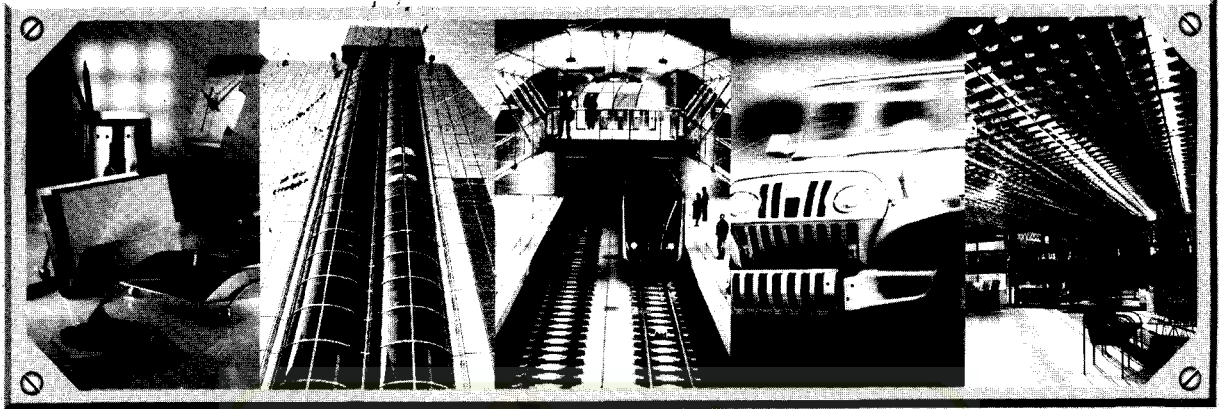



STAINLESS STEEL



only your *imagination* is the limit

 **JINDAL STAINLESS**
JINDAL STAINLESS LIMITED
ANNUAL REPORT
2002 - 03

23rd ADJOURNED ANNUAL GENERAL MEETING

Date : 12th December, 2003
 Day : Friday
 Time : 11.30 a.m.
 Place : Registered Office, Delhi Road, Hisar

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FORWARD LOOKING STATEMENT...

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

BOARD OF DIRECTORS

Chairman	O.P. JINDAL
Vice Chairman & Managing Director	RATAN JINDAL
Dy. Managing Director	R.G. GARG
Director – International Marketing	N.C. MATHUR
Directors	NAVEEN JINDAL SUMAN JYOTI KHAITAN LOKESH KUMAR SINGHAL
Executive Director	RAJINDER PARKASH
Nominee Director – IDBI	B.C. JAIN

Sr. Vice President (Taxation) &
Company Secretary

A.P. GARG

MANAGEMENT TEAM :

Director – Finance
Executive Director – Projects

ARVIND PARAKH
B.P. GOYAL

REGISTERED OFFICE

Delhi Road, Hisar-125 005 (Haryana) India.
Phone: (01662) 222471-83.
Fax : (01662) 220476/ 220499
e-mail: jslhsr@nde.vsnl.net.in

CORPORATE OFFICE

Jindal Centre, 12 Bhikaiji Cama Place,
New Delhi – 110 066, India.
Phone:(011) 26188345-60.
Fax: (011) 26170691, 26161271
e-mail: jindalsteel@del2.vsnl.net.in
Web Site : www.jindalstainless.com

MUMBAI OFFICE

Jindal Mansion, 5A, G. Deshmukh Marg,
Mumbai-400 026, India.
Phone: (022) 23513000.
Fax: (022) 23526400, 23522600
e-mail:jindal@bom2.vsnl.net.in

WORKS

HISAR

Delhi Road, Hisar-125 005 (Haryana) India.
Phone: (01662) 222471-83.
Fax : (01662) 220476/ 220499
e-mail: jslhsr@nde.vsnl.net.in

KOTHAVALASA

Jindal Nagar, Kothavalasa – 535 183,
Dist. Vizianagaram (A.P.) India.
Phone: (08966) 273327, 273254, 273335
Fax: (08966) 273326

