



BOARD OF DIRECTORS

Mr. P.R.JINDAL
CHAIRMAN

Dr. S.K.GUPTA
EXECUTIVE VICE-CHAIRMAN

Mr. SAJJAN JINDAL
MANAGING DIRECTOR

Mr. J.K.TANDON
Jt. MANAGING DIRECTOR & CEO

Mr. RATAN JINDAL
DIRECTOR

Mr. SESHAGIRI RAO M.V.S.
DIRECTOR (Finance)

Mr. N.D. PINGE
Nominee Director of ICICI

Mr. S. DORESWAMY
Nominee Director of IDBI

Mr. B.S. PATIL, I.A.S.
Nominee Director of KSIDC

Mr. C.K. NEELAKANTARAJ, I.A.S.
Nominee Director of KSIDC

Mr. G.N. BAJPAI
Nominee Director of LIC OF INDIA

Mr. MOOSA RAZA, I.A.S. (Retd.)
DIRECTOR

Mr. U. MAHESH RAO
DIRECTOR

Dr. RAMASWAMY P. AIYAR
DIRECTOR

COMPANY SECRETARY

Mr. P.S.M. CHARI

STATUTORY AUDITORS

M/s. LODHA & COMPANY
MUMBAI - 400 023

CONCURRENT AUDITORS

M/s. PRICE WATER HOUSE
BANGALORE - 560 025

BANKERS

ALLAHABAD BANK
ICICI BANKING CORPORATION LIMITED
PUNJAB NATIONAL BANK
STATE BANK OF INDIA
STATE BANK OF INDORE
STATE BANK OF MYSORE
VIJAYA BANK

REGISTERED OFFICE & WORKS

P.O. Toranagallu
Dist. Bellary
Karnataka - 583 123

REGISTRARS & SHARE TRANSFER AGENTS

Karvy Consultants Limited
51/2, TKN Complex, Vanivilas Road
Opp. National College
Basavanagudi
Bangalore - 560 004

N O T I C E

NOTICE is hereby given that the **SIXTH ANNUAL GENERAL MEETING** of the Shareholders of **JINDAL VIJAYANAGAR STEEL LIMITED** will be held on **Friday, the 18th day of August, 2000 at 3.00 P.M.** at the Registered Office of the Company at Village & P.O. Toranagallu, Sandur Taluk, Bellary District - 583 123, Karnataka, to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account and Statement of Pre-Operative Expenditure for the year ended 31st March, 2000 and the Balance Sheet as at that date, together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Ratan Jindal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. J.K. Tandon who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Lodha & Co., Chartered Accountants, the retiring Auditors, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and 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. B.S.Patil, I.A.S. who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company and that the period of office of the Director shall be liable to determination by retirement 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 Dr. Ramaswamy P. Aiyar who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company and that the period of office of the Director shall be liable to determination by retirement 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 in partial modification of all earlier Resolutions passed in this regard by the Members of the Company and in accordance with the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the changes in the terms and conditions of appointment of Dr. S K Gupta, Executive Vice-Chairman of the Company with effect from 1st April, 2000 for the remainder of the tenure of his contract i.e upto 19th December, 2001 as set out in the draft Supplemental Agreement to be entered into between the Company and Dr. S K Gupta, as submitted to this meeting and initialled by the Chairman of the meeting for the purpose of identification which Supplemental Agreement is hereby approved with specific authority to the Board of Directors of the Company (hereinafter referred as 'the Board') to alter and vary the terms & conditions including the remuneration as not to exceed the limits set out in Sections 198, 309 read with Schedule XIII of the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Board and Dr. Gupta."

