1th Annual Report 2009-10



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 is hereby given that the Eleventh Annual General Meeting of the Members of Jai Balaji Industries Limited will be held on Wednesday, the 22nd September, 2010 at 11:00 a.m. at Rotary Sadan (Shripati Singhania Hall), 94/2 Chowringhee Road, Kolkata – 700 020 to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended 31st March, 2010 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, 2010.
- To appoint a director in place of Shri Gourav Jajodia, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a director in place of Shri Satish Chander Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a director in place of Shri Ashim Kumar Mukherjee, who retires by rotation and being eligible, offers himself for re-appointment.
- 6. 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:

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

> "RESOLVED THAT Shri Rajeev Kalra who was appointed by the Board of Directors as an Additional Director of the Company with effect from 26th May, 2010 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, not 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 Amit Kumar Majumdar who was appointed by the Board of Directors as an Additional Director of the Company with effect from 10th July, 2010 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 provisions of Section 31, 258, 259 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approval(s), consent(s), permission(s), sanction(s) of the Central Government and/or appropriate authority(ies) under the Companies Act, 1956 and other applicable statues, if any, the maximum number of directors permitted to be appointed in the Company pursuant to Article 111(1) of the Articles of Association of the Company be and is hereby increased from 12 (twelve) to 16 (sixteen) and that accordingly the existing Article 111(1) be substituted by the following article

111 (1) Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors excluding Debenture and Alternate Directors, if any, shall not be less than three and not more than sixteen."

"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."

10. To consider and, if thought fit, to pass the following resolution, with or without modifications, as Special Resolution :

"RESOLVED THAT in accordance with the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, Foreign Exchange Management Act, 1999 (FEMA), Foreign Exchange Management (Transfer or Issue of Security by a person Resident Outside India) Regulations, 2000, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 (including any statutory modification or re-enactment thereof, for the time being in force), and the applicable Rules, Guidelines, Regulations, Notifications and Circulars, if any, of the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), the Stock Exchanges where the securities of the Company are listed (including provisions of listing agreement with them) and any other concerned and relevant authorities, and other applicable laws, if any, and the relevant provisions of the Memorandum and Articles of Association of the Company and subject to such approval(s), consent(s), permission(s) and/or sanction(s) of the Government of India (GOI), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and any other concerned and relevant authorities, institutions or Bodies whether in India or abroad (hereinafter collectively referred to as the "Appropriate Authorities") as may be required, and subject to such conditions and modifications as may be prescribed by anyone of them while granting any such approval, consent, permission and/or sanction (hereinafter referred to as the "Requisite Approvals"), which may be agreed to by the Board of Directors

of the Company (hereinafter called "the Board" which term shall be deemed to include person(s) authorized and/or any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), consent of the Company be and is hereby accorded to the Board to create, issue, offer and allot on behalf of the Company in one or more tranche(s) (including with provisions for reservations on firm and/or competitive basis, of such part of the issue and for such categories of persons as may be permitted) of one or more public and/or private offerings in domestic and/or one or more international markets, any securities including equity shares, fully convertible debentures, partly convertible debentures, Foreign Currency Convertible Bonds (FCCBs)/Foreign Currency Convertible Notes (FCCNs)/Global Depository Receipts (GDRs) and/or American Depository Receipts (ADRs), Secured Premium Notes (SPNs) and/or any other financial instruments (OFIs) convertible into or exchangeable with equity shares or linked to equity shares/preference shares whether cumulative/redeemable/convertible at the option of the Company and/or the option of the holders of such securities and/or equity shares or debentures or securities linked to equity shares/preference shares and/or any instrument or securities representing convertible securities such as convertible debentures, bonds or warrants or such similar instruments convertible into depository receipts with underlying equity shares/ preference shares, (hereinafter referred to as the "Securities") with or without an overallotment/green shoe option (not exceeding 15% or as may be permitted) provided however that the total amount raised through the aforesaid securities shall not exceed US\$ 100 million (US Dollars One hundred Million only) or its equivalent in one or more currencies (inclusive of such premium as may be determined by the Board) to be subscribed

by foreign/domestic investors/ institutions and/or corporate bodies/entities including mutual funds, banks, insurance companies, qualified institutional buyers as defined by the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 pursuant to a qualified institutional placement, as provided under Chapter VIII of the SEBI (ICDR) Regulations, 2009 and/or individuals or otherwise, whether or not such persons/ entities/investors are members of the Company, whether in one or more currency, such issue and allotment to be made at such time or times in one or more tranche(s), at par or at such price or prices and on such terms and conditions and in such manner as the Board may, in its absolute discretion think fit. in consultation with lead managers, underwriters, advisors or other intermediaries or otherwise."

"RESOLVED FURTHER THAT without prejudice to the generality of the above, subject to applicable laws and subject to such approvals, consents, permissions, if any, of any government body, authority or regulatory institution including any conditions as may be prescribed in granting such approvals or permissions by such government authority or regulatory authority, the aforesaid securities may have such features and attributes or any term or combination of terms that provide for the tradability and free transferability thereof in accordance with the prevailing practices in the capital markets including but not limited to the terms and conditions for issue of additional securities and the Board subject to applicable laws, regulations and guidelines be and is hereby authorized in its absolute discretion in such manner as it may deem fit. to dispose of such securities that are not subscribed.'

"RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of securities may have all or any terms or combination of terms in accordance with prevalent domestic and/or international market and for the purpose of giving effect to any issue or allotment of securities, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable for such purpose, including without limitation the entering into of underwriting, marketing and depository arrangement with institution/ trustees/agents and similar agreements and to remunerate the Managers, Underwriters and all other agencies/intermediaries by way of commission, brokerage, fees and the like as may be involved or connected in such offerings of securities with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of securities and utilization of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise, with the intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

"RESOLVED FURTHER THAT the Company may enter into any arrangement with any agency or body authorized by the Company for issue of securities in registered or bearer form with such features and attributes as are prevalent in capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the domestic and/or international practice and regulations, and under the norms and practices prevalent in securities markets and also to seek the listing of such securities representing the same in one or more stock exchanges whether in India or outside India as may be required by applicable laws and/or as the Board may deem fit."

"RESOLVED FURTHER THAT the relevant date for determination of applicable price for issue of the Securities shall be as per the regulations/guidelines prescribed by Securities & Exchange Board of India, Reserve Bank of India, Government of India through its various departments or any other regulator and the pricing of any equity shares

issued upon the conversion of the Securities shall be made subject to and in compliance with the applicable rules and regulations and guidelines."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board be and is hereby authorized to do all such acts, deeds and things including but not limited to finalization and approval of preliminary and final offer document(s), deciding the form and manner of the issue, including the class of investors to whom the securities are to be issued and allotted, number of securities to be allotted, issue price, face value, premium amount on issue/ conversion of securities, if any, rate of interest, execution of various transaction, documents, creation of mortgage/ charge in accordance with the provisions of Section 293(1)(a) of the Companies Act, 1956, in respect of any securities as may be required either on pari passu basis or otherwise, it may in its absolute discretion deem fit and to settle all questions, difficulties, or doubts that may arise in regard to the issue, offer or allotment of securities and utilization of the issue proceeds as it may in its absolute discretion deem fit without

Notes:

- 1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under item no. 7 to 10 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

being required to seek any further consent or approval of the members or otherwise to the end intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to appoint such consultants, lead managers, legal advisors, underwriters, guarantors, depositories, custodians, registrars, stabilising agent, trustees, bankers, advisors, merchant bankers, and all such agencies as may be required for such offering of securities and to remunerate them by way of commission, brokerage, fees or in such manner and to enter into and execute all such contracts, arrangement, agreements, memoranda, documents etc., with such agencies and intermediaries and to seek listing of such securities on one or more national and/or international stock exchange(s)."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any securities or as

Company will remain closed from Saturday, 18th September, 2010 to Wednesday, 22nd September, 2010 (both days inclusive).

- The dividend on Equity Shares of the Company for the financial year ending March 31, 2010, if declared at this Meeting, will be paid on or after 22nd September, 2010 :
 - to those Members, holding shares in physical form, whose names appear in the Register of Members of the Company on Wednesday, 22nd September, 2010, after giving effect to all valid transfers in physical form lodged with the Company on or before Friday, 17th September, 2010.
 - in respect of shares held in electronic form, on the basis of beneficial ownership, at the close

may be necessary in accordance with the terms of the offerings, all such Equity Shares ranking *pari passu* with the existing Equity Shares of the Company in all respects, except the right as to dividend which shall be provided under the terms of the issue and in the offering documents."

"RESOLVED FURTHER THAT the Board is be and hereby authorized to delegate all or any of the powers herein conferred to any committee of directors, directors, company secretary, such officer(s) of the Company any intermediary of such other person and to generally do all such acts, deeds and things as may be necessary or incidental for the aforementioned purposes."

By Order of the Board For Jai Balaji Industries Limited

Ajay Kumar Tantia *Company Secretary*

Place : Durgapur, West Bengal Date: 3rd August, 2010

Registered Office: 5, Bentinck Street, Kolkata – 700 001

> of business hours on Friday, 17th September, 2010, 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.

- 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

Place : Durgapur, West Bengal Date : 3rd August, 2010

Registered Office: 5, Bentinck Street, Kolkata – 700 001

Annexure to the Notice

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

Item No. 7

Shri Rajeev Kalra was appointed as Additional Director of the Company w.e.f. 26th May, 2010 to hold office till the date of the ensuing Annual General Meeting pursuant to the nomination made by the investor namely Citi Venture Capital International. 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 Rajeev Kalra, aged about 41 years is a B.Com(H), CFA and CA. He has vast and rich experience in Finance. The Board recommends the resolution set out in item no.7 of the notice for your

approval. Except Shri Rajeev Kalra 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 Amit Kumar Majumdar was appointed as Additional Director of the Company w.e.f 10th July, 2010 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 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 Amit Kumar Majumdar, aged about 72 years is a B.Sc (Allahabad University) & B.Sc (Metallurgical Engineering) from Banaras Hindu University. He is a well known and reputed metallurgist and steel industry professional of the country. He has extensive professional experience spanning nearly five decades in the operations and management of iron and steel plants. He has held key positions in Steel Authority of India Limited, where he worked for 30 years across three plants and its corporate headquarters in Delhi where as head of the Chairman's Secretariat, he was responsible for Corporate Planning and Total Quality. As Chief Executive he is credited with turning around SAIL's ailing speciality steel plant, Visvesvaraya Iron & Steel Co. Ltd., in Bhadravati, Karnataka. He has been the architect of setting up the Aparant Iron and Steel Plant in Goa for the reputed industrial house of Dempo Group, of which he was the Managing Director till 2002. He continues to be an Independent Director of the Company as also of some other companies in the coal, coke, steel and chemical sectors.

Widely regarded for his foresight and knowledge, he is an acknowledged expert in matters related to the iron and steel industry, a fact borne out by the fact that, in 1992, he was chosen by the Government of Karnataka to be its Chief Technical Expert for advising the government for selecting the futuristic "COREX" technology.

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

Except Shri Amit Kumar Majumdar 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

The present strength of the Board consists of twelve directors of which

- 4 directors belong to promoter group;
- 2 directors are appointed /nominated by investors in terms of agreement executed with them and provisions of Chapter II and Chapter III of Articles of Association of the Company; and
- 6 directors are independent directors.

The present composition is as per clause 49 of the listing agreement, and is within the maximum ceiling as prescribed under Section 259 of the Companies Act, 1956. However, it is anticipated that the Company may be required to further broad base the Board of Directors by appointing further directors, either nominated by investors/lenders or independent and for the same ceiling of the total strength of the Board requires to be enhanced.

As a part of various modes of fund raising programme for the upcoming projects including Purulia Project, the investors/lenders/venture partners /collaborators and others may require appointment/nomination of their representative directors on the Board of the Company. And there is a possibility that such representative directors may not be independent directors in terms of Corporate Governance norms, requiring appointment of further independent directors on the Board to comply with the said norms.

The Board is also of the view that the present composition and ceiling as per Article 111(1) of the Articles of Association restricts the broad basing of the Board. The Board is of the belief that sharing of collective vision and expertise of people of diverse fields will be conducive for the Company's growth and expansion and also for successful implementation of its various upcoming Greenfield and

brownfield projects of steel, cement and power.

As such to have optimal combination of independent directors, representative directors and promoter directors and to be able to continue to comply with corporate governance norms the enhancement of present ceiling of maximum number of Directors is required.

The present resolution is an enabling resolution and to amend the Articles of the Company so as to increase the maximum number of directors that can be appointed in the Company.

The Board of Directors recommend the special resolution for the approval of the Members.

None of the Directors of the Company are deemed to be interested or concerned in the resolution.

Item No. 10

Your Company proposes to raise further capital to meet its requirements for capital expenditure, expansions, additional working capital requirements and general corporate purposes. In order to augment its resources to facilitate such purposes, the Company may need to raise funds by issue of equity shares, fully convertible debentures, partly convertible debentures, such other appropriate securities or instruments in the international and /or domestic markets or through issue of FCCB/FCCN/SPN/ADR/GDR and/or such other securities including QIP Placement under Chapter VIII of SEBI (ICDR) Regulations, 2009.

Such securities or instruments may comprise of equity or equity linked instruments and/or debt instruments which may be convertible into equity shares as contemplated in the resolutions and as may be decided by the Board and found to be expedient and in the interest of the Company.

The proposed issue of Securities as above may be made in one or more tranche(s), in the domestic and/or in the international market in one or more currency, such that the securities to be issued shall result in issuing equity shares to the extent of US\$ 100 million (including such premium as may be determined by the Board).

The issue price of the Securities to be issued in the proposed offerings will be determined by the Board of Directors at the time of the offer depending on the then prevailing market conditions and the applicable regulations. The Securities will be listed on such International/Indian Stock Exchanges as the Board may be advised and as it may decide.

The detailed terms and conditions of the Issue as and when made will be determined by the Board of Directors in consultation with the Merchant Bankers, Lead Managers, Advisors, Underwriters and/or such other intermediaries that may be appointed for the issue/offer in accordance with the applicable provisions of law.

This Special Resolution gives (a) adequate flexibility and discretion to the Board to finalise the terms of the issue, in consultation with the Lead Managers, Underwriters, Legal Advisors and experts or such other authorities as need to be consulted including in relation to the pricing of the Issue which will be fixed keeping in view the then prevailing market conditions and in accordance with the applicable provisions of rules, regulations or guidelines, and (b) powers to issue and market any securities issued pursuant to the international offer including the power to issue such securities in such tranche or tranches with/without voting rights.

As required under the provisions of Section 81 (1A) and other applicable provisions of the Companies Act, 1956, the consent of the Members is required to make the proposed issue of securities. The Board of Directors recommends the Special Resolution No. 10 of the accompanying Notice for the approval of the Members.

None of the Director is in any way concerned or interested in the said resolution except to the extent of securities that may be subscribed by them or by Companies or Institutions in which they may be interested as Directors, Members or otherwise.

By Order of the Board For Jai Balaji Industries Limited

Ajay Kumar Tantia

Company Secretary Place : Durgapur, West Bengal Date : 3rd August, 2010

Registered Office: 5, Bentinck Street, Kolkata – 700 001

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 Gourav Jajodia		
Date of Birth	26 th September, 1980	
Date of Appointment	31 st January, 2008	
Qualification	B. Com(H)	
Expertise in Specific Functional area	Wide experience in Steel Industry	
List of other Public Companies in which Directorship held	 Jain Vanijya Udyog Limited Enfield Suppliers Limited Chandi Steel Industries Limited Jai Balaji Shakti Cement Limited 	
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 b) Shareholders' Grievance Committee	None Chandi Steel Industries Limited - Chairman	
No. of Equity Shares held in the Company	107,666	

Shri Satish Chander Gupta	
Date of Birth	5 th May, 1947
Date of Appointment	30 th June, 2008
Qualification	M.Com, CAIIB
Expertise in Specific Functional area	Banking & Finance
List of other Public Companies in which Directorship held	 Emmsons International Ltd ISMT Ltd Gracious Financial Services Ltd Gracious Financial Services Ltd Proactive Universal Group Ltd SMC Wealth Management Services Ltd. Solar Industries Ltd Bindal Papers Ltd Cordia IT Ltd Minda Management Group Ltd
Chairman/ Member of the Committee of Board of Directors of the Company	 Audit Committee-Chairman Remuneration 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
Shri Ashim Kumar Mukherjee	
Date of Birth	1 st January, 1942
Date of Appointment	18 th August, 2007
Qualification	B. E (Mining), First Class Mine Manager's of Competency to Manage a Metalliferious Mine(Restricted)
Expertise in Specific Functional area	More than 40 years of rich and varied working experience in various capabilities and areas of mining of ferrous minerals.
List of other Public Companies in which Directorship held	Nilachal Iron & Power Limited
Chairman/ Member of the Committee	1) Audit Committee- Member
of Board of Directors of the Company	 Remuneration Committee-Member Share Transfer Cum Investor Grievance Committee- Chairman Management (Finance) Committee - Member
Chairman/ Member of the Committee of Board of Directors of other Companies	
a) Audit Committee	Nilachal Iron & Power Ltd Chairman
b) Shareholders' Grievance Committee	None
No. of Equity Shares held in the Company	NIL

Shri Rajeev Kalra	
Date of Birth	25 th December, 1968
Date of Appointment	26 th May, 2010
Qualification	CFA (CFA Institute) CA(ICAI) B.Com (Hons) (Delhi University)
Expertise in Specific Functional area	Vast & Rich experience in the field of Finance
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 Remuneration Committee - Member Share Transfer cum Investor Grievance 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
Shri Amit Kumar Majumdar	
Date of Birth	16 th August, 1938
Date of Appointment	10 th July, 2010
Qualification	B.Sc. (Allahabad University) B.Sc. (Metallurgical Engineering) (Banaras Hindu University)
Expertise in Specific Functional area	More than 47 years of experience in Iron & Steel Industry
List of other Public Companies in which Directorship held	 Gujarat NRE Mineral Resources Ltd KAP Steel Ltd KAP Chem Ltd
Chairman/Member of the Committee of Board of Directors of the Company	 Audit Committee - Member Remuneration Committee - Member
Chairman/Member of the Committee of Board of Directors of other Companies	
a) Audit Committee	Gujrat NRE Mineral Resources Ltd Member
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 eleventh Annual Report of your Company, along with the audited statement of accounts for the year ended 31st March, 2010.

Financial Highlights

Particulars	Year ended March 31st, 2010	Year ended March 31st, 2009
Net Sales and other income	194,028.21	171,782.42
Less : Total expenditure	167,905.92	152,976.29
Profit before Interest, depreciation and tax	26,122.29	18,806.13
Less : Interest	14,270.65	13,056.33
Profit before depreciation and taxation	11,851.64	5,749.80
Less : Depreciation	6,928.95	5,079.37
Profit before Tax	4,922.69	670.43
Less : Current tax	1,151.67	206.91
MAT credit entitlement	(1,150.86)	(70.32)
Deferred Tax	1,741.03	380.64
Fringe Benefit Tax	-	25.08
Profit after Tax	3,180.85	128.12
Add : Balance brought forward from previous year	13,883.54	14,010.87
Profit available for Appropriation	17,064.39	14,138.99
Less : Proposed dividend	255.13	221.94
Tax on dividend	36.57	33.51
Balance carried to Balance Sheet	16,772.69	13,883.54

Operating Results

During the year, your Company witnessed a robust growth in sales and profit figures. It emerged stronger out of the global economic downturn and delivered healthy profit growth for the year along with improvement in revenue amidst challenging and volatile market conditions.

During the year under review, the total revenue of the Company was Rs.194,028.21 lacs, registering an increase of 13% from Rs.171,782.42 lacs in the financial year 2008-09. The EBIDTA for the year is Rs. 26,122.29 lacs as compared to Rs.18,806.13 lacs for the year 2008-09 representing an increase

of 39%. The net profit for the year is Rs. 3,180.85 lacs against Rs.128.12 lacs in the previous year.

Despite high inflationary and cost pressures throughout the year, your Company capitalised on every available opportunity coupled with a robust marketing strategy to exploit the full industry potential, besides making efforts towards cost reduction and improved efficiency at the plant level which enable the Company to grow reasonably well.

Dividend

Your Directors recommend for approval of the Members, a dividend of 4% on equity shares of the Company,

i.e., Re. 0.40 per Equity Share of Rs.10 each, for the financial year 2009-10.

The dividend payout for the year under review has been formulated in accordance with the Company's policy to pay sustainable dividend linked to long term performance, keeping in view the Company's need for capital for its growth plans and the intent to finance such plans through internal accruals to the maximum.

Capital

- Conversion of Debentures
 - The Company had issued 8,359,000 zero coupon compulsorily convertible

Directors' Report (Contd.)

debentures (CCDs) to entities owned by Citi Venture Capital International and Hudson Equity Holdings Limited and 9,600,000 warrants to promoters and non-promoters on a privateplacement basis at an issue price of Rs. 326.90 each. Each CCD and warrant was convertible into one equity share within a period of 18 months from the date of allotment which was 7th February, 2008, at a conversion price of Rs. 326.90 per equity share.

The Company has, upon application of CCD holders, converted the CCDs and allotted 8,359,000 Equity Shares to the said CCD holders at the issue price of Rs. 326.90 each aggregating to Rs. 27,325.57 lacs 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 share capital of the Company after conversion of CCDs increased from Rs. 471,269,000/- to Rs. 554.859.000/-.

• Qualified Institutions Placement

On 28th October, 2009, the Company has successfully raised equity capital via QIP placement and allotted 8,295,586 Equity Shares of face value of Rs.10/- each to Qualified Institutional Buyers as per Chapter VIII of the SEBI Regulations at a price of Rs.239.30 per Equity Share (including a premium of Rs.229.30 per Equity Share), aggregating to Rs. 19,851.34 lacs. Consequent to the issue and allotment of the Equity Shares as aforesaid, the equity share capital stands increased from Rs. 554,859,000/- to Rs. 637.814.860/-.

Expansion & Projects

The Company continued to implement its strategy of creating multiple drivers of growth in order to strengthen its leadership position in terms of its industry lines and for the maximisation of benefits to all the stakeholders in the Company.

The Ferro Alloy plant at Durgapur with a capacity of 0.25 lacs MTPA has commenced commercial production w.e.f. 17th August, 2009.

Your Company is setting up 5 million tonne integrated Steel Plant, 3 million tonne Cement Plant and 1215 MW Power Plant in Raghunathpur, in the District of Purulia in West Bengal. The work at the Purulia Project site is going on as per schedule.

The Company has received the BIS certification for 100-300 mm dia for its newly installed 240,000 tons per annum Ductile Iron Pipe Plant. The facility was set up within the schedule time. This achievement highlights the technical and project execution skills of the management of your Company to successfully execute large projects within record time.

Subsidiary

Your Company has one wholly owned subsidiary namely, Nilachal Iron & Power Limited having a sponge iron plant of 1,05,000 MT pa capacity at Ratanpur, Kandra-Chandil Road, Dist. Saraikela Kharsawan, Pin - 832 402, Jharkhand.

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, 2010 are attached as required under Section 212 of the Companies Act, 1956.

Joint Ventures

Andal East Coal Company
 Private Limited

In terms of allocation of Andal East non-coking coal block in the State of West Bengal by the Ministry of Coal, Government of India to the Company jointly with Bhushan Steel Limited and Rashmi Cement Limited, the Company has entered into a Joint Venture Agreement with them to acquire 32.79% stake in coal block. A joint venture company 'Andal East Coal Company Private Limited' has been formed with the Registrar of Companies, West Bengal, in which the Company along with M/s Bhushan Steel Limited and M/s Rashmi Cement Limited are venture partners.

• Rohne Coal Company Private Limited

A Joint Venture Company 'Rohne Coal Company Private Limited' was formed in 2008-09 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. Your Company has 6.90% stake in the coal block.

Both the Joint Venture Companies are in the process of setting up coal mining facilities at respective coal blocks.

Future Outlook

Indian steel industry has just come out of the slowdown that affected its performance during 2008-09. Relatively 2009 ended on a better and encouraging note with an overall improvement of economic situation through its GDP data, which showed a robust 7.9 growth during July-September 2009-10, further bolstering the idea that the demand side is back on stable footing. Globally also there are signs of improvement in economic conditions and firming up of demand and prices.

The macro economic policies of the government with continuous emphasis on infrastructure activities and buoyant Indian Economy have cast a good spell for the industry. The Government has sustained its trust on the development of infrastructure, which will lead to derived demand for steel.

Your Company aims to grab these positive developments for growth. There is constant endeavour by your Company for increasing the share in existing markets and enter new markets.

Directors' Report (Contd.)

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

- 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, 2010 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

Your Company has been practising good Corporate Governance over the years and lays strong emphasis on transparency, accountability and integrity. The Company is committed to follow the best of the corporate governance practices. 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 duly audited Consolidated Financial Statements, confirming to Accounting Standard 21 and 27 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 clarifications 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 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' Report 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 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 Gourav Jajodia, Shri Ashim Kumar Mukherjee and Shri Satish Chander Gupta, Directors, will retire by rotation at the ensuing Annual General meeting and, being eligible, offer themselves for re-appointment.

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. Your Directors have appointed Shri Angshuman Ghatak w.e.f. 31st July, 2009 & Shri Krishnava S Dutt w.e.f. 11th August, 2009 as Additional Directors of the Company. Both Shri Angshuman Ghatak & Shri Krishnava S Dutt were appointed as Directors of the Company in the last Annual General Meeting of the Company held on 15th September, 2009.

Shri Rajeev Kalra and Shri Amit Kumar Majumdar have been appointed as Additional Director of the Company w.e.f. 26th May, 2010 and 10th July, 2010 respectively. Shri Ajay Tandon has been

Directors' Report (Contd.)

appointed as Alternate Director to Shri Rajeev Kalra w.e.f. 26th May, 2010. Shri Rajeev Kalra and Shri Amit Kumar Majumdar will hold office up to the date of the ensuing Annual General Meeting. The Company has received special notices under Section 257 of the Companies Act, 1956, proposing the appointment of Shri Rajeev Kalra and Shri Amit Kumar Majumdar as the Directors of the Company. In view of their considerable experience, your Directors recommend their appointment.

Shri Dipti Ranjan Patnaik, Shri Shailendra Kumar Tamotia & Shri Manoj Kumar Banthia have resigned from the Board w.e.f. 4th April, 2009, 2nd June, 2009 & 29th January, 2010 respectively during the financial year ended 31st March, 2010. Shri Vivek Chhachhi has resigned from the Board w.e.f. 12th May, 2010 and Shri Ajay Tandon, alternate to Shri Vivek Chhachhi has ceased to be on the Board w.e.f. the resignation of Shri Vivek Chhachhi. The Board wishes to place on record its sincere appreciation of their valuable contribution to the Company.

Human Resource Management

The Company recognises the need to have an optimum level of human resource and an orientation towards team efforts for sustained growth and performance. The Company's relations with the work force continue to be very cordial and the co-operation of the employees enabled the unit to achieve sustained growth, both quantitatively as well as qualitatively. To ensure this, the Company has an elaborate HR system to promote a safe, competitive and transparent work environment.

Corporate Social Responsibility (CSR)

Social welfare, community development, economic and environmental responsibilities are at the core of the CSR of the Company. As part of its policy for corporate social responsibility, the Company undertakes a range of activities to improve living conditions of people in the neighbourhood of all its plants. These activities include environment protection, healthcare, education, rural development such as:

* Environment

- Plantation of trees in and arround the manufacturing plants and in the adjoining villages.
- Adoption of 3R's (reduce, reuse and recycle) concept for water and waste water management that includes rain water harvesting.