BANKERS

State Bank of India
State Bank of Patiala
Punjab National Bank
Canara Bank
Standard Chartered Bank
ICICI Bank
UTI Bank
Export-Import Bank of India

STATUTORY AUDITORS

Messrs Lodha & Co., Chartered Accountants
Messrs S.S. Kothari & Co., Chartered Accountants

COST AUDITORS

Messrs Ramanath Iyer & Co., Cost Accountants

REGISTERED OFFICE

Delhi Road, Hisar -125 005 (Haryana)

WORKS

Hisar (Haryana) and Kothavalasa (A.P.)

BRANCHES

Howrah, Mumbai and Kothavalasa



LETTER FROM THE VICE CHAIRMAN & MANAGING DIRECTOR



Dear Stakeholders,

For us at Jindal Stainless, the year has been truly challenging both strategically and operationally. The successful demerger of Jindal Strips Limited and creation of Jindal Stainless Limited have been among the major milestones achieved.

In order to be able to achieve our full potential and realize the aspirations of our stakeholders it is essential for your company to be appropriately capitalized. With this in view and to attract international investors your company had embarked on a restructuring exercise to unlock value for

the stakeholders and simultaneously achieve an appropriate capital structure conducive for mobilizing funds from international markets.

The company has developed strategies to sustain growth in a challenging environment. Moving forward, we have articulated three long term financial priorities for Jindal Stainless, firstly, we must continue to seek profitable growth opportunities, secondly, we must continue to improve our productivity, and lastly, we must maintain our healthy and conservative Balance Sheet.

Last year we had successfully completed a de-bottlenecking exercise and augmented the Stainless Steel melting capacity to 400,000 MT which, I am happy to report is operating at rated capacity. We plan to expand this further to 500,000 MT and the incremental capacity will essentially be targeted for export markets. The expansion is in line with our philosophy to look at global markets for our products and achieve economies of scale.

I expect your company to grow in revenues and earning in the future as well. The Stainless business will be a major enhancer of growth both in India and South East Asia, particularly China. As both these countries are experiencing higher GDP growth, which should result in higher Stainless Steel consumption. Today both these countries constitute over 20% of total world Stainless Steel consumption.

We plan to be globally competitive. The winds of change sweeping across the world have seen the emergence and acknowledgement of Indian exports by the global community. Reaping rich benefits your company is breaking new grounds in the global markets. Exports registered a whopping 55% increase over the previous year. This phenomenal growth is the recognition of the quality acceptance of our products which has resulted in repetitive orders from our overseas customers.

I believe we have a robust strategy and are concentrating in implementing it with excellence. In doing so we have excellent and dedicated employees, a vast network of trade and supplier partners as well as goodwill of our customers who believe in our brand.

We're not yet where we want to be, but we believe our vision and strategy will take us there. Therefore, looking forward, we plan to set up Green Field Integrated Stainless Steel manufacturing facilities, in the state of Orissa, which would start from the mining stage to production of Ferro Chrome, Stainless Steel Slab making facilities along with Power generation. We are confident that this move will make Jindal Stainless globally cost competitive and put the company in the league of top ten producers.

I thank all our stakeholders and look forward to a new growth phase and be partners to this unique phenomena**Jindal Stainless.**

RATAN JINDAL

Vice Chairman & Managing Director

NOTICE

NOTICE is hereby given that the **23rd adjourned Annual General Meeting** of the shareholders of **JINDAL STAINLESS LIMITED** will be held on **Friday, the 12th December, 2003 at 11.30 a.m. at the Registered Office** of the company at DELHI ROAD, HISAR (Haryana) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2003 and the Profit and Loss Account for the year ended on that date and the Reports of the Auditors and the Board of directors.
2. To declare dividend on equity shares and preference shares of the company.

