

10th
Annual Report
2008-09



Jai Balaji Industries Limited

Forward looking statement

In this Annual Report, we have disclosed forward-looking information to help investors to comprehend our prospects and take informed investment decisions. This report is based on certain forward-looking statements that we periodically make to anticipate results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe that we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Notice to the Shareholders

NOTICE is hereby given that the Tenth Annual General Meeting of the Members of Jai Balaji Industries Limited will be held on Tuesday, the 15th September 2009 at 11.30 a.m. at Rotary Sadan (Shripati Singhania Hall), 94/2 Chowringhee Road, Kolkata – 700 020 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended 31st March 2009 and the Audited Balance Sheet as on that date, together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares for the year ended 31st March 2009.
3. To appoint a Director in place of Shri Shyam Bahadur Singh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Rajiv Jajodia, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this 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 Shri Kumar Krishnan Iyer who was appointed by the Board of Directors as an Additional Director of the Company with effect from 30th October 2008 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company, not liable to retire 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 Shri Angshuman

Ghatak who was appointed by the Board of Directors as an Additional Director of the Company with effect from 31st July 2009 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

“Resolved that Shri Krishnav S. Dutt who was appointed by the Board of Directors as an Additional Director of the Company with effect from 11th August 2009 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the applicable provisions of the Foreign Exchange Management Act, 1999 (“FEMA”), Foreign Exchange Management (Transfer or Issue of Security by a person Resident outside India) Regulations, 2000, SEBI (Foreign Institutional Investors) Regulations 1995, the Companies Act, 1956, the Master Circular on Foreign Investment in India No. 2/2009-10 dated July 01, 2009, issued by the Reserve Bank of India, as amended from time to time, and all other applicable acts, rules, regulations, provisions and guidelines (including any statutory modifications or re-enactment thereof for the time being in force) including necessary approvals, permissions and sanctions, as applicable, of the Foreign Investment Promotion Board (FIPB), Ministry of Finance, Ministry

of Corporate Affairs, Reserve Bank of India, Government of India and other concerned authorities and such conditions as may be prescribed by such authorities while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to permit/allow Foreign Institutional Investors (FIIs) including their sub accounts registered with SEBI, Non Resident Indians (NRI), Persons of Indian Origin (PIO) to acquire and hold equity shares and/or convertible debentures/instruments convertible into equity shares of the Company subject to the condition that:

- i) total holding of all FIIs put together shall not exceed 49% (Forty Nine percent) of the paid-up equity capital of the Company and/or 100% of the paid-up value of each series of convertible debentures/instruments convertible into equity shares of the Company;
- ii) total holding of all NRIs/PIOs put together, both on repatriation and non-repatriation basis, shall not exceed 24% (Twenty Four percent) of the paid-up equity capital of the Company and/or 24% (Twenty Four percent) of the paid-up value of each series of convertible debentures/instruments convertible into equity shares of the Company.

“RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall include any committee thereof, constituted or to be constituted) be and is hereby authorized to take all such steps and actions and give such directions and delegate such authorities, as it may in its absolute discretion, deem appropriate for the purpose of giving effect to this resolution and to do all such acts, deeds and things connected therewith or incidental thereto.”

By Order of the Board
For Jai Balaji Industries Limited

Ajay Kumar Tantia
Company Secretary

Registered Office:
5, Bentinck Street, Kolkata – 700 001
Date: 11th August 2009

Notice to the Shareholders

Notes:

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under item no. 6 to 9 of the Notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday 5th September 2009 to Tuesday 15th September 2009 (both days inclusive).
4. The dividend on equity shares of the Company for the financial year ending March 31 2009, if declared at this Meeting, will be paid on or after 15th September 2009 :

- to those Members, holding shares in physical form, whose names appear in the Register of Members of the Company on Tuesday, 15th September 2009, after giving effect to all valid transfers in physical form lodged with the Company on or before Friday, 4th September 2009.
 - in respect of shares held in electronic form, on the basis of beneficial ownership, at the close of business hours on Friday, 4th September 2009, as per details furnished by the Depositories for this purpose.
5. Members desirous of obtaining any information concerning the accounts of the Company are requested to send their queries to the Company at least seven days before the meeting so that the information required by the members may be made available at the meeting.
 6. All documents referred to in the accompanying Notice and Explanatory Statement are available for inspection by the members at the Registered Office of the Company on all working days (except Saturdays, Sundays and holidays) between 11.00 a.m. to 1.00 p.m. up to the conclusion of this Annual General Meeting.

7. Members holding shares in physical form can avail of the nomination facility by submitting Form no. 2B of the Companies (Central Government's) General Rules and Forms, 1956 with the Company or its Registrar & Share Transfer Agents. Blank forms will be made available on request. In case of shares held in demat form, the nomination has to be lodged with their Depository Participant.
8. Members are requested to bring their copy of Annual Report at the Meeting.
9. Members / Proxy-holders are requested to produce at the entrance, the attached Attendance Slip duly filled in, for admission to the meeting hall.
10. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, brief profile of the Directors seeking appointment / re-appointment at the Annual General Meeting is annexed to this Notice.

By Order of the Board
For **Jai Balaji Industries Limited**

Ajay Kumar Tantia
Company Secretary

Registered Office:
5, Bentineck Street, Kolkata – 700 001
Date: 11th August 2009

Annexure to the Notice

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 6

Shri Kumar Krishnan Iyer was appointed as Additional Director of the Company w.e.f. 30th October 2008 to hold office till the date of the ensuing Annual General Meeting pursuant to the nomination made by the investor namely India Equity Partners. The Company has received a Notice in writing along with requisite deposit under Section 257 of the Companies Act, 1956, proposing the appointment of the said candidate as a Director of the Company.

Shri Kumar Krishnan Iyer, aged about 47 years, an M.Tech from IIT, Bombay. He has vast and rich experience in Business Strategy and Project Implementation.

The Board recommends the resolution set out in item no. 6 of the notice for your approval.

Except Shri Kumar Krishnan Iyer who is concerned or interested in the resolution at item no. 6 of the accompanying notice, relating to his own appointment no other director is concerned or interested in the said resolution.

Item No. 7

Shri Angshuman Ghatak was appointed as Additional Director of the Company w.e.f. 31st July 2009 to hold office till the date of the ensuing Annual General Meeting pursuant to Section 260 of the Companies Act, 1956. The Company has received a Notice from the members along with requisite deposit under Section 257 of the Companies Act, 1956, proposing the appointment of the said candidate as a Director of the Company.

Shri Angshuman Ghatak, aged about 79

years, is a B.E. (Mechanical), and is the Ex-Chairman of Damodar Valley Corporation (D.V.C.) and West Bengal State Electricity Board (W.B.S.E.B.) He has vast and rich experience in areas of Power (Electric).

The Board recommends the resolution set out in item no. 7 of the notice for your approval.

Except Shri Angshuman Ghatak who is concerned or interested in the resolution at item no. 7 of the accompanying notice, relating to his own appointment no other director is concerned or interested in the said resolution.

Item No. 8

Shri Krishnav S Dutt was appointed as Additional Director of the Company w.e.f. 11th August 2009 to hold office till the date

Notice to the Shareholders

of the ensuing Annual General Meeting pursuant to Section 260 of the Companies Act, 1956. The Company has received a Notice from the members along with requisite deposit under Section 257 of the Companies Act, 1956, proposing the appointment of the said candidate as a Director of the Company.

Shri Krishnav S. Dutt, aged about 34 years, is a BSL, LLB. An advocate by profession, he has cast a name in the Corporate Law Sector and has been instrumental in executing number of mergers and acquisitions and private equity deals.

The Board recommends the resolution set out in Item no. 8 of the notice for your approval.

Except Shri Krishnav S. Dutt who is concerned or interested in the resolution at item No. 8 of the accompanying notice, relating to his own appointment no other director is concerned or interested in the said resolution.

Item No. 9

As per the provisions of Foreign Exchange Management Act, 1999 ("FEMA"), Foreign Exchange Management (Transfer or Issue of Security by a person Resident outside

India) Regulations, 2000, SEBI(Foreign Institutional Investors) Regulations, 1995, the Companies Act, 1956, the Master Circular on Foreign Investment in India No. 2/2009-10 dated July 01, 2009, issued by the Reserve Bank of India and other applicable rules, regulations, notifications, circulars, guidelines, policies etc., each FII can acquire and hold upto 10% of the paid-up equity capital or 10% of the paid-up value of each series of convertible debentures of an Indian Company. The aggregate holding of all such FIIs and/or their SEBI approved sub-accounts in an Indian Company can be up to a maximum of 24% of the paid-up equity share capital or 24% of each series of convertible debentures of the Indian Company. The said limit of 24% can be increased upto the sectoral cap/statutory limit as applicable to the Indian Company, if the same is approved by a special resolution passed by the shareholders in general meeting.

Further NRIs can invest on repatriation and non-repatriation basis under portfolio investment scheme route upto 5% of the paid-up capital/paid-up value of each series of debentures of the Company. The aggregate paid-up value of shares/convertible debentures purchased by all NRIs cannot

exceed 10% of the paid-up capital/paid-up value of each series of debentures of the Company. The aggregate ceiling of 10% can be raised to 24% if the same is approved by a special resolution passed by the shareholders in general meeting.

The Board of Directors have at its meeting held on 11th August 2009 approved the enhancement of limit of FIIs investment and NRI/PIO investment as mentioned in the text of the resolution.

The Board of Directors recommends the Special Resolution for the approval of the Members.

Except Investor Directors, who may be deemed to be interested, none of the Directors shall be deemed to be concerned or interested in the resolution.

By Order of the Board
For **Jai Balaji Industries Limited**

Ajay Kumar Tantia
Company Secretary

Registered Office:
5, Bentinck Street, Kolkata – 700 001
Date: 11th August 2009

Annexure to the Notice pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges

Brief Profile of the Directors Seeking Appointment / Re-appointment at the Annual General Meeting

Shri Shyam Bahadur Singh	
Date of Birth	1st April 1941
Date of Appointment	17th December 2007
Qualification	B. Sc (Metallurgical Engineering)
Expertise in Specific Functional area	Vast & Rich experience the field of Iron & Steel Industry
List of other Public Companies in which Directorship held	None
Chairman/ Member of the Committee of Board of Directors of the Company	None
Chairman/ Member of the Committee of Board of Directors of other Companies	
a) Audit Committee	None
b) Shareholders' Grievance Committee	None
No. of Equity Shares held in the Company	NIL

Notice to the Shareholders

Shri Rajiv Jajodia	
Date of Birth	3rd April 1965
Date of Appointment	1st July 1999
Qualification	B. Com (H)
Expertise in Specific Functional area	Vast & Rich experience of Steel Industry
List of other Public Companies in which Directorship held	1) Jai Balaji Jyoti Steels Ltd.
	2) Shri Marutaye Balaji Steels Ltd.
	3) Shri Sarvasrai Balaji Steels Ltd.
	4) Shri Sumangalaya Balaji Steels Ltd
	5) Jai Balaji Shakti Cement Ltd.
Chairman/ Member of the Committee of Board of Directors of the Company	Management Finance Committee
Chairman/ Member of the Committee of Board of Directors of other Companies	
a) Audit Committee	None
b) Shareholders' Grievance Committee	None
No. of Equity Shares held in the Company	15,68,333

Shri Kumar Krishnan Iyer	
Date of Birth	28th May 1962
Date of Appointment	30th October 2008
Qualification	M.Tech
Expertise in Specific Functional area	Business Strategy & Project Implementation
List of other Public Companies in which Directorship held	None
Chairman/ Member of the Committee of Board of Directors of the Company	- Audit Committee-Member
	- Share Transfer cum Investors' Grievance Committee-Member
	- Remuneration Committee -Member
	- Management Finance Committee-Member
Chairman/ Member of the Committee of Board of Directors of other Companies	
a) Audit Committee	None
b) Shareholders' Grievance Committee	None
No. of Equity Shares held in the Company	NIL

Notice to the Shareholders

Date of Birth	15th January 1930
Date of Appointment	31st July 2009
Qualification	B. E. (Mechanical)
Expertise in Specific Functional area	Vast & Rich experience in the field of Power
List of other Public Companies in which Directorship held	None
Chairman/ Member of the Committee of Board of Directors of the Company	None
Chairman/ Member of the Committee of Board of Directors of other Companies	
a) Audit Committee	None
b) Shareholders' Grievance Committee	None
No. of Equity Shares held in the Company	NIL

Shri Krishnava S. Dutt	
Date of Birth	16th October 1974
Date of Appointment	11th August 2009
Qualification	BSL, LLB
Expertise in Specific Functional area	Legal practitioner
List of other Public Companies in which Directorship held	None
Chairman/ Member of the Committee of Board of Directors of the Company	None
Chairman/ Member of the Committee of Board of Directors of other Companies	None
a) Audit Committee	None
b) Shareholders' Grievance Committee	None
No. of Equity Shares held in the Company	NIL

Directors' Report

Dear Members

Your Directors are pleased to present the tenth Annual Report of your Company, along with the audited statement of accounts for the year ended 31st March 2009.

Financial Highlights

(Rs. in lacs)

Particulars	Year ended March 31st, 2009	Year ended March 31st, 2008
Net Sales and other income	1,72,330.63	1,37,858.85
Less : Total expenditure	1,53,524.50	1,08,887.53
Profit before Interest, depreciation and tax	18,806.13	28,971.32
Less : Interest	13,056.33	11,016.81
Profit before depreciation and taxation	5,749.80	17,954.51
Less : Depreciation	5,079.37	4,335.17
Profit before Tax	670.43	13,619.34
Less : Current tax including FBT	231.99	2,008.01
MAT credit entitlement	(70.32)	(1,073.32)
Deferred Taxation	380.64	797.35
Profit after Tax	128.12	11,887.30
Add : Balance brought forward from previous year	14,010.87	12,674.94
Profit Available for Appropriation	14,138.99	24,562.24
Less : Proposed dividend	221.94	471.27
Tax on dividend	33.51	80.10
Transfer to general reserve	–	10,000.00
Balance carried to Balance Sheet	13,883.54	14,010.87

The financial results for the year under consideration include the financial figures for whole of the year of the steel unit of HEG Limited, acquired through a scheme of arrangement while the financial results for the previous year include the financial figures of the said steel unit from the appointed date i.e. 1st August 2007 and thus are not comparable.

Directors' Report

■ Company Performance

After witnessing robust growth for several years, the Indian economy experienced slowdown in tune with the global economic crisis, with GDP growth slumping to 5.8% in the third quarter, having consequential adverse effects on Indian steel industry. The iron & steel market prices underwent a drastic change in the year under review.

During the year under review, the total revenue of the Company was Rs.172,330.63 lacs, representing an increase of 25% from Rs.1,37,858.85 lacs in the financial year 2007-08. The EBIDTA for the year is Rs.18,806.13 lacs as compared to Rs.28,971.32 lacs for the year 2007-08. The net profit was down to Rs.128.12 lacs from Rs.11,887.30 lacs during the financial year 2007-08.

Unprecedented global financial turmoil & its consequent impact on metal industry in India caused sharp decline in our revenues and profits in the second half of the year under review.

■ Dividend

In view of the ongoing project execution, the capital-intensive nature of the business and inadequate profit on account of global financial turmoil, the Directors recommend for approval of the Members, a dividend of 4% on equity shares of the Company i.e. Rs.0.40 per Equity Share of Rs.10 each, for the financial year 2008-09.

■ Escalation and New Projects

With the objective of moving towards its goal of being among the top steel producer companies in India, the Company has made acquisitions / alliances during the past few years. The said acquisition enabled a focused business approach for the maximisation of benefits to all stakeholders in the Company to realise the substantial benefits of greater synergies between their businesses, besides availing of the financial resources as well as the managerial, technical, distribution and marketing resources of each other. During the year under review, the Company continued to implement its strategy of creating multiple drivers of growth.

Your Company signed a Memorandum of Understanding (MOU) with the Government of Chhattisgarh on 8th August, 2008 for setting up an Integrated Steel Plant in the State of Chhattisgarh.

A Memorandum of Understanding (MOU)

has been signed between Government of Chhattisgarh, Chhattisgarh State Electricity Board & your Company on 24th September 2008 for setting up a 600 MW Thermal Power Project in the State of Chhattisgarh.

The Sinter plant at Durgapur, with a capacity of 6.08 lacs MT per annum, commenced its commercial production on 15th September 2008. The Electric Arc Furnace (SMS) plant at Durgapur, with a capacity of 4.33 lacs MT per annum has commenced trial production w.e.f. 18th December 2008.

Jai Balaji's dream project "PURULIA" has achieved a major milestone with the handing over of permissible possession of 748.97 acres of land at Raghunathpur in the District of Purulia, West Bengal on 29th December 2008 by the West Bengal Industrial Development Corporation Limited (WBIDC) for the purpose of starting the first phase of setting up of a 5 million tonne integrated Steel Plant, 3 million tonne Cement Plant and 1215 MW Power Plant.

■ Subsidiary

Your Company has one wholly-owned subsidiary namely, Nilachal Iron & Power Limited having a sponge iron plant of 1,00,000 MT pa capacity at Ratanpur, Kandra-Chandil Road, Dist. Saraikela Kharsawan, Pin - 832 402, Saraikela, Jharkhand. During the year under review, the said subsidiary posted satisfactory results, testifying to the robust corporate strategy of creating multiple drivers of growth. As required under Section 212 of the Companies Act, 1956, the Audited Balance Sheet and Profit & Loss account along with the respective Reports of the Board of Directors and the Auditors' Report thereon of the said subsidiary for the financial year ended 31st March 2009 are attached.

■ Joint Venture

In terms of allocation of Rohne Coking Coal Block by the Ministry of Coal, Government of India to the Company jointly with JSW Steel Ltd., and Bhushan Power & Steel Ltd., the Company has entered into a Joint Venture Agreement with them to acquire 6.90% stake in a coal block. A joint venture company 'M/s Rohne Coal Company Private Limited' has been formed with the Registrar of Companies, NCT of Delhi & Haryana, in which the Company along with M/s JSW Steel Limited & M/s Bhushan Power & Steel Limited are venture partners.

■ Future Outlook

The steel industry witnessed a massive swing in demand and prices for its products during current fiscal. The world steel prices showed an upward trend till August, 2008. Towards the end of the year 2008, triggered by the global meltdown, there was an overall decrease in the demand for steel which led to a downward trend. The steel prices in domestic market also witnessed a swing following the global cues.

In spite of all, the demand for steel in India is expected to grow by around 10% for the next 10 years, fuelled by demand for construction and infrastructure projects. The consumption of steel in airports, hotels and retail stores, railway coaches and wagons, etc., is growing immensely.

Your Company reasonably believes that the turbulent conditions during the year under review, which did not allow the potential of the operations to be fully realized, will not be a lasting phenomenon. Your Company does not foresee any slowdown in the demand of the products manufactured by it. In order to secure its long-term competitive position, your Company will continue to focus on its growth strategies.

■ Listing with Stock Exchanges

The equity shares of your Company are listed with Bombay Stock Exchange Limited, National Stock Exchange of India Limited and The Calcutta Stock Exchange Association Limited. The equity shares of your Company have been listed on Bombay Stock Exchange Limited w.e.f. 2nd June 2008. The trading in the equity shares on Bombay Stock Exchange was allowed under permitted securities category before 2nd June 2008.

■ Particulars of conservation of energy, technology absorption, foreign exchange earnings and outgo

The relevant information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the Annexure forming part of this Annual report.

■ Directors' responsibility statement

In terms of the provisions of Section

Directors' Report

217(2AA) of the Companies Act, 1956, your Directors hereby confirm that:

- i) In the preparation of annual accounts, the applicable accounting standards have been followed;
- ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the statement of affairs of the Company as at 31st March 2009 and of the profit of the Company for the year ended on that date;
- iii) They 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 the Company and for preventing and detecting fraud and other irregularities; and;
- iv) The annual accounts have been prepared on a 'going concern' basis.

■ Particulars of employees

The particulars of employees as required to be furnished pursuant to Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, is given in the Annexure forming part of the report.

■ Corporate Governance and Management Discussion and Analysis

The Company believes that Corporate Governance is a way of business life than legal compulsion. The Company is committed to the application of best management practices, compliance with law, adherence to ethical standards and discharge of social responsibilities. Pursuant to Clause 49 of the Listing Agreement with the stock exchanges, the Corporate Governance Report, the Management Discussion and Analysis Report and Auditor's Certificate regarding compliance of the conditions of Corporate Governance are annexed to this report.

■ Consolidated Financial Statements

In terms of Clause 32 of the Listing Agreement with the Stock Exchanges, the Consolidated Financial Statements, conforming to Accounting Standard 21

issued by the Institute of Chartered Accountants of India, are attached as a part of the Annual Report.

■ Auditors

The statutory auditor of your Company, M/s. S. R. Batliboi & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

■ Auditors' Report

The Board's clarification to certain observations made in the Auditors Report for the year under review are as under

- The Auditors have pointed out in the Annexure to the Auditors' Report at para vii that the scope and coverage of Internal Audit system requires to be enlarged to be commensurate with the size and nature of its business.

As the Company is a listed company, the meetings of Audit Committee are being held on a quarterly basis. The Internal Auditors present their report for discussion at those meetings. The management takes suitable measures to strengthen internal control systems as and when required and as advised by the Internal Auditors. This is a continuous and on-going process which the Company is adopting to strengthen the Internal Audit Process.

- The Auditors have pointed out in the Annexure to the Auditors' at para ix(a) that the Company is generally regular in depositing undisputed statutory dues except for delay in few cases.

The management takes due care for deposit of all applicable statutory dues in time, however for certain factors there has been unavoidable circumstances of delay. The management has taken due measures to avoid such delays.

- The Auditors have pointed out in the Annexure to the Auditors' Report at para ix(b) that no undisputed statutory dues were outstanding at the year end for a period of more than six months except for Rs. 268.47 lacs towards The West Bengal Value Added Tax for June, 2008 quarter.

The company had made an excess vat payment of Rs. 343.47 lacs as at 31st March 2008, which was inadvertently

carried forward and adjusted against VAT payable for the June, 2008 quarter at the time of making payment. However subsequently upon clarification that the said excess vat payment is to be claimed separately, the Company has applied to make deferred payment of the vat dues arising due to reversal of the aforementioned adjustment, at an installment of Rs. 15 lacs per month since October, 2008. Accordingly a sum of Rs 75 lacs has been paid against the said dues till March, 2009 and subsequent months installments are being paid accordingly. The net outstanding balance of the aforesaid liability as at March 31, 2009 being Rs. 268.47 lacs after adjusting payments made of Rs. 75 lacs.

The other observations made in the Auditors' Report read with Notes to Accounts are self-explanatory and therefore, do not call for any further elucidation.

■ Directors

Shri Rajiv Jajodia and Shri Shyam Bahadur Singh, Directors, retire by rotation at the ensuing Annual General meeting and being eligible, offer themselves for re-appointment.

Your Directors have appointed Shri Satish Chander Gupta w.e.f. 30th June, 2008 & Shri Vivek Chhachhi w.e.f. 14th August, 2008 as Additional Directors of the Company. They were appointed as Directors of the Company in the last Annual General Meeting of the Company held on 18th September, 2008.

Shri Kumar Krishnan Iyer, Shri Angshuman Ghatak and Shri Krishnav S. Dutt have been appointed as additional directors w.e.f. 30th October 2008, 31st July 2009 and 11th August 2009 respectively. Shri Ajay Tandon & Shri Supratim Banerjee have been appointed as Alternate Director to Shri Vivek Chhachhi and Shri Kumar Krishnan Iyer respectively w.e.f. 13th April 2009. Shri Kumar Krishnan Iyer, Shri Angshuman Ghatak and Shri Krishnav S. Dutt will hold office up to the date of the ensuing Annual General Meeting. The Company has received special notice under Section 257 of the Companies Act, 1956, proposing the appointment of Shri Kumar Krishnan Iyer, Shri Angshuman Ghatak and Shri Krishnav S. Dutt as the Directors of the Company. In view of their considerable experience, your Directors recommend their appointments.

Shri Ashok Kumar Jaiswal, Shri Jayanta

Directors' Report

Kumar Basu and Shri Gaurav Mathur have resigned from the Board w.e.f. 30th June 2008, 1st August 2008 and 15th October 2008 respectively during the financial year ended 31st March 2009. Shri Vivek Chhachhi, alternate to Shri Jayanta Kumar Basu and Shri Supratim Banerjee, alternate to Shri Gaurav Mathur, have ceased to be on the Board w.e.f. the resignation of Shri Jayanta Kumar Basu and Shri Gaurav Mathur respectively. Shri Dipti Ranjan Patnaik and Shri Shailendra Kumar Tamotia have resigned from the Board w.e.f. 4th April 2009 and 2nd June 2009 respectively. The Board wishes to place on record its sincere appreciation of their valuable contribution to the Company.

■ Human Resource Management

Employees are vital to the Company. The Company acknowledges the tremendous contribution of all its employees towards its growth in leading, thinking, working, creating, processing, dealing, motivating, etc. Your Company integrates employee growth with organisational growth in a seamless manner through empowerment and by offering a challenging workplace, aimed towards realisation of organisational goals. To ensure this, the Company has an elaborate HR system to promote a safe, competitive and transparent work environment.

The nature of the Company's business presupposes sound work expertise, effective teamwork and continuous dedication. Your Company has created a favourable work environment that encourages innovations and meritocracy. Employee health and safety measures are in force at the work-places, shop floors, manufacturing areas, etc. The management continuously strengthens the human resource system by making available better tools, technology and techniques at the workplace to maximise the skills of the workforce. The training programs at the entry level as well as the continuous on-the-job training have been enhanced to

ensure that the Company has the right competency in its workforce.

There has been cordial & harmonious industrial relations during the year under review.

■ Corporate Social Responsibility

Jai Balaji values trust as its greatest asset and believes that it is the most precious trait in building faith and dependability amongst our stakeholders. These stakeholders – investors, employees, customers, business associates and local communities – keep their faith in us because of our commitment to social responsibility.

The Company recognizes that its operations impact a wide community of stakeholders, including investors, employees, customers, business associates and local communities and that appropriate attention to the fulfilment of its corporate responsibilities can enhance overall performance. In structuring its approach to the various aspects of Corporate Social Responsibilities, the Company takes account of guidelines and statements issued by stakeholders and other regulatory bodies. In many of the remote location worksites, your Company contributes to the welfare of the communities through many initiatives such as free distribution of medicines and other necessary items to the underprivileged etc., and the success of these efforts has further strengthened your Company's commitment to the welfare of the community.

Corporate Social Responsibility and Sustainable development will continue to be the leading priorities at Jai Balaji through which it shall consistently strive to touch lives and make a difference.

■ Environment

Concern for environment has always been a prime focus at Jai Balaji and your Company is making every effort to keep the impact of its operations on the environment at its minimum. The Waste Heat Recovery based

boilers in our Captive Power Plants are a pointer towards that effort. The Company has also embarked on a "Think Clean, Think Green" drive to develop a green belt in and around its plants. Your Company has adopted the 3Rs (reduce, reuse and recycle) concept for water and waste water management that includes rain water harvesting.

As part of our corporate vision of improving safety and quality of employee health, your Company has undertaken various environment-friendly measures in its different units for promoting a better environment. The Company has in place adequate pollution control equipments and all the equipments are in operation.

■ Acknowledgement

Your Directors place on record their sincere appreciation for the understanding, support and services of the sincere and hardworking workers, staff and executives of the Company, which have largely contributed to its efficient operations and management. Your Directors also take this opportunity to acknowledge the valuable assistance, co-operation and support extended by the investors, financial institutions/banks, regulatory and government authorities, customers, suppliers and all other business associates. Your directors now look to the future with confidence and optimism.

On behalf of the Board of Directors

Aditya Jajodia

Chairman & Managing Director

Place: Kolkata

Date : 11th August 2009

Annexure to Directors' Report

Information under Section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March 2009:

A. Conservation of energy:

(a) Energy conservation measures taken:

The Company is committed to conserve energy and making best use of the resource. Several energy conservation measures were undertaken namely:

- Molten Metal directly charged to Induction Furnace & Electric Arc Furnace for Steel Production.
- The Latent heat of Blast Furnace gas utilised in the Blast Furnace Stoves to pre-heat the air and enhance the temperature
- Arrangement of Capacitor Bank to improve the Power Factor to about 0.98
- VFDs installed for all heavy motors
- Energy Meters installed at all possible LT & HT Consumption Points to Monitor & to identify the further probable areas for reduction in power consumption
- Use of Blast Furnace Gas & Producer Gas for re-heating furnaces, ladle pre-heaters, etc.

(b) Additional investments and proposals, if any, being implemented for the reduction of consumption of energy:

As part of energy conservation measures, your Company is setting up a 40 MW waste heat recovery based boilers in its Captive Power Plant. Some other energy-saving devices such as capacitors, furnace blowers, etc., were also set up.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Energy conservation measures continue to reduce the production cost per unit in tune with reduction in energy consumption per unit of production, efficient utilisation of power and saving in electrical energy.

(d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure is annexed.

B. Technology absorption:

- (a) The details of efforts made towards absorption of technology are given separately in the Report in Form B.

C. Foreign exchange earnings and outgo:

(a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans

The Company has been constantly endeavouring to increase its exports by exploring, creating and developing new markets for its products. Visits are being made by senior management personnel to develop new export markets from time to time. During the year the Company has exports (FOB value) worth Rs.5,736.22 lacs including materials sold in Special Economic Zones in India.

(b) Total foreign exchange used and earned*

(Rs. in lacs)

	2008-09	2007-08
i) Expenditure in foreign currency	51,209.94	17,880.21
ii) Earning in foreign currency	5,736.22	317.68

* The detailed information on Foreign Exchange earnings and outgo is contained in Note no. 21 to 23 of Schedule 23 forming part of the accounts.

Form - A

Form for disclosure of particulars with respect to conservation of energy.

A. Power and fuel consumption:

Particulars	2008-09	2007-08
Electricity		
a) Purchased		
Units (in lacs)	3,121.55	2,710.13
Total amount (Rs. in lacs)	9,484.25	8,296.41
Rate per unit (Rs.)	3.04	3.06
b) Own generation		
i) Through diesel generator		
Units (in lacs)	2.85	10.33
Units per litre of diesel	3.32	4.00
Cost per unit (Rs.)	10.17	8.25
ii) Through power plant		
Units (in lacs)	2,103.32	1,363.46
Total amount (Rs. in lacs)	3,841.32	3,206.46
Cost per unit (Rs.)	1.83	2.35

Profit and Loss Account for the year ended 31st March 2009**B. Electricity consumption per unit (MT) of production:**

Particulars	2008-09	2007-08
Sponge iron (Units)	94	108
Billet/MS ingots (Units)	763	857
Ferro alloys (Units)	4,211	3,592
Pig iron (Units)	222	201
Steel bars/rods (Units)	94	90

Form B

Form for disclosure of particulars with respect to technology absorption.

Research and Development (R&D)**1. Specific areas in which R&D was carried out by the Company:-**

- Product Development in terms of quality and performance ■ Process development ■ Energy saving
- Waste utilisation ■ Safer environment

2. Benefits derived as a results of the above R&D :

- Improvement in productivity ■ Improvement in quality ■ Standardisation of process parameters ■ Increase in market share of its products
- Reduction in wastage ■ Saving in energy cost ■ Better utilisation of resources

3. Future plan of action:

Continuation of its efforts towards:

- Energy conservation measures ■ Improvement in productivity ■ Improvement in quality
- Installation of pollution control equipments

4. Expenditure on R&D :

R&D is carried on by the Company as a part of ongoing development activity and the expenditure thereof is considered as part of operating/project expenditure. No R&D was carried out within the meaning of applicable accounting standard.

Technology absorption, adaptation and innovation:**a) Efforts, in brief, made towards technology absorption, adaptation and innovation.**

The Company has always been aware of the latest technological and know-how development and adapted to the best possible extent to attain high levels of quality. The Company continued its efforts towards improvement in the existing production process, energy conservation and waste utilisation.

b) Benefits derived as a result of the above efforts.

As a result of above efforts, there was improvement in product quality, greater participation in exports and saving in process cost.

c) In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), the following information may be furnished :

- | | |
|--|------------------|
| (i) Technology imported | : Nil |
| (ii) Year of import | : Not applicable |
| (iii) Has technology been fully absorbed? | : Not applicable |
| (iv) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action | : Not applicable |

Annexure to Directors' Report

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956, and forming part of the Director's report for the year ended 31st March, 2009.

Employed throughout the year and in receipt of the remuneration aggregating not less than Rs. 24,00,000/- per annum.

