashment to a director who has resigned from the services of the Company during the year.

Note: As the liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are not included in the above figures.

23. Basis for calculation of basic and diluted earnings per share is as under :

			Jul 10-Jun 11 (12 months)	Apr 09-Jun 10 (15 months)
A	Loss after Tax [After considering notional dividend of Rs. 65.01 crores (Rs. 89.84 crores) on Cumulative Redeemable Preference Shares]	Rs. in crores	**1870.89**	412.18
B	Present weighted average number of equity shares	Nos.	**1,765,266,622**	1,222,442,218
C	Equity shares to be allotted on conversion of equity warrants	Nos.	**-**	191,806
D	Potential weighted average number of equity shares (B+C)	Nos.	**1,765,266,622**	1,222,634,024
E	Nominal Value of equity shares	Rs.	**10**	10
F	Basic and Diluted Earnings per Share	Rs.	**(10.60)**	(3.37)

The Company has been sanctioned certain borrowing facilities wherein the lenders have the right to convert the loan into equity to the extent of Rs. 487.92 crores. On conversion, the likely impact on EPS is anti dilutive and hence, not considered above for computation of diluted EPS.

24. (a) The quantum of mark to market losses on all outstanding derivatives contracts amounts to Rs. 29.59 crores (Rs. 22.68 crores) as at the Balance Sheet date, which has been duly provided for in the accounts in line with principle of prudence.

(b) Derivative instruments outstanding at the year-end represent the following:

i. For minimizing the risk of currency exposure, the Forward Cover Contracts of US$ NIL (US$ 5,750,000) are on trade receivables, US$ 80,540,273 (US$ 76,897,418) on trade payables and US$ 36,345,500 (US$ 38,499,500) on long term loan from a bank.

ii. Outstanding Principal only Swap contracts for INR / ¥ (Japanese Yen) for ¥ 1,868,631,051 [INR / ¥ (Japanese Yen) for ¥ 1,868,631,051] at various strike price together with a right to receive differential interest on the notional principal amount.

(c) The Company has following un-hedged exposures in various foreign currencies as at the year end:

(Rs. in crores)

Sr. No.	Particulars	**As at 30th June, 2011**	As at 30th June, 2010
(i)	Sundry Debtors	**17.21**	0.50
(ii)	Advances given [Net of provision of Rs. 2.96 crores (Rs. Nil)]	**8.96**	14.91
(iii)	Acceptances	**586.95**	49.20
(iv)	Sundry Creditors	**40.40**	673.43
(v)	Loans Payable	**2169.90**	2169.89
(vi)	Investment in Subsidiary Companies [net of provision of Rs. 120.81 crores (Rs. 1.57 crores)]	**-**	119.24

25. Gratuity and other post-employment benefit plans :

The Company provides for gratuity and leave liabilities on the basis of actuarial valuation. The Company does not have any fund for Gratuity liability and the same is accounted for as provision.

The following tables summarise the components of net benefit/ expense recognised in the Profit & Loss Account and balance sheet for the respective plans.

(a) Expenses recognized in the Profit & Loss Account for the year ended 30th June, 2011:

(Rs. in crores)

	Gratuity		Leave	
	Jul 10-Jun 11 (12 months)	Apr 09-Jun 10 (15 months)	**Jul 10-Jun 11 (12 months)**	Apr 09-Jun 10 (15 months)
Current service cost	**2.69**	2.97	**1.10**	1.68
Interest cost	**1.79**	1.96	**0.82**	0.99
Actuarial (gains)/ losses	**5.26**	(0.34)	**2.87**	(0.69)
Past service cost	**-**	-	**-**	-
Net expense	**9.74**	4.59	**4.79**	1.98

(b) Net Asset / (Liability) recognized in the Balance Sheet as at 30th June, 2011:

(Rs. in crores)

	Gratuity		Leave	
	As at 30th June, 2011	As at 30th June, 2010	**As at 30th June, 2011**	As at 30th June, 2010
Defined benefit obligation	**31.39**	24.76	**14.31**	11.71
Fair value of plan assets	**-**	-	**-**	-
Less: Unrecognised past service cost	**-**	-	**-**	-
Net Asset / (Liability)	**(31.39)**	(24.76)	**(14.31)**	(11.71)

(c) Changes in the present value of the defined benefit obligation are as follows:

(Rs. in crores)

	Gratuity		Leave	
	Jul 10-Jun 11 (12 months)	Apr 09-Jun 10 (15 months)	**Jul 10-Jun 11 (12 months)**	Apr 09-Jun 10 (15 months)
Opening defined benefit obligation	**24.76**	22.81	**11.71**	12.07
Current service cost	**2.69**	2.97	**1.10**	1.68
Interest cost	**1.79**	1.96	**0.82**	0.99
Benefits paid	**(3.11)**	(2.64)	**(2.19)**	(2.34)
Actuarial (gains) / losses	**5.26**	(0.34)	**2.87**	(0.69)
Closing defined benefit obligation	**31.39**	24.76	**14.31**	11.71

(d) The Principal Actuarial Assumptions used in determining gratuity and leave liability are as follows :

	Jul 10-Jun 11 (12 months)	Apr 09-Jun 10 (15 months)
Discount rate	**8.50%**	7.70%
Mortality table	**LIC (1994-1996) ultimate**	LIC (1994-1996) ultimate
Employee turnover	**9.00%**	9.00%

(e) Amounts for the current and previous periods are as follows:

(Rs. in crores)

	Gratuity					Leave				
	As at 30th Jun 2011	As at 30th Jun 2010	As at 31st Mar 2009	As at 31st Mar 2008	As at 31st Mar 2007	**As at 30th Jun 2011**	As at 30th Jun 2010	As at 31st Mar 2009	As at 31st Mar 2008	As at 31st Mar 2007
Defined benefit obligation	**31.39**	24.76	22.81	21.30	17.12	**14.31**	11.71	12.07	11.95	11.40
Plan Assets	-	-	-	-	-	**-**	-	-	-	-
Surplus/ (deficit)	**(31.39)**	(24.76)	(22.81)	(21.30)	(17.12)	**(14.31)**	(11.71)	(12.07)	(11.95)	(11.40)
Experience adjustments on plan liabilities (gains)/ losses	**6.64**	0.22	2.79	2.11	-	**3.48**	(0.44)	1.43	(0.59)	-
Experience adjustments on plan assets	-	-	-	-	-	**-**	-	-	-	-

(f) Amounts provided for the defined contribution plans are as follows :

(Rs. in crores)

Defined Contribution to:	**Jul 10-Jun 11 (12 months)**	Apr 09-Jun 10 (15 months)
Provident Fund*	**9.89**	9.98
Superannuation Fund	**3.31**	3.41

* Includes Rs. Nil (Rs. 0.02 crore) taken to pre-operative and trial run expenses.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

26. Related Party Disclosures:

(a) Name of the related parties:

Enterprise having significant influence over the Company	JSW Steel Ltd. (w.e.f. 24th January, 2011)
Subsidiary Companies	Nippon Ispat Singapore (Pte) Ltd. Erebus Ltd. Arima Holdings Ltd. Lakeland Securities Ltd. Ispat Energy Ltd. Rewa Infrastructures Pvt. Ltd. (ceased w.e.f. 16th November, 2010) Ispat Jharkhand Steels Ltd.
Associate Companies	Kalyani Mukand Ltd. Drum International Inc. Minandes S.A.
Joint Venture Company	Amba River Coke Ltd. (ceased w.e.f. 14th February, 2011)
Key Management Personnel and their Relatives	Mr. M. L. Mittal (Father of Mr. Pramod Mittal and Mr. Vinod Mittal) Mr. Pramod Mittal Mr. Vinod Mittal Mr. Vinod Garg (Ceased w.e.f. 16th April, 2011) Mr. Anil Sureka Mr. B. K. Singh Mr. Rajesh Asher (w.e.f. 1st May, 2011) Mr. Ashok Aggarwal (w.e.f. 1st April, 2011) Mr. Yadvendra Sahai Mrs. Natasha Mittal Saraf (Daughter of Mr. Vinod Mittal) Mr. Atulya Mittal (Son of Mr. Vinod Mittal)

Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Navoday Exim (P) Ltd. Navoday Management Services Ltd. Navoday Consultants Ltd. Denro Holding (P) Ltd. Mita Holdings (P) Ltd. Goldline Tracom (P) Ltd. Gontermann Peipers India Ltd. Kartik Credit (P) Ltd. Ushaditya Trading (P) Ltd. Navdisha Real Estate (P) Ltd. Balasore Alloys Ltd. Geetapuram Port Services Ltd. (upto 19th July, 2009) Peddar Realty (P) Ltd. Chattisgarh Energy Ltd. Rewa Infrastructures Pvt. Ltd. (w.e.f. 16th November, 2010) Radiant Stars International Ltd. Shinning Stars Ltd. Chancellor Build Estate (P) Ltd. E-Star Exchange (P) Ltd. North East Natural Resources (P) Ltd. Central India Power Company Ltd.

(b) Related party disclosures:

(Rs. in crores)

Nature of Transactions	Enterprise having significant influence over the Company	Subsidiary Companies	Joint Venture Company	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
1. In relation to Profit & Loss Account Balances						
Sales of raw materials, intermediaries and finished goods						
JSW Steel Ltd.	1130.13 (-)					1130.13 (-)
Others			- (26.04)		1.66 (0.61)	1.66 (26.65)
Purchases of raw materials, intermediaries and finished goods						
JSW Steel Ltd.	767.01 (-)					767.01 (-)
Others					37.83 (22.41)	37.83 (22.41)
Services received						
JSW Steel Ltd.	1.23 # (-)					1.23 (-)
E-Star Exchange (P) Ltd.					2.22 (3.77)	2.22 (3.77)
Geetapuram Port Services Ltd.					- (1.14)	- (1.14)
Others					0.17 (0.19)	0.17 (0.19)

(Rs. in crores)

Nature of Transactions	Enterprise having significant influence over the Company	Subsidiary Companies	Joint Venture Company	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
Services given						
JSW Steel Ltd.	0.59 (-)					0.59 (-)
Geetapuram Port Services Ltd.					- (2.05)	- (2.05)
Salary/Managerial Remuneration						
Mr. Vinod Mittal				0.57 (4.47)		0.57 (4.47)
Mr. Anil Sureka				0.86 (1.71)		0.86 (1.71)
Mr. Vinod Garg				1.57 (1.78)		1.57 (1.78)
Mr. B. K. Singh				1.34 (1.71)		1.34 (1.71)
Mr. Rajesh Asher				0.27 (-)		0.27 (-)
Mr. Ashok Aggarwal				0.32 (-)		0.32 (-)
Others				0.66 (0.68)		0.66 (0.68)
Rent Expense (including Lease Rent)						
Chancellor Build Estate (P) Ltd.					0.60 (1.50)	0.60 (1.50)
Goldline Tracom (P) Ltd.					0.85 (0.97)	0.85 (0.97)
Denro Holding (P) Ltd.					0.62 (0.70)	0.62 (0.70)
Kartik Credit (P) Ltd.					0.53 (0.60)	0.53 (0.60)
Navoday Exim (P) Ltd.					0.50 (0.56)	0.50 (0.56)
Mita Holdings (P) Ltd.					0.44 (0.50)	0.44 (0.50)
Ushaditya Trading (P) Ltd.					0.44 (0.50)	0.44 (0.50)
Others					0.14 (0.25)	0.14 (0.25)
Provision for Doubtful Advances						
Ispat Energy Ltd.		324.19 (-)				324.19 (-)
Nippon Ispat Singapore (Pte) Ltd.		2.96 (-)				2.96 (-)
Chattisgarh Energy Limited					5.95 (-)	5.95 (-)

(Rs. in crores)

Nature of Transactions	Enterprise having significant influence over the Company	Subsidiary Companies	Joint Venture Company	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
Central India Power Company Ltd.					6.97 (-)	6.97 (-)
Others					0.75 (-)	0.75 (-)
Provision for Diminution in Value of Investments						
Ispat Energy Ltd.		110.00 (-)				110.00 (-)
Erebus Ltd.		96.92 (-)				96.92 (-)
Arima Holdings Ltd.		22.32 (-)				22.32 (-)
Interest Income						
Peddar Realty (P) Ltd.					- (8.21)	- (8.21)
2. In relation to Balance Sheet Items						
Purchase of Fixed Assets						
Rewa Infrastructures Pvt. Ltd.		4.28 (0.80)			3.44 (-)	7.72 (0.80)
Guarantees Obtained						
Mr. M. L. Mittal				552.73 (552.73)		552.73 (552.73)
Mr. Pramod Mittal				9193.50 (9132.20)		9193.50 (9132.20)
Mr. Vinod Mittal				9193.50 (9132.20)		9193.50 (9132.20)
Navoday Consultants Ltd.					143.68 (143.68)	143.68 (143.68)
Guarantees Given on behalf of						
Ispat Energy Ltd.		164.44 (264.44)				164.44 (264.44)
Others					- (26.00)	- (26.00)
Application Money towards Equity Warrants						
Mita Holdings (P) Ltd.					- (10.00)	- (10.00)
Ushaditya Trading (P) Ltd.					- (8.00)	- (8.00)
Forfeiture of Equity Warrants						
Radiant Stars International Ltd.					- (20.34)	- (20.34)
Shining Stars Ltd.					- (31.64)	- (31.64)

(Rs. in crores)

Nature of Transactions	Enterprise having significant influence over the Company	Subsidiary Companies	Joint Venture Company	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
Balance outstanding as at the year end – Debit						
Ispat Energy Ltd.		6.25 (340.34)				6.25 (340.34)
Peddar Realty (P) Ltd.					255.61 (255.61)	255.61 (255.61)
Others		0.05 (4.26)	- (33.95)	18.75 (-)	18.21 (33.48)	37.01 (71.69)
Balance outstanding as at the year end – Credit						
JSW Steel Ltd.	278.25 (-)					278.25 (-)
Others				- (0.57)	25.34 (12.74)	25.34 (13.31)

Includes Rs. 0.27 crore and Rs. 0.32 crore also disclosed as remuneration to Key Managerial Personnel Mr. Rajesh Asher and Mr. Ashok Aggarwal respectively.

c) Peddar Realty Pvt. Ltd. has given, by way of security, its title in the landed property at Mumbai against term loans obtained by the Company from banks and financial institutions and also given a corporate guarantee there against.

27. Segment Information:

i) **Business Segment:** The Company is engaged in the business of manufacture and sale of Iron and Steel products.

ii) **Geographical Segment:** The Company primarily operates in India and therefore the analysis of geographical segment is based on the areas in which customers of the Company are located.

