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JINDAL STAINLESS LIMITED ANNUAL REPORT 2004-2005

25th ANNUAL GENERAL MEETING

Date : 27th September, 2005
Day : Tuesday
Time : 11.30 a.m.
Place : Registered Office,
 Delhi Road, Hisar

REGISTERED OFFICE

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

MANUFACTURING FACILITIES

HISAR

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

ORISSA

New Dubri, Kalinganagar Industrial Complex,
 Front of MESCO, Post Damagiri, Distt. Jaipur, Orissa

KOTHAVALASA

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

LIFE STYLE PRODUCT DIVISION

48 K.M. Stone, Delhi Rohtak Road, Village Rohad,
 Tehsil: Sampla, Dist. Jhajjar, Haryana, India

ARCHITECTURAL DIVISION

28 K.M. Stone, Delhi Rohtak Road, Tikri Kalan, Delhi, India
 Phone: (011) 28352352-53. Fax : (011) 28351738.

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BOARD OF DIRECTORS

Chairperson	Savitri Devi 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
Sr. Vice President & Company Secretary	A.P. Garg

MANAGEMENT TEAM

Director – Finance	Arvind Parakh
Director - Commercial	R. K. Goyal
Executive Director – Projects	B. P. Goyal

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 Mehta & Co., Chartered Accountants

COST AUDITORS

Messrs Ramanath Iyer & Co., Cost Accountants

REGISTERED OFFICE

Delhi Road, Hisar -125 005 (Haryana)

WORKS

Hisar (Haryana), Kothavalasa (A.P.), Dubri,
Dist. Jajpur (Orissa), Rohad, Dist. Jhajjar (Haryana) and Delhi

BRANCHES

Howrah, Mumbai and Kothavalasa



DEAR STAKEHOLDER,

This has been a mixed year for us. We are all immensely saddened by the loss of our chairman. However, we have all resolved to put our heads and hearts to bring our Chairman's dream of making Jindal Stainless the very best in every sense true.

As Walter Lippmann said,

"The final test of a leader is that he leaves behind him in other men the conviction and the will to carry on."

Our Chairman was and will always remain our guiding force. Memories of his kindness, compassion and strength will always fill our hearts.

It is with this conviction that we plan to make Jindal Stainless a stronger company.

2004 was a landmark year for Jindal Stainless, as your company witnessed its highest ever sales, market leadership & profitability.

Demand for our products has risen dramatically due to an improving global economy and, especially, the rapid growth of China, which now consumes nearly 30 percent of the world's steel. This surging demand has strained raw material supplies, further exacerbating tight conditions. As a result, metals prices have risen dramatically, and industry profitability is at its highest level in decades.

But even an era of high profits has its challenges. Driven in part by increased profitability, consolidation has been accelerating at the regional level in the United States, Europe, Japan and Brazil, and it is now beginning to take place on a global scale. Meanwhile, new entrants from Russia and China are moving aggressively to play a larger role in that global arena - all of which is reshaping the competitive landscape in the industry.

To thrive in this environment, metal companies need to manage increasingly complex and geographically dispersed operations. They need to increase output to take advantage of rising demand. They have to move quickly to integrate merged and acquired operations into a coherent whole. And as always, they need to continue efforts to increase efficiency and control costs - especially in anticipation of the next turn of the market cycle, which is likely to see a return of intense margin pressures. In all, metals companies need to work on many fronts and to find new ways to operate - both to grow today and prepare themselves for the future.

While we believe we have made important progress over the past year to stabilize the business. As we strategically navigate through perhaps the most challenging conditions our industry has ever experienced, disciplined financial management, control over costs and expanding customer relationships remain our top business priorities.

Our Philosophy is that leadership positions drive growth and shareholder value. Leadership positions enable us to serve clients better, attract partners and intellectual capital, and lead to meaningful economies of scale that benefit all stakeholders.

Before I end, I would like to take this opportunity to thank you once again for being with us in the past and look forward to our continued association in the future.

Ratan Jindal
Vice Chairman & Managing Director

notice



scaling new heights

JINDAL STAINLESS
JINDAL STAINLESS 2004-2005

NOTICE

NOTICE is hereby given that the **25th Annual General Meeting** of shareholders of **JINDAL STAINLESS LIMITED** will be held on **Tuesday, 27th September 2005 at 11.30 am 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, 2005 and the Profit and Loss Account for the year ended on that date and the Reports of the Auditors and the Board of Directors.
2. To approve payment of dividend on equity shares.
3. To appoint a director in place of Sh. Naveen Jindal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Sh. N.C. Mathur, who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint M/s. Lodha & Co., Chartered Accountants and M/s. S.S. Kothari Mehta & Co., Chartered Accountants as joint statutory auditors of the company, to conduct audit of books of accounts of the company and hold office from the conclusion of this annual general meeting to the conclusion of the next annual general meeting and to re-appoint M/s. N.C. Aggarwal & Co., Chartered Accountants, as branch auditors of the Visakhapatnam division of the company.