✤ Healthcare

- Arrangement of drinking water, digging & cleaning of ponds at Rasmada in Durg.
- Organising free medical checkups in all units for employees & their family members.
- Setting up of Blood Donation Camp in Banskopa Village at Durgapur.
- Arranging for safe drinking water & sanitation and creation of social awareness towards health and hygiene in all units.
- # Education
 - Books distribution in all units and in adjoining villages.
 - Contribution for repairing and maintenance of Govt. primary schools in Durg.
- Rural development
 - Development of 1.2 km road from Mangalpur to Barkatnagar and 3 km road from Majhipara to NH-2 in Burdwan, West Bengal.

- Organisation of mass marriage ceremony among the weaker section of the society in Banskopa Village.
- Formation of Self Help Groups for women empowerment at Ranigunj, West Bengal.
- Maintenance of horticulture, drain work and play ground in Banskopa Village, Durgapur.

Corporate Social Responsibility and Sustainable development will continue to remain one of the leading priorities of your Company through which it shall consistently strive to touch lives and make a difference.

Acknowledgement

Your Directors place on record their sincere appreciation for the outstanding support and services of the workers, staff and executives of the Company, which together contributed to the efficient operations and management of the Company. Your Directors also take this opportunity to express its sincere appreciation for the excellent support and co-operation extended by the investors, shareholders, financial institutions/banks, regulatory and government authorities, customers, suppliers and all other business associates.

On behalf of the Board of Directors

Aditya Jajodia

Chairman & Managing Director

Place : Durgapur, West Bengal Date : 3rd August, 2010

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, 2010:

A. Conservation of energy:

(a) Energy conservation measures taken:

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

- Use of Waste Heat Gases and dolachar of DRI plant for generation of power.
- Direct use of Molten Metal from Blast Furnace to Ductile Iron Pipe Induction Furnace.
- Use of Waste Heat of Sinter Cooler to Sinter Ignition Furnace.
- Installation of Energy Meters at LT & HT Consumption Points to identify the areas where further reduction in power consumption could be achieved.
- Installation of ABC fans at DRI plant to produce additional heat for utilisation in the waste heat boilers.
- Use of energy efficient air cooled condensers in the Power Plant.
- Utilisation of waste heat and pulverised coal injection and oxygen to reduce the coke consumption in the Blast furnace.
- (b) Additional investments and proposals, if any, being implemented for the reduction of consumption of energy: Your Company is in the process of setting up 30 MW waste heat recovery based boilers in its Captive Power Plant. Other energy-saving devices such as VVFD, are being set up. The transparent sheets are being set in the rooftops so as to maximise day light utilisation and reducing the consumption of electricity during daytime.

(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:

With the implementation of above measures, there will be effective utilisation of solid wastes like dolochar, effective utilisation of waste heat and saving in electrical energy resulting in lowering of cost of production.

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

B. Technology absorption:

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

Continuing efforts are made to increase the 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.

(De in loce)

(b) Total foreign exchange used and earned

(b) Total Totelgi exchange used and carried		(RS. III Iacs)
	2009-10	2008-09
i) Foreign currency used	21,619.15	51,209.94
ii) Foreign currency earned	5,367.96	5,736.22

Form - A

Form for disclosure of particulars with respect to conservation of energy

A. Power and fuel consumption:

Particulars	2009-10	2008-09
Electricity		
a) Purchased		
Units (in lacs)	4,040.77	3,121.55
Total amount (Rs. in lacs)	13,021.03	9,484.25
Rate per unit (Rs.)	3.22	3.04
b) Own generation		
i) Through diesel generator		
Units (in lacs)	4.27	2.85
Units per litre of diesel	3.55	3.32
Cost per unit (Rs.)	9.81	10.17
ii) Through power plant		
Units (in lacs)	3,237.85	2,103.32
Total amount (Rs. in lacs)	4,271.11	3,841.32
Cost per unit (Rs.)	1.32	1.83

Annexure to Directors' Report (Contd.)

B. Electricity consumption per unit (MT) of production:

Particulars	2009-10	2008-09
Sponge iron (Units)	93	94
Billet/MS ingots (Units)	754	763
Ferro alloys (Units)	4,264	4,211
Pig iron (Units)	185	222
Steel bars/rods (Units)	101	94

Form B

Form for disclosure of particulars with respect to technology absorption

Research and Development (R&D)

- Specific areas in which R&D was carried out by the Company:-1.
 - No R&D was carried out within the meaning of applicable accounting standard.
- Benefits derived as a results of the above R&D:-2.
- Not Applicable

Future plan of action:-3.

Company plans towards:

- Energy conservation measures Improvement in productivity Improvement in quality Reduction in wastage Safer environment
- Expenditure on R&D:-4.

NIL

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 : Not applicable taken place, reasons thereof and future plans of action

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 and forming part of the Directors' Report for the year ended 31st March, 2010.

Employed throughout the year and in receipt of the remuneration aggregating not less than Rs.2,400,000/- per annum.

Name	Designation	Remuneration received (Rs.)	Nature of Employment	Nature of Duties	Qualification	Exp. (Years)	Date of Commencement of Employment	Age	Previous Employment
Chaturmukha Pattnaik	Executive Director (Projects & Technology)	2,500,523/-	Permanent	Projects & Technology	M. Tech (Chemical Engr.)	30+	03.03.2008	58	Jindal Steel & Power Limited

😼 Jai Balaji Industries Limited

Report of the Directors on Corporate Governance

1. Company's philosophy on Code of Governance

The Company defines Corporate Governance as the application of best management practices, compliance of law and adherence to ethical standards to achieve the Company's objective of enhancing shareholders value and discharge of social responsibility.

The Company strongly believes that the system of Corporate Governance protects the interest of all the stakeholders by inculcating transparent business operations and accountability from management towards fulfilling high standards of Corporate Governance in all facets of the Company's operations. Over the years the governance processes and systems have been continuously been 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 has been rooted at all levels so as to maximise value of all its stakeholders.

2. Board of Directors

The Board comprises of an optimal combination of Independent Professional as well as Promoter Director having in-depth knowledge of business. As on 31st March, 2010, the Board comprised of 11 Directors excluding Alternate Directors, of

which 2 are Promoter Executive Directors, 2 are Promoter Non-Executive Directors, 2 are Non-Executive Directors and 5 are Independent Non-Executive Directors. The Chairman of the Board is a Promoter Executive Director.

During the financial year 2009-10, 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:

13th April, 2009, 30th June, 2009, 31st July, 2009, 11th August, 2009, 31st October, 2009 & 29th January, 2010.

The composition and category of the Board of Directors and their attendance at the Board meetings during the financial year 2009-10 and at the last Annual General Meeting, and the number of other directorship and Board committees'membership/chairmanship are as follows:

Name of the Directors	Category	Attendance particulars		Number of other directorship and committee membership / chairmanship / chairmansh		
		Board meetings	Last AGM	Other directorship	Committee membership	Committee chairmanship
Shri Aditya Jajodia (Chairman & Managing Director)	Promoter Executive Director	6	_	7	-	-
Shri Sanjiv Jajodia (Whole-time Director)	Promoter Executive Director	6	Yes	8	1	-
Shri Rajiv Jajodia	Promoter Non- Executive Director	4	Yes	5	_	-
Shri Gourav Jajodia	Promoter Non- Executive Director	5	Yes	4	-	-
Shri Ashim Kumar Mukherjee	Independent Non- Executive Director	5	Yes	1	_	-
Shri Shyam Bahadur Singh	Independent Non- Executive Director	5	_	-	_	-
Shri Satish Chander Gupta	Independent Non- Executive Director	5	Yes	9	1	_
Shri Vivek Chhachhi*	Non-Executive Director	4	-	2	-	-
Shri Ajay Tandon* (appointed w.e.f. 13.04.09)	Alternate to Shri Vivek Chhachhi	-	-	-	-	-
Shri Kumar Krishnan lyer**	Non-Executive Director	3	-	2	2	-

Name of the Directors	Category	Attendance particulars		I I I I I I I I I I I I I I I I I I I		
		Board meetings	Last AGM	Other directorship	Committee membership	Committee chairmanship
Shri Supratim Banerjee** (appointed w.e.f.13.04.09)	Alternate to Shri Kumar Krishnan lyer	2	_	1	_	-
Shri Angshuman Ghatak (appointed w.e.f.31.07.09)	Independent Non- Executive Director	3	Yes	-	_	-
Shri Krishnava S. Dutt (appointed w.e.f.11.08.09)	Independent Non- Executive Director	2	_	-	_	-
Shri Dipti Ranjan Patnaik (resigned w.e.f.04.04.09)	Independent Non- Executive Director	-	_	2	-	-
Shri Shailendra Kumar Tamotia (resigned w.e.f. 02.06.09)	Independent Non- Executive Director	-	_	2	1	-
Shri Manoj Kumar Banthia (resigned w.e.f. 29.01.10)	Independent Non- Executive Director	4	Yes	-	_	-

*Nominated by Citi Venture Capital International

**Nominated by India Equity Partners

Shri Vivek Chhachhi has resigned from the Board w.e.f. 12th May, 2010 and with his resignation Shri Ajay Tandon ceased to be his Alternate Director from the even date. Shri Rajeev Kalra and Shri Amit Kumar Majumdar have been appointed as additional director w.e.f. 26th May, 2010 & 10th July, 2010 respectively and Shri Ajay Tandon has been appointed as Alternate Director to Shri Rajeev Kalra w.e.f. 26th May, 2010.

As per declarations received by the Company, none of the independent directors/non-promoter directors are 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 and 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 5 such committees across all the Companies in which he is a Director. In accordance with Clause 49 of the Listing Agreement, Membership / Chairmanships of only the Audit Committees and Shareholders' / Investors' Grievance Committees of all Public Limited Companies (excluding Jai Balaji Industries Limited) have been considered.

Number of other directorships held by the Directors, as mentioned above, do not include alternate directorship, directorships of private companies, Section 25 companies and of companies incorporated outside India, and are based on the latest declarations received from the Directors.

3. Audit Committee

As on 31st March 2010, the Audit Committee comprised of 8 Directors, 5 of whom are Independent Non-Executive Director, 2 are Non-Executive Director and 1 is a Promoter Executive Director. The Committee is headed by Shri Satish Chander Gupta, an Independent Non-Executive Director of the Company.

Five meetings of the Audit Committee were held during the year, on 13th April, 2009, 30th June, 2009, 31st July 2009, 31st October 2009 and 29th January 2010.

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

The Composition of the Committee and the attendance at the meetings of the Committee during the year 2009-10 are given below:

Name of the Members	Designation	No. of meetings attended
Shri Satish Chander Gupta	Chairman	5
Shri Ashim Kumar Mukherjee	Member	5
Shri Aditya Jajodia	Member	5
Shri Vivek Chhachhi	Member	4

Name of the Members	Designation	No. of meetings attended
Shri Kumar Krishnan lyer	Member	3
Shri Shyam Bahadur Singh (appointed as member w.e.f. 31.10.09)	Member	2
Shri Manoj Kumar Banthia (appointed as member w.e.f. 31.10.09) (resigned w.e.f. 29.01.10)	Member	-
Shri Angshuman Ghatak (appointed as member w.e.f. 31.10.09)	Member	2
Shri Krishnava S Dutt (appointed as member w.e.f. 31.10.09)	Member	2
Shri Ajay Tandon As Alternate to Shri Vivek Chhachhi (appointed w.e.f. 13.04.09)	Member	_
Shri Supratim Banerjee As Alternate to Shri Kumar Krishnan lyer (appointed w.e.f. 13.04.09)	Member	2
Shri D. R. Patnaik (resigned w.e.f. 04.04.09)	Member	-

Shri Vivek Chhachhi ceased to be the member of Audit Committee upon his resignation from the Board w.e.f. 12th May, 2010 and with his resignation Shri Ajay Tandon, Alternate Director to Shri Vivek Chhachhi also ceased to be the member of the Committee from even date. Shri Rajeev Kalra & Shri Amit Kumar Majumdar have been inducted in the Audit Committee as member w.e.f. 26th May, 2010 & 10th July, 2010 respectively and Shri Ajay Tandon has been inducted in the Committee in the capacity of Alternate Director to Shri Rajeev Kalra w.e.f. 26th May, 2010.

All the members of the Committee are financially literate and having insight to interpret and understand financial statements. The meetings of the Audit Committee were also attended by the representatives of the Statutory and Internal Auditors, Shri Sanjiv Jajodia, Whole-time Director who is Directorin-charge of Finance and other Executives as considered appropriate. Minutes of the Audit Committee meetings are placed and discussed in length before the Board. The Chairman of the Audit Committee was present at the last Annual General Meeting.

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 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 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 Director's 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 results before submission to the Board for approval including a statement of assets and liabilities as at the end of the half-year and / or as at the end of the financial year.
- 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.

- 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 personal (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. Approval of appointment of Chief Financial Officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience & background, etc., of the candidate.
- 15. Reviewing transactions with Subsidiaries, Joint Ventures etc.
- 16. Reviewing the financial statements of the unlisted subsidiary company.
- 17. Carrying out any other functions as mentioned in the terms of reference of the Audit Committee.

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.

- III. To obtain outside legal or other professional advice.
- IV. To secure attendance of outsiders with relevant expertise, if it considers necessary.
- 4. Remuneration Committee

The Remuneration Committee constituted in pursuance of the provisions of the Listing Agreement and Schedule XIII to the Companies Act, 1956, comprised as on 31St March, 2010 of 5 directors of which 3 are Independent Non-Executive Directors and 2 Non-Executive Directors. The Committee is headed by Shri Ashim Kumar Mukherjee, an Independent Non-Executive Director of the Company.

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.

The Remuneration Committee met once during the year on 30th June, 2009. The Composition of the Committee and the attendance at the meeting of the Committee during the year 2009-10 are given below:

Name of the Members	Designation	No. of meetings attended
Shri Ashim Kumar Mukherjee	Chairman (w.e.f. 04.04.09)	1
Shri Satish Chander Gupta	Member	1
Shri Vivek Chhachhi	Member	1
Shri Kumar Krishnan lyer	Member	1
Shri Shyam Bahadur Singh (appointed as member w.e.f. 31.10.09)	Member	-
Shri Ajay Tandon As Alternate to Shri Vivek Chhachhi (appointed w.e.f. 13.04.09)	Member	_
Shri Supratim Banerjee As Alternate to Shri Kumar Krishnan lyer (appointed w.e.f. 13.04.09)	Member	_
Shri D. R. Patnaik (resigned w.e.f. 04.04.09)	Chairman (till 04.04.09)	-



Shri Vivek Chhachhi ceased to be the member of Remuneration Committee upon his resignation from the Board w.e.f. 12th May, 2010 and with his resignation Shri Ajay Tandon, Alternate Director to Shri Vivek Chhachhi also ceased to be member of the Committee from the even date. Shri Rajeev Kalra & Shri Amit Kumar Majumdar have been inducted in the Remuneration Committee as member w.e.f. 26th May, 2010 & 10th July, 2010 respectively and Shri Ajay Tandon has been inducted in the Committee in the capacity of Alternate Director to Shri Rajeev Kalra w.e.f. 26th May, 2010.

Remuneration policy:

The remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The Company pays remuneration by way of salary, benefits, perquisites and allowances to its Executive Directors, 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 Company also reimburses the out-ofpocket expenses incurred by the Directors for attending meetings.

The details of remuneration paid to the Executive and Non-Executive Directors during the year ended 31st March 2010 are as follows:

Executive Directors :

Name of the Directors	Salary	Benefits/Allowances, etc. (fixed component)	Total
Shri Aditya Jajodia	9,000,000	6,911,787	15,911,787
Shri Sanjiv Jajodia	7,200,000	5,595,000	12,795,000
Total	16,200,000	12,506,787	28,706,787

The above remuneration of Shri Aditya Jajodia and Shri Sanjiv Jajodia was reviewed and recommended by the Remuneration Committee on 30th June, 2009 to the Board and was subsequently approved by the shareholders in the Extra-ordinary General Meeting held on 27th July, 2009.

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. There is no separate provision for Notice period & payment of severance fees. The Company does not also have any scheme for grant of Stock Options to its Directors, Managing Directors or other employees.

Non-Executive Directors:

Name of the Directors	Sitting Fees (Rs.)
Shri Rajiv Jajodia	20,000
Shri Ashim Kumar Mukherjee	25,000
Shri Shyam Bahadur Singh	25,000
Shri Gourav Jajodia	25,000
Shri Manoj Kumar Banthia	20,000
Shri Satish Chander Gupta	25,000
Shri Vivek Chhachhi	-
Shri Kumar Krishnan Iyer	-
Shri Ajay Tandon	-
Shri Supratim Banerjee	-
Shri Angshuman Ghatak	15,000
Shri Krishnava S Dutt	10,000
Shri Dipti Ranjan Patnaik	-
Shri Shailendra Kumar Tamotia	-
Total	165,000

The Non-Executive Directors did not have any other pecuniary relationship or transactions with the Company. The details of equity shares of the Company held by the Non-Executive Directors as on 31st March, 2010 are as below:

Name	No. of shares Held in the company
Shri Rajiv Jajodia	1,568,333
Shri Gourav Jajodia	107,666

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 2010, comprised of 4 directors of which 1 is Independent Non-Executive Director, 1 Promoter Executive Director and 2 Non-Executive Directors. The Committee is headed by Shri Ashim Kumar Mukherjee, an Independent Non-Executive Director of the Company.

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 Annual Report/notices/ 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 regulatory bodies w.r.t. shareholders/investors rights and market regulations, from time to time.

During the year 2009-10, the Committee met 5 times on 20th May, 2009, 30th June, 2009, 31st July, 2009, 31st October, 2009 and 29th January, 2010. The composition of the Shareholders' Grievance Committee and the attendance of member Directors during the financial year 2009-10 are as follows:

Name of the Members	Designation	No. of meetings attended
Shri Ashim Kumar Mukherjee	Chairman	5
Shri Aditya Jajodia	Member	5
Shri Vivek Chhachhi	Member	3
Shri Kumar Krishnan Iyer	Member	2
Shri Ajay Tandon As Alternate to Shri Vivek Chhachhi (appointed w.e.f. 13.04.09)	Member	-
Shri Supratim Banerjee As Alternate to Shri Kumar Krishnan Iyer (appointed w.e.f. 13.04.09)	Member	2
Shri Dipti Ranjan Patnaik (resigned w.e.f. 04.04.09)	Member	-

Shri Vivek Chhachhi ceased to be the member of Share Transfer cum Investor Grievance Committee upon his resignation from the Board w.e.f. 12th May, 2010 and with his resignation Shri Ajay Tandon, Alternate Director to Shri Vivek Chhachhi also ceased to be member of the Committee from the even date. Shri Rajeev Kalra has been inducted in the Share Transfer cum Investor Grievance Committee as member w.e.f. 26th May, 2010 and Shri Ajay Tandon has been inducted in the Committee in the capacity of Alternate Director to Shri Rajeev Kalra w.e.f. 26th May, 2010.

Shri Ajay Kumar Tantia, 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	5	5	NIL

All the complaints have been attended/resolved to the satisfaction of complainants during the year. No request for share transfer was pending for approval as on 31st March, 2010.

6. Management (Finance) Committee

The Company has a Management (Finance) Committee of Directors which as on 31st March, 2010, comprised of 6 directors of which 3 are Promoter Directors, 1 Independent Non-Executive Director and 2 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 2009-10, the Committee met 9 times on 5th September, 2009, 20th October, 2009, 23rd October, 2009, 26th October, 2009, 28th October, 2009, 18th November 2009, 7th January 2010, 2nd March, 2010 and 30th March, 2010. The composition of the Management (Finance) Committee and the attendance of member Directors during the financial year 2009-10 are as follows:

Name of the Members	Designation	No. of meetings attended
Shri Aditya Jajodia	Chairman	9
Shri Sanjiv Jajodia	Member	9
Shri Rajiv Jajodia	Member	9
Shri Ashim Kumar Mukherjee	Member	9
Shri Vivek Chhachhi	Member	-
Shri Kumar Krishnan lyer	Member	-
Shri Ajay Tandon As Alternate to Shri Vivek Chhachhi (appointed w.e.f. 13.04.09)	Member	-
Shri Supratim Banerjee As Alternate to Shri Kumar Krishnan Iyer (appointed w.e.f. 13.04.09)	Member	-

Shri Vivek Chhachhi ceased to be the member of Management (Finance) Committee upon his resignation from the Board w.e.f. 12th May, 2010 and with his resignation Shri Ajay Tandon, Alternate Director to Shri Vivek Chhachhi also ceased to be the member of the Committee from the even date. Shri Rajeev Kalra has been inducted in the Management (Finance) Committee as member w.e.f. 26th May, 2010 and Shri Ajay Tandon has been inducted in the Committee in the capacity of Alternate Director to Shri Rajeev Kalra w.e.f. 26th May, 2010.

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
2008-09	15.09.2009	11.30 A.M.	Rotary Sadan (Shripati Singhania Hall), 94/2, Chowringhee Road, Kolkata – 700 020
2007-08	18.09.2008	11:00 A.M.	Rotary Sadan (Shripati Singhania Hall), 94/2, Chowringhee Road, Kolkata – 700 020
2006-07	27.09.2007	11:00 A.M.	Rotary Sadan (Shripati Singhania 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.

2008-09

Permission to FIIs and NRIs/PIOs to acquire and hold Equity Shares of the Company upto 49% and 24% respectively of the paid-up Equity Capital of the Company.

2007-08

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

2006-07

Approval U/S 81(1A) 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.

***** 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 Singhania Hall), 94/2, Chowringhee Road, Kolkata – 700 020	Wednesday 12.03.2008	10:30 A.M.	In terms of the order dated 30 th January, 2008 and 5 th 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 Singhania Hall), 94/2, Chowringhee Road, Kolkata – 700 020	Thursday 12.04.2007	2:00 P.M.	In terms of the order dated 8 th 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
2008-09	Rotary Sadan (Shripati Singhania Hall), 94/2, Chowringhee Road, Kolkata – 700 020	Monday 27.07.2009	11:00 A.M.	 Issue of Equity Shares/Securties convertible into Equity shares to eligible Qualified Institutional Buyers (QIBs). Issue of Securities including FCCBs/FCCNs/GDRs/ADRs/SPNs and/or other financial instruments. Revision in remuneration of Shri Aditya Jajodia, Chairman & Managing Director of the Company Revision in remuneration of Shri Sanjiv Jajodia, Whole-time Director of the Company
2007-08	Rotary Sadan (Shripati Singhania Hall), 94/2, Chowringhee Road, Kolkata – 700 020	Wednesday 12.03.2008	1:30 P.M.	 Alteration in Articles of Association Revision in terms of appointment of the Managing Director Re-appointment of Wholetime Director
2007-08	Rotary Sadan (Shripati Singhania Hall), 94/2, Chowringhee Road, Kolkata – 700 020	Thursday 10.01.2008	11:00 P.M.	 Issuance of zero coupon compulsorily convertible debentures Issuance of SPMPL warrants Issuance of promoter warrants
2007-08	Rotary Sadan (Shripati Singhania Hall), 94/2, Chowringhee Road, Kolkata - 700 020	Thursday 12.04.2007	3:00 P.M.	 Issuance of Securities Change of Name of the Company

Postal Ballot

No special resolutions 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. 15 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 at large.

The Company has complied with the requirements of Stock Exchanges, SEBI and other statutory authorities on matters relating to the capital markets and consequently no penalties or strictures have been imposed on the Company by these authorities during the last three years. The Company has complied with the mandatory requirements as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, to the extent these apply and extend to the Company. During the year 8,295,586 equity shares were issued through qualified institution placement. Utilisation of issue proceeds are disclosed in Note no. 8(c) of Schedule 23 to the Accounts in the Annual Report.

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 and CFO Certification

Shri Raj Kumar Sharma has been appointed as a Chief Financial Officer (CFO) of the Company w.e.f. 29th January, 2010. Shri Aditya Jajodia, Chairman & Managing Director and CEO, and Shri Raj Kumar Sharma, CFO of the Company have submitted the CEO and CFO certificate which is separately enclosed with the report.

10. Means of communication

Quarterly 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.

Newspapers wherein results normally published:

English Newspaper - Business Standard

Vernacular Newspaper - Aajkal

Website

The Financial Results are also posted on the web site of the Company, at *www.jaibalajigroup.com.*

News Releases, Presentations etc.

Official news releases and presentation to analysts and institutional investors, if any, are posted on the Company's website. Official Press Releases are sent to the Stock Exchanges.

Exclusive 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*.

11. Shareholder information

Day, date and time of the Annual General Meeting	:	Wednesday, 22 nd September, 2010 at 11.00 a.m.	
Venue of the Annual General Meeting	:	Rotary Sadan (Shripati Singhania Hall), 94/2, Chowringhee Road, Kolkata – 700 020.	
Financial calendar (tentative) for the year 2010-11:		April 2010 to March 2011 The probable dates for the publication of the Financial Results for the financial year 2010-11:	
		1st Quarter Results	3 rd Aug, 10
		2nd Quarter Results	On or before 15 th Nov, 10
		3rd Quarter Results	On or before 15 th Feb, 11
		Annual Results	On or before 30 th May, 11
Date of book closure	:	Saturday, 18 th September, 2010 to Wednesday, 22 nd September, 2010 (both days inclusive)	
Dividend payment date	:	: On and after 22 nd September, 2010, if approved at the Annual General Meeting	

Listing of equity shares on stock exchanges	:	Bombay Stock Exchange Ltd. 25 P.J. Towers, Dalal Street Mumbai – 400 001
		National Stock Exchange of India Ltd. "EXCHANGE PLAZA", Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051
		The Calcutta Stock Exchange Limited 7, Lyons Range, Kolkata – 700 001

The Company has paid the annual listing fees to all the stock exchanges for the financial year 2009-10.

•	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 - For partly paid-up equity shares	:	INE 091G01018 IN 9091G01016

• 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 2009-10 are as under:

Month	Share Pr	ice (NSE)	Share Price (BSE)		
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)	
April'09	142.50	78.15	139.95	81.00	
May'09	170.40	101.25	171.00	100.30	
June'09	196.35	154.00	196.60	151.10	
July'09	237.00	155.05	236.30	156.00	
August'09	232.25	193.00	233.95	191.45	
September'09	247.80	211.00	254.40	211.60	
October'09	295.00	220.00	300.00	220.55	
November'09	247.40	202.00	247.00	206.00	
December'09	292.65	209.00	292.60	199.90	
January'10	295.00	217.00	295.00	216.00	
February'10	251.90	207.50	251.45	208.00	
March'10	255.00	225.30	255.00	230.05	

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



• Registrars and Share Transfer Agent (both for demat and physical)

: S. K. Computers 34/1A, Sudhir Chatterjee Street, Kolkata – 700 006. Tel: (033) 2219-6797 Fax: (033) 2219-4815 E-mail: agarwalskc@rediffmail.com

• Share transfer system

: 99.88% of the equity shares of the Company are in electronic mode. Transfer of these shares is done through the depositories. As regards transfer of shares held in physical form the transfers documents 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 respect.

12. Categories of Shareholders as on 31st March, 2010

Category	Number of Shareholders	Shareholders %	Number of Ordinary shares held	Holding %
Resident individual	6,813	92.95	6,085,316	9.54
Non-Resident individual	85	1.16	54,019	0.08
Domestic Companies	387	5.28	7,704,888	12.08
Foreign Companies	3	0.04	8,304,547	13.02
Foreign Institutional Investors	14	0.19	7,380,137	11.57
Mutual Funds	5	0.07	1,828,541	2.87
National Bank	1	0.01	2,000	0.00
Trusts	6	0.08	54,453	0.09
Promoters	16	0.22	32,367,585	50.75
Total	7,330	100.00	63,781,486	100.00



13. Distribution of shareholding as on 31st March, 2010

Range of	ordin	ary Shares held	No. of Shareholders	Percentage (%) to total Shareholders	No. of Shares	Percentage(%) to Share Capital
Up	to	500	6,578	89.74	652,070	1.02
501	to	1000	314	4.28	241,904	0.38
1001	to	2000	164	2.24	254,097	0.40
2001	to	3000	53	0.72	133,969	0.21
3001	to	4000	43	0.59	153,874	0.24
4001	to	5000	15	0.20	69,070	0.11
5001	to	10000	45	0.62	312,020	0.50
10001	to	50000	57	0.78	1,323,410	2.07
50001	to	100000	14	0.19	1,047,674	1.64
100001an	nd abo	ove	47	0.64	59,593,398	93.43
Total			7,330	100.00	63,781,486	100.00

14. Dematerialisation of shares and liquidity as on 31st March, 2010:

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, 2010 a total of 63,703,483 equity shares of the Company, representing 99.88% of the Company's share capital were held in dematerialised form of which 60,156,982 equity shares were held with the National Securities Depository Limited

(NSDL) and 3,546,501 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.