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

"RESOLVED that in partial modification of all earlier Resolutions passed in this regard by the Members of the Company and in accordance with the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the changes in the terms and conditions of appointment of Mr. J K Tandon, Jt. Managing Director & CEO of the Company with effect from 1st April, 2000 for the remainder of the tenure of his contract i.e. upto 4th November, 2002 as set out in the draft Supplemental Agreement to be entered into between the Company and Mr. J K Tandon, as submitted to this meeting and initialled by the Chairman of the meeting for the purpose of identification which Supplemental Agreement is hereby approved with specific authority to the Board of Directors of the Company (hereinafter referred as "the Board") to alter and vary the terms & conditions including the remuneration as not to exceed the limits set out in Sections 198, 309 read with Schedule XIII of the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Board and Mr. Tandon."

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

"RESOLVED that in partial modification of all earlier Resolutions passed in this regard by the Members of the Company and in accordance with the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the changes in the terms and conditions of appointment of Mr. Seshagiri Rao, M V S, Director (Finance) of the Company with effect from 1st April,



2000 for the remainder of the tenure of his contract i.e. upto 5th April, 2004 as set out in the draft Supplemental Agreement to be entered into between the Company and Mr. Seshagiri Rao, as submitted to this meeting and initialled by the Chairman of the meeting for the purpose of identification which Supplemental Agreement is hereby approved with specific authority to the Board of Directors of the Company (hereinafter referred to as "the Board") to alter and vary the terms & conditions including the remuneration as not to exceed the limits set out in Sections 198, 309 read with Schedule XIII of the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Board and Mr. Seshagiri Rao."

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

"RESOLVED THAT in accordance with the provisions of section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956, and enabling provisions in the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and in accordance with the Guidelines issued by the Securities and Exchange Board of India and clarifications thereon issued from time to time and subject to the approval of the Financial Institutions (FIs) including Unit Trust of India (UTI), Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and other concerned authorities, if any, and all such 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" which term shall be deemed to include any duly authorised committee thereof for the time being exercising the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to create, issue / offer and allot 40,43,32,140 Equity shares of Rs.10/- each for cash at par aggregating to Rs. 4,04,33,21,400/- (Rupees four hundred and four Crores thirty three lakhs twenty one thousand and four hundred only) to the promoters, being the Jindal Group Companies, which, inter-alia, include Jindal Iron & Steel Company Limited (JISCO), Jindal Strips Limited (JSL), and Saw Pipes Limited (SPL) and Associates whether or not they are members of the Company, on preferential allotment basis to the extent and in one or more tranches and in the manner as may be decided by the Board in this behalf.

RESOLVED FURTHER THAT

- (i) the Equity Shares to be so issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari-passu with the existing Equity Shares of the Company except that for the financial year in which they are issued and allotted they shall rank only for pro-rata dividend for the period during which such capital is so paid-up.

- (ii) the Board be and is hereby authorised to accept any modification(s) to or to modify the terms of issue of the said new Equity Shares subject to the provisions of the Companies Act, 1956 and SEBI guidelines/Regulations, without being required to seek any further consent or approval of the Company in General Meeting.

- (iii) for the purpose of giving effect to this resolution the Board be and is hereby authorised to do all acts, deeds and things as the Board may in its absolute discretion consider necessary, proper, desirable or appropriate for making the said issue as aforesaid and to settle any question, difficulty or doubt that may arise in this regard including the power to allot oversubscribed / undersubscribed portion if any, in such manner and to such person(s) as the Board may deem fit and proper in its absolute discretion to be most beneficial to the Company."

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

"RESOLVED THAT

- (i) in accordance with the provisions of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 and enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and in accordance with the guidelines issued by the Securities and Exchange Board of India and clarifications thereon issued from time to time and subject to the approval of the Financial Institutions (FIs), including Unit Trust of India (UTI), Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other concerned authorities, if any, and all 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" which term shall be deemed to include any duly authorised committee thereof for the time being exercising the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to issue/offer and allot Equity Shares and/or Compulsorily or Optionally, Fully or Partly Convertible Debentures, and/or Non-Convertible Debentures or all or any of the aforesaid with or without detachable or non-detachable warrants, and/or Preference Shares and/or Bonds linked with Warrants and/or Depository Receipts and/or any other financial instrument(s) representing either Equity shares or Convertible securities (hereinafter referred to as "Securities") as the Board at its absolute discretion may at any time or times hereafter decide, to the Indian Financial Institutions (IFIs), Banks, Mutual Funds, Foreign Investors (FIs), Foreign Funds, Non-resident Indians (NRIs), Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), Companies, other entities and / or persons or

