

Constructing a larger tomorrow everyday



Jai Balaji Industries Limited

12th Annual Report 2010-11



Forward looking statement

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



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Notice to the Shareholders

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of Jai Balaji Industries Limited will be held on Wednesday, the 21st day of September, 2011 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:

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended 31st March, 2011 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, 2011.
3. To appoint a director in place of Shri Angshuman Ghatak, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Shri Shyam Bahadur Singh, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Shri Krishnav S Dutt, 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.

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

Ajay Kumar Tantia
Company Secretary

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

Place : Kolkata
Date: 12th August, 2011

Notes:

1. 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 (ONLY ON A POLL) AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE DULY COMPLETED INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING, I.E. ON OR BEFORE MONDAY, 19TH SEPTEMBER, 2011, 11.00 A.M.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, 17th September, 2011 to Wednesday, 21st September, 2011 (both days inclusive).
3. The dividend on equity shares of the Company for the financial year ending 31st March, 2011, if declared at this Meeting, will be paid on or after Wednesday, 21st September, 2011:
 - ★ to those Members, holding shares in physical form, whose names appear in the Register of Members of the Company on Wednesday, 21st September, 2011, after giving effect to all valid transfers in physical form lodged with the Company on or before Friday, 16th September, 2011.
 - ★ in respect of shares held in electronic form, on the basis of beneficial ownership, at the close of business hours on Friday, 16th September, 2011 as per details furnished by the Depositories for this purpose.
4. 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.
5. All documents referred to in the accompanying Notice 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.
6. 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 Agent. 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.
7. Members are requested to bring their copy of Annual Report at the Meeting.
8. Members / Proxy-holders are requested to produce at the entrance, the attached Attendance Slip duly filled in, for admission to the meeting hall.
9. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, brief profile of the

Notice to the Shareholders

Directors seeking re-appointment at this Annual General Meeting is annexed to this Notice.

10. Members whose shareholding is in electronic mode are requested to direct change of address and updates of savings bank account to their respective depository participants so as to receive dividend through NECS facility.
11. Members wishing to claim dividends, which remain unclaimed are requested to correspond with Shri Ajay Kumar Tantia, Company Secretary, at the Company's registered office. Members are requested to note that dividends not encashed or claimed within 7 (seven) years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the fund established

by the Central Government, namely the Investors Education and Protection Fund.

12. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances and has issued circular nos. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011, which states that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support the said green initiative, members holding shares in demat form, who have not registered their e-mail address as of now, are requested to register the same with their respective Depository Participant and members holding shares in physical form are requested to register their valid e-mail address

with the Company by writing at Company's registered office address or by sending an e-mail at jaibalaji@investordairy.in mentioning their name and folio no. Alternatively, a 'JAIBALAJI -Go Green Form' is also available at the Company's website to enable the Members holding shares in physical form to register their e-mail address.

By Order of the Board
For Jai Balaji Industries Limited

Ajay Kumar Tantia
Company Secretary

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

Place : Kolkata
Date: 12th August, 2011

Notice to the Shareholders

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

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

Shri Angshuman Ghatak

Date of Birth	:	15 th January, 1930
Date of Appointment	:	31 st July, 2009
Qualification	:	BE (Mechanical)
Expertise in Specific Functional area and brief profile	:	Wide experience in Power sector in both Thermal and Hydro power. He is the Ex-Chairman of Damodar Valley Corporation (DVC) and West Bengal Steel Electricity Board (W.B.S.E.B) and also has been the Executive Director of Bharat Heavy Electricals Limited.
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
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 Shyam Bahadur Singh

Date of Birth	:	1 st April, 1941
Date of Appointment	:	17 th December, 2007
Qualification	:	B. Sc (Metallurgical Engineering)
Expertise in Specific Functional area and brief profile	:	Vast and rich experience in the field of Iron & Steel Industry. He is the Ex-Managing Director of Durgapur Steel Plant
List of other Public Companies in which Directorship held	:	Skipper Limited
Chairman/ Member of the Committee of Board of Directors of the Company	:	1) Audit Committee-Member 2) 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



Notice to the Shareholders

Shri Krishnava S Dutt

Date of Birth	:	16 th October, 1973
Date of Appointment	:	11 th August, 2009
Qualification	:	Bachelor of Socio-Legal Sciences & Bachelor of Law
Expertise in Specific Functional area and brief profile	:	Legal Practitioner, Partner of Argus Partners, Advocates
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
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

Directors' Report

Dear Members

Your Directors are pleased to present the twelfth Annual Report of your Company along with the audited accounts for the financial year ended 31st March, 2011.