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:

As on March 31, 2010, the Company did not have any outstanding GDRs / ADRs / Warrants or any Convertible instruments.

16. Details of Unclaimed Shares:

The company has 847 unclaimed shares of 10 shareholders in a Demat Account titled 'Jai Balaji Industries Limited -Unclaimed Shares Demat Suspense Account' opened by the Company in line with the Circular no. SEBI/CFD/DIL/LA/1/ 2009/24/04 dated 24th April, 2009 issued by the SEBI which could not be credited to shareholder's 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, 2009	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, 2010	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 31.03.2010	% 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	613,380	21.65%	1.89%	0.96%
2	Shri Rajiv Jajodia	249,270	15.89%	0.77%	0.39%
3	Shri Sanjiv Jajodia	532,950	20.12%	1.65%	0.84%
	Total	1,395,600		4.31%	2.19%

The State Bank of India has vide its letter dated 6th May, 2010 released the pledge of above shares.

18. Plant locations :

Unit I Ranigunj G/1, Mangalpur Industrial Complex Post– Baktarnagar Dist. : Burdwan West Bengal - 713 347	Unit II Durgapur, Lenin Sarani, Dist.: Burdwan West Bengal - 713 210
Unit III & IV Durgapur, Vill: Banskopa, P.O. Rajbandh Dist.: Burdwan West Bengal – 713 212	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. Adoption of non-mandatory requirements

Remuneration Committee:

The details pertaining to the Remuneration Committee have been provided in item no. 4 of this Report.

Management (Finance) Committee:

The details pertaining to the Management (Finance) Committee have been provided in item no. 6 of this Report.

Audit Qualification:

The Company endeavours to maintain a regime of unqualified financial statements.

Shareholder rights:

Half-yearly financial results, including summary of the

significant events are currently not being sent to each household of shareholders. 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 the Statutory Auditors of the Company 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 : Durgapur, West Bengal Date : 3rd August, 2010

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, 2010.

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

Place : Durgapur, West Bengal Date : 3rd August, 2010 Aditya Jajodia Chairman & Managing Director

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

То

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, 2010, 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. Firm Regn. No. 301003E Chartered Accountants

R K Agrawal *Partner* Membership No. : 16667

Place : Kolkata Date : 3rd August, 2010

Certification By Chief Executive Officer And Chief Financial Officer

We, Aditya Jajodia, Chairman & Managing Director and Raj Kumar Sharma, 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, 2010;
- 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 : Durgapur, West Bengal Date : 3rd August, 2010 Aditya Jajodia Chairman & Managing Director **Raj Kumar Sharma** *Chief Financial Officer*

Management Discussion and Analysis

Industry Structure & Development

Global Overview

The global economy after witnessing the severe downturn is on the path of recovery. According to IMF estimates, the world output which declined by 0.6 percent in 2009 from the previous levels of 3 per cent of 2008 is expected to grow by 4.2 percent in 2010 and further by 4.3 percent in 2011. The world real GDP growth reached about 3 ¼ percent on an annualized basis during second quarter of 2009 and rose to over 4 ¹/₂ percent during second half of the year. IMF estimates suggests that while advanced economies are expected to expand by 2¼ percent and 2½ percent in 2010 & 2011, respectively, after witnessing a more than 3 percent decline in 2009, the emerging and developing economies are expected to grow by over 6 ¼ percent in 2010-11 from a modest 2 ¹/₂ percent achieved in 2009. On a whole the revival of global economies hold key to the revival of steel industry, which has been one of the hardest hit by the global financial turmoil.

The global steel industry which has



almost survived the shock of global meltdown is now showing signs of recovery. The world crude steel production during the first two quarters remained considerably low as compared to that of corresponding quarters of previous year, however things started to improve from 3rd quarter and the overall production increased by 22 % and 31 % during the 3rd and 4th quarter respectively.

The phase of recovery in steel industry has been varying from region to region and also different product segments viz. flat & long exhibited different growth pattern. This is because, though steel demand is dependent on economic activities the consumption pattern differs from region to region. Thus auto and shipbuilding consume a significant amount of steel in Japan, while in India & China, construction constitutes more than 40 percent of the total steel consumption.

Despite volatilities in international steel market, a significant prospect of growth is expected during 2010 and 2011. According to MEPS world steel output is predicted to reach 1395 million tonnes in 2010, an increase of 14% over previous year and a further expansion of 3.9 percent are anticipated in 2011.

Indian Overview

The Indian economy after witnessing phase of deceleration in GDP growth for five consecutive quarters, witnessed a notable turnaround with the GDP registering growth of 6.1% during April-June, 2009 quarter as against 5.8% in January-March, 2009 quarter. Even though the growth rate of 6.1% achieved during first quarter of the year under

review was significantly lower than 9% plus growth witnessed during premeltdown period, however it was an incipient sign of recovery in the economy. The rise in GDP growth was primarily due to the impact of increase in government spending and the improved performance of industrial sector. As a result the overall GDP for the year 2009-10 was 7.2 percent as

against 6.7% growth in 2008-09. The manufacturing sector which remained subdued in the first quarter of current fiscal with the level of growth of IIP reduced to 3.4 percent, witnessed improvement thereafter and IIP increased to around 9.3% in 2nd quarter of the year under review. However though the manufacturing sector has grown at the rate of 8.9 percent in 2009-10, the growth in major industrial groups has been a mixed bag. On one hand we find strong growth in sectors such as automobiles, consumer durables and on the other it is observed that there has been negative growth in sectors such as capital goods, non-durables. As such it is still too early to assume that the manufacturing sector and the economy has recovered fully from the effects of the meltdown.

Following the trends of the economy the Indian steel industry which witnessed significant slowdown post meltdown gloom cast in 2008, showed signs of improvement in demand and production. According to report of Ministry of Steel during April-December 2009-10 crude steel production registered growth of 4 percent and was 45.775 million tonne. In case of finished steel (alloy + non-alloy) during April-December, 2009 the production for sale grew by 3.2 percent and was at 43.849 million tone. The steel consumption during the said period also grew by 7.8 percent and was at 40.997 million tonne. As a result of increase in consumption, steel imports increased by 16.6 percent and was about 5.21 million tonne during the said period. Further during the last quarter of the year under review the demand and production improved further and on a whole steel production increased by 4.2% to 60 million tones and steel consumption increased by 8%. The domestic demand surged 23% growth in steel imports to 7.2 million tonne for the fiscal even as exports declined by almost a third as global demand remained subdued.

However even though the demand for steel saw improvements the year has been a cautious time for the industry.



Management Discussion and Analysis

One of the most worrying factors has been the rise in input costs. Iron Ore prices started to firms up from the later part of the year and reports are that NMDC the country's largest miner has announced provisional price hike of 54-58%. The rise in input costs are a major concern for the industry, as the user sectors of steel are still at a very nascent stage of recovery from the downturn of meltdown phase and the steel manufacturers are finding it difficult to increase prices in wake of increased input costs.

One notable fact of the Indian steel industry remains that despite the present turmoil of fluctuating demand, realization and input cost the long term scenario remains robust. The industry has demonstrated that it has the inherent strength to respond to the challenges of highs and lows of business cycle as a result of which domestic and foreign investors have shown a great deal of interest in setting up steel capacities in the Country.

Opportunities, threats, risks and concern

Opportunities

- A total of US\$ 494.33 billion investment is envisaged in the 11th Five Year Plan in infrastructure such as electricity, roads, telecom, railways, irrigation, water supply, ports, airports, storage, gas which will drive demand for steel.
- Given the current stage of economic development, the planners in India believe that the steel demand growth is likely to mirror the GDP growth till about 2025 and will be in the range of 135-165 million tonne by the year 2025 and by 2050 in the range of 465-540 million tones. As such for a country which may need 500 million tonne or more of steel by 2050 characterizes a huge potential for growth in industry.
- India has all the ingredients of building a robust growing steel industry as it is endowed with abundant iron ore reserve, coal and other resources, ability to produce and maintain production machinery, technology and above all manpower

and entrepreneurship.

- The Indian market has a huge untapped potential, as the per capita consumption of steel in India is very low being 44 kg, being 85 kg in urban areas and around 2 kg in rural areas. The consumption is expected to increase and by 2019-20 reach approximately 165 kg and 4 kg for urban and rural areas, respectively, implying CAGR of around 5% & 4.4%, respectively.
- The industry enjoys the benefit of sustained domestic demand fueled by growth in construction, automobile, auto components, consumer durables, oil and gas, railways and infrastructure sector.
- Growth of mining sector of over 8% and improved coal production during the year under review being 365.09 Mt recording a growth of 8.5% are signs of favorable prospects for the industry as it implies sustainable raw material availability.
- According to a report of Technical Group there will be shortage of 26.53 million houses during the Eleventh five year Plan, which signifies a huge demand potential for construction steel.

Threats, Risks and Concern

- In country like India having low per capita income the demand for steel products is price elastic and cheaper substitutes have cornered a significant share of steel products in the past few years due to rise in steel prices.
- In the auto sector the net consumption of steel visa-vis other materials has declined. To achieve weight-saving and to improve fuel efficiency, automobile manufacturers are replacing steel in favour of lighter and more stylish materials such as aluminum, carbon fiber, plastic etc.
- Growth in the manufacturing sector may be constrained by

the recent economic downturn and various infrastructure bottlenecksnotably in roads, railways, aviation, shipping, ports, power and oil. Poor roads and inadequate investments in ports and airports result in long delays and higher transport costs for Indian exporters.

- Competition from foreign players and dumping of steel by the developed nations.
- High cost of finance and tightening of bank credit.
- Energy forms a major component of cost in steel making and increasing energy cost can single handedly jeopardize competiveness and sustainability.

Outlook

According to D &B, India's economic growth would pick-up pace gradually as the private consumption and investment demand gathers momentum and supports the economic activity even when stimulus provided by the government is being withdrawn and RBI tightens its monetary policy. D & B expects Index of Industrial Production to have surged by 10.2% during FY10 as compared to 2.87% in FY09. D& B further expects the growth of industrial production to be further broad based during FY11 at 10.3% on account of substantial improvement in domestic demand, recovery in demand for Indian exports, increase in investment activity and increased thrust of the government on infrastructure projects. According to IMF India's GDP growth projected to be 8 ³/₄ percent in 2010 and 8 ¹/₂ percent in 2011, supported by rising private



Management Discussion and Analysis

demand. As such as in India the elasticity of steel consumption with respect to GDP is around 0.96, it implies that for every 1% increase in the GDP, there will be a nearly proportional increase in steel consumption in the economy.

Further the assessment of demand for steel can be estimated by considering steel usage of major user sectors which include construction (45%), machinery manufacturing and engineering (30%), steel units comprising CR/GP/GC and tube units (18%), automotive (4%) Furniture and Hardware (2%) and consumer durables (1%). The over all growth of these sectors drive the demand for steel.

The Indian steel demand is going to rise continuously as the user sectors are poised for substantial growth in the coming years. Although the National

Steel Policy has a target of taking steel production to 110 million tonne per annum by 2019-20, the steel ministry has projected India's steel capacity to touch 120 million tonne by 2012 on the back of increased demand. It is expected that the growth of steel consumption for the next five years will be more than 10%.



Consumption of Long & Flat

products in different sectors

Performance Analysis

The company's total production of its five units situated are as mentioned below:

Product	Unit	Installed capacity	Produ 2008-09	uction 2009-10	Growth (%)
Sponge iron	MT	345,000	264,690	287,180	8.50
Pig iron	MT	509,250	251,969	427,520	69.67
Steel -Bars/Rods	MT	260,000	176,052	183,769	4.38
Billet /MS Ingot	MT	906,230	349,678	510,922	46.11
Ferro Alloys	MT	106,618	38,065	51,290	34.74
Power		71.10 (MW/Hr)	230,431,698 KWH	352,654,180 KWH	53.04

Analysis of Financial Statement

- i) Sales & services : During the year under review the Sales(net) & services during the year under review improved by 13.32 % and was Rs 191,438.45 lacs as compared to Rs 168,940.53 lacs in the previous year.
- Profit before Depreciation, Interest & Tax: Profit before Depreciation, Interest and Tax for the year under review was Rs 26,122.29 lacs as compared to Rs. 18,806.13 lacs in the previous year.

Internal Audit & Control

The company remains committed to improve effectiveness of internal control systems and processes which would help in increasing the efficiency of operations and provide 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 finance and accounts functions of the Company are well staffed with qualified and experienced members. The

Company's internal control systems are supplemented by Internal Audit which is conducted by an external independent Chartered Accountant firm. The Report of the Internal Auditor is reviewed by the top management and Audit Committee. The coverage and scope of internal audit is reviewed from time to time and amended to enhance the internal control of the company. The Audit Committee periodically reviews observations and recommendations of the internal auditors as well as external auditors. The minutes of Audit Committee are reviewed by the Board for its suggestions/recommendations to further improve the internal control systems.

Human Resource

The Company is dedicated to attain organizational excellence by developing and inspiring the true potential of Company's human capital and providing opportunities for growth, well being and enrichment. The focus continues to be in making available a talent pool, for meeting challenges in the competitive business environment. The company conducts regular programme for training and skill development of employees and workers. The company has in place an effective system of health, safety and environment. Top priority is given to adopt safety measures for preventing accidents and to establish a safe and congenial work environment.

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, 2010 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, 2010, and taken on record by the Board of Directors, we report that none of the directors is

disqualified as on March 31, 2010 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, 2010;
 - 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. Firm Regn. No. 301003E Chartered Accountants

per **R K Agrawal** *Partner* Membership No. : 16667

Place : Kolkata

Date : May 26, 2010

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, 2010)

- (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 and based on the procedures performed by us, 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 in an earlier year had 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. 8,500 lacs and the year-end balance in respect of such loan is Rs. 5,600 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 received back the amount of loan to the extent demanded by it and 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) As the party has repaid the amount of loan whenever demanded therefore there is no overdue amount for the above loan granted to the Company listed in the register maintained under Section 301 of the Companies Act, 1956.
- (e) As informed and based on the procedure performed by us 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. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.
- (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) 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 Compay is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it, though there have been delays in deposit of dues in certain 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,
Annexure to the Auditors' Report

sales -tax, wealth-tax, service tax, customs duty, exise 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.

(c) According to the records of the

Company, the dues outstanding of income-tax, Sales-tax, wealthtax, service tax, customs duty, excise duty and cess on account of any dispute, are 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	1,566.15	2005-06, 2006-07 and 2007-08	Central Excise Service Tax Appellate Tribunal/ Commissioner (Appeals)
Central Excise Act, 1944	CENVAT on Service Tax disallowed	44.07	2006-07	Commissioner (Appeals)
The West Bengal Value Added Tax Act, 2003	Tax Liability on account of Enhanced Turnover, Input Credit disallowed, Pending Form	9,024.81	2003-04 2004-05 and 2005-06	West Bengal Appellate and Revision Board/ Sr. Jt. Commissioner (Appeals), Sales Tax
The Central Sales Tax Act, 1956	Tax Liability on account of Enhanced Turnover, Pending Forms	566.54	2003-04 2004-05 and 2005-06	West Bengal Appellate and Revision Board/ Sr. Jt. Commissioner (Appeals, Sales Tax)

- (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 and to Ministry of Coal, Government of India on behalf of two Joint Venture Companies, 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 had Zero Coupon Compulsorily Convertible Debentures (unsecured) outstanding during the year, on which no security or charge was required to be created. These debentures were converted during the year into equity shares of the Company.
- (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. Firm Regn. No. 301003E Chartered Accountants

per **R K Agrawal** Place : Kolkata Partner Date : May 26, 2010 Membership No. : 16667

Balance Sheet as at 31st March, 2010

	Cala dala	A = =+ 91=+	(Rs. in lacs)
	Schedule	As at 31st March, 2010	As at 31st March, 2009
SOURCES OF FUNDS			Wiai Cii, 2009
Shareholders' Fund :			
a) Share Capital	1	6,377.02	4,711.47
b) Money received towards Equity warrants		-	6,178.41
(Refer Note 8 (a) on Schedule 23)			
c) Reserves and Surplus	2	83,923.69	30,718.44
Loan Funds :			
a) Secured Loans	3	158,480.28	151,353.97
b) Unsecured Loans	4	734.67	28,010.24
Deferred Tax Liabilities (Net)	5	9,222.91	7,481.88
TOTAL		258,738.57	228,454.41
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	6	139,931.59	133,602.28
Less : Accumulated Depreciation / Amortisation		20,617.09	13,717.12
Net Block		119,314.50	119,885.16
Capital Work in Progress and	7	61,638.06	31,693.15
Pre-operative Expenditure Pending Allocation			
· _ ·		180,952.56	151,578.31
Investments	8	8,201.58	5,162.15
Current Assets, Loans and Advances			
a) Inventories	9	42,018.93	45,535.51
b) Sundry Debtors	10	33,757.63	25,909.00
c) Cash and Bank Balances	11	2,066.64	1,977.49
d) Other Current Assets	12	7,981.42	4,835.34
e) Loans and Advances	13	20,947.54	24,918.08
		106,772.16	103,175.42
Less: Current Liabilities and Provisions	14		
a) Current Liabilities		36,445.50	31,029.94
b) Provisions		742.23	431.53
		37,187.73	31,461.47
Net Current Assets		69,584.43	71,713.95
TOTAL		258,738.57	228,454.41
Significant Accounting Policies and Notes on Accoun	ts 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. Firm Regn No. 301003E *Chartered Accountants* For and on behalf of the Board of Directors

Aditya Jajodia Chairman & Managing Director **Sanjiv Jajodia** Wholetime Director

Raj Kumar Sharma *Chief Financial Officer* **Rajiv Jajodia** Director

Ajay Kumar Tantia Company Secretary

Place : Kolkata Date : 26th May, 2010

Membership No. 16667

Per R K Agrawal

Partner

(Rs. in lacs)

			(103. 111 1003)
	Schedule	2009-10	2008-09
INCOME			
Sales and Services (Gross)	15	204,240.47	186,399.50
Less: Excise Duty and Cess		12,802.02	17,458.97
Sales and Services (Net)		191,438.45	168,940.53
Other Income	16	2,589.76	2,841.89
TOTAL		194,028.21	171,782.42
EXPENDITURE			
(Increase) / Decrease in Stocks	17	(1,675.44)	1,359.43
(Increase)/Decrease in Excise Duty and Cess on Stocks		44.71	(792.32)
(Refer Note 14 on Schedule 23)			
Raw Materials Consumed	18	126,966.96	114,428.52
Purchase of Trading Goods		59.50	7,200.69
Manufacturing Expenses	19	34,203.25	22,378.19
Personnel Cost	20	4,432.07	3,021.44
Selling, Distribution and Administrative Expenses	21	3,804.74	5,312.60
Prior Period Expenditure (Net)		70.13	67.74
Interest and Finance Charges	22	14,270.65	13,056.33
Depreciation / Amortisation		6,928.95	5,100.41
Less : Transfer from Capital Reserve		-	(21.04)
TOTAL		189,105.52	171,111.99
Profit before tax		4,922.69	670.43
Less/(Add):			
Current Tax [Including Rs. 276.11 lacs (Rs. 136.59 lacs) for	earlier years]	1,151.67	206.91
MAT Credit Entitlement		(1,150.86)	(70.32)
Deferred Tax Charge		1,741.03	380.64
Fringe Benefit Tax		-	25.08
Total Tax Expenses (Net)		1,741.84	542.31
Profit after tax		3,180.85	128.12
Add: Balance Brought Forward From Previous Year		13,883.54	14,010.87
Balance carried to Balance Sheet		17,064.39	14,138.99
Appropriations			
Proposed Dividend		255.13	221.94
Tax on Dividend		36.57	33.51
Balance carried to Balance Sheet		16,772.69	13,883.54
		17,064.39	14,138.99
Earning Per Share (Nominal Value per share Rs. 10)			
Basic (Rs.)		5.66	0.27
Diluted (Rs.)		5.33	0.22
(Refer Note 12 on Schedule 23)			
	22		

Profit and Loss Account for the year ended 31st March, 2010

Significant Accounting Policies and Notes on Accounts

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. Firm Regn No. 301003E *Chartered Accountants*

For and on behalf of the Board of Directors

23

Aditya Jajodia Chairman & Managing Director **Sanjiv Jajodia** Wholetime Director

Raj Kumar Sharma Chief Financial Officer **Rajiv Jajodia** Director

Ajay Kumar Tantia Company Secretary

Membership No. 16667 Place : Kolkata

Date : 26^{th} May, 2010

Per R K Agrawal

Partner

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Boy Jai Balaji Industries Limited

Cash Flow Statement for the year ended 31st March, 2010

(Rs. in lacs)

	2009-10	2008-09
A : Cash Flow from Operating Activities		
Net Profit Before Taxes	4,922.69	670.43
Adjustments For :		
Depreciation/Amortisation (Net)	6,928.95	5,079.37
Loss on Sale of Fixed Assets	1.37	18.83
Irrecoverable Debts and Advances Written off	63.00	
Provision for Doubtful Debts/Advances (net)	134.30	164.20
Liabilities no longer required written back	(241.77)	(90.78)
Interest on Term Loans and Others	13,732.51	12,628.40
Provision for Diminution in the value of Investments	-	4.84
Reversal of provision for Diminution in the value of Investments	(2.05)	-
Dividend from long term Non Trade Investments	(1.36)	(0.29)
Dividend from Subsidiary Company	(34.95)	(24.74)
Profit on sale of long term Non Trade Investments	(3.76)	-
Prior Period Expenditure (net)	70.13	67.74
(Gain)/Loss on Foreign Exchange Fluctuations (Net)	(156.85)	816.69
Interest Income	(1,135.48)	(1,980.79)
Operating Profit Before Working Capital Changes	24,276.73	17,353.90
Movement in Working Capital		
Sundry Debtors	(5,501.26)	5,781.08
Loans and Advances and Other Current Assets	(2,402.37)	(5,432.53)
Advances to Subsidiary Company	998.00	1,601.14
Inventories	3,516.58	(5,371.55)
Trade and Other Payables	3,378.98	5,845.77
Cash Generated From Operating Activities	24,266.66	19,777.81
Direct Taxes paid (net of refunds)	(506.03)	(1,111.85)
Net Cash generated from Operating Activities	23,760.63	18,665.96
B: Cash Flow From Investing Activities		
Purchase of Fixed Assets	(34,357.54)	(40,841.05)
Proceeds from Sale of Fixed Assets	100.53	167.76
Capital Subsidy received	100.55	164.68
	(2,000,00)	104.00
Purchase of Investments in Subsidiary Company	(3,000.00)	
Purchase of Investments / application money paid in	(10.01)	(110.00)
a Joint Venture Company / Others	(43.04)	(118.88)
Proceeds from sale of Investments	8.38	9.00
Dividend from long term Non Trade Investments	1.36	0.29
Dividend from Subsidiary Company	24.74	
Refund received of Loan given to a Body Corporate	2,900.00	2,500.00
Interest received	1,007.71	1,879.32
Net Cash Used In Investing Activities	(33,357.86)	(36,238.88)

Cash Flow Statement (Contd.)

(Rs. in lacs)

	2009-10	2008-09
C: Cash Flow From Financing Activities		
Proceeds from Call in Arrears of equity share capital	0.09	0.01
Proceeds from issue of equity share capital	19,851.34	-
Share Issue Expenses	(1,069.12)	-
Proceeds from long/short term Borrowings	36,741.30	60,145.46
Repayment of long/short term Borrowings	(29,573.40)	(25,498.33)
Interest Paid	(16,744.80)	(16,872.74)
Dividend Paid	(221.71)	(469.96)
Tax on Dividend paid	(33.51)	(80.10)
Net Cash generated from Financing Activities	8,950.19	17,224.34
Net Decrease In Cash and Cash Equivalents (A+B+C)	(647.04)	(348.58)
Cash and Cash Equivalents as at the beginning of the year	1,039.04	1,387.62
Cash and Cash Equivalents as at the end of the year	392.00	1,039.04
Components of cash and cash equivalents		
Cash in hand	22.93	61.97
Cheques in hand	0.56	322.49
Balance with Scheduled Banks on:		
Current Account	363.52	648.82
Fixed Deposit Account	1,674.64	939.45
Unclaimed Dividend Account *	4.83	4.60
Unclaimed Fractional Share Balance*	0.16	0.16
Cash and Bank Balances as per schedule 11	2,066.64	1,977.49
Less : Fixed deposits not considered as cash equivalents	1,674.64	938.45
Cash and Cash Equivalents in Cash Flow Statement:	392.00	1,039.04

* 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 and on behalf of the Board of Directors

Aditya Jajodia Chairman & Managing Director **Sanjiv Jajodia** Wholetime Director

Raj Kumar Sharma *Chief Financial Officer* **Rajiv Jajodia** Director

Ajay Kumar Tantia Company Secretary

Membership No. 16667

For S. R. Batliboi & Co.