Name	Designation	Remuneration received (Rs.)	Nature of Employment	Nature of Duties	Qualification	Experience (Years)	Date of Commencement of Employment	Age (Years)	Previous Employment
Chaturmukha Pattnaik	Executive Director (Projects and Technology)	24,62,523/-	Permanent	Projects and Technology	M. Tech (Chemical Engr.)	29+	03.03.2008	57	Jindal Steel & Power Limited

Report of the Directors on Corporate Governance

I. Company's philosophy

The Company recognises that corporate governance is not merely a discipline imposed by the regulator, rather it is a culture aimed to guide all functions and activities of the organisation so as to meet the aspirations of all stakeholders. As such the Company believes that good corporate governance stems from the culture and mindset of the organisation and is a continuing exercise which requires review of all business practices and functions so as to adopt the best practices and norms in a dynamic business environment.

The Company acknowledges that wholehearted support of all its stakeholders is imperative for it to achieve its vision of growth and becoming a global player in its business. Over the years the governance processes and systems have been continuously improved at the Company and in addition to complying with the

statutory requirements, effective governance systems and practices of maintaining high standards of transparency, disclosures, internal control and ethics have been rooted at all levels so as to maximise value of all its stakeholders. The Company emphasis to leverage its human and capital resources to translate opportunities into reality, create awareness of corporate vision and influence dynamism and entrepreneurship at all levels.

The Company's policies are in line with the Corporate Governance guidelines prescribed under Listing Agreement(s) with Stock Exchanges and the Company ensures that various disclosures requirements are complied in spirit for effective Corporate Governance.

2. Board of Directors

The Board is headed by Executive Chairman, Shri Aditya Jajodia, and comprises eminent persons with considerable professional

experience in diverse fields. As on 31st March 2009, the Board comprises twelve Directors, of which two are Promoter Executive Directors, two are Promoter Non-Executive Directors and eight are Independent Non-Executive Directors. The composition of the Board of Directors of the Company is in conformity with Clause 49 of the Listing Agreement with stock exchange(s).

During the financial year 2008-09, the Company held 6 Board meetings. The maximum time gap between any two consecutive meetings did not exceed four months. The dates of the 6 Board meetings are as follows:

26th April 2008, 30th June 2008, 29th July 2008, 14th August 2008, 30th October 2008 and 28th January 2009.

The composition of the Board of Directors and their attendance at the Board meetings during the financial year 2008-09 and at the Annual General Meeting, and the number of other directorship and Board committee membership/chairmanship are as follows:

Name of the Directors	Category	Attendance particulars		Number of other directorship and committee membership / chairmanship		
		Board meetings	Last AGM	Other directorship	Committee membership	Committee chairmanship
Shri Aditya Jajodia (Chairman & Managing Director)	Promoter Executive Director	6	Yes	7	–	–
Shri Sanjiv Jajodia (Whole-time Director)	Promoter Executive Director	4	Yes	6	–	–
Shri Rajiv Jajodia	Promoter Non-Executive Director	6	Yes	5	–	–
Shri Dipti Ranjan Patnaik (resigned w.e.f. 04.04.09)	Independent Non-Executive Director	–	–	2	–	–
Shri Ashim Kumar Mukherjee	Independent Non-Executive Director	5	Yes	1	–	–
Shri Shailendra Kumar Tamotia (resigned w.e.f. 02.06.09)	Independent Non-Executive Director	6	–	2	1	–
Shri Shyam Bahadur Singh	Independent Non-Executive Director	3	–	–	–	–
Shri Gourav Jajodia	Promoter Non-Executive Director	4	Yes	4	–	1
Shri Manoj Kumar Banthia	Independent Non-Executive Director	4	–	1	–	–
Shri Satish Chander Gupta (appointed w.e.f. 30.06.08)	Independent Non-Executive Director	1	Yes	9	1	–
Shri Vivek Chhachhi (appointed w.e.f. 14.08.08)	Independent Non-Executive Director	2	–	3	–	–

Report of the Directors on Corporate Governance

Name of the Directors	Category	Attendance particulars		Number of other directorship and committee membership / chairmanship		
		Board meetings	Last AGM	Other directorship	Committee membership	Committee chairmanship
Shri Kumar Krishnan Iyer (appointed w.e.f. 30.10.08)	Independent Non-Executive Director	1	–	–	–	–
Shri Ashok Kumar Jaiswal (resigned w.e.f. 30.06.08)	Independent Non-Executive Director	–	–	3	3	–
Shri Jayanta Kumar Basu (resigned w.e.f. 01.08.08)	Independent Non-Executive Director	2	–	3	1	–
Shri Vivek Chhachhi (ceased w.e.f. 01.08.08)	Alternate to Shri Jayanta Kumar Basu	1	–	1	–	–
Shri Gaurav Mathur (resigned w.e.f. 15.10.08)	Independent Non-Executive Director	–	–	–	–	–
Shri Supratim Banerjee (ceased w.e.f. 15.10.08)	Alternate to Shri Gaurav Mathur	3	–	2	–	–

Shri Dipti Ranjan Patnaik and Shri Shailendra Kumar Tamotia have resigned from the Board w.e.f. 4th April 2009 and 2nd June 2009, respectively. Shri Ajay Tandon and Shri Supratim Banerjee have been appointed as Alternate Director to Shri Vivek Chhachhi and Shri Kumar Krishnan Iyer, respectively w.e.f., 13th April 2009. Shri Angshuman Ghatak and Shri Krishnav S Dutt have been appointed as additional director w.e.f. 31st July 2009 and 11th August 2009 respectively.

As per declarations received by the

Company, none of the independent Directors is related to each other or to the promoters in terms of the definition of 'relative' given under the Companies Act, 1956. Further, Shri Rajiv Jajodia and Shri Sanjiv Jajodia are related as brothers. Shri Aditya Jajodia and Shri Gourav Jajodia are their brother's son.

None of the Directors on the Board is a member of more than 10 Board-level committees or a Chairman of more than five such committees across all the

Companies in which he is a Director. In accordance with Clause 49 of the Listing Agreement, Memberships / Chairmanships of only the Audit Committees and Shareholders' / Investors' Grievance Committees of all Public Limited Companies (excluding Jai Balaji Industries Limited) have been considered.

Other directorships do not include alternate directorship, directorships of private companies, Section 25 companies and of companies incorporated outside India.

3. Audit Committee

As on 31st March, 2009, the Audit Committee comprised of six Directors, five whom are Independent Non-Executive Directors. The Audit Committee has been mandated with the same terms of reference as specified in the revised Clause 49 of the Listing Agreement with the stock exchanges and covers all the aspects stipulated by the SEBI guidelines. The terms of reference also fully conform to the requirements of Section 292A of the Companies Act, 1956.

The Audit Committee met five times during the year on 25th April 2008, 30th June 2008, 29th July 2008, 30th October 2008 and 28th January 2009.

Shri Ajay Kumar Tantia, Company Secretary, is the Secretary to the Audit Committee.

The composition of the Committee and the attendance at the meetings of the Committee during the year 2008-09 are given below:

Name of the Members	Designation	No. of meetings attended
Shri Satish Chander Gupta (appointed w.e.f. 30.06.08)	Chairman (w.e.f. 30.06.08)	1
Shri Ashim Kumar Mukherjee	Member	5
Shri D. R. Patnaik	Member	–
Shri Aditya Jajodia	Member	5
Shri Vivek Chhachhi (appointed w.e.f. 14.08.08)	Member	2
Shri Kumar Krishnan Iyer (appointed w.e.f. 30.10.08)	Member	1

Report of the Directors on Corporate Governance

Name of the Members	Designation	No. of meetings attended
Shri Ashok Kumar Jaiswal (resigned w.e.f. 30.06.08)	Chairman (till 30.06.08)	1
Shri Jayanta Kumar Basu (resigned w.e.f. 01.08.08)	Member	1
Shri Vivek Chhachhi As Alternate to Shri Jayanta Kumar Basu (ceased w.e.f. 01.08.08)	Member	1
Shri Gaurav Mathur (resigned w.e.f. 15.10.08)	Member	–
Shri Supratim Banerjee Alternate to Shri Gaurav Mathur (ceased w.e.f. 15.10.08)	Member	2

All the members of the Committee are financially literate. The Committee is headed by Shri Satish Chander Gupta, who is Ex-CMD of Punjab National Bank & Indian Overseas Bank and has more than 35 years of experience in banking & finance.

Shri D. R. Patnaik ceased to be the member of Audit Committee upon his resignation from the Board w.e.f. 4th April 2009. Shri Ajay Tandon & Shri Supratim Banerjee have been inducted in the Audit Committee in the capacity of Alternate Director to Shri Vivek Chhachhi and Shri Kumar Krishnan Iyer, respectively, w.e.f. 13th April 2009.

The meetings of the Audit Committee were also attended by the Whole-time Director (Director-in-charge of Finance) and the auditors.

Minutes of the Audit Committee meetings are placed and discussed in length before the Board.

The terms of reference of the Audit Committee are as follows:-

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing with the management, the

annual financial statements before submission to the board for approval, with particular reference to:

- a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956
- b. Changes, if any, in accounting policies and practices and reasons for the same
- c. Major accounting entries involving estimates based on the exercise of judgment by management
- d. Significant adjustments made in the financial statements arising out of audit findings
- e. Compliance with listing and other legal requirements relating to financial statements
- f. Disclosure of any related party transactions
- g. Qualifications in the draft audit report.
5. Reviewing with the management, quarterly, half yearly and annual financial statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, private placement etc.).
7. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

8. Reviewing the adequacy of internal audit function including the frequency of internal audit.

9. Discussion with internal auditors any significant findings and follow up there on.

10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

13. Reviewing any related party transaction i.e., transaction with the Company of material nature, key managerial personnel (KMP), relatives of KMP, enterprises over which the KMP possess significant influence, etc., that may have potential conflict with the interest of the Company at large.

14. Reviewing transactions with Subsidiaries, Joint Ventures etc.

15. Reviewing the financial statements of the unlisted subsidiary company.

16. Carrying out any other functions as mentioned in the terms of reference of the Audit Committee.

Report of the Directors on Corporate Governance

The Audit Committee is empowered, pursuant to its terms of reference, to:

- | | | |
|---|--|---|
| I. To investigate any activity within its terms of reference. | II. To seek information from any employee. | IV. To secure attendance of outsiders with relevant expertise, if it considers necessary. |
| | III. To obtain outside legal or other professional advice. | |

4. Remuneration Committee

As on 31st March 2009, the Remuneration Committee comprised entirely of five Independent Non-Executive Directors. The terms of reference of the Committee are to discuss, approve and recommend the appointment, re-appointment of Executive Directors and also to fix their remuneration packages for approval by the Board as well as the shareholders. Remuneration paid to the Directors is well within the limits of Schedule XIII of the Companies Act, 1956.

During the financial year ended 31st March 2009, no meeting of the Remuneration Committee was held. The composition of the Committee during the financial year 2008-09 is given below:

Name of the Members	Designation
Shri D.R. Patnaik	Chairman
Shri Ashim Kumar Mukherjee	Member
Shri Satish Chander Gupta (Appointed w.e.f. 30.06.08)	Member
Shri Vivek Chhachhi (Appointed w.e.f. 14.08.08)	Member
Shri Kumar Krishnan Iyer (Appointed w.e.f. 30.10.08)	Member
Shri Ashok Kumar Jaiswal (Resigned w.e.f. 30.06.08)	Member
Shri Jayanta Kumar Basu (Resigned w.e.f. 01.08.08)	Member
Shri Vivek Chhachhi As Alternate to Shri Jayanta Kumar Basu (Ceased w.e.f. 01.08.08)	Member
Shri Gaurav Mathur (Resigned w.e.f. 15.10.08)	Member
Shri Supratim Banerjee Alternate to Shri Gaurav Mathur (Ceased w.e.f. 15.10.08)	Member

Shri Dipti Ranjan Patnaik ceased to be the Chairman of Remuneration Committee upon his resignation from the Board w.e.f. 4th April 2009. Shri Ashim Kumar Mukherjee, a member of the Remuneration

Committee, has been appointed as the Chairman in place of Shri Dipti Ranjan Patnaik w.e.f. 13th April 2009. Shri Ajay Tandon & Shri Supratim Banerjee have been inducted in the Remuneration Committee in the

capacity of Alternate Director to Shri Vivek Chhachhi and Shri Kumar Krishnan Iyer, respectively w.e.f., 13th April 2009.

Remuneration policy

The Company pays remuneration to the Chairman & Managing Director and the Whole-time Director, while Non-Executive Directors are only paid sitting fees for attending each Board Meeting. At present no sitting fees is paid for attending committee meeting. The Remuneration Committee decides on the increment of the remuneration to the Executive Directors, based on the performance of the Company as well as that of the Executive Directors.

Report of the Directors on Corporate Governance

The details of remuneration paid to the Executive and Non-Executive Directors during the year ended 31st March 2009 are as follows:

Name of the Director	Salary (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Shri Aditya Jajodia	6,00,000	–	6,00,000
Shri Sanjiv Jajodia	5,65,000	–	5,65,000
Shri Rajiv Jajodia	–	30,000	30,000
Shri Ashok Kr. Jaiswal	–	–	–
Shri Dipti Ranjan Patnaik	–	–	–
Shri Ashim Kumar Mukherjee	–	25,000	25,000
Shri Shailendra Kumar Tamotia	–	30,000	30,000
Shri Shyam Bahadur Singh	–	15,000	15,000
Shri Gourav Jajodia	–	20,000	20,000
Shri Manoj Kumar Banthia	–	20,000	20,000
Shri Satish Chander Gupta	–	5,000	5,000
Shri Jayanta Kumar Basu	–	–	–
Shri Vivek Chhachhi	–	–	–
Shri Gaurav Mathur	–	–	–
Shri Supratim Banerjee	–	–	–
Shri Kumar Krishnan Iyer	–	–	–
Total	11,65,000	1,45,000	13,10,000

The tenure of office of Shri Aditya Jajodia, Chairman and Managing Director and Shri Sanjiv Jajodia, Whole-time Director is for a period of 5 years from their respective dates of appointment.

Note: Notice period & severance fees - None

The details of equity shares and convertible instruments of the Company held by the Non-Executive Directors as on 31st March 2009 are as below:

Name	No. of shares held in the Company	No. of warrants* held in the Company
Shri Rajiv Jajodia	15,68,333	2,50,000
Shri Gourav Jajodia	1,07,666	1,00,000
Shri Dipti Ranjan Patnaik	9,980	–

* Refer item no. 15 for details.

All other Non-Executive Directors excluding the above do not hold any shares or convertible instruments of the Company.

5. Shareholders' Committee

The Board has constituted the Share Transfer cum Investor Grievance Committee which as on 31st March 2009, comprised one Promoter Executive Director and four Independent Non-Executive Directors.

The Share Transfer cum Investor Grievance Committee deals with various matters such as:

- To review and note all matters relating to the registration of transfer and transmission of shares and debentures, issue of duplicate share certificates or allotment letters and certificates for debentures in lieu of those lost/ misplaced.
- To look into the redressal of shareholders' and investors' complaints relating to the transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividends, etc.
- To oversee the performance of the Registrar & Share Transfer Agents.
- To review dematerialisation and re-materialisation of the shares of the Company.
- To comply with all such directions of SEBI, Stock Exchanges, Ministry of Corporate Affairs & other regulator bodies w.r.t. shareholders / investors rights and market regulations, from time to time.

Report of the Directors on Corporate Governance

During the year 2008-09, the Committee met three times on 29th July 2008, 30th October 2008 and 28th January 2009. The composition of the Shareholders' Grievance Committee and the attendance of member Directors during the financial year 2008-09 are as follows:

Name of the Members	Designation	No. of meetings attended
Shri Ashim Kumar Mukherjee	Chairman	3
Shri Aditya Jajodia	Member	3
Shri Dipti Ranjan Patnaik	Member	–
Shri Vivek Chhachhi (Appointed w.e.f. 14.08.08)	Member	2
Shri Kumar Krishnan Iyer (Appointed w.e.f. 30.10.08)	Member	1
Shri Jayanta Kumar Basu (Resigned w.e.f. 01.08.08)	Member	–
Shri Vivek Chhachhi As Alternate to Shri Jayanta Kumar Basu (ceased w.e.f. 01.08.08)	Member	1
Shri Gaurav Mathur (Resigned w.e.f. 15.10.08)	Member	–
Shri Supratim Banerjee Alternate to Shri Gaurav Mathur (ceased w.e.f. 15.10.08)	Member	1

Shri D. R. Patnaik ceased to be the member of Share Transfer cum Investor Grievance Committee upon his resignation from the Board w.e.f. 4th April 2009. Shri Ajay Tandon & Shri Supratim Banerjee have been inducted in the Share Transfer cum Investor Grievance Committee in the capacity of Alternate Director to Shri Vivek Chhachhi and Shri Kumar Krishnan Iyer, respectively, w.e.f. 13th April 2009.

Shri Ajay Kumar Tania, Company Secretary, is the Compliance Officer of the Company.

The details of complaints received and redressed during the year under review are given below:

Opening balance	Received during the year	Resolved during the year	Closing balance
Nil	10	10	Nil

6. Management (Finance) Committee

As on 31st March 2009, the Management (Finance) Committee comprised three Promoter Directors and three Independent Non-Executive Directors.

Terms of reference

- To assess the financial requirements of the Company.
- To approve and adopt the sanctions granted by the various banks and financial institutions for lending to the Company.
- Any other matter as referred by the Board.

During the financial year 2008-09, the Committee met five times on 17th April 2008, 21st May 2008, 19th June 2008, 15th September 2008 & 10th December 2008. The composition of the Management (Finance) Committee and the attendance of member Directors during the financial year 2008-09 are as follows:

Name of the Members	Designation	No. of meetings attended
Shri Aditya Jajodia	Chairman	5
Shri Sanjiv Jajodia	Member	5
Shri Rajiv Jajodia	Member	5

Report of the Directors on Corporate Governance

Name of the Members	Designation	No. of meetings attended
Shri Vivek Chhachhi (Appointed w.e.f. 14.08.08)	Member	–
Shri Kumar Krishnan Iyer (Appointed w.e.f. 30.10.08)	Member	–
Shri Ashim Kumar Mukherjee (Appointed w.e.f. 30.10.08)	Member	1
Shri Jayanta Kumar Basu (Resigned w.e.f. 01.08.08)	Member	–
Shri Vivek Chhachhi As Alternate to Shri Jayanta Kumar Basu (ceased w.e.f. 01.08.08)	Member	–
Shri Gaurav Mathur (Resigned w.e.f. 15.10.08)	Member	–
Shri Supratim Banerjee Alternate to Shri Gaurav Mathur (ceased w.e.f. 15.10.08)	Member	–

Shri Ajay Tandon & Shri Supratim Banerjee have been inducted in the Management (Finance) Committee in the capacity of Alternate Director to Shri Vivek Chhachhi and Shri Kumar Krishnan Iyer, respectively, w.e.f. 13th April 2009.

7. General Body Meetings

Annual General Meeting

The location, date and time of the last three Annual General Meetings are as follows:

Financial year	Date	Time	Location
2007-08	18.09.2008	11:00 A.M.	
2006-07	27.09.2007	11:00 A.M.	Rotary Sadan (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata – 700 020
2005-06	23.09.2006	10:30 A.M.	Rotary Sadan (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata – 700 020

Special Resolutions

The following Special Resolutions were taken up in the last three Annual General Meetings and were passed with the requisite majority.

2007-08

There were no Special Resolutions passed in the Annual General Meeting during 2007-08.

2006-07

Approval u/s 81(IA) of the Companies Act, 1956, to create, issue, offer and allot any securities so that the total amount raised through the aforesaid securities shall not exceed US\$ 300 million.

2005-06

There were no Special Resolutions passed in the Annual General Meeting during 2005-06.

Report of the Directors on Corporate Governance

Court-convened meeting

The details of the Court-convened meeting of members of the Company held in the last three years are as follows:

Financial year	Venue	Day and date	Time	Purpose
2007-08	Rotary Sadan (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata – 700 020	Wednesday 12.03.2008	10:30 A.M.	In terms of the order dated 30th January 2008 and 5th February 2008 of the Hon'ble High Court at Calcutta, for approving the arrangement embodied in the scheme of arrangement between the Company and HEG Limited.
2007-08	Rotary Sadan (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata – 700 020	Thursday 12.04.2007	2:00 P.M.	In terms of the order dated 8th March 2007 of the Hon'ble High Court at Calcutta, for approving the Scheme of Amalgamation of Shri Ramrupai Balaji Steels Limited with the Company.

Extraordinary General Meeting

The details of the Extraordinary General Meeting (EGM) of the equity shareholders of the Company held in the last three years are as follows:

Financial year	Venue	Day and date	Time	Nature and nos. of Special Resolutions
2007-08	Rotary Sadan (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata – 700 020	Wednesday 12.03.2008	1:30 P.M.	1. Alteration in Articles of Association 2. Revision in terms of appointment of the Managing Director 3. Re-appointment of Whole-time Director
2007-08	Rotary Sadan (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata – 700 020	Thursday 10.01.2008	11:00 A.M.	1. Issuance of zero coupon compulsorily convertible debentures 2. Issuance of SPML warrants 3. Issuance of promoter warrants
2007-08	Rotary Sadan (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata – 700 020	Thursday 12.04.2007	3:00 P.M.	1. Issuance of Securities 2. Change of Name of the Company

Postal Ballot

No special resolution were passed through postal ballot in the last Annual General Meeting. There is no proposal to pass any Special Resolution which requires passing by postal ballot in the forthcoming Annual General Meeting of the Company.

8. Disclosures

Related party transactions are disclosed in the annexed financial statement under Note no. 14 of Schedule 23 relating to financial statements. There are no materially significant related party transactions that have/ may have potential conflict with the interest of the Company.

The stock exchanges, SEBI or any other statutory authorities have not imposed any penalties or strictures for non-compliance by the Company on any matter relating to the capital markets during the last three years.

In pursuance to Clause 49 of the Listing Agreement, the Board has approved the “**Code of Conduct for Board members and senior management personnel**” and the same has been circulated and posted on the Company's website. The Board of Directors and the senior management personnel have given their declarations confirming compliance of the provisions of the above code of conduct. A declaration to this effect signed by the Chairman & Managing Director forms part of this Annual Report.

9. CEO/CFO Certification

Shri Aditya Jajodia, Chairman & Managing Director and CEO, and Shri Sanjiv Jajodia, Whole-time Director and CFO of the Company have submitted the CEO/CFO certificate which is separately enclosed with the report.

Report of the Directors on Corporate Governance

10. Means of communication

Financial results

In compliance with Clause 41 of the Listing Agreement, the Company regularly intimates the un-audited as well as audited financial results to the stock exchanges immediately after they are approved and taken on record by the Board. In addition, these results are also posted on the web site of the Company, at www.jaibalajigroup.com.

The results were published in the following local and national dailies:-

- a. Aajkal (Vernacular language)
- b. Dainik Statesman (Vernacular language)
- c. The Economic Times (English)
- d. Business Standard (English)
- e. Business Line (English)

E-Mail ID for Investors' Grievances

As per Clause 47 (f) and SEBI Circular No. MRD/DoP/SE/DEP/CIR-22/06, the Company has created an exclusive e-mail ID for redressal of grievances, which is jaibalaji@jaibalajigroup.com.

Other information

General information of the Company is posted on the Company's website. Official news releases and presentation to analysts and institutional investors, if any, are also posted.

11. Shareholder information

Day, date and time of the Annual General Meeting	: Tuesday, 15th September 2009 at 11.30 a.m.
Venue of the Annual General Meeting	: Rotary Sadan (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata - 700 020.
Financial calendar (tentative) for the year 2009-10	: April 2009 to March 2010 The probable dates for the publication of the quarterly results for the financial year 2009-10 will be the last week of the month, following the respective quarter and the audited results for the year will be published by the end of June, 2010.
Date of book closure	: Saturday, 5th September 2009 to Tuesday, 15th September 2009 (both days inclusive)
Dividend payment date	: On and after 15th September 2009 If approved at the Annual General Meeting.
Listing of equity shares on stock exchanges	: <ul style="list-style-type: none">● Bombay Stock Exchange Ltd. 25 P. J. Towers, Dalal Street, Mumbai – 400 001 (Listed on 2nd June 2008. Before 2nd June 2008, the trading in the equity shares was allowed under permitted securities category)● National Stock Exchange of India Ltd. "EXCHANGE PLAZA", Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051.● The Calcutta Stock Exchange Association Limited 7, Lyons Range, Kolkata – 700 001.

The Company has paid the annual listing fees to all the stock exchanges for the financial year 2008-09.

■ Stock Code	: BSE – 532976 NSE – JAIBALAJI CSE – 10020253
■ Corporate Identification Number (CIN)	: L27102WB1999PLC089755
■ Demat ISIN Number in the NSDL and CDSL	
- For fully paid-up equity shares	: INE 091G01018
- For partly paid-up equity shares	: IN 9091G01016

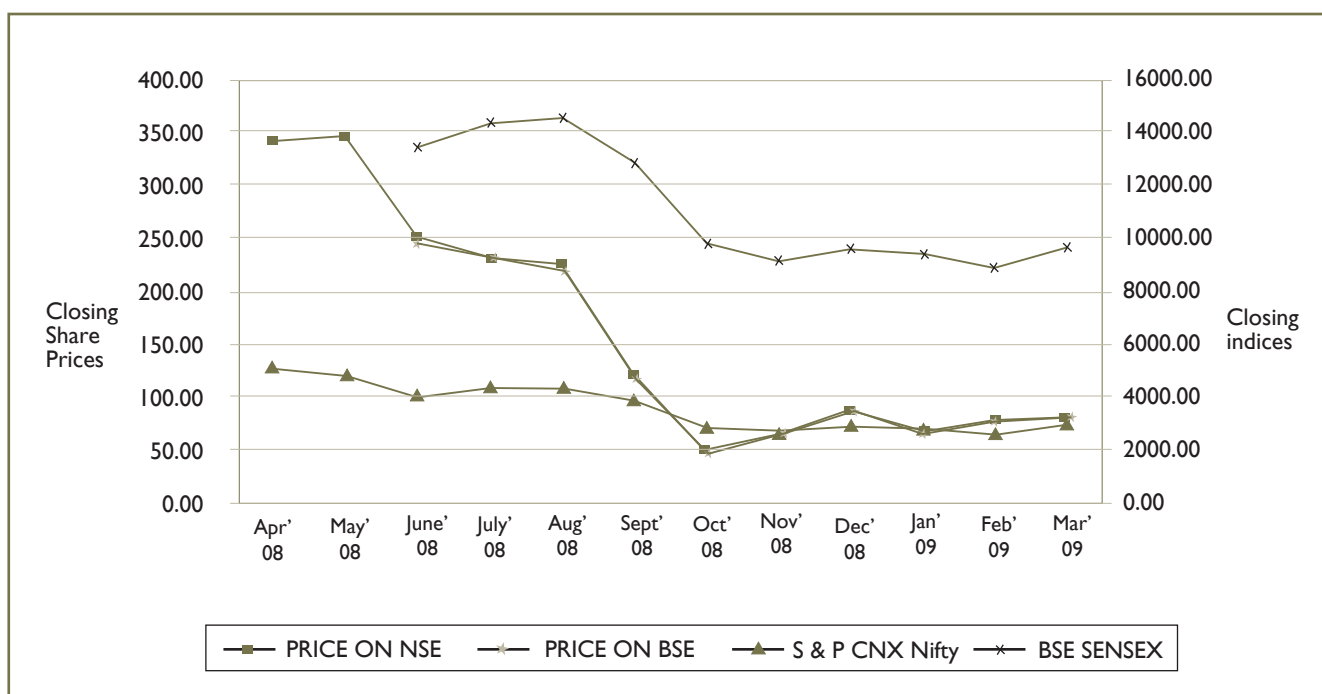
Report of the Directors on Corporate Governance

■ Stock market price data:

The Company's monthly high and low prices recorded on the National Stock Exchange of India Limited & the Bombay Stock Exchange Ltd during the financial year 2008-09 are as under:

Month	Share Price (NSE)		Share Price (BSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April'08	365.00	251.10	355.00	263.60
May'08	423.50	335.30	421.25	331.15
June'08	405.00	240.00	409.70	235.45
July'08	260.00	201.00	264.00	200.00
August'08	355.00	215.60	352.90	215.20
September'08	228.00	108.00	235.00	108.10
October'08	136.75	42.30	140.00	41.75
November'08	72.00	50.55	72.30	50.10
December'08	88.95	63.50	88.00	64.00
January'09	92.50	61.00	93.00	64.00
February'09	84.90	66.00	84.85	66.00
March'09	81.90	72.55	87.00	71.05

Share price performance in comparison to broad based indices - NSE Nifty and BSE Sensex



Report of the Directors on Corporate Governance

- Registrars and Share Transfer Agent : S. K. Computers
(both for demat and physical) 34/1A, Sudhir Chatterjee Street,
Kolkata – 700 006.
Tel: (033) 2219-6797
Fax: (033) 2219-4815
E-mail: agarwalskc@rediffmail.com
- Share transfer system : The shares in physical form for transfers can be lodged with the Registrars & Share Transfer Agent at the above-mentioned address. The transfers are processed within 15 days from the date of receipt, if the documents are complete in all respects.

12. Categories of Shareholders as 31st March 2009

Category	Number of Shareholders	Shareholders %	Number of Ordinary shares held	Holding %
Resident individual	7,543	94.38	58,09,702	12.33
Domestic companies	374	4.68	76,38,923	16.21
Non-Resident Indian	57	0.72	31,379	0.06
Mutual funds	1	0.01	13,28,033	2.82
Nationalised Bank	1	0.01	880	0.00
Promoters	16	0.20	3,23,17,983	68.58
Total	7,992	100.00	4,71,26,900	100.00

13. Distribution of shareholding as on 31st March 2009

Range of ordinary shares held	No. of shareholders	Percentage (%) to total shareholders	No. of shares	Percentage(%) to share capital
Upto 500	7,326	91.67	7,26,490	1.54
501 to 1000	314	3.93	2,44,414	0.52
1001 to 2000	133	1.67	2,00,861	0.43
2001 to 3000	45	0.56	1,13,287	0.24
3001 to 4000	24	0.30	87,601	0.19
4001 to 5000	14	0.17	66,383	0.14
5001 to 10000	41	0.51	2,93,335	0.62
10001 to 50000	46	0.58	9,89,377	2.10
50001 to 100000	12	0.15	9,01,374	1.91
100001 and above	37	0.46	4,35,03,778	92.31
Total	7,992	100.00	4,71,26,900	100.00

14. Dematerialisation of shares and liquidity as on 31st March 2009

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India – the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As at 31st March 2009 a total of 4,66,54,945 equity shares of the Company, representing 99.00% of the Company's share capital were held in dematerialised form of which 4,50,75,009 equity shares were held with the National Securities Depository Limited (NSDL) and 15,79,936 equity shares with Central Depository Services (India) Limited (CDSL).

The Company's shares are regularly traded on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

As per agreements of the Company with the NSDL and CDSL, the investors have an option to dematerialise their ordinary shares with either of the depositories.

Report of the Directors on Corporate Governance

Under the depository system, the International Securities Identification Number (ISIN) allotted to the Company's shares for fully paid-up shares is INE 091G01018, and for partly paid-up shares it is IN 9091G01016.

15. Outstanding GDRs / ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity

The Company had issued and allotted on 7th February 2008, 83,59,000 zero coupon compulsorily convertible debentures (CCDs) to entities owned by Citi Venture Capital International and Hudson Equity Holdings Limited and 96,00,000 warrants to promoters and non-promoters on a private-placement basis at an issue price of Rs. 326.90 each. As on 31st March 2009, a sum of Rs. 335.04 crore had been received by the Company against the said issue of CCDs and warrants. Each CCD and warrant was convertible into one equity share within a period of 18 months from the date of allotment, at a conversion price of Rs. 326.90 per equity share.

The Company has, upon application of CCD holders, converted the CCDs and allotted 83,59,000 Equity Shares to the said CCD holders on 31st July, 2009. The Warrant holders have not exercised the option to convert their warrants and have not paid the balance consideration amount. The said warrants have been cancelled and amount received towards the said warrants has been forfeited on 11th August, 2009. The equity capital of the Company after conversion of CCDs is Rs. 55,48,59,000.

16. Details of Unclaimed Shares

The Company has 847 unclaimed shares in the name of 10 shareholders which could not be credited to their demat account for insufficient/ incomplete/ improper details furnished by them. The said shares had arisen out of the allotment made at the time of Initial Public Issue of erstwhile M/s Shri Ramrupai Balaji Steels Limited (since amalgamated with the Company).

The allottee's account shall be credited as and when he/she approaches the issuer, after undertaking the proper verification of identity of the allottee. The voting rights of these shares shall remain frozen till the rightful owner claims the shares.

Details of Unclaimed shares are as follows:

Particulars	Number of Shareholders	Aggregate Number of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as at 1st April 2008	10	847
Number of shareholders who approached issuer for transfer of shares from suspense account during the year	Nil	Nil
Number of shareholders to whom shares were transferred from suspense account during the year	Nil	Nil
Aggregate number of shareholders and the outstanding shares in the suspense account lying as at 31st March 2009	10	847

17. Pledge of Equity Shares

As per declarations received, the under mentioned promoters of the Company have pledged the Equity Shares of the Company held by them as collateral security with State Bank of India for various credit facilities sanctioned by the said bank to the Company viz. Jai Balaji Industries Limited.