■ Result of Operations

Particulars	Year ended March 31 st , 2011	Year ended March 31 st , 2010
Net sales and other income	2,18,796.87	1,94,028.21
Less : Total expenditure	1,83,577.90	1,67,905.92
Profit before interest, depreciation and tax	35,218.97	26,122.29
Less : Interest	15,368.64	14,270.65
Profit before depreciation and taxation	19,850.33	11,851.64
Less : Depreciation	8,280.65	6,928.95
Profit before Tax	11,569.68	4,922.69
Less : Current tax	2,778.81	1,151.67
MAT credit entitlement	(2,490.29)	(1,150.86)
Deferred tax	3,886.07	1,741.03
Profit after Tax	7,395.09	3,180.85
Add : Balance brought forward from previous year	16,772.69	13,883.54
Profit available for Appropriation	24,167.78	17,064.39
Less : Proposed dividend	255.13	255.13
Tax on dividend	35.73	36.57
Balance carried to Balance Sheet	23,876.92	16,772.69

■ Financial Review

During the year 2010-11, your Company achieved a total revenue of Rs. 2,18,796.87 lacs as compared to Rs. 1,94,028.21 lacs in the previous year which reflects a growth of around 12.76%. The EBIDTA for the year under review was Rs. 35,218.97 lacs as compared to Rs. 26,122.29 lacs for the previous year representing an increase of 34.82%. The net profit for the year under review was Rs. 7,395.09 lacs against Rs. 3,180.85 lacs in the previous year.

The financial performance has improved during the year under review, despite sluggish market conditions, bottlenecks

in material availability and slow growth in core sector.

■ 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 2010-11.

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.

■ Expansion & Projects

Your Company continues its journey to deliver value for customers and to all the stakeholders of the Company by improving its performance in safety, quality, productivity, environment and people development through knowledge transmission.

Your Company has envisaged to set up 5 million tonne integrated Steel Plant, 3 million tonne Cement Plant and 1,215 MW Power Plant in Raghunathpur, in the District of Purulia in West Bengal subject to such support, approval of



Directors' Report (Contd.)

government, government agencies and other concerned. The Company has received adequate financial assistance from various banks and financial institutions for the 1st phase of the project. This mega project is another step by the Company to enhance its presence in Steel and Power business.

The Company is in the process of setting up of 0.35 million tons Coke Oven Plant along with waste heat recovery boiler of 80 TPH at its unit at Durgapur.

The Ductile Iron Pipe Plant at Durgapur with a capacity of 2.40 lacs MTPA has commenced commercial production with effect from November 3, 2010 after necessary approvals.

The Company is having BIS certification for its Ductile Iron Pipes for 100 -1200 mm dia. The Company's products meet stringent quality parameters and which is gaining market share comprising of private, institutional, non-institutional and government body buyers. This achievement highlights the technical and project execution skills of the management of your Company to successfully execute large projects within record time.

■ Subsidiaries

Your Company has three wholly owned subsidiaries namely, Nilachal Iron & Power Limited, Jai Balaji Steels (Purulia) Limited & Jai Balaji Energy (Purulia) Limited. Both Jai Balaji Steels (Purulia) Limited & Jai Balaji Energy (Purulia) Limited were incorporated on 1st November, 2010.

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 subsidiaries for the financial year ended 31st March, 2011 are attached in terms of Section 212 of the Companies Act, 1956.

■ Joint Ventures

● Andar East Coal Company Private Limited

A joint venture company 'M/s Andar East Coal Company Private Limited' was formed in 2009-10 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. The said Joint Venture Company was formed in terms of allocation of Andar Non-Coking Coal Block in the State of West Bengal by Ministry of Coal, Government of India. Your Company has 32.79% stake in the coal block.

● 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. The said Joint Venture Company was formed in terms of allocation of Rohne-Coking Coal Block in the State of Jharkhand by Ministry of Coal, Government of India. 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.

