



**JINDAL** VIJAYANAGAR STEEL LIMITED

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5TH ANNUAL REPORT  
2002-2003

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## 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. SESHAGIRI RAO M.V.S**  
Director (Finance)

**Mr. N.D. PINGE**  
Nominee Director of ICICI Bank Ltd.

**Mr. R.N. ROY**  
Nominee Director of IDBI

**Mr. P. KOTILINGANGOUD, IAS**  
Nominee Director of KSIIDC

**Mr. K.K. MISRA, IAS**  
Nominee Director of KSIIDC

**Mr. B.R. SETHI**  
Nominee Director of LIC of India

**Dr. S.S. JHA**  
Nominee Director of IFCI Ltd.

**Mr. MOOSA RAZA, IAS(Retd.)**  
Director

**Mr. U. MAHESH RAO**  
Director

**Dr. RAMASWAMY P. AIYAR**  
Director

**COMPANY SECRETARY**  
Mr. R.P. RAICHUR

**STATUTORY AUDITORS**  
M/s. LODHA & COMPANY  
6, Karim Chambers,  
40A, Doshi Marg (Hamam Street),  
Mumbai - 400 023.

**CONCURRENT AUDITORS**  
M/s. PRICE WATERHOUSE  
Mittal Tower, 10<sup>th</sup> Floor, 'C' Wing,  
47/6, M.G. Road,  
Bangalore - 560 001.

**BANKERS**  
Allahabad Bank  
ICICI Bank Limited  
Punjab National Bank  
State Bank of India  
State Bank of Indore  
State Bank of Mysore  
Vijaya Bank

**REGISTERED OFFICE & WORKS**  
P.O. Toranagallu, Sandur Taluk,  
Dist. Bellary - 583 123  
Karnataka.

**REGISTRAR & SHARE TRANSFER AGENTS**  
M/s. Karvy Consultants Limited  
TKN Complex, 51/2, Vani Vilas Road  
Opp. National College, Basavanagudi  
Bangalore - 560 004.

JVSL

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## NOTICE

NOTICE is hereby given that the NINTH ANNUAL GENERAL MEETING of the Shareholders of JINDAL VIJAYANAGAR STEEL LIMITED will be held on Wednesday, the 9<sup>th</sup> day of July, 2003 at 12.00 Noon 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 31<sup>st</sup> March, 2003 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. Mooza Raza, I.A.S (Retd.) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Seshagiri Rao M.V.S, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. U. Mahesh Rao who retires by rotation and being eligible, offers himself for re-appointment.
5. 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:

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

"RESOLVED THAT Mr. K.K. Misra, IAS, 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 a **Special Resolution**:

"RESOLVED THAT in accordance with the provisions of Section 149 (2A) of the Companies Act, 1956, the Company hereby approves the commencement of any or all such new businesses as have been specified in sub-clauses 47 and 57 of Clause III C of the Memorandum of Association of the Company".

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

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956, and the Rules framed there under, Listing Agreements, and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), be and is hereby authorised to agree, the consent of the Company be and is hereby accorded to the Board to de-list the equity shares and all other Securities of the Company (including equity shares and other securities that may be issued and listed in future pursuant to the requirements of clause 24 (a) and other applicable provisions

of the Listing Agreement, pending approval of the delisting application made by the Company) from the Stock-Exchanges at New-Delhi, Calcutta, Cochin, Chennai, Hyderabad, Ahmedabad and Mangalore".

By Order of the Board  
for JINDAL VIJAYANAGAR STEEL LIMITED

R.P.Raichur

Place : Mumbai  
Date : 5<sup>th</sup> May, 2003

Vice President (Corporate Affairs) &  
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 / HERSELF 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 6 to 8 is annexed hereto.
- d) The Register of Members and Share Transfer Books of the Company will remain closed from 17.06.2003 to 19.06.2003 (both days inclusive).
- e) Members are requested to intimate the Registrar and Share transfer agents of the Company, M/s. Karvy Consultants Limited, 51/2, TKN Complex, Vani Vilas Road, Opposite National College, Basavanagudi, Bangalore - 560 004, immediately of any change in their address.
- f) Members desirous of having any information regarding Accounts are requested to address their queries to the Vice President (Finance & Accounts) at the Registered Office of the Company at least seven days before the date of the meeting, so that the requisite information is made available at the meeting.
- g) Members holding Share / Debenture certificates under different folio numbers but in the same order of name are requested to apply for consolidation of such folios and send relevant Share / Debenture certificates to the Registrar and Share Transfer Agents of the Company - M/s. Karvy Consultants Limited, Bangalore.
- h) 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 signature at the place provided on the Attendance Slip and hand it over at the entrance.
- i) As a measure of economy, copies of annual report will not be distributed at the Annual General Meeting. Members are requested to bring their copy of the Annual Report to the meeting.