otherwise, through Prospectus and / or Letter of Offer or Circular and / or on Private Placement basis, at such time or times, in such tranche or tranches for an aggregate value not exceeding Rs. 700 Crores (Rupees Seven Hundred Crores only) for cash on such terms and conditions as to premium, interest, security, redemption, option as to conversion into Equity shares or Redeemable Preference Shares of the Company as may be approved by SEBI and other appropriate authorities and agreed to by the Board, provided that where the 'Securities' are in the form of Equity shares and/ or result in issue and allotment of equity shares on conversion of the 'Securities', the aggregate value of Equity shares to be issued and allotted shall not exceed Rs. 700 Crores.

(ii) The Board be and are hereby authorised, in their discretion, to make the said issue of the 'securities' on such terms and conditions as they may consider appropriate and to accept such other conditions and modifications in the terms of the issue as may be prescribed by SEBI or other authorities while according their sanction or consent to the proposed issue of the said 'securities' and to take such consequential action thereon including the authority to revise/adjust the value/quantum of the 'securities' or any portion thereof in such manner as may be considered appropriate by the Board, in the event of such variation being considered expedient as a result of any modification effected by SEBI or other authorities.

(iii) The Board be and are hereby authorised to decide the terms and conditions of the issue of the 'securities' including the face value, the rate of interest, redemption period, manner of redemption, number and issue price, the date of conversion, the nature of security, manner of calls etc., and to do all acts, deeds and things as may be necessary for the purpose of giving effect to this resolution including to do all such acts, deeds and things as the Board may in their absolute discretion consider necessary or desirable for making the said issue as aforesaid and to settle any question or difficulty or doubts that may arise in this regard including the power to allot oversubscribed/ undersubscribed portion, if any, in such manner and to such person(s) as the Board may deem fit and proper in their absolute discretion to be most beneficial to the Company".

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

(i) **"RESOLVED THAT** in accordance with the provisions of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956, and enabling provisions in the Memorandum and Articles of Association of the Company, the listing agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and in accordance with the guidelines issued by the Securities and Exchange Board of India and clarifications thereon issued from time to time and subject to the approval of the Government of India (GOI), Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), Financial

Institutions including Unit Trust of India (UTI) and all other concerned authorities if any, and all such 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", which term shall be deemed to include any duly authorised committee thereof for the time being exercising the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to create, offer / issue and allot Equity and/or Preferences shares, and/or compulsorily or optionally, Fully or partly convertible Debentures, and / or Non-convertible Debentures and/or Bonds or all or any of the aforesaid with or without detachable warrants, and/or Depository Receipts and/or any other Financial Instruments/Securities convertible into either Equity or Preference Shares (hereinafter referred to as "Securities") for an aggregate amount not exceeding US \$ 125 million (One Hundred and Twenty Five Million US Dollars only) (inclusive of such premium, as may be fixed on such Securities) subscribed in foreign currency(ies) to Foreign Investors (whether institutions and/or incorporated bodies and/or individuals or otherwise and whether or not such investors are members of the Company) through Prospectus and/or Letter of Offer or Circular and/or on Private Placement Basis, at such time or times in such tranche or tranches, at such price or prices, at a discount or at a premium to market price or prices in such manner and on such terms and conditions including security, rate of interest etc., as may be decided and deemed appropriate by the Board at the time of such issue or allotment, considering the prevailing market conditions and other relevant factors and in consultation with the Lead Managers and Underwriters with authority to retain oversubscription upto 15% of the issue.

