

SHAPING A STAINLESS WORLD

ANNUAL
REPORT
2012-13





Shri O.P. Jindal

August 7, 1930 - March 31, 2005
O.P. Jindal Group- Founder & Futurist

Some stories are immortal...

Shri Om Prakash Jindal, Founder Chairman of the O.P. Jindal Group was a passionate believer in creating a self-reliant India. All throughout his life he pioneered development, application and dissemination of the most innovative and cost-effective technologies, which were in many ways unique and inimitable. In this quest for self-reliance and national pride, he created the foundations of a business empire, which would not only occupy a prominent position on the industrial map of India, but also contribute holistically towards the betterment of the society and the country at large. His undying passion for innovation and excellence is best reflected in the world class R&D Centre in the Group's Hisar Unit. His distinct vision of the future laid the foundation for "Shaping a Stainless India".



Savitri Devi Jindal

Chairperson

At Jindal Stainless, we are committed to doing business in a sustainable way. Our core approach while addressing social & development issues is to encourage all stakeholders to undertake sustainable interventions with the aim of achieving the overall vision of JSL becoming a socially responsible corporate.

I feel very encouraged to see that in the vicinity of the plant locations, JSL has engaged in a number of community development projects, thereby playing our part in creating growth for all. I am particularly touched by the projects directed towards 'Women's Empowerment' as I believe in the old adage, 'you empower a woman, you empower a family - you empower a family, you empower a community'. As part of the programme, women have been trained in book keeping skills and subsequently bank accounts were opened for each woman, which helped them use the credit facility prudently to grow their businesses.

We feel proud to have expanded the facilities of the NC Jindal Institute of Medical Sciences over the past year by adding a Cardio Centre and a specialized Cancer Centre. Now people in and around Hisar can easily access treatment for these ailments instead of travelling hundreds of miles to bigger cities around Hisar. In addition, mobile health vans, both in Hisar and Jajpur cover at least 40 villages on a daily basis to provide primary health care services.

Such initiatives help us to achieve our goal of inclusive growth within the communities we operate in. However, much more needs to be done and we remain committed to making positive contributions - today and tomorrow - that will benefit the world in which we live and future generations alike.

We are not only India's largest producer of Stainless Steel but, are also its biggest promoter.



Dear Shareholders,

Financial Year 12-13 was stable but challenging. Global economic recovery continues to be impaired by the euro zone crisis and the lingering impact of 2008-2009 economic meltdown. As a result unlike in 2010 and 2011, even emerging markets also did not perform as expected in 2012.

Global Stainless Steel Scenario

Global stainless steel production figures reveal a mixed picture. While overall the global production grew by 5.2% to reach a record high of 35.4 million metric tons (MT). Most of this was accounted for by China, while the rest of the World showed a negative growth, mainly due to de-stocking.

Asia's (excluding China) stainless steel production decreased marginally to 8.7 MT in 2012. But, the drop in EU and the America's was far more significant to 2.3% and 6% respectively.

Even during the recent years of reduced economic activity, China has been the principal growth area for stainless steel production. During 2012 it increased production by 14.2% to reach 16.1 MT (based on corrected figures for 2011 and 2012).

The data for the year 2012 clearly reveals that, today Asia accounts for almost 70% of the world's stainless steel production.

While, this creates challenges for us in terms of increased competition in our region but at the same time, it also creates ample opportunities for India to reposition itself as a dominant player in the sector.

Indian Stainless Steel Scenario

The Indian stainless steel market for 2012-13 was at 2.6 MT, of which flat products accounted for approx. 2 MT.

At around 2 kgs per capita stainless steel consumption in India is still very low. While, there is scope for growth, slowdown in sectors such as Infrastructure, Railways, Seaports, Airports, Highways, and Bridges etc. are major obstacles right now.

More importantly it is the cheap import of stainless steel especially from China, that is, denting the Indian Stainless Steel Industry

JSL's Business Performance

Jindal Stainless(JSL) has achieved SMS production of 1,032,611 tons with a growth of around 28% over 2011-12. Further, our total income from operation also witnessed an increase of around 30% to ₹ 10,286 crore in comparison to the previous year corresponding figure of ₹ 7,891 crore. However,

global economic slowdown, overcapacity in China and dumping of cheap stainless steel material into India and other countries by China has weakened demand for stainless steel internationally. Consequently margins have shrunk and EBITDA during the reported period is ₹ 615 crore as compared to ₹ 904 crore in previous year. Moreover, company had to slow down the ramp-up of Jajpur, Odisha stainless steel operations as it could not enjoy economies of scale due to compressed margins, resulting in lower profitability during FY 2012-13.