3. AS ORDINARY RESOLUTIONS:

- I. **"RESOLVED** that the retiring joint statutory auditors, M/s. Lodha & Co., Chartered Accountants, Kolkata, and M/s. S.S. Kothari & Co., Chartered Accountants, New Delhi, who, being eligible, offer themselves for re-appointment be and are hereby re-appointed as joint statutory auditors of the company to conduct audit of the books of accounts of the company for the year 2003-04 and to hold office until the conclusion of the next annual general meeting at a remuneration to be decided by the Board of directors."
- II. **"RESOLVED FURTHER** that M/s. N.C. Aggarwal & Co., Chartered Accountants, Hisar be and are hereby appointed as Branch Auditors of Visakhapatnam division of the company for the year ending 31st March, 2004 on the terms and conditions and remuneration as may be finalised by the Board of directors."

SPECIAL BUSINESS:

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

4. AS AN ORDINARY RESOLUTION:

"RESOLVED that pursuant to section 94 and other applicable provisions of the Companies Act, 1956, if any, and existing Article 3 of the Articles of Association of the company, consent be and is hereby accorded to the Board of directors, including committee thereof, to classify the 2,01,00,000 Unclassified Shares of Rs. 10/- each into any class of shares and/or of any denomination at one time or from time to time, as it may consider expedient."

5. AS AN ORDINARY RESOLUTION:

"RESOLVED that pursuant to the Govt. policy and Portfolio Investment Scheme framed under the provisions of the Foreign Exchange Management Act, 1999 and subject to the approval of the Reserve Bank of India, and other appropriate authorities, as applicable, the consent of the shareholders be and is hereby accorded for purchase/acquisition of the Equity Shares and Convertible Debentures (CDs) of the company by Non Resident Indians (NRIs), Overseas Corporate Bodies (OCBs), Persons of Indian Origins (PIOs) etc. under the Portfolio Investment Scheme provided, however, that the Equity Shares and CDs so purchased/ acquired under the Scheme shall not exceed 24% each or upto the extent of permissible limits applicable from time to time, of the issued Equity Share Capital and Convertible Debentures of the company and shall be subject to such conditions and restrictions as may be laid down under the Portfolio Investment Scheme for the time being in force."

"RESOLVED FURTHER that the Board of directors be and is hereby authorised to take such steps as may be necessary and/or desirable to give effect to this resolution."

6. AS A SPECIAL RESOLUTION:

"RESOLVED that pursuant to the Govt. policy and Portfolio Investment Scheme framed under the provisions of the Foreign Exchange Management Act, 1999 and subject to the approval of the Reserve Bank of India, and other appropriate authorities, as applicable, the consent of the shareholders be and is hereby accorded for purchase/acquisition of the Equity Shares and Convertible Debentures (CDs) of the company by Financial Institutional Investors (FIIs) under the Portfolio Investment Scheme provided, however, that the Equity Shares and CDs so purchased/ acquired under the Scheme shall not exceed 30% each or upto the extent of permissible limits applicable from time to time, of the issued Equity Share Capital and Convertible Debentures of the company and shall be subject to such conditions and restrictions as may be laid down under the Portfolio Investment Scheme for the time being in force."

"RESOLVED FURTHER that the Board of directors be and is hereby authorised to take such steps as may be necessary and/or desirable to give effect to this resolution."

7. AS A SPECIAL RESOLUTION:

"RESOLVED that, in accordance with the applicable provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Listing Agreement with Stock Exchanges and the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, or any amendment or modification thereof, and subject to such other approvals, permissions and sanctions as may be necessary, and such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions or sanctions which may be agreed to by the Board of directors of the company ('the Board') or any Committee/ person(s) authorized by the Board, consent be and is hereby accorded to delist the equity shares of the company from the stock exchanges at Delhi, Ahmedabad, Chennai and Kolkata."

"RESOLVED FURTHER that authority be and is hereby accorded to the Board or any Committee/ person(s) authorized by the Board, to settle all questions, difficulties or doubts that may arise in this regard and to do all such acts, deeds and things as may be necessary, expedient and desirable, for the purpose of giving effect to this resolution."