## ANNEXURE TO NOTICE

## EXPLANATORY STATEMENT:

The Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 for item numbers 6 to 8 of the accompanying notice is as under:

## Item No. 6:

Mr. K.K. Misra, IAS, was appointed by the Board of Directors of your Company in their meeting held on 23.08.2002 as an Additional Director of your Company w.e.f. 23.08.2002 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. K.K. Misra, IAS as Director.

Mr. K.K. Misra, IAS Additional Chief Secretary to the Govt. of Karnataka has recently taken over as Principal Secretary, Commerce & Industries Department. A senior and extremely seasoned bureaucrat, Mr. Misra belongs to the 1967 batch of IAS officers. Mr. Misra, a Post Graduate in Physics and Economics also holds M.Phil and Law Degrees. He was earlier heading Mysore Paper Mills and Vikrant Tyres. He has also served as Adviser, Energy & Planning Commission and also as Joint Secretary in the Union Ministry of Coal. It was under his leadership that the Karnataka State had launched World Bank-aided Karnataka State Highways Improvement Project (KSHIP) to improve 2,300 kms of State Highways and major District Roads.

In view of his rich & vast experience and distinguished career, the appointment of Mr. K.K. Misra, IAS would be in the best interest of your Company.

None of the Directors other than Mr. K.K. Misra, IAS is concerned or interested in the resolution.

Your Directors recommend the resolution for your approval.

#### Item No. 7:

Your Company has successfully commissioned the integrated steel plant with 1.57 mtpa. The plant is now stabilised and is operating close to 100% capacity. Your Company is regarded as one of the lowest cost steel producers in the world. In order to maintain its competitiveness and also to bring down cost of production, it is of paramount importance to utilise all waste / bye-products generated / produced in the steel making process optimally and achieve full integration with key raw material sourcing. For instance, your Company generates around 50,000 tonnes of high quality granulated slag which is currently being sold to various cement manufacturers. The value addition is significant in the event your Company sets up a cement plant, slag being available in-house. Similarly, coke is one of the key raw materials in manufacture of steel. The prices of coke are going up which in fact doubled last year. It is essential to have an assured supply of this key raw material at reasonable price.

As the financial position of your Company improved progressively over a period of time, there are several emerging opportunities to make your Company healthy and financially strong. In order to avail these opportunities, subject to lenders approving such projects, it is proposed to pass an enabling resolution to take up new businesses.

Your Directors seek your approval to undertake the business of manufacturers of, importers, exporters, traders, dealers and workers in cement, lime, plasters, ceramic, sanitary fittings, chinaware, whiting clay, gravel, sand, minerals, coke, fuel and all other goods/commodities of all kinds. The proposed lines of businesses are covered under existing sub-clauses 47 and 57 of Clause III C of the Memorandum of Association of the Company.

As per sub-Section (2A) of Section 149 of the Companies Act, 1956 a Company cannot commence any business activity in relation to any of the objects in its Memorandum of Association in pursuance of Section 13(1)(d)(ii) of the Act, unless the commencement of such business has been approved by a special resolution passed in that behalf by Members in General Meeting and a duly verified declaration has been filed with the Registrar of Companies to that effect. Section 13 (1) (d)(ii) of the Act refers to "Other Objects of the Company" not included under the "Main Objects" of the Company to be pursued by it on its incorporation or under the "Objects incidental or ancillary to the attainment of the Main Objects."

Your Directors are of the view that the new businesses contemplated by the proposed Special Resolution under item 7 can be combined with the businesses of the Company under existing circumstances conveniently and advantageously for greater economy and efficiency.