JSL's strategic initiatives to boost the usage of Stainless Steel Producing and Promoting Stainless Steel

Promoting Stainless Steel is just as important as producing it. As India's largest Stainless Steel producer we create innovative ideas & platforms for people to explore and experiment with the magical potential of Stainless Steel for art, architecture, lifestyle, engineering and much more.

In order to increase awareness about this magical metal, JSL has proposed to introduce a special course in stainless steel at MNIT Jaipur. This course is aimed at sensitizing budding engineers about the usage and applications of stainless steel in various sectors.

Moreover, JSL Lifestyle and JSL Architecture, subsidiaries of Jindal Stainless act as catalysts in promoting usage of stainless steel through innovative applications especially in Architecture, Building & Constructions (ABC), Infra, Lifestyle and Household sectors.

Apart from this, we have joined hands with the prestigious organizations like BARC for supplying high quality stainless steel as material quality is very critical in all nuclear applications. We are also in the process of tying up with leading automobile companies for supplying high quality stainless steel for varied applications in the auto sector.

JSL's Way Forward

For us innovation is a key business driver. Our increased production capacity at Jajpur and enhanced product range has enabled us to increase our product range upto 1650 mm (max. width). Moreover, we continue to remain focused on identifying and capturing niche and profitable segments to increase our bottom line.

Customer satisfaction is another key agenda for us. New initiatives like technical selling, increasing responsiveness and flexibility backed by an organizational restructuring, are all aimed at becoming the first choice for our customers.

Further, in this challenging atmosphere, JSL remains committed to continue towards path of complete transformation and is geared up to meet future challenges.

These initiatives are just a step further towards achieving sustained profitability. We have a long way to go to become a sustained value creator for not only our customers but for all our stakeholders, for which we remain committed.

Before I conclude, I would like to take this opportunity to thank all our stakeholders who have given their support, trust and faith in us as lenders, investors, analysts, and media.

I would also like to thank our employees, the management team, the directors on the board for their unwavering support during the challenging times.

I extend my sincere thanks to all our customers for their continued loyalty.

Ratan Jindal

Vice Chairman & Managing Director

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MANUFACTURING FACILITIES

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Phone: 01662 - 222471-83
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Email for Investors:
investorcare@jindalstainless.com

Corporate Office

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12, Bhikaiji Cama Place,
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"For more info. log on to www.jindalstainless.com"

Board of Directors

Chairperson

Savitri Jindal

Vice Chairman & Managing Director

Ratan Jindal

Directors

Naveen Jindal

Suman Jyoti Khaitan

T.S. Bhattacharya

Rajeev Bakshi

James Alistair Kirkland Cochrane

Gautam Kanjilal (Nominee Director)

Chief Executive Officer

Uday Kumar Chaturvedi

Executive Director (Finance)

Jitender P. Verma

Company Secretary

Jitendra Kumar

Working Capital Bankers

Axis Bank

Bank of Baroda

Canara Bank

ICICI Bank

Punjab National Bank

State Bank of India

State Bank of Patiala

Standard Chartered Bank

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

O.P. Jindal Marg,
Hisar -125 005 (Haryana)

Works

Hisar (Haryana),
Kothavalasa (Andhra Pradesh) and
Jajpur (Odisha)

NOTICE is hereby given that the **33rd Annual General Meeting** of Shareholders of **Jindal Stainless Limited** will be held on Thursday, the 26th day of September, 2013 at 11:30 a.m. at **Registered Office** of the Company at **O.P. Jindal Marg, Hisar - 125 005 (Haryana)** to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 31st March, 2013 and the Profit and Loss Account for the year ended on that date and the Reports of the Auditors and the Board of Directors thereon.
2. To appoint a Director in place of Mr. Suman Jyoti Khaitan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. T.S. Bhattacharya, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. James Alistair Kirkland Cochrane, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Statutory and Branch Auditors and to fix their remuneration and in connection therewith, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:
 - I. **"RESOLVED** that pursuant to the provisions of Section 224 and other applicable provisions of the Companies Act, 1956, the retiring Joint Statutory Auditors, M/s. Lodha & Co., Chartered Accountants (Firm Regn. No. 301051E) and M/s. S.S. Kothari Mehta & Co., Chartered Accountants (Firm Regn. No. 000756N) be and are hereby appointed as Joint Statutory Auditors of the Company from the conclusion of this meeting upto the conclusion of the next Annual General Meeting on such terms and conditions, including remuneration as may be finalized by the Board of Directors."
 - II. **"RESOLVED** that M/s. N.C. Aggarwal & Co., Chartered Accountants (Firm Regn. No. 003273N), be and is hereby re-appointed as Branch Auditors of Visakhapatnam division of the Company for the financial year ending 31st March, 2014 on such terms and conditions, including remuneration as may be finalized by the Board of Directors."