Sl. No.	Name of Promoter	No. of Equity shares pledged as on 31.03.2009	% to total holding of respective promoter in the Company	% to aggregate no. of Equity Shares held by all the promoters in the Company	% to total no. of Equity Shares of the Company
1	Shri Aditya Jajodia	6,13,380	21.65%	1.90%	1.30%
2	Shri Rajiv Jajodia	2,49,270	15.89%	0.77%	0.53%
3	Shri Sanjiv Jajodia	5,32,950	20.12%	1.65%	1.13%
	Total	13,95,600	19.79%	4.32%	2.96%

Report of the Directors on Corporate Governance

18. Plant locations

Unit I Ranigunj G/I, Mangalpur Industrial Complex, Post- Baktarnagar Dist. : Burdwan West Bengal - 713347	Unit II Durgapur, Lenin Sarani, Dist.: Burdwan West Bengal - 713210
Unit III & IV Durgapur, Vill: Banskopa, P.O. Rajbandh Dist.: Burdwan West Bengal – 713212	Unit V Industrial Growth Centre, Borai Village & P.O. Rasmada, Dist. Durg – 491 009 Chhattisgarh

19. Address for correspondence

The Company Secretary
Jai Balaji Industries Limited
5, Bentinck Street,
Kolkata – 700 001, India
Tel: (91)(33) 2248 8173 / 9808
Fax: (91)(33) 2243 0021
E-mail: info@jaibalajigroup.com
Website: www.jaibalajigroup.com

20. Compliance of non-mandatory requirements

- **Remuneration Committee:**
The details pertaining to the Remuneration Committee have been provided in item no. 4 of this Corporate Governance Report.
- **Management (Finance) Committee:**
The details pertaining to the Management (Finance) Committee have been provided in item no. 6 of this Corporate Governance Report.
- **Audit Qualification**
The Company endeavours to maintain a regime of unqualified financial statements.

■ Shareholder rights:

Quarterly results, including summary of the significant events are currently not being sent to the shareholders of the Company. However, these are posted on the Company's website at www.jaibalajigroup.com.

■ Whistleblower policy:

The Company does not have any whistleblower policy as of now, but no personnel are denied access to the Audit Committee.

■ Others:

The other non-mandatory requirements such as training of Board members, mechanism for evaluating the Non-Executive Board Members and the whistleblower policy will be implemented by the Company, as and when required and / or deemed necessary by the Board. The Company is yet to implement tenure of Independent Directors of not exceeding in the aggregate, a period of nine years. However at present, tenure of no such

independent director exceeds in aggregate a period of nine years. The Company has ensured that the person who is being appointed as an independent director has the requisite qualifications and experience which would be of use to the Company and which, in the opinion of the Company, would enable him to contribute effectively to the Company in his capacity as an independent director.

Auditors' Certificate on Corporate Governance

The Company has received a certificate, annexed to the Directors' Report, from its Statutory Auditors testifying to its compliances with the provisions relating to Corporate Governance as stipulated in Clause 49 of the Listing Agreement executed with the Stock Exchanges.

For and on behalf of the Board

Aditya Jajodia
Chairman & Managing Director

Place: Kolkata
Date : 11th August 2009

Declaration

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, this is to confirm that all the members of the Board and Senior Management have affirmed compliance with the Code of Conduct for the year ended 31st March 2009.

The said Code of Conduct is posted on the website of the Company namely, www.jaibalajigroup.com.

Place : Kolkata
Date : 11th August 2009

Aditya Jajodia
Chairman & Managing Director

Auditors' Certificate on Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreements

To
The Members of Jai Balaji Industries Limited

We have examined the compliance of conditions of corporate governance by Jai Balaji Industries Limited, for the year ended on 31st March 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S. R. Batliboi & Co.**
Chartered Accountants

per **R K Agrawal**
Partner

Place : Kolkata
Date : 11th August 2009

Membership No : 16667

Report on the Corporate Governance

Certification By Chief Executive Officer And Chief Financial Officer

We, Aditya Jajodia, Chairman & Managing Director and Sanjiv Jajodia, Whole-time Director and Chief Financial Officer of Jai Balaji Industries Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the financial statements and all its schedules and notes on accounts as well as the cash flow statements, for the year ended 31st March 2009;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for the period presented on this report, and are in compliance with the existing accounting standards and / or applicable laws and regulation;
4. To the best of our knowledge and belief, no transaction entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of Conduct;
5. That we accept responsibility for establishing and maintaining internal controls. We have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the step that we have taken or propose to take to rectify the identified deficiencies and;
6. That we have informed the auditors and the audit committee of :
 - i) significant changes in the internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Place : Kolkata
Date : 11th August 2009

Aditya Jajodia
Chairman & Managing Director

Sanjiv Jajodia
Whole-time Director & CFO

MANAGEMENT

Discussion and Analysis

Industry Structure and Development

Global Overview

The global economy and industry during the year under review started with a very positive outlook. However the U.S subprime crisis eventually led to a catastrophic financial crisis affecting all economies and industries worldwide by September, 2008. Since then the global economy has been passing through one of the most severe slowdowns marked by acute loss of confidence and resulting in disastrous fall in prices, demand and production for all goods and services.

According to an IMF review, advanced economies experienced an unprecedented 7.5% decline in real GDP during the fourth quarter of 2008, while the overall global GDP is estimated to have contracted by an alarming 6.25 (annualized) in the fourth quarter of 2008 a sharp contrast from 4% growth achieved a year earlier.

The magnitude of the crisis has been so severe that despite concerted effort of all nations to overcome it, according to IMF projections, the rate of decline will just moderate from the second quarter of 2009 onward and world output is projected to decline by 1.3% in 2009 as a whole while the phase of recovery is expected to gradually grow by 1.19% by 2010. However, exception is made in the case of China and India where it has been projected by IMF that though the rate of growth of GDP will be moderate in the year 2009 compared to the levels achieved in 2007, both the countries will have a positive growth rate and are expected to achieve GDP of about 6.5% and 4.5% respectively, due to strong domestic demand, which by present global standards are exceptional.

The year under review for steel industry which has a strong correlation with growth in GDP started on a very positive note, and the demand, production and prices of steel were

rising in the first quarter of 2008-09. However, with global economic meltdown the demand, production and prices started to decline unprecedentedly from the second quarter of 2008-09.

Steel plants worldwide started to curtail production as demand and prices fell rapidly. Post-July, world crude steel production in each month, registered a negative growth rate and the overall growth declined by around 9% for the year 2008-09.

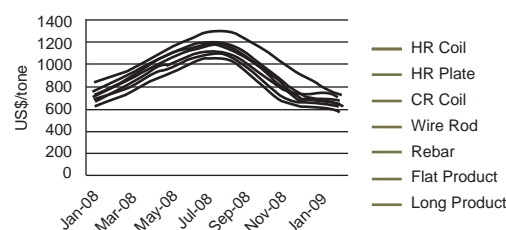
The global demand for steel also witnessed a steep fall from the end of the second quarter of 2008-09 after witnessing a phase of growth of over 7% during the first quarter. The demand for steel as reflected by apparent steel use (ASU) in 2008 was 1,197 billion tonne which was a decrease of 1.4% over the year 2007 and for the year 2009 World Steel Association forecasts that there will be decrease of 14.9% in ASU except in the case of India where it is predicted that there will be an increase of 1.7% in ASU for the year 2009.

The world steel prices also witnessed massive swings in the year 2008. The prices which showed an upward trend till August, 2008 declined rapidly thereafter and the average prices of steel products dropped by around 40% to 50%.

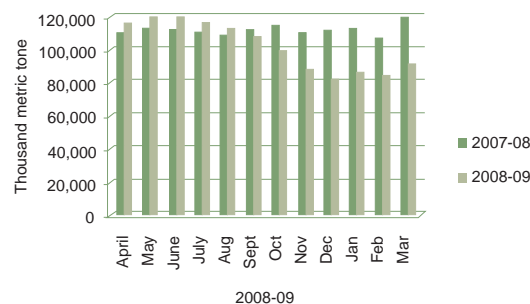
The fall in prices was at so unprecedented levels that it affected adversely the bottom-

line of steelmakers worldwide as the prices of inputs did not decrease in same tandem as the prices of output. The prices of raw materials which were almost stable in 2007 showed an upward trend in 2008. The average price of thermal coal almost doubled in July-2008 from the levels in July 2007, however though the prices declined subsequently, it was not comfortable considering the decline in finished steel prices. The average iron ore prices increased from 84.7c/dmtu to 140.6 c/dmtu in the year 2008. The average price of coking coal increased by 30% to 40% from the price levels in Oct-Dec, 2007. As raw material costs accounts for substantial part of the total cost of production, price variations had a major adverse impact on the bottom-line of all steel manufacturers worldwide.

World Carbon Steel Prices



World Crude Steel Production



Indian Overview

The Indian economy which has been witnessing a phenomenal growth since the last decade and after seeing a growth rate in excess of 9% for the last three years, also witnessed a slowdown in growth rates amidst global financial crisis. The GDP for the third quarter and fourth quarter dropped to 5.8%. The decline in growth rate was more severe in the manufacturing and construction sectors during the third quarter of the year under review and went down to 0.9% and 4.2% from 5.1% and 9.6% in second quarter. The significant decline of growth in the manufacturing sector is partly attributed to the elevated input cost. Prices of several raw materials increased substantially and the manufacturers could not pass on increase in input costs due to subdued demand conditions. Cement, construction and steel

Management discussion and analysis

industries, specifically witnessed significant moderation in growth, owing to elevated international prices of inputs such as crude oil, coke and coal.

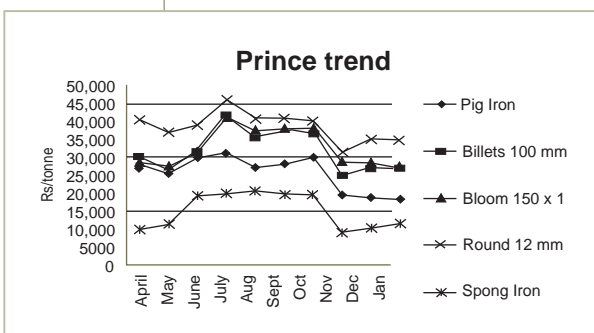
Steel industry had been on a roller coaster ride during the year. While the beginning of the year witnessed rise in prices due to increase in input costs and demand, subsequently saw a dramatic drop in prices from the third quarter.

The industry after experiencing a phase marked by stupendous growth, is struggling hard and doing all it takes to tide over the tough time. The prices after peaking in August-2008 started sliding. However, the major slump came in the month of November when the prices reduced by about 50% from the level of August-2008. Though prices of key raw materials coking-coal and iron ore had dropped, it was not commensurate with the fall in prices of final product, hence the cost of production has been high which has been biting into the profit margins.

However, despite the strong adverse impact of global economic meltdown, Indian steel demand remains better than in many countries. The construction industry is expected to grow further due to government's stimulus plan and the automotive sector is also expected to perform better. Hence, it is expected that domestic steel demand is going to recover soon and for long term. According to World Steel Association, India's apparent steel use is predicted to increase by 1.7% and reach 53.5 million tonnes in 2009 and is expected to reach 58 million tonnes in 2010. However steel ministry has projected much higher growth rate of around 5% considering that the demand for steel during quarter ending March-2009 had increased by 4% compared to the same period of last year. The scope for increase in demand is huge in India as the per capital steel consumption is low ranging from 45kg in urban areas to less than 2kg in rural markets compared to an average of 400kg in Europe.

Despite the global economic crisis, the GDP for financial year 2008-09 was 6.7% which showed that the Indian economy fared much better than developed countries. Further,

the stimulus packages announced by the government and due to improvement in domestic demand the GDP for the current financial year is expected to be around 7%. Thus, it is expected that there will be significant investment in large scale public



infrastructure projects and growth in automotive and real estate sector which will drive growth for the steel sector.

Opportunities, threats, risks and concern

Opportunities

- ◆ Infrastructure spending as envisaged for the Eleventh Plan will provide impetus for increased steel demand.
- ◆ Stimulus packages of the government are expected to boost economy and growth, and thereby increase demand for steel.
- ◆ Government plan to recapitalize public sector banks will enhance liquidity for the growth of industrial sector.
- ◆ Continued liberalization of foreign direct investment (FDI) has resulted in inflows of US\$23.3 billion during April-November-2008, recording a growth of 45% over the same period in the previous year. India as such remains the most viable destination for foreign investment which acts as growth drivers.

Threats, risks and concern

- ◆ India has low reserves of coking coal a key raw material for steel making and sources it mainly from Australia, China & the US and as such is exposed to price and supply variations in global market.
- ◆ India's increasing integration with the global economy exposes it to the volatilities in the global market.
- ◆ Mounting stress on Centre's fiscal position and additional government expenditure is likely to place upward

pressure on interest rates which has the potential to deter private investment.

- ◆ Railway freight rates, though reduced are still uncomfortable at the present market scenario.
- ◆ Increase in prices of iron ore and other inputs at present could reverse the revival process.

Outlook

India is the 5th largest steel making country, producing about 53 million tonnes of steel per annum and accounting for a little over 7% of the world's total production. It is also the 5th largest consumer of steel in the world. It consumes about 1.5 million tonnes of stainless steel a year of which around 70% is consumed as kitchenware. Demand for steel in railway coaches, wagons, airport, hotels and infrastructure is also expected to grow. The end user sectors such as construction, automotive and consumer durables which were worst hit are showing signs of recovery.

Construction sector which accounts for about 50% consumption of steel despite facing its worst phase in 2008, is set to recover in the near future. India is still considered as prospective market for real estate and infrastructure sectors. Before the slowdown, the construction industry was one of the fastest growing sector and received billions of rupees through FDI and other foreign investment channels. The government is also taking measures to bolster these sectors by announcing various stimulus packages including removal of exemption of countervailing duty (CVD) on TMT bars an important component in the construction and housing industry. The move to open up external commercial borrowings for township which includes housing, commercial premises, hotels, resorts, city and regional level urban infrastructure facilities such as roads and bridges, mass rapid transit systems, manufacture of building materials, including development of land and infrastructure is set to boost growth in these sectors driving growth for steel usage.

The demand for steel is also expected to increase substantially in the coming years as the anticipated investments during the Eleventh Plan period in power, railways, roads, ports and airport are \$200 billion, \$80 billion, \$48 billion, \$13 billion and \$9 billion respectively. The government's move

Management discussion and analysis

to promote private investments in infrastructure through Public Private Partnership (PPP) also holds an encouraging prospects for the steel industry as about 54 central infrastructure projects with a total project cost of Rs 67,700 crore have already received in-principle or final approval by the PPP Appraisal Committee. Further, the government's move to refinance banks for long-term credit extended by them to such projects ensuring that such projects do not face financing difficulties is another step to ensure that the scheme achieves its target.

According to an estimate, with the growing need for oil and gas transportation, a US\$ 118 billion opportunity is waiting to be tapped by the steel industry in the next five years. According to the study by ICICI Direct, Indian steel companies are likely to get 19% of the total global demand.

Automobile and auto-components

sector grew by 2.96% and 6% during 2008-09 and is expected to grow faster than expected. During April 2009 sales of passenger vehicles grew by 4.4% while exports of passenger vehicles grew by 34%. Domestic sales of two-wheelers recorded a growth of 13.7%. Major investment plans of manufacturers are expected in the coming few years. The automobile mission plan envisages the automobile industry to grow fivefold to US \$ 145 billion by 2016. Vehicle production is expected to increase to 17 million by 2011-12. The demand for steel from automobile sector is also expected to improve in the near future.

The Ministry of Steel has projected India's steel capacity to reach 124.06 million tonnes in 2011-20 and the National Steel Policy has outlined an increase in per capita steel consumption from the existing 2kg to 4kg by 2019-20. Towards this end, the Institute for Steel Development and Growth (INSDAG) has taken several measures to

increase steel usage in rural houses and rural construction. Further, enhanced allocation of funds for rural employment guarantee schemes of the government is expected to increase rural India's purchasing power to increase rural consumption of steel for housing and other uses.

After experiencing a harsh slowdown in 2008, the Indian steel industry is all set to tread the path of recovery and production and consumption of steel are expected to improve in the near future. According to World Steel Association, India is the only major economy whose apparent steel use will have a favourable growth compared to the negative growth of the world as a whole during 2009. According to Centre for Monitoring Indian Economy (CMIE), output is expected to grow by 6.5% whereas industry expects much higher growth during the year.

Performance Analysis

The Company's total production is as mentioned below :

Product	Unit	Installed capacity	Production		Growth (%)
			2008-09	2007-08	
Sponge iron	MT	3,45,000	2,64,690	2,40,522	10
Pig iron	MT	5,09,250	2,51,969	1,36,953	84
Steel-Bars/Rods	MT	260,000	1,52,622	1,88,885	-19
Billet /MS Ingot	MT	9,06,230	3,49,678	2,96,712	18
Ferro Alloys	MT	81,118	27,160	15,800	72
Power		71.10 (MW/Hr)	23,04,31,698 KWH	15,53,12,580 KWH	49

Analysis of financial statement

- i) **Sales & services :** Despite the slowdown witnessed during the year under review the sales(net) & services during the year improved by 28.20 % and was Rs 169,488.74 lacs as compared to Rs 1,32,206.81 lacs in the previous year.
- ii) **Profit before Depreciation, Interest & Tax :** Profit before Depreciation, Interest and Tax for the year under review was Rs 18,806.13 lacs compared to Rs 28,971.32 lacs in the previous year.

Internal audit and control

The Company recognizes internal control

as a management tool to ensure high degree of assurance regarding the effectiveness and efficiency of operations, recording and providing financial and operational information, safeguard of assets from unauthorized use or loss, compliance with applicable laws and regulations, minimization of risks and threats, and compliance of corporate decisions and policies.

The Company has put in place sufficient systems to ensure that all resources are utilized optimally, all transactions are authorized, reported and recorded. These systems have been designed keeping in view the nature of activities carried out at each location and the various business operations, and to ensure proper co-ordination and

control of all operations carried out at various locations of the Company. The system of internal control is regularly reviewed and restructured from time to time to adapt to the business needs of the Company. To strengthen internal control and for enhancing efficiency the Company has always adopted the latest information technology in all areas of its operations.

The Company's internal control systems are supplemented by Internal Audit which is conducted by an external independent Chartered Accountant firm. The role and functions includes the parameters as stated in the listing agreement. The report of the Internal Auditor is reviewed by the top management and Audit Committee. The role, functions and powers of the Audit

Management discussion and analysis

Committee is as per the listing agreement. The Audit Committee periodically reviews observations and recommendations of the internal auditors as well as external auditors. The minutes of the Audit Committee are reviewed by the Board for its suggestions/recommendations to further improve the internal control systems.

Human Resource

The Company believes that its workforce make a fundamental difference to organizations goals in a competitive and dynamic global business environment. Your company's philosophy is to create an open and transparent organization, focused on people and their capability delivering superior performance. The Company has well documented HR policies for enforcing better transparency and uniformity across its units with regard to policies and their implementation.

Some of the key HR activities includes :

- ♦ **Recruitment :** At Jai Balaji, human resources represent the Company's critical business driver. The management aims at recruiting the right professionals, providing them with an entrepreneurial culture, characterised by meritocracy and growing challenges. The company made Campus recruitments for Graduate Engineer Trainees from reputed engineering institutes and Diploma Engineers from reputed Polytechnics in Bengal and Orissa.
- ♦ **Training :** The Company collaborated with several reputed professional firms to impart structured induction training

for employees. An extensive theory and shop floor training was conducted in the plant following which employees were trained in areas such as safety, medical insurance, computer skills, technical competencies, soft skills and personality development. Besides, selected executives were sent for seminars and other knowledge enhancement forums. The Company also invested in knowledge enhancement. Technical training was imparted at the manufacturing units/projects in association with reputed institutes/associations and the equipment manufacturers. Also special outbound training programme was organized for Graduate Engineer Trainees.

- ♦ **Performance appraisal :** The Company followed a self-appraisal protocol prepared by the various department heads. This score-and-grade-driven approach represents the basis for annual increments, bonuses, promotions and the training calendar.
- ♦ **Motivation :** The Company embarked on various initiatives to enhance motivational levels and instill a sense of belonging among employees, instituted an open communication model for swift resolution of grievances and encouraged employees to provide innovative growth-oriented solutions. A slogan contest was organized among all employees to coin slogans conveying the vision of the Company.
- ♦ **EHS Code of ethics** in line with the requirements of IISI, ILO & NSC Safety Guideline & Practices.

- ♦ **World Environment Day :** The Company celebrated World Environment Day on June 5 with Message from CMD to all employees.

- ♦ **Employee welfare :** The Company provides a number of benefits such as medical insurance to employees and their families, personal accident insurance with 24-hour coverage, group gratuity scheme and other special allowances in nature of gifts, funding and special leaves. Special provisions are made for refreshment during summer months. The attrition at the junior level was less than 10% and almost nil at the senior level.

- ♦ **Environment & Safety :** The Company is committed to protecting the environment, ensuring a safe and hazardous free work environment for all its employees and conserving natural resources. Apart from providing all adequate measures for safety the Company observes a Safety Day in a big way in all its units to enforce awareness among all concerned towards safety. The Company also organized Industrial & Fire Safety training to all employees including contractors who are engaged in directly or indirectly with production. Safety Education, Awareness & Training have becomes an integral part of our daily activities.

The Company's policies for its employees are designed towards fostering greater levels of efficiency, productivity, team work and organized efforts towards achieving organizational goals. The industrial relations remained cordial throughout the year.

Cautionary Statement

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates and/or expectations may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, domestic and international economic conditions affecting demand/supply and price conditions, changes in the government regulations, tax laws and other statutes and other incidental factor.

Auditors' Report

To
The Members of
Jai Balaji Industries Limited

1. We have audited the attached Balance Sheet of Jai Balaji Industries Limited ('the Company') as at March 31, 2009, and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) (the order) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in

the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that :
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v) On the basis of the written representations received from the directors, as on March 31, 2009, and taken on record by the Board of Directors, we report that none of

the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - b) in the case of Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **S. R. Batliboi & Co.**
Chartered Accountants

per **R K Agrawal**
Partner

Place : Kolkata

Date : 30th June 2009 Membership No : 16667

Annexure to the Auditors' Report

(REFERRED TO IN OUR REPORT OF EVEN DATE TO THE MEMBERS OF JAI BALAJI INDUSTRIES LTD AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2009)

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification in a phased manner to cover all the items of fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification of fixed assets during the year.
- (c) There was no substantial disposal of fixed assets during the year.
- ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- iii) (a) The Company has granted loan to a Company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 11,000 lacs and the year-end balance of such loan was Rs. 8,500 lacs.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loan are not *prima facie* prejudicial to the interest of the Company.
- (c) The above loan is re-payable on demand. As informed, the Company has not demanded repayment of any such loan during the year and thus, there has been no default on the part of the party to whom the money has been lent. The payment of interest has been regular.
- (d) In view of the loan being repayable on demand, there is no overdue amount above of loan granted to the Company listed in the register maintained under Section 301 of the Companies Act, 1956.
- (e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (f) and (g) of Para (iii) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that some of the items purchased are of a special nature and alternative sources do not exist for obtaining quotations thereof, it appears that there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act 1956, that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees five lakhs, entered into during the financial year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) As informed, the Company has not accepted any deposits from the public.
- vii) The Company has an internal audit system, the scope and coverage of which, in our opinion requires to be enlarged to be commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained.
- ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it *though there have been delays in a few cases*.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end for a period of more than six months from the date they became payable, *except as under:*

Name of the statute	Nature of the dues	Amount (Rs. in lacs)	Period to which the amount relates	Due Date	Date of Payment
The West Bengal Value Added Tax Act, 2003	Value Added Tax	268.47	June '08	31st July '08	-

- c) According to the records of the Company, there are no dues outstanding relating to income-tax,

wealth-tax, customs duty and cess on account of any dispute except

for excise duty, service tax and sales tax, as follows :

Name of the statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	CENVAT Credit Disallowed	518.26	2006-07 and 2007-08	Central Excise Service Tax Appellate Tribunal
Central Excise Act, 1944	CENVAT Credit Disallowed	57.11	2005-06 and 2007-08	Commissioner (Appeals)
Central Excise Act, 1944	Exemption for Service Tax on Goods Transport Agency disallowed	38.75	2006-07	Commissioner (Appeals)
The West Bengal Value Added Tax Act, 2003	Tax Liability on account of Enhanced Turnover, input credit disallowed	10,086.32	2003-04, 2004-05 and 2005-06	Assistant/Deputy Commissioner of Commercial Taxes
The Central Sales Tax Act, 1956	Tax Liability on account of Enhanced Turnover, input credit disallowed	641.60	2003-04, 2004-05 and 2005-06	Assistant/Deputy Commissioner of Commercial Taxes

- x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
- xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable.
- xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause

4 (xiv) of the Order are not applicable.

- xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by its wholly owned Subsidiary from a bank, the terms and conditions whereof in our opinion are not *prima-facie* prejudicial to the interest of the Company.
- xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

- xix) The Company has Zero Coupon Compulsorily Convertible Debentures (unsecured) outstanding during the year, on which no security or charge is required to be created.
- xx) The Company has not raised any money through public issue during the year.
- xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **S. R. Batliboi & Co.**
Chartered Accountants

per **R K Agrawal**
Partner

Place : Kolkata
Date : 30th June 2009 Membership No : 16667

Balance Sheet as at 31st March 2009

(Rs. in lacs)

	Schedule	As at 31st March 2009	As at 31st March 2008
SOURCES OF FUNDS			
A. Shareholders' Fund :			
(a) Share Capital	1	4,711.47	4,711.46
(b) Application Money towards Equity warrants (Refer Note 7 (a) on Schedule 23)		6,178.41	6,178.41
(c) Reserves and Surplus	2	30,718.44	30,541.13
B. Loan Funds :			
(a) Secured Loans	3	1,50,366.52	1,09,189.26
(b) Unsecured Loans	4	28,010.24	33,794.85
C. Deferred Tax Liabilities (Net)	5	7,481.88	7,101.24
Total		<u>2,27,466.96</u>	<u>1,91,516.35</u>
APPLICATION OF FUNDS			
A. Fixed Assets :			
(a) Gross Block	6	1,33,602.28	91,692.05
(b) Less : Accumulated Depreciation/Amortisation		13,717.12	8,632.47
(c) Net Block		1,19,885.16	83,059.58
(d) Capital Work-in-Progress and Pre-operative Expenditure Pending Allocation	7	31,693.15	29,509.95
		<u>1,51,578.31</u>	<u>1,12,569.53</u>
B. Investments :	8	5,162.15	5,063.52
C1. Current Assets, Loans and Advances :			
(a) Inventories	9	45,535.51	40,163.96
(b) Sundry Debtors	10	25,909.00	20,556.14
(c) Cash & Bank Balances	11	1,977.49	2,100.65
(d) Loans & Advances	12	28,765.97	38,469.89
		<u>1,02,187.97</u>	<u>1,01,290.64</u>
C2. Less : Current Liabilities and Provisions	13		
(a) Liabilities		31,029.94	26,180.91
(b) Provisions		431.53	1,226.43
		<u>31,461.47</u>	<u>27,407.34</u>
Net Current Assets		<u>70,726.50</u>	<u>73,883.30</u>
D. Miscellaneous Expenditure : (to the extent not written off or adjusted)	14	—	—
Total		<u>2,27,466.96</u>	<u>1,91,516.35</u>
Significant Accounting Policies and Notes on Accounts	23		

The Schedules referred to above form an integral part of the Balance Sheet

As per our attached report of even date

For S. R. Batliboi & Co.
Chartered Accountants

For and on behalf of the Board of Directors

Per **R K Agrawal**
Partner
Membership No. 16667

Aditya Jajodia
Chairman & Managing Director

Sanjiv Jajodia
Wholetime Director

Ajay Kumar Tantia
Company Secretary

Place : Kolkata
Date : 30th June 2009

Profit and Loss Account for the year ended 31st March 2009

				(Rs. in lacs)
	Schedule	2008-09		2007-08
INCOME				
Sales and Services (Gross)	15	1,86,947.71		1,49,437.15
Less : Excise Duty		17,458.97		17,230.34
Sales and Services (Net)		1,69,488.74		1,32,206.81
Other Income	16	2,841.89		5,652.04
Total		1,72,330.63		1,37,858.85
EXPENDITURE				
(Increase)/Decrease in Stocks	17	1,907.64		(6,901.55)
Excise Duty and Cess on Stocks (Refer Note 13 on Schedule 23)		(792.32)		1,326.67
Raw Materials Consumed	18	1,14,859.46		67,692.29
Purchase of Trading Goods		7,200.69		25,644.79
Manufacturing Expenses	19	21,427.91		14,695.51
Personnel Cost	20	3,021.44		1,776.08
Selling, Distribution and Administrative Expenses	21	5,831.94		4,558.57
Prior Period Expenditure (Net)		67.74		95.17
Interest and Finance Charges	22	13,056.33		11,016.81
Depreciation/Amortisation	5,100.41			
Less : Transfer from Capital Reserve	21.04			
Total		5,079.37		4,335.17
Profit before Tax		1,71,660.20		1,24,239.51
Less :		670.43		13,619.34
Current Tax		206.91		1,986.23
[Including Rs. 136.59 lacs (Rs. 35.79 lacs) for earlier years]				
MAT Credit Entitlement		(70.32)		(1,073.32)
Deferred Tax Charge		380.64		797.35
Fringe Benefit Tax		25.08		21.78
Total Tax Expenses (Net)		542.31		1,732.04
Profit after Tax		128.12		11,887.30
Add : Balance Brought Forward From Previous year		14,010.87		12,674.94
Profit Available for Appropriation		14,138.99		24,562.24
Appropriations				
Proposed Dividend		221.94		471.27
Tax on Dividend		33.51		80.10
Transfer to General Reserve		—		10,000.00
Balance in Profit and Loss Account		13,883.54		14,010.87
		14,138.99		24,562.24
Earning per Share (Nominal Value per Share Rs. 10)				
Basic (Rs.)		0.27		25.23
Diluted (Rs.)		0.22		24.37
(Refer Note 10 on Schedule 23)				
Significant Accounting Policies and Notes on Accounts	23			

The Schedules referred to above form an integral part of the Profit and Loss Account

As per our attached report of even date

For S. R. Batliboi & Co.
Chartered Accountants

For and on behalf of the Board of Directors

Per **R K Agrawal**
Partner
Membership No. 16667

Aditya Jajodia
Chairman & Managing Director

Sanjiv Jajodia
Wholetime Director

Ajay Kumar Tantia
Company Secretary

Place : Kolkata
Date : 30th June 2009

Cash Flow Statement for the year ended 31st March 2009

(Rs. in lacs)

	2008-09	2007-08
A. Cash Flow From Operating Activities		
Net Profit Before Taxes	670.43	13,619.34
Adjustments For :		
Depreciation / Amortisation (Net)	5,079.37	4,335.17
Loss on Sale of Fixed Assets	18.83	3.43
Provision for Doubtful Debts/Advances (net)	164.20	268.77
Liabilities no longer required written back	(90.78)	(369.80)
Interest and Finance Charges	17,104.75	11,703.58
Provision for Diminution in Investments	4.84	–
Dividend Income from long term Non Trade Investments	(0.29)	(0.28)
Dividend Income from Investment in a Subsidiary Company	(24.74)	–
Prior Period Expenditure	67.74	95.17
Loss on Forward Exchange Contracts/Exchange Fluctuations (Net)	816.69	356.37
Interest Income	(1,980.79)	(801.55)
Operating Profit Before Working Capital Changes	21,830.25	29,210.20
Movement in Working Capital		
Sundry Debtors	5,781.08	765.25
Loans and Advances	(5,432.53)	(16,183.93)
Advances to a Subsidiary Company	1,601.14	(5,241.82)
Inventories	(5,371.55)	(18,454.84)
Trade & Other Payables	5,845.77	7,677.96
Cash Generated From Operating Activities before Taxes	24,254.16	(2,227.18)
Direct Taxes paid (net of refunds)	(1,111.85)	(1,660.11)
Net Cash Generated from/(Used in) Operating Activities	23,142.31	(3,887.29)
B. Cash Flow From Investing Activities		
Purchase of Fixed Assets	(48,937.89)	(49,770.43)
Capital Subsidy received	164.68	–
Proceeds from Sale of Fixed Assets	167.76	3.90
Purchase of Non Trade Investments	–	(334.52)
Proceeds from Redemption of Non Trade Investment	9.00	–
Purchase of Investments/application money paid in a Joint Venture/Subsidiary Company	(118.88)	(4,709.46)
Loan to a Body Corporate	–	(12,200.00)
Refund received of Loan given to a Body Corporate	2,500.00	–
Dividend received from long term Non Trade Investments	0.29	0.28
Interest received	1,879.32	767.84
Net Cash Used in Investing Activities	(44,335.72)	(66,242.39)

Cash Flow Statement (Contd.)