Firm Regn No. 301003E

Chartered Accountants

Per R K Agrawal

Partner

Place : Kolkata Date : 26th May, 2010



		(Rs. in lacs)
	As at 31st March, 2010	As at 31st March, 2009
Schedule 1: Share Capital		
Authorised		
101,000,000 Equity shares of Rs. 10 /- each	10,100.00	10,100.00
	10,100.00	10,100.00
Issued, Subscribed and Paid up		
63,781,486 (47,126,900) Equity shares of Rs. 10 /- each	6,378.15	4,712.69
Less: Calls in Arrear (other than directors)	1.13	1.22
	6,377.02	4,711.47
Note : Out of the above 22,000,000 equity shares of		
Rs. 10 /- each were issued for consideration other than cash in earlier years		
Schedule 2: Reserves and Surplus		
Capital Reserve		
Balance as per Last Account	230.09	230.09
Add: Transfer on Forfeiture of Equity Share Warrants	6,178.41	-
[Refer Note 8(a) on Schedule 23]	6,408.50	230.09
Amalgamation Reserve		
Balance as per Last Account	4,400.00	4,400.00
Capital Investment Subsidy		
Balance as per Last Account	304.64	-
Add: Capital Subsidy received during the year	-	325.68
Less: Transferred to Fixed Assets	304.64	
Less : Allocated to Depreciation	-	21.04
	-	304.64
Securities Premium Account		
Balance as per Last Account	1,575.17	1,575.17
Add :		
Received during the year on issue of further equity shares		
through qualified institutional placement	19,021.78	-
Credited on Conversion of Zero Coupon Compulsorily Convertible Debentures	26,489.67	-
Less : Adjusted towards expenses incurred on issue of equity shares	1,069.12	-
	46,017.50	1,575.17
General Reserve		
Balance as per Last Account	10,325.00	10,325.00
Balance in Profit and Loss Account	16,772.69	13,883.54
	83,923.69	30,718.44

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Schedules forming part of the Balance Sheet

		(Rs. in lacs)
	As at 31st	As at 31st
	March, 2010	March, 2009
Schedule 3 : Secured Loans		
Term Loans		
Long Term :		
Rupee Loans		
Banks	70,379.86	67,519.03
Financial Institutions	7,548.77	9,737.83
Foreign Currency Loans		
Banks	10,997.07	8,819.82
Short Term Rupee Loans from Banks:	10,374.61	-
(Repayable within one year)		
Working Capital Finance		
From Banks		
(i) In Rupees	52,526.24	49,839.22
(ii) In Foreign currency	5,950.23	14,601.20
Deferred Payment Credits	112.51	436.91
Interest Accrued and Due	590.99	399.96
	158,480.28	151,353.97

Notes :

- 1. Term Loans from banks and financial institutions are secured as follows:-
 - (a) Rs.72,683.85 lacs (Rs.67,812.71 lacs) by way of equitable mortgage created/to be created on the immovable assets and first charge on the fixed assets pertaining to the Company's units at Ranigunje and Durgapur in the State of West Bengal, both present and future, except to the extent indicated in Note 1(e) and 3 below, lien on fixed deposits of Rs.145.00 lacs (Rs.145.00 lacs) with banks and second charge on the entire current assets, both present and future, pertaining to the Company's above units at Ranigunje and Durgapur.
 - (b) Rs.4,873.00 lacs (Rs.6,042.16 lacs) 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.
 - (c) Rs.20,374.61 lacs (Rs.10,112.84 lacs) by way of subservient charge on the entire fixed and current assets of the Company.
 - (d) Rs.160.30 lacs (Rs.123.77 lacs) against lien on the subsidies receivable from Government of West Bengal.
 - (e) Rs.1,208.55 lacs (Rs.1,985.20 lacs) against Railway Rakes procurred and given to Railway under the Wagon Investment Scheme.
- 2. Working Capital facilities from banks are secured as follows:-
 - (a) Rs.55,971.44 lacs (Rs.62,381.86 lacs) by hypothecation of all current asset pertaining to the Company's units at Ranigunje and Durgapur in the State of West Bengal, including raw materials, finished goods and book debts, both present and future and second charge on the fixed assets, both present and future, pertaining to the Company's above units at Ranigunje and Durgapur.
 - (b) Rs.2,505.03 lacs (Rs.2,058.56 lacs) 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.
- 3. Deferred Payment Credits are secured by hypothecation of the assets acquired under the respective agreements.
- 4. All the loans as referred to above (excluding Rs.160.30 lacs from financial institutions and Rs.24.26 lacs related to deferred payment credit) are further secured by the personal guarantee of certain promoter directors of the Company and loans aggregating to Rs 22,209.28 lacs were further secured by pledge of 1,395,600 equity shares of the Company held by the promoters, which have since been released.
- 5. Long term loans and Deferred Payment Credits include Rs.20,171.75 lacs (Rs.15,496.11 lacs) payable within one year.



		(Rs. in lacs)
	As at 31st March, 2010	As at 31st March, 2009
Schedule 4: Unsecured Loans		
Debentures		
8,359,000, Zero Coupon Compulsorily Convertible Debentures		
of Rs. 326.90 each	-	27,325.57
(Converted into equity shares during the year)		
[Refer Note 8 (b) on Schedule 23]		
Interest free sales tax loan *	634.67	684.67
Short Term Loans		
From bodies corporate (repayable on demand)	100.00	-
	734.67	28,010.24
* Includes amount repayable within one year Rs. 275.18 lacs (Rs.134.75 lacs).		
Schedule 5: Deferred Tax Liabilities (Net) #		
Balance as per Last Account	7,481.88	7,101.24
Add: Created for the year	1,741.03	380.64
	9,222.91	7,481.88

#(Refer Note 13 on Schedule 23)

Schedule 6 : Fixed Assets

	Gross Block Depreciation/Amortisation			Net Block						
Description	As at 31st March 2009	Additions	Deduc- tions	As at 31st March 2010	Up to 31st March 2009	For the year	Deduc- tions	Up to 31st March 2010	As at 31st March 2010	As at 31st March 2009
Freehold Land	1,975.25	1,247.09	-	3,222.34 (a)	-	-	-	-	3,222.34	1,975.25
Leasehold Land	707.57	-	-	707.57	78.62	15.86	-	94.48	613.09	628.95
Factory Buildings	15,645.29	1,266.40	5.31	16,906.38	936.33	543.30	-	1,479.63	15,426.75	14,708.96
Railway Siding	4,119.14	179.31	-	4,298.45	142.95	196.64	-	339.59	3,958.86	3,976.19
Plant and Machinery	97,472.74	2,970.95	417.60 (c)	100,026.09 (b)	10,663.66	5,413.54	27.53 (c)	16,049.67	83,976.42	86,809.08
Electrical Installations	12,826.78	947.99	2.35	13,772.42	1,582.96	647.12	-	2,230.08	11,542.34	11,243.82
Furniture, Fixtures and Office Equipments	615.44	132.14	-	747.58	252.88	88.80	_	341.68	405.90	362.56
Vehicles	240.07	18.21	7.52	250.76 (b)	59.72	23.69	1.45	81.96	168.80	180.35
Total	133,602.28	6,762.09	432.78	139,931.59	13,717.12	6,928.95	28.98	20,617.09	119,314.50	119,885.16
Previous Year's 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	

Notes :

(a) Title deeds of certain freehold land are pending for mutation / conveyance in the name of the Company.

(b) Includes assets taken on finance lease as disclosed in Note 6 on Schedule 23. Gross Block Rs. 1,352.30 lacs (Rs. 1,352.12 lacs) and Net Block Rs. 893.60 lacs (Rs.958.28 lacs).

(c) Includes Rs.325.68 lacs in Gross Block and Rs.21.04 lacs in accumulated depreciation upto March 31, 2009 adjusted on account of capital investment subsidy received in previous year.

Schedules	forming	part of	the Ba	alance Sheet
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			(Rs. in lacs)
		As at 31st	As at 31st
		March, 2010	March, 2009
Schedu	ile 7: Capital Work in Progress and		
	Pre-Operative Expenditure Pending Allocation		
	pital Work-in-Progress		
	ildings	9,617.93	8,180.61
	ilway Siding	1,206.20	2,179.75
Pla	ant and Machinery	34,781.97	35,278.25
Ele	ectrical Installations	5,178.07	3,102.60
Ad	lvances for Land	5,368.84	6,237.16
Otł	her Capital Advances	5,185.07	1,503.98
Sul	b Total	61,338.08	56,482.35
Les	ss : Transferred to Fixed Assets	5,583.89	26,647.82
Tot	tal A :	55,754.19	29,834.53
B Pre	e-operative Expenditure Pending Allocation		
Op	pening Balance	1,858.62	1,289.62
Ad	lditions		
Pov	wer and Fuel	211.54	66.72
Equ	uipment Hire Charges	160.31	156.66
Sala	laries, Wages and Bonus	226.66	151.10
Dir	rectors' Remuneration	56.52	_
Rer	nt and Hire	5.52	0.26
Rat	tes and Taxes	0.76	44.15
Ins	surance	14.23	20.19
Tra	avelling and Conveyance	45.28	22.22
	lephone and Postage	13.65	2.01
Leg	gal and Professional Charges	184.38	70.27
-	iscellaneous Expenses	280.46	56.97
	erest on Term Loans	3,095.11	3,865.53
Fin	nance Charges	104.33	171.81
	b Total	6,257.37	5,917.51
Les	ss : Transferred to Fixed Assets	373.50	4,058.89
	tal B :	5,883.87	1,858.62



		(Rs. in lacs)
	As at 31st March, 2010	As at 31st March, 2009
TRIAL RUN EXPENSES		
Raw Materials Consumed	725.20	10 104 00
	735.30	12,124.00
Personnel Cost	11.05	70.00
Salaries, Wages and Bonus	11.85	78.63
Contribution to Provident and Other Funds	2.27	1.59
	14.12	80.22
Manufacturing, Selling and Distribution and Administrative Expenses		
Consumption of Stores and Spares	16.13	557.50
Labour Charges	23.58	71.39
Power and Fuel	265.79	757.23
Repairs and Maintenance to Others	-	2.05
Rent and Hire	0.56	50.08
Legal and Professional Charges	-	18.53
Miscellaneous Expenses	6.69	19.33
	312.75	1,476.11
Interest and Finance Charges		
Interest on Term Loans	66.43	11.08
Finance Charges	4.90	-
	71.33	11.08
Sub Total	1,133.50	13,691.41
Less:		
Sales of Finished Goods	624.05	6,640.79
[Net of Excise duty and cess Rs.16.80 lacs (Rs 598.94 lacs)		
Subsidy on Sales Tax / Value Added Tax	5.30	164.70
Stock of Semi Finished Goods Consumed in Production process	-	2,040.13
Closing stock of Finished Goods at the end of Trial-run period of a project	37.42	824.42
Sub Total	666.77	9,670.04
	466.73	4,021.37
Less : Transferred to Fixed Assets	466.73	4,021.37
Total C:	_	
Grand Total (A+B+C)	61,638.06	31,693.15

chedule 8 : Investments			(Rs. in lacs)
Nos.	Face Value per Share Rs.	As at 31st March, 2010	As at 31st March, 2009
Long Term (at cost)			
Fully Paid up Equity Shares (except stated otherwise)			
Trade (Unquoted)			
In Joint Venture Companies			
Andal East Coal Company Private Limited. 205,000	10	20.50	-
(-)			
Rohne Coal Company Private Limited.69,000	10	6.90	6.90
Rohne Coal Company Private Limited.1,265,727	10	126.57	105.57
(1% Redeemable Preference Shares) (1,055,700)			
		153.97	112.47
Non Trade			
(Unquoted)			
Calcutta Stock Exchange Limited 16,726	1	334.52	334.52
Government Securities			
National Savings Certificate		0.62	0.12
(Deposited with Third Parties)			
(Quoted)			
UCO Bank Limited –	10		0.19
(1,600)	10		0.15
Vijaya Bank Limited –	10	_	0.05
(200)	10		0.03
Allahabad Bank Limited –	10		4.38
(5,344)	10	-	4.30
	10	5.90	5 90
Talbros Automotive Component Limited5,682	10	5.80	5.80
		5.80	
Less : Provision for Diminution in Value of Investments*		2.79	4.84
		3.01	5.58
In Subsidiary Company (Unquoted)			
Nilachal Iron & Power Limited34,948,727	10	7,709.46	4,709.46
(4,948,727)			
		8,201.58	5,162.15
Aggregate Value of Investments			
– Quoted		3.01	5.58
– Unquoted		8,198.57	5,156.57
Market Value of Quoted Investments		3.01	3.46
*on investment in Talbros Automotive Component Limited			
chedule 9 : Inventories			
Raw Materials		29,252.40	33,910.89
[Including in transit Rs. 2,240.07 lacs (Rs. 3,573.24 lacs)]			
Stores and Spares		3,549.61	3,273.96
[Including in transit Rs. 13.48 lacs (Rs. 32.85 lacs)]			
Work-in-Process		399.34	847.73
Finished Goods		6,938.53	6,721.98
By Products		1,879.05	780.95
		42,018.93	45,535.51



		(Rs. in lacs)
	As at 31st March, 2010	As at 31st March, 2009
Schedule 10 : Sundry Debtors		
(Unsecured, Considered Good unless otherwise stated)		
Debts outstanding for more than six months		
Considered good	3,916.74	3,565.36
Considered doubtful	170.94	117.40
Other Debts	29,840.89	22,343.64
	33,928.57	26,026.40
Less : Provision for Doubtful Debts	170.94	117.40
	# 33,757.63	25,909.00

Includes Rs. Nil (Rs. 171.59 lacs) 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	22.93	61.97
Cheques in hand	0.56	322.49
Balance with Scheduled Banks on:		
Current Account	363.52	648.82
Fixed Deposit Account *	1,674.64	939.45
Unclaimed Dividend Account	4.83	4.60
Unclaimed Fractional Share Balance	0.16	0.16
	2,066.64	1,977.49

* Receipts aggregating to Rs. 1,673.64 lacs (Rs. 938.45 lacs) pledged with Banks as Margin Money against Borrowings/Other facilities.

326.10	165.07
7,620.37	4,645.53
34.95	24.74
7,981.42	4,835.34
6,273.98	6,378.75
2,642.68	3,640.68
6,800.00	9,700.00
7.45	6.41
262.43	226.97
2,651.38	1,500.52
1,947.43	2,548.11
-	508.50
362.19	408.14
20,947.54	24,918.08
	7,620.37 34.95 7,981.42 6,273.98 2,642.68 6,800.00 7.45 262.43 2,651.38 1,947.43 - 362.19

@ Includes Rs.Nil (Rs. 11.14 lacs) due from a private limited company in which a director of the Company is a director

	(Rs	
	As at 31st March, 2010	As at 31st March, 2009
Schedule 14: Current Liabilities and Provisions		
A. Current Liabilities		
Acceptances	5,977.88	3,811.43
Sundry Creditors for goods, services and expenses		
(a) Dues to Micro and Small Enterprises	-	_
(Refer Note No 9 on Schedule 23)		
(b) Dues towards Capital Goods	4,379.83	5,227.07
(c) Dues to Other Creditors	19,765.91	19,600.54
Advances from Customers	4,781.52	1,612.18
Book Overdraft	46.04	_
Creditors for other finance	1,480.28	761.03
Investor Education and Protection Fund		
(To be deposited as and when due)		
(a) Unclaimed Dividend	4.83	4.60
(b) Unclaimed Fractional Shares Liability	0.16	0.16
Interest Accrued but not due on Loans	9.05	12.93
	36,445.50	31,029.94
B. Provisions :		
Gratuity	179.30	93.12
Leave Salary	91.75	73.88
Provision for Taxation (net of Advances)	179.48	_
Proposed Dividend	255.13	221.94
Tax on Proposed Dividend	36.57	33.51
Fringe Benefit Tax (Net of Advances)	-	9.08
	742.23	431.53

Schedules forming part of the Profit and Loss Account

	(Rs. in lacs)	
	2009-10	2008-09
chedule 15 : Sales and Services		
Finished Goods	193,600.65	174,170.58
Saleable Scraps and By Products	2,399.69	1,707.39
Sale of Raw Materials	2,109.50	5,001.22
Conversion Charges	2,603.64	2,415.66
Subsidy on Sales Tax/Value Added Tax	2,916.37	2,258.44
Export Incentives	219.42	14.85
Service and other Charges	391.20	831.36
	204,240.47	186,399.50

👼 Jai Balaji Industries Limited

Schedules forming part of the Profit and Loss Account

(Rs. in lacs)

	2009-10	2008-09
Schedule 16: Other Income		
Interest on :		
(a) Fixed Deposits with Banks	96.22	91.88
[Gross, Tax deducted at Source Rs 7.56 lacs (Rs.19.63 lacs)]		
(b) Loans and Advances	1,039.26	1,888.91
[Gross, Tax deducted at Source Rs.25.70 lacs (Rs.58.60 lacs)]		
Commission Received	859.24	376.81
Dividend from long term non trade Investments	1.36	0.29
Dividend from Subsidiary Company	34.95	24.74
Insurance Claims	79.33	59.07
Liabilities no longer required written back	241.77	90.78
Reversal of provision for Dimunition in the value of Investments	2.05	_
Reversal of provision for doubtful debts	68.21	151.37
Profit on sale of long term non trade Investments	3.76	_
Gain on Foreign Exchange Fluctuations (Net)	156.85	_
Miscellaneous Income	6.76	158.04
	2,589.76	2,841.89
Schedule 17: (Increase) / Decrease in Stocks		
Opening Stocks :		
Work-in-Process	847.73	103.82
Finished Goods	6,721.98	8,951.12
By Products	780.95	378.94
by floadels	8,350.66	9,433.88
Add: Stock transferred from Trial Run period (Refer Schedule 7)	37.42	824.42
Add. Stock transferred from that built period (keter Schedule 7)	8,388.08	10,258.30
Less:	0,500.00	10,230.30
Closing Stocks :		
Work-in-Process	399.34	847.73
Finished Goods	6,938.53	6,721.98
By Products	1,879.05	780.95
	9,216.92	8,350.66
	(828.84)	1,907.64
Less : Transferred to Fixed Assets	846.60	548.21
	(1,675.44)	1,359.43
Schedule 18: Raw Materials Consumed		
Opening Stock	33,910.89	28,950.32
Add: Purchases #	122,308.47	119,389.09
	156,219.36	148,339.41
Less: Closing Stock	29,252.40	33,910.89
0	126,966.96	114,428.52

#Net of gain/(loss) on exchange fluctuations of Rs. 86.22 lacs [Rs. (1,637.21) lacs]

Schedules forming part of the Profit and Loss Account

(Rs. in lacs)

	2009-10	2008-09
Schedule 19 : Manufacturing Expenses		
Consumption of Stores and Spares	12,543.74	6,187.75
Labour Charges	3,457.52	2,633.17
Power and Fuel (Net of power subsidy Rs. 53.20 lacs (Rs. 110.21 lacs)	14,602.88	10,503.93
Repairs and Maintenance:		
- Plant and Machinery	1,081.47	1,393.93
- Buildings	104.96	187.25
- Others	357.84	121.98
Water Charges	359.34	303.33
Equipment Hire Charges	711.67	354.30
Other Expenses	983.83	692.55
	34,203.25	22,378.19
Schedule 20 : Personnel Cost		
Salaries, Wages and Bonus	3,590.61	2,575.44
Contribution to Provident and Other Funds	414.18	294.93
Staff Welfare Expenses	196.73	139.42
Directors' Remuneration	230.55	11.65
	4,432.07	3,021.44
Schedule 21 : Selling, Distribution and Administrative Expenses		
Freight and Transportation	1,738.12	1,792.67
Rent and Hire	75.24	55.46
Export Duty	-	368.88
Rates and Taxes	64.35	111.60
Insurance	95.58	151.12
Advertisement	84.61	133.76
Brokerage and Commission (Other than Sole Selling Agents)	91.32	149.21
Travelling and Conveyance	322.59	323.78
Telephone and Postage	83.85	86.32
Legal and Professional Charges (Refer Note 17 on Schedule 23)	365.99	294.83
Directors' Fees	1.65	1.45
Provision for Doubtful Debts and Advances	265.51	315.57
Irrecoverable Debts and Advances Written off 63.00		
Less : Adjusted against Provisions 63.00	-	-
Provision for Diminution in the Value of Investments	-	4.84
Loss on Foreign Exchange Fluctuations (Net)	-	816.69
Charity and Donations	31.75	19.82
Security and Service Charges	347.83	315.91
Loss on Sale of Fixed Assets	1.37	18.83
Miscellaneous Expenses	234.98	351.86
	3,804.74	5,312.60
Schedule 22 : Interest and Finance Charges		
Interest on	0 175 00	0.047 50
- Term Loans	8,175.68	6,947.53
- Other	5,556.83	5,680.87
Finance Charges	538.14	427.93
	14,270.65	13,056.33

🔊 Jai Balaji Industries Limited

Schedules forming part of the Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts

1 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 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 which is equal to the rates prescribed under Schedule XIV of the Companies Act, 1956 except for Railway Wagons as stated below.
- 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 Indian 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 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.

(g) Fixed Assets acquired under 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 to expense.

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.

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

Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of shareholders' funds.

(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:

Dorr motorials	At lower of cost and not realizable value. However, materials and other items hold for use in
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 and 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. Dividend from subsidiary is recognized even if same is declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule VI of the Companies Act, 1956.

(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 nonmonetary 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.

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

(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 fund is due. There is no 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. Unrecognised past service cost arising at the time of change in plan measures are charged to profit and loss account on a straight line basis over the period of vesting of the defined benefit obligation.
- 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.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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.

(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.

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

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

(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 and Steel and hence treated as a single reportable segment as per Accounting Standard-17. The Company at present 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 year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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 year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year 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

(s) Cash and Cash Equivalents

Cash and cash equivalents as indicated in the Cash Flow Statement comprise cash at bank and in hand and shortterm investments with an original maturity of three

(t) Contingent Liabilities

Contingent liabilities are not provided for in the accounts and are separately disclosed in the

(Rs. in lacs)

2. C	Contingent liabilities not provided for :				
	As at 31s	st March, 2010	As at 31st March, 2009		
a)	Claims against the Company not acknowledged as debts				
	i) Excise and Service Tax Demands under dispute/ appeal	1,632.88	1,183.08		
	ii) Sales Tax / VAT matters under dispute/appeal	9,579.39	10,727.92		
	iii) Others	162.61	-		
b)	Letters of Credit, Bills discounted and Bank Guarantees outstanding	6,974.22	5,959.98		
c)	Customs Duty on Import of Equipment and spare parts under EPCG Scheme	1,202.14	1,727.97		
d)	Guarantees and Counter guarantees given by the Company for loans obtained by subsidiary company	1,500.00	1,500.00		
e)	Guarantee given for Joint Venture Companies in terms of the joint venture agreements.	1,412.46	900.00		
C	stimated amount of contracts remaining to be executed on apital Account and not provided for	11 000 51	0.500.07		
[P	let of Advances Rs.10,553.91 lacs (Rs. 7,741.14 lacs)]	11,832.51	3,568.97		

Proportionate amount of pending capital commitments on account of M/s Rohne Coal Company Private Limited, a Joint Venture Company is Rs. 2.96 lacs (Rs. 1.52 lacs).

Notes on Accounts :

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

4. In respect of an electricity supply matter where the Electricity Supply Company ("the Supplier") has demanded enhanced charges, the matter was challenged by the Company at the Appellate Tribunal for Electricity ("the Tribunal"). The Tribunal vide its order dated May 10, 2010 dismissed the appeal of the Supplier and directed to implement the tariff as determined by the Central Electricity Regulatory Commission vide its Order dated August 6, 2009. The Tribunal has also directed to the supplier to revise the bills raised by it for electricity consumption by the Company since April, 2006 onwards and refund / adjust the excess amount billed and collected along with interest.

Pending receipt of the revised bill from the supplier and the Company's inability to estimate such revised amount, refund/ adjustments, which are presently unascertainable, would be considered on receipt of revised bills from the supplier.

 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.2,974.87 lacs (Rs. 2,533.35 lacs) including Rs. Nil (Rs. 328.05 lacs) for earlier years: (Rs. in lacs)

Sl. No.	Particulars	Account to which credited	2009-10	2008-09
a)	Industrial Promotion Assistance*	Sales of Finished Goods/Trial Run Sales of Finished Goods	2,921.67	2,423.14
b)	Power Subsidy	Power and Fuel	53.20	110.21
			2,974.87	2,533.35

*includes Rs. 5.30 lacs (Rs. 164.70 lacs) on account of sale of Finished goods under trial run

6. Plant and Machinery and Vehicles includes certain assets taken on finance lease. 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. 116.86 lacs (Rs. 467.63 lacs) under the respective finance lease agreements as on the date of balance sheet are as per details given below: (Rs. in lacs)

		()
Particulars	2009-10	2008-09
Total minimum lease payments at the year end	116.86	467.63
Less : Amount representing finance charges	4.35	30.72
Present value of minimum lease payments	112.51	436.91
Lease payments for the year	369.64	373.27
Minimum Lease Payments : Not later than one year: Present value as on 31.03.2010 Rs.101.80 lacs (Rs. 337.17 lacs)	105.34	365.44
Later than one year but not later than five years: Present value as on 31.03.2010 Rs.10.71 lacs (Rs. 99.74 lacs)	11.52	102.19
Later than five years: Present value as on 31.03.2010 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 Payment of Gratuity Act, 1972. The Scheme is funded 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, 2010: (Rs	s. in lacs)
---	-------------

Particulars	Gratuity			Leave
	2009-10	2008-09	2009-10	2008-09
Current service cost	111.16	40.72	44.44	4.38
Interest cost on benefit obligation	13.43	9.96	5.60	4.15
Expected return on plan assets	(8.76)	(2.98)	-	_
Net actuarial loss/(gain) recognised in the year	(1.14)	15.60	(28.88)	22.83
Past Service cost	37.16	-	-	_
Total Expenses/(Income)	151.85	63.30	21.16	31.36

(Rs. in lacs)

(Rs. in lacs)

Schedules forming part of the Accounts

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

II. Net Liability/(Assets) recognized in the Balance Sheet as at 31st March, 2010 :

Particulars	G	Gratuity		Leave		
	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2010	As at 31st March, 2009		
Present value of Defined Benefits Obligation	366.43	177.65	91.75	73.88		
Fair value of plan assets	150.13	84.53	-			
Sub Total	216.30	93.12	91.75	73.88		
Less : Unrecognised past service cost	37.00	_	_	-		
Net Liability	179.30	93.12	91.75	73.88		

III. Change in the present value of the defined benefit obligation during the year ended 31st March, 2010 :

Particulars Gratuity Leave 2008-09 2009-10 2008-09 2009-10 Present Value of Defined Benefit Obligation 177.65 138.34 57.43 73.88 at the beginning of the year **Current Service Cost** 111.16 40.72 44.44 4.38 Interest Cost 4.15 13.43 9.96 5.60 **Benefits** Paid (8.69) (36.78)(3.29) (14.91)Actuarial Loss / (Gain) (1.28)25.41 22.83 (28.88)**Plan Amendments** 74.16 _ **Present Value of Defined Benefits** 177.65 Obligation at the year end 366.43 91.75 73.88

IV. Change in the Fair Value of Plan Assets during the year ended 31st March, 2010 :

(Rs. in lacs)

Particulars		Gratuity		Leave		
	2009-10	2008-09	2009-10	2008-09		
Fair Value of Defined Benefit Obligation at the beginning of the year	84.53	-	-	_		
Expected Return	8.76	2.98	-	-		
Contribution by Employer	65.67	108.52	3.29	-		
Benefits Paid	(8.69)	(36.78)	(3.29)	-		
Actuarial Gains/(Losses)	(0.14)	9.81	-	-		
Fair Value of Defined Benefit Obligation at the year end	150.13	84.53	_	_		

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

Particulars	Gratuity		L	eave
	2009-10	2008-09	2009-10	2008-09
Investment with the insurer	100%	100%	Not Applicable	

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

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

Particulars		Gratuity		Leave		
	2009-10	2008-09	2009-10	2008-09		
Discount Rate	8.20%	7.75%	8.20%	7.75%		
Expected Rate of return on assets	9.15%	8.30%	Not A	Not Applicable		
Rate of increase in salaries	10%	10%	10%	10%		
Mortality Table		LIC (1994-96) ultimate		(1994-96) ltimate		

(Rs. in lacs)

VII. Amounts for the current and previous year are as follows :*

Particulars		Gratuity			Leave	
	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Defined benefit obligation	(366.43)	(177.65)	(138.34)	(91.75)	(73.88)	(57.43)
Plan Assets	150.13	84.53	-	-	-	-
Surplus/(Deficit)	(216.30)	(93.12)	(138.34)	(91.75)	(73.88)	(57.43)
Experience Gain/(Loss) Adjustments on plan liabilities	(23.15)	Not Available	Not Available	22.88	Not Available	Not Available
Experience Gain/(Loss) Adjustments on plan assets	(0.14)	Not Available	Not Available		Not Available	Not Available

*AS(15) Revised on Employee Benefits was adopted by the Company from 1st April, 2007 and hence, the above disclosures have been made accordingly.

		(Rs. in lacs)
Particulars	2009-10	2008-09
Contribution to Provident Fund and other Funds	261.39	231.63

Notes:

- i. The Company expects to contribute Rs. 179.30 lacs (Rs. 93.00 lacs) to Gratuity Fund in 2010-11.
- 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.

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

8. a) During the year ended March 31, 2008, the Company had issued 9,600,000 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. February 7, 2008. The warrant holders had paid Rs. 6178.41 lacs as application money against the above equity share warrants. However, due to non payment of the balance money, the Company has forfeited the above application money in terms of a resolution passed at its board meeting held

on August 11, 2009 and credited the same to Capital Reserve Account.

b) The Company had also issued 8,359,000 Zero Coupon Compulsorily Convertible Debentures (CCDs) at a price of Rs. 326.90 each to Foreign Equity Investors in 2007-08. The debenture holders had 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. February 7, 2008. Accordingly, on July 31, 2009 the CCD's holders have exercised their option to convert the CCD into equal number of equity shares of Rs. 10 each.