■ Listing

The equity shares continue to be listed on the National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited (BSE) and The Calcutta Stock Exchange Limited (CSE). Both NSE and BSE have nationwide terminals which enable the shareholders/investors to trade in the shares of the Company from any part of the country without any difficulty. The Company has paid annual listing fees for 2011-2012 to the National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited (BSE) and The Calcutta Stock Exchange Limited (CSE).

■ Future Prospects

The world steel demand is directly correlated to growth in world real GDP. According to IMF the world real GDP is forecast to be about 4.5% in 2011 and 2012. Real GDP in advanced economies and emerging & developing economies is expected to expand by about 2.5%

and 6.5% respectively which will drive demand for steel. According to World Steel Association the apparent steel use will increase by 5.9% to 1,359 mmt in 2011 and in 2012, world steel demand will grow further by 6.0% to reach a new record of 1,441 mmt.

The steel consumption in India is optimistic, indicating that India's steel demand is likely to grow by 13.6% in 2011 as per the World Steel Association forecast. If the proposed expansion plans in India are implemented as per schedule, it would make it the second largest steel maker by 2015-16.

The macroeconomic policies of the government with continuous emphasis on infrastructure activities and growing Indian Economy provide growth impetus for the industry. The Government has set up an Inter-Ministerial Group to facilitate interaction between investors and various agencies in matters of acquisition of land, mining power and transportation including rail, road and port sectors. The Government has sustained its thrust 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 its share in existing markets and also to enter new markets.

■ 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:

Directors' Report

- i) In the preparation of annual accounts, the applicable accounting standards have been followed;
- ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the statement of affairs of the Company as at 31st March 2011 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 Company does not have any employee whose particulars are required to be furnished under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended from time to time.

■ Corporate Governance and Management Discussion and Analysis

Your company views Corporate Governance in its widest sense almost like a trusteeship, a philosophy to be progressed, a value to be imbibed and an ideology to be ingrained into the corporate culture to build sound foundation for sustainable growth and value creation.

To that end 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, conforming 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 auditors 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 even though the scope and coverage of Internal Audit system has improved as compared to previous year, however in their opinion the same 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 certain cases.

The management takes due care

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

- The Auditors have pointed out in the Annexure to the Auditors' Report at para xi that the Company has delayed in repayment of dues to banks during the year.

Due to temporary cash flow mismatch there has been delay in repayments of dues to Banks. There is no continuing delay of payment of such dues.

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.

■ Cost Auditors

Your Board has appointed M/s Mondal & Associates, Proprietor Mr. Amiya Mondal as Cost Auditor of the Company in accordance with the provisions of Section 233B of the Companies Act, 1956 read with Cost Accounting Records (Steel Plant) Rules, 1990, circular no. 15/2011[52/5/CAB-2011] dated 11th April, 2011 and circular no. 52/26/CAB-2010 dated 3rd May, 2011 for the financial year 2011-12.

■ Directors

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Shri Angshuman Ghatak, Shri Shyam Bahadur Singh and Shri Krishnava S. Dutt, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Your Directors have appointed Shri Rajeev Kalra w.e.f. 26th May, 2010 and Shri Amit Kumar Majumdar w.e.f. 10th July, 2010 as Additional Directors of the Company. Both Shri Rajeev Kalra and Shri Amit Kumar Majumdar were appointed as Directors of the Company in the last Annual General Meeting of the Company held on 22nd September, 2010. Shri Ajay Tandon has been appointed as Alternate Director to Shri Rajeev Kalra w.e.f. 26th May, 2010.



Directors' Report (Contd.)

Shri Rajeev Kalra and Shri Kumar Krishnan Iyer have subsequently resigned from the Board w.e.f. 23rd June, 2011 & 20th July, 2011, respectively and upon their resignation Shri Ajay Tandon and Shri Supratim Banerjee also simultaneously cease to be their respective Alternate Director on the Board. The Board wishes to place on record its sincere appreciation of their valuable contribution to the Company.

A brief resume of the Directors being re – appointed is incorporated in the Notice of the ensuing Annual General Meeting.

■ Human Resource Management

Employees are considered as vital and most valuable assets of the Company. Your Company integrates employee growth with organisational growth through empowerment and by offering a challenging workplace. The nature of Company's business presupposes sound work expertise, effective teamwork and continuous dedication. To promote this the Company has an elaborate HR system to promote a safe, competitive and transparent work environment.