A copy of the Memorandum of Association of the Company is available for inspection by the Members of the Company at the Registered office during normal business hours on any working day up to the date of this Annual General Meeting.

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

Your Directors recommend the resolution for your approval.

#### Item No. 8:

Presently the Company's Securities are listed on Nine Stock Exchanges in India, namely;

- Bangalore Stock Exchange Limited;
- The Stock Exchange, Mumbai;
- The Delhi Stock Exchange Association Limited;
- The Calcutta Stock Exchange Association Limited;
- Cochin Stock Exchange Limited;
- Madras Stock Exchange Limited;
- Mangalore Stock Exchange;
- The Stock Exchange, Ahmedabad; and
- The Hyderabad Stock Exchange Limited.

Approval of the members was obtained in the Extra-Ordinary General Meeting held on 28.03.2000 to de-list all of its securities from the Hyderabad, Delhi, Calcutta, Cochin, Chennai, Mangalore and Ahmedabad Stock Exchanges at an appropriate time in the future as may be decided by the Board of Directors of your Company.

With the new SEBI (delisting of securities) Guidelines, 2003 coming into force which has substantially simplified the procedural requirements for delisting, your Directors had vide Circular Resolution No.66 dated 26.03.2003 approved the delisting of the Company's Equity shares from all of the aforesaid Stock-Exchanges as approved by the Members and application for delisting was submitted by your Company during the first week of April, 2003.

In response to the Company's application for voluntary delisting made to the aforesaid Stock Exchanges, some of the stock exchanges have sought a fresh resolution to be passed by the Members granting approval for delisting subsequent to the coming into force of the new SEBI (delisting of securities) Guidelines, 2003.

Approval of the Members is therefore once again being sought by a Special Resolution for enabling voluntary de-listing of the Company's existing securities, as well as securities that may be issued and listed in future pursuant to the requirements of clause 24 (a) and other applicable provisions of the Listing Agreement, pending approval of the delisting application made by the Company, from the said Stock Exchanges.

Your Company at present pays Listing Fees to the tune of Rs. 50.00 lacs annually to the various Stock Exchanges listed above. The securities if de-listed would result in a saving of approximately Rs.35 Lakhs per annum.

The Company's securities will continue to be listed on the Mumbai and Bangalore Stock Exchanges. To further enhance Liquidity of your Company's shares, listing application has also been made to The National Stock Exchange of India Limited (NSE) and approval is expected soon.

The de-listing will take effect after all approvals, permissions and sanctions are received.

The proposed de-listing of the Company's securities from the said Stock-Exchanges as and when the same takes place, will not adversely affect the investors. With the extensive networking of the Stock Exchange, Mumbai (BSE) and the extension of the BSE terminals to other cities as well, investors have access to on-line dealings in the Company's securities across the country. The bulk of the trading in the Company's Equity Shares in any case takes place on the BSE. The investors located in the regions of all the Stock Exchanges where it is proposed to de-list the Company's securities have access to trade in the securities of the Company through the network of the Stock Exchange, Mumbai.

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

Your Directors recommend the resolution for your approval.

By Order of the Board  
for JINDAL VIJAYANAGAR STEEL LIMITED

R.P. Raichur

Vice President (Corporate Affairs) &  
Company Secretary

Place : Mumbai  
Date : 5<sup>th</sup> May, 2003



## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Ninth Annual Report of your Company along with the Audited Accounts for the year ended 31<sup>st</sup> March, 2003.

## 1. FINANCIAL RESULTS:

		Rs. crores	
Sr. No.	Particulars	31.03.2003	31.03.2002
1.	Sales (Gross)	2786.04	2000.34
	Less : Excise Duty	(281.28)	(264.59)
	Sales (Net)	2504.76	1735.75
2.	Other Income	7.52	2.70
	Total Revenue	2512.28	1738.45
3.	Gross Profit / (Loss) before Interest, Depreciation, Miscellaneous Expenses written off, Exceptional Item & Taxation	715.29	281.05
4.	Interest	563.45	444.35
5.	Depreciation and Miscellaneous Expenses written off	345.10	268.18
6.	Profit / (Loss) before Exceptional Item & Taxation	(193.26)	(431.48)
7.	Exceptional Item	(209.57)	—
8.	Profit / (Loss) before Taxation	(402.83)	(431.48)
9.	Deferred Tax Asset (net)	292.16	80.41
10.	Net Profit / (Loss) for the year	(110.67)	(351.07)