8. AS A SPECIAL RESOLUTION :

"RESOLVED that in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and enabling provisions in the Memorandum and Articles of Association of the Company and subject to the approval of the Financial Institutions (FIs), Securities & Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other concerned authorities, if any, and to the extent necessary and such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board") and/or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board, the consent of the Company be and is hereby accorded to the Board to issue/offer Preference Shares including unclassified shares after classifying them as preference shares with or without detachable or non-detachable warrants or any other financial instruments (hereinafter for brevity's sake referred to as "Securities") as the Board at its sole

discretion may at any time or times hereafter decide, to the Members, Debentureholders, Employees, Non-Resident Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), Companies, other entities/authorities and to such other persons, whether through public issue, rights issue, private placement, exchange of Securities, conversion of loans or otherwise and for general corporate purposes including capital expenditure, working capital requirements, strategic investments, any mergers, amalgamations, acquisitions, reconstructions or arrangements or any other re-organisation as the Board may deem fit and/ or by any one or more or a combination of the above modes/methods or otherwise and in one or more tranches, at such price or prices, as the Board or Committee thereof may in its absolute discretion think fit, in consultation with the lead managers, underwriters, advisors and such other persons, and on such terms and conditions including the number of Shares to be issued, rate of dividend, redemption period, manner of redemption, the ratio of exchange of shares and/or Warrants and fixing of record date or book closure and related or incidental matters ;

"RESOLVED FURTHER that such of these Securities to be issued, as are not subscribed may be disposed of by the Board/Committee, thereof, to such persons and in such manner and on such terms as the Board or Committee in its absolute discretion think most beneficial to the Company including offering or placing them with Banks/Financial Institutions/Investment Institutions/Mutual Funds/Foreign Institutional Investors or such other persons or otherwise as the Board or Committee thereof may in its absolute discretion decide;

"RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/ issue, allotment and utilisation of the proceeds of issue of the Securities, and further to do all such acts, deeds, matters, and things and to finalise and execute all documents and writings as may be necessary, desirable or expedient as it may deem fit."

9. AS A SPECIAL RESOLUTION :

"RESOLVED that pursuant to the section 81, 81(1A) and all other applicable provisions, if any of the Companies Act, 1956, (including any statutory modification or reenactment thereof for the time being in force), and in accordance with all relevant provision

of Memorandum and Articles of Association of the Company and the existing agreements entered into by the Company with the stock exchanges where the Company's shares are listed and subject to any necessary approval, consent, permission and/ or sanction of the Central Government and Reserve Bank of India and/ or any other appropriate authorities, institutions or bodies, and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission or sanction in which may be agreed to by the Board of Directors of the Company and/or duly authorized Committee thereof for the time being exercising the powers conferred by the Board of Directors (hereinafter referred to as the "Board") the Company do issue, offer and allot, Equity Shares, Foreign Currency Convertible Bonds (FCCBs), Partly Convertible Debentures (PCDs), Optionally Convertible Debentures (OCDs), Fully Convertible Debentures (FCDs), Debentures attached with warrants, Global Depository Receipts (GDRs), American Depository Receipts (ADRs), or any other equity and/or Preference equity related instrument [Security] in the aggregate/equivalent to USD 75 million equivalent to approximately Rs.350 crore to any domestic and/ or international investor/s in one or more tranche or tranches, at a price in accordance with the applicable law and otherwise on such terms and conditions as may be decided and deemed appropriate by the Board at the time of issue or allotment.

"RESOLVED FURTHER that without prejudice to the generality of the above, the aforesaid issue of Securities may have all or any terms or combination of terms in accordance with international practices including but not limited to conditions or in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever and all such terms as are provided in issue of securities of this nature internationally including terms for issue of Security and the Company is also entitled to enter into and execute all such arrangements/ agreements, as the case may be, with any lead managers, managers, underwriters, advisors, guarantors, depositories, custodians, legal counsel and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate all such agencies including the payment of commissions, brokerage, fees or the likes, and also to seek the listing of such Securities or Securities representing the same in one or more stock exchanges whether in India or outside India."