Expanding in technology, investing in capacity and developing presence at project sites will require people who will have to be trained in the specific expertise. The continuous leadership and technical training courses at the entry level as well as the continuous on the job training have been enhanced to give employees the opportunity to improve their skills leading to consistent improvements in systems as well as to ensure the Company has the right competency in its workforce.

■ Corporate Social Responsibility (CSR)

Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

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 and some of the activities undertaken during the year are as under :

☛ Environment

- Plantation of trees in and around 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.
- Development of Green Belt inside factory and also in nearby villages.
- Setting up of fencing to restrict fugitive emission from plant to surrounding villages.

☛ Healthcare

- Organising free medical checkups for employees & their family members.
- Setting up of Health Camp in Banskopa Village at Durgapur, renovation of district hospital and distribution of free medicines.
- Creation of social awareness towards health and hygiene.

☛ Education

- Books distribution, repairing and maintenance, white washing /painting of class room in schools.

☛ Rural development

- Maintenance of horticulture, drain work and playing ground in Banskopa Village, Durgapur.
- Arrangement of drinking water, digging & cleaning of ponds at Rasmada in Durg.
- Development of drainage system.
- Development of burning ghat and construction of boundary wall in burning ghat.
- Constructed playground, Kali

Mandir etc. in Banskopa Village, Durgapur.

☛ Social

- Provided monetary support to the organising committee of the village for organising local festivals, pujas, cultural programmes and also for marriage ceremony to the villagers.
- Provided traffic assistance to the volunteers by distribution of helmets and shoes for safety purpose.
- Distribution of blankets, 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.
- Organised sports tournament and development of sports playground.

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 wish to place on record their appreciation of the dedication and commitment 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 ongoing support and co-operation extended by the investors, shareholders, financial institutions/banks, regulatory and government authorities, customers, suppliers and all other business

On behalf of the Board of Directors

Aditya Jajodia

Chairman & Managing Director

Place : Kolkata

Date : 12th August, 2011

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 2011:

A. Conservation of energy:

(a) Energy conservation measures taken:

The Company is committed to conserve energy and making best use of the resources. A considerable amount of time and effort was earmarked for conserving power across all our plants. The measures undertaken were namely:

- Molten Metal directly charged to Induction Furnace & Electric Arc Furnace to save energy.
- Use of Molten Metal in Ductile Iron Pipe for Energy Conservation.
- Use of Latent Heat of Flue Gas of Blast Furnace Stoves to Pre-heat Air & Blast Furnace Gas to save energy in Blast Furnace Waste Heat Recovery
- Use of Waste Heat of Sinter Cooler to Sinter Ignition Furnace.
- Arrangement of Capacitor Bank to improve the Power Factor to be maintained above 0.99.
- VFD's installed for all Heavy Motors.
- Energy Meters installed at all possible LT & HT Consumption Points to monitor & to identify the further probable areas for Reduction in Power Consumption.
- Use of Blast Furnace Gas & Producer Gas for Re-heating Furnaces, Ladle Pre-heaters etc.
- Using day light whenever possible at shop floor.
- Using power steam in VD operation and blast furnace to reduce energy consumption.
- PLC based conveyors operation for rational utilization of power.
- BF Gas Use in Ladle Heating at SMS & Annealing Furnace at DIP.
- Use of Dolo-char to Special designed CFBC Boiler to reduce fresh Coal Consumption.
- Waste BF Gas used in Power Plant for Power Generation.

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

Constant review of operations and process is being done to identify energy saving areas.

(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 dolachar, 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. The key focus is to serve a wide range of industries and to end customers with focus on high share of business. Specific initiatives were taken in the area of enhancing customer relationship, improved processes, new product, new market and infrastructure development. For this visits are being made by senior management personnel from time to time.