(ii) **RESOLVED FURTHER THAT** the Board be and is hereby authorised to accept any modifications, in the proposal as may be required by the authorities involved in such issues but subject to such conditions as the SEBI/GOI/RBI or such other appropriate authorities may impose at the time of their approval and as agreed to by the Board.

(iii) **RESOLVED FURTHER THAT** without prejudice to the generality of the above, issue of securities in international offering may have all or any term or combination of terms in accordance with the international practice including but not limited to conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt services payable whatever and all such terms as are provided in international offers of this nature including for issue of additional Equity Shares or variation of the conversion price of the securities during the duration of the securities.

(iv) **RESOLVED FURTHER THAT** the Board is also entitled to enter into and execute all arrangements with any Lead Manager(s)/ Managers/ Underwriters/Guarantors /Depositors /Custodians and



all such agents as may be involved or concerned in such offering of securities, to remunerate all such agents including by way of payment of commission, brokerage, fees, etc.

- (v) **RESOLVED FURTHER THAT** the Board be and is also hereby authorised subject to approval from the Reserve Bank of India and the concerned authorities to secure the entire or any part of the issue, create mortgage / charge on the Company's immovable and movable properties, both present and future, to rank second, subsequent, subservient and subordinate to all the mortgages / charges created / to be created by the Company for all existing and future borrowings and facilities whatsoever.
- (vi) **RESOLVED FURTHER THAT** the Company and/or any agency or body authorised by the Company may issue 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 their tradability or free transferability, as per the international practices and regulations, and under the form and practices prevalent in the international capital markets.
- (vii) **RESOLVED FURTHER THAT** the Securities issued in international offering shall be deemed to have been made abroad in the markets and / or at the place of issue of the Securities in international market and shall be governed by such laws as may be determined by the Board.
- (viii) **RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of Securities referred to in Paragraph (i) above or as may be necessary in accordance with the terms of offer, all such shares to rank pari-passu with the existing Equity Shares of the Company in all respects, excepting such rights as to dividend as may be provided under the Terms of the Issue in the Offer Document.
- (ix) **RESOLVED FURTHER THAT** for the purpose of giving effect to any issue or allotment of Equity Shares or Securities or instruments or Depository Receipts or Securities representing the same, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable and to settle any questions, difficulty or doubt that may arise with regard to the offer, issue, allotment and utilisation of the issue proceeds, as it may in its absolute discretion, deem fit and proper".

By order of the Board
for **JINDAL VIJAYANAGAR STEEL LIMITED**

Place : Mumbai
Dated : 25th May, 2000

P.S.M. CHARI
Company Secretary

NOTES (Forming part of the Notice) :

- 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 SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- b) The instrument(s) appointing the proxy, if any, shall be delivered at the Regd. Office of the Company at Toranagallu, Bellary District - 583 123, Karnataka, not less than forty eight (48) hours before the commencement of the Meeting and in default, the instrument of proxy shall be treated as invalid. Proxies shall not have any right to speak at the meeting.
- c) The Explanatory Statement setting out the material facts in respect of the businesses under item numbers 5 to 12 is annexed hereto.
- d) Members are requested to intimate the Registrars and Share transfer agents of the Company, M/s. Karvy Consultants Limited, 51/2, TKN Complex, Vani Vilas Road, Basavanagudi, Bangalore-560 004, immediately of any change in their address.
- e) For the convenience of members and for proper conduct of the meeting, entry to the place of meeting will be regulated by an attendance slip, which is annexed to the Proxy form. Members are requested to affix their signatures at the place provided on the attendance slip and hand it over at the entrance.
- f) **As per SEBI mandate the shares of your Company will be traded only in demat form w.e.f. 26.06.2000. Members are therefore requested to complete all the formalities for conversion of their shares from physical form into demat form.**

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT :

The Explanatory Statement pursuant to section 173 of the Companies Act, 1956 for item numbers 5 to 12 of the accompanying notice is as under :