Information for Secondary Geographical Segments:

(Rs. in crores)

Particulars	Jul 10 - Jun 11 (12 months)	Apr 09 - Jun 10 (15 months)
Domestic Revenues (Net of Excise Duty)	**7704.31**	9666.07
Export Revenues (Including Export Benefits)	**522.33**	466.66
Total	**8226.64**	**10132.73**

(Rs. in crores)

Particulars	As at 30th June, 2011	As at 30th June, 2010
Domestic Debtors	**377.36**	758.47
Export Debtors	**17.21**	0.50
Total	**394.57**	**758.97**

iii) Since the Company has common fixed assets for producing goods for domestic and overseas markets, separate figures for fixed assets / additions to fixed assets for these two segments are not furnished.

28. Quantitative information of goods manufactured / traded

(a) **Installed Capacity and Production**

	Jul 10 - Jun 11		Apr 09 - Jun 10	
	Annual Installed Capacity (b) (12 months) MT	Production (12 months) MT	Installed Capacity (b) (15 months) MT	Production (15 months) MT
Direct Reduced Iron	**1,600,000**	**1,209,360**	2,000,000	1,683,919
Hot Rolled Coils	**3,300,000**	**2,203,696**	4,125,000	3,314,677
Cold Rolled Steel Coils/Sheets	**330,000**	**217,107**	412,500	303,649
Galvanised Coils/Sheets	**225,000**	**141,161**	281,250	202,686
Galvalume Colis/Sheets	**100,000**	**48,748**	125,000	32,039
PVC Coated Sheets	**60,000**	**54,151**	75,000	75,840
Tubes & Pipes	**56,000**	**14,557**	70,000	28,891
Pig Iron/Hot Metal	**2,000,000**	**1,352,382**	2,500,000	2,131,184

Notes: (a) Licensed Capacity is not applicable as the industry is delicensed.

(b) Certified by the Company's Technical Experts.

(b) **Sales ***

	Jul 10 - Jun 11 (12 months)		Apr 09 - Jun 10 (15 months)	
	Quantity (MT)	**Value (Rs. in crores)**	Quantity (MT)	Value (Rs. in crores)
Direct Reduced Iron	**29,703**	**45.60**	54,854	78.76
Hot Rolled Coils/skelp	**2,078,662**	**7656.13**	2,897,823	9231.79
Cold Rolled Steel Coils/Sheets	**22,064**	**98.15**	57,433	210.51
Galvanised Coils/Sheets	**106,921**	**522.67**	137,411	586.62
Galvalume Coils/Sheets	**18,447**	**94.54**	12,808	55.97
PVC Coated Sheets	**53,361**	**321.84**	74,160	382.14
Tubes & Pipes	**15,656**	**67.67**	28,138	108.04
Pig Iron	**14,058**	**32.32**	67,164	142.97
		8838.92		10796.80

* Excludes transfer for captive consumption.

(c) **Stocks of Finished Goods**

(After adjustment of shortages / excess)

	As at 30th June, 2011		As at 30th June, 2010	
	Quantity (MT)	**Value (Rs. in crores)**	Quantity (MT)	Value (Rs. in crores)
Opening Stock				
Direct Reduced Iron	**4,066**	**5.99**	8,602	7.58
Hot Rolled Coils	**75,696**	**224.03**	7,134	19.78
Cold Rolled Steel Coils / Sheets	**6,101**	**20.85**	3,524	10.57
Galvanised Coils / Sheets	**8,516**	**33.50**	5,935	20.57
Galvalume Coils / Sheets	**1,778**	**7.44**	-	-
PVC Coated Sheets	**3,036**	**14.39**	2,741	11.53
Tubes & Pipes	**1,408**	**4.98**	690	2.04
Pig Iron / Hot Metal	**11,300**	**24.30**	-	-
		335.48		72.07
Closing Stock*				
Direct Reduced Iron	**9,985**	**18.45**	4,066	5.99
Hot Rolled Coils	**75,626**	**277.56**	75,696	224.03
Cold Rolled Steel Coils / Sheets	**7,692**	**32.12**	6,101	20.85
Galvanised Coils / Sheets	**14,039**	**67.54**	8,516	33.50
Galvalume Coils/Sheets	**2,017**	**9.59**	1,778	7.44
PVC Coated Sheets	**3,670**	**20.58**	3,036	14.39
Tubes & Pipes	**237**	**0.98**	1,408	4.98
Pig Iron / Hot Metal	**1,870**	**4.50**	11,300	24.30
		431.32		335.48

* Excludes stock of Saleable Scrap Rs. 6.54 crores (Rs. 1.90 crores) and By-Products Rs. 1.20 crores (Rs. 14.87 crores)

29. **Raw Materials Consumption**

(After adjustment of shortage / excesses)

	Jul 10 - Jun 11 (12 months)		Apr 09 - Jun 10 (15 months)	
	Quantity (MT)	**Value (Rs. in crores)**	Quantity (MT)	Value (Rs. in crores)
Iron Ore Pellets $	**963,230**	**963.48**	1,781,007	1273.34
Calibrated Lump Iron Ore $	**1,275,636**	**1001.21**	1,619,714	913.93
Iron Ore Fines	**1,511,478**	**729.06**	2,125,272	743.44
Sinter *	**1,968,231**	**1201.65**	2,767,726	1223.89
Coke (including fines)	**761,016**	**1621.60**	1,076,900	1798.64
Coal	**214,370**	**210.93**	319,386	222.17
Direct Reduced Iron *	**1,174,222**	**2039.04**	1,641,385	2187.56
Hot Metal *	**1,343,599**	**3369.96**	2,030,058	3831.12
Hot Briquette Iron	**-**	**-**	18,003	20.70
Melting scrap	**63,200**	**134.74**	171,671	291.63
Pig Iron & Pcm Jam *	**3,925**	**6.79**	22,179	38.44
Hot Rolled Coils *	**251,096**	**856.32**	348,721	1034.14
Cold Rolled Coils *	**193,422**	**727.79**	239,558	781.31
Galvanised Coils / Sheets *	**27,904**	**119.51**	61,275	227.55
Galvalume Coils/Sheets *	**29,072**	**132.32**	20,370	84.48
Zinc & Zinc Alum. Alloy	**4,610**	**50.99**	6,956	70.86
Ferro Alloys		**200.12**		256.90
Others		**274.51**		332.20
Total		**13640.02**		15332.30
Less: Inter Unit transfer of own produced materials		**8048.63**		9437.05
Net consumption of raw materials	**#**	**5591.39**		5895.25

$ Excluding fines generation of 260,401 MT (393,991 MT)

\# Excluding materials amounting to Rs. Nil (Rs. 12.69 crores) charged to preoperative & trial run expenses.

* Includes consumption of own produced materials [after change in stocks Rs. 7.27 crores (Rs. 46.12 crores)] transferred for further processing, as detailed below:

	Jul 10 - Jun 11 (12 months)		Apr 09 - Jun 10 (15 months)	
	Quantity (MT)	**Value (Rs. in crores)**	Quantity (MT)	Value (Rs. in crores)
Direct Reduced Iron	**1,174,222**	**2039.04**	1,629,927	2170.00
Hot Metal	**1,343,599**	**3369.96**	2,030,058	3831.12
Sinter	**1,968,231**	**1201.65**	2,767,726	1223.89
Hot Rolled Coils	**142,107**	**458.84**	348,721	1034.14
Cold Rolled Coils	**193,422**	**727.79**	239,558	781.31
Galvanised Coils	**27,904**	**119.51**	61,275	227.55
Galvalume	**29,072**	**132.32**	20,370	84.48
Pig Iron & Pcm jam	**3,925**	**6.79**	22,179	38.44

30. Value of consumption of Imported & Indigenous Raw Materials and Stores and Spare Parts.

	Raw Materials #		Stores and Spare Parts #$	
	Value (Rs. in crores)	% of total consumption	Value (Rs. in crores)	% of total consumption
Imported	**2358.98** (3056.75)	**42.19** (51.85)	**160.85** (278.53)	**35.88** (45.89)
Indigenous	**3232.41** (2838.50)	**57.81** (48.15)	**287.44** (328.42)	**64.12** (54.11)

\# Excluding Inter Unit transfers and charge to preoperative & trial run expenses

$ Includes Rs. 101.15 crores (Rs. 121.37 crores) charged to other account heads

31. Value of Imports on C.I.F. basis (including through canalizing agencies):

(Rs. in crores)

	Jul 10-Jun 11 (12 months)	Apr 09-Jun 10 (15 months)
Raw Materials	**2295.03**	3046.47
Stores and Spare Parts	**166.96**	289.60
Capital Goods	**4.44**	73.79

32. Expenditure in foreign currency:
(On cash basis and including for projects)

(Rs. in crores)

	Jul 10-Jun 11 (12 months)	Apr 09-Jun 10 (15 months)
Travelling & Others	**7.85**	8.25
Freight & Demurrage	**130.47**	159.60
Rebate/Discount & Commission on Sales	**0.55**	1.27
Professional Charges	**1.68**	7.27
Interest, Finance & Commitment Charges	**2.07**	-

33. Earnings in foreign currency (accrual basis):

(Rs. in crores)

	Jul 10-Jun 11 (12 months)	Apr 09-Jun 10 (15 months)
FOB Value of Exports	**486.16**	433.44
Compensation for non fulfillment of contracts included in miscellaneous receipts in Schedule 17	**-**	6.33

34. Amount remitted in foreign currency on account of dividends:

			Jul 10-Jun 11 (12 months)	Apr 09-Jun 10 (15 months)
i)	No. of non-resident shareholders	Equity	**4,888**	5,521
		Preferene	**3,443**	3,552
ii)	No. of Shares held	Equity	**373,893,062**	361,565,559
		Preference	**240,168,324**	240,205,434
iii)	Amount remitted as dividend (Rs.)		**Nil**	Nil

35. The Company's current accounting year is from 1st July 2010 to 30th June 2011, whereas the previous accounting year was for fifteen months ended 30th June, 2010. Accordingly, the current year's figure being for twelve months ended 30th June 2011, are not comparable with those of the previous period.

36. The name of Company stands changed from Ispat Industries Limited to JSW ISPAT Steel Limited with effect from 28th June, 2011.

37. Previous period's figures including those in brackets have been rearranged / regrouped wherever considered necessary.

Signatories to Schedule 1 to 23

As per our Attached Report of even date
FOR S. R. BATLIBOI & CO.
Firm Registration Number: 301003E
Chartered Accountants

For and on behalf of the Board

PER HEMAL SHAH
Partner
Membership No. 42650
14th Floor, 'The Ruby'
29 Senapati Bapat Marg,
Dadar (W)
Mumbai-400 028
Date : 27th August, 2011

T. P. SUBRAMANIAN
President
& Company Secretary

B. K. SINGH
Chief Executive Officer

SESHAGIRI RAO M.V.S.
Director

Information Pursuant to Part IV of Schedule VI to the Companies Act, 1956

I. Registration Details

Registration No.	37519	State Code	21
Balance Sheet Date	30.06.2011		

II. Capital Raised during the year (Amount in Rs.'000):

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	22347658

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.'000):

Total Liabilities	128992695	Total Assets	128992695
Sources of Funds		**Application of Funds**	
Paid up – Capital	33549255	Net Fixed Assets	73069981
Capital Suspense	1509630	Investments	1634228
Reserves and Surplus	24606222	Net Current Assets	1799956
Secured Loans	59110938	Deferred Tax Asset/(Liability)	13087594
Unsecured Loans	10216650	Accumulated Loss	39400936

IV. Performance of the Company (Amount in Rs. '000)

Turnover	85509960
Total Expenditure	95206955
Exceptional items	11806157
Profit/ (Loss) before Tax	(21503153)
Profit/ (Loss) after Tax	(180586655)
Earnings per share in Rs. (Basic)	(10.60)
Earnings per share in Rs. (Diluted)	(10.60)
Dividend Rate	Nil

Information Pursuant to Part IV of Schedule VI to the Companies Act, 1956 *(Contd.)*

V. Generic names of Principal Products/Services of the Company (as per monetary terms)

Item Code No. (ITC Code)	Product Description
720310 00	Direct Reduced Iron
720826 00	Hot Rolled Coil
720927 00	Cold Rolled Sheets
721030 00	Galvanised Sheets
720110 00	Pig Iron/Hot Metal

For and on behalf of the Board

T. P. SUBRAMANIAN
President
& Company Secretary

B. K. SINGH
Chief Executive Officer

SESHAGIRI RAO M.V.S.
Director

Mumbai,
Date : 27th August, 2011

Auditors' Report on the Consolidated Financial Statements

To The Board of Directors
JSW ISPAT Steel Limited)
(Formerly Ispat Industries Limited)

1. We have audited the attached Consolidated Balance Sheet of JSW ISPAT Steel Limited and its subsidiaries (the 'Group') as at 30th June, 2011 and also the Consolidated Profit & Loss Account and Consolidated Cash Flow Statement for year then ended, annexed thereto. These consolidated financial statements are the responsibility of JSW ISPAT Steel Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 33.61 crores as at 30th June 2011 and total loss of Rs. 624.84 crores and cash flows amounting to Rs. 5.15 crores (net cash inflows) for the period then ended, (Refer Note No. 1(b) on Schedule 22). The financial statements of these subsidiaries for the year ended 31st March 2011 and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, so far as it relates to the subsidiaries, is based solely on the report of other auditors.

4. Without qualifying our opinion, attention is drawn to the Note No. 12 of Schedule 23 regarding Sundry Debtors of Rs. 255.61 crores, towards sale consideration of landed property along with interest thereon which are overdue from Peddar Realty Private Limited. These have been considered good of recovery by the management in view of the market value of the underlying assets of the said debtor.

5. *Attention is drawn to Note No. 10 of Schedule 23 regarding net Deferred Tax Asset (DTA) of Rs. 1308.76 crores (including Rs. 344.48 crores for the year) recognized upto 30th June, 2011, based on the future profitability projections made by the management. We are unable to express an opinion on the virtual certainty of achieving these projections as required by Accounting Standard 22, 'Accounting for Taxes on Income', and the consequential impact, if any, of the recognition of such deferred tax asset. This had also caused us to qualify our audit opinion on the financial statements for the period ended 30th June, 2010.*

   Had the impact of item stated above been considered, the loss for the year would have been Rs. 3181.05 crores (after adjusting DTA of Rs. 964.28 crores recognized upto 30th June, 2010) as against the reported loss of Rs. 1872.29 crores and the debit balance in Profit and Loss Account would have been Rs. 5322.90 crores as against the reported figure of Rs. 4014.14 crores.