Favourable market conditions, improved net sales realisations and better operating performance had led to substantial increase in operating profits from Rs. 281.05 crores to Rs. 715.29 crores. Interest and finance charges and depreciation including miscellaneous expenses written off are higher than that in the previous year on account of commencement of commercial production of Corex - II and Pelletisation Plant during the year. The Pelletisation Plant achieved a production of 2.863 million tonnes (95 % of capacity) showing a growth of 35% over previous year. The Hot Rolled Coils produced were 1.42 million tonnes reflecting a growth of 11.4% over previous year.

## 2. REVISED RESTRUCTURING PACKAGE (RRP):

Reserve Bank of India (RBI) has laid down Corporate Debt Restructuring framework for restructuring of corporate debts of viable entities, primarily to avoid delay in agreement among different lending institutions. Accordingly, ICICI Bank Ltd., the lead lender for your Company, made a reference to the Corporate Debt Restructuring Cell for a comprehensive financial restructuring. In response to this reference, Corporate Debt Restructuring Cell has approved a restructuring package (Revised Restructuring Package) in February, 2003. This package inter alia includes conversion of 40% of the existing equity capital into 0.01% cumulative redeemable preference shares, part of the debt / interest overdue into equity shares / 10% cumulative redeemable preference shares, reduction in interest rates and restructuring of debt etc. The interest cost per annum is expected to come down significantly due to approval of this restructuring package.

## 3. STATUS OF PROJECT:

Your Company has commenced commercial production of entire integrated operation from 1<sup>st</sup> July, 2002. Several initiatives have been taken to improve environment and quality.

A major enviro project of Cast house de-dusting of both the Corex units was completed in September 2002. Pellet Plant ball mill scrubbers were replaced by the superior bag filters for dust control. Water sprinklers for de-dusting were also provided in Transfer towers in Pellet plant. Truck wetting system has been introduced.

Disposal of granulated slag of Corex was slow and hence accumulation of slag has been an environmental problem. Slag grinding unit of 2 lakh tpy Capacity has been initiated in the year. The unit will be commissioned in 2<sup>nd</sup> Quarter of F.Y. 2003-04, and the ground slag will be marketed to the cement plants.

In case of BOF/CCP the plant was operating with single ladle refining unit which was used for producing steel of critical applications and balance materials were taken directly to Caster from BOF. With the commissioning of the second Ladle Reheating Furnace (LRF) entire output of BOF would go through the LRF and improved quality of steel can be achieved. The unit is also to be commissioned in the F.Y. 2003-04.

The Iron Ore fines available are with high alumina content ranging from 1.6 to 2.0 %. The beneficiation process reduces the alumina content to 1.2-1.6 % thereby improving the quality of pellet for iron making. The first phase of 150-200 tph has been commissioned in this financial year and the second phase of 450 tph will be commissioned in July, 2003.

Lime Calcination Plant is producing 1 lakh tpy of Calcined Lime and the balance requirement was sourced from the market at higher cost. To meet the total requirement the second lime calcination plant has been commissioned recently.

These measures are expected to yield better operational performance.

## 4. FUTURE PROSPECTS:

At the backdrop of improved market conditions, higher capacity utilisation, quality and operational performance improvements, your Company is poised to show better performance. The thrust accorded by the Central Government in the Union Budget to infrastructure, construction of roads, building of ports etc. will boost the demand for steel. Even though there is slow down in the imports by China in the past 2 months, the estimated GDP growth in China is expected to revive the demand aiding for recovery / stabilisation in prices. The business plan for the F.Y. 2003-04 envisages production of 1.5 million tonnes of Hot Rolled Coils. With the approval of financial restructuring, the interest cost will come down significantly. Your Company is targeting to achieve a marginal net profit during the F.Y. 2003-04 barring untoward price fluctuations.