- c) During the year, the Company has issued 8,295,586 Equity Shares of Rs. 10 each to Qualified Institutional Buyers at a premium of Rs. 229.30 per share on October 28, 2009, as per chapter VIII of the Securities Exchange Board of India (Issue of Capital and **Disclosure Requirements**) Regulations, 2009. The proceeds received from the same aggregating to Rs. 19,851.34 lacs has been fully utilized for purchase of fixed assets, general business purpose and meeting out the issue expenses.
- 9. Based on the information available with the Company, the amounts due to Micro and Small Enterprises as per MSMED Act , 2006 are as follows : (Rs. in lacs)

51 No.	Particulars	2009-10	2008-09
a)	Principal Amount remaining unpaid to the suppliers as at the end of the year	-	-
b)	Interest due on above remaining unpaid to the suppliers as at the end of the year	-	-
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.	-	_
e)	Amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
f)	Amount of further interest remaining due and payable even in the succeeding years.	-	-

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

Sl. No. Particulars	As a	t 31st March, 201	10		As at 31st March, 2009			
		Amount in Foreign Currency			nount in n Currency	Rs. in lacs		
Receivables								
(a) Advances	US\$	3,827,844	1,727.89	US\$	_	-		
	Euro	69,164	41.89	Euro	667,395	450.36		
	GBP	5,621	3.82	GBP	-	-		
Total			1,773.60			450.36		
Payables								
(b) Sundry Creditors	US\$	3,124,472	1,410.39	US\$	1,045,024	532.44		
	Euro	_	-	Euro	1,053,755	711.07		
(c) Foreign Currency Loans	US\$	1,516,018	684.33	US\$	5,862,573	2,986.98		
	Euro	6,006,551	3,637.57	Euro	1,012,605	683.31		
Total			5,732.29			4,913.80		

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Schedules forming part of the Accounts

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

11. Loans and Advances and accrued interest thereon include the following balances :

Name of the Company	As at 31st March, 2010	Maximum Amount due at any time during the year 2009-10	As at 31st March, 2009	Maximum Amount due at any time during the year 2008-09
Company under the same manag of the Listing Agreement with Sto		f Section 370(1B) of the Co	mpanies Act, 1956 a	and in terms of Clause 32
Jai Balaji Jyoti Steels Ltd.*	5,681.51	8,642.32	8,642.32	16,945.69
Subsidiary Company				
Nilachal Iron and Power Limited	2,642.68	5,804.75	3,640.68	9,845.40
Private companies or firms in w	hich directors are	e director or member or pa	artner :	
Tarini Minerals Pvt. Ltd.		163.49	163.49	163.49

(Rs in lacs)

12.	Bas	ic and diluted earnings per share :		2009-10	2008-09
-	А	Profit after Tax	(Rs in lacs)	3,180.85	128.12
	В	Present weighted average number of equity shares	Nos.	56,202,809	47,114,675
	С	Weighted average number of equity shares allotted	Nos.	56,202,809	47,114,675
-	D	Weighted average number of equity shares outstanding prior to conversion into equity shares on account of :			
		(i) Compulsorily Convertible Debentures	Nos.	2,771,066	8,359,000
		(ii) Equity Warrants	Nos.	683,507	1,890,000
-	Е	Potential weighted average number of Equity Shares	Nos.	59,657,382	57,363,675
	F	Nominal Value of each Share	Rs.	10	10
	G	Basic Earning per Share	Rs.	5.66	0.27
_	Η	Diluted Earning per Share	Rs.	5.33	0.22

13. The break-up of major components of Net Deferred Tax Liabilities as on 31st March, 2010 is as under :

		(Rs in lacs)
Particulars	As at 31st March, 2010	As at 31st March, 2009
Deferred Tax Liability Timing Difference on Depreciable assets	13,009.51	11,000.02
Sub Total (A)	13,009.51	11,000.02
Deferred Tax Asset Unabsorbed Depreciation	3,363.76	3,123.75
Expenses allowable on payment basis/other timing differences	422.84	394.39
Sub Total (B)	3,786.60	3,518.14
Deferred Tax Liabilities (Net) (A-B)	9,222.91	7,481.88

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

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

15. Related Party Disclosures

a.	Name of Related Parties	
	Subsidiary Company	Nilachal Iron & Power Limited (NIPL)
	Joint Venture Companies	Rohne Coal Company Private Limited (RCCPL) Andal East Coal Company Private Limited (AECCPL)
	Joint Venture Partner/ Co-Venturers	Bhushan Power & Steel Limited (BPSL)
	Key Management Personnel	Mr. Aditya Jajodia, Chairman and Managing Director Mr. Sanjiv Jajodia, Wholetime Director
	Relatives of Key	Mr. Rajiv Jajodia, Brother of Wholetime Director
	Management Personnel	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	Chandi Steel Industries Limited (CSIL)
	significantly influenced by	Jai Balaji Jyoti Steels Limited (JBJSL)
	key management personnel	Jai Salasar Balaji Industries (P) Limited (JSBIPL)
	or their relatives	Balaji Ispat Udyog (BIU)
		Enfield Suppliers Limited (ESL)
		Hari Management Limited (HML)
		Jain Vanijya Udyog Limited (JVUL)
		Jajodia Estate Private Limited (JEPL)
		K.D. Jajodia Steel Industries (P) Limited (KDJSIPL)

chedule 23 : Significant Accounting Policies and Notes on A

	Party	Sales	Purchases	Rent paid	Interest Received	Dividend Received	Dividend Paid	Directors fee	Share Application Advance	Investment in Equity/Prefere nce Shares	Share Investment in Advance Against Dividend Application Equity/Prefere Preference Share Receivable Advance nce Shares Capital	t Dividend Receivable	Balance Receivable	Guarantees Obtained	Corporate Guarantee Given
Subsidiary	NIPL	423.08 (29.07)	11,061.53 (11,417.94)	a 1	• •	3 4.95 (24.74)	• •	• •		3,000.00 -	• •	34.95 (24.74)	2,642.68 (3,640.68)	• •	1,500.00 (1,500.00)
Joint Venture	RCCPL	T		•		•	•	•	7.45	21.00	1.04	•	•	•	898.38
		I			,		,		(6.41)	(112.47)	(6.41)		(11.14)	,	(00.006)
	AECCPL	I		•		•				20.50	•	•	•	•	514.08
		I		•								•			
Joint Venture	BPSL	•	52.25							•			•		
Partners/Co-Venturers				•								•	1		
ov Manacement	Aditya Jajodia	•	•	•	•	•	11.34	•	•	•	•	•	•	158,296	
Personnel	•		,				(28.34)							(151, 203)	
	Sanjiv Jajodia		•	1			10.60						1	158,296	
	•	ı	ı	,	ı		(26.49)	,	,		ı	,		(151, 203)	
Relatives of Key	Rajiv Jajodia	•	•	•	•	•	6.27	0.20		•	•	•	•	158,296	
Management Personnel	•	,	ı	,			(15.68)	(0.25)	,					(151, 203)	
	Gaurav Jajodia	•	•	•		•	0.43	0.25	•	•	•	•		•	
	5	I	ı				(1.08)	(0.15)		,		,	,	,	
	Others	•	•	•	•	•	8.11	•	•	•	•	•	•	•	
				•		•	(19.18)	•		•		•		•	
Enterprises owned	CSIL	5,797.51	87.66	•		•			•	•		•	1,207.46	•	
or significantly		(2, 734.84)	(232.10)										(160.76)		
inituenceu by key management	JBJSL	338.91	5,235.65	•	849.15	•	•	•	•	•	•	•	5,681.51	•	
personnel or their		(1, 629.28)	(3,079.87)		(1,703.86)								(8, 642.32)		
latives	JSBIPL	1,641.25	2,111.83	•	•	•	10.09	•	•	•	•	•	•	•	
		(1, 655.93)	(1,666.23)				(10.04)						(171.59)		
	JEPL	•	•	0.69		•	•	•	•	•	•	•	•	•	
		I	I	(0.69)			ı		ī						
	ESL	•	•	•		•	44.88	•	•	•	•	•	•	•	
		I	I				(112.21)		ī						
	HML	•	•	•	•	•	28.18	•		•	•	•		•	
		ı				•	(70.45)								
	KDJSIPL	,	•	•		•	9.64			•		•	•	•	
		•	•				(16.93)	•					•	•	
	Others	4.46		•		•	0.36	•	•	•		•	•	•	
		•	•		•	•	(0.91)		•	•	•	•	•		
Total		8,205.21	18,548.92	0.69	849.15	34.95	129.47	0.45	7.45	3,041.50	1.04	34.95	9,531.65	474,887	2,912.46
		(0 0 10)	(10 906 11)	(00 0)	(1 moo oo)	(0.000)	100 100/	101 07							

Note: Managerial Remuneration have been disclosed in Note No. 16 on Schedule 23

(De in less)

Schedules forming part of the Accounts

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

16. Managerial Remuneration :

			(Rs in lacs)
		2009-10	2008-09
(a)	Chairman and Managing Director		
	Salary and Allowances	151.50	6.00
	Perquisites	7.62	-
	Total	159.12	6.00
(b)	Whole-time Director		
	Salary and Allowances	124.80	5.65
	Perquisites	3.15	
	Total	127.95	5.65

Notes :

1. As the 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 included above.

2. Includes Rs. 56.52 lacs (Nil) transferred to Preoperative Expenses.

17. Auditor's Remuneration :

		(It's III lats)
	2009-10	2008-09
Statutory Audit Fees	22.50	22.50
Limited Review Fees	19.50	19.50
In other Capacity for certificates and others	21.80	7.90
Reimbursement for out of pocket expenses	1.45	1.12
Total	65.25	51.02

Out of above Rs. 49.66 lacs (Rs.51.02 lacs) included in Legal and Professional Charges and Rs. 15.59 lacs (Nil) adjusted under Securities Premium Account.

18. Interest in Joint Venture :

The Company has interest in following Joint Venture Companies which are in the process of setting up coal mining facilities at respective Coal blocks which they have been allotted. (Rs in lacs)

Particulars	20	09-10	2008-09
Name of the Joint Venture Company	Andal East Coal Company Pvt. Ltd.*	Rohne Coal Company Pvt. Ltd.	Rohne Coal Company Pvt. Ltd.
Company's share in Joint Venture	32.79%	6.90%	6.90%
Country of Incorporation	India	India	India
Proportionate share of the Company in the Joint Venture Companies			
Assets	20.44	134.79	117.08
Liabilities	0.59	0.08	4.07
Revenue	-	0.01	-
Other Expenses	0.64	0.10	2.35
Loss before tax	0.64	0.09	2.35

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

* As the Joint Venture Company is formed during the year, therefore no information is available for the previous year.

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

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

	2009-10	2008-09
Total Number of Equity shares held by the Promoter Group	32,367,585	32,317,983
Total Number of Equity shares pledged by the Promoter Group	1,395,600	1,395,600
Percentage of total shares pledged to total shareholding of the Promoter Group	4.31%	4.32%
Percentage of total shares pledged to total outstanding shares of the Company	2.19%	2.96%

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

20.1 Installed Capacity and Actual Production

Class of Goods	Unit	Instal	led Capacity	Actual	Production#
		2009-10	2008-09	2009-10	2008-09
Sponge Iron	Mt	345,000	345,000	287,180	264,690
Pig Iron	Mt	509,250	509,250	427,520	251,969
Steel Bars/Rods	Mt	260,000	260,000	183,769	176,052
Billet/MS Ingot	Mt	906,320	906,230	510,922	349,678
Ferro Alloys	Mt	106,618	81,118	51,290	38,065
Power		71.10 (MW/Hr)	71.10 (MW/Hr)	352,654,180 (Kwh)	230,431,698 (Kwh)

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

Includes production for third party conversion 11,500 Mt (10,905 Mt) and 9,606.40 Mt (23,430 Mt) in respect of Ferro Alloys and Steel Bars/Rods Respectively.

Sale of Finished	Unit	200	9-10	20	08-09
Goods*		Quantity	Rs in lacs	Quantity	Rs in lacs
Sponge Iron	Mt	54,555	8,274.43	76,878	16,226.72
Pig Iron	Mt	225,423	43,306.38	138,796	35,897.55
Steel Bars/Rods	Mt	166,995	45,858.70	155,560	52,937.56
Billet/MS Ingots #	Mt	347,285	82,255.12	187,193	51,767.88
Ferro Alloys #	Mt	31,888	13,667.02	21,450	15,720.53
Power	Kwh	28,869,200	817.38	11,185,532	220.53
M S Steel / M S	Mt	15	5.14	26,689	8,639.54
Imported Scrap	Mt	263	57.33	-	-
			194,241.50		181,410.31

#Includes Trial Run Sales of 1,846 MT (35,850 MT) valuing Rs. 640.85 lacs (Rs. 7,239.73 lacs) *excluding goods transferred for further processing as follows :

Captive Consumption of Finished Goods	Q	uantity (Mt)
	2009-10	2008-09
Sponge Iron	229,291	188,163
Pig Iron	197,461	122,420
Billet / Steel Ingot	170,659	159,070
Ferro Alloys	8,646	5,308

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

20.3 Purchase of Trading Goods	:	2009-10		2008-09
	Quantity (Mt)	Rs. in lacs	Quantity (Mt)	Rs. in lacs
M S Steel/ M S Channel	15	4.83	26,689	7,200.69
Imported	263	54.67	-	-
		59.50		7,200.69

Details of	2	009-10	2	008-09
Finished Goods	Quantity (Mt)	Rs. in lacs	Quantity (Mt)	Rs. in lacs
Opening 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
Closing Stock :				
Sponge Iron	3,789	537.50	455	61.0
Pig Iron\$	6,983	1,192.59	2,347	418.4
Steel Bars/Rods@	8,458	2,231.60	4,656	1,320.8
Billet /MS Ingot	9,395	2,192.85	16,417	3,893.3
Ferro Alloys	1,758	783.99	2,502	1,028.2
		6,938.53		6,721.9

\$ Net of Nil (109.50 Mt) lost in transit

@ Net of 3,366 MT (1,575 MT) value at Rs. 846.60 lacs (Rs. 548.21 lacs) used for self consumption in Fixed Asset.

Consumption of Raw	2009-	10	2008-	09
Materials#	erials# Quantity (Mt) Rs. in lacs		Quantity (Mt)	Rs. in lacs
Iron Ore	1,243,036	34,832.76	1,090,905	40,892.91
Iron ore Pellet	4,099	264.35	-	-
Manganese Ore	76,576	8,620.91	69,791	14,562.44
Pig Iron	7,668	1,488.96	226	522.26
Sponge Iron	120,118	16,633.42	74,022	11,623.25
Billet/Ingot	19,648	4,219.73	6,524	1,610.70
Steel Scrap & Wastes	19,632	1,290.68	22,114	2,610.97
Ferro Alloys	625	363.18	497	453.94
Coke / Coal	940,257	57,859.62	730,785	52,698.63
Quartzite, Limestone				
and Dolomite	180,812	2,128.65	139,527	1,577.42
		127,702.26		126,552.52

#including cost of raw materials sold and consumed during trial run process Rs.1,269.16 lacs (Rs. 1,133.78 lacs) and Rs. 735.30 lacs (Rs. 12,124.00 lacs) respectively.

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

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

Consumption	Raw N	Raw Materials*		Stores and Spare Parts*		
	Rs. in lacs	% of total Consumption	Rs. in lacs	% of total Consumption		
Imported	23,084.04 (40,805.71)	18.08 (32.25)	621.12 (71.71)	4.95 (1.06)		
Indigenous	104,618.22 (85,746.81)	81.92 (67.75)	11,938.75 (6,673.54)	95.05 (98.94)		
Total	127,702.26 (126,552.52)	100.00 (100.00)	12,559.87 (6,745.25)	100.00 (100.00)		

*Includes materials consumed during trial run process.

23. Value of Imports (Calculated on CIF basis)

	(
2009-10	2008-09
17,017.05	46,437.32
992.19	71.32
3,479.33	4627.27
21,488.57	51,135.91
	17,017.05 992.19 3,479.33

(Rs in lacs)

(Rs in lacs)

(Rs in lacs)

24. Expenditure in Foreign Currency (on accrual basis)

		(its in facs)
	2009-10	2008-09
Travelling Expenses	10.74	22.57
Others*	110.88	51.46
Total	121.62	74.03

*Includes Rs. 94.74 lacs adjusted under Securites Premium Accounts

25. Earnings in Foreign Currency (on accrual basis)

	2009-10	2008-09
Exports at FOB Value	5,367.96	5,736.22

26. Amount remitted in foreign currency on account of dividends :

		2009-10	2008-09
i)	Year to which the dividend relates	2008-09	2007-08
ii)	No. of non - resident shareholders	55	57
iii)	No. of Shares held	8,334,252	31,379
iv)	Amount remitted as dividend (Rs. in lacs)*	8.96	Nil

*Excludes dividend paid to non-resident shareholders in Indian Rupees aggregating to Rs. 24.37 lacs (Rs. 0.31 lacs)

27. 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.	For and on behalf of the Board of Directors						
Firm Regn No. 301003E Chartered Accountants	Aditya Jajodia Chairman & Managing Director	ya Jajodia Sanjiv Jajodia	Rajiv Jajodia Director				
Per R K Agrawal <i>Partner</i> Membership No. 16667	Chairman O Wanaging Director	Raj Kumar Sharma	Ajay Kumar Tantia Company Secretary				
Place : Kolkata Date : 26 th May, 2010							

	· · · · · · · · · · · · · · · · · · ·	IV of Schedule VI to the Con	· · · · · · · · · · · · · · · · · · ·		~ T		..: 1				
Da		ract and Company's G	eneral Dusin	les	5 Г	10	111	e			
I)	Registration Details										
	Registration No :	L27102WB1999PLC089755	State Code:							2	1
	Balance Sheet Date:	3 1 0 3 2 0 1 0									
II)	Capital Raised During The	Year (Amount in Rs. Thousands)									
	Public Issue	N I L	Rights Issue						N	Ι	L
	Bonus Issue	N I L	Private Placement		1	9	8	5	1	3	4
*Iss	ue of equity share at a premiu	um of Rs. 229.30									
III)	Position of Mobilisation and	d Deployment of Funds (Amount in l	Rs. Thousands)								
	Total Liabilities	2 5 8 7 3 8 5 7	Total Assets	2	5	8	7	3	8	5	7
	Sources of Funds										
	Paid-Up Capital	6 3 7 7 0 2	Reserves and Surplus		8	3	9	2	3	6	9
	Secured Loans	1 5 8 4 8 0 2 8	Unsecured Loans				7	3	4	6	7
			Deferred Tax Liabilities			9	2	2	2	9	1
	Application of Funds										
	Net Fixed Assets	1 8 0 9 5 2 5 6	Investments			8	2	0	1	5	8
	Net Current Assets	6 9 5 8 4 4 3	Miscellaneous						N	Ι	L
	Accumulated Losses	N I L	Expenditure								
IV)	Performance of Company (A	Amount in Rs. Thousands)									
	Turnover (Sales and other income	e) 1 9 4 0 2 8 2 1	Total Expenditure	1	8	9	1	0	5	5	2
	Profit Before Tax	4 9 2 2 6 9	Profit After Tax			3	1	8	0	8	5
	Earning Per Share - Basic Rs.	5.66	Dividend Rate %								4
	Earning Per Share – Diluted Rs.	5.33									
V)	Generic names of principal	products/Services of the Company (As per monetary Terr	ns)							
	Item Code No. (ITC Code)	Product Description									
	72031000	Sponge Iron									
	72061009	Steel Ingots									

For and on behalf of the Board of Directors

Steel Bars/Rods

Aditya Jajodia Chairman & Managing Director

Sanjiv Jajodia Wholetime Director

Raj Kumar Sharma *Chief Financial Officer* **Rajiv Jajodia** Director

Ajay Kumar Tantia Company Secretary

Place : Kolkata Date : 26th May, 2010

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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 of	on : 31 st March, 2010
 a. Number of Shares held by Jai Balaji Industries Limited in the Subsidiary at the end of the Financial year of the Subsidiary Company. 	: 34,948,727 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%
 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	s
i) For the Financial year ended 31st March, 2010	: Rs. 394.49 Lacs
ii) For the previous Financial year of the Subsidiary Company since it became the Holding Company's Subsidiary	: Rs. 82.80 Lacs
b) Dealt with in the Holding Company's account	
i) For the Financial year ended 31st March, 2010	: Nil
ii) For the previous Financial year of the Subsidiar Company since it became the Holding Company's Subsidiary	y : Rs. 24.74 Lacs

For and on behalf of the Board of Directors

Aditya Jajodia Chairman & Managing Director **Sanjiv Jajodia** Wholetime Director

Raj Kumar Sharma *Chief Financial Officer* **Rajiv Jajodia** Director

Ajay Kumar Tantia *Company Secretary*

Place : Kolkata Date : 26th May, 2010

Auditor's Report on the Consolidated Financial Statements

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 companies ("the Group") as at March 31, 2010 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 Jai Balaji Industries Limited'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 subsidiary and joint venture companies, whose financial statements reflect total assets of Rs. 20.384.54 lacs as at March 31. 2010. total revenue of Rs. 12,064.71 lacs and cash outflows amounting to Rs. 38.37 lacs. These financial statements and other financial information have been audited by other auditors whose report have been furnished to us, and our opinon, in so far as it relates to the amounts included in respect of the subsidiary and joint venture companies, 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 the Group as at March 31, 2010.
 - in the case of Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and;
 - c. in the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For S. R. Batliboi & Co. Firm Regn. No. 301003E Chartered Accountants

per **R K. Agrawal** Place : Kolkata Partner Date : May 26, 2010 Membership No. 16667

Consolidated Balan	e Sheet as at 31st March, 2010
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	· ·		
			(Rs. in lacs)
	Schedule	As at 31st	As at 31s
		March, 2010	March, 2009
SOURCES OF FUNDS			
Shareholders' Fund :			
a) Share Capital	1	6,377.02	4,711.47
b) Money received towards Equity warrants		-	6,178.41
(Refer Note 8 (a) on Schedule 23)			
c) Reserves and Surplus	2	87,128.96	34,055.53
Loan Funds :			
a) Secured Loans	3	160,917.61	154,846.35
b) Unsecured Loans	4	834.67	28,010.24
Deferred Tax Liabilities (Net)	5	9,653.77	7,718.72
TOTAL		264,912.03	235,520.72
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	6	147,029.52	141,185.08
Less : Accumulated Depreciation / Amortisation		22,274.16	15,120.65
Net Block		124,755.36	126,064.43
Capital Work in Progress and	7	63,285.30	32,074.35
Pre-operative Expenditure Pending Allocation			
		188,040.66	158,138.78
Investments	8	365.01	367.08
Current Assets, Loans and Advances	-		
a) Inventories	9	50,016.73	53,050.05
b) Sundry Debtors	10	33,990.04	26,264.10
c) Cash and Bank Balances	11	2,332.30	2,246.32
d) Other Current Assets	12	9,151.03	5,761.04
e) Loans and Advances	13	19,569.38	22,722.40
	10	115,059.48	110,043.91
Less: Current Liabilities and Provisions	14	.,	
a) Current Liabilities		37,793.16	32,580.98
b) Provisions		759.96	448.07
		38,553.12	33,029.05
Net Current Assets		76,506.36	77,014.86
TOTAL		264,912.03	235,520.72
Significant Accounting Policies and Notes on Account	its 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. Firm Regn No. 301003E *Chartered Accountants* For and on behalf of the Board of Directors

Aditya Jajodia Chairman & Managing Director

Sanjiv Jajodia Wholetime Director

Raj Kumar Sharma *Chief Financial Officer* **Rajiv Jajodia** Director

Ajay Kumar Tantia Company Secretary

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

Place : Kolkata Date : 26th May, 2010

Consolidated Profit and Loss Account for the year ended 31st March, 2010

(Rs. in lacs)

	Schedule	2009-10	2008-09
INCOME			
Sales and Services (Gross)	15	204,954.30	188,985.94
Less: Excise Duty and Cess		12,830.26	17,740.40
Sales and Services (Net)		192,124.04	171,245.54
Other Income	16	2,694.13	3,159.80
TOTAL		194,818.17	174,405.34
EXPENDITURE			
(Increase) / Decrease in Stocks	17	(1,994.11)	5,946.58
(Increase)/Decrease in Excise Duty and Cess on Stocks		96.35	(1,369.82)
(Refer Note 13 on Schedule 23)			
Raw Materials Consumed	18	126,016.25	110,992.09
Purchase of Trading Goods		59.50	7,200.69
Manufacturing Expenses	19	34,745.32	22,912.72
Personnel Cost	20	4,705.79	3,306.88
Selling, Distribution and Administrative Expenses	21	3,920.78	5,594.97
Prior Period Expenditure (Net)		86.75	71.68
Interest and Finance Charges	22	14,422.68	13,235.50
Depreciation / Amortisation		7,283.28	5,462.85
Less : Transfer from Capital Reserve		-	(49.79)
Total		189,342.59	173,304.35
Profit before tax		5,475.58	1,100.99
Less/(Add):			
Current Tax [Including Rs. 276.15 lacs (Rs. 136.59 lacs) for	earlier years]	1,251.75	258.52
MAT Credit Entitlement		(1,250.89)	(121.92)
Deferred Tax Charge		1,935.05	753.27
Fringe Benefit Tax		-	27.30
Total Tax Expenses (Net)		1,935.91	917.17
Profit after tax		3,539.67	183.82
Add: Balance Brought Forward From Previous Year		14,213.67	14,291.59
Balance carried to Balance Sheet		17,753.34	14,475.41
Appropriations			
Proposed Dividend		255.13	221.94
Tax on Dividend		42.37	37.72
Transfer to General Reserve		-	2.08
Balance carried to Balance Sheet		17,455.84	14,213.67
		17,753.34	14,475.41
Earning Per Share (Nominal Value per share Rs. 10)			
Basic (Rs.)		6.30	0.39
Diluted (Rs.)		5.93	0.32
(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. Firm Regn No. 301003E *Chartered Accountants*

For and on behalf of the Board of Directors

Aditya Jajodia Chairman & Managing Director

Sanjiv Jajodia Wholetime Director

Raj Kumar Sharma *Chief Financial Officer* **Rajiv Jajodia** Director

Ajay Kumar Tantia Company Secretary

Membership No. 16667 Place : Kolkata Date : 26th May, 2010

Per R K Agrawal

Partner



Consolidated Cash Flow Statement for the year ended 31st March, 2010

(Rs. in lacs)

	2009-10	2008-09
A : Cash Flow from Operating Activities		
Net Profit Before Taxes	5,475.58	1,100.99
Adjustments For :		
Depreciation/Amortisation (Net)	7,283.28	5,413.06
Loss on Sale of Fixed Assets	3.93	18.83
Irrecoverable Debts and Advances Written off	67.53	76.57
Provision for Doubtful Debts/Advances (net)	134.30	151.37
Liabilities no longer required written back	(357.92)	(176.44)
Interest on Term Loans and Others	13,871.56	12,780.61
Provision for Diminution in the value of Investments	-	4.84
Reversal of provision for Diminution in the value of Investments	(2.05)	-
Dividend from long term Non Trade Investments	(1.36)	(0.29)
Profit on sale of long term Non Trade Investments	(3.76)	-
Prior Period Expenditure (net)	86.75	71.68
(Gain)/Loss on Foreign Exchange Fluctuations (Net)	(156.85)	816.69
Interest Income	(1,152.01)	(2,086.36)
Operating Profit Before Working Capital Changes	25,248.98	18,171.55
Movement in Working Capital		
Sundry Debtors	(5,411.72)	6,458.38
Loans and Advances and Other Current Assets	(2,362.83)	(5,622.45)
Inventories	3,033.32	(5,584.56)
Trade and Other Payables	3,229.65	5,075.62
Cash Generated From Operating Activities	23,737.40	18,498.54
Direct Taxes paid (net of refunds)	(541.50)	(1,205.23)
Net Cash generated from Operating Activities	23,195.90	17,293.31
: Cash Flow From Investing Activities		
Purchase of Fixed Assets	(35,718.20)	(41,281.77)
Proceeds from Sale of Fixed Assets	106.48	167.76
Capital Subsidy received	-	164.68
Purchase of Investments/application money paid in		
a Joint Venture Company /Others	(1.54)	(6.41)
Proceeds from sale of Investments	8.38	9.00
Dividend from long term Non Trade Investments	1.36	0.29
Refund received of Loan given to a Body Corporate	2,900.00	2,500.00
Interest received	1,024.24	1,984.89
Net Cash Used In Investing Activities	(31,679.28)	(36,461.56)
Consolidated Cash Flow Statement (Contd.)