6. *Subject to the effect of the matter referred to in paragraph 5 above,*

   a) We report that the consolidated financial statements have been prepared by JSW ISPAT Steel Limited's management in accordance with the requirements of Accounting Standard (AS) 21 'Consolidated Financial Statements' and AS 23 'Accounting for Investments in Associates in Consolidated Financial Statements' notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).

   b) Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :-

      i. In the case of Consolidated Balance Sheet, of the state of affairs of the Group as at 30th June, 2011;

      ii. In the case of Consolidated Profit & Loss Account, of the loss of the Group for the year ended on that date and

      iii. In the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **S. R. BATLIBOI & CO.**
Firm Registration Number : 301003E
CHARTERED ACCOUNTANTS

Per Hemal Shah
Partner
Membership No. 42650

14th Floor, 'The Ruby'
29 Senapati Bapat Marg
Dadar (W)
Mumbai - 400 028
Date – 27th August, 2011

Consolidated Balance Sheet as at 30th June, 2011

(Rs. in crores)

		Schedule	As at 30th June, 2011	As at 30th June, 2010
	SOURCES OF FUNDS			
1.	**Shareholders' Fund**			
	Share Capital	1	**3354.92**	2225.09
	Share Capital Suspense		**150.96**	-
	[Refer Note No. 7(b) on Schedule 23]			
	Application Money towards Equity Warrants		**-**	18.00
	(Refer Note No. 6 on Schedule 23)			
	Application Money towards Equity Shares		**27.60**	41.57
	Reserves and Surplus	2	**2463.08**	1478.53
			5996.56	3763.19
2.	**Loan Funds**			
	Secured Loans	3	**5911.10**	7156.90
	Unsecured Loans	4	**1023.00**	28.99
			6934.10	7185.89
	TOTAL		**12930.66**	10949.08
APPLICATION OF FUNDS				
1.	**Fixed Assets**			
	Gross Block	5	**13448.33**	13465.71
	Less : Depreciation		**6193.60**	5528.71
	Net Block		**7254.73**	7937.00
	Capital Work-in-Progress (including Capital Advances)	6	**63.18**	392.71
	Pre-operative and Trial Run Expenses (Pending Allocation)	7	**-**	169.37
			7317.91	8499.08
2.	**Investments**	8	**163.39**	8.40
3.	**Deferred Tax Asset (Net)**	9	**1308.76**	964.28
4.	**Foreign Currency Monetary Items Translation Difference Account**		**-**	2.08
	(Refer Note No. 15 on Schedule 23)			
5.	**Current Assets, Loans and Advances**			
	Inventories	10	**2054.56**	1934.17
	Sundry Debtors	11	**394.57**	758.97
	Cash and Bank Balances	12	**601.49**	204.10
	Loans, Advances and Deposits	13	**541.63**	554.87
			3592.25	3452.11
	Less: Current Liabilities and Provisions			
	Current Liabilities	14	**3419.99**	4082.09
	Provisions	15	**45.80**	36.63
			3465.79	4118.72
	Net Current Assets		**126.46**	(666.61)
6.	**Profit and Loss Account Debit balance**		**4014.14**	2141.85
	TOTAL		**12930.66**	10949.08
	Significant Accounting Policies	22		
	Notes on Accounts	23		
	Schedules referred to above form an integral part of the Balance Sheet.			

As per our Attached Report of even date
FOR S. R. BATLIBOI & CO.
Firm Registration Number: 301003E
Chartered Accountants

For and on behalf of the Board

PER HEMAL SHAH
Partner
Membership No. 42650
14th Floor, 'The Ruby'
29 Senapati Bapat Marg,
Dadar (W)
Mumbai-400 028
Date : 27th August, 2011

T. P. SUBRAMANIAN
President
& Company Secretary

B. K. SINGH
Chief Executive Officer

SESHAGIRI RAO M.V.S.
Director

Consolidated Profit & Loss Account for the year ended 30th June, 2011

(Rs. in crores)

	Schedule	**Jul'10-Jun'11 (12 Months)**	Apr'09-Jun'10 (15 Months)
INCOME			
Sales (Gross)	16	**8990.07**	10983.14
Less : Excise Duty		**763.43**	850.41
Sales (Net)		**8226.64**	10132.73
Other Income	17	**324.99**	445.96
TOTAL (A)		**8551.63**	10578.69
EXPENDITURE			
Decrease/(Increase) in stocks	18	**(94.54)**	(269.53)
Excise Duty & Cess on stocks (Refer Note No. 3 on Schedule 23)		**6.71**	29.54
Raw Materials Consumed		**5591.39**	5895.25
Personnel Cost	19	**219.94**	273.48
Manufacturing, Selling & Distribution and Administrative Expenses [Including Prior Period expenses Rs. 2.27 crores (Rs. 3.56 crores)]	20	**2179.22**	2842.79
Interest & Finance Charges	21	**1022.91**	1369.99
Depreciation		**677.67**	876.28
Less: Transfer from Revaluation Reserve		**81.41**	102.33
		596.26	773.95
TOTAL (B)		**9521.89**	10915.47
Profit/(Loss) before Tax and Exceptional Items (A-B)		**(970.26)**	(336.78)
Less : Exceptional Items (Refer Note No. 8 on Schedule 23)		**1247.06**	-
Profit/(Loss) before Tax		**(2217.32)**	(336.78)
Less:			
Provision for Wealth Tax		**0.03**	0.03
Provision for Income Tax		**-**	0.01
Deferred Tax Charge/(Credit) (Refer Note No.10 on Schedule 23)		**(344.48)**	(14.15)
Profit/(Loss) after Tax and before Minority Interest		**(1872.87)**	(322.67)
Less: Share of loss of Minority Interest [Full amount Rs. NIL (Rs. 17223)]		**-**	0.00
Less: Share of loss of a Subsidiary Company which has ceased to be a subsidiary company w.e.f. 16th November, 2010		**0.58**	-
Profit/(Loss) after Tax and Minority Interest		**(1872.29)**	(322.67)
Less : Debenture Redemption Reserve written back		**-**	20.26
Add : Loss brought forward from Previous Year		**(2141.85)**	(1839.44)
Loss carried to Balance Sheet		**(4014.14)**	(2141.85)
Basic and Diluted Earning per Share (Rs.) [Nominal value of shares Rs. 10 each] (Refer Note No. 22 on Schedule 23)		**(10.97)**	(3.37)
Significant Accounting Policies	22		
Notes on Accounts	23		
Schedules referred to above form an integral part of the Profit & Loss Account			

As per our Attached Report of even date
FOR S. R. BATLIBOI & CO.
Firm Registration Number: 301003E
Chartered Accountants

For and on behalf of the Board

PER HEMAL SHAH
Partner
Membership No. 42650
14th Floor, 'The Ruby'
29 Senapati Bapat Marg,
Dadar (W)
Mumbai-400 028
Date : 27th August, 2011

T. P. SUBRAMANIAN
President
& Company Secretary

B. K. SINGH
Chief Executive Officer

SESHAGIRI RAO M.V.S.
Director

Consolidated Cash Flow Statement for the year ended 30th June, 2011

(Rs. in crores)

		Jul'10 - Jun'11 (12 Months)	Apr'09 - Jun'10 (15 Months)
A:	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Loss before Tax	**(2217.32)**	(336.78)
	Adjustments for :		
	Depreciation	**596.26**	773.95
	Loss on Fixed Assets Sold / Discarded (Net)	**2.64**	6.01
	Net Unrealised Loss/(Gain) on Exchange Rates/Forward Exchange Contracts	**(8.34)**	(124.53)
	Gain on Prepayment of Deferred Sales Tax	**(219.82)**	(244.96)
	Advances/Debts/Deposits/Claims Provided For / Written Off	**623.47**	13.82
	Provision for Potential Loss of Inventory and Capital Work in Progress	**555.06**	-
	Interest Income	**(59.80)**	(23.15)
	Interest & Finance Cost (including Bank Charges)	**1022.91**	1285.45
	Liabilities no Longer Required Written Back	**(9.87)**	(14.08)
	Gain on Sale of Trade Investments (Long term)	**-**	(2.17)
	Provision for diminution in value of Investments	**8.04**	-
	Amortisation of Foreign Currency Monetary Items Translation Difference (Net)	**2.08**	3.47
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**295.31**	1337.03
	Movements in Working Capital :		
	(Increase) / Decrease in Sundry Debtors	**49.80**	(178.03)
	(Increase) / Decrease in Loans and Advances including Deposits	**(249.78)**	160.75
	(Increase) / Decrease in Inventories	**(211.16)**	(551.12)
	Increase / (Decrease) in Current Liabilities & Provisions	**(664.52)**	488.64
	CASH GENERATED FROM / (USED IN) OPERATIONS	**(780.35)**	1257.27
	Direct Taxes paid (net of refunds)	**(29.21)**	(0.33)
	NET CASH GENERATED FROM/ (USED IN) OPERATING ACTIVITIES (A)	**(809.56)**	1256.94
B:	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Acquisition of Fixed Assets	**(28.52)**	(145.25)
	Project Promotional Recoverable Dues	**(0.92)**	(22.71)
	(Purchase)/Sales of Investments	**(163.34)**	5.69
	Proceeds from Sale of Fixed Assets	**0.25**	1.57
	Fixed Deposits (Receipts Pledged with various banks as security)	**(23.88)**	(101.93)
	Interest Received	**20.56**	10.79
	NET CASH USED IN INVESTING ACTIVITIES (B)	**(195.85)**	(251.84)

Consolidated Cash Flow Statement for the year ended 30th June, 2011 *(Contd.)*

(Rs. in crores)

	Jul'10 - Jun'11 (12 Months)	Apr'09 - Jun'10 (15 Months)
C: CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issuance of Share Capital (including Share Premium)	**2157.00**	0.23
Receipt of Call Money in Arrears	**0.07**	-
Advance against Share Subscription	**-**	18.00
Refund of Money towards Equity Shares	**(13.97)**	(3.03)
Redemption of Cumulative Redeemable Preference Shares	**(34.55)**	(47.52)
Collection of VAT / Sales Tax under deferral Scheme	**270.24**	300.66
Repayment of VAT / Sales Tax under deferral Scheme	**(17.15)**	(54.60)
Repayment of Unsecured Loans	**(141.33)**	(223.48)
Receipt of Unsecured Loans	**1134.19**	47.00
Long Term Borrowings Repaid	**(827.87)**	(192.09)
Long Term Borrowings Received	**-**	455.55
Working Captial Finance (Repaid) / Received (Net)	**(21.80)**	(181.47)
Interest Paid	**(1121.93)**	(1092.30)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)	**1382.90**	(973.05)
Exchange differences on translation of foreign subsidiaries (D)	**(3.98)**	(12.26)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**373.51**	19.79
Cash & Cash Equivalents as on 1st July, 2010 (Opening Balance)	**23.74**	3.95
Cash & Cash Equivalents as on 30th June, 2011 (Closing Balance)	**397.25**	23.74
Notes :-		
Components of Cash and Cash equivalents		
Cash on hand [Including Stamps, Cheques/Drafts on hand]	**5.10**	21.08
Balances with Scheduled Banks in :		
- Current & Collection Accounts	**2.15**	2.66
Fixed Deposit Account [Receipts of Rs. 204.24 crores (Rs. 180.36 crores) pledged with variuos Banks as Security]	**594.24**	180.36
Cash & Bank Balances as per Schedule 12	**601.49**	204.10
Less: Fixed Deposit not considered as cash and cash equivalent	**204.24**	180.36
Cash & Cash Equivalents in Cash Flow Statement	**397.25**	23.74

As per our Attached Report of even date
FOR S. R. BATLIBOI & CO.
Firm Registration Number: 301003E
Chartered Accountants

For and on behalf of the Board

PER HEMAL SHAH
Partner
Membership No. 42650
14th Floor, 'The Ruby'
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SESHAGIRI RAO M.V.S.
Director

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 30th June, 2011

(Rs. in crores)

		As at 30th June, 2011	As at 30th June, 2010
SCHEDULE - 1 SHARE CAPITAL			
AUTHORISED			
4,00,00,00,000	Equity Shares of Rs. 10 each	**4000.00**	4000.00
10,00,00,000	Preference Shares of Rs. 100 each	**1000.00**	1000.00
1,00,00,00,000	Preference Shares of Rs. 10 each	**1000.00**	1000.00
		6000.00	6000.00
ISSUED, SUBSCRIBED & PAID UP			
2,38,67,99,130 (1,22,24,42,218)	Equity Shares of Rs. 10 each fully paid-up	**2386.80**	1222.44
	Less :Allotment & Call Money in Arrears	**0.71**	0.73
	(Due from other than Directors)		
	(A)	**2386.09**	1221.71
4,31,99,500	12% Cumulative Redeemable Preference Shares (CRPS) of Rs. 100 each fully paid-up (Redeemable at par in balance nine annual installments by 31st March 2020)	**431.99**	431.99
	Less : Redeemed	**103.68**	69.12
		328.31	362.87
15,51,12,156	10% Cumulative Redeemable Preference Shares (CRPS) of Rs. 10 each fully paid-up (Redeemable at par in Eight quarterly installments commencing from 15th June 2018)	**155.11**	155.11
48,59,08,844	0.01% Cumulative Redeemable Preference Shares (CRPS) of Rs. 10 each fully paid-up (Redeemable at par in Eight quarterly installments commencing from 15th June 2018)	**485.91**	485.91
		969.33	1003.89
	Less : Allotment & Call Money in Arrears	**0.50**	0.51
	(Due from other than Directors)		
	(B)	**968.83**	1003.38
	(A+B)	**3354.92**	2225.09

Note:

Out of above 18,31,09,080 equity shares of Rs. 10 each, 1,36,00,000 12% CRPS of Rs. 100 each and 12,20,72,720 0.01% CRPS of Rs. 10 each, fully paid-up, were issued for consideration other than cash, pursuant to Scheme of Reconstruction and Amalgamation approved by the jurisdictional High Courts of Bombay and Calcutta.

(Rs. in crores)

	As at 30th June, 2011		As at 30th June, 2010	
SCHEDULE - 2 RESERVES AND SURPLUS				
Capital Reserves				
(i) Investment Subsidy		**0.20**		0.20
(ii) Amount arisen on Forfeiture of Equity Warrants		**51.98**		51.98
(iii) Revaluation Reserve				
As per last Account	**967.76**		1072.26	
Less : Adjustments in respect of Fixed Assets Sold/Discarded	**0.19**		2.17	
	967.57		1070.09	
Less : Transferred to Profit & Loss Account	**81.41**	**886.16**	102.33	967.76
Share Premium *				
As per last Account	**453.71**		453.71	
Add : Received during the period	**1070.40**	**1524.11**	-	453.71
Debenture Redemption Reserve				
As per last Account	**-**		20.26	
Less : Transferred to Profit & Loss Account	**-**	**-**	20.26	-
Foreign Currency Translation Reserve (Arising on Consolidation)				
As per last Account	**4.88**		17.89	
Add / (Less) : For the period	**(4.25)**	**0.63**	(13.01)	4.88
		2463.08		1478.53

* Net of Rs. 1.80 crores (Rs.1.82 crores) due on Allotment & Call Money in Arrears.