(Rs. in lacs)

	2008-09	2007-08
C. Cash Flow From Financing Activities		
Proceeds from Call in Arrears	0.01	–
Amount received towards Equity Warrants/Convertible Debentures	–	33,504.26
Expenses incurred on issue of Securities	–	(629.38)
Proceeds from long/short term Borrowings	60,145.46	73,940.53
Repayment of long/short term Borrowings	(25,498.33)	(25,101.82)
Interest and Finance Charges Paid	(13,252.25)	(12,292.25)
Dividend Paid	(469.96)	(400.07)
Tax on Dividend paid	(80.10)	(68.08)
Net Cash from Financing Activities	20,844.83	68,953.19
Net Decrease in Cash and Cash Equivalents (A+B+C)	(348.58)	(1,176.49)
Cash and Cash Equivalents as at the beginning of the year	1,387.62	2,564.11
Cash and Cash Equivalents as at the end of the year	1,039.04	1,387.62
Components of cash and cash equivalents		
Cash in hand	61.97	51.39
Cheques in hand	322.49	134.09
Balance with Scheduled Banks on :		
Current Account	648.82	698.67
Fixed Deposit Account	939.45	1,213.03
Unclaimed Dividend Account*	4.60	3.29
Unclaimed Fractional Share Balance*	0.16	0.18
Cash & Bank Balances as per Schedule II	1,977.49	2,100.65
Less : Fixed deposits not considered as cash equivalents	938.45	713.03
Cash & Cash Equivalents in Cash Flow Statement :	1,039.04	1,387.62

*These balances are not available for use by the Company as they represent corresponding unpaid dividend and unclaimed fractional share balances.

As per our attached report of even date

For S. R. Batliboi & Co.
Chartered Accountants

For and on behalf of the Board of Directors

Per **R K Agrawal**
Partner
Membership No. 16667

Aditya Jajodia
Chairman & Managing Director

Sanjiv Jajodia
Wholetime Director

Ajay Kumar Tantia
Company Secretary

Place : Kolkata
Date : 30th June 2009

Schedules forming part of the Balance Sheet

(Rs. in lacs)

	As at 31st March 2009	As at 31st March 2008
Schedule 1 : Share Capital		
Authorised		
10,10,00,000 Equity shares of Rs. 10/- each	10,100.00	10,100.00
	<u>10,100.00</u>	<u>10,100.00</u>
Issued, Subscribed and Paid up		
4,71,26,900 Equity Shares of Rs. 10/- each	4,712.69	4,712.69
Less : Calls in Arrear (other than directors)	1.22	1.23
	<u>4,711.47</u>	<u>4,711.46</u>
Note : Out of the above 2,20,00,000 equity shares of Rs. 10/- each were issued for consideration other than cash		
Schedule 2 : Reserves and Surplus		
Capital Reserve		
Balance as per Last Account	230.09	77.99
Add : Amount arisen on acquisition	—	152.10
	<u>230.09</u>	<u>230.09</u>
Capital Investment Subsidy		
Capital Subsidy Received	325.68	—
Less : Allocated to Depreciation	21.04	—
	<u>304.64</u>	<u>—</u>
Securities Premium Account		
Balance as per Last Account	1,575.17	2,400.00
Less : Adjusted towards expenses incurred on issue of securities	—	824.83
	<u>1,575.17</u>	<u>1,575.17</u>
Amalgamation Reserve		
Balance as per Last Account	4,400.00	4,400.00
General Reserve		
Balance as per Last Account	10,325.00	325.00
Add : Transfer from Profit and Loss Account	—	10,000.00
	<u>10,325.00</u>	<u>10,325.00</u>
Balance in Profit and Loss Account	<u>13,883.54</u>	<u>14,010.87</u>
	<u>30,718.44</u>	<u>30,541.13</u>

Schedules forming part of the Balance Sheet

(Rs. in lacs)

	As at 31st March 2009	As at 31st March 2008
Schedule 3 : Secured Loans		
Term Loans		
Long Term :		
Rupee Loans		
Banks	67,519.03	49,450.75
Financial Institutions	9,737.83	6,035.51
Foreign Currency Loans		
Banks	8,141.03	5,780.83
Short Term Rupee Loans from Banks :		
Towards Acquisition	—	12,498.99
Others	—	3,999.38
Working Capital Finance		
From Banks		
(i) In Rupees	49,839.22	21,507.71
(ii) In Foreign Currency	14,292.54	9,193.78
Deferred Payment Credits	436.91	722.31
Interest Accrued and Due	399.96	—
	<u>1,50,366.52</u>	<u>1,09,189.26</u>

Notes :

- Term Loans from banks and financial institutions to the extent of Rs.69,119.12 lacs (Rs.60,217.94 lacs) are secured by way of equitable mortgage created / to be created on the immovable assets and first charge on the fixed assets of the Company, both present and future, lien on Fixed Deposits of Rs.145.00 lacs (Rs.145.00 lacs) with banks and second charge on the entire current assets of the Company, both present and future (except Durg unit).
 - Term Loans from banks and financial institutions to the extent of Rs.6,042.16 lacs (Rs.Nil) are secured by way of equitable mortgage created / to be created on the immovable assets and first charge on the fixed assets of the Company's Durg Unit, both present and future.
 - Term Loans from Banks includes Rs.10,112.84 lacs (Rs. Nil) secured by way of subservient charge on the entire Fixed and Current Assets of the Company.
 - Term loans from financial institutions aggregating to Rs.123.77 lacs (Rs.1,049.15 lacs), are secured against lien on the subsidies receivable from Government of West Bengal.
- Short Term Loans from Banks are secured by way of subservient charge on the entire Fixed and Current Assets of the Company, out of which Rs. 2,500 lacs is further secured by Corporate Guarantee of a subsidiary Company.
- Working Capital facilities aggregating to Rs. 62,073.20 lacs (Rs.30,043.65 lacs) are secured by hypothecation of all current assets including raw materials, finished goods and book debts, both present and future and second charge on the fixed assets of the Company, both present and future (except for Durg unit).
 - Working Capital facilities aggregating to Rs.2,058.56 lacs (Rs.657.84 lacs) are secured by hypothecation of all current assets including raw materials, finished goods and book debts, both present and future and second charge on the fixed assets of the Company's Durg unit, both present and future.
- Deferred Payment Credits are secured by hypothecation of the assets acquired under the respective agreements.
- All the loans as referred to above (excluding Rs.123.77 lacs from financial institutions) are further secured by the personal guarantee of certain promoter directors of the Company and loans aggregating to Rs 25,769.74 lacs are further secured by pledge of 13,95,600 equity shares of the Company held by the promoters.
- Long term loans and Deferred Payment Credits include Rs.15,496.11 lacs (Rs.11,405.45 lacs) payable within one year.

Schedules forming part of the Balance Sheet

(Rs. in lacs)

	As at 31st March 2009	As at 31st March 2008
Schedule 4 : Unsecured Loans		
Debentures		
83,59,000 Zero Coupon Compulsorily Convertible	27,325.57	27,325.57
Debentures of Rs. 326.90 each		
[Refer Note 7 (b) on Schedule 23]		
Interest Free Sales Tax Loan	684.67	819.42
Short Term Loans		
From Banks	—	2,999.86
From Body Corporates	—	2,650.00
	<u>28,010.24*</u>	<u>33,794.85</u>
*Includes amount repayable within one year Rs.134.75 lacs (Rs. 3,401.61 lacs).		
Schedule 5 : Deferred Tax Liabilities (Net) #		
Balance as per Last Account	7,101.24	6,303.89
Add : Created for the year	380.64	797.35
	<u>7,481.88</u>	<u>7,101.24</u>

Refer Note 12 on Schedule 23

Schedule 6 : Fixed Assets

(Rs. in lacs)

Description	Gross Block			Depreciation/Amortisation					Net Block	
	As at 31st March 2008	Additions	Deductions	As at 31st March 2009	Up to 31st March 2008	For the year	Deductions	Up to 31st March 2009	As at 31st March 2009	As at 31st March 2008
Freehold Land	1,932.42	42.83	—	1,975.25	—	—	—	—	1,975.25	1,932.42
Leasehold Land	507.57	200.00	—	707.57 (a)	66.34	12.28	—	78.62	628.95	441.23
Factory Buildings	10,416.03	5,229.26	—	15,645.29	548.89	387.44	—	936.33	14,708.96	9,867.14
Railway Siding	1,754.12	2,365.02	—	4,119.14	32.17	110.78	—	142.95	3,976.19	1,721.95
Plant & Machinery	67,299.93	30,306.81	134.00	97,472.74 (b)	6,622.39	4,049.58	8.31	10,663.66	86,809.08	60,677.54
Electrical Installations	9,101.13	3,740.99	15.34	12,826.78	1,137.15	446.80	0.99	1,582.96	11,243.82	7,963.98
Furniture, Fixtures & Office Equipments	474.99	145.16	4.71	615.44	180.87	72.48	0.47	252.88	362.56	294.12
Vehicles	205.86	50.83	16.62	240.07 (b)	44.66	21.05	5.99	59.72	180.35	161.20
Total	91,692.05	42,080.90	170.67	133,602.28	8,632.47	5,100.41	15.76	13,717.12	119,885.16	83,059.58
Previous Year's Total	60,456.80	31,246.32	11.07	91,692.05	4,301.03	4,335.17	3.73	8,632.47	83,059.58	

Notes :

(a) Leasehold Land valuing Rs. 550.02 lacs is pending registration in the Company's name.

(b) Includes assets taken on finance lease as disclosed in Note 5 on Schedule 23. Gross Block Rs. 1,352.12 lacs (Rs. 1,366.50 lacs) and Net Block Rs. 958.28 lacs (Rs.1,099.92 lacs)

Schedules forming part of the Balance Sheet

(Rs. in lacs)

	As at 31st March 2009	As at 31st March 2008
Schedule 7 : Capital Work in Progress and Pre-Operative Expenditure Pending Allocation		
A Capital Work-in-Progress		
Land	6,237.16	500.60
Buildings	8,180.61	5,460.71
Railway Siding	2,179.75	1,951.09
Plant and Machinery	35,278.25	30,512.22
Electrical Installations	3,102.60	2,750.45
Capital Advances	1,503.98	6,871.83
Sub Total	56,482.35	48,046.90
Less : Transferred to Fixed Assets	26,647.82	19,826.57
Total A :	29,834.53	28,220.33
B Pre-operative Expenditure Pending Allocation		
Opening Balance	1,289.62	164.76
Additions		
Power and Fuel	66.72	393.13
Salaries, Wages and Bonus	151.10	19.68
Rent and Hire	156.92	104.82
Rates and Taxes	44.15	0.84
Insurance	20.19	13.52
Travelling and Conveyance	22.22	7.03
Telephone and Postage Charges	2.01	0.86
Printing and Stationery	0.25	0.06
Legal and Professional Charges	70.27	42.82
Miscellaneous Expenses	56.72	8.55
Interest on Fixed Loans	3,865.53	619.24
Finance Charges	171.81	67.53
Sub Total	5,917.51	1,442.84
Less : Transferred to Fixed Assets	4,058.89	153.22
Total B :	1,858.62	1,289.62
C Trial Run Expenses		
Raw Materials Consumed	12,124.00	—
Personnel Cost		
Salaries, Wages and Bonus	78.63	—
Contribution to Provident and Other Funds	1.59	—
	80.22	—

Schedules forming part of the Balance Sheet

(Rs. in lacs)

	As at 31st March 2009	As at 31st March 2008
Schedule 7 : (Contd.)		
Manufacturing, Selling and Distribution and Administrative Expenses		
Consumption of Stores and Spares	557.50	—
Labour Charges	71.39	—
Power and Fuel	757.23	—
Repairs and Maintenance : Others	2.05	—
Rent and Hire Charges	50.08	—
Legal and Professional Charges	18.53	—
Miscellaneous Expenses	19.33	—
	<u>1,476.11</u>	<u>—</u>
Interest and Finance Charges		
Finance Charges	11.08	—
	<u>11.08</u>	<u>—</u>
Sub Total	<u>13,691.41</u>	<u>—</u>
Less:		
Sales of Finished Goods (Net of Excise duty and Cess Rs. 598.94 lacs) (Refer Note 4 on Schedule 23)	6,805.49	—
Stock of Semi Finished Goods Consumed in Production	2,040.13	—
Closing stock of Finished Goods at the close of trial-run period	824.42	—
Sub Total	<u>9,670.04</u>	<u>—</u>
	4,021.37	—
Less : Transferred to Fixed Assets	4,021.37	—
Total C :	<u>—</u>	<u>—</u>
Grand Total (A+B+C)	<u>31,693.15</u>	<u>29,509.95</u>

Schedules forming part of the Balance Sheet

(Rs. in lacs)

			As at 31st March 2009	As at 31st March 2008
Schedule 8 : Investments				
	Shares/Bonds Nos.	Face Value per Share/Bond Rs.		
Long Term				
Fully Paid up Equity shares (except stated otherwise)				
Trade (Unquoted)				
In Joint Venture				
Rohne Coal Company Private Limited.	69,000	10	6.90	–
	(–)			
Rohne Coal Company Private Limited. (1% Redeemable Preference Shares)	10,55,700	10	105.57	–
	(–)			
			<u>112.47</u>	<u>–</u>
Non Trade (Unquoted)				
Calcutta Stock Exchange Limited	16,726	1	334.52	334.52
Bonds				
The West Bengal Financial Corporation Limited	–	1,00,000	–	9.00
	(9)			
Government Securities				
National Savings Certificate (Deposited with Third Parties)			0.12	0.12
(Quoted)				
UCO Bank Limited	1,600	10	0.19	0.19
Vijaya Bank Limited	200	10	0.05	0.05
Allahabad Bank Limited	5,344	10	4.38	4.38
Talbro's Automotive Component Limited	5,682	10	5.80	5.80
			<u>10.42</u>	<u>10.42</u>
Less : Provision for Diminution in Value of Investments			<u>4.84</u>	<u>–</u>
			<u>5.58</u>	<u>10.42</u>
In Subsidiary Company (Unquoted)				
Nilachal Iron & Power Limited	49,48,727	10	4,709.46	4,709.46
			<u>5,162.15</u>	<u>5,063.52</u>
Aggregate Value of Investments				
– Quoted			5.58	10.42
– Unquoted			5,156.57	5,053.10
Market Value of Quoted Investments			3.46	7.17
Schedule 9 : Inventories				
Raw Materials			33,910.89	28,950.32
[Including in transit Rs. 3,573.24 lacs (Rs. 4,492.53 lacs)]				
Stores and Spares			3,273.96	1,779.76
[Including in transit Rs. 32.85 lacs (Rs. 48.26 lacs)]				
Work-in-Process			847.73	103.82
Finished Goods			6,721.98	8,951.12
By Products			780.95	378.94
			<u>45,535.51</u>	<u>40,163.96</u>

Schedules forming part of the Balance Sheet

(Rs. in lacs)

	As at 31st March 2009	As at 31st March 2008
Schedule 10 : Sundry Debtors		
(Unsecured, Considered Good unless otherwise stated)		
Debts outstanding for more than six months		
Considered good	3,565.36	3,758.84
Considered doubtful	117.40	268.77
Other Debts	22,343.64	16,797.30
	<u>26,026.40</u>	<u>20,824.91</u>
Less : Provision for Doubtful Debts	117.40	268.77
	<u>* 25,909.00</u>	<u>20,556.14</u>

* Includes Rs.171.59 lacs (Rs. Nil) due from a private limited company in which a director of the Company is a director

Schedule 11: Cash and Bank Balances

Cash in hand	61.97	51.39
Cheques in hand	322.49	134.09
Balance with Scheduled Banks on:		
Current Account	648.82	698.67
Fixed Deposit Account #	939.45	1,213.03
Unclaimed Dividend Account	4.60	3.29
Unclaimed Fractional Share Balance	0.16	0.18
	<u>1,977.49</u>	<u>2,100.65</u>

Receipts aggregating to Rs. 938.45 lacs (Rs. 713.03 lacs) pledged with Banks as Margin Money against Borrowings / Other facilities

Schedule 12: Loans and Advances

(Unsecured, Considered Good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received @	5,416.04	11,450.95
[Net of Provision for Doubtful Advances Rs.315.56 lacs (Rs. Nil)]		
Advances to a Subsidiary Company	3,640.68	5,241.82
Loans to Bodies Corporate (Receivable on demand) @	9,700.00	12,200.00
Interest Receivable on Loans, Deposits etc	165.07	63.29
Share Application Money	6.41	—
Security Deposits	226.97	229.39
MAT Credit Entitlement	1,500.52	1,529.07
Balance with Excise and other Government Authorities	2,548.11	3,573.30
Subsidies and Incentives Receivable	4,645.53	3,773.56
Advance payment of Income Tax and Refunds Receivable (net of provisions)	508.50	—
Sales Tax and Other Refunds Receivable	408.14	408.51
@ Refer Note 11 on Schedule 23	<u>28,765.97</u>	<u>38,469.89</u>

Schedules forming part of the Balance Sheet

(Rs. in lacs)

	As at 31st March 2009	As at 31st March 2008
Schedule 13: Current Liabilities and Provisions		
A. Current Liabilities		
Acceptances	3,811.43	1,048.16
Sundry Creditors for goods, services and expenses		
(a) Dues to Micro and Small Enterprises (Refer Note 8 on Schedule 23)	—	36.18
(b) Dues towards Capital Goods	5,227.07	5,137.79
(c) Dues to Other Creditors	19,600.54	11,661.56
Advances from Customers	1,612.18	2,666.50
Creditors for other finance	761.03	1,514.28
Amount payable to HEG Limited towards acquisition	—	4,090.55
Investor Education and Protection Fund (To be deposited as and when due)		
(a) Unclaimed Dividend	4.60	3.29
(b) Unclaimed Fractional Shares Liability	0.16	0.18
Interest Accrued but not due on Loans	12.93	22.42
	<u>31,029.94</u>	<u>26,180.91</u>
B. Provisions :		
Gratuity	93.12	138.34
Leave Salary	73.88	57.43
Proposed Dividend	221.94	471.27
Tax on Proposed Dividend	33.51	80.10
Income Tax (Net of Advances)	—	468.21
Fringe Benefit Tax (Net of Advances)	9.08	11.08
	<u>431.53</u>	<u>1,226.43</u>
Schedule 14 : Miscellaneous Expenditure		
(To the extent not written off or adjusted)		
Opening Balance	—	195.45
Less: Transfer from Securities Premium Account	—	195.45
	<u>—</u>	<u>—</u>

Schedules forming part of the Profit and Loss Account

	(Rs. in lacs)	
	2008-09	2007-08
Schedule 15 : Sales and Services		
Finished Goods	1,76,977.23	1,43,859.28
(Refer Note 4 on Schedule 23)		
Saleable Scraps and By Products	1,707.39	598.44
Conversion Charges	2,415.66	1,409.65
Sales of Raw Material	5,001.22	1,772.45
Service and other Charges	831.36	1,797.33
Export Incentives	14.85	—
	<u>1,86,947.71</u>	<u>1,49,437.15</u>
Schedule 16: Other Income		
Interest on :		
(a) Fixed Deposits with Banks [Tax deducted at Source Rs 19.63 lacs (Rs.9.50 lacs)]	91.88	77.27
(b) Loans, Advances etc [Tax deducted at Source Rs.58.60 lacs (Rs.161.11 lacs)]	1,888.91	724.28
Commission Received	376.81	3,799.82
Dividend Income from long term non trade Investments	0.29	0.28
Dividend Income from Investment in a Subsidiary Company	24.74	—
Insurance Claims	59.07	2.03
Reversal of provision for doubtful debts	151.37	—
Liabilities no longer required written back	90.78	369.80
Miscellaneous Income	158.04	678.56
	<u>2,841.89</u>	<u>5,652.04</u>
Schedule 17: (Increase) / Decrease in Stocks		
Opening Stocks :		
Finished Goods	8,951.12	1,920.05
Work-in-Process	103.82	—
By Products	378.94	83.98
	<u>9,433.88</u>	<u>2,004.03</u>
Add: Stock transferred from Trial Run	824.42	—
Stock acquired under scheme of Arrangement	—	528.30
	<u>10,258.30</u>	<u>2,532.33</u>
Less:		
Closing Stocks :		
Work-in-Process	847.73	103.82
Finished Goods	6,721.98	8,951.12
By Products	780.95	378.94
	<u>8,350.66</u>	<u>9,433.88</u>
	<u>1,907.64</u>	<u>(6,901.55)</u>
Schedule 18: Raw Materials Consumed		
Opening Stock	28,950.32	19,517.95
Add : Stock acquired under scheme of Arrangement	—	625.94
Add: Purchases *	<u>1,19,820.03</u>	<u>76,498.72</u>
	<u>1,48,770.35</u>	<u>96,642.61</u>
Less: Closing Stock	<u>33,910.89</u>	<u>28,950.32</u>
	<u>1,14,859.46</u>	<u>67,692.29</u>

* Includes loss on exchange fluctuation Rs.1637.21 lacs (Rs.7.67 lacs) and Semi Finished Goods Transferred from Trial Run Rs. 1605.89 lacs (Rs. Nil)

Schedules forming part of the Profit and Loss Account

(Rs. in lacs)

	2008-09	2007-08
Schedule 19 : Manufacturing Expenses		
Consumption of Stores and Spares	6,187.75	4,369.12
Labour Charges	2,633.17	1,811.40
Power and Fuel (Net)	10,503.93	7,280.26
Repairs and Maintenance:		
- Plant and Machinery	1,393.93	761.17
- Buildings	187.25	9.34
- Others	121.98	140.57
Water Charges	303.33	231.29
Other Expenses	96.57	92.36
	<u>21,427.91</u>	<u>14,695.51</u>
Schedule 20 : Personnel Cost		
Salaries, Wages and Bonus	2,587.09	1,468.88
Contribution to Provident and Other Funds	294.93	214.74
Staff Welfare Expenses	139.42	92.46
	<u>3,021.44</u>	<u>1,776.08</u>
Schedule 21 : Selling, Distribution and Administrative Expenses		
Freight and Transportation	1,821.62	1,867.79
Rent and Hire Charges	448.02	281.09
Export Duty	368.88	-
Rates and Taxes	111.60	309.25
Insurance	151.12	184.48
Advertisement	133.76	164.27
Brokerage and Commission (Other than Sole Selling Agents)	149.21	129.50
Travelling and Conveyance	323.78	205.99
Telephone and Postage Charges	86.32	51.16
Legal and Professional Charges	243.81	166.76
Directors' Fees	1.45	1.38
Auditors' remuneration		
- Audit Fees	22.50	20.00
- Limited Review Fees	19.50	12.00
- In Other Capacity for certificates and others	7.90	3.80
- For Expenses	1.12	0.28
Provision for Doubtful Debts / Advances	315.57	268.77
Provision for Diminution in the Value of Investments	4.84	-
Loss on Forward Exchange Contracts / Exchange Fluctuation (Net)	816.69	356.67
Charities and Donations	19.82	9.79
Security and Service Charges	315.91	210.04
Loss on Sale of Fixed Assets	18.83	3.43
Miscellaneous Expenses	449.69	312.12
	<u>5,831.94</u>	<u>4,558.57</u>
Schedule 22 : Interest and Finance Charges		
Interest on		
- Fixed Loans	6,947.53	8,894.86
- Other Loans	5,680.87	1,562.76
Finance Charges	427.93	559.19
	<u>13,056.33</u>	<u>11,016.81</u>

Schedules forming part of the Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts

I Significant Accounting Policies

(a) Basis of preparation of Accounts

The financial statements have been prepared to comply in all material respects with the accounting standards notified by the Companies Accounting Standards Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and except for the changes discussed more fully below, are consistent with those used in the previous year.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price inclusive of duties (net of CENVAT and VAT Credit), taxes, incidental expenses, erection / commissioning expenses and interest etc., upto the date the asset is ready to be put to use.

Own produced materials used for fixed assets are capitalised at cost.

Machinery spares which can be used only in connection with a particular item of fixed asset and whose use as per technical assessment is expected to be irregular, are capitalised and depreciated prospectively over the residual life of the respective asset.

(d) Depreciation

- i) The classification of Plant and Machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.
- ii) Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher.
- iii) Depreciation on Railway Wagons acquired by the Company is provided @ 10% p.a. as against 4.75% p.a. as prescribed in Schedule XIV because of the conditions prescribed in the agreement with Railway Authorities.
- iv) In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over their remaining useful life.

(e) Borrowing Costs

Borrowing costs relating to acquisition / construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

(f) Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine, if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount, which represents the greater of the net selling price of assets and their value in use. For the calculation of value in use the estimated future cash flows are discounted to their present value at appropriate rate arrived at after considering the prevailing interest rates and weighted average cost of capital.

(g) Fixed Assets acquired under Leases

Finance Lease

Assets acquired under lease agreements which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income.

Schedules forming part of the Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

(h) Government grants and subsidies

Grants and subsidies from the government are recognized when there is a reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Grants received for Capital Assets are treated as Reserve and adjusted proportionately to Depreciation Account over the specified life of the respective fixed assets.

(i) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

(j) Inventories

Inventories are valued as follows:

Raw materials	At lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.
Stores and Spares	At lower of cost and net realizable value. Cost is determined on 'First in First Out' basis except for Durg unit where the cost is determined on weighted average basis.
Work-in- Process and Finished Goods	At lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.
Scrap and By Products	At net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(k) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue from sale of goods is recognized on passage of title thereof to the customers, which generally coincides with delivery. Further, sales are inclusive of excise duty, but are net of returns, claims, rebates, discounts, Sales Tax, VAT etc.

Income from Services

Income from Services is recognized on performance of the contract and acceptance of the services by the customers.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend

Dividend income is recognized when the shareholders' right to receive payment is established by the balance sheet date.

Schedules forming part of the Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

(l) Foreign currency transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on the settlement / conversion of monetary items are recognized as income or as expenses in the period in which they arise.

(iv) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

(m) Retirement and other employee benefits

- i. Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contribution is charged to Profit and Loss Account of the year when the contributions to the respective funds is due. There is no other obligation other than the contribution payable to provident fund.
- ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year.
- iii. Short term compensated absences are provided for based on estimates whereas long term compensated absences are provided for on the basis of actuarial valuation, as per projected unit credit method.
- iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

(n) Taxation

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantially enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

Schedules forming part of the Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

(o) Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity are capitalised. Indirect expenditure incurred during construction period are capitalised as part of the indirect construction cost to the extent to which the expenditure are indirectly related to construction or are incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which are not related to the construction activity nor are incidental thereto are charged to the Profit and Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion are capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalised only if they increase the value of the asset beyond its original standard of performance.

(p) Segment Reporting Policies

Based on the synergies, risks and returns associated with business operations and in terms of Accounting Standard-17, the Company is predominantly engaged in a single reportable segment of Iron and Steel during the year. The risks and returns of existing captive power plants are directly associated with the manufacturing operations of Iron & Steel and hence treated as a single reportable segment as per Accounting Standard-17. The Company at present primarily operates in India and therefore the analysis of geographical segments is not applicable to the Company.

(q) Earnings Per Share

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Partly paid equity shares / instruments are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(r) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

(s) Cash and Cash Equivalents

Cash and cash equivalents as indicated in the Cash Flow Statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(t) Derivative Instruments

As per the announcement made by the Institute of Chartered Accountants of India, the accounting for derivative contracts, other than those covered under Accounting Standard 11, are marked to a market on a portfolio basis, and the net loss after considering the offsetting effect of the underlying hedge item is charged to the income statement. Net gains are ignored as a matter of prudence.

(u) Contingent Liabilities

Contingent liabilities are not provided for in the accounts and are separately disclosed in the "Notes on Accounts"

Schedules forming part of the Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

Notes on Accounts :

2. Contingent liabilities not provided for : (Rs. in lacs)

	As at 31st March 2009	As at 31st March 2008
a) Claims against the Company not acknowledged as debts		
i) Excise and Service Tax Demands under dispute/ appeal	1,183.08	475.61
ii) Sales Tax / VAT matters under dispute/appeal	10,727.92	2,830.65
b) Letters of Credit, Bills discounted and Bank Guarantees outstanding	5,959.98	4,424.89
c) Guarantees and Counter guarantees given by the Company for loans obtained by subsidiary company	1,500.00	–
d) Guarantee given for M/s Rohne Coal Company Private Limited, a Joint Venture Company	900.00	–
3. Estimated amount of contracts remaining to be executed on Capital Account and not provided for [Net of Advances Rs. 1,503.98 lacs (Rs. 6,871.83 lacs)]	3,568.97	7,979.40

Proportionate amount of pending capital commitments on account of M/s Rohne Coal Company Private Limited, a Joint Venture Company is Rs 1.52 lacs. (Rs Nil).

4. During the year, the Company has accounted for the following subsidies / incentives receivable from the Government of West Bengal under West Bengal Incentive Scheme aggregating to Rs.2,533.35 lacs (Rs 3,773.56 lacs) including Rs 328.05 lacs (Rs. 2909.49 lacs) for earlier years:

(Rs. in lacs)

Sl. No.	Particulars	Account to which credited	2008-09	2007-08
a)	Industrial Promotion Assistance*	Sales of Finished Goods/Trial Run Sales of Finished Goods	2,423.14	981.96
b)	Power Subsidy	Power and Fuel	110.21	2,318.65
c)	Interest Subsidy	Interest on Fixed Loans	–	472.95
			2,533.35	3,773.56
*includes Rs. 164.69 lacs (Rs. Nil) on account of sale of Finished goods under trial run				

5. Assets taken on finance lease include Railway Wagons included under Plant & Machinery and Vehicles. At the expiry of the lease period, legal title would be passed on to the Company. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

Future obligations towards lease rentals (inclusive of finance charges) Rs.467.63 lacs (Rs.805.69 lacs) under the respective finance lease agreements as on the date of balance sheet are as per details given below:

(Rs. in lacs)

Particulars	2008-09	2007-08
Total minimum lease payments at the year end	467.63	805.69
Less : Amount representing finance charges	30.72	83.38
Present value of minimum lease payments	436.91	722.31
Lease payments for the year	373.27	377.40
Minimum Lease Payments :		
Not later than one year: Present value as on 31.03.2009 Rs.337.17 lacs (Rs. 314.22 lacs)	365.44	371.16
Later than one year but not later than five years: Present value as on 31.03.2009 Rs.99.74 lacs (Rs. 408.09 lacs)	102.19	434.53
Later than five years: Present value as on 31.03.2009 Rs. Nil (Rs. Nil)	–	–

Schedules forming part of the Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

6. Gratuity and Leave

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to gratuity on terms not less favourable than The Provisions of Gratuity Act, 1972. During the year the Company has funded its gratuity liability with an insurance company in the form of a qualifying insurance policy.

The disclosures required under Accounting Standard 15 'Employee Benefits' notified in the Companies (Accounting Standards) Rules 2006 are given below:

I. Expenses recognized in the statement of Profit & Loss Account for the year ended 31st March 2009 :

(Rs. in lacs)

Particulars	Gratuity		Leave	
	2008-09	2007-08	2008-09	2007-08
Current service cost	40.72	19.08	4.38	2.70
Interest cost on benefit obligation	9.96	5.06	4.15	3.39
Expected return on plan assets	(2.98)	–	–	–
Net actuarial loss / (gain) recognised in the year	15.60	36.06	22.83	(10.02)
Total Expenses / (Income)	63.30	60.20	31.36	(3.93)

II. Net Liability/(Assets) recognized in the Balance Sheet as at 31st March 2009 :

(Rs. in lacs)

Particulars	Gratuity		Leave	
	2008-09	2007-08	2008-09	2007-08
Present value of Defined Benefits Obligation	177.65	138.34	73.88	57.43
Fair value of plan assets	84.53	–	–	–
Net Liability	93.12	138.34	73.88	57.43

III. Change in the present value of the defined benefit obligation during the year ended 31st March 2009 :

(Rs. in lacs)

Particulars	Gratuity		Leave	
	2008-09	2007-08	2008-09	2007-08
Present Value of Defined Benefit Obligation at the beginning of the year	138.34	96.89	57.43	61.36
Current Service Cost	40.72	19.08	4.38	2.70
Interest Cost	9.96	5.06	4.15	3.39
Benefits Paid	(36.78)	(18.75)	(14.91)	–
Actuarial Loss / (Gain)	25.41	36.06	22.83	(10.02)
Present Value of Defined Benefits Obligation at the year end	177.65	138.34	73.88	57.43

Schedules forming part of the Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

IV. Change in the Fair Value of Plan Assets during the year ended 31st March 2009 :

(Rs. in lacs)

Particulars	Gratuity		Leave	
	2008-09	2007-08	2008-09	2007-08
Fair Value of Defined Benefit Obligation at the beginning of the year	–	–	–	–
Expected Return	2.98	–	–	–
Contribution by employer	108.49	–	–	–
Benefits Paid	(36.75)	–	–	–
Actuarial Gains/(Losses)	9.81	–	–	–
Fair Value of Defined Benefit Obligation at the year end	84.53	–	–	–

V. The major categories of plan assets as a percentage of the fair value of the total plan assets

Particulars	Gratuity		Leave	
	2008-09	2007-08	2008-09	2007-08
Investment with the insurer	100%	N.A.	N.A.	N.A.