(Rs. in lacs)

	2009-10	2008-09
C: Cash Flow From Financing Activities		
Proceeds from Call in Arrears of equity share capital	0.09	0.01
Proceeds from issue of equity share capital	19,851.34	-
Advance against preference share application	0.78	2.90
Share Issue Expenses	(1,083.79)	
Proceeds from long/short term Borrowings	36,741.30	61,926.47
Repayment of long/short term Borrowings	(30,528.47)	(25,498.33)
Interest Paid	(16,883.85)	(17,024.95)
Dividend Paid	(221.71)	(469.96)
Tax on Dividend paid	(37.72)	(80.10)
Net Cash generated from Financing Activities	7,837.97	18,856.04
Net Decrease in Cash and Cash Equivalents (A+B+C)	(645.41)	(312.21)
Cash and Cash Equivalents as at the beginning of the year	1,069.21	1,381.42
Cash and Cash Equivalents as at the end of the year	423.80	1,069.21
Components of cash and cash equivalents		
Cash in hand	29.13	74.61
Cheques in hand	0.56	322.49
Balance with Scheduled Banks on:		
Current Account	389.12	666.35
Fixed Deposit Account	1,908.50	1,178.11
Unclaimed Dividend Account *	4.83	4.60
Unclaimed Fractional Share Balance*	0.16	0.16
Cash and Bank Balances as per Schedule 11	2,332.30	2,246.32
Less : Fixed deposits not considered as cash equivalents	1,908.50	1,177.11
Cash and Cash Equivalents in Cash Flow Statement:	423.80	1,069.21

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

As per our attached report of even date

For and on behalf of the Board of Directors

Aditya Jajodia Chairman & Managing Director **Sanjiv Jajodia** Wholetime Director

Raj Kumar Sharma Chief Financial Officer **Rajiv Jajodia** Director

Ajay Kumar Tantia Company Secretary

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

For S. R. Batliboi & Co.

Firm Regn No. 301003E

Chartered Accountants

Place : Kolkata Date : 26th May, 2010

		(Rs. in lacs)
	As at 31st March, 2010	As at 31st
Schedule 1: Share Capital	March, 2010	March, 2009
Authorised		
	10,100,00	10 100 00
101,000,000 Equity shares of Rs. 10 /- each	10,100.00	10,100.00
	10,100.00	10,100.00
Issued, Subscribed and Paid up		
63,781,486 (47,126,900) Equity shares of Rs. 10 /- each	6,378.15	4,712.69
Less: Calls in Arrear (other than directors)	1.13	1.22
	6,377.02	4,711.47
Note : Out of the above, 22,000,000 equity shares of		
Rs. 10 /- each were issued for consideration other than cash in earlier years		
Schedule 2: Reserves and Surplus		
Capital Reserve		
Balance as per Last Account	2,764.80	2,764.80
Add: Transfer on Forfeiture of Equity Share Warrants	6,178.41	
[Refer Note 8(a) on Schedule 23]	8,943.21	2,764.80
Amalgamation Reserve	0,743.21	2,704.00
Balance as per Last Account	4,400.00	4,400.00
Capital Investment Subsidy	4,400.00	4,400.00
	774.01	400.00
Balance as per Last Account	774.81	498.92
Add: Capital Subsidy received during the year	-	325.68
Less: Transferred to Fixed Assets	774.81	-
Less : Allocated to Depreciation	-	49.79
	-	774.81
Securities Premium Account		
Balance as per Last Account	1,575.17	1,575.17
Add :		
Received during the year on issue of further equity shares		
through qualified institutional placement	19,021.78	
Credited on Conversion of Zero Coupon Compulsorily Convertible Debentures	26,489.67	-
Less : Adjusted towards expenses incurred on issue of equity shares	1,083.79	_
	46,002.83	1,575.17
General Reserve		
Balance as per Last Account	10,327.08	10,325.00
Add : Transfer from Profit and Loss Account	-	2.08
	10,327.08	10,327.08
Balance in Profit and Loss Account	17,455.84	14,213.67
	87,128.96	34,055.53

		(Rs. in lacs)
	As at 31st March, 2010	As at 31st March, 2009
Schedule 3 : Secured Loans		
Term Loans		
Long Term :		
Rupee Loans		
Banks	70,501.36	68,128.88
Financial Institutions	7,548.77	9,737.83
Foreign Currency Loans		
Banks	10,997.07	8,819.82
Short Term Rupee Loans from Banks: (Repayable within one year)	11,381.79	-
Working Capital Finance		
From Banks		
(i) In Rupees	53,830.27	51,711.88
(ii) In Foreign currency	5,950.23	15,603.79
Deferred Payment Credits	117.13	444.19
Interest Accrued and Due	590.99	399.96
	160,917.61	154,846.35

Notes :

- 1. Term Loans from banks and financial institutions are secured as follows:-
 - (a) Rs.72,683.85 lacs (Rs.67,812.71 lacs) by way of equitable mortgage created / to be created on the immovable assets and first charge on the fixed assets pertaining to the Company's units at Ranigunje and Durgapur in the State of West Bengal, both present and future, except to the extent indicated in Note 1(f) and 3 below, lien on fixed deposits of Rs.145.00 lacs (Rs.145.00 lacs) with banks and second charge on the entire current assets, both present and future, pertaining to the Company's above units at Ranigunje and Durgapur.
 - (b) Rs.1,128.68 lacs (Rs.609.85 lacs) by way of equitable mortgage created / to be created on the immovable assets and first charge on the fixed assets of the Subsidiary, both present and future.
 - (c) Rs.4,873.00 lacs (Rs.6,042.16 lacs) 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.
 - (d) Rs.20,374.61 lacs (Rs.10,112.84 lacs) by way of subservient charge on the entire Fixed and Current Assets of the Company.
 - (e) Rs.160.30 lacs (Rs.123.77 lacs) against lien on the subsidies receivable from Government of West Bengal.
 - (f) Rs.1,208.55 lacs (Rs.1,985.20 lacs) against Railway Rakes procurred and given to Railway under the Wagon Investment Scheme.
- 2. Working Capital facilities from banks are secured as follows:-
 - (a) Rs.55,971.44 lacs (Rs. 62,381.86 lacs) by hypothecation of all current asset pertaining to the Company's units at Ranigunje and Durgapur in the State of West Bengal, including raw materials, finished goods and book debts, both present and future and second charge on the fixed assets, both present and future, pertaining to the Company's above units at Ranigunje and Durgapur.
 - (b) Rs.1,304.03 lacs (Rs. 2,875.25 lacs) by hypothecation of all current asset pertaining to the Subsidiary, including raw materials, finished goods and book debts, both present and future and second charge on the fixed assets, both present and future.
 - (c) Rs.2,505.03 lacs (Rs.2,058.56 lacs) 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.
- 3. Deferred Payment Credits are secured by hypothecation of the assets acquired under the respective agreements.
- 4. All the loans as referred to above (excluding Rs.160.30 lacs from financial institutions and Rs.28.88 lacs related to deferred payment credit) are further secured by the personal guarantee of certain promoter directors of the Company and its Subsidiary, loans aggregating to Rs 22,209.28 lacs were further secured by pledge of 1,395,600 equity shares of the Company held by the promoters, which have since been released and Rs 2,053.58 lacs taken by Subsidiary are further secured by corporate guarantees of a promoter group Company.
- 5. Long term loans and Deferred Payment Credits include Rs.20,234.74 lacs (Rs.15,978.37 lacs) payable within one year.

		(Rs. in lacs)
	As at 31st March, 2010	As at 31st March, 2009
Schedule 4: Unsecured Loans		
Debentures		
8,359,000 Zero Coupon Compulsorily Convertible Debentures		
of Rs. 326.90 each	-	27,325.57
(Converted into equity shares during the year)		
[Refer Note 8 (b) on Schedule 23]		
Interest free sales tax loan *	634.67	684.67
Short Term Loans		
From bodies corporate (repayable on demand)	200.00	-
	834.67	28,010.24
* Includes amount repayable within one year Rs. 275.18 lacs (Rs.134.75 lacs).		
Schedule 5: Deferred Tax Liabilities (Net) #		
Balance as per Last Account	7,718.72	6,965.45
Add: Created for the year	1,935.05	753.27
	9,653.77	7,718.72

#(Refer Note 12 on Schedule 23)

Schedule 6 : Fixed Assets

(Rs. in lacs)

	Gross Block Depreciation/Amortisa		/Amortisat	ion	Net I	Block				
Description	As at 31st March, 2009	Additions	Deduc- tions	As at 31st March, 2010	Up to 31st March, 2009	For the year	Deduc- tions	Up to 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
Freehold Land	2,060.68	1,247.09	6.70	3,301.0 7 (a)	-	-	-	-	3,301.07	2,060.68
Leasehold Land	689.30	-	-	689.30	78.62	15.86	-	94.48	594.82	610.68
Factory Buildings	16,544.57	1,266.40	46.23	17,764.74	1,026.76	571.95	4.70	1,594.01	16,170.73	15,517.81
Railway Siding	4,119.14	179.31	-	4,298.45	142.95	196.64	-	339.59	3,958.86	3,976.19
Plant and Machinery	103,515.46	3,055.00	902.36	105,668.10 (b)	11,837.36	5,700.31	115.67	17,422.00	88,246.10	91,678.10
Electrical Installations	13,256.02	949.56	38.36	14,167.22	1,666.25	674.90	6.80	2,334.35	11,832.87	11,589.77
Furniture, Fixtures and Office Equipments	669.49	132.52	1.73	800.28	275.70	90.14	0.77	365.07	435.21	393.79
Vehicles	330.42	18.67	8.73	340.36 (b)	93.01	33.48	1.83	124.66	215.70	237.41
Total	141,185.08	6,848.55	1,004.11 (C)	147,029.52	15,120.65	7,283.28	129.77 (C)	22,274.16	124,755.36	126,064.43
Previous Year's Total	98,699.84	42,655.91	170.67	141,185.08	9,673.56	5,462.85	15.76	15,120.65	126,064.43	

Notes :

(a) Title deeds of certain freehold land are pending for mutation / conveyance in the name of the Company.

(b) Includes assets taken on finance lease as disclosed in Note 6 on Schedule 23. Gross Block Rs. 1,362.16 lacs (Rs. 1,361.98 lacs) and Net Block Rs. 902.00 lacs (Rs.967.62 lacs).

(c) Includes Rs.896.51 lacs in Gross Block and Rs.121.70 lacs in accumulated depreciation upto March 31, 2009 adjusted on account of capital investment subsidy received in previous year.

			(Rs. in lacs)
		As at 31st March, 2010	As at 31st March, 2009
Sch	nedule 7: Capital Work in Progress and		
	Pre-Operative Expenditure Pending Allocation		
Α			
	Buildings	9,617.93	8,411.31
	Railway Siding	1,242.56	2,216.11
	Plant and Machinery	35,096.50	35,554.18
	Electrical Installations	5,178.07	3,102.60
	Advances for Land	5,368.84	6,237.94
	Mining Land	502.41	199.81
	Other Capital Advances	5,660.71	1,547.62
	Sub Total	62,667.02	57,269.57
	Less : Transferred to Fixed Assets	5,657.86	27,166.07
	Total A :	57,009.16	30,103.50
B	Pre-operative Expenditure Pending Allocation		
	Opening Balance	1,970.83	1,289.62
	Additions		
	Power and Fuel	275.48	66.72
	Equipment Hire Charges	160.31	156.66
	Salaries, Wages and Bonus	285.74	151.90
	Directors' Remuneration	98.52	_
	Rent and Hire	52.07	0.29
	Rates and Taxes	17.89	44.15
	Insurance	16.56	20.19
	Travelling and Conveyance	45.94	22.47
	Telephone and Postage	15.88	2.01
	Legal and Professional Charges	206.79	169.57
	Miscellaneous Expenses	281.49	57.64
	Depreciation	0.03	_
	Interest on Term Loans	3,095.11	3,865.53
	Bank Guarantee Charges	22.36	_
	Finance Charges	104.64	182.99
	Sub Total	6,649.64	6,029.74
	Less : Transferred to Fixed Assets	373.50	4,058.89
	Total B :	6,276.14	1,970.85



		(Rs. in lacs)
	As at 31st	As at 31st
	March, 2010	March, 2009
C TRIAL RUN EXPENSES		
Raw Materials Consumed	735.30	12,124.00
Personnel Cost		
Salaries, Wages and Bonus	11.85	78.63
Contribution to Provident and Other Funds	2.27	1.59
	14.12	80.22
Manufacturing, Selling and Distribution and Administrative Exp	enses	
Consumption of Stores and Spares	16.13	557.50
Labour Charges	23.58	71.39
Power and Fuel	265.79	757.23
Repairs and Maintenance to Others	-	2.05
Rent and Hire	0.56	50.08
Legal and Professional Charges	-	18.53
Miscellaneous Expenses	6.69	19.33
	312.75	1,476.11
Interest and Finance Charges		
Interest on Term Loans	66.43	-
Finance Charges	4.90	11.08
	71.33	11.08
Sub Total	1,133.50	13,691.41
Less:		
Sales of Finished Goods [Net of Excise duty and cess Rs.16.80 lacs (Rs 598.94 lacs)]	624.05	6,640.79
Subsidy on Sales Tax / Value Added Tax	5.30	164.70
Stock of Semi Finished Goods Consumed in Production process	_	2,040.13
Closing stock of Finished Goods at the end of Trial-run period of a	project 37.42	824.42
Sub Total	666.77	9,670.04
	466.73	4,021.37
Less : Transferred to Fixed Assets	466.73	4,021.37
Total C:	-	-
Grand Total (A+B+C)	63,285.30	32,074.35

Schedule 8 : Investments	Nos.	Face Value per Share Rs.	As at 31st March, 2010	(Rs. in lacs) As at 31st March, 2009
Long Term (at cost)				
Fully Paid up Equity Shares (except stated ot	herwise)			
Non Trade (Unquoted)				
Calcutta Stock Exchange Limited	16,726	1	334.52	334.52
Government Securities				
National Savings Certificate			0.62	0.12
(Deposited with Third Parties)				
(Quoted) UCO Bank Limited	- (1,600)	10	-	0.19
Vijaya Bank Limited	(200)	10	-	0.05
Allahabad Bank Limited	- (5,344)	10	-	4.38
Talbros Automotive Component Limited	5,682	10	5.80	5.80
Shyama Infosys Limited	366,200	10	25.91	25.91
Shri Nidhi Trading Company Limited	10,500	10	0.95	0.95
			32.66	37.28
Less : Provision for Diminution in Value of Inv	vestments*		2.79	4.84
			29.87	32.44
			365.01	367.08
Aggregate Value of Investments				
– Quoted			29.87	32.44
– Unquoted			335.14	334.64
Market Value of Quoted Investments			45.72	46.16
*on investment in Talbros Automotive Compo	onent Limited			
Schedule 9 : Inventories				
Raw Materials [Including in transit Rs. 2,711.04 lacs (Rs. 3,573	8.24 lacs)]		35,609.94	40,035.39
Stores and Spares [Including in transit Rs. 13.48 lacs (Rs. 32.85 lac	cs)]		3,731.50	3,491.91
Work-in-Process			399.34	847.73
Finished Goods			8,396.90	7,816.95
By Products			1,879.05	858.07
			50,016.73	53,050.05

		(Rs. in lacs)	
	As at 31st March, 2010	As at 31st March, 2009	
Schedule 10 : Sundry Debtors			
(Unsecured, Considered Good unless otherwise stated)			
Debts outstanding for more than six months			
Considered good	4,149.15	3,844.77	
Considered doubtful	170.94	117.40	
Other Debts	29,840.89	22,419.33	
	34,160.98	26,381.50	
Less : Provision for Doubtful Debts	170.94	117.40	
	# 33,990.04	26,264.10	

Includes Rs. Nil (Rs. 171.59 lacs) 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	29.13	74.61
Cheques in hand	0.56	322.49
Balance with Scheduled Banks on:		
Current Account	389.12	666.35
Fixed Deposit Account *	1,908.50	1,178.11
Unclaimed Dividend Account	4.83	4.60
Unclaimed Fractional Share Balance	0.16	0.16
	2,332.30	2,246.32

* Receipts aggregating to Rs. 1,907.50 lacs (Rs. 1,177.11 lacs) pledged with Banks as Margin Money against Borrowings/Other facilities.

Schedule 12: Other Current Assets		
Interest Receivable on Loans, Advances and Deposits	326.10	231.26
Subsidies and Incentives Receivable	8,824.93	5,529.78
	9,151.03	5,761.04
Schedule 13: Loans and Advances		
(Unsecured, Considered Good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received @	7,151.86	7,459.35
[Net of Provision for Doubtful Advances Rs.396.32 lacs (Rs.315.56 lacs)]		
Loans to Bodies Corporate (Receivable on demand)	6,800.00	9,700.00
Share Application Money to Joint Venture Company	3.77	3.51
Security Deposits	308.12	271.19
MAT Credit Entitlement	2,839.85	1,588.74
Balance with Excise and other Government Authorities	2,073.06	2,697.76
Advance Income Tax/Tax Deducted at source (net of provisions)	-	563.18
Sales Tax and Other Refunds Receivable	392.72	438.67
	19,569.38	22,722.40

@ Includes Rs.Nil (Rs. 11.14 lacs) due from a private limited company in which a director of the Company is a director

		(Rs. in lacs)
	As at 31st March, 2010	As at 31st March, 2009
Schedule 14: Current Liabilities and Provisions		
A. Current Liabilities		
Acceptances	5,977.88	3,811.43
Sundry Creditors for goods, services and expenses		
(a) Dues towards Capital Goods	4,460.74	5,296.29
(b) Dues to Other Creditors	20,717.46	20,710.04
Advances from Customers	4,846.96	1,793.75
Book Overdraft	46.04	-
Creditors for other finance	1,730.04	951.78
Investor Education and Protection Fund		
(To be deposited as and when due)		
(a) Unclaimed Dividend	4.83	4.60
(b) Unclaimed Fractional Shares Liability	0.16	0.16
Interest Accrued but not due on Loans	9.05	12.93
	37,793.16	32,580.98
B. Provisions :		
Gratuity	180.90	105.23
Leave Salary	91.75	73.88
Provision for Taxation (net of Advances)	189.81	-
Proposed Dividend	255.13	221.94
Tax on Proposed Dividend	42.37	37.72
Fringe Benefit Tax (Net of Advances)	-	9.30
	759.96	448.07

Schedules forming part of the Consolidated Profit and Loss Account

		(Rs. in lacs)
	2009-10	2008-09
chedule 15 : Sales and Services		
Finished Goods	193,971.70	176,229.95
Saleable Scraps and By Products	2,515.00	2,025.53
Sale of Raw Materials	1,801.26	5,001.22
Conversion Charges	2,603.64	2,415.66
Subsidy on Sales Tax/Value Added Tax	3,098.79	2,467.37
Export Incentives	219.42	14.85
Service and other Charges	744.49	831.36
	204,954.30	188,985.94

Schedules forming part of the Consolidated Profit and Loss Account

(Rs. in lacs)

	2009-10	2008-09
Schedule 16: Other Income		
Interest on :		
(a) Fixed Deposits with Banks	110.08	111.92
[Gross, Tax deducted at Source Rs 9.70 lacs (Rs.23.46 lacs)]		
(b) Loans and Advances	1,039.26	1,974.44
[Gross, Tax deducted at Source Rs.25.70 lacs (Rs.77.94 lacs)]		
(c) Income Tax Refund	2.67	-
Commission Received	859.24	520.12
Dividend from long term non trade Investments	1.36	0.29
Insurance Claims	79.33	59.07
Liabilities no longer required written back	357.92	176.44
Reversal of provision for Diminution in the value of Investment	2.05	_
Reversal of provision for doubtful debts	68.21	151.37
Profit on sale of long term non trade Investments	3.76	_
Gain on Foreign Exchange Fluctuations (Net)	156.85	-
Miscellaneous Income	13.40	166.15
	2,694.13	3,159.80
Schedule 17: (Increase) / Decrease in Stocks		
Opening Stocks :	0.47 70	100.00
Work-in-Process	847.73	103.82
Finished Goods	7,816.95	14,204.44
By Products	858.07	884.86
	9,522.75	15,193.12
Add: Stock transferred from Trial Run period (Refer Schedule 7)	37.42	824.42
	9,560.17	16,017.54
Less:		
Closing Stocks :	000.04	0.47 70
Work-in-Process	399.34	847.73
Finished Goods	8,396.90	7,816.95
By Products	1,879.05	858.07
	10,675.29	9,522.75
Less : Transferred to Fixed Assets	(1,115.12)	6,494.79
Less : Transferred to Fixed Assets	878.99 (1,994.11)	548.21 5,946.58
	(-,-,-,-,-,-,-,-,-,-,-,-,-,-,-,-,-,-,-,	
Schedule 18: Raw Materials Consumed	40.007.00	00.114.00
Opening Stock	40,035.39	30,417.08
Add: Purchases #	121,590.80	120,610.40
	161,626.19	151,027.48
Less: Closing Stock	35,609.94	40,035.39
	126,016.25	110,992.09

#Net of gain/(loss) on exchange fluctuations of Rs. 86.22 lacs [Rs. (1,637.21) lacs]

Schedules forming part of the Consolidated Profit and Loss Account

(Rs. in lacs)

	2009-10	2008-09
Schedule 19 : Manufacturing Expenses		
Consumption of Stores and Spares	12,621.01	6,300.02
Labour Charges	3,488.03	2,663.61
Power and Fuel [Net of power subsidy Rs. 53.20 lacs (Rs. 110.21 lacs)]	14,956.08	10,879.01
Repairs and Maintenance:		
- Plant and Machinery	1,106.42	1,403.87
- Buildings	111.30	192.18
- Others	365.14	123.85
Water Charges	359.34	303.33
Equipment Hire Charges	754.17	354.30
Other Expenses	983.83	692.55
r	34,745.32	22,912.72
Schedule 20 : Personnel Cost		
Salaries, Wages and Bonus	3,829.33	2,842.75
Contribution to Provident and Other Funds	441.24	303.88
Staff Welfare Expenses	204.67	148.60
Directors' Remuneration	230.55	11.65
	4,705.79	3,306.88
Schedule 21 : Selling, Distribution and Administrative Expenses		
Freight and Transportation	1,738.12	1,792.67
Rent and Hire	94.47	141.74
Export Duty	-	368.88
Rates and Taxes	66.74	112.81
Insurance	102.58	161.90
Advertisement	84.63	133.76
Brokerage and Commission (Other than Sole Selling Agents)	91.32	149.21
Travelling and Conveyance	326.38	326.80
Telephone and Postage	83.85	86.32
Legal and Professional Charges (Refer Note 17 on Schedule 23)	369.88	298.53
Directors' Fees	1.65	1.45
Provision for Doubtful Debts and Advances	265.51	315.57
Irrecoverable Debts and Advances Written off 67.53	200.01	010.07
Less : Adjusted against Provision(63.00)	4.53	76.57
Provision for Diminution in the Value of Investments	4.55	4.84
Loss on Foreign Exchange Fluctuations (Net)		816.69
Charity and Donations	31.75	19.82
-		315.91
Security and Service Charges Loss on Sale of Fixed Assets	347.83	
	3.93	18.83
Miscellaneous Expenses	307.61 3,920.78	452.67 5,594.97
Schedule 22 : Interest and Finance Charges		
Interest on		
	0 990 74	7 01 / 11
- Term Loans	8,239.74	7,014.11
- Others	5,631.82	5,766.50
Finance Charges	551.12	454.89
	14,422.68	13,235.50

Schedule 23 : Significant Accounting Policies and Notes on Accounts

1. Significant Accounting Policies

(a) PRINCIPLES OF CONSOLIDATION:

- i) The Consolidated Financial Statements which relate to Jai Balaji Industries Limited and its subsidiary and joint ventures, 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, 2010	As at March 31, 2009	
Nilachal Iron & Power Ltd. (NIPL)	India	100%	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-byline 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. 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.

- iv) The difference of the cost to the
- v) The Joint Venture Companies considered in the financial statements are as follows :

Name of the Joint Venture Company	Country of Incorporation	Proportion of Ownership / interest		
		As at March 31, 2010	As at March 31, 2009	
Rohne Coal Company Private Ltd.	India	6.90%	6.90%	
Andal East Coal Company Private Ltd.*	India	32.79%	_	

* The Company has entered into an agreement to form a joint venture company w.e.f. January 21, 2010

- 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 in respective 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 March 31, 2010.
- (b) 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 are consistent with those used in the previous year.

(c) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management

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

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

- The classification of Plant and Machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.
- Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management which is equal to the rates prescribed under Schedule XIV of the Companies Act, 1956, except for Railway Wagons as stated below.
- 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 Indian 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.

(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 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 to Expense.

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.

Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of shareholders' funds.

(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.

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

(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 and 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.

(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 respective fund is due. There is no obligation other than the contribution payable to provident fund.

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

- 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. Unrecognised past service cost arising at the time of change in plan measures are charged to profit and loss account on a straight line basis over the period of vesting of the defined benefit obligation.
- 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 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.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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.

(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 and Steel and hence treated as a single reportable segment as per Accounting Standard-17. The Company at present primarily

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

operates in India and therefore the analysis of geographical segments is not applicable to the Company.

(r) Earnings Per Share

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

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 year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year 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) Contingent Liabilities

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

(Rs. in lacs)

. C	ontingent liabilities not provided for :		
	As at 31	st March, 2010	As at 31st March, 2009
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]	2,050.55	1,536.71
	ii) Sales Tax / VAT matters under dispute/appeal	9,579.39	10,727.92
	iii) Others	188.86	26.25
b)	Letters of Credit, Bills discounted and Bank Guarantees outstanding	6,974.22	5,959.98
c)	Customs Duty on Import of Equipment and spare parts under EPCG Scheme	1,202.14	1,727.97
d)	Guarantees and Counter guarantees given by the Company for loans obtained by subsidiary company	1,500.00	1,500.00
e)	Guarantee given for Joint Venture Companies in terms of the joint venture agreements.	1,412.46	900.00
Ca	stimated amount of contracts remaining to be executed on apital Account and not provided for let of Advances Rs.11,029.55 lacs (Rs. 7,785.56 lacs)]	12,503.08	3,612.46

4. In respect of an electricity supply matter where the Electricity Supply Company ("the Supplier") has demanded enhanced charges, the matter was challenged by the Company at the Appellate Tribunal for Electricity ("the Tribunal"). The Tribunal vide its order dated May 10, 2010 dismissed the appeal of the Supplier and directed to implement the tariff as determined by the Central Electricity Regulatory Commission vide its Order dated August 6, 2009. The Tribunal has also directed to the supplier to revise the bills raised by it for electricity consumption by the Company since April, 2006 onwards and refund / adjust the excess amount billed and collected along with interest. Pending receipt of the revised bill from the supplier and the Company's inability to estimate such revised amount, refund / adjustments, which are presently unascertainable, would be considered on receipt of revised bills from the supplier.