(Rs. in crores)

	As at 30th June, 2011		As at 30th June, 2010	
SCHEDULE - 3 SECURED LOANS				
A) Term Loans				
I) Rupee Loans				
1) From Financial Institutions				
(i) Term Loans	**1529.73**		1811.81	
(ii) Zero Coupon Loans	**50.42**	**1580.15**	53.78	1865.59
2) From Banks				
(i) Term Loans	**1960.25**		2438.88	
(ii) Zero Coupon Loans	**114.60**	**2074.85**	122.23	2561.11
II) Foreign Currency Loans				
(i) Financial Institutions	**248.75**		277.15	
(ii) Banks	**1790.65**	**2039.40**	2071.55	2348.70
III) Interest Accrued and Due		**-**		143.00
B) Working Capital Finance				
From Banks		**216.70**		238.50
		5911.10		7156.90

NOTES

A. (i) The Rupee and Foreign Currency Term Loans from Financial Institutions and Banks, are secured by way of equitable mortgage by deposit of title deeds of the Company's immovable properties at Geetapuram (Dolvi) and by mortgage of leasing rights in the immovable properties at Kalmeshwar (Nagpur) both in the State of Maharashtra and a first charge by way of hypothecation of the Company's movables (save and except book debts) including movable machinery, machinery spares, tools and accessories, (both present and future), subject to prior charges created in favour of the Company's bankers on the stock of raw materials, finished goods, process stock, consumable stores and book debts for securing working capital facilities.

(ii) The Term Loans are also secured by way of english mortgage of the title in the Landed property at Mumbai, which was sold by the Company to Peddar Realty Pvt Ltd (PRPL) in an earlier year. The Company's title is subject to the rights and interest of PRPL. The indenture of mortgage has been jointly signed by the Company and PRPL. These term loans are further secured by the corporate guarantee and pledge of entire shareholdings of PRPL.

(iii) All the mortgages and charges created in favour of the Financial Institutions and Banks rank *pari-passu inter se*, except where specifically stipulated otherwise.

(iv) A second charge on the fixed and current assets has been created in favour of the working capital lenders and term loan lenders respectively.

(v) Term Loans are also secured by the pledge of a part of the shareholding of the promoters as well as by the personal guarantees of Mr. Pramod Mittal and Mr. Vinod Mittal, directors of the Company. Term loans aggregating to Rs. 143 crores (Rs. 143 crores) are also secured by personal guarantee of Mr. M. L. Mittal, a former director of the Company.

(vi) Term Loans of Rs. 143.68 crores (Rs. 143.68 crores) are further secured by the Corporate Guarantee of Navoday Consultants Ltd.

B. Cash Credit and other working capital facilities from Banks are secured by the hypothecation of raw materials, finished goods, process stock, consumable stores, book debts, etc. (both present and future), and second charge over the entire fixed assets of the Company. The working capital facilities from banks, are also secured by personal guarantees of Mr. Pramod Mittal and Mr. Vinod Mittal, directors of the Company. A part of the cash credit and other facilities from Punjab National Bank and Bank of India are also secured by personal guarantee of Mr. M. L. Mittal, a former director of the Company.

C. Term Loans aggregating to Rs. 756.13 crores (Rs. 869.68 crores) are repayable within one year.

(Rs. in crores)

	As at 30th June, 2011	As at 30th June, 2010
SCHEDULE - 4		
UNSECURED LOANS		
Short term Loans and Advances		
a) From Banks	**710.00**	-
b) From Others (Entire amount is falling due for payment within one year)	**287.35**	4.14
Other Loans and Advances		
a) Sales Tax Loan from Government of Maharashtra	**12.89**	14.35
b) Deferred Sales Tax/ Value Added Tax [Includes Rs. 2.06 crores (Rs. 1.46 crores) falling due for payment within one year]	**12.76**	10.50
	1023.00	28.99

SCHEDULE - 5
FIXED ASSETS

(Rs. in crores)

Particulars	Gross Block				Depreciation				Net Block	
	As at 30th June, 2010	Additions/ Adjustments	Sales / Adjustments	**As at 30th June, 2011**	Up to 30th June, 2010	For the year	On Sales/ Adjustments	**Up to 30th June, 2011**	**As at 30th June, 2011**	As at 30th June, 2010
LAND										
Leasehold	7.70	-	-	**7.70**	0.57	0.06	-	**0.63**	**7.07**	7.13
Freehold	140.63	4.46	-	**145.09 (A)**	-	-	-	**-**	**145.09**	140.63
	148.33	4.46	-	**152.79**	0.57	0.06	-	**0.63**	**152.16**	147.76
Buildings	539.39	3.53	0.52	**542.40 (B)**	130.68	15.42	0.36	**145.74**	**396.66**	408.71
Railway Sidings & Locomotives	59.39	-	-	**59.39**	16.90	2.85	-	**19.75**	**39.64**	42.49
Plant & Machinery	11989.08	48.29	64.47 (D)	**11972.90**	5033.78	625.54	0.67	**5658.65**	**6314.25**	6955.30
Vessels	13.83	-	-	**13.83**	2.76	1.00	-	**3.76**	**10.07**	11.07
Electrical Installations	627.00	0.70	0.02	**627.68**	289.91	27.27	0.03	**317.15**	**310.53**	337.09
Vehicles	12.08	1.02	0.78	**12.32**	6.59	0.95	0.47	**7.07**	**5.25**	5.49
Computers	39.31	2.20	7.95	**33.56**	30.81	2.82	7.53	**26.10**	**7.46**	8.50
Furniture & Fixtures and Office Equipments	37.30	1.87	5.71	**33.46**	16.71	1.77	3.73	**14.75**	**18.71**	20.59
Total	13465.71	62.07	79.45	**13448.33 (C)**	5528.71	677.68	12.79	**6193.60**	**7254.73**	7937.00
Previous Year's Total	13567.08	166.82	268.19 (D)	13465.71	4669.62	876.28	17.19	5528.71	7937.00	

Notes:

A) Includes Rs. 3.77 crores (Rs. 5.13 crores) being the cost of 62.10 acres (90.60 acres) land, which is yet to be registered in the Company's name.

B) Includes Rs. 0.12 crore (Rs. 0.12 crore) being cost of shares in Cooperative Housing Society and Rs. 0.04 crore (Rs. 0.04 crore) being the cost of certain properties,which are pending registration in the Company's name,

C) Land,Buildings, Railway Sidings, Plant & Machinery and Electrical Installations were revalued by approved valuers on 31st March, 2006 on Replacement Cost basis and the net increase of Rs. 1018.38 crores was transferred to Revaluation Reserve.

D) Includes foreign exchange differences on long term foreign currency monetary items relating to depreciable fixed assets de-capitalised Rs. 63.46 crores (net) (Rs. 241.12 crores (net) de-capitalised)

(Rs. in crores)

	As at 30th June, 2011	As at 30th June, 2010
SCHEDULE - 6		
CAPITAL WORK-IN-PROGRESS (AT COST)		
Land & Site Development Expenses	**3.00**	22.43
Buildings	**30.33**	29.87
Plant & Machinery	**321.87**	419.62
Capital Goods in Stock & in Transit	**30.99**	44.39
Materials with Contractors / Fabricators	**4.04**	4.03
	390.23	520.34
Less: Transfer to Fixed Assets	**32.40**	127.63
	357.83	392.71
Less: Provision for potential loss*	**280.65**	-
Less: Assets held for disposal included in Inventory in Schedule 10*	**14.00**	-
#	**63.18**	392.71

Includes advances against capital goods Rs. 10.19 crores (Rs. 55.48 crores) net of doubtful advances fully provided for Rs. 31.92 crores (Rs. 9.36 crores)

* Refer Note No. 8(a) and 8(b) on Schedule 23

(Rs. in crores)

	As at 30th June, 2011		As at 30th June, 2010	
SCHEDULE - 7				
PREOPERATIVE AND TRIAL RUN EXPENSES (PENDING ALLOCATION)				
OPENING BALANCE BROUGHT FORWARD		**169.37**		170.09
Payments to & Provisions for Employees				
Salaries, Bonus,Incentives,etc [Including Gratuity Rs. 0.01 crore (Rs. 0.01 crore)]	**0.42**		1.42	
Contribution to Provident & Superannuation Funds	**0.03**		0.06	
Shifting Expenses [(Full amount Rs. NIL (Rs. 1619)]	**-**		0.00	
Directors' Remuneration & Sitting Fee	**0.24**		0.90	
Staff Welfare	**0.07**	**0.76**	0.13	2.51
Raw Material Consumption		**-**		12.69
Excise Duty		**-**		1.15
Manufacturing, Selling & Distribution and Administrative Expenses				
Power & Fuel	**0.05**		1.30	
Consumption of Stores & Production Consumables	**0.01**		0.17	
Repairs & Maintenance				
- Plant & Machinery	**-**		0.08	
- Buildings [(Full amount Rs. NIL (Rs. 5641)]	**-**		0.00	
- Others [(Full amount Rs. NIL (Rs. 3735)]	**-**		0.00	
Insurance	**0.27**		0.32	
Rent	**-**		0.01	
Rates & Taxes	**0.03**		0.04	
Travelling Expenses	**0.14**		0.22	
Audit Fees	**0.04**		0.04	
Professional Charges	**0.23**		0.19	
Exchange Difference (Net)	**-**		0.01	
Bank Commission & Charges [(Full amount Rs. 1340 (Rs. 59730)]	**0.00**		0.01	
Printing & Stationery	**-**		0.01	
Telephone Expenses	**-**		0.01	
Loss on Assets Discarded [(Full amount Rs. 60292 (Rs. 9678)]	**0.01**		0.00	
Miscellaneous Expenses	**0.23**		0.37	
Technical Consultancy Fees & Expenses	**-**	**1.01**	0.19	2.97
Interest & Finance Charges				
To Banks & Others (Net) [(Full amount Rs. 10455 (Rs. 5400)]	**0.00**		0.00	
Finance Charges	**0.06**	**0.06**	0.05	0.05
Depreciation		**0.01**		0.01
(A)		**171.21**		189.47
Less :				
Sales of Finished Goods		**-**		7.65
Sale of Scrap & By-Product		**-**		0.47
Preoperative Expense relating to Rewa Infrastructures Private Limited which has ceased to be a subsidiary w.e.f. 16th November, 2010		**1.52**		-
(B)		**1.52**		8.12
Liabilities no longer required written back	**0.03**		0.00	
Interest received from Banks on deposits [TDS Full amount Rs. 26506 (Rs. 73097)]	**0.02**		0.06	
Miscellaneous Income **(C)**	**0.04**	**0.09**	0.03	0.09
Increase/(Decrease) in Stocks				
Opening Stock				
Finished Goods		**-**		2.28
Work-in-process		**-**		0.70
Saleable Scrap [(Full amount Rs. NIL (Rs. 14048)]		**-**		0.00
By-Product		**-**		0.01
		-		2.99
Closing Stock (Refer Schedule - 18)				
Finished Goods		**-**		7.96
Work-in-process		**-**		0.69
Saleable Scrap		**-**		0.05
By-Product		**-**		0.03
		-		8.73
(D)		**-**		5.74
TOTAL (A - B - C - D)		**169.60**		175.52
Less: Transfer to:				
Fixed Assets		**-**		6.15
Profit & Loss A/c as Exceptional Items (Refer Note No. 8(a) on Schedule 23)		**169.60**		-
TOTAL		**-**		169.37

SCHEDULE - 8
INVESTMENTS
(At Cost)

(Rs. in crores)

		No. of Shares	Face value per Share (Rs.)		As at 30th June, 2011		As at 30th June, 2010
	Long Term (Trade)						
(i)	**In Equity Shares - Unquoted**						
	Steelscape Consultancy Pvt. Ltd.	50,000	10		**0.05**		0.05
	Rewa Infrastructures Private Limited (Ceased to be Subsidiary Company w.e.f. 16th November, 2010)	5,000	100		**0.05**		-
	Kalyani Mukand Ltd. @	480,000	10		**-**		-
	Drum International Inc	20,000	US$ 50	**4.46**		4.64	
	Less : Provision for diminution in value of Investments [Refer Note No. 8(b) on Schedule 23]			**4.46**	**-**	-	4.64
	Minandes SA	20,000	US$ 40	**3.58**		3.71	
	Less : Provision for diminution in value of Investments [Refer Note No. 8(b) on Schedule 23]			**3.58**	-	**-**	3.71
	Interactive TV (I) P. Ltd. [Full amount Rs. NIL (Rs. 45,000)]	4,500	10		-	0.00	
	Less : Provision for diminution in value of Investments [Full amount Rs. NIL (Rs. 45,000)]					0.00	-
(ii)	**In Equity Shares - Quoted**						
	Ispat Profiles India Ltd. @	1,500,000	10		**-**		-
	JSW Energy Limited	23,625,000 (-)	10		**163.29**		-
	TOTAL				**163.39**		8.40

	As at 30th June, 2011		As at 30th June, 2010	
Aggregate Amount of Investments	**Cost**	**Market Value**	Cost	Market Value
- Quoted	**163.29**	**157.93**	- @	- #
- Unquoted	**8.14**	**-**	8.40	-
TOTAL	**171.43**	**157.93**	8.40	-

Notes :
@ Value written off in earlier years
# Quotation not available

(Rs. in crores)

	As at 30th June, 2011	As at 30th June, 2010
SCHEDULE- 9		
DEFERRED TAX ASSET (Net)		
As per Last account	**964.28**	950.13
Add : For the year	**344.48**	14.15
*	**1308.76**	964.28

* Refer Note No. 10 on Schedule 23

(Rs. in crores)

	As at 30th June, 2011	As at 30th June, 2010
SCHEDULE - 10		
INVENTORIES		
At Lower of Cost and Net Realisable Value		
Stores and Spare Parts # @	**236.05**	200.54
Raw Materials	**1465.91**	1369.27
Less: Provision for potential loss against inventory [Refer Note No. 8(d) on Schedule 23]	**104.83**	-
	1361.08	1369.27
Work-in Process	**18.37**	12.11
Finished Goods [including Saleable Scrap Rs. 6.54 crores (Rs. 1.90 crores)]	**437.86**	337.38
By-products	**1.20**	14.87
*	**2054.56**	1934.17

Including discarded fixed assets Rs. 0.43 crore (Rs. 0.37 crore)

@ Including assets held for disposal Rs. 14.00 crores (Rs. Nil)

* Including in Transit / Bonded Warehouses / with third parties, etc.