(b) Total foreign exchange used and earned

(Rs. in lacs)

	2010-11	2009-10
i) Foreign currency used	17,573.56	21,731.80
ii) Foreign currency earned	4,125.19	5,367.96

Form - A

Form for disclosure of particulars with respect to conservation of energy

A. Power and fuel consumption:

Particulars	2010-11	2009-10
Electricity		
a) Purchased		
Units (in lacs)	3,274.33	4,040.77
Total amount (Rs. in lacs)	10,487.18	13,021.03
Rate per unit (Rs.)	3.20	3.22
b) Own generation		
i) Through diesel generator		
Units (in lacs)	2.55	4.27
Units per litre of diesel	3.62	3.55
Cost per unit (Rs.)	10.73	9.81
ii) Through power plant		
Units (in lacs)	3,581.35	3,237.85
Total amount (Rs. in lacs)	3,939.75	4,271.11
Cost per unit (Rs.)	1.10	1.32

**Annexure to Directors' Report (Contd.)****B. Electricity consumption per unit (MT) of production:**

Particulars	2010-11	2009-10
Sponge iron (Units)	110	93
Billet/MS ingots (Units)	802	754
Ferro alloys (Units)	4,442	4,264
Pig iron (Units)	219	185
Steel bars/rods (Units)	107	101
Ductile Iron Pipe (Units)	422	--

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 a results of the above R&D:-

Not Applicable

3. Future plan of action:-

Your Company recognises the need for cleaner and greener environment by taking various energy conservation measures, reduction of emission of harmful substances in the environment, reduction in wastages and various other useful measures. It further plans to improve its productivity and quality.

4. Expenditure on R&D:-

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 product improvement, cost reduction, product development, improvements in exports and saving in process cost.

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

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

Report of the Directors on Corporate Governance

1. COMPANY'S PHILOSOPHY

Code of Governance

Good governance practices stem from the culture and mindset of the organisation. The Company believes that the practice of governance philosophy, namely transparency, accountability, control and ethical corporate citizenship creates the right corporate culture that fulfils the true purpose of Corporate Governance. Achievement of excellence in good Corporate Governance practices requires continuous efforts. Corporate Governance has been implemented not only under the law but also in spirit of the Company. The Board exercises its fiduciary responsibilities in the widest sense of term by constant endeavour of adopting the best governance practices.

The Company aims to increase and sustain its corporate value through

growth and innovation. The Company recognises that Corporate Governance, guided by ethical principles and practices, is necessary in order to achieve its goals of value creation, environment and corporate citizenship.

Compliance with Corporate Governance Guidelines

The Company is fully compliant with the requirements of the prevailing and applicable Corporate Governance Code. The Company's compliance in terms of Clause 49 of the Listing Agreement executed with the Stock Exchanges is presented in the subsequent sections of this report.

2. BOARD OF DIRECTORS

The Company's policy towards composition of board is in terms of Corporate Governance Policy of the Listing Agreement, as amended from time to time. The Board

consists of an optimum combination of executive & non-executive directors and independent directors. The Chairman of the Board is a Promoter Executive Director. As on 31st March, 2011, the Board consists of 12 directors, excluding alternate directors out of which:

- 2 are Promoter Executive Directors,
- 2 are Promoter Non-Executive Directors,
- 2 are Non-Executive Directors and
- 6 are Independent Non-Executive Directors.

During the financial year 2010- 11, 5 (five) meetings of the Board were held viz., 26th May, 2010; 10th July, 2010; 3rd August, 2010; 11th November, 2010 and 14th February, 2011. The maximum time gap between two consecutive board meetings did not exceed four months.

The composition of the Board of Directors i.e. their names and category, their attendance at Board meetings during the financial year 2010-11 and at the last Annual General Meeting, and the number of other directorship and Board committees' membership/chairmanship are as follows:

Name of Directors	Category	Attendance Particulars		Number of directorship and committee membership / chairmanship		
		Board Meetings	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Shri Aditya Jajodia (Chairman & Managing Director)	Promoter Executive Director	5	Yes	9	–	–
Shri Sanjiv Jajodia (Whole-time Director)	Promoter Executive Director	4	Yes	10	1	1
Shri Rajiv Jajodia	Promoter Non-Executive Director	5	–	7	–	–
Shri Gourav Jajodia	Promoter Non-Executive Director	4	–	4	–	1
Shri Ashim Kumar Mukherjee	Independent Non-Executive Director	5	Yes	1	1	–
Shri Shyam Bahadur Singh	Independent Non-Executive Director	2	–	1	–	–
Shri Satish Chander Gupta	Independent Non-Executive Director	2	Yes	11	6	–
Shri Angshuman Ghatak	Independent Non-Executive Director	5	Yes	–	–	–
Shri Krishnava S. Dutt	Independent Non-Executive Director	3	–	–	–	–