VI. The principal assumptions used in determining gratuity and leave obligation for the Company's plans are shown below.

Particulars	Gratuity		Leave	
	2008-09	2007-08	2008-09	2007-08
Discount Rate	7.75%	8.30%	7.75%	8.30%
Expected Rate of return on assets	8.30	N.A.	N.A.	N.A.
Rate of increase in salaries	10%	10%	10%	10%
Expected Average remaining working lives of employees (years)	26.33	22.12	25.35	19.73

(Rs. in lacs)

Particulars	2008-09	2007-08
Contribution to Provident Fund and other Funds	231.63	154.54

Note :

- i. The Company expects to contribute Rs 93.00 lacs to Gratuity Fund in 2009-10.
 - ii. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The above information is certified by the Actuary.
 - iii. The management has relied on the overall actuarial valuation conducted by the actuary. However, experience adjustments on plan liabilities and assets are not readily available and hence not disclosed.
7. a) During the previous year the Company has issued 96,00,000 Warrants to the Promoters and others carrying a right to convert each warrant into an Equity Share of Rs. 10 each at a premium of Rs.316.90 per warrant within a period of 18 months from the date of allotment i.e. 7th February 2008. The warrant holders have paid Rs. 6,178.41 lacs as application money against the above equity share warrants in the previous year.

Schedules forming part of the Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

- b) The Company has also issued 83,59,000 Zero Coupon Compulsorily Convertible Debentures at a price of Rs. 326.90 to Foreign Equity Investors in 2007-08. The debenture holders have the option to convert each debenture at any time into an equity share of Rs.10 each at a premium of Rs. 316.90 per debenture within 18 months from the date of allotment i.e. 7th February 2008. At the expiry of the said eighteen months the outstanding debentures shall be automatically converted into equal number of equity shares.

8. Based on the information available with the Company, the amounts due to Micro, Small and Medium Enterprises as per MSMED Act, 2006 are as follows :

(Rs. in lacs)

Sl. No.	Particulars	2008-09	2007-08
a)	Principal Amount remaining unpaid to the suppliers as at the end of the year	–	33.85
b)	Interest due on above remaining unpaid to the suppliers as at the end of the year	–	1.23
c)	Amount of interest paid by the buyer in terms of Section 16, of the Micro Small and Medium Enterprise Development Act, 2006	2.33	–
d)	Amount of interest due and payable for the period of delay in making payment (which have been paid beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006	–	1.10
e)	Amount of interest accrued and remaining unpaid at the end of each accounting year; and	–	2.33
f)	Amount of further interest remaining due and payable even in the succeeding years.	–	–

9. Unhedged Foreign Currency Exposures outstanding at the year end are as follows :

Sr. No.	Particulars	As at 31st March 2009			As at 31st March 2008		
		Amount in Foreign Currency		Rs. in lacs	Amount in Foreign Currency		Rs. in lacs
Receivables							
(a)	Sundry Debtors	US\$	–	–	US\$	7,411	2.99
(b)	Advances	Euro	6,67,395	450.36	Euro	5,71,000	360.24
	Total			450.36			363.23
Payables							
(c)	Sundry Creditors	US\$	10,45,024	532.44	–	–	–
		Euro	10,53,755	711.07	Euro	87,525	55.22
(d)	Foreign Currency Loans	US\$	58,62,573	2,986.98	–	–	–
		Euro	10,12,605	683.31	–	–	–
	Total			4,913.80			55.22

Schedules forming part of the Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

10.	Basic and diluted earnings per share :		2008-09	2007-08
A	Profit after Tax	Rs. in lacs	128.12	11,887.30
B	Present weighted average number of equity shares (Rs. 10 each)	Nos.	4,71,14,675	4,71,14,650
C	Weighted average number of equity shares allotted	Nos.	4,71,14,675	4,71,14,650
D	Weighted average number of equity shares which would be issued on the conversion of			
	(i) Compulsorily Convertible Debentures	Nos.	83,59,000	1,482,421
	(ii) Equity Warrants	Nos.	18,90,000	1,88,576
E	Potential weighted average number of Equity Shares	Nos.	5,73,63,675	4,87,85,647
F	Basic Earning per Share	Rs.	0.27	25.23
G	Diluted Earning per Share	Rs.	0.22	24.37

11. Loans and Advances include the following balances :

(Rs. in lacs)

Name of the Company	As at 31st March 2009	Maximum Amount due at any time during the year 2008-09	As at 31st March 2008	Maximum Amount due at any time during the year 2007-08
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Company under the same management in terms of Section 370(1B) of the Companies Act, 1956 and in terms of Clause 32 of the Listing Agreement.

Jai Balaji Jyoti Steels Ltd.	8,642.32	16,945.69	12,547.60	12,547.60
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Private companies or firms in which directors are director or member or partner :

Tarini Minerals Pvt. Ltd.	163.49	163.49	–	–
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12. The break-up of major components of Net Deferred Tax Liabilities of Rs. 7,481.88 lacs as on 31st March 2009 is as under.

(Rs. in lacs)

Particulars	As at 31st March 2009	As at 31st March 2008
Deferred Tax Liability		
Timing Difference on Depreciable assets	11,000.02	7,442.69
Sub Total (A)	11,000.02	7,442.69
Deferred Tax Asset		
Unabsorbed Depreciation	3,123.75	–
Expenses allowable on payment basis/other timing differences	394.39	341.45
Sub Total (B)	3,518.14	341.45
Deferred Tax Liabilities (Net) (A-B)	7,481.88	7,101.24

13. Excise duty on increase/decrease in stock represents differential excise duty on opening and closing stock of Finished Goods.

Schedules forming part of the Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

14. Related Party Disclosures

a. Name of Related Parties

Subsidiary Company	Nilachal Iron & Power Limited *
Joint Venture Company	Rohne Coal Company Private Limited
Key Management Personnel	Mr. Aditya Jajodia, Chairman and Managing Director Mr. Sanjiv Jajodia, Wholetime Director
Relatives of Key Management Personnel	Mr. Rajiv Jajodia, Brother of Wholetime Director Mr. Devendra Prasad Jajodia, Brother of Wholetime Director Mr. Aashish Jajodia, Brother of Chairman and Managing Director Mr. Gourav Jajodia, Nephew of Wholetime Director Smt. Kanchan Jajodia, Sister-in-law of Wholetime Director Smt. Rina Jajodia, Sister-in-law of Chairman and Managing Director Smt. Sangeeta Jajodia, Wife of Wholetime Director Smt. Shashi Devi Jajodia, Sister-in-law of Wholetime Director Smt. Seema Jajodia, Wife of Chairman and Managing Director
Enterprises owned or significantly influenced by key management personnel or their relatives	Chandi Steel Industries Limited Jai Balaji Jyoti Steels Limited Jai Salasar Balaji Industries (P) Limited Balaji Ispat Udyog Jai Balaji Shakti Cement Limited Enfield Suppliers Limited Hari Management Limited Jain Vanijya Udyog Limited Jajodia Estate Private Limited K.D. Jajodia Steel Industries (P) Limited

Schedules forming part of the Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

b. Related Party transactions :

(Rs. in lacs)

Particulars	Subsidiary /Associate Company*	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
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Sales of Finished Goods and Raw Materials

Chandi Steel Industries Limited					2,734.84 (2,122.57)	2,734.84 (2,122.57)
Jai Balaji Jyoti Steels Limited					1,629.28 (260.63)	1,629.28 (260.63)
Jai Salasar Balaji Industries (P) Limited					1,655.93 (890.34)	1,655.93 (890.34)
Others	29.07 (60.24)				– (2.08)	29.07 (62.32)

Purchases of Raw Materials/Others

Nilchal Iron & Power Limited	11,959.19 (4,369.15)					11,959.19 (4,369.15)
Jai Balaji Jyoti Steels Limited					3,379.37 (2,244.18)	3,379.37 (2,244.18)
Jai Salasar Balaji Industries (P) Limited					1,946.44 (487.72)	1,946.44 (487.72)
Others					232.10 (97.94)	232.10 (97.94)

Salary/Managerial Remuneration

Mr. Aditya Jajodia			6.00 (6.50)			6.00 (6.50)
Mr. Sanjiv Jajodia			5.65 (4.77)			5.65 (4.77)

Rent Expenses

Jajodia Estate Private Limited					0.69 (0.69)	0.69 (0.69)
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Dividend Received

Nilachal Iron & Power Limited	24.74 (–)					24.74 (–)
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Dividend Paid

Mr. Sanjiv Jajodia			26.49 (22.52)			26.49 (22.52)
Mr. Aditya Jajodia			28.34 (24.09)			28.34 (24.09)

Schedules forming part of the Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

b. Related Party transactions : (Contd.)

(Rs. in lacs)

Particulars	Subsidiary /Associate Company*	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
Mr. Rajiv Jajodia				15.68 (13.33)		15.68 (13.33)
Mr. Gourav Jajodia				1.08		1.08
Enfield Suppliers Limited					112.21 (95.38)	112.21 (95.38)
Hari Management Limited					70.45 (59.88)	70.45 (59.88)
Jai Salasar Balaji Industries (P) Limited					10.04 (8.53)	10.04 (8.53)
K. D. Jajodia Steel Industries (P) Limited					16.93 (14.39)	16.93 (14.39)
Others				19.18 (17.22)	0.91 (-)	20.09 (17.22)
Share Application Money Paid/Refunded						
Jai Balaji Shakti Cement Limited					- (1,000.00)	- (1,000.00)
Money received against Equity Warrants						
Smt. Kanchan Jajodia				- (65.38)		- (65.38)
Mr. Aashish Jajodia				- (65.38)		- (65.38)
Mr. Aditya Jajodia			- (163.45)			- (163.45)
Mr. Devendra Parasad Jajodia				- (65.38)		- (65.38)
Mr. Gourav Jajodia				- (65.38)		- (65.38)
Mr. Rajiv Jajodia				- (163.45)		- (163.45)
Mr. Sanjiv Jajodia			- (163.45)			- (163.45)
Smt. Rina Jajodia				- (65.38)		- (65.38)

Schedules forming part of the Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

b Related Party transactions : (Contd.)

(Rs. in lacs)

Particulars	Subsidiary /Associate Company*	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
Smt. Sangeeta Jajodia				– (65.38)		– (65.38)
Smt. Shashi Devi Jajodia				– (65.38)		– (65.38)
Smt. Seema Jajodia				– (65.38)		– (65.38)
Enfield Suppliers Limited					– (3,040.17)	– (3,040.17)
Hari Management Limited					– (2026.78)	– (2026.78)
Interest Received						
Jai Balaji Jyoti Steels Limited					1,703.86 (633.41)	1,703.86 (633.41)
Others					– (49.00)	– (49.00)
Reimbursement of Expenses						
Rohne Coal Company Private Limited		11.14 (–)				11.14 (–)
Advance against Preference Share Capital						
Rohne Coal Company Private Limited		6.41 (–)				6.41 (–)
Investments made						
Rohne Coal Company Private Limited		112.47 (–)				112.47 (–)
Dividend Receivable						
Nilachal Iron & Power Limited	24.74 (–)					24.74 (–)
Balance Receivable as at the year end						
Jai Balaji Jyoti Steels Limited					142.32 (1,547.60)	142.32 (1,547.60)
Chandi Steel Industries Limited					160.76 (1,156.47)	160.76 (1,156.47)
Nilachal Iron & Power Limited	3,640.68 (5,241.82)					3,640.68 (5,241.82)
Jai Salasar Balaji Industries (P) Limited					171.59 (–)	171.59 (–)

Schedules forming part of the Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

b Related Party transactions : (Contd.)

(Rs. in lacs)

Particulars	Subsidiary /Associate Company*	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
Rohne Coal Company Private Limited		11.14 (-)				11.14 (-)
Balance Payable as at the year end						
Jai Salasar Balaji Industries (P) Limited					- (9.98)	- (9.98)
Loan Receivable Outstanding as at the year end						
Jai Balaji Jyoti Steels Limited					8,500.00 (11,000.00)	8,500.00 (11,000.00)
Corporate Guarantee received						
Nilachal Iron & Power Limited	- (2,500.00)					- (2,500.00)
Guarantees Obtained						
Mr. Aditya Jajodia			148,248.60 (107,111.01)			148,248.60 (107,111.01)
Mr. Sanjiv Jajodia			148,248.60 (107,111.01)			148,248.60 (107,111.01)
Mr. Rajiv Jajodia				148,248.60 (107,111.01)		148,248.60 (107,111.01)
Corporate Guarantee Given						
Nilachal Iron & Power Limited	1,500.00 (-)					1,500.00 (-)
Rohne Coal Company Private Limited		900.00 (-)				900.00 (-)

*M/s Nilachal Iron & Power Limited became an associate company on 21st July 2007 and a subsidiary from 26th October 2007.

15. Managerial Remuneration

(Rs. in lacs)

	2008-09	2007-08
(a) Chairman and Managing Director		
Salary	6.00	5.73
Perquisites	-	0.77
Total	6.00	6.50
(b) Whole-time Director		
Salary	5.65	1.80
Perquisites	-	2.97
Total	5.65	4.77

Note : As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable, and therefore, not included above.

Schedules forming part of the Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

16. Interest in Joint Venture

The Company has a 6.90% interest in the assets, liabilities, expenses and income of M/s. Rohne Coal Company Pvt Ltd, incorporated in India during the year, which is in the process of setting up a coal mining facility at Rohne Coal Block, Hazaribagh, Jharkhand.

The Company's share of the assets, liabilities, income and expenses of the jointly controlled entity are as follows at 31st March 2009.

Particulars	(Rs in lacs)
Assets	119.44
Liabilities	119.44
Revenue	-
Depreciation /Amortisation	-
Other Expenses	2.34
Loss before tax	2.34

Capital expenditure commitments and contingent liabilities of the joint venture are disclosed in Note 2 and Note 3 respectively

17. Details of the Equity Shares pledged by the promoter or persons forming part of the promoter group ('Promoter Group') of the Company as on the balance sheet date :

Total Number of Equity shares held by the promoter group	3,23,17,983
Total Number of Equity shares pledged by the promoter group	13,95,600
Percentage of total shares pledged to total shareholding of the promoter group	4.32 %
Percentage of total shares pledged to total outstanding shares of the Company	2.96 %

18. Additional Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act 1956

18.1 Installed Capacity and Actual Production

Class of Goods	Unit	Installed Capacity		Actual Production#	
		2008-09	2007-08	2008-09	2007-08
Sponge Iron	Mt	3,45,000	3,45,000	2,64,690	2,40,522
Pig Iron	Mt	5,09,250	5,09,250	2,51,969	1,36,953
Steel Bars / Rods	Mt	2,60,000	2,60,000	1,52,622	1,88,885
Billet / MS Ingot	Mt	9,06,230	4,73,230	3,49,678	2,96,712
Power		71.10 (MW/Hr)	64.80 (MW/Hr)	23,04,31,698 (Kwh)	15,53,12,580 (Kwh)
Ferro Alloys	Mt	81,118	81,118	27,160	15,800

Note : Licensed Capacity is not applicable as the industry is delicensed.

Excludes production for third party conversion 10,905 Mt (7,440 Mt) and 23,430 Mt (Nil) in respect of Ferro Alloys and Steel Bars/Rods respectively

Schedules forming part of the Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

18.2	Sale of Finished Goods*	Unit	2008-09		2007-2008	
			Quantity	Rs. in lacs	Quantity	Rs. in lacs
	Sponge Iron	Mt	76,878	16,323.59	46,295	8,987.32
	Pig Iron \$	Mt	1,38,796	36,639.60	77,188	19,431.39
	Steel Bars/Rods	Mt	1,57,135	54,163.83	1,83,865	49,006.01
	Billet/MS Ingots #	Mt	1,87,193	52,419.95	89,091	23,738.32
	Power	Kwh	1,11,85,532	220.53	58,70,400	104.17
	Ferro Alloys	Mt	21,450	15,974.62	10,004	6,889.20
	M S Steel	Mt	26,689	8,639.54	34,120	11,787.06
	Steel Bars	Mt			31,154	9,178.18
	H.R. Sheet	Mt	-	-	3,555	1,118.73
	Steel Wires	Mt	-	-	23,906	11,973.62
	Iron Ore	Mt	-	-	35,297	1,645.28
				1,84,381.66		1,43,859.28

\$ Includes 109.50 Mt (Nil) lost in transit

Includes Trial Run Sales of 35,850 MT (Nil) valuing Rs. 7,404.43 lacs (Rs. Nil)

* excluding goods transferred for further processing as follows:

Captive Consumption of Finished Goods	Quantity (Mt)	
	2008-2009	2007-2008
Sponge Iron	1,88,163	1,94,115
Pig Iron	1,22,420	48,454
Billet/Steel Ingot	1,59,070	1,97,149
Ferro Alloys	5,308	4,234

18.3	Purchase of Trading Goods	2008-2009		2007-2008	
		Quantity (Mt)	Rs. in lacs	Quantity (Mt)	Rs. in lacs
	M S Steel	26,689	7,200.69	34,120	8,409.45
	Steel Bars	-	-	31,154	6,525.02
	H. R. Sheet	-	-	3,555	804.47
	Steel Wires	-	-	23,906	8,569.80
	Iron Ore	-	-	35,297	1,336.05
			7,200.69		25,644.79

Schedules forming part of the Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

18.4	Details of Finished Goods	2008-2009		2007-2008	
		Quantity (Mt)	Rs. in lacs	Quantity (Mt)	Rs. in lacs
	Opening Stock :				
	Sponge Iron	806	69.57	694	86.99
	Pig Iron	11,594	2,666.33	283	25.24
	Steel Bars/Rods	9,169	2,458.25	4,149	1,074.67
	Billet/MS Ingots	13,002	2,971.10	2,530	550.95
	Ferro Alloys	2,100	785.87	538	182.20
			8,951.12		1,920.05
	Closing Stock :				
	Sponge Iron	455	61.05	806	69.57
	Pig Iron	2,347	418.48	11,594	2,666.33
	Steel Bars/Rods	4,656	1,320.82	9,169	2,458.25
	Billet/MS Ingots	16,417	3,893.35	13,002	2,971.10
	Ferro Alloys	2,502	1,028.28	2,100	785.87
			6,721.98		8,951.12

19.	Consumption of Raw Materials*\$	2008-2009		2007-2008	
		Quantity (Mt)	Rs. in lacs	Quantity (Mt)	Rs. in lacs
	Pig Iron/Sponge Iron	74,248	12,145.51	87,553	10,280.07
	Coke / Coal	7,30,785	52,908.61	5,98,209	23,062.45
	Iron Ore	10,90,905	41,055.85	6,76,725	28,733.11
	Managnese Ore	69,791	14,620.46	33,339	2,905.36
	Billet / Ingot	6,524	1,610.70	7,983	1,559.40
	Quartzite, Limestone	1,39,527	1,577.42	59,972	625.64
	Steel Scrap & Wastes	22,114	2,610.97	3,459	526.26
	Ferro Alloys	497	453.94	–	–
			1,26,983.46		67,692.29

* including cost of raw materials sold during the year Rs 1,133.78 lacs (Rs 512.02 lacs)

\$ includes raw material consumed during trial run process Rs 12,124.00 lacs (Rs Nil)

20. Value of Consumption of Imported and Indigenous raw materials and stores, spare parts, etc.

Consumption of Raw Materials*	Raw Materials*		Stores, Spare Parts etc*	
	Rs. in lacs	% of total Consumption	Rs. in lacs	% of total Consumption
Imported	40,805.71 (14,890.68)	32.13 (22.00)	71.71 (197.27)	1.06 (4.52)
Indigenous	86,177.75 (52,801.61)	67.87 (78.00)	6,673.54 (4,171.85)	98.94 (95.48)
Total	1,26,983.46 (67,692.29)	100.00 (100.00)	6,745.25 (4,369.12)	100.00 (100.00)

* includes materials consumed during trial run process

Schedules forming part of the Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

21. Value of Imports (calculated on CIF basis)

(Rs. in lacs)

	2008-2009	2007-2008
Raw Materials	46,437.32	14,573.60
Stores & Spares	71.32	193.89
Capital Goods	4,627.27	3,098.38
Total	51,135.91	17,865.87

22. Expenditure in Foreign Currency

(Rs. in lacs)

	2008-2009	2007-2008
Travelling Expenses	22.57	10.68
Others	51.46	3.66
Total	74.03	14.34

23. Earnings in Foreign Currency

(Rs. in lacs)

	2008-2009	2007-2008
Exports at FOB Value*	5,736.22	317.68

*including materials sold to special economic zones in India

24. Amount remitted in foreign currency on account of dividends

	2008-2009	2007-2008
i) No. of non – resident share holders	57	55
ii) No. of Shares held	31,379	59,630
ii) Amount remitted as dividend (Rs.)	Nil	Nil

25. Figures in brackets represent previous year's figures, which have been rearranged / regrouped wherever necessary to conform to this year's classification.

As per our attached report of even date

For S. R. Batliboi & Co.
Chartered Accountants

For and on behalf of the Board of Directors

Per **R K Agrawal**
Partner
Membership No. 16667

Aditya Jajodia
Chairman & Managing Director

Sanjiv Jajodia
Wholtime Director

Ajay Kumar Tantia
Company Secretary

Place : Kolkata
Date : 30th June 2009

Balance Sheet Abstract and Company's General Business Profile**I) Registration Details**

Registration No : L27102WB1999PLC089755

State Code:

							2	1
--	--	--	--	--	--	--	---	---

Balance Sheet Date:

3	1	0	3	2	0	0	9
Date		Month		Year			

II) Capital Raised During the Year (Amount in Rs. Thousands)

Public Issue

					N	I	L
--	--	--	--	--	---	---	---

Rights Issue

					N	I	L
--	--	--	--	--	---	---	---

Bonus Issue

					N	I	L
--	--	--	--	--	---	---	---

Private Placement

					N	I	L
--	--	--	--	--	---	---	---

III) Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

2	2	7	4	6	6	9	6
---	---	---	---	---	---	---	---

Total Assets

2	2	7	4	6	6	9	6
---	---	---	---	---	---	---	---

Sources of Funds

Paid-Up Capital

		4	7	1	1	4	7
--	--	---	---	---	---	---	---

Reserves and Surplus

	3	0	7	1	8	4	4
--	---	---	---	---	---	---	---

Application Money towards warrants

		6	1	7	8	4	1
--	--	---	---	---	---	---	---

Secured Loans

1	5	0	3	6	6	5	2
---	---	---	---	---	---	---	---

Unsecured Loans

	2	8	0	1	0	2	4
--	---	---	---	---	---	---	---

Deferred Tax Liabilities

		7	4	8	1	8	8
--	--	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

1	5	1	5	7	8	3	1
---	---	---	---	---	---	---	---

Investments

		5	1	6	2	1	5
--	--	---	---	---	---	---	---

Net Current Assets

	7	0	7	2	6	5	0
--	---	---	---	---	---	---	---

Miscellaneous expenditure

					N	I	L
--	--	--	--	--	---	---	---

Accumulated Losses

					N	I	L
--	--	--	--	--	---	---	---

IV) Performance of Company (Amount in Rs. Thousands)

Turnover (Sales and other income)

1	7	2	3	3	0	6	3
---	---	---	---	---	---	---	---

Total Expenditure

1	7	1	6	6	0	2	0
---	---	---	---	---	---	---	---

Profit Before Tax

			6	7	0	4	3
--	--	--	---	---	---	---	---

Profit After Tax

			1	2	8	1	2
--	--	--	---	---	---	---	---

Earnings Per Share – Basic Rs.

				0	.	2	7
--	--	--	--	---	---	---	---

Dividend Rate %

							4
--	--	--	--	--	--	--	---

Earnings Per Share – Diluted Rs.

				0	.	2	2
--	--	--	--	---	---	---	---

V) Generic names of Principal Products/Services of the Company (As per monetary Terms)

Item Code No. (ITC Code)

Product Description

72031000

Sponge Iron

72061009

Steel Ingots

72141090

Steel Bars/Rods

For and on behalf of the Board of Directors

Section 212

Statement pursuant to Section 212 of the Companies Act, 1956, Relating to the Subsidiary Company:

1.	Name of the Subsidiary	:	Nilachal Iron & Power Limited
2.	The financial year of the Subsidiary Company ended on	:	31st March, 2009
3.	a. Number of Shares held by Jai Balaji Industries Limited in the Subsidiary at the end of the Financial year of the Subsidiary Company.	:	49,48,727 Equity Shares of Rs. 10 each fully paid up
	b. Extent of interest of Holding Company at the end of the Financial year of Subsidiary Company	:	100%
4.	The net aggregate amount of the Subsidiary Company profit/(loss) so far as it concerns the Members of the Holding Company		
	a) Not dealt with in the Holding Company's Accounts		
	i) For the Financial year ended 31st March, 2009	:	Rs.82.80 Lacs
	ii) For the previous Financial year of the Subsidiary Company since it became the Holding Company's Subsidiary	:	Rs.171.41 Lacs
	b) Dealt with in the Holding Company's account		
	i) For the Financial year ended 31st March, 2009	:	Nil
	ii) For the previous Financial year of the Subsidiary Company since it became the Holding Company's Subsidiary	:	Nil

For and on behalf of the Board of Directors

Place : Kolkata
Date : 30th June 2009

Aditya Jajodia
Chairman & Managing Director

Sanjiv Jajodia
Wholetime Director

Ajay Kumar Tantia
Company Secretary

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF JAI BALAJI INDUSTRIES LIMITED AND ITS SUBSIDIARY

The Board of Directors

Jai Balaji Industries Limited

1.0 We have audited the attached consolidated balance sheet of Jai Balaji Industries Limited and its subsidiary and Joint Venture as at 31st March 2009 and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2.0 We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3.0 We did not audit the financial statements of the Company's Subsidiary

Nilachal Iron & Power Limited, whose financial statements reflect total assets of Rs. 17,006.86 lacs as at 31st March, 2009, total revenue of Rs. 12,843.61 lacs and cash outflows amounting to Rs. 222.35 lacs for the year and also we did not audit the financial statements of Joint Venture Company, Rohne Coal Company Private Limited, where the Company's proportionate share in, assets Rs. 119.44 lacs, Revenue Rs. Nil and Cash Flow Rs. 3.80 lacs have been considered for the purpose of consolidation of these financial statements. These financial statements and other financial information have been audited by other auditors whose report have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary and joint venture, is based solely on the reports of the other auditors.

4.0 We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, and Accounting Standard 27, Financial Reporting of Interest in Joint Venture, [notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended)].

5.0 Based on our audit and on consideration of the reports of other auditors on

separate financial statements and on other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of Consolidated Balance Sheet, of the state of affairs of Jai Balaji Industries Limited and its subsidiary and joint venture as at 31st March, 2009;
- b) in the case of Consolidated Profit and Loss Account, of the Consolidated Results of operations of Jai Balaji Industries and its subsidiary and joint venture for the year ended on that date; and
- c) in the case of Consolidated Cash Flow Statement, of the consolidated cash flows of Jai Balaji Industries Limited and its subsidiary and joint venture for the year ended on that date.

For **S. R. Batliboi & Co.**
Chartered Accountants

per **R K Agrawal**

Partner

Place : Kolkata

Date : 30th June 2009 Membership No : 16667

Consolidated Balance Sheet as at 31st March 2009

(Rs. in lacs)

	Schedule	As at 31st March 2009	As at 31st March 2008
SOURCES OF FUNDS			
A. Shareholders' Funds :			
(a) Share Capital	1	4,711.47	4,711.46
(b) Application Money towards Equity warrants (Refer Note 8 (a) on Schedule 23)		6,178.41	6,178.41
(c) Preference Share Application Money		2.90	—
(d) Reserves and Surplus	2	34,055.53	33,855.48
B. Loan Funds :			
(a) Secured Loans	3	1,53,858.90	1,10,900.65
(b) Unsecured Loans	4	28,010.24	33,794.85
C. Deferred Tax Liabilities (Net)	5	7,718.72	6,965.45
Total		<u>2,34,536.17</u>	<u>1,96,406.30</u>
APPLICATION OF FUNDS			
A. Fixed Assets :			
(a) Gross Block	6	1,41,185.08	98,699.84
(b) Less : Accumulated Depreciation/Amortisation		15,120.65	9,673.56
(c) Net Block		1,26,064.43	89,026.28
(d) Capital Work-in-Progress and Pre-operative Expenditure Pending Allocation	7	32,074.35	30,025.44
		<u>1,58,138.78</u>	<u>1,19,051.72</u>
B. Investments :	8	367.08	380.92
C1. Current Assets, Loans and Advances			
(a) Inventories	9	53,050.05	47,465.50
(b) Sundry Debtors	10	26,264.10	21,152.70
(c) Cash & Bank Balances	11	2,246.32	2,127.68
(d) Loans & Advances	12	27,498.89	36,032.42
		<u>1,09,059.36</u>	<u>1,06,778.30</u>
C2. Less : Current Liabilities and Provisions	13		
(a) Liabilities		32,580.98	28,587.17
(b) Provisions		448.07	1,217.47
		<u>33,029.05</u>	<u>29,804.64</u>
Net Current Assets		<u>76,030.31</u>	<u>76,973.66</u>
D. Miscellaneous Expenditure : (to the extent not written off or adjusted)	14	—	—
Total		<u>2,34,536.17</u>	<u>1,96,406.30</u>
Significant Accounting Policies and Notes on Accounts	23		

The Schedules referred to above form an integral part of the Balance Sheet

As per our attached report of even date

For S. R. Batliboi & Co.

Chartered Accountants

Per **R K Agrawal**

Partner

Membership No. 16667

For and on behalf of the Board of Directors**Aditya Jajodia**
Chairman & Managing Director**Sanjiv Jajodia**
Wholetime Director**Ajay Kumar Tantia**
Company Secretary

Place : Kolkata

Date : 30th June 2009

Consolidated Profit and Loss Account for the year ended 31st March 2009

			(Rs. in lacs)
	Schedule	2008-09	2007-08
INCOME			
Sales and Services (Gross)	15	1,89,534.15	1,50,692.29
Less : Excise Duty		17,740.40	17,945.31
Sales and Services (Net)		1,71,793.75	1,32,746.98
Other Income	16	3,159.80	5,658.49
Total		1,74,953.55	1,38,405.47
EXPENDITURE			
(Increase)/Decrease in Stocks	17	6,494.79	(9,212.54)
Excise Duty and Cess on Stocks (Refer Note 14 on Schedule 23)		(1,369.82)	1,333.04
Raw Materials Consumed	18	1,11,423.03	69,547.14
Purchase of Trading Goods		7,200.69	25,656.67
Manufacturing Expenses	19	21,962.44	14,984.35
Personnel Cost	20	3,306.88	1,894.29
Selling, Distribution and Administrative Expenses	21	6,114.31	4,654.01
Prior Period Expenditure (Net)		71.68	96.89
Interest and Finance Charges	22	13,235.50	11,093.31
Depreciation/Amortisation	5,462.85		
Less : Transfer from Capital Reserve	49.79	5,413.06	4,475.73
Total		1,73,852.56	1,24,522.89
Profit before Tax		1,100.99	13,882.58
Less :			
Current Tax		258.52	2,006.57
[Including Rs. 136.59 lacs (Rs. 35.79 lacs) for earlier years]			
MAT Credit Entitlement		(121.92)	(1,093.66)
Deferred Tax Charge		753.27	887.78
Fringe Benefit Tax		27.30	23.18
Total Tax Expenses (Net)		917.17	1,823.87
Profit after Tax		183.82	12,058.71
Add : Share of Profit of Associate Company		—	109.31
Consolidated Profit		183.82	12,168.02
Add : Balance Brought Forward From Previous year		14,291.59	12,674.94
Profit Available for Appropriation		14,475.41	24,842.96
Appropriations			
Proposed Dividend		221.94	471.27
Tax on Dividend		37.72	80.10
Transfer to General Reserve		—	10,000.00
Balance in Profit and Loss Account		14,215.75	14,291.59
		14,475.41	24,842.96
Earning per Share (Nominal Value per Share Rs. 10)			
Basic (Rs.)		0.39	25.83
Diluted (Rs.)		0.32	24.94
(Refer Note 12 on Schedule 23)			
Significant Accounting Policies and Notes on Accounts	23		

The Schedules referred to above form an integral part of the Profit and Loss Account

As per our attached report of even date

For S. R. Batliboi & Co.