(Rs.in crores)

	As at 30th June, 2011	As at 30th June, 2010
SCHEDULE - 11		
SUNDRY DEBTORS		
Debts outstanding for more than six months		
Unsecured, Considered Good	**266.64**	326.98
Unsecured, Considered Doubtful	**321.57**	1.94
Other Debts		
Unsecured, Considered Good	**127.93**	431.99
	716.14	760.91
Less : Provision for doubtful debts [Refer Note No. 8(c) on Schedule 23]	**321.57**	1.94
*	**394.57**	758.97

* Refer Note No. 12 on Schedule 23

(Rs.in crores)

	As at 30th June, 2011	As at 30th June, 2010
SCHEDULE -12		
CASH AND BANK BALANCES		
Cash on hand		
[Including Stamps, Cheques/Drafts on hand Rs. 5.01 crores (Rs. 20.47 crores)]	**5.10**	21.08
Balances with Scheduled Banks in :		
- Current & Collection Accounts	**2.15**	2.66
Fixed Deposit Account [Receipts of Rs. 204.24 crores (Rs. 180.36 crores) pledged with various Banks as Security]	**594.24**	180.36
	601.49	204.10

(Rs. in crores)

	As at 30th June, 2011	As at 30th June, 2010
SCHEDULE - 13		
LOANS, ADVANCES AND DEPOSITS		
(Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received or pending adjustments	**307.87**	381.09
[including loans to employees Rs. 0.57 crore (Rs. 1.40 crores)]		
Sundry Deposits [Including deposit with Government/Semi Government Authorities Rs. 2.98 crores (Rs. 2.95 crores)]	**57.55**	59.88
Balances with Excise, Port Trust & Custom Authorities	**15.75**	3.27
Advance Income Tax/Tax Deducted at source (net of provisions)	**30.20**	1.04
Export Incentives Receivable	**13.57**	11.74
Sales Tax, VAT, Excise, Custom Duty, Octroi, etc. Recoverable	**104.98**	93.44
[Including under appeal]		
Interest Receivable on Fixed Deposits	**11.71**	4.41
	541.63	554.87
(Unsecured, Considered Doubtful)		
Advances recoverable in cash or in kind or for value to be received or pending adjustments	**300.62**	2.01
Export Incentives Receivable	**1.27**	-
Sales Tax, VAT, Excise, Custom Duty, Octroi, etc. Recoverable	**3.66**	1.44
[Including under appeal]		
	305.55	3.45
Less : Provision made for doubtful Loan and Advances	**305.55**	3.45
[Refer Note No. 8(b), 8(e) and 8(f) for provision of Rs. 305.55 crores on Schedule 23]		
Total @	**541.63**	554.87

@ Refer Note No. 20 on Schedule 23

(Rs.in crores)

	As at 30th June, 2011	As at 30th June, 2010
SCHEDULE - 14		
CURRENT LIABILITIES		
Acceptances	**2058.81**	1800.43
Sundry Creditors		
a) Total outstanding dues of Micro and Small Enterprises (Refer Note No. 18 on Schedule 23)	**2.20**	10.41
b) Other creditors	**1187.32**	1819.40
Trade and other deposits	**12.82**	13.28
Advances from Customers	**36.13**	296.05
Other liabilities	**111.00**	122.20
Interest Accrued but not due on Loans	**11.71**	20.32
	3419.99	4082.09

(Rs. in crores)

	As at 30th June, 2011	As at 30th June, 2010
SCHEDULE - 15		
PROVISIONS		
Gratuity	**31.44**	24.83
Leave Salary	**14.33**	11.75
Wealth Tax (Net of Advance Tax)	**0.03**	0.05
	45.80	36.63

Schedules Annexed to and forming part of the Consolidated Profit & Loss Account for the year ended 30th June, 2011

(Rs.in crores)

	Jul'10-Jun'11 (12 Months)	Apr'09-Jun'10 (15 Months)
SCHEDULE- 16		
SALES (GROSS)		
Finished Goods	**8949.35**	10893.06
Less: Claims, Trade Discounts etc.	**110.43**	96.26
	8838.92	10796.80
Saleable Scrap & By products	**137.03**	172.74
Export Benefits	**14.12**	13.60
	8990.07	10983.14

(Rs.in crores)

	Jul'10-Jun'11 (12 Months)	Apr'09-Jun'10 (15 Months)
SCHEDULE - 17		
OTHER INCOME		
Insurance Claims	**4.23**	12.15
Liabilities no longer required written back	**9.87**	14.08
Miscellaneous Receipts	**16.24**	24.92
Gain on Sale of Trade Investments (Long Term)	**-**	2.17
Net Gain on Exchange Rates / Forward Exchange Contract	**15.03**	124.53
Gain on prepayment of Deferred Value Added/Sales Tax (Refer Note No. 14 on Schedule 23)	**219.82**	244.96
Interest Income (Gross) [Tax deducted at source Rs. 0.96 crore (Rs. 0.04 crore)]		
- On Bank Deposits	**27.47**	7.49
- On Receivables	**0.39**	0.30
- Interest Liability no longer required written back	**27.07**	-
- From Customers and Others	**4.87**	15.36
	59.80	23.15
	324.99	445.96

(Rs.in crores)

	Jul'10-Jun'11 (12 Months)	Apr'09-Jun'10 (15 Months)
SCHEDULE - 18		
DECREASE/(INCREASE) IN STOCKS		
OPENING STOCKS		
Finished Goods [Including Saleable Scrap Rs. 1.90 crores (Rs. 1.46 crores)]	**337.38**	73.53
Work-in-process	**12.11**	5.77
By-Products	**14.87**	9.13
	364.36	88.43
Add : Trial run Stock transferred as on 25.06.2009 (Refer Schedule - 7)		
Finished Goods [Including Saleable Scrap Rs. NIL (Rs. 0.05 crore)]	**-**	8.01
Work-in-process	**-**	0.69
By-Products	**-**	0.03
	364.36	97.16
LESS: CLOSING STOCKS		
Finished Goods		
[Including Saleable Scrap Rs. 6.54 crores (Rs. 1.90 crores)]	**437.86**	337.38
Work-in-process	**18.37**	12.11
By-Products	**1.20**	14.87
	457.43	364.36
	(93.07)	(267.20)
Transferred to Fixed Assets	**1.47**	2.33
	(94.54)	(269.53)

(Rs. in crores)

	Jul'10-Jun'11 (12 Months)	Apr'09-Jun'10 (15 Months)
SCHEDULE - 19		
PERSONNEL COST		
Salaries, Bonus and Allowances	**181.29**	213.67
Contribution to Provident & Superannuation Funds	**12.48**	12.34
Gratuity Expenses	**9.04**	4.59
Staff Welfare	**28.10**	33.21
Managerial Remuneration (Refer Note No. 21 on Schedule 23)	**4.55**	9.67
Recovery of Managerial Remuneration of earlier years (Refer Note No. 11 on Schedule 23)	**(15.52)**	-
	219.94	273.48

(Rs. in crores)

	Jul'10-Jun'11 (12 Months)		Apr'09-Jun'10 (15 Months)	
SCHEDULE - 20				
MANUFACTURING, SELLING & DISTRIBUTION AND ADMINISTRATIVE EXPENSES				
Power Charges		**902.46**		1184.71
Fuel Charges		**498.51**		639.02
Consumption of Stores and Spare Parts		**347.14**		485.46
Slitting, Packing and other Expenses		**23.85**		30.91
Repairs & Maintenance :				
- Plant & Machinery	**152.49**		172.01	
- Buildings	**14.71**		15.82	
- Others	**3.25**	**170.45**	3.92	191.75
Freight & Forwarding Charges [Net of recovery of Rs. 127.03 crores (Rs.177.69 crores)]		**73.02**		115.38
Commission on Sales (Other than Sole Selling Agents)		**3.06**		1.79
Advertisement		**3.09**		2.14
Insurance		**17.71**		19.88
Rent & Hire		**25.53**		31.36
Rates & Taxes		**4.75**		8.16
Charity & Donation		**-**		0.01
Auditors' Remuneration :				
As Auditor				
- Audit Fee	**1.30**		1.56	
- Tax Audit Fee	**0.18**		0.15	
- Limited Review Fees	**0.51**		0.60	
In Other Manner - For certifications	**0.85**		0.77	
Travelling & Out of Pocket Expenses	**0.21**	**3.05**	0.18	3.26
Items pertaining to Previous Years				
- At Debit	**6.39**		6.27	
- Less: At Credit	**4.12**	**2.27**	2.71	3.56
Legal Expenses		**7.00**		10.51
Professional Charges		**27.46**		20.58
Postage & Communication Expenses		**6.58**		8.75
Miscellaneous Expenses		**45.49**		62.01
Directors' Sitting Fees		**0.16**		0.25
Loss on Fixed Assets Sold/ Discarded (Net)		**2.64**		6.01
Irrecoverable Advances/ Debts/Claims written off	**6.41**		2.44	
Add: Provision for Doubtful debts/Advances/Deposits and Claims	**6.51**	**12.92**	11.38	13.82
Amortisation of Foreign Currency Monetary Items Translation Difference		**2.08**		3.47
		2179.22		2842.79

(Rs. in crores)

	Jul'10-Jun'11 (12 Months)	Apr'09-Jun'10 (15 Months)
SCHEDULE - 21		
INTEREST & FINANCE CHARGES		
Interest:-		
- On Term Loans #	**673.51**	834.55
- On Cash Credit and Others	**285.05**	446.69
- On Debentures	**-**	4.21
Finance Charges	**64.35**	84.54
	1022.91	1369.99

Including Exchange Fluctuation loss Rs. 7.31 crores (Rs. Nil) relating to term loans treated as Interest in terms of Accounting Standard 16 "Borrowing Cost".

SCHEDULE 22

SIGNIFICANT ACCOUNTING POLICIES

1) PRINCIPLES OF CONSOLIDATION:

a) The Consolidated Financial Statements present the consolidated Accounts of JSW Ispat Steel Ltd ("the Company") and its following Subsidiaries (collectively the "Group") :

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest at 30th June, 2011	Proportion of Ownership Interest at 30th June, 2010
Ispat Energy Limited (IEL)	India	100	100
Nippon Ispat Singapore (Pte) Limited (NISL)	Singapore	100	100
Erebus Limited (EL)	Mauritius	100	100
Arima Holdings Ltd. (AHL)	Mauritius	100	100
Lakeland Securities Ltd. (LSL)	Mauritius	100	100
Ispat Jharkhand Steels Ltd. (IJSL)	India	60	60
Rewa Infrastructures Pvt. Ltd. (RIPL) (ceased to be a subsidiary w.e.f. 16th November 2010)	India	-	83

In terms of Accounting Standard 21, minority interest has been computed in respect of IJSL, Non - wholly owned subsidiary, which has not yet commenced commercial operations.

b) The financial statements of all the subsidiaries have been prepared for the year ended 31st March, 2011 and used for the purpose of consolidation except in case of RIPL which has ceased to be a subsidiary company w.e.f. 16th November, 2010, in which case its financial statements have been prepared for the period from 1st April, 2010 to 15th November, 2010. All the adjustments and disclosures for the effects of significant transactions or other events occurred between 1st April, 2010 to 30th June, 2010, which had already been considered in the consolidated financial statements for the fifteen months period ended 30th June, 2010, and those occurred between 1st April, 2011 to 30th June, 2011, have been considered in the current year's consolidated financial statement.

c) The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis in accordance with Accounting Standard 21 on 'Consolidated Financial Statement' by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and any unrealized profits. Investments in Associates are accounted for using the Equity Method in accordance with Accounting Standard 23 on 'Accounting for Investment in Associates in Consolidated Financial Statements'.

d) In terms of Accounting Standard 23 "Accounting for investment in Associates in Consolidated Financial Statements", Kalyani Mukand Ltd. (KML), incorporated in India, in which the Group holds 24% shares, is an associate company. However, since the entire value of Investments in KML aggregating to Rs. 6.69 crores has been charged off to revenue in earlier years, the proportionate share of KML's profitability had not been considered in these accounts.

e) The audited/ unaudited financial statements for the 12 months year ended 30th June, 2011, of certain Associate Companies namely Drum International Inc (incorporated in British Virgin Islands) and Minandes S.A. (incorporated in Columbia) in both of which the Group holds 40% equity shares, are not available with the Group. However, since the entire value of investments amounting to Rs. 4.46 crores (USD 1 million) in case Drum International Inc and Rs. 3.58 crores (USD 0.8 million) in case of Minandes S.A., have been provided for, the proportionate share of profitability in the above associate companies have not been considered in these accounts.

f) The financial statements of NISL have been prepared in accordance with Singapore Financial Reporting Standard (SFRS) and financial statements of EL, AHL and LSL have been prepared in accordance with Mauritius Accounting Standards (MAS).

g) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviation in accounting policies, if any and to the extent possible, are made in the consolidated financial statements and are presented in the same manner as the Company's separate financial statements.

h) In translating the financial statements of the non-integral foreign Subsidiaries for incorporation in the consolidated financial statements, the assets and liabilities, both monetary and non-monetary are translated at the closing rate, while income and expense items are translated at average exchange rate and all resulting exchange differences are accumulated in foreign currency translation reserve.

2) BASIS OF PREPARATION OF ACCOUNTS:

The financial statements have been prepared to comply in all material aspects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in respect of fixed assets for which revaluation is carried out. Further, insurance & other claims, on the ground of prudence or uncertainty in realisation, are accounted for as and when accepted / received. The accounting policies applied by the Group are consistent with those used in the previous year.

3) USE OF ESTIMATES:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the Balance Sheet date and the results of operations during the reporting year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

4) FIXED ASSETS :

a) Fixed Assets are stated at cost of acquisition inclusive of duties (net of CENVAT / VAT), taxes, incidental expenses, erection/commissioning expenses and interest etc. up to the date the asset is ready to be put to use. In case of revaluation of fixed assets, the cost as assessed by the valuer is considered in the accounts and the differential amount is transferred to revaluation reserve.

Exchange differences, in respect of accounting periods commencing from 1st April, 2007, on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset except for that part of exchange difference which is regarded as an adjustment to interest costs and are depreciated over the balance life of the respective asset.

b) Machinery spares which can be used only in connection with a particular item of fixed assets and whose use, as per the technical assessment, is expected to be irregular, are capitalised and depreciated prospectively over the residual life of the respective asset.

c) The carrying amount of assets is reviewed at each Balance Sheet date to determine if there is any indication of impairment thereof based on external / internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount, which represents the greater of the net selling price of assets and their 'value in use'. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

5) DEPRECIATION :

a) The classification of Plant & Machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

b) Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 or at rates determined based on the useful life of the assets estimated by the management, whichever is higher.

c) Depreciation on value adjustments made to the fixed assets due to change in foreign exchange rates prevailing at the end of the year, is provided prospectively from the date of procurement over the balance life of the respective assets.

d) Depreciation on revalued assets is provided at the rates specified in Section 205 (2) (b) of the Companies Act, 1956. However, in case of fixed assets whose life is determined by the valuer to be less than their useful life under Section 205, depreciation is provided at the higher rates, to ensure the amortisation of these assets over their useful life.

e) Leasehold Land is amortised over the period of lease.

f) In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over their remaining useful life.