Item No. 5 :

Mr. B.S.Patil, I.A.S., Principal Secretary to the Govt. of Karnataka, was appointed by the Board of Directors of your Company in their meeting held on 29.01.2000 as an Additional Director of your Company w.e.f. 24.01.2000 pursuant to Section 260 of the Companies Act, 1956 and he holds office upto the date of the ensuing Annual General Meeting. According to Article 119(a) of the Articles of Association of the Company, KSIIDC is entitled to appoint two Directors, one of whom shall be a retiring Director, as its nominees on the Board as long as KSIIDC continues to hold 11% or Rs. 50.00 Crores in the Equity share capital of your Company, whichever is less. Your Company has received a notice under section 257 of the Companies Act, 1956 from KSIIDC proposing the appointment of Mr. B.S. Patil as Director.

None of the Directors other than Shri. B.S.Patil is concerned or interested in the resolution.

Your Directors recommend the resolution for your approval.

Item No. 6 :

Dr. Ramaswamy P. Aiyar, was appointed by the Board of

Directors of your Company in their meeting held on 28th September, 1999 as an Additional Director of your Company pursuant to Section 260 of the Companies Act, 1956 and he holds office upto the date of the ensuing Annual General Meeting. Your Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing the appointment of Dr. Ramaswamy P. Aiyar as a Director of your Company.

Dr. Ramaswamy P. Aiyar has a Degree in Mechanical Engineering from the Banaras Hindu University and Masters and Ph.D. degree from Loughborough University of Technology in U.K. He has taught at the Indian Institute of Management, Calcutta since 1968 and has been a Director of that Institute from 1981 to 1992. From 1992-98, he was the Director of the Academy for Management Excellence, a new Industry sponsored Management School and its parent body, the Institute for Financial Management and Research. He continues with them as Advisor and Professor Emeritus. His teaching and research experience are in the areas of Management Policy, Management Information Systems and Organisational Design. Dr. Aiyar has served in various Committees of the Government of India on Public Sector Management and Management Education. He has also been a member of the Board of many leading public sector companies like HMT, MECON, Hindustan Zinc, as well as private sector companies such as Balmier & Lawrie, HCL, etc.

In view of his rich & vast experience and distinguished career, the appointment of Dr. Ramaswamy P. Aiyar as a Director would be in the best interest of your Company.

None of the Directors other than Dr. Aiyar is concerned or interested in the resolution.

Your Directors recommend the resolution for your approval.

ITEM Nos 7, 8 and 9 :

Dr. S K Gupta was appointed as the Vice-Chairman of your Company w.e.f. 7th July, 1997 at the 3rd Annual General Meeting of the Company held on 30th September, 1997. He was subsequently elevated to the office of the Executive Vice Chairman w.e.f. 20th December, 1998 in the 5th Annual General Meeting held on 28th September, 1999 with no change in his remuneration.

Mr. J K Tandon was appointed as the Jt. Managing Director & CEO of your Company, w.e.f. 5th November, 1997 at the Extra Ordinary General Meeting of the Company held on 9th February, 1998.

Mr. Seshagiri Rao, M V S was appointed as the Director (Finance) of your Company w.e.f. 6th April, 1999 at the 5th Annual General Meeting of the Company held on 28th September, 1999.

As the shareholders may be aware, the Government has further liberalised Schedule XIII of the Companies Act, 1956, enhancing the limits of managerial remuneration. The remuneration of the Whole-time Directors already approved by the shareholders were based on the earlier limits set under the Schedule XIII. It is now proposed to revise the remuneration of the Whole time Directors from 1st April, 2000 for the remainder of the tenure of their respective contracts with proportionate increases in the value of the benefits related to salary with specific authority to the Board of Directors of your Company to fix their salary and perquisites from time to time within the overall ceiling limit of Rupees two lacs per month.