Notes on 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.2,974.87 lacs (Rs. 2,533.35 lacs) including Rs. Nil (Rs. 328.05 lacs) for earlier years and in case of Subsidiary Company, from the Government of Jharkhand under the Jharkhand Industrial Policy aggregating to Rs. 320.32 lacs (Rs. 360.67 lacs) including Rs 51.83 lacs (Rs. Nil) relating to earlier years:
(Rs. in lacs)

				(its. iii lacs)
Sl. No.	Particulars	Account to which credited	2009-10	2008-09
a)	Industrial Promotion Assistance*	Sales of Finished Goods/Trial Run Sales of Finished Goods	3,104.09	2,632.07
b)	Power Subsidy	Power and Fuel	53.20	110.21
c)	Interest Subsidy	Interest on Fixed Loans	137.90	151.74
			3,295.19	2,894.02

*includes Rs. 5.30 lacs (Rs. 164.70 lacs) on account of sale of Finished goods under trial run

6. Plant and Machinery and Vehicles includes certain assets taken on finance lease. 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. 121.91 lacs (Rs.476.05 lacs) under the respective finance lease agreements as on the date of balance sheet are as per details given below:

		(RS. In Iacs)
Particulars	2009-10	2008-09
Total minimum lease payments at the year end	121.91	476.05
Less : Amount representing finance charges	4.78	31.86
Present value of minimum lease payments	117.13	444.19
Lease payments for the year	373.01	374.67
Minimum Lease Payments : Not later than one year: Present value as on 31.03.2010		
Rs.104.77 lacs (Rs. 339.80 lacs)	108.70	368.81
Later than one year but not later than five years: Present value as on 31.03.2010 Rs.12.36 lacs (Rs. 104.39 lacs)	13.21	107.24
Later than five years: Present value as on 31.03.2010 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 Payment of Gratuity Act, 1972. The Holding Company has funded its gratuity liability with an insurance company in the form of a qualifying insurance policy. Further the Subsidiary Company has also funded its gratuity liability during the year with an insurance company.

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, 2010:

(Rs. in lacs)

				(its: iii ides)	
Particulars		Gratuity		Leave	
	2009-10	2008-09	2009-10	2008-09	
Current service cost	116.95	43.46	44.44	4.38	
Interest cost on benefit obligation	14.37	10.45	5.60	4.15	
Expected return on plan assets	(8.76)	(2.98)	-	-	
Net actuarial loss/(gain) recognised in the year	0.38	18.52	(28.88)	22.83	
Past Service cost	37.16	-	-	-	
Total Expenses/(Income)	160.10	69.45	21.16	31.36	

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

II. Net Liability/(Assets) recognized in the Balance Sheet as at 31st March, 2010 :

Particulars	Gratuity		Leave	
	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2010	As at 31st March, 2009
Present value of Defined Benefits Obligation	387.49	189.76	91.75	73.88
Fair value of plan assets	169.59	84.53	-	-
	217.90	105.23	91.75	73.88
Less : Unrecognised past service cost	37.00	_	-	_
Net Liability	180.90	105.23	91.75	73.88

III. Change in the present value of the defined benefit obligation during the year ended 31st March, 2010 :

Particulars Gratuity Leave 2008-09 2009-10 2008-09 2009-10 Present Value of Defined Benefit Obligation 144.30 57.43 189.76 73.88 at the beginning of the year Current Service Cost 43.46 116.95 44.44 4.38 Interest Cost 4.15 14.37 10.45 5.60 **Benefits** Paid (8.69) (36.78)(3.29) (14.91)Actuarial Loss / (Gain) 28.33 22.83 0.94 (28.88)**Plan Amendments** 74.16 _ **Present Value of Defined Benefits** 189.76 Obligation at the year end 387.49 91.75 73.88

IV. Change in the Fair Value of Plan Assets during the year ended 31st March, 2010 :

(Rs. in lacs)

(Rs. in lacs)

(Rs. in lacs)

Particulars		Gratuity		Leave	
	2009-10	2008-09	2009-10	2008-09	
Fair Value of Defined Benefit Obligation at the beginning of the year	84.53	_	-	_	
Expected Return	8.76	2.98	-	-	
Contribution by Employer	84.43	108.52	3.29	_	
Benefits Paid	(8.69)	(36.78)	(3.29)	_	
Actuarial Gains/(Losses)	0.56	9.81	-	_	
Fair Value of Defined Benefit Obligation at the year end	169.59	84.53	-	-	

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

Particulars	Gra	ituity	L	eave
	2009-10	2008-09	2009-10	2008-09
Investment with the insurer	100%	100%	Not Ap	plicable

(Rs. in lacs)

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 obligations for the Company's plans are shown below :

Particulars		Gratuity		Leave	
	2009-10	2008-09	2009-10 2008-09		
Discount Rate	8.25%	7.75%	8.20%	7.75%	
Expected Rate of return on assets	9.08%	8.30%	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%	7.50%	N.A.	N.A.	
Mortality Table		LIC (1994-96) ultimate		LIC (1994-96) ultimate	

VII. Amounts for the current and previous year are as follows :*

Particulars		Gratuity			Leave	
	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Defined benefit obligation	(387.49)	(189.76)	(138.34)	(91.75)	(73.88)	(57.43)
Plan Assets	169.59	84.53	_	-	-	_
Surplus/(Deficit)	(217.90)	(93.12)	(138.34)	(91.75)	(73.88)	(57.43)
Experience Gain/(Loss) Adjustments on plan liabilities	(26.96)	Not Available	Not Available	22.88	Not Available	Not Available
Experience Gain/(Loss) Adjustments on plan assets	(0.56)	Not Available	Not Available	-	Not Available	Not Available

*AS(15) Revised on Employee Benefits was adopted by the Holding Company from 1st April, 2007 and Subsidiary Company from 1st April, 2008 and hence, the above disclosures have been made accordingly.

		(Rs. in lacs)
Particulars	2009-10	2008-09
Contribution to Provident Fund and other Funds	280.19	240.58

Note:

- i. The Holding Company expects to contribute Rs. 179.30 lacs (Rs. 93.00 lacs) to Gratuity Fund in 2010-11. The Subsidiary Company expects to contribute Rs. 1.60 lacs (Rs. 12.11 lacs) to Gratuity Fund in 2010-11.
- 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.
- 8. a) During the year ended March 31, 2008, the Company had issued 9,600,000 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. February 7, 2008. The warrant holders had paid Rs. 6178.41 lacs as application

money against the above equity share warrants. However, due to non payment of the balance money, the Company has forfeited the above application money in terms of a resolution passed at its board meeting held on August 11, 2009 and credited the same to Capital Reserve Account.

b) The Company had also issued 8,359,000 Zero Coupon Compulsorily Convertible Debentures (CCDs) at a price of Rs. 326.90 each to Foreign Equity Investors in 2007-08. The debenture holders had 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. February 7, 2008. Accordingly, on July 31, 2009 the

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

CCD's holders have exercised their option to convert the CCD into equal number of equity shares of Rs. 10 each.

c) During the year, the Company has issued 8,295,586 Equity Shares of Rs. 10 each to Qualified Institutional Buyers at a premium of Rs. 229.30 per share on October 28, 2009, as per Chapter VIII of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The proceeds received from the same aggregating to Rs. 19,851.34 lacs has been fully utilized for purchase of fixed assets, general business purpose and meeting out the issue expenses.

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

Sr. No. Particulars	As a	As at 31st March, 2010			As at 31st March, 2009		
	Amou Foreign C		Rs. in lacs		nount in n Currency	Rs. in lacs	
Receivables							
(a) Advances	US\$	3,827,844	1,727.89	US\$	-	-	
	Euro	69,164	41.89	Euro	667,395	450.36	
	GBP	5,621	3.82	GBP	-	-	
Total			1,773.60			450.36	
Payables							
(b) Sundry Creditors	US\$	3,124,472	1,410.39	US\$	1,045,024	532.44	
	Euro	_	_	Euro	1,053,755	711.07	
(c) Foreign Currency Loans	US\$	1,516,018	684.33	US\$	5,862,573	2,986.98	
	Euro	6,006,551	3,637.57	Euro	1,012,605	683.31	
Total			5,732.29			4,913.80	

10.	Basic	and diluted earnings per share :		2009-10	2008-09
	А	Profit after Tax	Rs. in lacs	3,539.67	183.82
-	В	Present weighted average number of equity shares	Nos.	56,202,809	47,114,675
	С	Weighted average number of equity shares allotted	Nos.	56,202,809	47,114,675
-	D	Weighted average number of equity shares outstanding prior to conversion into equity shares on account of :			
		(i) Compulsorily Convertible Debentures	Nos.	2,771,066	8,359,000
		(ii) Equity Warrants	Nos.	683,507	1,890,000
	Е	Potential weighted average number of Equity Shares	Nos.	59,657,382	57,363,675
-	F	Nominal Value of each Share	Rs.	10	10
	G	Basic Earning per Share	Rs.	6.30	0.39
	Н	Diluted Earning per Share	Rs.	5.93	0.32

(Rs in lacs)

(Do in loop)

Schedules forming part of the Consolidated Accounts

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

11. Loans and Advances and accrued interest thereon include the following balances :

				(
Name of the Company	As at 31st March, 2010	Maximum Amount due at any time during the year 2009-10	As at 31st March, 2009	Maximum Amount due at any time during the year 2008-09		
Company under the same management in terms of Section 370(1B) of the Companies Act, 1956 and in terms of Clause 3 of the Listing Agreement.						
Jai Balaji Jyoti Steels Ltd.*	5,681.51	8,642.32	8,661.36	16,945.69		
Private companies or firms in which directors are director or member or partner :						
Tarini Minerals Pvt. Ltd.	-	-	163.49	163.49		

*Ceased to be a company under the same management in terms of Section 370 (1B) since March 31, 2009.

12. The break-up of major components of Net Deferred Tax Liabilities as on 31st March, 2010 is as under :

		(Rs in lacs)
Particulars	As at 31st March, 2010	As at 31st March, 2009
Deferred Tax Liability Timing Difference on Depreciable assets	13,899.44	11,880.77
Sub Total (A)	13,899.44	11,880.77
Deferred Tax Asset Unabsorbed Depreciation/Losses	3,822.40	3,763.54
Expenses allowable on payment basis/other timing differences	423.27	398.51
Sub Total (B)	4,245.67	4,162.05
Deferred Tax Liabilities (Net) (A-B)	9,653.77	7,718.72

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

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

14. Related Party Disclosures

a.	a. Name of Related Parties		
	Joint Venture Partners	Bhushan Power & Steel Limited (BPSL)	
	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	Mr. Rajiv Jajodia, Brother of Wholetime Director	
	Management Personnel	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	Chandi Steel Industries Limited (CSIL)	
	significantly influenced by	Jai Balaji Jyoti Steels Limited (JBJSL)	
	Key Management Personnel	Jai Salasar Balaji Industries (P) Limited (JSBIPL)	
	or their relatives	Balaji Ispat Udyog (BIU)	
		Enfield Suppliers Limited (ESL)	
		Hari Management Limited (HML)	
		Jain Vanijya Udyog Limited (JVUL)	
		Jajodia Estate Private Limited (JEPL)	
		K.D. Jajodia Steel Industries (P) Limited (KDJSIPL)	
		Shri Sumangalaya Balaji Steels Limited (SBSL)	
		Shri Marutaye Balaji Steels Limited (MBSL)	

Schedules forming part of the Consolidated Accounts Schedule 23 : Significant Accounting Policies and Notes on Accounts (Contd.)

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	Party	Sales	Purchases	Rent paid	Interest Received	Dividend Paid	Directors Fee	Share Application Advance (Net of proportionate Share)	Balance Receivable	Guarantees Obtained
Joint Venture	RCCPL	I				ı		3.77 (2.51)	ı	1
	RDCI		50 9E					(10.0)	1	1
Joint Venture Partners/Co-Venturers	DI JE		-							
Kev	Aditya Jajodia					11.34	ı		1	160,728.43
Management	2	ı		ı	ı	(28.34)	ı	·	ı	(154,688.60)
Personnel	Sanjiv Jajodia		1	ı	I	10.60			1	160,728.43
	5	ı	I	·	I	(26.49)	ı		·	(154,688.60)
	Aashish Jajodia	ı	ı	ı	ı	1	ı		ı	2,432.71
		ı	I	ı	I	I	ı	·	ı	(3, 485.71)
Relatives of Key	Rajiv Jajodia	ı	ı		I	6.27	0.20		1	158,295.72
Management	5	ı	I	ı	I	(15.68)	(0.25)		ı	(151, 203.48)
Talliosia	Gaurav Jajodia	1	I	I	I	0.43	0.25	1	ı	
	·	I	I	I	I	(1.08)	(0.15)	ı	I	I
	Others		ı		ı	8.11				
		ı	ı	ı	I	(19.18)	ı	ı	ı	
Enterprises	CSIL	5,797.51	87.66		ı				1,207.46	
owned or significantly		(2, 734.84)	(232.10)	ı					(160.76)	'
influenced by	JBJSL	344.61	5,235.65	·	849.15	I	I	ı	5,681.51	1
key management		(1, 621.92)	(3, 205.12)		(1,703.86)	I	I	-	(8, 661.35)	·
their relatives	JSBIPL	1,641.25	2,111.83		ı	10.09	ı		Ţ	
		(1, 656.89)	(1,666.23)	ı	ı	(10.04)	ı	·	(171.59)	I
	JEPL	I	1	0.69			ı			
		ı	I	(0.69)	I	ı	ı		ı	·
	ESL					44.88	ı			
		ı		ı		(112.21)				'
	HML				1	28.18	I			
		ı	I	I	I	(70.45)	I		ı	I
	KDJSIPL			ı	1	9.64			ı.	
		I	ı	I	ı	(16.93)	ı	ı		
	Others	4.46	I	T	I	0.36	T		ı.	
		I	I	ı	I	(0.91)	I	ı	ı	
Total		7,787.83 ($6.013.65$)	7,487.39 (5,103.45)	0.69)	849.15 (1.703.86)	129.47 (301.31)	0.45 (0.40)	3.77 (3.51) (8	6,888.97 (8.993.70)	482,185.29 (464,065.80)

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

15. Managerial Remuneration :

		2009-10	2008-09
	Directors of Holding Company		
(a)	Chairman and Managing Director		
	Salary and Allowances	151.50	6.00
	Perquisites	7.62	-
	Total	159.12	6.00
(b)	Whole-time Director		
	Salary and Allowances	124.80	5.65
	Perquisites	3.15	-
	Total	127.95	5.65
	Director of Subsidiary Company		
(a)	Whole-time Director		
	Salary	42.00	3.00
		42.00	3.00
	Total	329.07	14.65

Notes :

1. As the 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 included above.

- 2. Includes Rs. 98.52 lacs (Nil) transferred to Preoperative Expenses.
- 16. The proportionate share of Assets, Liabilities and Equity as at March 31, 2010 and Income and Expenditure for the year ended March 31, 2010 of Joint Venture Companies viz. M/s Rohne Coal Company Private Limited and M/s Andal East Coal Company Private Limited are included in these financial statements in respective items

(Rs in lacs)

(Rs in lacs)

Particulars	As at 31st March, 2010	As at 31st March, 2009
Assets		
Fixed Assets : Net Block	0.12	-
Capital Work in Progress and Pre-operative Expenditure Pending Allocation	149.40	113.16
Cash and Bank Balances	5.35	3.79
Loans and Advances	0.36	0.13
Liabilities		
Current Liabilities and Provisions	0.67	4.07
Equity		
Reserves and Surplus	(3.08)	(2.35)
Preference Share Application Money	3.68	-
Income		
Other Income	0.01	-
Expenditure		
Selling, Distribution and Administrative Expenses	0.74	2.35

(Rs in lacs)

(Rs in lacs)

Schedules forming part of the Consolidated Accounts

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

17. Remuneration of Holding Company's Auditor :

	2009-10	2008-09
Statutory Audit Fees	22.50	22.50
Limited Review Fees	19.50	19.50
In Other Capacity for certificates and others	21.80	7.90
Reimbursement for Out of pocket expenses	1.45	1.12
Total	65.25	51.02

Remuneration of Subsidiary Company's Auditor :

	2009-10	2008-09
Statutory Audit Fees	2.50	2.00
Tax Audit Fees	0.75	0.50
Other Services	-	0.68
Total	3.25	3.18

Out of above Rs. 52.91 lacs (Rs. 54.20 lacs) included in Legal and Professional Charges and Rs.15.59 lacs (Nil) adjusted under Securities Premium Account.

- 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 and on behalf of the Board of Directors

Aditya Jajodia Chairman & Managing Director **Sanjiv Jajodia** Wholetime Director

Raj Kumar Sharma *Chief Financial Officer* **Rajiv Jajodia** Director

Ajay Kumar Tantia Company Secretary

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

For S. R. Batliboi & Co.

Firm Regn No. 301003E

Chartered Accountants

Place : Kolkata Date : 26th May, 2010

Directors' Report

To The Members of Nilachal Iron & Power Limited

Your Directors are pleased to present their 8th Annual Report on the business and operations of your Company and the Statement of Accounts for the year ended 31st March, 2010.

Financial Results

		(Rs in lacs)
Particulars	2009-10	2008-09
Net Sales and other Income	12,064.53	13,548.79
Profit before Finance costs,		
depreciation & tax	1,094.92	970.50
Less		
Depreciation	354.33	333.69
Finance Costs	152.03	179.17
Profit before Tax	588.56	457.64
Less:		
Fringe Benefit Tax	-	2.20
Deferred Tax	194.03	372.63
Current Tax	100.03	51.61
MAT credit entitlement	(100.03)	(51.60)
Tax Adjustments	0.04	-
Profit after Tax	394.49	82.80

Operation

The financial year 2009-10 was a year of stability for your Company with reasonable growth in its production and profit margins. The Company continued its on-going effort to increase all round efficiency and reduce cost. The industry grew marginally during the financial year ending March 2010, overcoming the negative growth registered in the previous year ending March 2009.

During the year under review, the total revenue of the Company was Rs.12,064.53 lacs as compared to Rs.13,548.79 lacs in the financial year 2008-09. The EBIDTA for the year is Rs.1,094.92 lacs as compared to Rs.970.50 lacs for the year 2008-09 representing an increase of 13%. The profit after tax increased to Rs.394.49 lacs from Rs.82.80 lacs during the financial year 2008-09.

Dividend

In view of the ongoing project execution and the capitalintensive nature of the business, your directors are pleased to recommend for approval of the Members a dividend of Re 0.10 per equity share of Rs.10/- each, i.e. 1% of paid-up equity capital.

Future Outlook

During the begining of the year, India seemed to be mired in an economic slowdown that had begun over a year ago in the industrialized nations and had engulfed the entire world. It appeared that while we were a little late in joining the global recession we were now firmly in it. By the second quarter of the financial year ending March 2010 the economy showed signs of turning and towards the end of the financial year 2009-10, India returned substantially to the buoyant years preceding 2008.

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. 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 Ashim Kumar Mukherjee retires by rotation and being eligible, offers himself for re-appointment.

Shri Dinesh Kumar Agarwal and Shri Santosh Kumar Shah have been appointed as Additional Director of the Company w.e.f. 14th January 2010. Shri Dinesh Kumar Agarwal and Shri Santosh Kumar Shah will hold office up to the date of the ensuing Annual General Meeting. The Company has received special notices under Section 257 of the Companies Act, 1956, proposing the appointment of Shri Dinesh Kumar Agarwal and Shri Santosh Kumar Shah as the Directors of the Company. In view of their considerable experience, your Directors recommend their appointment.

Directors' Responsibility Statement

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

- i) 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, 2010 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,

Directors' Report (Contd.)

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.

Auditors

M/s. B. Chhawchharia & Co., Chartered Accountants, the Statutory Auditors of the Company who retire from the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They have furnished to the Company a Certificate in accordance with subsection (1B) of Section 224 of the Companies Act, 1956.

The observations of Auditors in their Report read with relevant notes on 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 wish to thank the Financial Institutions, Banks, Government authorities, dealers, suppliers, business associates and the Company's valued customers for their assistance and cooperation and the esteemed shareholders for their continued trust and support.

The Directors also wish to thank the committed and dedicated team of employees whose unstinted hard work, efforts and ideas have taken the Company on a path of steady growth and development.

For and on behalf of the Board

Place : Kolkata	Aditya Jajodia	Sanjiv Jajodia	Aashish Jajodia
Dated: 17.05.2010	Director	Director	Wholetime 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, 2010:

A. Conservation of energy:

a) Energy conservation measures taken:

Conservation of energy is always an ongoing process and the management of the Company provides high priority in this area. Efforts to conserve and optimize the use of energy through improved operational methods and other means will continue.

- 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:

Measures taken as above resulted in reduction of production cost per unit in tune with reduction in energy consumption per unit of production, efficient utilization 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 is given in the Report in Form B
- C. 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
 - b) Total Foreign Exchange used and earned: Nil

Annexure

Form – A

Form for Disclosure of Particulars with respect to Conservation of Energy.

A. Power and Fuel consumption:

	Electricity	2009-10	2008-09
	a) Purchased	7,434,232	8,022,210
	Units(KVAH)		
	Total Amount (Rs. in lacs)	299.91	328.92
	Rate per Unit (Rs.)	4.03	4.10
B.	Electricity Consumption per unit (M.T.) of consumption:		
	Sponge iron	96.79	130.08

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:

No R & D was carried out within the meaning of applicable accounting standard.

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

Not Applicable

3. Future Plan of action:-

The Company strives towards energy conservation, improvement in quality and productivity.

4. Expenditure on R & D:-

NIL

Technology absorption, adaptation and innovation:

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

There is constant endeavor to achieve consistent end product performance.

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

As a result of above efforts, there was improvement in product quality, better and easier availability of materials 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, 2010, and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statement 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, 2010 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 31^{st} March, 2010;
 - 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*

Ketan Chhawchharia

Place : Kolkata Date : 17th May, 2010 Partner Firm Reg. No. 305123E Membership No. 63422

Annexure to the Auditors' Report

Referred to in paragraph 1 of our Report of even date.

- (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 explanation given to us, physical verifications 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 verfication 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 contracts 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 Tax, 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	Duty demand on scrap on Fabrication of Klin & Cooler	69.38	2006-2007	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	Availment of Cenvat Credit relating to Traded Goods	54.56	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)

Name of the Statute	Nature of Dues	Amount (Rs. in Lacs)	Relating to the year	Forum where dispute pending
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	39.09	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)
Central Excise Act, 1944	Duty demand in respect of scrap arose from fabrication of Klin & Cooler	6.94	2005-2006	Commissioner of Central Excise (Appeal)
Income Tax	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)

Annexure to the Auditors' Report (Contd.)

- (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.

Place : Kolkata

Date : 17th May, 2010

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

> Ketan Chhawchharia Partner Firm Reg. No. 305123E Membership No. 63422

Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	Schedules	As	at 31st	As a	t 31st
		Mar	March, 2010		n, 2009
SOURCES OF FUNDS					
Shareholders' Funds :					
Share Capital	1	349,487,270		49,487,270	
Reserves and Surplus	2	786,436,463	1,135,923,733	755,404,849	804,892,119
Loan Funds :					
Secured Loans	3	243,733,137		349,238,672	
Unsecured Loans	4	10,000,000	253,733,137	-	349,238,672
Deferred Tax - Net	5		43,086,500		23,683,600
TOTAL			1,432,743,370		1,177,814,391
APPLICATION OF FUNDS					
Fixed Assets:	6				
a) Gross Block		766,860,671		758,277,969	
b) Less : Depreciation		178,645,826		140,352,695	
c) Net Block		588,214,845		617,925,274	
d) Capital Work in Progress and	7				
Pre-operative Expenditure Pending Alloca	tion	149,783,876	737,998,721	26,803,781	644,729,055
Investments	8		2,686,239		2,686,239
Current Assets, Loans and Advances					
a) Inventories	9	799,780,680		751,454,369	
b) Sundry Debtors	10	23,240,673		35,510,368	
c) Cash and Bank Balances	11	26,030,672		26,504,161	
d) Loans and Advances	12	246,207,447		239,802,082	
		1,095,259,472		1,053,270,980	
Less: Current Liabilities and Provisions	13	403,201,062		522,871,883	
Net Current Assets			692,058,410		530,399,097
TOTAL			1,432,743,370		1,177,814,391
Notes on Accounts	22				
Balance Sheet Abstract and Company's					
General Business Profile	23				

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* For and on behalf of the Board of Directors

Per Ketan Chhawchharia Partner

Firm Reg. No. 305123E Membership No. 63422

Place : Kolkata Date : 17th May, 2010 Aditya Jajodia Director Sanjiv Jajodia Director **Aashish Jajodia** Wholetime Director

Profit and Loss Account for the year ended 31st March, 2010

			(Amount in Rupees)
	Schedules	2009-10	2008-09
INCOME			
Sales and Services	14	1,277,615,001	1,497,188,965
Less : Excise Duty		85,092,989	162,244,566
		1,192,522,012	1,334,944,399
Other Income	15	13,931,022	19,934,933
Increase/(Decrease) in Stock	16	28,627,761	(458,715,131)
		1,235,080,795	896,164,201
EXPENDITURE			
Cost of Material	17	1,025,657,561	746,470,385
Excise Duty on Finished Stock		5,163,651	(57,751,172)
Manufacturing Expenses	18	54,207,120	61,633,691
Expenses on Employees	19	27,370,854	28,544,027
Cost of Borrowing	20	15,203,085	17,916,534
Other Expenses	21	11,527,217	19,823,858
Prior Period Expenses (Net)		1,662,383	393,848
Depreciation		38,307,706	36,244,072
Less : Transfer from State Capital Subsid	dy	2,874,846 35,432,860	2,874,846 33,369,226
	0	1,176,224,731	850,400,397
PROFIT FOR THE YEAR		58,856,064	45,763,804
Less :			
Current Tax		10,003,000	5,161,000
MAT Credit Entitlement		(10,002,588)	(5,160,113)
Deferred Tax		19,402,900	37,262,600
Fringe Benefit		_	220,000
Tax Adjustments		3,511	
Total Tax Expense (Net)		19,406,823	37,483,487
PROFIT AFTER TAXATION		39,449,241	8,280,317
Balance Brought from Previous year		54,476,541	49,298,863
		93,925,782	57,579,180
APPROPRIATIONS			· · ·
Proposed Dividend		3,494,873	2,474,364
Corporate Dividend Tax		580,455	420,518
Transfer to General Reserve		-	207,757
Balance (Cr.) carried to Balance Sheet		89,850,454	54,476,541
		93,925,782	57,579,180
Earning per Share (on nominal value of Rs. 10/- each) Basic & Diluted		7.59	1.67
The Schedules referred to above form an	n integral part of the	ese accounts.	
In terms of our report of even date attac	0 1		
For B. Chhawchharia & Co. <i>Chartered Accountants</i>		of the Board of Directors	
Per Ketan Chhawchharia Partner	Aditya Jajodia Director	Sanjiv Jajodia Director	Aashish Jajodia Wholetime Director
Firm Reg. No. 305123E Membership No. 63422			

Place : Kolkata Date : 17th May, 2010

Cash Flow Statement for the year ended 31st March, 2010

(Amount in Rupees)

	2009-10	2008-09
CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extraordinary items	58,856,064	45,763,804
Adjusted for :		
Depreciation	35,432,860	33,369,226
Interest Income	(1,653,060)	(10,557,239)
(Profit)/Loss on sale of Fixed Assets	256,460	-
Operating Profit Before Working Capital Changes	92,892,324	68,575,791
Adjusted for :		
Trade and other receivables	9,407,240	75,387,352
Inventories	(48,326,311)	(21,300,546)
Trade Payables and advances from customers	(120,851,269)	(246, 990, 856)
CASH GENERATED FROM OPERATIONS	(66,878,016)	(124,328,259)
Direct Taxes paid/adjusted	(3,546,833)	(9,338,241)
Cash flow before extra ordinary items	(70,424,849)	(133,666,500)
Extra Ordinary items	-	-
Net Cash from Operating Activities (A)	(70,424,849)	(133,666,500)
CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(132,428,832)	(32,756,140)
Sale of Fixed Assets	595,000	-
Interest Income	1,653,060	10,557,239
Net Cash from Investing Activities (B)	(130,180,772)	(22,198,901)
CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from long term and other borrowings	(95,505,535)	178,100,608
Issue of shares	300,000,000	-
Proceeds from issuance of share capital - Dividend	(2,894,882)	-
Share Issue expenses	(1,467,452)	-
Net Cash Used in Financing Activities (C)	200,132,131	178,100,608
Net Increase in Cash and Cash Equivalents (A+B+C)	(473,489)	22,235,207
Cash and Cash Equivalents at the beginning of the year	26,504,161	4,268,954
Cash and Cash Equivalents at the end of the year	26,030,672	26,504,161

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	Aditya Jajodia Director	Sanjiv Jajodia Director	Aashish Jajodia Wholetime Director	
Firm Reg. No. 305123E Membership No. 63422				

Place : Kolkata Date : 17th May, 2010

Schedules forming part of the Balance Sheet

		(Amount in Rupees)		
	As at 31st			
	March, 2010	March, 2009		
Schedule 1: SHARE CAPITAL				
Authorised				
35,000,000 (P.Y. 7,000,000) Equity Shares of Rs. 10 /- each	350,000,000	70,000,000		
500,000 Preference Shares of Rs. 10/- each	5,000,000	5,000,000		
	355,000,000	75,000,000		
Issued, Subscribed and Paid up				
34,948,727 (P.Y. 4,948,727) Equity Shares of Rs. 10/- each held by M/s. Jai Balaji	349,487,270	49,487,270		
Industries Limited, the Holding Company				
	349,487,270	49,487,270		
Out of above 2,943,727 Shares were allotted in terms of Scheme of				
Amalgamation without payment being received in cash				
Schedule 2: RESERVES AND SURPLUS				
Capital Reserve :		10.000.180		
State Capital Subsidy 47,017,307		49,892,153		
Less : Allocated to Depreciation 2,874,846	44,142,461	2,874,846 47,017,307		
General Reserve :				
As per Last Account 323,731,000		323,523,243		
Add: Transfer from Profit & Loss Account –	323,731,000	207,757 323,731,000		
Securities Premium Account 330,180,000		330,180,000		
Less : Adjusted towards expenses incurred on issue of shares 1,467,452	328,712,548	- 330,180,000		
Profit and Loss Account	89,850,454	54,476,542		
	786,436,463	755,404,849		
Schedule 3 : SECURED LOANS				
From State Bank of India :				
*(i) Long Term Loan				
– Rupee Loan	-	42,752,126		
– Corporate Loan	12,150,329	18,233,300		
(ii) Short Term Loan				
– Rupee Loan	100,718,496	-		
(iii) Cash Credits				
– Foreign Currency Loan	-	100,259,378		
– Rupee Loan	92,489,710	92,943,476		
The above loans is 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, (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	37,913,052	94,322,508		
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				
- Secured by hypothecation of vehicle financed by them	461,550	727,884		
	243,733,137	349,238,672		
* Installments falling due for renorment within one men				
* Installments falling due for repayment within one year	6,298,778	48,226,333		

Nilachal Iron & Power Limited

Schedules forming part of the Balance Sheet (Contd.)