Report of the Directors on Corporate Governance

Name of Directors	Category	Attendance Particulars		Number of directorship and committee membership / chairmanship		
		Board Meetings	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Shri Kumar Krishnan Iyer*	Non-Executive Director	2	–	2	2	–
Shri Supratim Banerjee*	Alternate to Shri Kumar Krishnan Iyer	2	–	1	–	–
Shri Rajeev Kalra** (appointed w.e.f. 26.05.10)	Non-Executive Director	4	–	2	–	–
Shri Ajay Tandon** (appointed w.e.f. 26.05.10)	Alternate to Shri Rajeev Kalra	–	–	–	–	–
Shri Amit Kumar Majumdar (appointed w.e.f. 10.07.10)	Independent Non-Executive Director	3	–	3	2	–
Shri Vivek Chhachhi** (resigned w.e.f. 12.05.10)	Non-Executive Director	–	–	2	–	–
Shri Ajay Tandon** (resigned w.e.f. 12.05.10)	Alternate to Shri Vivek Chhachhi	–	–	–	–	–

*Representing India Equity Partners

**Representing Citi Venture Capital International

Shri Rajeev Kalra and Shri Kumar Krishnan Iyer have resigned from the Board w.e.f. 23rd June, 2011 & 20th July, 2011, respectively and with their resignation Shri Ajay Tandon & Shri Supratim Banerjee ceased to be their respective Alternate Director from the even dates.

The details of the directors seeking appointment/re-appointment in Twelfth Annual General Meeting are given in the notice to the Annual General Meeting.

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 and Chairman of more than 5 committees as specified in Clause 49 of the Listing Agreement across all the Companies in which he is a director.

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. BOARD COMMITTEES

♦ Audit Committee

The Company has an Audit Committee at the Board level, which acts as a link between the management, the statutory and internal auditors and the board of directors. The composition of the Audit Committee is in line with the requirements of Clause 49 of the Listing Agreement. The Audit Committee as on 31st March, 2011, comprises of 9 Directors, 6 of whom are Independent Non-Executive Directors, 2 are Non-Executive Directors and 1 is a Promoter Executive Director. The Committee is headed by Shri Satish Chander Gupta, an Independent Non-Executive Director of the Company.

During the financial year 2010-11, 4 (four) meetings of the Audit Committee were held viz., 26th May, 2010; 3rd August, 2010; 11th November, 2010 and 14th February, 2011. The necessary quorum was present at the meeting.

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

The Composition of the Committee and the attendance at the meetings of the Committee during the financial year 2010-11 are given below:

Name of the Members	Designation	No. of meetings attended
Shri Satish Chander Gupta	Chairman	2
Shri Aditya Jajodia	Member	4

Report of the Directors on Corporate Governance

Name of the Members	Designation	No. of meetings attended
Shri Ashim Kumar Mukherjee	Member	4
Shri Shyam Bahadur Singh	Member	2
Shri Angshuman Ghatak	Member	4
Shri Krishnava S Dutt	Member	2
Shri Kumar Krishnan Iyer	Member	2
Shri Supratim Banerjee As Alternate to Shri Kumar Krishnan Iyer	Member	2
Shri Rajeev Kalra (appointed w.e.f. 26.05.10)	Member	3
Shri Ajay Tandon As Alternate to Shri Rajeev Kalra (appointed w.e.f. 26.05.10)	Member	–
Shri Amit Kumar Majumdar (appointed w.e.f. 10.07.10)	Member	3
Shri Vivek Chhachhi (resigned w.e.f. 12.05.10)	Member	–
Shri Ajay Tandon As Alternate to Shri Vivek Chhachhi (resigned w.e.f. 12.05.10)	Member	–

Shri Rajeev Kalra and Shri Kumar Krishnan Iyer ceased to be the member of Audit Committee, upon their resignation from the Board w.e.f. 23rd June, 2011 and 20th July, 2011, respectively and with their resignation Shri Ajay Tandon and Shri Supratim Banerjee, Alternate Director to Shri Rajeev Kalra and Shri Kumar Krishnan Iyer, respectively also ceased to be the member of the Audit Committee from even dates.