6) FOREIGN CURRENCY TRANSACTIONS :

a) **Initial Recognition**

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b) **Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

c) **Exchange Differences**

Exchange differences, in respect of accounting periods commencing from 1st April, 2007, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset (except for that part of exchange difference which is regarded as an adjustment to interest costs) and are depreciated over the balance life of the asset, in other cases, such exchange differences are accumulated in a "Foreign Currency Monetary Items Translation Difference Account" and amortised over the balance period of such long-term asset/liability but not beyond 31st March, 2011, and recognised directly to Profit & Loss Account as income or expense after 31st March, 2011.

Exchange differences arising on the settlement or reporting of monetary items, not covered above, at rates different from those at which they were initially recorded, or reported in previous financial statements, are recognised as income or expenses in the period in which they arise.

d) **Forward Exchange Contracts not intended for trading or speculation purposes**

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of Profit & Loss in the period in which the exchange rates change. Any Profit or Loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year. However, exchange differences in respect of accounting period commencing from 1st April, 2007 arising on the forward exchange contracts undertaken to hedge the long term foreign currency monetary item, in so far as they relate to the acquisition of depreciable capital asset, are added to or deducted from the cost of asset, in other cases, such exchange differences are accumulated in "Foreign Currency Monetary Items Translation Difference Account" and amortised over the balance period of such long term asset / liability but not beyond 31st March, 2011, and recognised directly to Profit & Loss Account as income or expense after 31st March, 2011.

e) **Derivative Instruments**

In terms of the announcement made by the Institute of Chartered Accountants of India, the accounting for derivative contracts (other than those covered under AS-11) is done based on the "marked to market" principle on a portfolio basis, and the net loss after considering the offsetting effect of the underlying hedged item, is charged to the Profit & Loss Account. Net gains are ignored as a matter of prudence.

7) INVESTMENTS :

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline 'other than temporary' in the value of the investments.

8) INVENTORIES :

Inventories are valued as follows:

Raw materials, components, stores and spares:

At the lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Work-in-process and finished goods:

At the lower of cost and net realisable value. Cost includes direct materials and labour and a part of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

By-Products and Saleable Scraps are measured at its net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and sale thereof.

9) BORROWING COSTS :

Borrowing costs relating to the acquisition / construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs including exchange differences to the extent they are regarded as an adjustment to interest costs, are charged to revenue.

10) EXCISE DUTY & CUSTOM DUTY :

Excise duty is accounted for at the point of manufacture of goods and accordingly is considered for valuation of finished goods stock lying in the factories as on the Balance Sheet date. Similarly, customs duty on imported materials in transit / lying in bonded warehouse is accounted for at the time of import / bonding of materials.

11) EARNING PER SHARE :

Basic earnings per share is calculated by dividing the Net Profit or Loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the Net Profit or Loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

12) REVENUE RECOGNITION :

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Sale of Goods

Revenue from sale of goods is recognized when significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with delivery. Sales are net of returns, claims, trade discounts, Sales Tax and VAT etc.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

13) RETIREMENT AND OTHER EMPLOYEE BENEFITS :

a) Retirement benefits in the form of Provident and Superannuation Funds are defined contribution schemes and these contributions are charged to Profit & Loss Account in the year when these become due to the respective funds.

b) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation, as per projected unit credit method made at the Balance Sheet date.

c) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation, as per projected unit credit method.

d) Actuarial gains/losses are immediately taken to the Profit & Loss Account and are not deferred.

14) TAXATION :

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and tax laws enacted or substantially enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being differences between taxable and accounting income that originate in one period and are capable of reversal in one or more subsequent period(s). Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Group has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each Balance Sheet date, the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

15) SEGMENT REPORTING :

Identification of Segments

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which customers of the Group are located.

Unallocable items

The unallocable items consist of general corporate incomes and expenses which are not allocable to any business segment.

16) LEASES :

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit & Loss Account on a straight-line basis over the lease term.

17) CASH AND CASH EQUIVALENTS :

Cash and cash equivalents as indicated in the Cash flow statement comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

18) PROVISION :

A provision is recognized when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle such obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

SCHEDULE 23

NOTES ON ACCOUNTS

(Rs. in crores)

			As at 30th June, 2011	As at 30th June, 2010
1.	A)	Contingent liabilities not provided for in respect of:		
		i) Claims by Suppliers and third parties not acknowledged as debts	**95.19**	15.97
		ii) Excise and Custom Demands under dispute/ appeal	**14.64**	9.03
		iii) Income Tax demands under appeal	**3.86**	3.38
		iv) Sales Tax matters (under dispute/appeal)	**1.63**	1.63
		v) Bills discounted and Bank Guarantees outstanding	**1160.73**	1176.22
		vi) Corporate Guarantees issued to Financial Institutions and others on behalf of various bodies corporate	**-**	290.44
		vii) Custom Duty on import of equipments and spare parts under EPCG-scheme	**115.32**	213.94
1.	B)	Estimated amount of contracts remaining to be executed on Capital Account and not provided for [Net of Advances Rs. 10.19 crores (Rs. 55.48 crores)]	**128.53**	267.02
2.		Arrear Dividend (including tax) on Cumulative Redeemable Preference Shares for the period from 1999 -2000 to the Balance Sheet date	**813.33**	748.32

3. Excise Duty & Cess on Stocks represents differential excise duty & cess on opening and closing stock of finished goods, saleable scrap and by-products.

4. a) The Company has entered into a Subscription cum Shareholders Agreement (SSA) with its promoters and JSW Steel Limited on December 20, 2010, pursuant to which,

an amount of Rs. 2157 crores has been received by the Company during the year from JSW Steel Limited towards subscription to equity shares in the Company.

In terms of the special resolution passed at the Extra Ordinary General meeting of the Company held on January 18, 2011, the Company was authorized to issue 108,66,49,874 Equity shares to JSW Steel Limited, on preferential basis, at a price of Rs. 19.85 per Equity Share, determined in terms of SEBI's Issue of Capital and Disclosure Requirement (ICDR) Guidelines. Accordingly, the Securities Issue Committee of the Board of Directors of the Company, at its meeting held on January 24, 2011, has allotted 108,66,49,874 Equity Shares of Rs. 10 each at a premium of Rs. 9.85 per share to JSW Steel Limited.

b) In terms of Regulations 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, JSW Steel Limited had made an open offer to the equity shareholders of the Company which opened on March 12, 2011 and closed on April 5, 2011. Pursuant to the open offer, JSW Steel Limited has further acquired 8,99,40,890 equity shares of the Company.

c) Details of utilization of proceeds of preferential issue of equity shares to JSW Steel Limited aggregating to Rs. 2157.00 crores are as follows :-

(Rs. in crores)

		As at 30th June, 2011
i)	Working Capital requirement and general corporate purposes	**1158.44**
ii)	Debt reduction / redemption of preference shares	**513.56**
iii)	Balance held in Fixed Deposits with Banks pending ultimate utilization	**485.00**
	Total	**2157.00**

5. a) Pursuant to the provisions contained in Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), the Company held an Extra Ordinary General meeting on January 18, 2011 and informed the shareholders about the accumulated losses of the Company as at the end of the last financial year, i.e. June 30, 2010 being Rs. 2134.23 crores, which led to erosion of more than fifty percent of the Company's peak net worth of the immediately preceding four financial years. As required by the said provisions, the Company has also reported the fact of such erosion of net worth to the Board for Industrial and Financial Reconstruction (BIFR).

b) As at the Balance sheet date, the accumulated losses of the Group stand at Rs. 4014.14 crores (Rs. 2141.85 crores) and the Shareholders' Fund amounts to Rs. 5110.40 crores (Rs. 2795.43 crores) [excluding revaluation reserve of Rs. 886.16 crores (Rs. 967.76 crores)]

As stated in para 5 above, JSW Steel Limited has invested an amount of Rs. 2157 crores, during the year, towards equity shares in the Company. Infusion of the said funds would enable the Company to meet its long-term working capital requirements and also achieve savings in interest cost. Besides achieving marketing synergies, the Company is also expected to make significant savings in raw material and energy costs. The Company has chalked out revised turnaround strategies which would enable generation of operational surpluses and adequate cash-flows to meet its requirement of additional funds, in the near future, out of internal accruals. The Company has also made net profit (before exceptional items) in the last two quarters i.e. 1st January 2011 to 30th June, 2011. Moreover, the net worth of the Company, as at the Balance Sheet date, is positive.

Accordingly, these financial statements have been drawn up as per the going concern assumption, which is appropriate in the opinion of the management.

6. 'In-principle' approval of the Stock Exchanges for the proposed preferential allotment of 11,33,06,895 Equity Warrants to promoters was not received by the Company due to non-receipt of lenders' consent for 'lock-in' of the pledged equity shares belonging to the Promoters. The Board of Directors, in its meeting held on December 20, 2010, has cancelled the aforesaid preferential issue of Warrants and the amount of Rs. 18 crores, being application money received towards equity warrants, has been shown as current liabilities.

7. a) During the year, certain lenders, in terms of loan / facility agreements entered into with the Company, have opted for conversion into equity shares of their outstanding dues to the extent of Rs. 77.71 crores comprising Rs. 39.91 crores towards principal and Rs. 37.80 crores towards interest. Accordingly, the Board of Directors at its meeting held on November 24, 2010 has allotted 7,77,07,038 equity shares of Rs.10 each, at par, to these lenders, pursuant to Section 81(3) of the Companies Act, 1956 read with Public Companies (Terms of Issue of Debentures and Raising of Loans with Option to Convert such Debentures or Loans into Shares) Rules, 1977.

b) Pursuant to the approval of the CDR Empowered Group at its meeting held on January 12, 2011 and subsequent notices given to the Company by certain lenders for conversion of part of their outstanding dues into equity shares in the Company, the Securities Issue Committee of the Board of Directors of the Company, at its meeting held on March 31, 2011, had decided to allot 10,24,17,239 Equity Shares of Rs. 10 each at a premium of Rs. 4.74 per share aggregating to Rs. 150.96 crores to the respective lenders, subject to receipt of 'in-principle' approval from the Stock Exchanges in terms of Clause 24(a) of the Listing Agreement. The 'in-principle' approval of Bombay Stock Exchange Ltd. (BSE) has been received, while approval of National Stock Exchange of India Ltd. (NSE) is still awaited. Accordingly, the said amount of Rs. 150.96 crores has been considered as 'Share Capital Suspense Account' as at the Balance Sheet date. Pending receipt of 'in-principle' approval from NSE, the Company has paid interest of Rs. 4.76 crores on these outstanding dues to the lenders, till Balance Sheet date.

8. Exceptional items of Rs. 1247.06 crores represent the following provisions towards doubtful debts/ advances and diminution in the value of investments, inventory etc:

a) The Company had invested Rs. 110 crores in the equity of its wholly owned subsidiary, Ispat Energy Limited (IEL) for the purpose of setting up a captive power plant and had also given advances of Rs. 330.44 crores, including unsecured loan of Rs. 28 crores, to IEL for development of the power plant project. IEL has carried out technical evaluation of the condition of the equipments acquired for the power project by an independent expert who has reported that the equipments, lying in the plant premises, are in poor condition and beyond economic repair / use and that any attempt to use the same may result in accidents during operation. Considering the above, the Board of Directors of IEL has decided not to pursue the above project. Accordingly, IEL has, based on the report of an independent valuer, valued the above plant, equipments, building etc. at the net realizable value of Rs. 14 crores and charged the balance amount of Rs. 436.78 crores to its Profit & Loss Account for the quarter ended 30th June, 2011.

Further, custom duty and interest thereon aggregating to Rs. 66.99 crores, in respect of equipment imported for the above project under EPCG Scheme have also been provided by IEL in its books of accounts for the quarter ended 30th June, 2011.

b) The Company had made investments aggregating to Rs. 119.24 crores in earlier years in certain wholly owned subsidiaries overseas, incorporated for the purpose of acquisition and development of Iron Ore and Coal mines overseas. The Auditors of these subsidiaries have, in their reports on the financial statements for the year ended 31st March, 2011, expressed their inability to assess the value of the investments as well as the recoverability of loans and advances made by the respective subsidiaries. Subsequently, in their accounts for the quarter ended 30th June, 2011, the respective subsidiaries have fully provided for the said investments and loans and advances aggregating to Rs. 118.36 crores.

c) Sundry debtors aggregating to Rs. 319.43 crores towards sale of Hot Rolled Coils/EAF Slag are due since long and no recovery has been made thereagainst inspite of follow up by the company. In the meantime, these debtors have raised claims on the company towards alleged supply of defective materials, non-settlement of turnover discount and also substantial losses having been incurred by them due to stoppage of supply of materials to them as well as direct sale of material by the company to their customers. Based on such claims, these parties have indicated that no amount is payable by them to the company, while reserving their right to submit further claims in due course. Although the company intends to take appropriate action in the matter, as a matter of prudence and abundant caution, provision of Rs. 319.43 crores against the above debtors has been made in the accounts.

d) Raw material valuing Rs. 104.83 crores procured against letter of credit is lying in transit overseas with a Stevedore since March 2010. As per the terms of contract, the seller was under an obligation to effect the first shipment of materials by May 2010 and the second shipment by June 2010. However, since the seller, has failed to ship the above materials till date, the company has invoked arbitration against the seller for breach of contract. Further, as a matter of abundant caution, full provision has been made in the accounts towards likely the potential loss against the above materials.

e) On completion of reconciliation of accounts with certain major suppliers of raw materials, an aggregate amount of Rs.191.41 crores has been debited to certain parties being the amount recoverable on account of payments made to them, earlier debited to the accounts of the aforesaid suppliers in the past. However, in view of the disputes raised by these parties / non-availability of confirmations, the aforesaid sum of Rs.191.41 crores has been provided in the accounts, on a conservative basis, pending further appropriate action in the matter.

f) Other advances of Rs. 9.26 crores, as per details given below, being doubtful of recovery, have been fully provided in the accounts-

i. Advances of Rs. 0.70 crore (net) provided for by subsidiaries.

ii. Advance of Rs. 8.56 crores made to certain parties against supply of stores material/services, not confirmed and / or disputed by the respective parties.

9. In order to be eligible to treat one of the unit (300 MW) of JSW Energy Ltd.'s Ratnagiri unit as a captive unit for supply of power, the Company has acquired during the year equity shares of the market value of Rs. 163.29 crores of JSW Energy Ltd. and is in the process of entering into a 'Energy Wheeling Agreement' with JSW Energy Limited to ensure long term power supply from them.

10. In terms of Accounting Standard - 22, net deferred tax assets (DTA) of Rs. 344.48 crores (Rs. 14.15 crores) has been recognised till March 31,2011 and as a matter of prudence, the Company has not recognised DTA from April 1, 2011 onwards. Consequently, DTA as on June 30, 2011 stands at Rs. 1308.76 crores (Rs. 964.28 crores). There is carried forward unabsorbed depreciation and business losses as at the Balance Sheet date. However, based on the future profitability projections, the Company is virtually certain that there would be sufficient taxable income in future, to claim the above tax credit.