SPECIAL BUSINESS:

TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATIONS, 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, Mr. Uday Kumar Chaturvedi be and is hereby appointed as Director of the Company, liable to retire by rotation."

7. AS A SPECIAL RESOLUTION:

"RESOLVED that pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 or any amendment or modifications or any re-enactment thereof ("the Act") and subject to all necessary consents and approvals, if any, consent of the Company be and is hereby accorded to the appointment of Mr. Uday Kumar Chaturvedi as 'Whole Time Director' of the Company designated as "Chief Executive Officer" for a period of three years w.e.f. 27th May, 2013 on the terms of remuneration set out below:

1. Period of appointment : 3 years with effect from 27th May, 2013 to 26th May, 2016.
2. Remuneration:
 - (a) Annual Fixed Pay (inclusive of basic salary, perquisites, allowances and other benefits): Upto ₹ 1,85,00,000/- (Rupees One Crore Eighty Five Lacs only).
 - (b) Variable Pay (Performance Linked Incentive) to be paid annually as per Management Incentive Scheme of the Company: Such sum as may be determined by the Board and/or Remuneration Committee of Directors of the Company, from time to time, provided that the total variable pay shall not exceed 30% of annual fixed pay in any of the financial years during his tenure.
 - (c) Retirement / Other benefits:
Gratuity, provident fund, leave encashment, Group personal accident insurance, Company maintained car and driver, mobile phone expenses, medical insurance and other benefits as per the applicable policies and rules of the Company.
3. He shall also be entitled to such annual increment as may be determined by the Board and/or Remuneration Committee of Directors of the Company, subject to the condition that the aggregate increase of remuneration by annual increments during his tenure shall not exceed 75% of his total remuneration including annual fixed pay, variable pay and retirement / other benefits mentioned above.
4. He shall also be entitled to reimbursement of all legitimate expenses actually and properly incurred by him while performing his duties and such reimbursement will not form part of his remuneration.

5. He shall also be entitled to Employees Stock Options under Employees Stock Option Scheme / Plan of the Company as per the rules of the Company.
6. He shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.
7. He shall be liable to retire by rotation.

RESOLVED FURTHER that in the event of inadequacy or absence of profits under Sections 349 and 350 of the said Act in any financial year or years, the remuneration as approved herein be paid as minimum remuneration to Mr. Uday Kumar Chaturvedi, Chief Executive Officer, subject to requisite approvals under the said Act.

RESOLVED FURTHER that the Board and/or Remuneration Committee of Directors of the Company be and is hereby authorised to vary and/or revise the remuneration of Mr. Uday Kumar Chaturvedi, Chief Executive Officer within the overall limits approved herein and settle any question or difficulty in connection therewith and incidental thereto."

8. AS A SPECIAL RESOLUTION:

"**RESOLVED** that pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 or any amendment or modifications or any re-enactment thereof ("the Act") and subject to all necessary consents and approvals, if any, consent of the Company be and is hereby accorded to the revised terms of remuneration of Mr. Jitender P. Verma, Executive Director (Finance) for a period of three years w.e.f. 1st April, 2013 to 31st March, 2016 during the current tenure of his appointment, as set out below:

1. Revised terms of remuneration: 3 years with effect from 1st April, 2013 to 31st March, 2016.
2. Remuneration:
 - (a) Annual Fixed Pay (inclusive of basic salary, perquisites, allowances and other benefits): Upto ₹ 1,60,00,000/- (Rupees One Crore Sixty Lacs only).
 - (b) Variable Pay (Performance Linked Incentive) to be paid annually as per Management Incentive Scheme of the Company: Such sum as may be determined by the Board and/or Remuneration Committee of Directors of the Company, from time to time, provided that the total variable pay shall not exceed 30% of annual fixed pay in any of the financial years during his tenure.
 - (c) Retirement / Other benefits:
Gratuity, provident fund, leave encashment, Group personal accident insurance, mobile phone expenses, medical insurance and other benefits as per the applicable policies and rules of the Company.

In addition to the above, Mr. Jitender P. Verma shall be entitled to the following:

- A lump sum amount of ₹ 25,00,000 (Rupees Twenty Five Lacs only) per annum will be paid to him after completion of each financial year during his above tenure, as part of long term incentive plan. However, in case of resignation / termination from the services during his tenure, this ex-gratia amount will be paid on prorata basis for that particular year only.
3. He shall also be entitled to such annual increment as may be determined by the Board and/or Remuneration Committee of Directors of the Company, subject to the condition that the aggregate increase of remuneration by annual increments during his tenure shall not exceed 75% of his total remuneration including annual fixed pay, variable pay and retirement / other benefits mentioned above.
 4. He shall also be entitled to reimbursement of all legitimate expenses actually and properly incurred by him while performing his duties and such reimbursement will not form part of his remuneration.
 5. He shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.
 6. He shall be liable to retire by rotation.