The remuneration of the Whole-time Directors will be fixed by the Board of your Company from time to time in such a manner that the aggregate value of all the perquisites like rent free and maintained accommodation or HRA in case the Whole-time Director is occupying any premises on his own, Gas, Electricity, Water, Furniture and Furnishings, LTC for self and family, Club fees, Medical benefit, Personal accidental insurance, interest subsidy on Housing loans, annual fees for professional bodies and other allowances/benefits etc. in accordance with the rules of the Company together with salary, performance linked incentive/Reward/Bonus/employees stock option, shall not exceed Rupees two lacs per month in respect of each of the aforesaid Whole-time Directors. The following perquisites shall not be included in the computation of the ceiling on remuneration specified above:

- (i) Contribution to Provident Fund, Superannuation fund or Annuity fund to the extent they either singly or put together are not taxable under the Income Tax Act, 1961.
- (ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- (iii) Earned leave with full pay or encashment as per rules of the Company.

The Board of Directors may, in its discretion pay to the above mentioned Whole-time Directors lower remuneration than the maximum remuneration herein above stipulated and revise the same from time to time within the maximum limit stipulated by these resolutions.

All other terms and conditions of appointment of the aforesaid Whole-time Directors as approved by the shareholders will remain unchanged.

The proposed changes are within the increased limit prescribed under Schedule XIII of the Companies Act, 1956.

The respective draft supplemental agreements between the Company and Dr. S K Gupta, Mr. J K Tandon and Mr. Seshagiri Rao, M V S are available for inspection at the Registered office of the Company between 10 a.m. and 12 noon on any working day.

None of the Directors except Dr. S K Gupta, Mr. J K Tandon and Mr. Seshagiri Rao, M V S is in any way interested or concerned in the proposed resolutions.

Your Directors recommend the resolutions for your approval.

The above changes in the terms may also be treated as an abstract of the variation of the terms of appointment of the aforesaid Whole-time Directors pursuant to Section 302 of the Companies Act, 1956.

Item No. 10 :

Members may be aware that a special resolution was passed in the Extra-Ordinary General Meeting held on 28th March, 2000 for issue of 40,43,32,140 Equity shares of Rs.10/- each for cash at par on preferential basis to the promoters, being the Jindal Group Companies and associates.

Since the earlier resolution could not be fully acted upon within the period stipulated under the SEBI Guidelines a



special resolution at Item No. 10 of the appended notice is once again proposed for the approval of the members.

The promoters of your Company presently hold an aggregate of 39.64% of the subscribed Equity Capital of Rs. 1201/- Crores which after the proposed preferential allotment of all 40,43,32,140 Equity shares as aforesaid, would enhance the promoters' holding to 54.84% of the subscribed equity capital of Rs.1606/- Crores. The preferential issue and allotment of equity shares is proposed to be made for cash, at par value of Rs.10/- each, which pricing is higher than that arrived at pursuant to the guidelines issued by SEBI in this regard. The proposed preferential allotment to any of the promoters and / or their associates as aforesaid would not result in any change in the control over your Company.

The relevant clause of the Listing Agreements executed by the Company with the various Stock Exchanges in India where the Company's securities are listed and the provisions of section 81 (1A) provide inter-alia that when it is proposed to increase the issued capital of the Company by allotment of further shares, such shares shall be first offered to the existing shareholders of the Company for subscription unless the shareholders decide otherwise in a General Meeting.

The said Special Resolution will, if passed, enable the Board on behalf of the Company, to issue and allot Equity shares on a preferential basis to promoters and / or their associates as permitted by section 81(1A) of the Companies Act, 1956. The Company in consultation with its Advisors, Experts and others concerned, will fix the detailed terms and conditions of the issue which will be in line with the requirements of the guidelines issued / to be issued by the Securities and Exchange Board of India (SEBI) and by any other concerned authorities.

The Directors of your Company may be deemed to be concerned or interested to the extent of the shares that may be subscribed to by them or their relatives or by the Companies in which they or their relatives are Directors.