Chartered Accountants

For and on behalf of the Board of DirectorsPer **R K Agrawal**

Partner

Membership No. 16667

Aditya Jajodia

Chairman & Managing Director

Sanjiv Jajodia

Wholetime Director

Ajay Kumar Tantia

Company Secretary

Place : Kolkata

Date : 30th June 2009

Consolidated Cash Flow Statement for the year ended 31st March 2009

(Rs. in lacs)

	2008-09	2007-08
A. Cash Flow From Operating Activities		
Net Profit Before Taxes	1,100.99	13,882.58
Adjustments For :		
Depreciation / Amortisation (Net)	5,413.06	4,475.73
Loss on Sale of Fixed Assets	18.83	3.43
Irrecoverable Debts Written off	76.57	4.88
Provision for Doubtful Debts/Advances (net)	164.20	268.77
Liabilities no longer required written back	(176.44)	(375.12)
Interest and Finance Charges	17,104.75	11,780.08
Miscellaneous Expenses Written off	—	5.00
Provision for Diminution in Investments	4.84	—
Dividend Income from long term Non Trade Investments	(0.29)	(0.28)
Prior Period Expenditure	71.68	96.89
Loss on Forward Exchange Contracts/Exchange Fluctuations (Net)	816.69	356.37
Interest Income	(2,086.36)	(802.51)
Operating Profit Before Working Capital Changes	<u>22,508.52</u>	<u>29,695.82</u>
Movement in Working Capital		
Sundry Debtors	6,458.38	1,257.44
Loans and Advances	(5,622.45)	(16,848.55)
Inventories	(5,584.56)	(21,623.89)
Trade & Other Payables	5,062.79	5,798.60
Cash Generated From/(Used in) Operating Activities before taxes	22,822.68	(1,720.58)
Direct Taxes paid (net of refunds)	(1,205.23)	(1,661.52)
Net Cash Generated from/(Used in) Operating Activities	<u>21,617.45</u>	<u>(3,382.10)</u>
B. Cash Flow From Investing Activities		
Purchase of Fixed Assets	(49,378.61)	(50,045.28)
Capital Subsidy received	164.68	—
Proceeds from Sale of Fixed Assets	167.76	3.90
Purchase of Non Trade Investments	—	(334.52)
Proceeds from Redemption of Non Trade Investment	9.00	—
Purchase of Investments/application money paid in a Joint Venture/Subsidiary Company	(6.41)	(4,709.46)
Loan to a Body Corporate	—	(12,200.00)
Refund of Loan given to a Body Corporate	2,500.00	—
Dividend received from long term Non Trade Investments	0.29	0.28
Interest received	1,984.89	768.80
Net Cash Used in Investing Activities	<u>(44,558.40)</u>	<u>(66,516.28)</u>

Consolidated Cash Flow Statement for the year ended 31st March 2009 (contd.)

	(Rs. in lacs)	
	2008-09	2007-08
C. Cash Flow From Financing Activities		
Proceeds from Call in Arrears	0.01	—
Amount received towards Equity Warrants/Convertible Debentures	—	33,504.26
Advance against Preference Share Application Money	2.90	—
Expenses incurred on issue of Securities	—	(629.38)
Proceeds from long/short term Borrowings	61,926.47	73,631.50
Repayment of long/short term Borrowings	(25,498.33)	(25,101.82)
Interest and Finance Charges Paid	(13,252.25)	(12,368.75)
Dividend Paid	(469.96)	(400.07)
Tax on Dividend paid	(80.10)	(68.08)
Net Cash from Financing Activities	22,628.74	68,567.66
Net Decrease in Cash and Cash Equivalents (A+B+C)	(312.21)	(1,330.72)
Cash and Cash Equivalents as at the beginning of the year	1,381.42	2,564.11
Cash and Cash Equivalents of the subsidiary company as at 26th October, 2007	—	148.03
Cash and Cash Equivalents as at the end of the year	1,069.21	1,381.42
Components of cash and cash equivalents		
Cash in hand	74.61	59.81
Cheques in hand	322.49	134.76
Balance with Scheduled Banks on :		
Current Account	666.35	683.38
Fixed Deposit Account	1,178.11	1,246.26
Unclaimed Dividend Account*	4.60	3.29
Unclaimed Fractional Share Balance*	0.16	0.18
Cash & Bank Balances as per Schedule II	2,246.32	2,127.68
Less : Fixed deposits not considered as cash equivalents	1,177.11	746.26
Cash & Cash Equivalents in Cash Flow Statement :	1,069.21	1,381.42

*These balances are not available for use by the Company as they represent corresponding unpaid dividend and unclaimed fractional share balances.

As per our attached report of even date

For S. R. Batliboi & Co.
Chartered Accountants

Per **R K Agrawal**
Partner
Membership No. 16667

For and on behalf of the Board of Directors

Aditya Jajodia
Chairman & Managing Director

Sanjiv Jajodia
Wholtime Director

Ajay Kumar Tantia
Company Secretary

Place : Kolkata
Date : 30th June 2009

Schedules forming part of the Consolidated Balance Sheet

(Rs. in lacs)

	As at 31st March 2009	As at 31st March 2008
Schedule 1 : Share Capital		
Authorised		
10,10,00,000 Equity shares of Rs. 10/- each	10,100.00	10,100.00
	<u>10,100.00</u>	<u>10,100.00</u>
Issued, Subscribed and Paid up		
4,71,26,900 Equity Shares of Rs. 10/- each	4,712.69	4,712.69
Less : Calls in Arrear (other than directors)	1.22	1.23
	<u>4,711.47</u>	<u>4,711.46</u>
Note : Out of the above 2,20,00,000 equity shares of Rs. 10/- each were issued for consideration other than cash		
Schedule 2 : Reserves and Surplus		
Capital Reserve		
Balance as per Last Account	2,764.80	77.99
Add : Amount arisen on acquisition	–	152.10
Add : Capital Reserve Arisen on Consolidation	–	2,534.71
	<u>2,764.80</u>	<u>2,764.80</u>
Capital Investment Subsidy		
Balance as per Last Account	498.92	511.33
Add : Capital Subsidy Received	325.68	–
Less : Allocated to Depreciation	49.79	12.41
	<u>774.81</u>	<u>498.92</u>
Securities Premium Account		
Balance as per Last Account	1,575.17	2,400.00
Less : Adjusted towards expenses incurred on issue of securities	–	824.83
	<u>1,575.17</u>	<u>1,575.17</u>
Amalgamation Reserve		
Balance as per Last Account	4,400.00	4,400.00
General Reserve		
Balance as per Last Account	10,325.00	325.00
Add : Transfer from Profit and Loss Account	–	10,000.00
	<u>10,325.00</u>	<u>10,325.00</u>
Balance in Profit and Loss Account	<u>14,215.75</u>	<u>14,291.59</u>
	<u>34,055.53</u>	<u>33,855.48</u>

Schedules forming part of the Consolidated Balance Sheet

	(Rs. in lacs)	
	As at 31st March 2009	As at 31st March 2008
Schedule 3 : Secured Loans		
Term Loans		
Long Term :		
Rupee Loans		
Banks	68,128.88	50,520.98
Financial Institutions	9,737.83	6,035.51
Foreign Currency Loans		
Banks	8,141.03	5,780.83
Short Term Rupee Loans from Banks :		
Towards Acquisition	—	12,498.99
Others	—	3,999.38
Working Capital Finance		
From Banks		
(i) In Rupees	51,711.88	21,939.76
(ii) In Foreign Currency	15,295.13	9,402.89
Deferred Payment Credits	444.19	722.31
Interest Accrued and Due	399.96	—
	<u>1,53,858.90</u>	<u>1,10,900.65</u>

Notes :

- Term Loans from banks and financial institutions to the extent of Rs.69,728.97 lacs (Rs.61,288.17 lacs) are secured by way of equitable mortgage created / to be created on the immovable assets and first charge on the fixed assets of the Company, both present and future, lien on Fixed Deposits of Rs.145.00 lacs (Rs.145.00 lacs) with banks and second charge on the entire current assets of the Company, both present and future (except Durg unit) .
 - Term Loans from banks and financial institutions to the extent of Rs.6,042.16 lacs (Rs.Nil) are secured by way of equitable mortgage created / to be created on the immovable assets and first charge on the fixed assets of the Company's Durg Unit, both present and future.
 - Term Loans from Banks includes Rs.10,112.84 lacs (Rs. Nil) secured by way of subservient charge on the entire Fixed and Current Assets of the Company.
 - Term Loans from financial institutions aggregating to Rs.123.77 lacs (Rs.1,049.15 lacs), are secured against lien on the subsidies receivable from Government of West Bengal.
- Short Term Loans from Banks are secured by way of subservient charge on the entire Fixed and Current Assets of the Company, out of which Rs.2,500 lacs is further secured by Corporate Guarantee of a subsidiary Company.
- Working Capital facilities aggregating to Rs.64,948.45 lacs (Rs.30,684.80 lacs) are secured by hypothecation of all current asset including raw materials, finished goods and book debts, both present and future and second charge on the fixed assets of the Company, both present and future (except for Durg unit).
 - Working Capital facilities aggregating to Rs.2,058.56 lacs (Rs.657.84 lacs) are secured by hypothecation of all current assets including raw materials, finished goods and book debts, both present and future and second charge on the fixed assets of the Company's Durg unit, both present and future.
- Deferred Payment Credits are secured by hypothecation of the assets acquired under the respective agreements.
- All the loans as referred to above (excluding Rs.123.77 lacs from financial institutions) are further secured by the personal guarantee of certain promoter directors of the Company / its subsidiary and loans aggregating to Rs 25,769.74 lacs are also secured by pledge of 13,95,600 equity shares of the Company held by the promoters. Loans aggregating to Rs. 3,485.11 lacs in case of a subsidiary, are also secured by the corporate guarantee of another Company.
- Long term loans and Deferred Payment Credits include Rs.16,428.37 lacs (Rs.11,862.94 lacs) payable within one year.

Schedules forming part of the Consolidated Balance Sheet

(Rs. in lacs)

	As at 31st March 2009	As at 31st March 2008
Schedule 4 : Unsecured Loans		
Debentures 83,59,000, Zero Coupon Compulsorily Convertible Debentures of Rs. 326.90 each [Refer Note 8 (b) on Schedule 23]	27,325.57	27,325.57
Interest Free Sales Tax Loan	684.67	819.42
Short Term Loans		
From Banks	—	2,999.86
From Body Corporates	—	2,650.00
	<u>28,010.24*</u>	<u>33,794.85</u>
*Includes amount repayable within one year 134.75 lacs (Rs. 3,401.61 lacs).		
Schedule 5 : Deferred Tax Liabilities (Net) #		
Balance as per Last Account	6,965.45	6,077.67
Add : Created for the year	753.27	887.78
	<u>7,718.72</u>	<u>6,965.45</u>
# Refer Note 13 on Schedule 23		

Schedule 6 : Fixed Assets

(Rs. in lacs)

Description	Gross Block				Depreciation/Amortisation				Net Block	
	As at 31st March 2008	Additions	Deductions	As at 31st March 2009	Up to 31st March 2008	For the year	Deductions	Up to 31st March 2009	As at 31st March 2009	As at 31st March 2008
Freehold Land	2,017.85	42.83	—	2,060.68	—	—	—	—	2,060.68	2,017.85
Leasehold Land	489.30	200.00	—	689.30(a)	66.34	12.28	—	78.62	610.68	422.96
Factory Buildings	11,084.60	5,459.97	—	16,544.57	615.10	411.66	—	1,026.76	15,517.81	10,469.50
Railway Siding	1,754.12	2,365.02	—	4,119.14	32.17	110.78	—	142.95	3,976.19	1,721.95
Plant & Machinery	73,029.65	30,619.81	134.00	1,03,515.46(b)	7,491.04	4,354.63	8.31	11,837.36	91,678.10	65,538.61
Electrical Installations	9,513.23	3,758.13	15.34	13,256.02	1,200.55	466.69	0.99	1,666.25	11,589.77	8,312.68
Furniture, Fixtures & Office Equipments	524.74	149.46	4.71	669.49	199.90	76.27	0.47	275.70	393.79	324.84
Vehicles	286.35	60.69	16.62	330.42(b)	68.46	30.54	5.99	93.01	237.41	217.89
Total	98,699.84	42,655.91	170.67	1,41,185.08	9,673.56	5,462.85	15.76	15,120.65	1,26,064.43	89,026.28
Previous Year's Total	60,456.80	38,254.11	11.07	98,699.84	5,189.15	4,488.14	3.73	9,673.56	89,026.28	

Notes :

(a) Leasehold Land valuing Rs. 550.02 lacs is pending registration in the Company's name.

(b) Includes assets taken on finance lease as disclosed in Note 5 on Schedule 23. Gross Block Rs. 1,352.12 lacs (Rs. 1,366.50 lacs) and Net Block Rs. 958.28 lacs (Rs. 1,099.92 lacs).

Schedules forming part of the Consolidated Balance Sheet

(Rs. in lacs)

	As at 31st March 2009	As at 31st March 2008
Schedule 7 : Capital Work in Progress and Pre-Operative Expenditure Pending Allocation		
A Capital Work-in-Progress		
Land	6,237.94	501.38
Buildings	8,411.31	5,529.00
Railway Siding	2,216.11	1,986.95
Plant and Machinery	35,554.18	30,692.77
Electrical Installations	3,102.60	2,750.45
Mining Land	199.81	187.31
Capital Advances	1,547.62	6,914.53
Sub Total	57,269.57	48,562.39
Less : Transferred to Fixed Assets	27,166.07	19,826.57
Total A :	30,103.50	28,735.82
B Pre-operative Expenditure Pending Allocation		
Opening Balance	1,289.62	164.76
Additions		
Power and Fuel	66.72	393.13
Salaries, Wages and Bonus	151.90	19.68
Rent and Hire	156.95	104.82
Rates and Taxes	44.15	0.84
Insurance	20.19	13.52
Travelling and Conveyance	22.47	7.03
Telephone and Postage Charges	2.01	0.86
Printing and Stationery	0.25	0.06
Legal and Professional Charges	169.57	42.82
Miscellaneous Expenses	57.39	8.55
Interest on Fixed Loans	3,865.53	619.24
Finance Charges	182.99	67.53
Sub Total	6,029.74	1,442.84
Less : Transferred to Fixed Assets	4,058.89	153.22
Total B :	1,970.85	1,289.62
C Trial Run Expenses		
Raw Materials Consumed	12,124.00	—
Personnel Cost		
Salaries, Wages and Bonus	78.63	—
Contribution to Provident and Other Funds	1.59	—
	80.22	—

Schedules forming part of the Consolidated Balance Sheet

(Rs. in lacs)

	As at 31st March 2009	As at 31st March 2008
Schedule 7 : (Contd.)		
Manufacturing, Selling and Distribution and Administrative Expenses		
Consumption of Stores and Spares	557.50	—
Labour Charges	71.39	—
Power and Fuel	757.23	—
Repairs and Maintenance : Others	2.05	—
Rent and Hire Charges	50.08	—
Legal and Professional Charges	18.53	—
Miscellaneous Expenses	19.33	—
	<u>1,476.11</u>	<u>—</u>
Interest and Finance Charges		
Interest on		
– Others	—	—
Finance Charges	11.08	—
	<u>11.08</u>	<u>—</u>
Sub Total	<u>13,691.41</u>	<u>—</u>
Less:		
Sales of Finished Goods (Net of Excise duty and Cess Rs. 598.84 lacs) (Refer Note 5 on Schedule 23)	6,805.49	—
Stock of Semi Finished Goods Consumed in Production	2,040.13	—
Closing stock of Finished Goods at the close of trial-run period	824.42	—
Sub Total	<u>9,670.04</u>	<u>—</u>
	<u>4,021.37</u>	<u>—</u>
Less : Transferred to Fixed Assets	4,021.37	—
Total C :	<u>—</u>	<u>—</u>
Grand Total (A+B+C)	<u>32,074.35</u>	<u>30,025.44</u>

Schedules forming part of the Consolidated Balance Sheet

(Rs. in lacs)

			As at 31st March 2009	As at 31st March 2008
Schedule 8 : Investments				
	Shares/Bonds Nos.	Face Value per Share/Bond Rs.		
Long Term				
Non Trade (Unquoted)				
Calcutta Stock Exchange Limited	16,726	1	334.52	334.52
Bond				
The West Bengal Financial Corporation Limited		1,00,000	–	9.00
	(9)			
Government Securities				
National Savings Certificate (Deposited with Third Parties)			0.12	0.12
(Quoted)				
UCO Bank Limited	1,600	10	0.19	0.19
Vijaya Bank Limited	200	10	0.05	0.05
Allahabad Bank Limited	5,344	10	4.38	4.38
Talbro's Automotive Component Limited	5,682	10	5.80	5.80
Shyama Infosys Limited	3,66,200	10	25.91	25.91
Shri Nidhi Trading Company Limited	10,500	10	0.95	0.95
			37.28	37.28
Less : Provision for Diminution in Value of Investments			4.84	–
			32.44	37.28
			367.08	380.92
Aggregate Value of Investments				
– Quoted			32.44	37.28
– Unquoted			334.64	343.64
Market Value of Quoted Investments			33.22	36.92
Schedule 9 : Inventories				
Raw Materials			40,035.39	30,417.08
[Including in transit Rs. 3,573.24 lacs (Rs. 4,641.82 lacs)]				
Stores and Spares			3,491.91	1,855.30
[Including in transit] Rs. 32.85 lacs (Rs. 48.26 lacs)]				
Work-in-Process			847.73	103.82
Finished Goods			7,816.95	14,204.44
By Products			858.07	884.86
			53,050.05	47,465.50

Schedules forming part of the Consolidated Balance Sheet

(Rs. in lacs)

	As at 31st March 2009	As at 31st March 2008
Schedule 10 : Sundry Debtors		
(Unsecured, Considered Good unless otherwise stated)		
Debts outstanding for more than six months		
Considered good	3,844.77	3,906.03
Considered doubtful	117.40	268.77
Other Debts	22,419.33	17,246.67
	<u>26,381.50</u>	<u>21,421.47</u>
Less : Provision for Doubtful Debts	117.40	268.77
	<u>*26,264.10</u>	<u>21,152.70</u>

* Includes Rs.171.59 lacs (Rs. Nil) due from a private limited company in which a director of the Company is a director

Schedule 11: Cash and Bank Balances

Cash in hand	74.61	59.81
Cheques in hand	322.49	134.76
Balance with Scheduled Banks on:		
Current Account	666.35	683.38
Fixed Deposit Account #	1,178.11	1,246.26
Unclaimed Dividend Account	4.60	3.29
Unclaimed Fractional Share Balance	0.16	0.18
	<u>2,246.32</u>	<u>2,127.68</u>

Receipts aggregating to Rs. 1,177.11 lacs (Rs. 746.26 lacs) pledged with Banks as Margin Money against Borrowings / Other facilities

Schedule 12: Loans and Advances

(Unsecured, Considered Good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received @	6,471.90	13,506.28
[Net of Provision for Doubtful Advances Rs.315.56 Lacs (Rs. Nil)]		
Loans to Bodies Corporate (Receivable on demand) @	9,700.00	12,200.00
Interest Receivable on Loans, Deposits etc	231.26	63.29
Share Application Money	6.41	—
Security Deposits	271.19	273.26
MAT Credit Entitlement	1,588.74	1,565.69
Balance with Excise and other Government Authorities	2,697.76	3,687.72
Subsidies and Incentives Receivable	5,529.78	4,297.14
Advance payment of Income Tax and Refunds Receivable (net of provisions)	563.18	—
Sales Tax and Other Refunds Receivable	438.67	439.04
@ Refer Note 11 on Schedule 23	<u>27,498.89</u>	<u>36,032.42</u>

Schedules forming part of the Consolidated Balance Sheet

(Rs. in lacs)

	As at 31st March 2009	As at 31st March 2008
Schedule 13: Current Liabilities and Provisions		
A. Current Liabilities		
Acceptances	3,811.43	1,048.16
Sundry Creditors for goods, services and expenses		
(a) Dues to Micro and Small Enterprises (Refer Note 9 on Schedule 23)	–	36.18
(b) Dues towards Capital Goods	5,296.29	5,179.64
(c) Dues to Other Creditors	20,710.04	12,430.57
Advances from Customers	1,793.75	3,565.46
Creditors for other finance	951.78	2,210.72
Amount payable to HEG Limited towards acquisition	–	4,090.55
Investor Education and Protection Fund (To be deposited as and when due)		
(a) Unclaimed Dividend	4.60	3.29
(b) Unclaimed Fractional Shares Liability	0.16	0.18
Interest Accrued but not due on Loans	12.93	22.42
	<u>32,580.98</u>	<u>28,587.17</u>
B. Provisions :		
Gratuity	105.23	144.30
Leave Salary	73.88	57.43
Proposed Dividend	221.94	471.27
Tax on Proposed Dividend	37.72	80.10
Income Tax (Net of Advances)	–	445.98
Fringe Benefit Tax (Net of Advances)	9.30	18.39
	<u>448.07</u>	<u>1,217.47</u>
Schedule 14 : Miscellaneous Expenditure		
(To the extent not written off or adjusted)		
Opening Balance	–	195.45
Less: Transfer from Securities Premium Account	–	195.45
	<u>–</u>	<u>–</u>

Schedules forming part of the Consolidated Profit and Loss Account

	(Rs. in lacs)	
	2008-09	2007-08
Schedule 15 : Sales and Services		
Finished Goods	1,79,245.53	1,45,137.60
(Refer Note 5 on Schedule 23)		
Saleable Scraps and By-Products	2,025.53	598.44
Conversion Charges	2,415.66	1,409.65
Sales of Raw Material	5,001.22	1,742.87
Service and other Charges	831.36	1,803.73
Export Incentives	14.85	—
	<u>1,89,534.15</u>	<u>1,50,692.29</u>
Schedule 16: Other Income		
Interest on :		
(a) Fixed Deposits with Banks [Tax deducted at Source Rs 23.46 lacs (Rs.9.72 lacs)]	111.92	78.24
(b) Loans, Advances etc [Tax deducted at Source Rs.77.94 lacs (Rs.161.11 lacs)]	1,974.44	724.28
Brokerage and Commission Received	520.12	3,799.82
Dividend Income from long term non trade Investments	0.29	0.28
Insurance Claims	59.07	2.03
Reversal of provision for doubtful debts	151.37	—
Liabilities no longer required written back	176.44	375.12
Miscellaneous Income	166.15	678.72
	<u>3,159.80</u>	<u>5,658.49</u>
Schedule 17: (Increase) / Decrease in Stocks		
Opening Stocks :		
Finished Goods	14,204.44	5,368.30
Work-in-Process	103.82	—
By Products	884.86	83.98
	<u>15,193.12</u>	<u>5,452.28</u>
Add: Stock transferred from Trial Run	824.42	—
Stock acquired under scheme of Arrangement	—	528.30
	<u>16,017.54</u>	<u>5,980.58</u>
Less:		
Closing Stocks :		
Work-in-Process	847.73	103.82
Finished Goods	7,816.95	14,204.44
By Products	858.07	884.86
	<u>9,522.75</u>	<u>15,193.12</u>
	<u>6,494.79</u>	<u>(9,212.54)</u>
Schedule 18: Raw Materials Consumed		
Opening Stock	30,417.08	20,158.78
Add : Stock acquired under scheme of Arrangement	—	625.94
Add: Purchases *	1,21,041.34	79,179.50
	<u>1,51,458.42</u>	<u>99,964.22</u>
Less: Closing Stock	40,035.39	30,417.08
	<u>1,11,423.03</u>	<u>69,547.14</u>

* Includes loss on exchange fluctuation Rs.1,637.21 lacs (Rs.7.67 lacs) and Semi Finished Goods Transferred from Trial Run Rs. 1,605.89 lacs (Rs. Nil)

Schedules forming part of the Consolidated Profit and Loss Account

	(Rs. in lacs)	
	2008-09	2007-08
Schedule 19: Manufacturing Expenses		
Consumption of Stores and Spares	6,300.02	4,420.84
Labour Charges	2,663.61	1,826.73
Power and Fuel (Net)	10,879.01	7,458.14
Repairs and Maintenance:		
- Plant and Machinery	1,403.87	792.48
- Buildings	192.18	12.55
- Others	123.85	149.96
Water Charges	303.33	231.29
Other Expenses	96.57	92.36
	<u>21,962.44</u>	<u>14,984.35</u>
Schedule 20 : Personnel Cost		
Salaries, Wages and Bonus	2,854.40	1,639.85
Contribution to Provident and Other Funds	303.88	158.45
Staff Welfare Expenses	148.60	95.99
	<u>3,306.88</u>	<u>1,894.29</u>
Schedule : 21 Selling, Distribution and Administrative Expenses		
Freight and Transportation	1,821.62	1,867.79
Rent and Hire Charges	534.30	308.89
Export Duty	368.88	—
Rates and Taxes	112.81	309.44
Insurance	161.90	184.48
Advertisement	133.76	164.27
Brokerage and Commission (Other than Sole Selling Agents)	149.21	129.50
Travelling and Conveyance	326.80	208.41
Telephone and Postage Charges	86.32	51.16
Legal and Professional Charges	244.31	167.52
Directors' Fees	1.45	1.38
Auditors' remuneration		
- Audit Fees	22.50	20.00
- Limited Review Fees	19.50	12.00
- In Other Capacity for certificates and others	7.90	3.80
- For Expenses	1.12	0.28
Remuneration to the Auditors of Subsidiary Company/Joint Venture		
- Audit Fees	2.02	2.00
- In Other Capacity for certificates and others	1.18	0.50
Irrecoverable Debts and Advances written off	76.57	4.88
Provision for Doubtful Debts/Advances	315.57	268.77
Provision for Diminution in the Value of Investments	4.84	—
Loss on Forward Exchange Contracts/Exchange Fluctuation (Net)	816.69	356.67
Charities and Donations	19.82	9.79
Security and Service Charges	315.91	210.04
Loss on Sale of Fixed Assets	18.83	3.43
Miscellaneous Expenses	550.50	369.01
	<u>6,114.31</u>	<u>4,654.01</u>
Schedule : 22 Interest and Finance Charges		
Interest on		
- Fixed Loans	7,014.11	8,914.29
- Other Loans	5,766.50	1,608.66
Finance Charges	454.89	570.36
	<u>13,235.50</u>	<u>11,093.31</u>

Schedules forming part of the Consolidated Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts

I Significant Accounting Policies

(a) PRINCIPLES OF CONSOLIDATION:

- i) The Consolidated Financial Statements which relate to Jai Balaji Industries Limited and its subsidiary and joint venture, have been prepared on the following basis :
- ii) The Subsidiary Company considered in the financial statements is as follows :

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership / interest as at March 31, 2009
Nilachal Iron & Power Ltd (NIPL)	India	100%

- iii) In terms of Accounting Standard 21 – ‘Consolidated Financial Statements’ issued by the Institute of Chartered Accountants of India, the financial statements of the Company and its Subsidiary are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenditure, after fully eliminating intra-group balances, intra-group transactions and any unrealized profit/loss included therein.
- iv) The difference of the cost to the Company of its investment in Subsidiary as at the date of acquisition of stake is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be. Any such difference arising subsequently is adjusted against Profit and Loss Account.
- v) The Joint Venture Company considered in the financial statements is as follows :

Name of the Joint Venture Company	Country of Incorporation	Proportion of Ownership / interest as at March 31, 2009
Rohne Coal Company Private Ltd	India	6.90%

- vi) In terms of Accounting Standard 27 – ‘Financial Reporting of Interests in Joint Venture’ issued by the Institute of Chartered Accountants of India, the Company has prepared these consolidated financial statements by including the Company’s proportionate interest in the Joint Venture’s assets, liabilities, income and expenditure etc in the consolidated financial statements as separate line items.
- vii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and are presented, to the extent possible, in the same manner as the Company’s separate financial statements.
- viii) The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended 31st March 2009.

(b) Basis of preparation of Accounts

- (i) The financial statements have been prepared to comply in all material respects with the accounting standards notified by the Companies Accounting Standards Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and except for the changes discussed more fully below, are consistent with those used in the previous year.
- (ii) During the year, the Subsidiary Company has changed its method of valuation of inventories from ‘At Cost’ to ‘At Lower of Cost and Net Realizable Value’. There has been no effect on the profit for the year due to the above change.

(c) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon the management’s best knowledge of current events and actions, actual results could differ from these estimates.

(d) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price inclusive of duties (net of CENVAT and VAT Credit), taxes, incidental expenses, erection / commissioning expenses and interest etc. upto the date the asset is ready to be put to use.

Own produced materials used for fixed assets are capitalised at cost.

Machinery spares which can be used only in connection with a particular item of fixed asset and whose use as per technical assessment is expected to be irregular, are capitalised and depreciated prospectively over the residual life of the respective asset.

(e) Depreciation

- i) The classification of Plant and Machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.
- ii) Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher.
- iii) Depreciation on Railway Wagons acquired by the Company is provided @ 10% p.a. as against 4.75% p.a. as prescribed in Schedule XIV because of the conditions prescribed in the agreement with Railway Authorities.

Schedules forming part of the Consolidated Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

- iv) In case of Subsidiary, depreciation is provided on Straight Line Method in accordance with the provisions of Schedule XIV to the Companies Act, 1956.
- v) In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over their remaining useful life.

(f) Borrowing Costs

Borrowing costs relating to acquisition / construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

(g) Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine, if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount, which represents the greater of the net selling price of assets and their value in use. For the calculation of the value in use of the estimated future cash flows are discounted to their present value at appropriate rate arrived at after considering the prevailing interest rates and weighted average cost of capital.

(h) Fixed Assets acquired under Leases

Finance Lease

Assets acquired under lease agreements which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

(i) Government grants and subsidies

Grants and subsidies from the government are recognized when there is a reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Grants received for Capital Assets are treated as Reserve and adjusted proportionately to Depreciation Account over the specified life of the respective fixed assets.

(j) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

(k) Inventories

Inventories are valued as follows:

Raw materials	At lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.
Stores and Spares	At lower of cost and net realizable value. Cost is determined on 'First in First Out' basis except for Durg unit where the cost is determined on weighted average basis.
Work-in- Process and Finished Goods	At lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.
Scrap and By Products	At net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(l) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue from sale of goods is recognized on passage of title thereof to the customers, which generally coincides with delivery. Further, sales are inclusive of excise duty, but are net of returns, claims, rebates, discounts, Sales Tax, VAT etc.

Schedules forming part of the Consolidated Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

Income from Services

Income from Services is recognized on performance of the contract and acceptance of the services by the customers.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend

Dividend income is recognized when the shareholders' right to receive payment is established by the balance sheet date.

(m) Foreign currency transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on the settlement / conversion of monetary items are recognized as income or as expenses in the period in which they arise.

(iv) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

(n) Retirement and other employee benefits

- i. Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contribution is charged to Profit and Loss Account of the year when the contributions to the fund is due. There is no other obligation other than the contribution payable to provident fund.
- ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year.
- iii. Short term compensated absences are provided for based on estimates whereas long term compensated absences are provided for on the basis of actuarial valuation, as per projected unit credit method.
- iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

(o) Taxation

Tax expense comprises current, deferred and fringe benefit tax. Current income tax and fringe benefit tax are measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantially enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

(p) Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity are capitalised. Indirect expenditure incurred during construction period are capitalised as part of the indirect construction cost to the extent to which the expenditure are indirectly related to construction or are incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which are not related to the construction activity nor are incidental thereto are charged to the Profit and Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion are capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalised only if they increase the value of the asset beyond its original standard of performance.

Schedules forming part of the Consolidated Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

(q) Segment Reporting Policies

Based on the synergies, risks and returns associated with business operations and in terms of Accounting Standard-17, the Company is predominantly engaged in a single reportable segment of Iron and Steel during the year. The risks and returns of existing captive power plants are directly associated with the manufacturing operations of Iron & Steel and hence treated as a single reportable segment as per Accounting Standard-17. The Company at present primarily operates in India and therefore the analysis of geographical segments is not applicable to the Company.

(r) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Partly paid equity shares / instruments are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(s) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

(t) Cash and Cash Equivalents

Cash and cash equivalents as indicated in the Cash Flow Statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(u) Derivative Instruments

As per the announcement made by the Institute of Chartered Accountants of India, the accounting for derivative contracts, other than those covered under Accounting Standard 11, are marked to a market on a portfolio basis, and the net loss after considering the offsetting effect of the underlying hedge item is charged to the income statement. Net gains are ignored as a matter of prudence.