"RESOLVED FURTHER that the Company may enter into any arrangement with any agency or body

authorized by the Company for any issue of Depository Receipts representing the underlying Equity Shares issued by the Company in registered or bearer form with such features and attributes as are prevalent in International capital markets for instruments of this nature and to provide for the tradeability or free transferability thereof as per the International practices and regulations, and under the forms and practices prevalent in the international markets."

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

"RESOLVED FURTHER that for the purpose of giving effect to any issue or allotment of Securities, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or deemable for such purpose including without limitation, deciding the manner of the issue, the utilization of issue proceeds, entering into trusteeship, underwriting, marketing and depository arrangements, and with power on behalf of the Company to settle any question, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit."

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

By order of the Board

(A.P. GARG)

Sr. Vice President (Taxation)
& Company Secretary

Registered Office:

Delhi Road, HISAR - 125 005.

17th October, 2003

NOTES:

- A. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
- B. A blank proxy form is sent herewith.
- C. The instrument appointing the proxy should be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
- D. An Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956, in respect of item nos. 3 to 9 of the Notice is annexed hereto.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. 3**

M/s. N.C. Aggarwal & Co., Chartered Accountants, Hisar was appointed as Statutory Auditors of the company in the twenty second annual general meeting of the company held on 30th September, 2002 to hold office till the date of the next annual general meeting. However, consequent upon the Scheme of Arrangement & Demerger between Jindal Strips Limited and Jindal Stainless Limited becoming effective from 1.4.2002, stainless steel undertaking of Jindal Strips Limited has been transferred to and vest in Jindal Stainless Limited. Considering the increased volume of work of statutory audit, M/s. N.C. Aggarwal & Co. shown their inability to conduct the audit and resigned on 27th May, 2003 before completing the assignment for the year ended on 31st March, 2003.

In the 23rd annual general meeting held on 27th June, 2003, casual vacancy caused by resignation of statutory auditors was filled and the shareholders appointed M/s. Lodha & Co., Chartered Accountants, Kolkata and M/s. S.S. Kothari & Co., Chartered Accountants, New Delhi as joint statutory auditors to complete the pending assignment of statutory audit of the annual accounts of the company for the year ended 31st March, 2003. The said annual general meeting was adjourned because annual accounts for the year ended 31st March, 2003 were under finalisation at that time.

It is now proposed to appoint M/s. Lodha & Co., Chartered Accountants, Kolkata and M/s. S.S. Kothari & Co., Chartered Accountants, New Delhi as joint statutory auditors of the company to conduct the books of accounts for the financial year 2003-04 and to hold office until the conclusion of the next annual general meeting.

It is also proposed to appoint M/s. N.C. Aggarwal & Co., Chartered Accountants, Hisar, as Branch Auditors of Visakhapatnam Division for the financial year 2003-04.

The company has received certificates under section 224(1B) of the Companies Act, 1956, from M/s. Lodha & Co., M/s. S.S. Kothari & Co. and M/s. N.C. Aggarwal & Co. to the effect that their appointment/ re-appointment, if made, will be within the limits as specified under section 224(1B) of the Companies Act, 1956.

Directors recommend the resolutions for your approval. None of the directors is, in any way, concerned or interested in the resolutions.

ITEM NO. 4

Presently, the authorised share capital of the company is Rs.95 Crore divided into 5,49,00,000 equity share of Rs.10 each aggregating to Rs.54.90 Crore, 2,00,00,000 Redeemable Cumulative Non Convertible Preference Shares of Rs. 10 each aggregating to Rs. 20 Crore and 2,01,00,000 Unclassified Shares of Rs.10 each aggregating to Rs.20.10 Crore.