AS ORDINARY RESOLUTIONS:

- I. **"RESOLVED** that the retiring joint statutory auditors, M/s. Lodha & Co., Chartered Accountants, and M/s. S.S. Kothari Mehta & Co., Chartered Accountants, who, being eligible, offer themselves for re-appointment be and are hereby re-appointed as joint statutory auditors of the company to conduct audit of the books of accounts of the company for the year 2005-06 and to hold office until the conclusion of the next annual general meeting at a remuneration to be finalised by the Board of Directors."
- II. **"RESOLVED FURTHER** that M/s. N.C. Aggarwal & Co., Chartered Accountants, Hisar be and are hereby appointed as Branch Auditors of Visakhapatnam division of the company for the year ending 31st March, 2006 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:

6. AS AN ORDINARY RESOLUTION:

"RESOLVED that in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Smt. Savitri Devi Jindal, an Additional Director of the company who holds office upto the date of this annual general meeting, as per provisions of section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as Director of the company, liable to retire by rotation."

7. AS AN ORDINARY RESOLUTION

"RESOLVED that pursuant to the provisions of section 293(1)(e) of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Sh. Ratan Jindal, Vice Chairman & Managing Director be and is hereby authorised to contribute / donate to any body, institute, society, person, trust or funds etc. for any charitable and/or other purpose not directly relating to the business of the company or to the welfare of its employees, such amount in any financial year as he may deem fit, to the extent of Rs.25 Crore or 5% of the average net profits of the company as determined in accordance with the provisions of sections 349 and 350 of the Companies Act, 1956, during three financial years immediately preceding, whichever is higher."

8. AS AN ORDINARY RESOLUTION

"RESOLVED that pursuant to the provision of clause 49 of the listing agreement with the Stock Exchange, the consent of the company be and is hereby accorded for payment of Rs.10,000/- (Rs. Ten Thousand only) or such other amount as may be approved by the Board of Directors subject to the ceiling prescribed under the Companies Act, 1956 or rules framed thereunder, as amended from time to time, as sitting fees for each meeting of the Board of directors or committee(s) thereof, attended by the Non-executive Directors of the Company."

By order of the Board

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

Registered Office:
Delhi Road, HISAR - 125 005.
10th June, 2005

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. 6 to 8 of the Notice is annexed hereto.

Explanatory Statement under section 173(2) of the Companies Act, 1956.**ITEM NO. 6**

The Board of director has appointed Smt. Savitri Devi Jindal as Additional Director in its meeting held on 21st April, 2005, pursuant to Article 78 of Articles of Association of the company and section 260 of the Companies Act, 1956. As per the said Article and said section, Smt. Savitri Devi Jindal will hold office upto the date of this annual general meeting. A notice pursuant to section 257 of the Companies Act, 1956, has been received from a member signifying his intention to propose her as a candidate for the office of Director.

Smt. Savitri Devi Jindal is the wife of Late Sh. O.P. Jindal, who was a great visionary, renowned industrialist and patriarch of the Jindal Group. Smt. Savitri Devi Jindal is the Chairperson of the Jindal Group. The company would be benefitted by her presence on the Board and accordingly the resolution in item no. 6 is commended for your acceptance.

Smt. Savitri Devi Jindal, being concerned and Sh. Ratan Jindal and Sh. Naveen Jindal, being relatives of Smt. Savitri Devi Jindal, are interested in the resolution. None of the other directors of the company is concerned or interested in the resolution. Your Directors, therefore, recommend the resolution for your approval.

ITEM NO. 7

Acknowledging the company's increased responsibility towards social, philanthropic and other causes of public utility, the company may contribute to appropriate charitable and other funds not directly relating to the business of the company or the welfare of its employees within the limits as prescribed or stipulated under the provisions of section 293(1)(e) of the Companies Act, 1956.

As per the provisions of section 293(1)(e) of the Companies Act, 1956, the Board of directors of a public company shall not, except with the consent of such public company contribute, to any charitable and other funds not directly relating to the business of the company or the welfare of the employees any amount the aggregate of which will, in any financial year exceed Rs.50,000 or 5% of its average net profits as determined in accordance with the provision of section 349 and 350 of the Companies Act, 1956 during the three financial years, immediately preceding, whichever is higher.

Your directors commend the resolution for your approval to enable Sh. Ratan Jindal, Vice Chairman & Managing Director to donate / contribute as aforesaid in any financial year to the extent of Rs.25 Crore or 5% of the average net profits of the company as determined in accordance with the provisions of sections 349 and 350 of the Companies Act, 1956, during three financial year immediately preceding, whichever is higher.

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

ITEM NO. 8

Securities and Exchange Board of India has issued a circular to all the Stock Exchanges directing them to amend the listing agreement by inserting revised clause 49 relating to corporate governance. The company is required to comply the same on or before 31st December, 2005. The revised clause 49 inter alia stipulates that all fees/compensation payable to Non-executive directors, including independent directors, shall be fixed by the Board of directors and shall require previous approval of members in general meeting.

At present, the company is paying to all the directors excluding Chairperson, Vice Chairman & Managing Director and whole time/executive directors sitting fee of Rs. 10,000/- for each meeting of Board of directors and committee thereof attended by them.