The break-up of DTA of Rs. 1308.76 crores (Rs. 964.28 crores) is as follows:

(Rs. in crores)

Particulars		**As at 30th June, 2011**	As at 30th June, 2010
a.	Unabsorbed Depreciation	**1687.35**	1550.30
b.	Unabsorbed Business Losses	**482.59**	329.09
c.	Timing Difference in Depreciable Assets	**(1151.23)**	(1200.44)
d.	Other Timing Differences	**290.05**	285.33
	Deferred Tax Asset (Net)	**1308.76**	964.28

11. a) Directors' Remuneration aggregating to Rs. 3.31 crores (Rs. 4.68 crores) for the year and Rs. 15.52 crores (Rs. 10.84

crores) paid in earlier years to the Managing and other Whole Time Directors, is in excess of the limit specified under Section 198 of the Companies Act, 1956 as well as the approvals received from the Ministry of Corporate Affairs (MCA). The Company's representation to the MCA for reconsidering the approvals granted for payment of remuneration to the Managing and other Whole time Directors has not been acceded to by MCA. The Company has initiated the process of recovering the above excess remuneration from respective directors/ ex-director, and the recoverable amount appears under the head 'Loans and Advances' in Schedule 13. However, the company has made a further representation to MCA for reconsideration of approvals granted by them.

b) Directors' Remuneration amounting to Rs. 0.91 crore for the period from 1st April, 2011 to 30th June, 2011 is payable to Vice Chairman & Managing Director as per the approval obtained in the Remuneration Committee and the Board of Directors of the company as well as approval obtained from shareholders of the Company, which is subject to further approval by the Ministry of Corporate Affairs (MCA). The Company is in the process of making necessary application to MCA for such approval. Pending such approval, a sum of Rs. 0.06 crore has been paid and charged to the Profit & Loss Account for the period 1st April, 2011 to 30th June, 2011.

c) Directors' Remuneration amounting to Rs. 0.57 crore for the period from 1st February, 2011 to 30th June, 2011 is payable to a whole time director, as per approval obtained in the Remuneration Committee and Board of Directors of the Company, which is subject to further approval by the shareholders of the Company and by the Ministry of Corporate Affairs (MCA). The Company is in the process of obtaining such requisite approvals, pending which a sum of Rs. 0.10 crore has been paid and charged to the Profit & Loss Account for the period 1st February, 2011 to 30th June, 2011.

d) In Case of Ispat Energy Limited, remuneration aggregating to Rs. 0.42 crore (including Rs. 0.34 crore for earlier years) paid to a Whole time director who resigned w.e.f. 1st November, 2010, is in excess of the limit specified under Section 198 of the Companies Act, 1956. The applications for such excess remuneration are pending for approval with the Central Government.

12. Sundry Debtors include Rs. 255.61 crores (Rs. 255.61 crores) recoverable from Peddar Realty Pvt. Ltd. towards sale consideration of landed property along with interest thereon upto June 30, 2009. The management is certain about the realization of the total outstanding amount based on the current value of above property as per the valuation carried out by a reputed independent valuer on February 18, 2011.

13. The Income Tax Department had conducted a Search and Seizure operation in the Company's premises on November 30, 2010, under Section 132 of the Income Tax Act, 1961. No order/ demand, consequent to such operation, has so far been received by the Company from the Income Tax Department.

14. Other Income in Schedule 17 includes Rs. 219.82 crores (Rs. 244.96 crores), being the gain arising on pre-payment of net present value of the Deferred Value Added/Sales Tax liability of Rs. 267.98 crores (Rs. 297.98 crores) payable in future years, in terms of Section 94(2) of Maharashtra Value Added Tax Act 2002 read with Rule 84 of Maharashtra Value Added Tax Rules 2005.

15. The break-up of movement in 'Foreign Currency Monetary Items Translation Difference Account' during the year is as follows :

(Rs. in crores)

	Jul 10-Jun 11 (12 Months)	Apr 09-Jun10 (15 Months)
Opening balance	**2.08**	4.94
Add: Exchange differences for the year	**-**	0.61
Less: Amortisation during the year	**(2.08)**	(3.47)
Closing balance	**-**	2.08

16. The Company has taken certain plant and equipments on non-cancellable operating leases for a period of 10 to 15 years, which are renewable on expiry of the lease periods at mutually acceptable terms. Lease payments recognized in the Profit & Loss Account under 'Rent & Hire' amounts to Rs. 16.40 crores (Rs. 20.50 crores) for the year and the particulars of future lease payments are as under:

(Rs. in crores)

Up to 1 year	Later than 1 year and not later than 5 years	More than 5 years
12.94	**43.15**	**26.46**
(20.73)	(50.46)	(32.35)

17. The Company has given undertakings to financial institutions not to dispose off its shareholding in Ispat Profiles India Ltd. till its loan is repaid in full.

18. Based on the information / documents available with the Group, information as per the requirement of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as follows :

(Rs. in crores)

	Particulars	**As at 30th June, 2011**	As at 30th June, 2010
a)	Principal Amount	**0.78**	9.12
	Interest due on above	**0.01**	1.29
b)	Amount of interest paid in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006	**-**	-
c)	Amount of interest due and payable for the period of delay in payment of principal	**0.12**	-
d)	Amount of interest accrued and remaining unpaid as at the Balance Sheet Date	**0.13**	0.35
e)	Amount of further interest remaining due and payable in the succeeding year	**1.42**	1.29

19. In terms of Accounting Standard 28 "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the management has carried out the impairment test on 31st March, 2011. The carrying value of each cash generating unit (CGU) is lower than their respective recoverable value, arrived at based on their 'value in use' and hence, no impairment charge is required to be recognised in the books of accounts. The 'value in use' is computed based on the management's latest operational and profitability projections, which have been extrapolated till the remaining useful life of the respective assets. The cash flows have been discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

20. Loans & Advances include the following amounts recoverable from the Officer and Directors / ex-director of the Group:

(Rs. in crores)

	As at 30th June, 2011	**Maximum amount due at any time during the year 2010-2011**	As at 30th June, 2010	Maximum amount due at any time during the period 2009-2010
Officer of the Group	**-**	**0.60**	0.38	0.38
Directors/ex-director of the Group	**18.75**	**18.83**	-	-

21. Managerial Remuneration :

(Rs. in crores)

	Particulars	**Jul 10-Jun 11 (12 months)**	Apr 09-Jun10 (15 Months)
a)	Vice Chairman & Managing Director		
	Salary	**1.34**	1.80
	Contribution to Provident & Superannuation Funds	**0.36**	0.49
	Perquisites	**1.15**	2.18
	Total	**2.85**	4.47
b)	Other Whole-time Directors		
	Salary	**1.86**	2.82
	Contribution to Provident & Superannuation Funds and Others	**1.52***	0.58
	Perquisites	**1.87**	2.70
	Total	**5.25**	6.10
	Grand Total	**8.10#**	10.57
	Less: Excess Managerial Remuneration recoverable	**3.31**	-
		4.79	10.57

* Includes Rs. 0.70 crore and Rs. 0.42 crore towards gratuity and leave encashment to a director who has resigned from the Company during the year.

It includes Rs. 0.24 crore (Rs. 0.90 crore) taken to Preoperative and Trial Run Expenses.

Note: As the liability for gratuity and leave encashment is provided on an actuarial basis for the Group as a whole, the amounts pertaining to the directors are not included in the above figures.

22. Basis for calculation of basic and diluted earnings per share is as under:

			Jul 10-Jun 11 (12 months)	Apr 09-Jun 10 (15 months)
A	Loss after Tax [After considering notional dividend of Rs. 65.01 crores (Rs. 89.84 crores) on Cumulative Redeemable Preference Shares]	Rs. in crores	**1937.30**	412.51
B	Present weighted average number of equity shares	Nos.	**1,765,266,622**	1,222,442,218
C	Equity shares to be allotted on conversion of equity warrants	Nos.	**-**	191,806
D	Potential weighted average number of equity shares (B+C)	Nos.	**1,765,266,622**	1,222,634,024
E	Nominal Value of equity shares	Rs.	**10**	10
F	Basic and Diluted Earnings per Share	Rs.	**(10.97)**	(3.37)

The Company has been sanctioned certain borrowing facilities wherein the lenders have the right to convert the loan into equity to the extent of Rs. 487.92 crores. On conversion, the likely impact on EPS is anti dilutive and hence, not considered above for computation of diluted EPS.

23. (a) The quantum of mark to market losses on all outstanding derivatives contracts amounts to Rs. 29.59 crores (Rs. 22.68 crores) as at the Balance Sheet date, which has been duly provided for in the accounts in line with principle of prudence.

(b) Derivative instruments outstanding at the year-end represent the following :

i. For minimizing the risk of currency exposure, the Forward Cover Contracts of US$ NIL (US$ 5,750,000) are on trade receivables, US$ 80,540,273 (US$ 76,897,418) on trade payables and US$ 36,345,500 (US$ 38,499,500) on long term loan from a bank.

ii. Outstanding Principal only Swap contracts for INR / ¥ (Japanese Yen) for ¥ 1,868,631,051 [INR / ¥ (Japanese Yen) for ¥ 1,868,631,051] at various strike price together with a right to receive differential interest on the notional principal amount.

(c) The Group has following un-hedged exposures in various foreign currencies as at the year end:

(Rs. in crores)

Sr. No.	Particulars	**As at 30th June, 2011**	As at 30th June, 2010
(i)	Sundry Debtors	**17.21**	0.50
(ii)	Advances given	**8.96**	16.56
(iii)	Acceptances	**586.95**	49.20
(iv)	Sundry Creditors	**40.40**	673.43
(v)	Loans Payable	**2169.90**	2169.89

24. Gratuity and other post-employment benefit plans :

The Group provides for gratuity and leave liabilities on the basis of actuarial valuation. The Group does not have any fund for Gratuity liability and the same is accounted for as provision.

The following tables summarise the components of net benefit/ expense recognised in the Profit & Loss Account and Balance Sheet for the respective plans.

(a) Expenses recognized in the Profit & Loss Account for the year ended 30th June, 2011:

(Rs. in crores)

	Gratuity		Leave	
	Jul 10-Jun 11 (12 months)	Apr 09-Jun 10 (15 months)	**Jul 10-Jun 11 (12 months)**	Apr 09-Jun 10 (15 months)
Current service cost	**2.70**	2.99	**1.10**	1.69
Interest cost	**1.79**	1.97	**0.82**	0.99
Actuarial (gains) / losses	**5.26**	(0.36)	**2.88**	(0.69)
Past service cost	**-**	-	**-**	-
Net expense	**9.75**	4.60	**4.80**	1.99

(b) Net Asset / (Liability) recognized in the Balance Sheet as at 30th June, 2011:

(Rs. in crores)

	Gratuity		Leave	
	As at 30th June, 2011	As at 30th June, 2010	**As at 30th June, 2011**	As at 30th June, 2010
Defined benefit obligation	**31.44**	24.83	**14.33**	11.75
Fair value of plan assets	**-**	-	**-**	-
Less: Unrecognised past service cost	**-**	-	**-**	-
Net Asset / (Liability)	**(31.44)**	(24.83)	**(14.33)**	(11.75)

(c) Changes in the present value of the defined benefit obligation are as follows:

(Rs. in crores)

	Gratuity		Leave	
	Jul 10-Jun 11 (12 months)	Apr 09-Jun 10 (15 months)	**Jul 10-Jun 11 (12 months)**	Apr 09-Jun 10 (15 months)
Opening defined benefit obligation	**24.83**	22.87	**11.75**	12.10
Current service cost	**2.70**	2.99	**1.11**	1.69
Interest cost	**1.79**	1.97	**0.82**	0.99
Benefits paid	**(3.14)**	(2.64)	**(2.23)**	(2.34)
Actuarial (gains) / losses	**5.26**	(0.36)	**2.88**	(0.69)
Closing defined benefit obligation	**31.44**	24.83	**14.33**	11.75

(d) The Principal Actuarial Assumptions used in determining gratuity and leave liability are as follows :

	Jul 10-Jun 11	Apr 09-Jun 10
Discount rate	**8.50%**	7.70%
Mortality table	**LIC (1994-1996) ultimate**	LIC (1994-1996) ultimate
Employee turnover	**9.00%**	9.00%

(e) Amounts for the current and previous periods are as follows :

(Rs. in crores)

	Gratuity					Leave				
	As at 30th Jun 2011	As at 30th Jun 2010	As at 31st Mar 2009	As at 31st Mar 2008	As at 31st Mar 2007	**As at 30th Jun 2011**	As at 30th Jun 2010	As at 31st Mar 2009	As at 31st Mar 2008	As at 31st Mar 2007
Defined benefit obligation	**31.44**	24.83	22.87	21.36	17.16	**14.33**	11.75	12.10	11.99	11.43
Plan Assets	**-**	-	-	-	-	**-**	-	-	-	-
Surplus/ (Deficit)	**(31.44)**	(24.83)	(22.87)	(21.36)	(17.16)	**(14.33)**	(11.75)	(12.10)	(11.99)	(11.43)
Experience adjustments on plan liabilities (gains)/ losses	**6.64**	0.22	2.79	2.13	-	**3.48**	(0.44)	1.43	(0.60)	-
Experience adjustments on plan assets	**-**	-	-	-	-	**-**	-	-	-	-

(f) Amounts provided for the defined contribution plans are as follows:

(Rs. in crores)

Defined Contribution to:	Jul 10-Jun 11 (12 months)	Apr 09-Jun 10 (15 months)
Provident Fund	**9.95**	10.05
Superannuation Fund	**3.32**	3.42
Total *	**13.27**	13.47

*Includes Rs. 0.03 crore (Rs. 0.06 crore) taken to pre-operative and trial run expenses.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

25. Related Party Disclosures :

(a) Name of the related parties:

Enterprise having significant influence over the Group	JSW Steel Ltd. (w.e.f. 24th January 2011)
Associate Companies	Kalyani Mukand Ltd. Drum International Inc. Minandes S.A.
Joint Venture Company	Amba River Coke Ltd. (ceased w.e.f. 14th February 2011)
Key Management Personnel and their Relatives	Mr. M L Mittal (Father of Mr. Pramod Mittal and Mr. Vinod Mittal) Mr. Pramod Mittal Mr. Vinod Mittal Mr. Vinod Garg (Ceased w.e.f. 16th April 2011) Mr. Anil Sureka Mr. B K Singh Mr. Rajesh Asher (w.e.f. 1st May 2011) Mr. Ashok Aggarwal (w.e.f. 1st April 2011) Mr. Yadvendra Sahai Mrs. Natasha Mittal Saraf (Daughter of Mr. Vinod Mittal) Mr. Atulya Mittal (Son of Mr. Vinod Mittal) Mr. Basant Himalian # Mr. Kuldiiep Daryani # Mr. Shishir Tamotia #
Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Global Steels Holdings Ltd. Navoday Exim (P) Ltd. Navoday Management Services Ltd. Navoday Consultants Ltd. Denro Holding (P) Ltd. Mita Holdings (P) Ltd. Goldline Tracom (P) Ltd. Gontermann Peipers India Ltd. Kartik Credit (P) Ltd. Ushaditya Trading (P) Ltd. Navdisha Real Estate (P) Ltd. Balasore Alloys Ltd. Geetapuram Port Services Ltd. (upto 19th July 2009) Peddar Realty (P) Ltd. Chattisgarh Energy Ltd. Rewa Infrastructures Pvt. Ltd. (w.e.f. 16th November 2010) Radiant Stars International Ltd. Shinning Stars Ltd. Chancellor Build Estate (P) Ltd. E-Star Exchange (P) Ltd North East Natural Resources (P) Ltd. Central India Power Company Ltd.