The Directors recommend the resolution for your approval.

Item No. 11 & 12 :

It is felt that in the course of execution of the second phase of the project, your Company may need to raise funds through alternate sources, primarily, (i) to overcome any shortfall and / or delay in raising of funds from the existing tied up sources of finances and / or for meeting additional funds, if any, required for the project (ii) to fund the gap in the means of finance caused due to arrears of call money yet to be received to the tune of Rs. 146 Crores and (iii) to reduce the debt component in the funding pattern so as to reduce interest cost and also to maintain a healthy debt-equity ratio. It is therefore proposed to obtain approval from the shareholders for raising of funds through private placement of securities, International offer or otherwise, either (i) as set out under item no. 11 of the notice; or (ii) as set out under item no. 12 of the notice; or (iii) in any combination thereof, in which eventuality, the overall value of the securities proposed to be issued shall not exceed Rs. 700 Crores in the aggregate, subject to statutory provisions and the guidelines of SEBI/RBI issued from time to time.

Members may be aware that two special resolutions were passed in the Extra-Ordinary General Meeting held on 28th March, 2000 which would enable the Board to raise funds

not exceeding Rs. 700 Crores by way of issue of Securities, as mentioned in the resolutions, provided that, in case the securities that may be issued are in the form of equity shares and / or result in issue and allotment of equity shares on conversion of securities, the aggregate increase in the equity capital of your Company shall not exceed Rs. 700 Crores.

Since the earlier resolutions could not be fully acted upon within the period stipulated under SEBI Guidelines special resolutions at Item Nos. 11 & 12 of the appended notice are once again proposed for the approval of the members.

Further, the resolution proposed under item no. 12 of the notice, would enable the Board to raise funds not exceeding US \$ 125 Million in the International Market, giving adequate flexibility and discretion to the Board to finalise the terms of the international offer, and to issue securities in such tranche or tranches, at such time or times, at such price or prices and to such persons including institutions or incorporated bodies and / or individuals or otherwise as the Board may, in its absolute discretion deem fit. The detailed terms and conditions of the offer will be determined in consultation with the Advisors, Lead Managers, Underwriters and / or such other agencies to the issue.

The pricing of the international issue will be a free market pricing and may be at a premium or discount to market price in accordance with international practice. Since the pricing of the offer 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.

The present shareholding of the proposed allottees is as follows :

Sl. No.	Proposed Allottee	% to Total
1	Indian Financial Institutions	8.57
2	Banks	0.15
3	Mutual Funds	1.09
4	Foreign Investors / Foreign Funds	Nil
5	Non-resident Indians	4.99
6	Overseas Corporate Bodies	1.42
7	Bodies Corporate	1.87
8	Foreign Institutional Investors	1.27

The proposed issue of Securities, International offer or otherwise with any of the categories as mentioned in resolution Nos. 11 and 12 would not result in any change in the control over your Company.

As explained under item no. 10 of this explanatory statement, the issue of further securities to persons other than the existing shareholders requires the approval of the shareholders under Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 as well as the relevant clause of the listing agreements, executed by the Company with the various stock exchanges, where your Company's securities are listed.

The Directors of your Company may be deemed to be concerned or interested to the extent of the securities that may be subscribed to by them or their relatives or by the Companies in which they or their relatives are Directors. Your Directors recommend the resolution for your approval.

By order of the Board
for JINDAL VIJAYANAGAR STEEL LIMITED

Place : Mumbai
Dated : 25th May, 2000

P S M CHARI
Company Secretary

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Sixth Annual Report of your Company along with the Audited Accounts for the year ended 31st March, 2000.

1. FINANCIAL RESULTS

Your Company commenced commercial production of Finishing Mill on 01.04.1999. The production achieved was 6,30,680 tonnes of Hot Rolled Coils showing a quantum jump of 80% over the previous year. Even though the production levels were lower in the initial months, your Company could achieve over 1,03,000 tonnes of production during March, 2000 mainly on account of availability of Slabs captively on commissioning of Corex, Basic Oxygen Furnace and Continuous Caster Plants.