## 5. ASSOCIATED COMPANIES FOR POWER, OXYGEN AND MINING:

- JINDAL THERMAL POWER COMPANY LIMITED (JTPCL):

Both the units of 130 MW have been working at 95% PLF. During the year under review JTPCL has supplied 1,129 (MU) of power to your Company & JPOCPL. JTPCL is fully meeting the requirements of the Steel Plant & Oxygen Plant and has also supplied 902 MU of power to Karnataka Power Transmission Corporation Ltd., (KPTCL) during the period under review.

- JINDAL PRAXAIR OXYGEN COMPANY PRIVATE LIMITED (JPOCPL):

Oxygen Plant Module # 1 & Module # 2 have been working well. JPOCPL has supplied Oxygen (1,281,996 tonnes), Nitrogen (331,723 tonnes) and Argon (5,605 tonnes) to your Company in the year to meet the Steel Plant requirements.

JPOCPL has also supplied Liquid Oxygen (54,706 tonnes), Liquid Nitrogen (18,637 tonnes) & Liquid Argon (9,448 tonnes) to third party customers through Praxair India Ltd., during the period under review.

● **VIJAYANAGAR MINERALS PRIVATE LIMITED (VMPL):**

During the F.Y. 2002 - 03, 0.854 million tonnes of iron ore was dispatched from Thimmappanagudi Iron Ore Mines. The adoption of the latest technology and mine management systems has enabled VMPL to convert Thimmappanagudi Iron Ore Mines - a heterogeneous and environmentally sensitive deposit into a successful mining operation. Back filling of the mined out area with the waste generated during mining has started, thereby minimising the damage to the environment while maximising the utilisation of the resources.

**6. DIVIDEND :**

Since your Company has not made any profits during the year under review, your Directors have not recommended any dividend.

**7. FIXED DEPOSITS:**

Your Company has not accepted any Fixed Deposits from the public during the year under review.

**8. DIRECTORS:**

Mr. Moosa Raza, IAS,(Retd.), Mr. Seshagiri Rao M.V.S and Mr. U. Mahesh Rao, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The proposals regarding their re-appointment as Directors are placed for your approval.

Mr. K.K.Misra, IAS, nominee of KSIIDC in place of Mr. B.S.Patil, IAS, was appointed as an Additional Director of your Company by the Board w.e.f. 23.08.2002 and he holds office upto the forthcoming Annual General Meeting. Your Company has received notice under Section 257 of the Companies Act, 1956 proposing him for the office of Director to be elected by the members in the ensuing Annual General Meeting.

IDBI has nominated Mr. R.N.Roy as its nominee on the Board of your Company w.e.f. 25.06.2002 in place of Mr. S.Doreswamy. KSIIDC has nominated Mr. P.Kotilingangoud, IAS, as its nominee on the Board of your Company w.e.f. 28.10.2002 in place of Mr. G.Gurucharan, IAS. Mr. S.Swatantra Rao, IAS was earlier nominated by KSIIDC in place of Mr. Neelakantra, IAS. The Board of Directors place on record its deep appreciation of the valuable services rendered by Mr. Neelakanta Raj IAS, Mr. Swatantra Rao, IAS, Mr. B.S.Patil, IAS, Mr. G.Gurucharan, IAS and Mr. S. Doreswamy during their tenure as Directors.

**9. SHARE CAPITAL :**

**Forfeiture and Annulment of forfeiture of shares:**

Out of 20,69,78,250 equity shares forfeited during the F.Y. 2000 - 01 for non-payment of Call money arrears aggregating to Rs. 1,46,04,30,150/- and 3,53,410 equity shares forfeited during the F.Y. 2001-02 for non-payment of allotment money, forfeiture in respect of 67,700 shares were annulled during the year under review in addition to the forfeiture already annulled on 1,44,100 equity shares upto 31.03.2002.

**10. AUDITORS:**

M/s. Lodha & Co., Chartered Accountants, Auditors of the Company will retire at the end of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

**11. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION:**

**a) Conservation of Energy:**

Information on conservation of Energy, required to be disclosed under Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 are provided as an Annexure to this report.

**b) Technology Absorption:**

The R&D project partly funded by Ministry of Steel and Department of Science and Technology to identify suitable indigenous coal is continuing in collaboration with Society for Innovation and Development, Indian Institute of Science, Bangalore and Central Fuel Research Institute, Dhanbad. Plant trials are being undertaken with one unwashed coal. Washability characteristics of 6 coals have been studied and two suitable coals have been selected for further studies.