(Amount in Rupees)

As at 31st March, 2010	As at 31st March, 2009			
10,000,000				
10,000,000	_			
88,993,400	88,074,100			
45,864,200	63,978,800			
42,700	411,700			
43,086,500	23,683,600			
	March, 2010 March, 2010 10,000,000 10,000,000 888,993,400 45,864,200 42,700			

Schedule 6 : FIXED ASSETS

		Gross Block	Depreciation		Net Block			
Particulars	As at 1st April, 2009	Additions/ (Deductions)	As at 31st March, 2010	Up to 31st March, 2009	For the Year/ (Adjustments)	Up to 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
Freehold Land	6,715,409	-	6,715,409	-	-	-	6,715,409	6,715,409
Buildings	89,927,880	-	89,927,880	9,043,823	3,002,322	12,046,145	77,881,735	80,884,057
Plant & Machineries	587,751,009	8,372,473	596,123,482	114,777,281	31,189,339	145,966,620	450,156,862	472,973,728
Electrical Installations	42,923,563	-	42,923,563	8,328,742	2,009,195	10,337,937	32,585,626	34,594,821
Air Conditioners	773,000	33,360	806,360	135,450	37,419	172,869	633,491	637,550
Office Equipments	1,653,314	-	1,653,314	422,993	71,596	494,589	1,158,725	1,230,321
Computers	970,606	-	970,606	599,549	153,263	752,812	217,794	371,057
Furniture & Fixtures	2,008,056	23,000	2,031,056	1,124,419	72,594	1,197,013	834,043	883,637
Vehicles	9,035,098	46,577	9,031,675	3,329,598	986,090	4,301,113	4,730,562	5,705,500
		(50,000)			(14,575)			
Generators	16,520,034	157,292	16,677,326	2,590,840	785,888	3,376,728	13,300,598	13,929,194
Total	758,277,969	8,632,702	766,860,671	140,352,695	38,307,706	178,645,826	588,214,845	617,925,274
		(50,000)			(14,575)			
Previous Year's Figures	700,777,003	57,500,966	758,277,969	104,108,623	36,244,072	140,352,695	-	

	As at 31st March, 2010	As at 31st March, 2009			
Schedule : 7 CAPITAL WORK IN PROGRESS AND PRE-OPERATIVE EXPENDITURE PENDING ALLOCATION					
A) Capital Work in Progress					
Plant & Machineries	31,452,826	27,592,991			
Civil Construction	-	23,071,128			
Mining Land	50,241,451	19,980,758			
Railway Sidings	3,636,082	3,636,082			
Capital Advances	46,927,735	4,347,685			
	132,258,094	78,628,644			
Less : Transferred to Fixed Assets/Adjustments	7,397,051	51,824,863			
Total A	124,861,043	26,803,781			
				(An	nount in Rupees)
--	----------------------------	------------------	----------------------	------------------	---------------------------
			As at 3		As at 31st
			March, 20	010	March, 2009
Schedule :7 CAPITAL WORK IN PROGRESS EXPENDITURE PENDING ALLO		ATIVE			
B) Pre-operative Expenditure Pending Allo					
Salary & Wages			5,400,28	34	
Rent			192,00		_
Insurance			233,11		_
Telephone Charges			222,89	90	_
Director's Remuneration			4,200,00	0	-
Hire Charges			4,409,46	6	_
Consultancy Charges			2,158,27	15	-
Electricity Charges			3,488,60	00	-
Fuel Charges			2,904,91	7	_
Pollution Charges			1,712,79	96	-
Sundry Balance Adjusted			48	39	-
Total B			24,922,83	33	-
Grand Total (A+B)			149,783,87	76	26,803,781.00
Schedule : 8 INVESTMENT - LONG TERM					
	Paid up value Per Share	No. of Shares	As at 31.03.2010	No. of Shares	As at 31.03.2009
In fully paid Equity Shares of Companies	Rs.		Rs.		Rs.
Quoted					
Shyama Infosys Ltd.	10/-	366,200	2,590,974	366,200	2,590,974
Shri Nidhi Trading Co. Ltd.	10/-	10,500	95,265	10,500	95,265
			2,686,239		2,686,239
Market Value			4,270,974		4,269,924
			As at 3 March, 20		As at 31st March, 2009
Schedule : 9 INVENTORIES					
(As taken, valued and certified by the manag	(ement)				
Raw Material (Includes in Transit 47,096,728)			635,754,34	16	612,450,001
Finished Goods			145,836,88	32	109,496,636
By Products				-	7,712,485
Stores & Consumables			18,189,45	52	21,795,247
			799,780,68	30	751,454,369
Schedule : 10 SUNDRY DEBTORS					
(Unsecured, Considered good)					
Due for more than six months			23,240,67	/3	27,940,763
Other Debts				-	7,569,605
			23,240,67	73	35,510,368
Schedule : 11 CASH AND BANK BALANCES					
Cash in hand			608,97	75	1,262,350
With Scheduled Banks					
In Current Account			2,035,26	62	1,375,497
In Fixed Deposit Account (Pledged)			23,386,43	35	23,866,314
			26,030,67	72	26,504,161

Schedules forming part of the Balance Sheet (Contd.)

Schedules forming part of the Balance Sheet (Contd.)

chedules forming part of the Balance Sheet (Contd.)		(Amount in Rupees)
	As at 31st March, 2010	As at 31st March, 2009
Schedule 12 : LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind		
or for value to be received	87,753,522	114,668,055
Subsidies receivable	120,456,166	88,424,622
Orised recoverable	3,052,728	3,052,728
Balances with Government Authorities	12,563,189	14,964,209
Deposits	4,568,429	4,421,965
Taxation Advance & Refundable (Net of Provisions)	(1,011,364)	5,448,314
MAT Credit Entitlement	18,824,777	8,822,189
	246,207,447	239,802,082
Schedule 13 : CURRENT LIABILITIES & PROVISIONS		
A) Current Liabilities		
Creditors for Capital Goods	8,091,117	6,922,061
Creditors for others	95,178,183	110,544,223
Advance from Customers	6,544,017	18,156,904
Due to Holding Company (Interest Free)	264,268,402	364,067,795
Other Liabilities	24,915,515	19,075,018
	398,997,234	518,766,001
B) Provisions		
For Gratuity	128,500	1,211,000
For Proposed Dividend	3,494,873	2,474,364
For Corporate Dividend Tax	580,455	420,518
	403,201,062	522,871,883

Schedules forming part of the Profit and Loss Account

	2009-10	2008-09
Schedule 14 : SALES AND SERVICES		
Sale of Sponge Iron	1,113,488,090	1,397,527,437
(Refer Note 5 on Schedule 22)		
Sale of By Products	69,224,146	49,077,597
Sale of Raw Material	59,573,915	36,252,931
Service Charges & Others	35,328,850	14,331,000
	1,277,615,001	1,497,188,965
Schedule 15 : OTHER INCOME		
Interest -		
- On Fixed Deposit (Includes TDS Rs. 214,489/-; P.Y. Rs. 382,848/-)	1,386,043	2,004,363
- On Loan (Includes TDS Rs. Nil; P.Y. Rs. 1,933,984/-)		8,552,876
- On Income Tax Refund	267,017	
Liabilities Written Back	11,614,989	8,566,782
Miscellaneous Income	662,973	810,912
	13,931,022	19,934,933
Schedule 16 : INCREASE / (DECREASE) IN STOCK		
Closing Stock		
- Finished Goods	145,836,882	109,496,636
- By Products	-	7,712,485
	145,836,882	117,209,121
Less: Opening Stock -		
- Finished Goods	109,496,636	525,332,331
- By Products	7,712,485	50,591,921
	28,627,761	(458,715,131)

Schedules forming part of the Profit and Loss Account (Contd.)

	(Amount in Rupees)		
	2009-10	2008-09	
Schedule : 17 COST OF MATERIAL			
Raw Material Consumed			
Opening Stock	612,450,001	146,675,474	
Add : Purchases	1,048,961,906	1,212,244,912	
	1,661,411,907	1,358,920,386	
Less : Closing Stock	635,754,346	612,450,001	
	1,025,657,561	746,470,385	
Schedule : 18 MANUFACTURING EXPENSES			
Stores Consumed	7,727,393	11,227,472	
Power & Fuel	35,320,236	37,507,933	
Machinery Hire Charges	4,249,153	8,179,659	
Processing Expenses	3,050,622	3,044,693	
Repairs & Maintenance :	000 701	400.400	
- For Building	633,761	492,486	
- For Plant & Machinery - For Others	2,495,477	993,948	
- For Others	730,478	187,500	
	54,207,120	61,633,691	
Schedule : 19 EXPENSES ON EMPLOYEES	23,872,328	26,116,184	
Salary, Wages, Bonus & Allowances Employer's Contribution to Provident and Gratuity Fund	2,704,781	1,509,999	
Staff & Labour Welfare Expenses	793,745	917,844	
	27,370,854	28,544,027	
Schedule : 20 COST OF BORROWINGS	27,570,054	20,011,027	
Interest on :			
(Refer Note 5 on Schedule 22)			
- Term Loans	6,406,425	6,657,505	
- Others	7,499,383	8,563,175	
Loan Processing & other financial charges	1,297,277	2,695,854	
0	15,203,085	17,916,534	
Schedule : 21 OTHER EXPENSES			
Rent	1,923,134	448,620	
Rates & Taxes	236,730	121,304	
Insurance	700,363	1,077,596	
Travelling & Conveyance	379,243	301,573	
Auditors' Remuneration			
Statutory Auditor :			
- For Audit	250,000	200,000	
- For Tax Audit	75,000	50,000	
- Other Services	-	67,500	
Other Auditors :			
- For Internal Audit	50,000	50,000	
Miscellaneous Expenses	7,203,387	9,850,125	
Loss on Sale of Fixed Assets	256,460	_	
Irrecoverable debts and advances written off	452,900	7,657,140	
	11,527,217	19,823,858	

Schedules forming part of the Accounts

Schedule : 22 Notes on Accounts

1) SIGNIFICANT ACCOUNTING 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 of the Companies Act, 1956.

Capital Work in Progress

a) Capital work in progress is stated at cost.

Inventories

Inventories are Valued as follows:

- b) Construction and other materials purchased for capital addition are treated as consumed.
- c) Bills of Contractors are adjusted to the extent bills received and settled.
- d) Direct expenses on expansion are capitalized and indirect expenses thereof are shown under "Preoperative Expenditure" which will be allocated to various items of fixed assets on completion of expansion.

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 or 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 recognized in the profit & loss account by deduction from the respective expense or shown separately as income.

a) Raw Material, Stores & Consumables	Lower of Cost and Net Realisable Value, however, materials and other items held for use in 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 excludes sales tax/VAT
- (2) Revenue from sale of goods is recognized on passing of the 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 difference are charged to "Profit and 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 recognized, 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.

Employees Benefits

- (A) Short term employee benefits are charged off at the undiscounted amount in the year in which 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 recognized 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 benefits are charged to the "Profit And Loss Account."

Impairment of Assets

Impairment loss in the value of assets, as specified in Accounting Standard – 28 is recognized 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.1034.18 Lacs (Rs.58.71 Lacs); advance there

Schedule : 22 Notes on Accounts (Contd.)

against Rs.363.61 Lacs (Rs.15.22 Lacs).	Rs.20.00 Lacs (Rs.20.00 Lacs) paid under protest;	(d) Claims against the company not acknowledged as debt Rs.25.30
3) Contingent Liability (not provided for) in respect of:(a) Excise Duty Rs.417.67 Lacs	 (b) Income Tax Rs.0.95 Lacs (Rs.0.95 Lacs); (c) Service Tax Rs. Nil (Rs.44.42 Lacs); 	Lacs (Rs.25.30 Lacs). 4) Remuneration to Directors:
(Rs.309.21 Lacs) against which	Lacs); and	Salary Rs.4,200,000 (Rs.300,000/-)

5) The Company has accounted for the following subsidies receivable from the Government of Jharkhand under the Jharkhand Industrial Policy, 2001 aggregating to Rs.1204.56 Lacs (Rs.884.25 Lacs): (Rs. in lacs)

Sl. No.	Particulars	Account to which credited	2009-2010	2008-2009
01.	Commercial Tax Subsidy*	Sale of Sponge Iron	182.42	208.93
02.	Interest Subsidy	Cost of Borrowing	137.90	151.74
			320.32	360.67

*Includes Rs. 51.83 lacs (Rs. Nil) relating to earlier years

6) a) As per the information available to the management, no amount is due to SSI and ancilliary 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:

		2010	2009
a. Pi	rincipal amount remaining unpaid as on 31st March	NIL	NIL
b. In	nterest due thereon as on 31st March	NIL	NIL
Ν	nterest paid by the Company in terms of Section 16 of the Micro, Small and Aedium Enterprises Development Act, 2006 along with the amount of payment nade to the suppliers beyond the appointed day during the period	NIL	NIL
ha	nterest 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 dding to the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	NIL	NIL
e. In	nterest accrued and remaining unpaid as on 31st March	NIL	NIL
รเ	urther interest remaining due and payable even in the succeeding years, until uch date when the interest dues as above are actually paid to the small nterprises	NIL	NIL

(As certified by the management)

7) CIF Value of Import

Plant & Machinery	Rs.Nil (Rs.3,802,300/-)
Raw Material	Rs.70,200,000/- (Rs. Nil)

8) 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 31.03.2010.

9) 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 given under : 2009-10 2008-09

	2009-10	2000-00
 (a) Amount used as numerator in calculating basic and diluted EPS: Profit/(Loss) after Tax (Rs.) 	39,449,241	8,280,317
 (b) Weighted average number of shares used as the denominator in Calculating basic and diluted EPS (Nos.): For Basic & Diluted EPS: - Equity Shares – Opening 	4,948,727	4.948.727
Add: Allotted during the year (3000000*3/365)	246,575 5,195,302	4,948,727
	0,100,000	1,0 10,1 21

Schedule : 22 Notes on Accounts (Contd.)

10) Consumption of Raw Materials (*) :

Raw	Imported			Indigenous		
Materials	Quantity	Value	% of	Quantity	Value	% of
	(MT)	(Rs.)	Consumption	(MT)	(Rs.)	Consumption
Coal	1,034.000	5,150,081	1.36	158,508.160	374,015,005	98.64
	(-)	(-)	(-)	(102,032.200)	(173,541,268)	(100.00)
Iron Ore	_	_	_	161,252.740	642,153,648	100.00
	(-)	(_)	(-)	(114,913.630)	(533,214,088)	(100.00)
Dolomite	_	_	_	3,397.450	4,338,826	100.00
	(-)	(-)	(-)	(2,705.280)	(3,462,098)	(100.00)

*Including cost of raw materials sold during the year Rs. 48,909,700/- (Rs. 30,873,585/-)

11) Licensed and installed Capacities :

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

*As certified by the management.

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

Sponge Iron		
Q	uantity (MTs.)	Amount (Rs.)
Opening Stock	9,166.350	109,496,636
	(39,038.550)	(525,332,331)
Purchases	-	-
	-	-
Production	76,805.000	-
	(61,670.000)	-
Sales (Net of Return)	76,490.690	1,095,246,472
	(73,589.330)	(1,376,634,582)
Closing Stock	9,480.660	145,836,882
-	(9,166.350)	(109,496,636)

13) Related parties and transactions with them as specified in the Accounting Standard 18 on "Related Parties Disclosures" issued by ICAI has 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, common control with the company (including holding company):	Control or are controlled b	y or are under
	2009 - 10	2008 - 09

Holding Company :		
(I) Jai Balaji Industries Limited		
Purchases during the year	42,308,481	2,893,130
Sales during the year	1,188,154,709	1,195,649,314
Year end payable (Net)	264,268,402	354,067,795

(Amount in Rupees)

Schedules forming part of the Accounts (Contd.)

Schedule : 22 Notes on Accounts (Contd.)

	2009 - 10	2008 - 09
(b) Associates :		
(i) Jai Balaji Jyoti Steel Limited		
Purchases during the year	-	12,525,192
Sales during the year	570,000	19,263,852
Year end Receivable/ (Payable) (Net)	-	1,903,506
(ii) Jai Salasar Balaji Industries Pvt. Ltd.		
Purchases during the year	-	-
Sales during the year	-	95,911
Year end Receivable/ (Payable) (Net)	-	-

(c) Individuals owing 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.

(d) Key Management personnel and their relatives :

Sri Aashish Jajodia	Whole Time Director Remuneration	4,200,000	300,000
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. Shri Sumangalaya Balaji Steels Limited

M/s. Shri Marutaye Balaji Steels Ltd.

(14) 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 Payment of Gratuity Act, 1972. During the year the company has funded with an insurance company in the form of a qualifying insurance policy.

Schedule : 22 Notes on Accounts (Contd.)

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 2010 : (Rs. in lacs)

Particulars	Gratuity	
	2009-10	2008-09
Current service cost	5.79	2.74
Interest cost on benefit obligation	0.94	0.49
Expected return on plan assets	-	-
Net actuarial loss/(gain) recognised in the year	1.52	2.92
Past Service cost	-	-
Total Expenses/(Income)	8.25	6.15

II. Net Liability/(Assets) recognized in the Balance Sheet as at 31st March, 2010 :

(Rs. in lacs)

Particulars	Gr	Gratuity	
	As at 31st March, 2010	As at 31st March, 2009	
Present value of Defined Benefits Obligation	21.06	12.11	
Fair value of plan assets	19.77	_	
	1.29	12.11	
Less : Unrecognised past service cost	_	-	
Net liability	1.29	12.11	

III. Change in the present value of the defined benefit obligation during the year ended 31st March 2010 : (Rs. in lacs)

Particulars	Gratuity	
	2009-10	2008-09
Present value of Defined Benefit Obligation at the beginning of the year	12.11	5.96
Current Service Cost	5.79	2.74
Interest Cost	0.94	0.49
Benefits Paid	-	-
Actuarial Loss /(Gain)	2.22	2.92
Plan Amendments	-	-
Present Value of Defined Benefits Obligation at the year end	21.06	12.11

IV. Change in the Fair Value of Plan Assets during the year ended 31st March 2010:

(Rs. in lacs)

	Gratuity	
Particulars	2009-10	2008-09
Fair Value of Defined Benefit Obligation at the		
beginning of the year	-	-
Expected Return	-	-
Contribution by Employer	19.07	-
Benefits paid	-	-
Actuarial Gains/(Losses)	0.70	-
Fair Value of Defined Benefit Obligation at the year end	19.77	_

Schedule : 22 Notes on Accounts (Contd.)

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

Particulars	Gratuity	
	2009-10	2008-09
Investment with the insurer	100%	

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

Particulars		Gratuity	
	2009-10	2008-09	
Discount Rate (per annum) compounded	8.30%	7.75%	
Rate of escalation in salary (per annum)	7.50%	7.50%	
Mortality Table		LIC (1994-96)	
		ultimate	

VII. Amounts for the current and previous year are as follows:*

Particulars		Gratuity	
	As at 31st March, 2010	As at 31st March, 2009	
Defined benefit obligation	(21.06)	(12.11)	
Plan Assets	19.77	_	
Surplus / (Deficit)	(1.29)	(12.11)	
Experience Gain/(Loss) Adjustments on plan liabilities	(3.81)	Not Available	
Experience Gain/(Loss) Adjustments on plan assets	0.70	Not Available	

*AS (15) Revised on Employee Benefits was adopted by the Company from 1st April 2007 and hence, the above disclosures have been made accordingly. (Rs. in lacs)

		· · · ·
Particulars	2009-10	2008-09
Contribution to Provident Fund	18.80	8.95

15. a) Previous year figures have been re-grouped/re-arranged wherever found necessary.

b) Figures for the previous year above are given in brackets.

(Rs. in lacs)

Schedule : 23 Balance Sheet Abstract and Company's General Business Profile

I)	Registration Details									
	Registration No.	94612	State Code:						2	1
	Balance Sheet Date 3	8 1 0 3 2 0 1 0								
II)	Capital Raised During The Year (Amount in Rs. Thousands)									
	Public Issue	N I L	Rights Issue					Ν	Ι	L
	Bonus Issue	N I L	Private Placement		3	0	0	0	0	0
III)	I) Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)									
	Total Liabilities	1 4 3 2 7 4 3	Total Assets	1	4	3	2	7	4	3
	Sources of Funds									
	Paid-up Capital	3 4 9 4 8 7	Reserves and Surplus		7	8	6	4	3	6
	Secured Loans		Unsecured Loans			1	0	0	0	0
	Deferred Tax- Net	4 3 0 8 6								
	Application of Funds									
	Net Fixed Assets	7 3 7 9 9 9	Investments				2	6	8	6
	Net Current Assets	6 9 2 0 5 8	Miscellaneous					Ν	Ι	L
	Accumulated Losses	N I L	Expenditure							
IV)	Performance of Company (A	Amount in Rs. Thousands)								
	Turnover (Gross Revenue)	1 2 3 5 0 8 1	Total Expenditure	1	1	7	6	2	2	5
	Profit Before Tax	5 8 8 5 6	Profit After Tax			3	9	4	4	9
	Earnings Per Share in Rupees		Dividend Rate %				1		0	0
V)	Generic name of principal p	products of Company								
	Item Code No. (ITC Code)	Product Description								
	7203	Sponge Iron								
			,							
		Signature to Schedule ''1'	10 23							
	B. Chhawchharia & Co. <i>rtered Accountants</i>	For and on behalf of the Boar	d of Directors							
Per Part	Ketan Chhawchharia ner	Aditya Jajodia Director	Sanjiv Jajodia Director					ish] time		
	n Reg. No. 305123E nbership No. 63422									
	e : Kolkata e : 17 th May, 2010									

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Jai Balaji Industries Limited Registered Office : 5, Bentinck Street, 1st Floor, Kolkata - 700 001

ATTENDANCE SLIP

Please fill the attendance slip and hand it over at the entrance of the meeting hall

DP ID	Client ID
Regd. Folio No.*	No. of shares

NAME AND ADDRESS OF THE SHAREHOLDER : ____

I hereby record my presence at the Eleventh Annual General Meeting of the Company being held on Wednesday, the 22nd September, 2010 at 11:00 A.M. at Rotary Sadan (Shripati Singhania Hall), 94/2 Chowringhee Road, Kolkata - 700 020.

Please (\checkmark) in the box

□ MEMBER

..... Member's Signature

*Applicable for investors holding shares in physical form.

Jai Balaji Industries Limited

Registered Office : 5, Bentinck Street, 1st Floor, Kolkata - 700 001

PROXY FORM

DP ID	Client ID
Regd. Folio No.*	No. of shares
I/We of	in
the district of being a r	nember/members of Jai Balaji Industries Limited, hereby appoint
of	in the district of
or fail	ing him/herof
in the d	listrict ofas my/our Proxy to attend
and vote for me/us on my/our behalf at the Eleventh Annu	al General Meeting of the Company being held on Wednesday,
the 22 nd September, 2010 at 11:00 A.M. and at any adjournm	

Signed this day of 2010.

Signature

*Applicable for investors holding shares in physical form.

Note: The Proxy form duly completed and signed should be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the aforesaid meeting.

Proxy's Signature

Affix

Revenue Stamp





□ PROXY

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 Satish Chander Gupta Shri Angshuman Ghatak Shri Krishnava S Dutt Shri Amit Kumar Majumdar Shri Rajeev Kalra Shri Kumar Krishnan Iyer Shri Supratim Banerjee

Alternate to Shri Kumar Krishnan Iyer

Shri Ajay Tandon Alternate to Shri Rajeev Kalra

Chief Financial Officer

Shri Raj Kumar Sharma

Company Secretary

Shri Ajay Kumar Tantia

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 : 91-33-2248 9808/8173 Fax : 91-33-2243 0021 E-mail : info@jaibalajigroup.com Website : www.jaibalajigroup.com

Registrar and Share Transfer Agent

M/s S. K. Computers 34/1A, Sudhir Chatterjee Street Kolkata - 700 006 West Bengal, India Phone : 91-33-2219 4815/6797 E-mail : agarwalskc@rediffmail.com

Plant Locations

Ranigunj G/1, 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 Bank of India Canara Bank **Corporation Bank IDBI Bank Limited** Indian Overseas Bank Oriental Bank of Commerce Puniab National Bank Standard Chartered 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 West Bengal Financial Corporation West Bengal Industrial Development Corporation Ltd. West Bengal Infrastructure Development Finance Corporation Ltd.

Inspired by STEEL



Jai Balaji Industries Limited

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