It is proposed to authorise the Board, including committee thereof, to classify 2,01,00,000 Unclassified Shares of Rs.10 each into any class of shares and/or denominations as and when they may consider expedient.

Directors recommend the resolution for your approval. None of the directors is, in any way, concerned or interested in the resolution.

ITEM NO. 5

The Portfolio Investment Scheme of the RBI provides for purchase/ acquisition of shares/ debentures of the company by Non Resident Indians (NRIs)/ Overseas Corporate Bodies (OCBs) / Persons of Indian Origins (PIOs), provided the same is consented to by the shareholders. Accordingly, with a view to enable NRIs, OCBs, PIOs to purchase/ acquire shares and/or convertible debentures upto 24% each or upto the extent of permissible limits applicable from time to time, of the issued share capital and debentures of the company thereby also ensuring better liquidity for the company's shares/debentures, consent of the shareholders is being obtained for purchase/ acquisition of shares and/or debentures of the company by NRIs/ OCBs / PIOs upto 24% each or upto the extent of permissible limits applicable from time to time, of the issued share capital and debentures of the company.

Directors recommend the resolution for your approval. None of the directors is, in any way, concerned or interested in the resolution.

ITEM NO. 6

The Portfolio Investment Scheme of the RBI provides for purchase/ acquisition of shares/ debentures of the company by Financial Institutional Investors (FIIs), provided the same is consented to by the shareholders. Accordingly, with a view to enable FIIs to purchase/ acquire shares and/or convertible debentures upto 30% each or upto the extent of permissible limits applicable from time to time, of the issued share capital and debentures of the company thereby also ensuring better liquidity for the company's shares/ debentures, consent of the shareholders is being obtained for purchase/ acquisition of shares and/or debentures of the

company by Fills upto 30% each or upto the extent of permissible limits applicable from time to time, of the issued share capital and debentures of the company.

Directors recommend the resolution for your approval. None of the directors is, in any way, concerned or interested in the resolution.

ITEM NO. 7

Presently your company is an unlisted company. Upon coming into effect the Scheme of Arrangement & Demerger and Scheme of Arrangement, your company has allotted shares to the shareholders of Jindal Strips Limited as on record date, i.e. 16th September, 2003 fixed by the Board of directors of Jindal Strips Limited. As per Clause 8.3.5.3 of the SEBI (Disclosure & Protection) Guidelines, 2000, the shares of your company will required to be listed on the stock exchanges at Delhi, Mumbai, Ahmedabad, Kolkata, Chennai and National Stock Exchange.

Recently, SEBI has come out with Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 which provide an option to companies to delist their securities from one or more stock exchanges. Presently NSE has maximum trading in shares of Jindal Strips Limited and has national reach. BSE also has good trading volumes. Both these have national wide trading terminals. So, in pursuance of these guidelines, it is proposed that after allotment of shares of your company, these shares be got listed on the stock exchanges at Delhi, Mumbai, Ahmedabad, Kolkata, Chennai and National Stock Exchange to comply with the provisions of Clause 8.3.5.3 of the SEBI (Disclosure & Protection) Guidelines, 2000 and thereafter, shares be got delisted from the stock exchanges except NSE and BSE.

Even after delisting from the four stock exchanges, investors would be able to trade in company's shares through NSE and BSE network. Thus, the investors' interest will not be harmed in any way.

Directors recommend the resolution for your approval. None of the directors is, in any way, concerned or interested in the resolution.

ITEM NO. 8

As per the Scheme of Arrangement & Demerger between Jindal Strips Limited and Jindal Stainless Limited, stainless steel undertaking of Jindal Strips Limited has been transferred to and vest in Jindal Stainless Limited w.e.f. 1st April, 2002. Consequent on the above, your company has become the largest private sector company in terms of production of Stainless Steel.