(v) Contingent Liabilities

Contingent liabilities are not provided for in the accounts and are separately disclosed in the "Notes on Accounts"

Notes on Accounts :

2. Contingent liabilities not provided for :

(Rs. in lacs)

	As at 31st March 2009	As at 31st March, 2008
a) Claims against the Company not acknowledged as debts		
i) Excise and Service Tax Demands under dispute/ appeal {out of the same, Rs. 20 lacs (Rs. 20 lacs) has been paid under protest}	1,536.71	544.58
ii) Sales Tax/VAT matters under dispute/appeal	10,727.92	2,830.65
iii) Others	26.25	26.25
b) Letters of Credit, Bills discounted and Bank Guarantees outstanding	5,959.98	4,424.89
c) Guarantees and Counter guarantees given by the Company for loans obtained by subsidiary company	1,500.00	—
d) Guarantee given for M/s Rohne Coal Company Private Limited, a Joint Venture Company	900.00	—
3. Estimated amount of contracts remaining to be executed on Capital Account and not provided for [Net of Advances Rs. 1,519.20 lacs (Rs. 6,913.95 lacs)]	3,629.20	7,985.48

4. M/s Tisco Growth Shop has made net claim of Rs. 35.17 lacs on the Subsidiary of the Company on account of supply of materials and consultancy charges, out of which Rs. 28.24 lacs is provided in the books of account. However, the Company has filed counter claim of Rs. 500 lacs on them on account of supply of faulty drawings, defects in design, use of excess steel, poor supervision, incorrect estimation of project cost, damage to assets etc. The same is pending adjustment in the books of accounts as the matter is under negotiation.

Schedules forming part of the Consolidated Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

5. During the year, the Company has accounted for the following subsidies / incentives receivable from the Government of West Bengal under West Bengal Incentive Scheme aggregating to Rs.2,894.02 lacs (Rs 4,042.50 lacs) including Rs. 328.05 lacs (Rs. 2,909.49 lacs) for earlier years:

(Rs. in lacs)

Sl. No.	Particulars	Account to which credited	2008-09	2007-08
a)	Industrial Promotion Assistance*	Sales of Finished Goods/Trial Run Sales of Finished Goods	2,632.07	1,100.53
b)	Power Subsidy	Power and Fuel	110.21	2,318.65
c)	Interest Subsidy	Interest on Fixed Loans	151.74	623.32
			2,894.02	4,042.50
*includes Rs. 164.69 lacs (Rs. Nil) on account of sale of Finished goods under trial run				

6. Assets taken on finance lease include Railway Wagons included under Plant & Machinery and Vehicles. At the expiry of the lease period, legal title would be passed to the Company. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

Future obligations towards lease rentals (inclusive of finance charges) Rs. 467.63 lacs (Rs. 805.69 lacs) under the respective finance lease agreements as on the date of balance sheet are as per details given below:

(Rs. in lacs)

Particulars	2008-09	2007-08
Total minimum lease payments at the year end	467.63	805.69
Less : Amount representing finance charges	30.72	83.38
Present value of minimum lease payments	436.91	722.31
Lease payments for the year	373.27	377.40
Minimum Lease Payments :		
Not later than one year: Present value as on 31.03.2009 Rs.337.17 lacs (Rs. 314.22 lacs)	365.44	371.16
Later than one year but not later than five years: Present value as on 31.03.2009 Rs.99.74 lacs (Rs. 408.09 lacs)	102.19	434.53
Later than five years: Present value as on 31.03.2009 Rs. Nil (Rs. Nil)	—	—

7. Gratuity and Leave

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to gratuity on terms not less favourable than The Provisions of Gratuity Act, 1972. During the year the Company has funded its gratuity liability with an insurance company in the form of a qualifying insurance policy.

In case of subsidiary company the aforesaid scheme is unfunded.

The disclosures required under Accounting Standard 15 'Employee Benefits' notified in the Companies (Accounting Standards) Rules 2006 are given below:

- I. Expenses recognized in the statement of Profit & Loss Account for the year ended 31st March 2009:

(Rs. in lacs)

Particulars	Gratuity		Leave	
	2008-09	2007-08	2008-09	2007-08
Current service cost	43.46	21.56	4.38	2.70
Interest cost on benefit obligation	10.45	5.37	4.15	3.39
Expected return on plan assets	(2.98)	—	—	—
Net actuarial loss / (gain) recognised in the year	18.52	35.54	22.83	(10.02)
Total Expenses / (Income)	69.45	62.47	31.36	(3.93)

Schedules forming part of the Consolidated Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

II. Net Liability/(Assets) recognized in the Balance Sheet as at 31st March 2009

(Rs. in lacs)

Particulars	Gratuity		Leave	
	2008-09	2007-08	2008-09	2007-08
Present value of Defined Benefits Obligation	189.76	144.30	73.88	57.43
Fair value of plan assets	84.53	–	–	–
Net Liability	105.23	144.30	73.88	57.43

III. Change in the present value of the defined benefit obligation during the year ended 31st March 2009

(Rs. in lacs)

Particulars	Gratuity		Leave	
	2008-09	2007-08	2008-09	2007-08
Present Value of Defined Benefit Obligation at the beginning of the year	144.30	96.89	57.43	61.36
Current Service Cost	43.46	19.08	4.38	2.70
Interest Cost	10.45	5.06	4.15	3.39
Benefits Paid	(36.78)	(18.75)	(14.91)	–
Actuarial Loss / (Gain)	28.33	36.06	22.83	(10.02)
Present Value of Defined Benefits Obligation at the year end	189.76	138.34	73.38	57.43

IV. Change in the Fair Value of Plan Assets during the year ended 31st March 2009 :

(Rs. in lacs)

Particulars	Gratuity		Leave	
	2008-09	2007-08	2008-09	2007-08
Fair Value of Defined Benefit Obligation at the beginning of the year	–	–	–	–
Expected Return	2.98	–	–	–
Contribution by employer	108.49	18.75	–	–
Benefits Paid	(36.75)	(18.75)	–	–
Actuarial Gains/(Losses)	9.81	–	–	–
Fair Value of Defined Benefit Obligation at the year end	84.53	–	–	–

V. The major categories of plan assets as a percentage of the value of the total plan assets

Particulars	Gratuity		Leave	
	2008-09	2007-08	2008-09	2007-08
Investment with the insurer	100%	N.A.	N.A.	N.A.

Schedules forming part of the Consolidated Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

VI. The principal assumptions used in determining gratuity and leave obligation for the Company's plans are shown below :

Particulars	Gratuity		Leave	
	2008-09	2007-08	2008-09	2007-08
Discount Rate	7.75%	8.30%	7.75%	8.30%
Expected Rate of return on assets	8.30%	N.A.	N.A.	N.A.
Rate of increase in salaries for Holding Co.	10%	10%	10%	10%
Rate of increase in salaries for Subsidiary Co.	7.50%	10%		
Expected Average remaining working lives of employees (years) for Holding Co.	26.33	22.12	25.35	19.73

(Rs. in lacs)

Particulars	2008-09	2007-08
Contribution to Provident Fund and Other Funds	231.63	154.54

Note :

- i. The Company expects to contribute Rs 93.00 lacs to Gratuity Fund in 2009-10
- ii. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The above information is certified by the Actuary.
- iii. The management has relied on the overall actuarial valuation conducted by the actuary. However, experience adjustments on plan liabilities and assets are not readily available and hence not disclosed.
8. a) During the previous year the Company has issued 96,00,000 Warrants to the Promoters and others carrying a right to convert each warrant into an Equity Share of Rs. 10 each at a premium of Rs. 316.90 per warrant within a period of 18 months from the date of allotment i.e. 7th February 2008. The warrant holders have paid Rs. 6,178.41 lacs as application money against the above equity share warrants in the previous year.
- b) The Company has also issued 83,59,000 Zero Coupon Compulsorily Convertible Debentures at a price of Rs. 326.90 to Foreign Equity Investors, in 2007-08. The debenture holders have the option to convert each debenture at any time into an equity share of Rs.10 each at a premium of Rs. 316.90 per debenture within 18 months from the date of allotment i.e. 7th February 2008. At the expiry of the said eighteen months the outstanding debentures shall be automatically converted into equal number of equity shares.
9. Based on the information available with the Company, the amounts due to Micro, Small and Medium Enterprises as per MSMED Act, 2006 are as follows :

(Rs. in lacs)

Sl. No.	Particulars	2008-09	2007-08
a)	Principal Amount remaining unpaid to the suppliers as at the end of the year	-	33.85
b)	Interest due on above remaining unpaid to the suppliers as at the end of the year	-	1.23
c)	Amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006	2.33	-
d)	Amount of interest due and payable for the period of delay in making payment (which have been paid beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	1.10
e)	Amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	2.33
f)	Amount of further interest remaining due and payable even in the succeeding years.	-	-

Schedules forming part of the Consolidated Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

10. Unhedged Foreign Currency Exposures outstanding at the year end are as follows :

Sr. No.	Particulars	As at 31st March 2009			As at 31st March 2008		
		Amount in Foreign Currency		Rs. in lacs	Amount in Foreign Currency		Rs. in lacs
Receivables							
(a)	Sundry Debtors	US\$	–	–	US\$	7,411	2.99
(b)	Advances	Euro	6,67,395	450.36	Euro	5,71,000	360.24
	Total			450.36			363.23
Payables							
(c)	Sundry Creditors	US\$	10,45,024	532.44	–	–	–
		Euro	10,53,755	711.07	Euro	87,525	55.22
(d)	Foreign Currency Loans	US\$	58,62,573	2,986.98	–	–	–
		Euro	10,12,605	683.31	–	–	–
	Total			4,913.80			55.22

11. a) Loans and Advances include the following balances :

(Rs. in lacs)

Name of the Company	As at 31st March 2009	Maximum Amount due at any time during the year 2008-09	As at 31st March 2008	Maximum Amount due at any time during the year 2007-08
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Company under the same management in terms of Section 370(1B) of the Companies Act 1956 and in terms of Clause 32 of the Listing Agreement.

Jai Balaji Jyoti Steels Ltd.	8,642.32	16,945.69	12,547.60	12,547.60
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Private companies or firms in which directors are director or member or partner :

Tarini Minerals Pvt. Ltd.	163.49	163.49	–	–
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12. Basic and diluted earnings per share :

			2008-09	2007-08
A	Profit after Tax	Rs. in lacs	183.82	12,168.02
B	Present weighted average number of equity shares (Rs. 10 each)	Nos.	4,71,14,675	4,71,14,650
C	Weighted average number of equity shares allotted	Nos.	4,71,14,675	4,71,14,650
D	Weighted average number of equity shares which would be issued on the conversion of			
	(i) Compulsorily Convertible Debentures	Nos.	83,59,000	14,82,421
	(ii) Equity Warrants	Nos.	18,90,000	1,88,576
E	Potential weighted average number of Equity Shares	Nos.	5,73,63,675	4,87,85,647
F	Basic Earning per Share	Rs.	0.39	25.83
G	Diluted Earning per Share	Rs.	0.32	24.94

Schedules forming part of the Consolidated Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

13. The break-up of major components of Net Deferred Tax Liabilities of Rs. 7,718.72 lacs as on 31st March 2009 is as under.

(Rs. in lacs)

Particulars	As at 31st March 2009	As at 31st March 2008
Deferred Tax Liability		
Timing Difference on Depreciable assets	11,880.77	8,264.34
Sub total (A)	11,880.77	8,264.34
Deferred Tax Asset		
Unabsorbed Depreciation/Losses	3,763.54	957.44
Expenses allowable on payment basis/other timing differences	398.51	341.45
Sub Total (B)	4,162.05	1,298.89
Deferred Tax Liabilities (Net) (A-B)	7,718.72	6,965.45

14. Excise duty on increase/decrease in stock represents differential excise duty on opening and closing stock of Finished Goods.

15. Related Party Disclosures

a. Name of Related Parties :

Joint Venture Partners	JSW Steel Limited Bhushan Power & Steel Limited
Key Management Personnel	Mr. Aditya Jajodia, Chairman and Managing Director Mr. Sanjiv Jajodia, Wholetime Director Mr. Aashish Jajodia, Wholetime Director of Subsidiary
Relatives of Key Management Personnel	Mr. Rajiv Jajodia, Brother of Wholetime Director Mr. Devendra Prasad Jajodia, Brother of Wholetime Director Mr. Gourav Jajodia, Nephew of Wholetime Director Smt. Kanchan Jajodia, Sister-in-law of Wholetime Director Smt. Rina Jajodia, Sister-in-law of Chairman and Managing Director Smt. Sangeeta Jajodia, Wife of Wholetime Director Smt. Shashi Devi Jajodia, Sister-in-law of Wholetime Director Smt. Seema Jajodia, Wife of Chairman and Managing Director
Enterprises owned or significantly influenced by key management personnel or their relatives	Chandi Steel Industries Limited Jai Balaji Jyoti Steels Limited Jai Salasar Balaji Industries (P) Limited Balaji Ispat Udyog Jai Balaji Shakti Cement Limited Enfield Suppliers Limited Hari Management Limited Jain Vanijya Udyog Limited Jajodia Estate Private Limited K.D. Jajodia Steel Industries (P) Limited Sumangalaya Balaji Steels Limited. Marutaye Balaji Steels Limited

Schedules forming part of the Consolidated Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

b. Related Party transactions :

(Rs. in lacs)

Particulars	Joint Venture Partner	Key Management Personnel	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
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Sales of Finished Goods and Raw Materials

Chandi Steel Industries Limited				2,734.84 (2,122.57)	2,734.84 (2,122.57)
Jai Balaji Jyoti Steels Limited				1,629.28 (288.86)	1,629.28 (288.86)
Jai Salasar Balaji Industries (P) Limited				1,655.93 (890.34)	1,655.93 (890.34)
Others				— (2.08)	— (2.08)

Purchases of Raw Materials/Others

Jai Balaji Jyoti Steels Limited				3,379.37 (2,310.80)	3,379.37 (2,310.80)
Jai Salasar Balaji Industries (P) Limited				1,946.44 (487.72)	1,946.44 (487.72)
Others				232.10 (97.94)	232.10 (97.94)

Salary/Managerial Remuneration

Mr. Aditya Jajodia		6.00 (6.50)		6.00 (6.50)
Mr. Sanjiv Jajodia		5.65 (4.77)		5.65 (4.77)
Mr. Aashish Jajodia		3.00 (1.25)		3.00 (1.25)

Rent Expenses

Jajodia Estate Private Limited				0.69 (0.69)	0.69 (0.69)
--------------------------------	--	--	--	----------------	----------------

Dividend Paid

Mr. Sanjiv Jajodia		26.49 (22.52)		26.49 (22.52)
Mr. Aditya Jajodia		28.34 (24.09)		28.34 (24.09)

Schedules forming part of the Consolidated Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

b. Related Party transactions : (Contd.)

(Rs. in lacs)

Particulars	Joint Venture Partner	Key Management Personnel	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
Mr. Rajiv Jajodia			15.68 (13.33)		15.68 (13.33)
Mr. Gourav Jajodia			1.08 (-)		1.08 (-)
Enfield Suppliers Limited				112.21 (95.38)	112.21 (95.38)
Hari Management Limited				70.45 (59.88)	70.45 (59.88)
Jai Salasar Balaji Industries (P) Limited				10.04 (8.53)	10.04 (8.53)
K. D. Jajodia Steel Industries (P) Limited				16.93 (14.39)	16.93 (14.39)
Others			19.18 (17.22)	0.91 (-)	20.09 (17.22)
Share Application Money Paid/Refunded					
Jai Balaji Shakti Cement Limited				- (1,000.00)	- (1,000.00)
Money received against Equity Warrants					
Smt. Kanchan Jajodia			- (65.38)		- (65.38)
Mr. Aashish Jajodia			- (65.38)		- (65.38)
Mr. Aditya Jajodia		- (163.45)			- (163.45)
Mr. Devendra Prasad Jajodia			- (65.38)		- (65.38)
Mr. Gourav Jajodia			- (65.38)		- (65.38)
Mr. Rajiv Jajodia			- (163.45)		- (163.45)
Mr. Sanjiv Jajodia		- (163.45)			- (163.45)
Smt. Rina Jajodia			- (65.38)		- (65.38)

Schedules forming part of the Consolidated Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

b. Related Party transactions : (Contd.)

(Rs. in lacs)

Particulars	Joint Venture Partner	Key Management Personnel	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
Smt. Sangeeta Jajodia			– (65.38)		– (65.38)
Smt. Shashi Devi Jajodia			– (65.38)		– (65.38)
Smt. Seema Jajodia			– (65.38)		– (65.38)
Enfield Suppliers Limited				– (3,040.17)	– (3,040.17)
Hari Management Limited				– (2,026.78)	– (2,026.78)
Interest Received					
Jai Balaji Jyoti Steels Limited				1,703.86 (633.41)	1,703.86 (633.41)
Others				– (49.00)	– (49.00)
Reimbursement of Expenses					
JSW Steel Limited	0.45 (–)				0.45 (–)
Bhushan Power & Steel Limited	2.80 (–)				2.80 (–)
Balance Receivable as at the year end					
Jai Balaji Jyoti Steels Limited				142.32 (1,547.60)	142.32 (1,547.60)
Chandi Steel Industries Limited				160.76 (1,156.47)	160.76 (1,156.47)
Jai Salasar Balaji Industries (P) Limited				171.59 (–)	171.59 (–)
Guarantees Obtained					
Mr. Aditya Jajodia		1,50,136.90 (1,08,567.72)			1,50,136.90 (1,08,567.72)
Mr. Sanjiv Jajodia		1,50,136.90 (1,08,567.72)			1,50,136.90 (1,08,567.72)
Mr. Rajiv Jajodia			1,50,136.90 (1,08,567.72)		1,50,136.90 (1,08,567.72)
Mr. Aashish Jajodia		1,888.30 (1,456.71)			1,888.30 (1,456.71)
Balance Payable as at the year end					
Jai Salasar Balaji Industries (P) Limited				– (9.98)	– (9.98)
Loan Receivable Outstanding as at the year end					
Jai Balaji Jyoti Steels Limited				8,500.00 (11,000.00)	8,500.00 (11,000.00)

Schedules forming part of the Consolidated Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

16. Managerial Remuneration

(Rs. in lacs)

	2008-09	2007-08
Directors of Holding Company		
(a) Chairman and Managing Director		
Salary	6.00	5.73
Perquisites	–	0.77
Sub-Total	6.00	6.50
(b) Whole-time Director		
Salary	5.65	1.80
Perquisites	–	2.97
Sub-Total	5.65	4.77
Director of Subsidiary Company		
(a) Whole-time Director		
Salary	3.00	1.25
	3.00	1.25
Total	14.65	12.52

Note : As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable, and therefore, not included above.

17. Details of the Equity Shares pledged by the promoter or persons forming part of the promoter group ('Promoter Group') of the Company as on the balance sheet date:

Total Number of Equity shares held by the promoter group	3,23,17,983
Total Number of Equity shares pledged by the promoter group	13,95,600
Percentage of total shares pledged to total shareholding of the promoter group	4.32 %
Percentage of total shares pledged to total outstanding shares of the Company	2.96 %

18. In terms of Accounting Standard Interpretation – 15 issued on Accounting Standard – 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India, additional information pursuant to requirements of Part II of Schedule VI to The Companies Act, 1956, have not been disclosed in these Notes.

19. Figures in brackets represent previous year's figures, which have been rearranged / regrouped wherever necessary to conform to this year's classification.

As per our attached report of even date.

For **S. R. Batliboi & Co.**
Chartered Accountants

For and on behalf of the Board of Directors

Per **R K Agrawal**
Partner

Aditya Jajodia
Chairman & Managing Director

Sanjiv Jajodia
Wholetime Director

Ajay Kumar Tantia
Company Secretary

Membership No. 16667
Place : Kolkata
Date : 30th June 2009

Directors' Report

To
The Members of
Nilachal Iron & Power Limited

Your Directors are pleased to present their Annual Report on the business and operations of your Company and the Statement of Accounts for the year ended 31st March, 2009.

Financial Results

	(Rs. in lacs)	
Particulars	2008-09	2007-08
Net Sales and other Income	13,186.26	7,302.60
Profit before Finance costs, depreciation & tax	970.50	963.96
Less:		
Depreciation	333.69	323.15
Finance Costs	179.17	166.80
Profit before Tax	457.64	474.01
Less:		
Fringe Benefit Tax	2.20	2.51
Deferred Tax	372.63	162.84
Current Tax	51.61	36.62
MAT credit entitlement	(51.60)	(36.62)
Profit after Tax	82.80	308.66

Review of Operation

Despite the drastic downturn witnessed since the second half of the year under review your Company has been able to minimize to a great extent the adverse effect on its operations. The operations had to be synergized in view of massive decline in demand and prices of product. Your Company achieved production of 61,670.00 MT sponge iron during the year as compared to 78,405.67 MT in previous year. The revenues, comprising of sales and other income for the year under review improved to Rs. 13,186.26 lacs as compared to Rs. 7,302.60 lacs of last year. Profit before tax for the year under review was Rs 457.64 lacs as compared to Rs.474.01 lacs of last year.

Dividend

Your directors are pleased to recommend dividend of Re 0.50 per equity share of Rs 10 each, i.e. 5% of paid-up equity capital.

Future Outlook

Despite the strong adverse impact of global economic meltdown, Indian steel demand remains better than many countries. It is

expected that domestic steel demand is going to recover soon and for long term. According to World Steel Association, India's apparent steel use is forecasted to increase by 1.7% and reach 53.5 million tonne in 2009 and is expected to reach 58 million tonne in 2010. However steel ministry projects much higher growth rate of more than 5%.

Further despite the global economic crisis the GDP for financial year 2008-09 was 6.7 per cent which depicts that the Indian economy fared much better than developed countries. The GDP for the current financial year is expected to be around 7%. Thus it is expected that there will be significant investment in large scale public infrastructure projects and growth in automotive and real estate sector which will drive growth for steel sector and consequently drive demand for the products of the company.

Holding Company

The Company continued to be a wholly owned subsidiary of M/s Jai Balaji Industries Limited throughout the year under review. Certain financial accommodation from bank has been guaranteed by the said holding company.

Directors

Shri Sanjiv Jajodia retires by rotation and being eligible, offers himself for re-appointment.

Shri Aashish Jajodia has been appointed as Whole-time director of the Company w.e.f. 13th August, 2008 for a period of five years. His appointment as Whole-time Director was approved by the members at the Annual General Meeting held on 27th September, 2008.

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- in the preparation of annual accounts, the applicable accounting standards have been followed.
- They have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the statement of affairs of the Company as at 31st March, 2009 and of the Profit of the Company for the year ended on that date;
- They 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 the Company and for preventing and detecting fraud and other irregularities; and
- The annual accounts have been prepared on a going concern basis.

Auditors

M/s. B. Chhawchharia & Co., Chartered Accountants, the Statutory Auditors of the Company retire from the conclusion of the ensuing Annual General Meeting.

Directors' Report (Contd.)

The observations of Auditors in their Report read with relevant notes to accounts in Schedule 22 are self explanatory and do not require further explanation.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Particulars with regard to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in the Annexure forming part of this Report.

Particulars of Employees

The Company has no employee getting remuneration as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 during the year under review.

Acknowledgement

Your Directors would like to express their sincere appreciation for the continued assistance and co-operation extended by the customers, suppliers, bankers, investors and the government authorities. Your directors place on record their appreciation for the employees of the Company at all levels for their dedicated services and continued support for the Company.

For and on behalf of the Board

Place : Kolkata
Dated: 22.06.09

**Aditya
Jajodia**
Director

**Aashish
Jajodia**
Director

**Sanjiv
Jajodia**
Director

Annexure to Directors' Report

Information under Section 217(1)(e) read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2009:

a) Conservation of Energy :

Conservation of Energy is always an ongoing process and the management of the Company provides high priority in this area.

b) Additional Investments and Proposals, if any, being implemented for reduction of consumption of energy: Nil

c) Impact of the measures at (a) and b) above for reduction of energy conservation and consequent impact on the cost of production of goods:

On account of measures taken as above there has been efficient utilization of wastes & by-products

d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure is annexed.

A. Technology absorption:

(a) The details of efforts made towards absorption of technology is given in the Report in Form B

B. Foreign exchange earnings and outgo:

a) Activities relating to exports, initiatives taken to exports, development of new export markets for products and services and export plans :

Nil

Total Foreign Exchange used and earned : Nil

Annexure (Contd.)

Form – A

Form for Disclosure of Particulars with respect to Conservation of Energy

A. Power and Fuel Consumption :

Electricity	2008-09	2007-08
a) Purchased	80,22,210	79,42,320
Units(KVAH)		
Total Amount (Rs. in lacs)	328.92	319.64
Rate per Unit (Rs.)	4.10	4.02
B. Electricity Consumption per unit (M.T.) of consumption :		
Sponge iron	130.08	101.30

Form – B

Form for Disclosure of Particulars with respect to Technology Absorption.

Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company:

Research was carried out in the areas of raw material, product development and improvement in the process and system, reduction of wastage and improvement in energy conservation.

2. Benefits derived as results of the above R & D:

It has resulted in better utilisation of resources and reduction in operating cost.

3. Future Plan of action:

Emphasis is on cost reduction, product development, product quality and energy saving technologies.

4. Expenditure on R & D:

R & D is carried out by the Company as part of the development activity and the expenditure thereof is considered as part of operating/project expenditure.

Technology absorption, adaptation and innovation:

a) Efforts, in brief, made towards technology absorption, adoption and innovation.

The Company continued its research in areas of raw materials, energy conservation and waste utilization.

b) Benefits derived as a result of the above efforts.

Due to above efforts there was better and easier availability of materials, improved productivity and saving in process cost.

c) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), the following information may be furnished :

- (i) Technology imported : Nil
- (ii) Year of import : Not applicable
- (iii) Has technology been fully absorbed? : Not applicable
- (iv) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action : Not applicable

Auditors' Report

To

The Members of

Nilachal Iron & Power Limited

We have audited the attached Balance Sheet of M/s Nilachal Iron & Power Limited as at 31st March, 2009, and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion and we report that :

1. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred above, we report that :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
 - c) The Balance Sheet, the Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account;

- d) In our opinion, subject to our comments hereinafter, the Balance Sheet comply with the Accounting Standards as referred to in Sub-section (3c) of Section 211 of the Companies Act, 1956;
- e) On the basis of the written representation received from the Directors of the company and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with Significant Accounting Policies and Notes to the Accounts, give the information required by the Companies Act, 1956, in the manner so required give a true and fair view in conformity with accounting principles generally accepted in India :
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - b) in the case of the Profit & Loss Account, of the Profit for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **B. Chhawchharia & Co.**
Chartered Accountants

per **Ketan Chhawchharia**
Partner
Membership No. 63422

Place : Kolkata
Date : 22nd June 2009

Annexure to the Auditors' Report

- (i) a) Proper records showing full particulars including quantitative details and situation of fixed assets are being compiled by the company.
- b) According to the information and explanations given to us, all the fixed assets including capital work in progress have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and nature of its assets. As explained, no material discrepancies were noticed on such verification.
- c) The company has not disposed substantial part of its fixed assets during the year.
- (ii) a) According to information and explanations given to us, physical verification of inventory has been conducted by the management at reasonable intervals.
- b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification of inventory.
- (iii) The company has not granted or taken any loan, secured or unsecured, to/from companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weakness, if any, in internal control system.
- (v) a) According to the information and explanations given to us, the particulars of contracts or arrangement referred to in Section 301 of the Companies Act, 1956, are being updated in the register required to be maintained under that Section.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of each contract or arrangement that need to be entered into the register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs. 5,00,000/- or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion, the Company has not accepted any deposits from the public during the year.
- (vii) In our opinion, the Company has a formal internal audit system commensurate with the size of the company and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the product of the company.
- (ix) In our opinion and according to the information and explanations given to us :
- a) The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues, as applicable, with the appropriate authorities.
- b) There are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of any dispute *except as detailed below*.

Name of the Statute	Nature of Dues	Amount (Rs. in lacs)	Relating to the year	Forum where dispute pending
Central Excise Act 1944	Disallowance of Cenvat Credit of Excise Duty	68.97	2005 - 2006	Commissioner of Central Excise (Appeal)
Central Excise Act 1944	Passage of Illegal Benefit to TISCO	62.21	2005 - 2006	Commissioner of Central Excise (Appeal)
Central Excise Act 1944	Irregular Availment of Cenvat Credit	2.63	2005 - 2006	Commissioner of Central Excise (Appeal)
Central Excise Act 1944	Irregular Availment of Cenvat Credit on inputs/equipments	83.15	2006 - 2007	CESTAT
Central Excise Act 1944	Availment of Cenvat Credit relating to traded goods	54.56	2005 - 2006	Commissioner of Central Excise (Appeal)
Central Excise Act 1944	Availment of Cenvat Credit in respect of bought out Sponge Iron	30.75	2005 - 2006	Commissioner of Central Excise (Appeal)

Annexure to the Auditors' Report (Contd.)

Name of the Statute	Nature of Dues	Amount (Rs. in lacs)	Relating to the year	Forum where dispute pending
Central Excise Act 1944	Duty demand in respect of scrap arose from fabrication of Kiln & Cooler	6.94	2005 - 2006	Commissioner of Central Excise (Appeal)
Service Tax	Service Tax in respect of BAS arose from Mutual Fund subscription	29.07	2005 - 2006	Commissioner (Appeal)
Service Tax	Service Tax in respect of BAS arose from Mutual Fund subscription	15.35	2004 - 2005	Commissioner (Appeal)
Income Tax Act	Demand due to disallowance of expenses and levying of Interest U/s. 234C	0.95	2001 - 2002 2003 - 2004 & 2004 - 2005 (Amalgamating Companies)	Commissioner of Income Tax (Appeal)

- (x) There are no accumulated losses in the Company. The Company has not incurred any cash loss during the financial year covered by our audit and also in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has generally not defaulted in repayment of dues to banks.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi mutual benefit fund/society.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures, and other investments. The shares and other investments are held by the company in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the

Company for the year under review, we report that no funds raised on short term basis have been used for long term investments.

- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year under review.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by public issue during the year under review.
- (xxi) According to the information and explanations given to us and to the best of our knowledge and belief, no fraud on or by the Company has been noticed or reported during the year.