In view of the revised clause 49 of the listing agreement, it is proposed to seek approval of shareholders for payment of sitting fees to all the directors excluding Chairperson, Vice Chairman & Managing Director and whole time/executive directors. Your directors commend the resolution for your approval.

The directors, excluding Chairperson, Vice Chairman & Managing Director and whole time/executive directors, may deemed to be concerned or interested in the resolution. None of the other directors of the company is, in any way, concerned or interested in the said resolution.

Additional Information : As required in terms of para VI(A) of clause 49 of the listing agreement.

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

Smt. Savitri Devi Jindal

Smt. Savitri Devi Jindal is the wife of late Shri O. P. Jindal, who was a great visionary, renowned industrialist and patriarch of Jindal Group. She is Chairperson of Jindal Group and the patron of the Managing Committee of Vidya Devi Jindal Public School.

Outside Directorship: Jindal Steel & Power Limited (Chairperson), Nalwa Sons Investments Limited (Chairperson), Jindal Vijayanagar Steel Limited (Chairperson), Jindal Industries Limited (Chairperson), Nalwa Sponge Iron Limited (Chairperson), Jindal Saw Limited (Chairperson) and Sonabheel Tea Limited (Director). **Committee Membership:** Nil

Sh. Naveen Jindal

Sh. Naveen Jindal, an MBA (University of Texas, USA) is Executive Vice Chairman of Jindal Steel & Power Ltd. He is associated with a number of Industries and other associations including FICCI, Sponge Iron Manufacturers Association and Captive Power Producers of Madhya Pradesh. He is also a Member of Parliament from Kurukshetra Constituency.

Outside Directorship: Jindal Steel & Power Limited (Executive Vice Chairman & Managing Director, Jindal Power Limited (Director), Aseem Travels Limited (Director) and Nalwa Farms Pvt. Ltd. (Director). **Committee Membership:** Audit Committee of Jindal Stainless Limited (Member).

Sh. N.C. Mathur

Sh. N.C. Mathur is B.Tech. Hons. from Birla Institute of Technology & Science, Pilani. He has been President of Indian Stainless Steel Development Association during 1994-97. He has rich experience and knowledge of the stainless steel industry.

Outside Directorship: Nil. **Committee Membership:** Nil

By order of the Board

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

Registered Office:
Delhi Road, HISAR - 125 005.
10th June, 2005.

FOR ATTENTION OF SHAREHOLDERS

1. The register of members and share transfer books of the company will remain closed from Thursday, 22th September, 2005 to Tuesday, 27th September, 2005 (both days inclusive).
2. Members are requested to immediately notify to the Registrar any change in their address, in respect of equity shares held in physical mode and to their depository participants (DPs) in respect of equity shares held in dematerialised form.
3. Members holding shares in the same name under different ledger folios are requested to apply for consolidation of their folios and send relevant share certificates to the company.
4. Section 109A of the Companies Act, 1956 extends nomination facility to all shareholders. They may like to avail it.
5. The company's equity shares are compulsorily traded in dematerialised form by all investors. Shareholders are requested to get the shares dematerialised in their own interest.

REQUEST TO THE MEMBERS

- * Members having old share certificates of Jindal Strips Limited (now Nalwa Sons Investments Limited) issued prior to the Scheme of Arrangement and Demerger between Jindal Strips Limited (now Nalwa Sons Investments Limited) and Jindal Stainless Limited and members having share certificates of erstwhile Jindal Ferro Alloys Limited are hereby requested to surrender their share certificates to THE COMPANY SECRETARY, NALWA SONS INVESTMENTS LIMITED (FORMERLY JINDAL STRIPS LIMITED), DELHI ROAD, HISAR 125 005 (HARYANA) INDIA, to enable both Nalwa Sons Investments Limited and Jindal Stainless Limited to issue new share certificates. Members having share certificates of Nalwa Sons Investments Limited (Formerly Jindal Strips Limited) having distinctive numbers in the range of 60000001-65136163 are not required to surrender their share certificates.
- * Members having old share certificates of Jindal Stainless Limited comprising shares of face value of Rs.10/- each are hereby requested to surrender their share certificates to THE COMPANY SECRETARY, JINDAL STAINLESS LIMITED DELHI ROAD, HISAR 125 005 (HARYANA) INDIA to issue new share certificates of face value of Rs.2/- each.
- * Members desiring any information/clarification on the accounts are requested to write to the company at least seven days in advance, so as to enable the management to keep the information ready at the annual general meeting.
- * As a measure of economy, copies of the annual report will not be distributed at the meeting. Members are requested to bring along their copies.
- * Members/proxies are requested to bring the attendance slip, duly filled in.
- * Members are requested to inform immediately their bank account particulars in the following manner, if not informed earlier, to the Registrar, in respect of equity shares in physical mode and to their depository participants (DPs) in respect of equity shares held in dematerialised form, so that the same could be incorporated in payment warrants after their names to avoid fraudulent encashment:

Folio No. / Client Id No.
 Name
 Bank A/c. No.
 Name of the Bank
 Signature of Shareholder

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

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



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directors' report