Ceased to be related party during the year

(b) Related party disclosures:

(Rs. in crores)

Nature of Transactions	Enterprise having significant influence over the Group	Associate Companies	Joint Venture Company	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel/ Share Holders / Relatives have significant influence	Total
1. In relation to Profit & Loss Account Balances						
Sales of raw materials, intermediaries and finished goods						
JSW Steel Ltd.	1130.13 (-)					1130.13 (-)
Others			- (26.04)		1.66 (0.61)	1.66 (26.65)
Purchases of raw materials, intermediaries and finished goods						
JSW Steel Ltd.	767.01 (-)					767.01 (-)
Others					37.83 (22.41)	37.83 (22.41)
Services received						
E-Star Exchange (P) Ltd.					2.22 (3.77)	2.22 (3.77)
JSW Steel Ltd.	1.23 # (-)					1.23 (-)

(Rs. in crores)

Nature of Transactions	Enterprise having significant influence over the Group	Associate Companies	Joint Venture Company	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel/ Share Holders / Relatives have significant influence	Total
Geetapuram Port Services Ltd.					- (1.14)	- (1.14)
Others					0.17 (0.19)	0.17 (0.19)
Services given						
JSW Steel Ltd.	0.59 (-)					0.59 (-)
Geetapuram Port Services Ltd.					- (2.05)	- (2.05)
Salary/Managerial Remuneration						
Mr. Vinod Mittal				0.57 (4.47)		0.57 (4.47)
Mr. Anil Sureka				0.86 (1.71)		0.86 (1.71)
Mr. Vinod Garg				1.57 (1.78)		1.57 (1.78)
Mr. B. K. Singh				1.34 (1.71)		1.34 (1.71)
Mr. Rajesh Asher				0.27 (-)		0.27 (-)
Mr. Ashok Aggarwal				0.32 (-)		0.32 (-)
Mr. Shishir Tamotia (ceased to be director w.e.f. 31st Oct, 2010)				0.24 (0.76)		0.24 (0.76)
Others				0.87 (0.82)		0.87 (0.82)
Rent Expense (including Lease Rent)						
Chancellor Build Estate (P) Ltd.					0.60 (1.50)	0.60 (1.50)
Goldline Tracom (P) Ltd.					0.85 (0.97)	0.85 (0.97)
Denro Holding (P) Ltd.					0.62 (0.70)	0.62 (0.70)
Kartik Credit (P) Ltd.					0.53 (0.60)	0.53 (0.60)
Navoday Exim (P) Ltd.					0.50 (0.56)	0.50 (0.56)
Mita Holdings (P) Ltd.					0.44 (0.50)	0.44 (0.50)
Ushaditya Trading (P) Ltd.					0.44 (0.50)	0.44 (0.50)
Others					0.14 (0.25)	0.14 (0.25)
Provision for doubtful Advances						
Minandes S.A.		18.73 (-)				18.73 (-)
Global Steels Holdings Ltd.					2.14 (-)	2.14 (-)

(Rs. in crores)

Nature of Transactions	Enterprise having significant influence over the Group	Associate Companies	Joint Venture Company	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel/ Share Holders / Relatives have significant influence	Total
Drum International Inc		91.60 (-)				91.60 (-)
Central India Power Company Ltd.					9.38 (-)	9.38 (-)
Chattisgarh Energy Limited					5.95 (-)	5.95 (-)
Rewa Infrastructures Pvt. Ltd.					0.75 (-)	0.75 (-)
Provision for diminution in value of Investments						
Minandes S.A.		3.58 (-)				3.58 (-)
Drum International Inc		4.46 (-)				4.46 (-)
Interest Income						
Peddar Realty (P) Ltd.					- (8.21)	- (8.21)
2. In relation to Balance Sheet Items						
Purchase of Fixed Assets						
Rewa Infrastructures Pvt. Ltd.					3.44 (-)	3.44 (-)
Guarantees Obtained						
Mr. M. L. Mittal				552.73 (552.73)		552.73 (552.73)
Mr. Pramod Mittal				9,193.50 (9,132.20)		9,193.50 (9,132.20)
Mr. Vinod Mittal				9,193.50 (9,132.20)		9,193.50 (9,132.20)
Navoday Consultants Ltd.					143.68 (143.68)	143.68 (143.68)
Guarantees Given on behalf of						
Kartik Credit (P) Ltd.					- (6.50)	- (6.50)
Denro Holding (P) Ltd.					- (6.50)	- (6.50)
Mita Holdings (P) Ltd.					- (6.50)	- (6.50)
Navoday Exim (P) Ltd.					- (6.50)	- (6.50)
Application Money towards Equity Warrants						
Mita Holdings (P) Ltd.					- (10.00)	- (10.00)
Ushaditya Trading (P) Ltd.					- (8.00)	- (8.00)
Forfeiture of Equity Warrants						
Radiant Stars International Ltd.					- (20.34)	- (20.34)
Shining Stars Ltd.					- (31.64)	- (31.64)

(Rs. in crores)

Nature of Transactions	Enterprise having significant influence over the Group	Associate Companies	Joint Venture Company	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel/ Share Holders / Relatives have significant influence	Total
Application Money Outstanding towards Equity Shares						
Goldline Tracom (P) Ltd.					15.60 (15.60)	15.60 (15.60)
Denro Holding (P) Ltd.					6.00 (6.00)	6.00 (6.00)
Kartik Credit (P) Ltd.					6.00 (6.00)	6.00 (6.00)
Balance outstanding as at the year end – Debit						
Peddar Realty (P) Ltd.					255.61 (255.61)	255.61 (255.61)
Others		- (2.79)	- (33.95)	18.75 (-)	18.21 (36.87)	36.96 (73.61)
Balance outstanding as at the year end – Credit						
JSW Steel Ltd.	278.25 (-)					278.25 (-)
Others				- (0.57)	25.34 (12.74)	25.34 (13.31)
Loan repayable as at the year end						
Minandes S.A.		- (1.39)				- (1.39)

Includes Rs. 0.27 crore and Rs. 0.32 crore also disclosed as remuneration to Key Managerial Personnel Mr. Rajesh Asher and Mr. Ashok Aggarwal respectively.

c) Peddar Realty Pvt. Ltd. has given, by way of security, its title in the landed property at Mumbai against term loans obtained by the Company from banks and financial institutions and also given a corporate guarantee there against.

26. Segment Information:

i) **Business Segment:** The Group is primarily engaged in the business of manufacture and sale of Iron and Steel products.

ii) **Geographical Segment:** The Group primarily operates in India and therefore the analysis of geographical segment is based on the areas in which customers of the Group are located.

Information for Secondary Geographical Segments:

(Rs. in crores)

Particulars	Jul 10-Jun 11 (12 months)	Apr 09-Jun 10 (15 months)
Domestic Revenues (Net of Excise Duty)	**7704.31**	9666.07
Export Revenues (Including Export Benefits)	**522.33**	466.66
Total	**8226.64**	**10132.73**

(Rs. in crores)

Particulars	As at 30th June, 2011 (12 months)	As at 30th June, 2010 (15 months)
Domestic Debtors	**377.36**	758.47
Export Debtors	**17.21**	0.50
Total	**394.57**	**758.97**

iii) Since the Group has common fixed assets for producing goods for domestic and overseas markets, separate figures for fixed assets / additions to fixed assets for these two segments are not furnished.

27. Information of subsidiaries as at 31st March, 2011 as required under Section 212 of the Companies Act, 1956:

(Rs. in crores)

Particulars	Ispat Energy Ltd.	Nippon Ispat Singapore (Pte) Ltd.	Erebus Ltd.	Arima Holdings Ltd.	Lakeland Securities Ltd.	Ispat Jharkhand Steels Ltd.	Total
Reporting Currency	INR	Singapore Dollar	US Dollar	US Dollar	US Dollar	INR	-
Exchange Rate	NA	36.37	44.70	44.70	44.70	NA	-
Share Capital	137.60 (137.60)	2.85 (2.61)	96.09 (99.87)	22.35 (23.23)	0.00 (0.00)	0.10 (0.10)	258.99 (263.41)
Reserves & Surplus	NIL (NIL)	-2.62 (-2.37)	-0.14 (-0.11)	-0.10 (-0.07)	-0.08 (-0.06)	-0.09 (-0.08)	-3.03 (-2.69)
Total Assets	480.86 (477.64)	3.71 (3.40)	96.06 (99.84)	23.65 (24.58)	0.00 (0.00)	0.02 (0.03)	604.30 (605.49)
Total Liabilities	343.26 (340.04)	3.47 (3.17)	0.11 (0.08)	1.40 (1.42)	0.08 (0.06)	0.01 (0.01)	348.33 (344.79)
Investments included in total assets (Refer Schedule-8 for details)	- (-)	- (-)	4.46 (4.64)	3.58 (3.72)	- (-)	- (-)	8.04 (8.36)
Turnover	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Profit before taxation	- (-)	-0.02 (-0.17)	-0.04 (-0.04)	-0.03 (-0.03)	-0.02 (-0.03)	-0.01 (-0.03)	-0.12 (-0.30)
Provision for taxation	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Profit after taxation	- (-)	-0.02 (-0.17)	-0.04 (-0.04)	-0.03 (-0.03)	-0.02 (-0.03)	-0.01 (-0.03)	-0.12 (-0.30)
Proposed dividend	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)

Notes:

a) The above disclosure has been compiled from the audited financial statement of the respective subsidiaries for the year ended 31st March 2011. The accounting adjustments for the effects of significant transactions or other events occurred between 1st April 2011 to 30th June 2011, disclosed in Note No. 8 (a) and 8(b) above as exceptional items, have not been considered for the above disclosure.

b) Information relating to Rewa Infrastructures Private Limited has not been disclosed above as it has ceased to be a subsidiary company w.e.f. 16th November 2010.

c) The figures of foreign subsidiaries as disclosed above have been translated using the exchange rate as on closing day of the financial year of the holding company.

28. The Group's current accounting year is from 1st July 2010 to 30th June 2011, whereas the previous accounting year was for fifteen months ended 30th June 2010. Accordingly, the current year's figure being for twelve months ended 30th June 2011, are not comparable with those of the previous period.

29. The name of Company stands changed from Ispat Industries Limited to JSW ISPAT Steel Limited with effect from 28th June 2011.

30. Previous period's figures including those in brackets, have been rearranged / regrouped wherever considered necessary.

Signatories to Schedule 1 to 23

As per our Attached Report of even date
FOR S. R. BATLIBOI & CO.
Firm Registration Number: 301003E
Chartered Accountants

For and on behalf of the Board

PER HEMAL SHAH
Partner
Membership No. 42650
14th Floor, 'The Ruby'
29 Senapati Bapat Marg,
Dadar (W)
Mumbai-400 028
Date : 27th August, 2011

T. P. SUBRAMANIAN
President
& Company Secretary

B. K. SINGH
Chief Executive Officer

SESHAGIRI RAO M.V.S.
Director

JSW ISPAT Steel Limited

Registered Office: Tower A, 3rd Floor, DLF IT Park, 08 Major Arterial Road, Block AF, New Town, Kolkata-700 156.

E-COMMUNICATION REGISTRATION FORM

Link Intime India Private Limited
Unit: JSW ISPAT Steel Limited
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai - 400 078.

Green Initiative in Corporate Governance

I/We hereby exercise my/our option to receive all documents/communication from the Company, such as Notice of General Meeting, Explanatory Statement, Audited Financial Statement, Balance Sheet, Profit & Loss Account, Directors' Report, Auditors' Report, etc. in electronic mode pursuant to the 'Green Initiative in Corporate Governance' notified by the Ministry of Corporate Affairs vide circular no. 17/2011 dated 21st April, 2011.

Please register my e-mail ID as given below, in your records, for sending the documents/communication :

Folio No. / DP ID & Client ID No. : ……………………………………………………………………………

Name of 1st Registered Holder : ……………………………………………………………………………

Name of Joint Holder(s), if any : ……………………………………………………………………………

Registered Address of the Sole/
1st Registered Holder : ……………………………………………………………………………

……………………………………………………………………………

……………………………………………………………………………

No. of Shares held : ……………………………………………………………………………

E-mail ID (to be registered) : ……………………………………………………………………………

Date: ………………………

Signature :……………………………………………

Notes:

1) On registration, all documents/communication will be sent to the e-mail ID registered.
2) The form is also available on the website of the Company www.jswispat.in under the section 'Investor Services'.
3) Shareholders are requested to keep the Company's Registrar - Link Intime India Private Limited informed as and when there is any change in their e-mail address.

ATTENDANCE SLIP

JSW ISPAT Steel Limited

Registered Office: Tower A, 3rd Floor, DLF IT Park, 08 Major Arterial Road, Block AF, New Town, Kolkata-700 156.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

D.P. Id*	
Client Id*	

Master Folio No.	

NAME AND ADDRESS OF THE SHAREHOLDER:

No. of Share(s) held :

I/We hereby record my/our presence at the **TWENTY SIXTH ANNUAL GENERAL MEETING** of the Company held on Wednesday, the 21st day of December, 2011 at 11.30 a.m. at “Kala Kunj”, 48, Shakepeare Sarani, Kolkata - 700 017.

Signature of the shareholder or proxy

*Applicable for investors holding shares in electronic form.

PROXY FORM

JSW ISPAT Steel Limited

Registered Office: Tower A, 3rd Floor, DLF IT Park, 08 Major Arterial Road, Block AF, New Town, Kolkata-700 156.

D.P. Id*	
Client Id*	

Master Folio No.	

I/We .... of ....

.... being a member/members of **JSW ISPAT Steel Limited**

hereby appoint .... of ....

.... or falling him ....

of .... or falling him ....

of .... as my/our proxy to vote for me/us and on my/our behalf at the **TWENTY SIXTH ANNUAL GENERAL MEETING** to be held on Wednesday, the 21st day of December, 2011 at 11.30 a.m. or at any adjournment therof.

Signed this .... **day of** .... **, 2011**

Affix a
Revenue
Stamp

*Applicable for investors holding shares in electronic form.

Note: The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

Notes

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ISPAT Steel Limited

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