Based on in-house R&D efforts, iron ore beneficiation process was developed which has been successfully commercialised.

Systematic research efforts to improve Corex process have continued. Important achievements include trials with water injection in gas generator to improve energy efficiency (applied for patent) and gunniting of melter-gasifier to increase Corex refractory life.

Use of organic binder in pelletisation process has been tried successfully in Pellet Plant. Further, high bed height operation has been introduced which has enhanced Pellet Plant productivity and the plant is now operating at rated capacity.

With improved splashing and high MgO practice, BOF lining life of 3516 heats has been achieved which is a benchmark in the country.

During the financial year, the Company has added several new products like API 5L X 52 for line pipes, micro-alloyed LPG for export market, micro-alloyed high tensile for wear resistance plates and auto parts application and medium carbon steel (C55 & C65) for chain link and band saw blade application.

Your Plant has achieved lowest specific energy consumption of 6.2 Gcal/t of slab and water consumption of 3.36 m<sup>3</sup> per tonne of slab amongst all the integrated steel plants in the country.

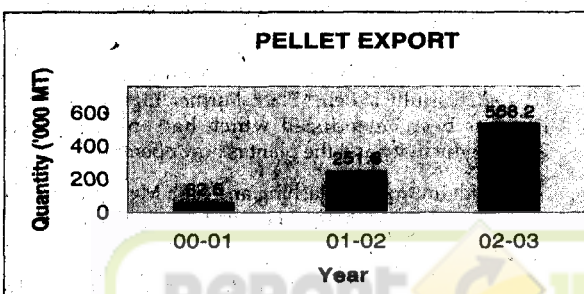
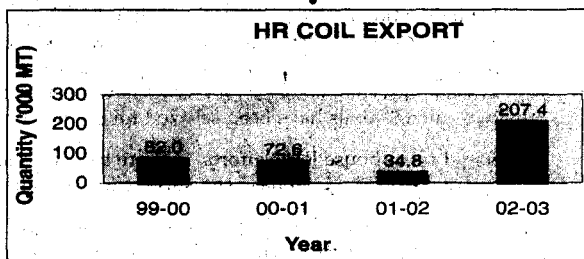
**12. AWARDS & RECOGNITION:**

Your Company has the distinction of being certified ISO-9001-2000 Quality Management System, ISO - 14001:1996 Environment Management System and OHSAS 18001:1999 Occupational Health and Safety Management System. Your Company has also been conferred the National Quality Award among Integrated Steel Plant category by Indian Institute of Metals this year which has been organising the National Quality Competition since 1991.

JVSL-township has bagged the First Prize of Prime Minister's National Award for excellence in Urban Planning and Design(1998-99) (Category 1 : Implemented Urban Planning and Design Projects signifying built environment of an exceptional quality). The award aims at rewarding highly successful and promising innovations in urban planning and design in order to improve functional performance of cities and their quality of life.

**JVSL****9TH ANNUAL REPORT 2002-2003****13. FOREIGN EXCHANGE EARNINGS AND OUTGO :****i. Activities relating to exports and initiatives taken to increase export products and services and export plans :**

The financial year 2002-2003 was overall positive for the Company especially in the export segment. The HR coil prices globally started moving northward with US lifting of restrictions on value added products, which generated good demand for Indian HR products. Demand from Europe viz: Italy, Spain, France and Southeast Asian countries such as Bangladesh, Thailand also helped the Indian HR coil producers to push up exports. The growth in volumes is further supported by high demand from China.



Your Company has exported 2.07 lakh tonnes of HR coils as against 1.00 lakh tonnes as planned.

Efforts from R & D and production teams have helped the Company to retain as a quality supplier of HR coils. The Company bagged repeated orders from some of the valued customers from countries such as Italy, Spain, China and Bangladesh.

JVSL has also established itself as a sustained and consistent supplier of iron ore pellets in the Chinese market with total export of over 5.68 lakh tonnes as against last year's total export of 2.52 lakh tonnes.