For **B. Chhawchharia & Co.**
Chartered Accountants

per **Ketan Chhawchharia**
Partner
Membership No. 63422

Place : Kolkata
Date : 22nd June 2009

Balance Sheet as at 31st March 2009

(Amount in Rupees)

Schedules		As at 31st March 2009		As at 31st March 2008	
SOURCES OF FUNDS					
Shareholders' Funds :					
Share Capital	1	4,94,87,270		4,94,87,270	
Reserves & Surplus	2	75,54,04,849	80,48,92,119	75,28,94,259	80,23,81,529
Loan Funds :					
Secured Loans	3		34,92,38,672		17,11,38,064
Deferred Tax - Net	4		2,36,83,600		(1,35,79,000)
			1,17,78,14,391		95,99,40,593
APPLICATION OF FUNDS					
Fixed Assets :	5				
(a) Gross Block		75,82,77,969		70,07,77,003	
(b) Less : Depreciation		14,03,52,695		10,41,08,623	
(c) Net Block		61,79,25,274		59,66,68,380	
(d) Capital Work-in-Progress		2,68,03,781		5,15,48,607	
			64,47,29,055		64,82,16,987
Investments	6		26,86,239		26,86,239
Current Assets, Loans and Advances					
(a) Inventories	7	75,14,54,369		73,01,53,823	
(b) Sundry Debtors	8	3,55,10,368		5,96,56,048	
(c) Cash & Bank Balances	9	2,65,04,161		42,68,954	
(d) Loans & Advances	10	23,98,02,082		28,19,26,399	
		1,05,32,70,980		1,07,60,05,224	
Less : Current Liabilities and Provisions	11	52,28,71,883		76,69,67,857	
Net Current Assets			53,03,99,097		30,90,37,367
			1,17,78,14,391		95,99,40,593
Notes on Accounts	21				
Balance Sheet Abstract and Company's					
General Business Profile	22				

The Schedules referred to above form an integral part of these accounts
In terms of our report of even date attached herewith

For **B. Chhawchharia & Co.**
Chartered Accountants

per **Ketan Chhawchharia**
Partner
Membership No. : 63422

For and on behalf of the Board of Directors

Aditya Jajodia
Director

Aashish Jajodia
Director

Sanjiv Jajodia
Director

Profit and Loss Account for the year ended 31st March 2009

(Amount in Rupees)

Schedules		2008-09	2007-08
INCOME			
Sales Revenue	12	1,44,66,05,034	81,87,79,869
Less : Excise Duty		16,22,44,566	11,12,60,517
		1,28,43,60,468	70,75,19,352
Other Income	13	3,42,65,933	2,27,40,507
		1,31,86,26,401	73,02,59,859
EXPENDITURE			
Purchases		—	2,70,99,422
Decrease/(Increase) in Stock	14	45,87,15,131	(34,46,12,143)
Cost of Material	15	71,02,17,454	77,97,95,956
Excise Duty on Finished Stock		(5,77,51,172)	6,62,06,015
Manufacturing Expenses	16	6,16,33,691	6,54,50,506
Expenses on Employees	17	2,85,44,027	2,39,81,114
Cost of Borrowing	18	1,79,16,534	1,66,80,429
Other Expenses	19	1,98,23,858	1,57,70,708
Prior Period Expenses (Net)		3,93,848	1,72,032
Depreciation		3,62,44,072	3,51,89,335
Less : Transfer from State Capital Subsidy		28,74,846	28,74,846
		1,27,28,62,597	68,28,58,528
PROFIT FOR THE YEAR		4,57,63,804	4,74,01,331
Direct Taxes	20	(3,74,83,487)	(1,65,34,924)
PROFIT AFTER TAXATION		82,80,317	3,08,66,407
Balance Brought from Previous Year		4,92,98,863	1,84,32,456
		5,75,79,181	4,92,98,863
APPROPRIATIONS			
Proposed Dividend		24,74,364	—
Corporate Dividend Tax		4,20,518	—
Transfer to General Reserve		2,07,757	—
Balance (Cr.) carried to Balance Sheet		5,44,76,542	4,92,98,863
		5,75,79,181	4,92,98,863
Earning per Share			
(on nominal value of Rs. 10/- each)			
Basic & Diluted		1.67	6.24

The Schedules referred to above form an integral part of these accounts

In terms of our report of even date attached herewith

For **B. Chhawchharia & Co.**
Chartered Accountantsper **Ketan Chhawchharia**
Partner
Membership No. : 63422Place : Kolkata
Date : 22nd June 2009

For and on behalf of the Board of Directors

Aditya Jajodia
Director**Aashish Jajodia**
Director**Sanjiv Jajodia**
Director

Cash Flow Statement for the year ended 31st March 2009

(Amount in Rupees)

	2008-09	2007-08
CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extraordinary items	4,57,63,804	4,74,01,331
Adjusted for :		
Depreciation	3,33,69,226	3,23,14,489
Interest Income	(1,05,57,239)	(2,27,680)
(Profit) / Loss on sale of Fixed Assets	—	—
Operating Profit Before Working Capital Changes	6,85,75,791	7,94,88,140
Adjusted for :		
Trade and other receivables	7,53,87,352	(18,40,82,003)
Inventories	(2,13,00,546)	(43,37,01,436)
Trade Payables and advances from customers	(24,69,90,856)	68,20,05,577
CASH GENERATED FROM OPERATIONS	(12,43,28,259)	14,37,10,278
Direct Taxes paid / adjusted	(93,38,241)	(1,47,678)
Cash flow before extra ordinary items	(13,36,66,500)	14,35,62,600
Extra Ordinary items	—	—
Net cash from Operating Activities (A)	(13,36,66,500)	14,35,62,600
CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(3,27,56,140)	(3,77,47,552)
State Capital Subsidy received	—	—
Sale of Fixed Assets	—	—
Interest Income	1,05,57,239	2,27,680
Net Cash from Investing Activities (B)	(2,21,98,901)	(3,75,19,872)
CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from long term and other borrowings	17,81,00,608	(10,95,90,401)
Proceeds from issuance of share capital	—	—
Net Cash used in Financing Activities (C)	17,81,00,608	(10,95,90,401)
Net Increase In Cash and Cash Equivalents (A+ B+ C)	2,22,35,207	(35,47,673)
Cash and Cash Equivalents at the beginning of the year	42,68,954	78,16,627
Cash and Cash Equivalents at the end of the year	2,65,04,161	42,68,954

1. Proceeds from long term and other borrowings are shown net of repayment.

2. Cash and Cash equivalents represent cash and bank balances only.

In terms of our report of even date attached herewith

For **B. Chhawchharia & Co.**
Chartered Accountants

For and on behalf of the Board of Directors

per **Ketan Chhawchharia**
Partner
Membership No. : 63422**Aditya Jajodia**
Director**Aashish Jajodia**
Director**Sanjiv Jajodia**
DirectorPlace : Kolkata
Date : 22nd June 2009

Schedules forming part of the Balance Sheet

(Amount in Rupees)

	As at 31st March 2009	As at 31st March 2008
Schedule 1 : SHARE CAPITAL		
Authorised :		
70,00,000 Equity Shares of Rs. 10/- each	7,00,00,000	7,00,00,000
5,00,000 Preference Shares of Rs.10/- each	50,00,000	50,00,000
	<u>7,50,00,000</u>	<u>7,50,00,000</u>
Issued, Subscribed and Paid-up :		
49,48,727 Equity Shares of Rs.10/- each	4,94,87,270	4,94,87,270
	<u>4,94,87,270</u>	<u>4,94,87,270</u>
Note : Out of above-		
(i) 49,48,727 Shares are held by Jai Balaji Industries Limited, the Holding Company.		
(ii) 29,43,727 Shares were allotted in terms of Scheme of Amalgamation without payment being received in cash.		
Schedule 2 : RESERVES & SURPLUS		
Capital Reserve :		
State Capital Subsidy	4,98,92,153	5,27,66,999
Less : Allocated to Depreciation	<u>28,74,846</u>	<u>28,74,846</u>
	4,70,17,307	4,98,92,153
General Reserve :		
As per Last Account	32,35,23,243	32,38,92,243
Add : Transfer from Profit & Loss Account	<u>2,07,757</u>	<u>-</u>
	32,37,31,000	32,38,92,243
Less : On adoption of statement for employees benefits (AS-15)	<u>-</u>	<u>3,69,000</u>
	32,37,31,000	32,35,23,243
Securities Premium Account	33,01,80,000	33,01,80,000
Profit and Loss Account	<u>5,44,76,542</u>	<u>4,92,98,863</u>
	<u>75,54,04,849</u>	<u>75,28,94,259</u>
Schedule 3 : SECURED LOANS		
From State Bank of India :		
* (i) Term Loans		
Rupee Loan	4,27,52,126	8,27,12,048
Corporate Loan	1,82,33,300	2,43,10,925
(ii) Cash Credits		
Foreign Currency Loan	10,02,59,378	2,09,10,226
Rupee Loan	9,29,43,476	4,32,04,865
The above loans are secured by (a) first charge by way of Equitable Mortgage/Hypothecation on the entire fixed assets, present and future, (b) hypothecation of entire stocks and book debts ranking <i>pari passu</i> with Canara Bank (pending registration), (c) corporate guarantee of M/s. Chandi Steel Industries Ltd., and (d) personal guarantee of three Directors of the Company.		
From Canara Bank :		
Cash Credit - Rupee Loan	9,43,22,508	-
The above loan is secured by (a) Hypothecation of all Stock and Book Debts, present and future ranking <i>pari passu</i> with State Bank of India, (b) second charge on all fixed assets, present and future, (c) corporate guarantee of M/s. Jai Balaji Industries Ltd., Holding Company and (d) personal guarantee of three Directors of the Company.		
* From Reliance Capital Limited - Car finance	7,27,884	-
- Secured by hypothecation of vehicle financed by them	<u>34,92,38,672</u>	<u>17,11,38,064</u>
* Instalments falling due for repayment within one year	4,82,26,333	4,57,49,000

Schedules forming part of the Balance Sheet

(Amount in Rupees)

As at 31st March 2009

As at 31st March 2008

Schedule 4 : DEFERRED TAX - NET

Deferred Tax Liability on Fiscal allowance of Fixed Assets	8,80,74,100	8,21,64,600
Less : Deferred Tax Assets		
– On Unabsorbed Losses	6,39,78,800	9,55,41,000
– On Employee Benefits	4,11,700	2,02,600
	<u>2,36,83,600</u>	<u>(1,35,79,000)</u>

Schedule 5 : FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block	
	As at 1st April 2008	Additions (Deductions)	As at 31st March 2009	Upto 31st March 2008	For the year	Upto 31st March 2009	As at 31st March 2009	As at 31st March 2008
Freehold Land	67,15,409	–	67,15,409	–	–	–	67,15,409	67,15,409
Buildings	6,68,56,752	2,30,71,128	8,99,27,880	66,21,497	24,22,326	90,43,823	8,08,84,057	6,02,35,255
Plant & Machineries	55,64,50,983	3,13,00,026	58,77,51,009	8,50,57,323	2,97,19,958	11,47,77,281	47,29,73,728	47,13,93,660
Electrical Installations	4,12,09,798	17,13,765	4,29,23,563	63,39,705	19,89,037	83,28,742	3,45,94,821	3,48,70,093
Air Conditioners	6,99,000	74,000	7,73,000	1,00,566	34,884	1,35,450	6,37,550	5,98,434
Office Equipments	14,38,794	2,14,520	16,53,314	3,32,747	90,246	4,22,993	12,30,321	11,06,047
Computers	8,74,481	96,125	9,70,606	4,56,803	1,42,746	5,99,549	3,71,057	4,17,678
Furniture & Fixtures	19,63,113	44,943	20,08,056	10,13,351	1,11,068	11,24,419	8,83,637	9,49,762
Vehicles	80,48,639	9,86,459	90,35,098	23,80,493	9,49,105	33,29,598	57,05,500	56,68,146
Generators	1,65,20,034	–	1,65,20,034	18,06,138	7,84,702	25,90,840	1,39,29,194	1,47,13,896
	70,07,77,003	5,75,00,966	75,82,77,969	10,41,08,623	3,62,44,072	14,03,52,695	61,79,25,274	59,66,68,380
CAPITAL WORK IN PROGRESS :								
Leasehold Land	77,940	–	77,940	–	–	–	77,940	77,940
Civil Construction	68,29,130	1,62,41,998	–	–	–	–	–	68,29,130
	–	(2,30,71,128)	–	–	–	–	–	–
Plant & Machinery	1,80,54,952	95,38,039	15,87,345	–	–	–	15,87,345	1,80,54,952
	–	(2,60,05,646)	–	–	–	–	–	–
Mining Land	1,87,30,758	12,50,000	1,99,80,758	–	–	–	1,99,80,758	1,87,30,758
Railway Siding	35,86,082	50,000	36,36,082	–	–	–	36,36,082	35,86,082
Capital Advances	42,69,745	–	15,21,656	–	–	–	15,21,656	42,69,745
	–	(27,48,089)	–	–	–	–	–	–
	5,15,48,607	2,70,80,037	2,68,03,781	–	–	–	2,68,03,781	5,15,48,607
	–	(5,18,24,863)	–	–	–	–	–	–
GRAND TOTAL	75,23,25,610	8,45,81,003	78,50,81,750	10,41,08,623	3,62,44,072	14,03,52,695	64,47,29,055	–
	–	(5,18,24,863)	–	–	–	–	–	–
Previous year figures	71,03,08,313	3,77,47,552	74,80,55,865	6,89,19,288	3,51,89,335	10,41,08,623	–	64,39,47,242

Schedule 6 : INVESTMENTS-LONG TERM

	Paid up value per Share	No. of Shares	As at 31st March 2009	No. of Shares	As at 31st March 2008
In fully paid Equity Shares of Companies					
Quoted					
Shyama Infosys Ltd.	10/-	3,66,200	25,90,974	3,66,200	25,90,974
Shri Nidhi Trading Co. Ltd.	10/-	10,500	95,265	10,500	95,265
			<u>26,86,239</u>		<u>26,86,239</u>
Market Value			42,69,924		29,75,784

Schedules forming part of the Balance Sheet

(Amount in Rupees)

	As at 31st March 2009	As at 31st March 2008
Schedule 7 : INVENTORIES		
(As taken, valued and certified by the management)		
Raw Material (Includes in Transit Nil; P.Y. Rs. 1,49,29,466/-)	61,24,50,001	14,66,75,474
Finished Goods	10,94,96,636	52,53,32,331
By Products	77,12,485	5,05,91,921
Stores & Consumables	2,17,95,247	75,54,097
	<u>75,14,54,369</u>	<u>73,01,53,823</u>
Schedule 8 : SUNDRY DEBTORS		
(Unsecured Considered Good)		
Due for more than six months	2,79,40,763	1,47,18,837
Other Debts	75,69,605	4,49,37,211
	<u>3,55,10,368</u>	<u>5,96,56,048</u>
Schedule 9 : CASH AND BANK BALANCES		
Cash in hand	12,62,350	8,42,519
Cheque in Hand	–	67,265
With Scheduled Banks		
– In Current Account	13,75,497	36,107
– In Fixed Deposit Account (Pledged)	2,38,66,314	33,23,063
	<u>2,65,04,161</u>	<u>42,68,954</u>
Schedule 10 : LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	11,46,68,055	20,35,34,249
Subsidies receivable	8,84,24,622	5,23,57,270
Orised recoverable	30,52,728	30,52,728
Balances with Government Authorities	1,49,64,209	1,34,42,539
Deposits	44,21,965	43,86,465
Taxation Advance & Refundable (Net of Provisions)	54,48,314	14,91,072
MAT Credit Entitlement	88,22,189	36,62,076
	<u>23,98,02,082</u>	<u>28,19,26,399</u>
Schedule 11 : CURRENT LIABILITIES & PROVISIONS		
A) Current Liabilities		
Creditors for Capital Goods	69,22,061	41,84,986
Creditors for others	11,05,44,223	6,99,37,475
Advance from Customers	1,81,56,904	8,98,96,502
Due to Holding Company (Interest Free)	36,40,67,795	52,41,81,511
Temporary Overdraft due to overissue of cheques	–	15,64,931
Other Liabilities	1,90,75,018	7,66,06,452
	<u>51,87,66,001</u>	<u>76,63,71,857</u>
B) Provisions		
For Gratuity	12,11,000	5,96,000
For Proposed Dividend	24,74,364	–
For Corporate Dividend Tax	4,20,518	–
	<u>52,28,71,883</u>	<u>76,69,67,857</u>

Schedules forming part of the Profit and Loss Account

(Amount in Rupees)

	2008-09	2007-08
Schedule 12 : SALES REVENUE		
*Sale of Sponge Iron	1,39,75,27,437	80,56,54,061
Sale of By Products	4,90,77,597	1,31,25,808
	<u>1,44,66,05,034</u>	<u>81,87,79,869</u>
*Includes Subsidy on Commercial Taxes	2,08,92,855	1,18,56,655
Schedule 13 : OTHER INCOME		
Interest -		
- On Income Tax Refund	-	4,197
- On Loan (Includes TDS Rs. 19,33,984/- ; P.Y. Rs. Nil)	85,52,876	-
- On Fixed Deposit (Includes TDS Rs. 3,82,848/-; P.Y. Rs. 50,650/-)	20,04,363	2,23,483
Brokerage & Commission (Includes TDS Rs. 17,90,943/-; P.Y. Rs. 72,484/-)	1,43,31,000	11,67,301
Income from Real Estate Entitlements	-	1,20,00,000
Liabilities Written Back	85,66,782	79,72,626
Miscellaneous Income	8,10,912	13,72,900
	<u>3,42,65,933</u>	<u>2,27,40,507</u>
Schedule 14 : DECREASE/(INCREASE) IN STOCK		
Opening Stock		
- Finished Goods	52,53,32,331	21,17,12,468
- By Products	5,05,91,921	1,95,99,641
Less : Closing Stock		
- Finished Goods	10,94,96,636	52,53,32,331
- By Products	77,12,485	5,05,91,921
	<u>45,87,15,131</u>	<u>(34,46,12,143)</u>
Schedule 15 : COST OF MATERIAL		
Raw Material Consumed (Indigenous)		
Opening Stock	14,66,75,474	5,66,99,431
Add : Purchases	1,21,22,44,912	88,91,17,425
	<u>135,89,20,386</u>	<u>94,58,16,856</u>
Less : Sale of Rejected Coal etc.	3,62,52,931	1,93,45,426
	<u>1,32,26,67,455</u>	<u>92,64,71,430</u>
Less : Closing Stock	61,24,50,001	14,66,75,474
	<u>71,02,17,454</u>	<u>77,97,95,956</u>
Schedule 16 : MANUFACTURING EXPENSES		
Stores Consumed	1,12,27,472	1,37,72,164
Power & Fuel	3,75,07,933	3,68,39,098
Machinery Hire Charges	81,79,659	42,41,842
Processing Expenses	30,44,693	37,13,104
Repairs & Maintenance :		
- For Building	4,92,486	4,62,029
- For Plant & Machinery	9,93,948	45,52,177
- For Others	1,87,500	18,70,092
	<u>6,16,33,691</u>	<u>6,54,50,506</u>

Schedules forming part of the Profit and Loss Account

(Amount in Rupees)

	2008-09	2007-08
Schedule 17 : EXPENSES ON EMPLOYEES		
Salary, Wages, Bonus & Allowances (Includes Gratuity Rs. 6,15,000/-; P.Y. Rs. 2,27,000/-)	2,67,31,184	2,24,70,655
Employer's Contribution to Provident Fund	8,94,999	7,50,442
Staff & Labour Welfare Expenses	9,17,844	7,60,017
	<u>2,85,44,027</u>	<u>2,39,81,114</u>
Schedule 18 : COST OF BORROWINGS		
* Interest on		
– Term Loans	66,57,505	96,45,289
– Others	85,63,175	55,80,977
Loan Processing & other financial charges	26,95,854	14,54,163
	<u>1,79,16,534</u>	<u>1,66,80,429</u>
*Net of Subsidy on Interest	1,51,74,497	1,50,37,303
Schedule 19 : OTHER EXPENSES		
Rent	4,48,620	7,56,200
Rates & Taxes	1,21,304	2,09,365
Insurance	10,77,596	7,49,126
Travelling & Conveyance	3,01,573	6,23,195
Discount	–	7,43,800
Auditors' Remuneration		
Statutory Auditors :		
For Audit	2,00,000	2,00,000
For Tax Audit	50,000	50,000
Other Services	67,500	3,429
Other Auditors :		
For Internal Audit	50,000	60,000
For VAT Audit	–	15,600
Miscellaneous Expenses	98,50,125	1,13,71,365
Irrecoverable debts and advances written off	76,57,140	4,88,636
Preliminary Expenses Written off	–	1,79,124
Amalgamation Expenses Written off	–	3,20,868
	<u>1,98,23,858</u>	<u>1,57,70,708</u>
Schedule 20 : DIRECT TAXES		
Provision for :		
Fringe Benefit Tax	(2,20,000)	(2,51,000)
Deferred Tax	(3,72,62,600)	(1,62,84,000)
Current Tax	(51,61,000)	(36,62,000)
MAT Credit Entitlement	51,60,113	36,62,076
	<u>(3,74,83,487)</u>	<u>(1,65,34,924)</u>
Schedule 21 : Notes on Accounts		

I) SIGNIFICANT ACCOUNT POLICIES

System of Accounting

The Company adopts accrual basis of accounting in the preparation of accounts.

Fixed Assets

Fixed Assets are stated at Cost less depreciation.

Depreciation

Depreciation is provided on "Straight Line Method" in accordance with the provisions of Schedule XIV to the Companies Act, 1956.

Capital Work in Progress

- Capital work in progress is stated at cost.
- Construction and other materials purchased for capital addition are treated as consumed.
- Bills of Contractors are adjusted to the extent bills received and settled.

Schedules forming part of the Accounts

Schedule 21 : Notes on Accounts (Contd.)

Investments

Long term investments are stated at cost and investments intended to be held for less than one year are classified as current investments and are stated at lower of cost and market value.

Government Grants

- a) State Capital Subsidy received on account of fixed assets is credited to Capital Reserve Account out of which Subsidies in relation to depreciable assets are allocated to Income over the useful life of the respective assets by deduction from depreciation for the year.
- b) Grants related to revenue is recognised in the Profit & Loss Account by deduction from the respective expense or shown separately as Income.

Inventories

Inventories are Valued as follows:

- | | |
|---------------------------------------|--|
| a) Raw Material, Stores & Consumables | Lower of Cost and Net Realisable Value, however, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on "Weighted Average Basis." |
| b) Finished Goods | Lower of Cost or Net Realisable Value. Cost includes direct materials, labour and manufacturing overheads. Cost of finished goods include Excise Duty. |
| c) By Products | At Net Realisable Value. |

Sales

- (1) Sales include excise duty but exclude sales tax/VAT.
- (2) Revenue from sale of goods is recognised on passing of title which generally coincides with the delivery of goods.

Other Income

Other Income is accounted on accrual basis except where the receipt of income is uncertain.

Foreign Currency Transactions

Foreign currency loans are restated at the year end exchange rates or at the rate of forward cover and the resultant differences are charged to Profit & Loss Account.

Taxes on Income

- (a) Current Tax is determined as the amount of tax payable in respect of taxable income for the year.
- (b) Deferred Tax is recognised, subject to consideration of prudence, in respect of deferred tax assets/ liabilities arising on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period.

Employee Benefits

- (a) Short Term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.
- (b) Post employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognised at the present value of the amounts payable determined using actuarial valuation technique. Actuarial gain and losses in respect of post employment and other long term benefit are charged to Profit and Loss Account.

Impairment of Assets

Impairment Loss in the value of assets, as specified in Accounting Standard -28 is recognised whenever carrying value of such assets exceeds the market value or value in use, whichever is higher.

- 2) Estimated amount of the contracts remaining to be executed on capital account and not provided for amounts to Rs.58.71 lacs (Rs. 48.20 lacs); advance thereagainst Rs.15.22 lacs (Rs. 42.12 lacs).
- 3) M/s Tisco Growth Shop has made net claim of Rs.35.17 lacs (Rs.35.17 lacs) on the company on account of supply of material and their consultancy charges out of which Rs.28.24 lacs is provided in the accounts. However, the Company has filed counter claim of Rs.5 crores on them on account of supply of faulty drawings, defects in design, use of excess steel, poor supervision, incorrect estimation of project cost, damage to assets etc. Necessary adjustment shall be made in the accounts on finality of the matter.
- 4) Contingent Liability (not provided for) in respect of:
 - (a) Excise Duty Rs. 309.21 lacs (Rs.68.97 lacs) against which Rs.20.00 lacs (Rs.20.00 lacs) paid under protest.
 - (b) Income Tax Rs.0.95 lacs (Rs.0.95 lacs)
 - (c) Service Tax Rs.44.42 lacs (Rs. Nil)
 - (d) Claims against the Company not acknowledged as debt Rs.25.30 lacs (Rs.25.30 lacs).
 - (e) Corporate Guarantee in favour of The Bank of Rajasthan Ltd. against borrowing of Nil (Rs.25.00 Crores) by M/s. Jai Balaji Industries Limited, the holding company.

Schedules forming part of the Accounts

Schedule 21 : Notes on Accounts (Contd.)

5) Remuneration to Directors:

Salary	Rs.3,00,000/-	(Rs.18,75,000/-)
Perquisites	Nil	(Rs.2,10,000/-)

- 6) a) As per the information available to the management, no amount is due to SSI and ancillary units.
b) Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

	2009	2008
a. Principal amount remaining unpaid as on 31st March.	Nil	Nil
b. Interest due thereon as on 31st March.	Nil	Nil
c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act 2006, along with the amount of the payments made to the suppliers beyond the appointed day during the period.	Nil	Nil
d. Interest due and payable for the period of delay in making payments (which have been paid but beyond the appointed day during the period) but without adding the interest, specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
e. Interest accrued and remaining unpaid as at 31st March.	Nil	Nil
f. Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise. (As certified by the management)	Nil	Nil

- 7) The method of valuation of inventories has been changed from 'At Cost' to 'At Lower of Cost and Net Realizable Value'. There is no effect on the profit for the year due to this change.

8) CIF Value of Import

Plant & Machinery	Rs.38,02,300/- (Nil)
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- 9) On the basis of physical verification of assets, as specified in Accounting Standard -28 and cash generation capacity of those assets, in the management perception there is no impairment of such assets as appearing in the Balance Sheet as on 31.03.2009.
10) The Earning Per Share (EPS) has been calculated as specified in Accounting Standard 20 on "Earning per Share" issued by ICAI and related disclosures are as under:-

	2008 - 2009	2007 - 2008
(a) Amount used as numerator in calculating basic and diluted EPS: Profit/(Loss) after Tax (Rs.)	82,80,317	3,08,66,407
(b) Weighted average number of Shares used as the denominator in Calculating basic and diluted EPS (Nos.) For Basic & Diluted EPS - Equity Shares- Opening	49,48,727	49,48,727
	49,48,727	49,48,727

11) Raw Material Consumed

	Qty (MTs)	Value (Rs.)
a) Coal	1,17,993.38 (1,34,465.34)	17,35,41,268 (31,24,14,432)
b) Iron Ore	1,14,913.63 (1,39,810.61)	53,32,14,088 (46,50,83,296)
c) Dolomite	2,705.28 (2,198.14)	34,62,098 (22,98,228)

NB: The above includes waste and are net of sales of 21,574.38 M.T. (Nil) of rejected coal amounting Rs.36,25,293/- (Nil).

Schedules forming part of the Accounts

Schedule 21 : Notes on Accounts (Contd.)

12) Licensed and Installed Capacities:

	Licensed Capacity	* Installed Capacity
Sponge Iron	Not Applicable (Not Applicable)	350 MTs per day (350 MTs per day)

* As certified by the management.

13) Opening Stock, Purchases, Production, Sales and Closing Stock:

	SPONGE IRON	
	Quantity (MTs.)	Amount (Rs.)
Opening Stock	39,038.550 (25,051.640)	52,53,32,331 (21,17,12,468)
Purchases	– (1,373.910)	– (2,70,99,422)
Production	61,670.000 (78,405.670)	– –
Sales (Net of Return)	73,589.330 (65,792.670)	1,37,66,34,582 (79,37,97,406)
Closing Stock	*9,166.350 (39,038.550)	10,94,96,636 (52,53,32,331)

Notes:

01. *Net of 17,952.870 MTs (NIL) of rejected & low grade Sponge Iron consumed for Re-process.

- 14) Related parties and transactions with them as specified in the Accounting Standard 18 on "Related Parties Disclosures" issued by ICAI have been identified and given below on the basis of information available with the Company and the same has been relied upon by the auditors.

(Amount in Rupees)

Related Parties & Relationship	Transactions	
a) Enterprises that directly or indirectly through one or more intermediaries, Control or are controlled by or are under common control with the Company (including holding company):		
	2008-09	2007-08
Holding Company:		
(i) Jai Balaji Industries Limited		
Purchases during the year	28,93,130	60,24,671
Sales during the year	1,19,56,49,314	43,69,15,118
Year end payable (Net)	35,40,67,795	52,41,81,511
b) Associates :		
(i) Jai Balaji Jyoti Steels Limited		
Purchases during the year	1,25,25,192	66,50,127
Sales during the year	1,92,63,852	28,22,627
Year end Receivable/(Payable) (Net)	19,03,506	(4,20,26,791)
(ii) Jai Salasar Balaji Industries Pvt. Ltd.		
Purchases during the year	–	–
Sales during the year	95,911	–
Year end Payable (Net)	–	–

- (c) Individuals owning directly or indirectly, an interest in the voting power of the Company that gives control or significant influence over the Company, and relatives of any such individual.

Schedules forming part of the Accounts

Schedule 21 : Notes on Accounts

(Amount in Rupees)

Related Parties & Relationship		Transactions	
(d) Key Management personnel and their relatives:		2008-09	2007-08
Sri Raj Kumar Agarwal	Managing Director Remuneration	–	17,50,000
Sri Aashish Jajodia	Whole Time Director Remuneration	3,00,000	1,25,000
Sri Aditya Jajodia	Director	–	–
Sri Sanjiv Jajodia	Director	–	–
Sri Rajiv Jajodia	Brother of Director	–	–
Sri Devendra Prasad Jajodia	Brother of Director	–	–
Sri Gourav Jajodia	Nephew of Director	–	–
Smt. Kanchan Jajodia	Sister-in-law of Director	–	–
Smt. Rina Jajodia	Wife of Whole Time Director	–	–
Smt. Sangeeta Jajodia	Wife of Director	–	–
Smt. Shashi Devi Jajodia	Sister-in-law of Director	–	–
Smt. Seema Jajodia	Wife of Director	–	–
e) Enterprises over which any person described in (c) or (d) is able to exercise significant influence:			
M/s. Chandi Steel Industries Limited			
M/s. Jai Balaji Jyoti Steels Limited			
M/s. Jai Salasar Balaji Industries (P) Limited			
M/s. Balaji Ispat Udyog			
M/s. Jai Balaji Shakti Cement Limited			
M/s. Enfield Suppliers Limited			
M/s. Hari Management Limited			
M/s. Jajodia Estates Pvt. Limited			
M/s. K.D. Jajodia Steel Industries (P) Ltd.			
M/s. Sumangalaya Balaji Steels Limited.			
M/s. Marutaye Balaji Steels Ltd			
(f) Amount written off in respect of above parties:		–	–

- 15) The Disclosures required under Accounting Standard - 15 : Employees Benefit, Notified in the Company's (Accounting Standard) Rules 2006 are given below:

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised are charged off for the year are as under:

	2008 - 09 (Rs. in lacs)	2007 - 08 (Rs. in lacs)
Employer's Contribution to Provident & Pension Fund	8.95	7.50

Defined Benefit Plan

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Schedules forming part of the Account

Schedule 21 : Notes on Accounts (Contd.)

	2008-09 Gratuity (unfunded) (Rs. in lacs)	2007-08 Gratuity (unfunded) (Rs. in lacs)
a. Reconciliation of opening and closing balances of Defined Benefit obligation		
Defined Benefit obligation at beginning of the year	5.96	3.69
Current Service Cost	2.74	2.48
Interest Cost	0.49	0.31
Actuarial (gain)/loss	2.92	(0.52)
Benefits (paid)	—	—
Defined Benefit obligation at year end	12.11	5.96
b. Reconciliation of fair value of assets and obligations		
Present value of obligation as at 31st March 2009	12.11	5.96
Amount recognised in Balance Sheet	12.11	5.96
c. Expenses recognized during the year		
Current Service Cost	2.74	2.48
Interest Cost	0.49	0.31
Actuarial (gain) / loss	2.92	(0.52)
Net Cost	6.15	2.27
d. Actuarial assumptions		
Mortality Table (L.I.C.)	1994-96	1994-96 (Ultimate)
Discount rate (per annum) compounded	7.75%	8.30%
Rate of escalation in salary (per annum)	7.50%	10.00%

The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors. The expected return on Plan Assets is based on actuarial expectations of the average long term rate of return expected on investments of the fund during the estimated terms of the obligations. The above information is certified by the Actuary.

- 16) a) Previous year figures have been re-grouped/re-arranged wherever found necessary.
 b) Figures for the previous year above are given in brackets.

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Corporate Information

Board of Directors

Shri Aditya Jajodia

Chairman and Managing Director

Shri Sanjiv Jajodia

Whole-time Director

Shri Rajiv Jajodia

Shri Gourav Jajodia

Shri Ashim Kumar Mukherjee

Shri Shyam Bahadur Singh

Shri Manoj Kumar Banthia

Shri Satish Chander Gupta

Shri Angshuman Ghatak

Shri Krishnava S Dutt

Shri Vivek Chhachhi

Shri Kumar Krishnan Iyer

Shri Supratim Banerjee

Alternate to Shri Kumar Krishnan Iyer

Shri Ajay Tandon

Alternate to Shri Vivek Chhachhi

Company Secretary

Shri Ajay Kumar Tania

Statutory Auditors

M/s S.R. Batliboi & Co.

Chartered Accountants

22, Camac Street

Block 'C', 3rd Floor

Kolkata - 700 016

Registered Office

5, Bentinck Street

Kolkata - 700 001

West Bengal, India

Phone : 91-33- 2246-9808/8173

Fax : 91-33-2243 0021

E-mail : info@jaibalajigroup.com

Website : www.jaibalajigroup.com

Registrar and Share Transfer Agent

S. K. Computers

34/1 A Sudhir Chatterjee Street

Kolkata - 700 006

West Bengal, India

Phone : (033) 2219-4815/2219-6797

E-mail : agarwalskc@rediffmail.com

Plant Locations

Ranigunj

G/I, Mangalpur

Industrial Complex,

Post - Baktarnagar

Dist. : Burdwan

West Bengal - 713 347, India

Durgapur

Lenin Sarani,

Dist. : Burdwan

West Bengal - 713 210, India

Durgapur

Vill: Banskopa

P.O. Rajbandh

Dist. : Burdwan

West Bengal - 713 212, India

Durg

Industrial Growth Centre, Borai

Village & P.O. Rasmada,

Dist. Durg - 491 009

Chhattisgarh, India

Bankers & Financial Institutions

Allahabad Bank

Axis Bank Limited

IDBI Bank Limited

Indusind Bank Limited

Standard Chartered Bank

Bank of India

Canara Bank

Central Bank of India

Indian Overseas Bank

Oriental Bank of Commerce

Punjab National Bank

State Bank of India

State Bank of Bikaner & Jaipur

State Bank of Indore

State Bank of Mysore

State Bank of Patiala

State Bank of Travancore

State Bank of Hyderabad

The Bank of Rajasthan Ltd.

The Federal Bank Limited

UCO Bank

Union Bank of India

United Bank of India

Corporation Bank

West Bengal Financial Corporation Ltd.

West Bengal Industrial Development Corporation Ltd.

West Bengal Infrastructure Development Finance Corporation Ltd.

Inspired by
STEEL



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