Keeping in view the foregoing and also for general corporate purposes, including capital expenditure, working capital requirements, strategic investments, any mergers, amalgamations, acquisitions, reconstructions or arrangements or any other reorganisation as the Board may decide, the Board of Directors consider that it would become necessary to raise finance at appropriate time(s) by issue of appropriate instruments, at such price or prices, to such persons and in such manner, as stated in the resolution.

Consent of the shareholders is sought to authorise the Board of Directors for issuing Securities as stated in the resolution which would result in issuance of further shares of the Company in accordance with the terms and nature of the Securities.

The Resolution set out at item no. 8 is enabling resolution conferring authority on the Board to cover all contingencies and corporate requirements.

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

Accordingly, consent of the Shareholders is being sought pursuant to the provisions of Section 81 and all other applicable provisions of the Companies Act, 1956 and other applicable laws, rules and regulations of competent authorities.

Directors recommend the resolution for approval of the shareholders for the proposed issue of securities.

All the Directors of the Company may be deemed to be concerned or interested to the extent that they may be entitled to the Securities that will be offered to them on Rights basis or otherwise and applied for and allotted to them.

ITEM NO. 9

In order to mobilize funds for the normal capital expenditure, ongoing expansion in the State of Orissa, modernization, general corporate purposes, working capital requirements etc., it is proposed to make an offering by way of public offer and/or private placement of equity shares, Foreign Currency Convertible Bonds (FCCBs), Partly Convertible Debentures (PCDs), Optionally Convertible Debentures (OCDs), Fully Convertible Debentures (FCDs), Debentures attached with warrants, Global Depository Receipts (GDRs), American Depository Receipts (ADRs) or any other equity and/or preference equity related instrument amounting in

aggregate/equivalent to US\$ 75 million equivalent to approximately Rs.350 crore to any domestic and/or international investor/s in one or more tranche or tranches, at a price in accordance with the applicable law and otherwise on such terms and conditions as may be deemed appropriate by the Board at the time of issue or allotment.

Pursuant to the issuance and allotment of the Security by the company as mentioned above, the holders of any Convertible instrument would be entitled to convert their respective securities into equity shares of your company ranking pari passu in all respects with the existing equity shares of the company.

None of the promoters, directors or key persons in the management of the company intend to subscribe to the Securities, are proposed to be issued and allotted to multilateral financial institutions and foreign institutional investors etc.

The special resolutions seek to give the Board/ Committee powers to issue and market any securities issued pursuant to the Offer, including for instance the power to issue such securities in one or more tranche or tranches, at such time or times and at such price or prices as the Board may in its absolute discretion deem fit.

The detailed terms and conditions for the offer will be determined in consultation with the lead managers, advisors and underwriters to be appointed by the company. Since the pricing of the offering cannot be decided except at a later stage, it is not possible to state the price or the exact number of securities or shares to be issued and hence an enabling resolution in wide terms is proposed to give adequate flexibility and discretion to the Board/ Committee to finalise the terms in consultation with the lead managers and underwriters or such other authority or authorities as need to be consulted including in relation to the pricing of the issue which will be a free market pricing and may be at a premium or discount to market price in accordance with the international practice.

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

The listing agreements with the stock exchanges provide, inter alia, that the company, in the first instance, should offer all shares and debentures to be issued by the company for subscription, pro-rata to the equity shareholders unless the shareholders decide otherwise in a general meeting.

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

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

The Board of directors believes that the proposed offer will be in the best interest of the company.

Directors, therefore, recommend the resolution for approval of the shareholders.

None of the directors of the company is, in any way, concerned or interested in the resolutions.

The following documents would be open and accessible (for inspection by entitled to attend and vote at the meeting) at the registered office of the company on any working day except holidays till the date of the meeting between 11.00 a.m. and 1.00 p.m.

- (a) Memorandum and Articles of Association of the company.
- (b) Latest annual audited accounts of the company for the financial year ended 31st March, 2003.

By order of the Board

(A.P. GARG)

Sr. Vice President (Taxation)
& Company Secretary

Registered Office:

Delhi Road, HISAR - 125 005.

17th October, 2003.