**ii. Total Foreign Exchange used and Earned :**

During the period under review, your Company has earned foreign exchange of Rs. 368.65 crores. The details of foreign exchange expenditure incurred to the tune of Rs.770.22 crores during the year are as under:

	Rs. in crores
Payments to Foreign suppliers	692.68
Interest and finance Charges	68.57
Technical know-how	3.33
Commission on Exports	5.38
Travelling & others	0.26
<b>TOTAL</b>	<b>770.22</b>

**14. PERSONNEL:**

The Company has no employee whose salary exceeds the limits prescribed u/s 217(2A) of the Companies Act, 1956. Hence information required to be given under the said section read with Companies (Particulars of Employees) Rules, 1975 as amended has not been provided in this report.

**15. THE CORPORATE GOVERNANCE CODE:**

In consonance with core values of the Company to enhance wealth of shareholders with commitment to the customers, employees and society, your Directors attach much significance to good Corporate Governance.

Pursuant to Clause 49 of the said Listing Agreement, (a) Management Discussion and Analysis, (b) the Report of the Directors on the practices prevalent on Corporate Governance in the Company and (c) the Auditors' Certificate on compliance of mandatory requirements of Corporate Governance are given as an annexure to this report.

**16. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, your Directors hereby state and confirm that:

- (i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- (ii) Your Directors have selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (iv) Your Directors have prepared the Annual Accounts on a going concern basis.

**17. APPRECIATION :**

Your Directors take this opportunity to express their grateful appreciation for the co-operation and assistance received from the Central Government, the Government of Karnataka, the Financial Institutions, Banks as well as the Shareholders and Debenture holders during the year under review. Your Directors also wish to place on record their appreciation of the devoted and dedicated service rendered by all the employees of your Company.

for and on behalf of the Board of Directors

Place : Mumbai  
Date : 5<sup>th</sup> May, 2003

**P.R. JINDAL**  
Chairman



## ANNEXURE TO DIRECTORS' REPORT

## FORM A

(Disclosure of particulars with respect to Conservation of Energy)

Form for disclosure of particulars with respect to Conservation of Energy\*

## A POWER &amp; FUEL CONSUMPTION #

	Current Year (2002-03)	Previous Year (2001-02)
1. Electricity		
a) Purchased		
Unit (kwh) (in Lacs)	4,868.98	2875.07
Total Amount (Rs.in crores)	143.13	79.35
Rate / Unit (Rs.)	2.94	2.76
b) Own Generation		
Through diesel generator		
Units (kwh) (in lacs)	1.00	2.01
Units per ltr of diesel	3.09	3.58
Cost / Unit (Rs.)	16.82	5.76
2. Coal + Coke		
Quantity ( MT )	17,16,603 MT	9,62,157 MT
	of Coal	of Coal
	+	+
	271608 MT	130785
	of Coke	MT of Coke
Total Amount (Rs in crores)	668.33	337.17
Average Rate (Rs. / MT)	3360	3085
3. Furnace Oil		
Quantity ( K.Ltrs )	3.856 KL	30.722 KL
	of LDO	of LDO
	+	+
	0.85 KL	3.403 KL
	of HFO	of HFO
Total Amount (Rs in crores)	0.0052	0.0377
Average Rate (Rs. / Ltrs)	11.05	11.05
4. -LPG		
Quantity ( MT )	1,579.52	1352.89
Total Amount (Rs. in crores)	3.14	2.41
Average Rate (Rs. / MT)	19881	17833
5. Others / Internal generation		
Quantity (Water cu.m)	4530977	3331493
Total Cost (Rs. in crores)	0.04	0.02
Rate / Unit (Rs. / M3)	0.096	0.07

## B CONSUMPTION PER UNIT OF PRODUCTION

	Standards (if any)	Current Year 1	Previous Year 2
Products (with details) Unit	HR Coils	HR Coils	HR Coils
Electricity (kwh / MT)	308.6	317.4 ##	223.6
Furnace Oil (Litre / MT)	-	0.00	0.03
LPG (Kg / T)	1.3	1.1	1.2
Others (Specify)			
- Water (M3 / T)	3.5	3.2	2.6

# Excludes consumption for Corex-II and Pellet Plant during trial run.

## Power consumed on Slab and Pellet sold has been reduced to arrive at consumption per unit for current year