RESOLVED FURTHER that in the event of inadequacy or absence of profits under Sections 349 and 350 of the said Act in any financial year or years during the period mentioned above, the remuneration as approved herein be paid as minimum remuneration to Mr. Jitender P. Verma, Executive Director (Finance) subject to requisite approvals under the said Act.

RESOLVED FURTHER that the Board and/or Remuneration Committee of Directors of the Company be and is hereby authorised to vary and/or revise the remuneration of Mr. Jitender P. Verma, Executive Director (Finance) within the overall limits approved herein and settle any question or difficulty in connection therewith and incidental thereto."

9. AS A SPECIAL RESOLUTION:

"**RESOLVED** that pursuant to the provisions of Section 314(1) read with Director's Relative (Office or Place of Profit) Rules, 2003 as amended from time to time and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), and subject to all the provisions, sanctions, permissions, consents under the statutes applicable in United Arab Emirates, consent of the Company be and is hereby granted to the re-appointment of Mr. Abhyuday Jindal, son of Mr. Ratan Jindal, Vice Chairman & Managing Director of the Company at office or place of profit in its wholly owned subsidiary 'Jindal Stainless FZE, Dubai' w.e.f.

19th December, 2013 for a period of 3 years on the remuneration, perquisites and on terms and conditions as set out herein below:

1. Period: 3 years w.e.f. 19th December, 2013
2. Remuneration: Consolidated Salary: Upto ₹ 1,50,000/- (Rupees One Lac Fifty Thousand only) per month or equivalent in any other foreign currency.
Apart from above Salary, he shall also be entitled to reimbursement of expenses actually and properly incurred by him for the business of the Company.
3. Designation: Manager. During his tenure, he may be re-designated as per the Policy of the Company.

RESOLVED FURTHER that the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or any Director or Officer to give effect to the aforesaid resolution."

Registered Office:
O.P. Jindal Marg,
HISAR – 125 005.
22nd August, 2013

By order of the Board

(Jitendra Kumar)
Company Secretary

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 9 of the Notice is annexed hereto.

Explanatory Statement under section 173(2) of the Companies Act, 1956.

ITEM NO. 6 & 7

The Board of Directors appointed Mr. Uday Kumar Chaturvedi as an Additional Director with effect from 27th May, 2013 pursuant to Article 78 of the Articles of Association and section 260 of the Companies Act, 1956. Subject to the approval of Shareholders of the Company, he was designated as Chief Executive Officer for a period of 3 years w.e f. 27th May, 2013. A notice pursuant to section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose him as a candidate for the office of Director.

Pursuant to the provisions of Schedule XIII of Companies Act, 1956, since the Company has incurred loss during the financial year ended 31st March, 2013, besides other approvals, the shareholders approval by way of special resolution will also be required for payment of remuneration in excess of limit specified in Section II of Part II, sub clause (B) of Schedule XIII of the Companies Act, 1956.

The profile of Mr. Uday Kumar Chaturvedi and other information under para 1(C)(iv) of Section II of Part II of the Schedule XIII to the Act are provided under the head 'Additional Information'. His appointment will be subject to retirement by rotation.

In compliance with the provisions of section 309 of the Companies Act, 1956, the terms of remuneration specified in the resolution are placed before the members in the General meeting for their approval.

The above may be treated as an abstract required under section 302 of the Companies Act, 1956. There is no written agreement in this regard.

Your Directors recommend the resolution at Item No. 6 as ordinary resolution and resolution at Item No. 7 as special resolution for your approval

None of the Directors other than Mr. Uday Kumar Chaturvedi, may be deemed to be concerned or interested in the aforesaid resolutions.

ITEM NO. 8

The Board of Directors appointed Mr. Jitender P. Verma as Executive Director (Finance) for a period of five years w.e.f. 9th February, 2012. Further, the shareholders of the Company approved his appointment as well as remuneration by passing special resolution at the Annual General Meeting held on 26th September, 2012.

Keeping in view his vast experience and his performance, the Remuneration Committee and the Board of Directors at their respective meetings held on 27th May, 2013 revised his terms of remuneration as mentioned in the resolution at item no. 8 subject to all necessary consents and approvals.

Pursuant to the provisions of Schedule XIII of Companies Act, 1956, since the Company has incurred loss during the financial year ended 31st March, 2013, besides other approvals, the shareholders approval by way of special resolution will also be required for payment of remuneration in excess of limit specified in Section II of Part II, sub clause (B) of Schedule XIII of the Companies Act, 1956.