Due to improved sales realisation and better capacity utilisation, your Company could record a higher turnover of Rs.929.56 Crores containing losses only at Rs.148.18 Crores.

2. STATUS OF PROJECT

Your Directors are happy to inform that your Company has completed the first stream of Integrated Steel Plant and commissioned its various units, thus establishing 0.8 Million Tonne capacity of Steel production through integrated route. The units commissioned during the year are Corex-01 on 8th August, 1999, BOF-01 and Continuous Slab Caster-01 on 14th August, 1999, Lime Calcination Plant on 14th September, 1999 and BOF-02 on 15th October, 1999. Since then the Corex-01 unit, BOF and Continuous Casting Plant have been operating close to designed capacity within a short span of time surpassing the corresponding records set by other Corex, BOF and CCP operators in the world.

Thanks to meticulous planning and training, the transition from project to production phase has been smooth and efficient. Learning curve has been small and optimal operational levels were attained in various units within the shortest period. Not only the rated capacities have been achieved but exceeded also. The results can be benchmarked with international standards.

Your Company is focusing its attention to complete Pelletisation Plant on an overriding priority. This will contribute in achieving a significant reduction in overall cost of production. Major portion of civil and structural works have been completed. The erection activities for equipment, piping, electrical and instrumentation are in an advanced stage. The plant is scheduled to come into operation in the fourth quarter of 2000.

Simultaneously the units for the second stream i.e., Corex-02 and Continuous Slab Caster-02 are planned to be commissioned by the end of this year leading to the completion of 1.57 Million Tonne production capacity.

Major portion of civil and structural work for Corex-02 have been completed while erection of equipment, piping and instrumentation is in progress. Work on erection of Continuous Slab Caster-02 has also been taken up. Associated auxiliary units for the second stream are also progressing satisfactorily and will be commissioned matching with the requirements of the second stream.

The Hot Strip Mill was operating with imported slabs till in-house slabs were available from Continuous Caster Plant. At present, the Mill is operating based on in-house slabs supplemented by imported slabs.

Your Company's product has been well received in domestic and international market. During the year, 82,000 Metric tonnes of hot rolled coils have been exported.

As per the business plan of 2000-01, your Company will produce more than 1.052 million tonnes of Hot Rolled Coils, Sheets and Plates out of its own captive slabs.

3. Associated Companies for Power, Oxygen and Mining

(i) JINDAL TRACTEBEL POWER CO. LTD. (JTPCL)

The power plant is working satisfactorily. Both the units of 130MW have been commissioned. JTPCL has supplied 340 million units of power to your Company in the year for catering its demand and that of JPOCL. Now JTPCL is fully meeting the requirements of the Steel & Oxygen Plants and is also exporting surplus energy.

(ii) JINDAL PRAXAIR OXYGEN CO. LTD. (JPOCL)

JPOCL is supplying Oxygen, Nitrogen and Argon to your Company for stage I operation. The Second unit of the Oxygen Plant will be Commissioned synchronising with the commissioning of Corex II.

JPOCL is also supplying liquid Oxygen and Nitrogen to third party customers.

(iii) VIJAYANAGAR MINERALS (P) LTD. (VMPL)

VMPL project has been jointly evaluated by KSIIDC and KSFC and they have arrived at a revised project cost of Rs. 11.60 Crore in the first Phase. They have agreed to finance the term loan. The execution of the Mining Project for the production of 1.8 million tonnes lump and fines at a cost of Rs. 20.00 Crore is being taken-up in two phases. In phase - I the mines will be developed to produce 1 million tonnes of ore at a cost of Rs. 11.60 Crore and this will enable VMPL to supply iron ore lumps/ fines to JVSL at the shortest possible time.