Resignation of Shri Manoj Kumar Banthia, a member of Audit Committee, on 29th January, 2010 resulted into reduction of minimum requisite number of independent directors on the committee being 2/3rd of the total strength. However, the said vacancy was filled within 180 days by appointment of Shri Amit Kumar Majumdar on 10th July, 2010. All the members of the Committee are financially literate and having insight to interpret and understand financial statements and also have accounting and financial management expertise. The meetings of the Audit Committee were also attended by the representatives of the Statutory Auditor & Internal Auditor, Chief Financial Officer (CFO) 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. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or

removal of the cost auditor and the fixation of their remuneration and other payments.

5. 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; and,
 - g. Qualifications in the draft audit report.



Report of the Directors on Corporate Governance

6. 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.
7. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, private placement etc.).
8. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
9. Reviewing the adequacy of internal audit function including the frequency of internal audit.
10. Discussion with internal auditors any significant findings and follow up thereon.
11. 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.
12. 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.
13. 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.
14. Reviewing any related party transaction i.e., transaction with the Company of material nature, key managerial personnel (KMP), relatives of KMP, enterprises over which the KMP possess significant influence, etc., that may have potential conflicts with the interest of the Company at large.
15. 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.
16. Reviewing transactions with Subsidiaries, Joint Ventures etc.
17. Reviewing the financial statements of the unlisted subsidiary companies.
18. 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 :

- 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.

♦ 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, 2011 of 6 directors of which 4 are Independent Non-Executive Directors and 2 are Non-Executive Directors. The Committee is headed by Shri Ashim Kumar Mukherjee, an Independent Non-Executive Director of the Company.

The broad 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.

No meeting of the Remuneration Committee was held during the financial year 2010-11. The Composition of the Committee during the financial year 2010-11 is given below:

Name of the Members	Designation
Shri Ashim Kumar Mukherjee	Chairman
Shri Shyam Bahadur Singh	Member
Shri Satish Chander Gupta	Member
Shri Kumar Krishnan Iyer	Member
Shri Supratim Banerjee As Alternate to Shri Kumar Krishnan Iyer	Member
Shri Rajeev Kalra (appointed w.e.f. 26.05.10)	Member
Shri Ajay Tandon As Alternate to Shri Rajeev Kalra (appointed w.e.f. 26.05.10)	Member
Shri Amit Kumar Majumdar (appointed w.e.f. 10.07.10)	Member
Shri Vivek Chhachhi (resigned w.e.f. 12.05.10)	Member
Shri Ajay Tandon As Alternate to Shri Vivek Chhachhi (resigned w.e.f. 12.05.10)	Member

Report of the Directors on Corporate Governance

Shri Rajeev Kalra and Shri Kumar Krishnan Iyer ceased to be the member of Remuneration Committee, upon their resignation from the Board w.e.f. 23rd June, 2011 and 20th July, 2011, respectively and with their resignation Shri Ajay Tandon and Shri Supratim Banerjee, Alternate Director to Shri Rajeev Kalra and Shri Kumar

Krishnan Iyer, respectively also ceased to be the member of the Remuneration Committee from even dates.

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 meetings. The Company also reimburses the out-of-pocket 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 2011 are as follows:

■ Executive Directors :

(Rs.)

Name of the Directors	Salary	Benefits/Allowances, etc. (fixed component)	Total
Shri Aditya Jajodia	9,000,000	6,943,800	15,943,800
Shri Sanjiv Jajodia	7,200,000	5,595,000	12,795,000
Total	16,200,000	12,538,800	28,738,800

The tenure of office of Shri Aditya Jajodia, Chairman and Managing Director and Shri Sanjiv Jajodia, Whole-time Director are 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	25,000
Shri Gourav Jajodia	20,000
Shri Ashim Kumar Mukherjee	25,000
Shri Shyam Bahadur Singh	10,000
Shri Satish Chander Gupta	10,000
Shri Angshuman Ghatak	25,000
Shri Krishnava S Dutt	15,000
Shri Kumar Krishnan Iyer	—
Shri Rajeev Kalra	—
Shri Amit Kumar Majumdar	15,000
Shri Supratim Banerjee	—
Shri Ajay Tandon	—
Total	145,000



Report of the Directors on Corporate Governance

The Non-Executive Directors did not have any other material 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, 2011 are as follows:

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.

♦ Shareholders' Committee

The Board has constituted the Share Transfer cum Investor Grievance Committee at the Board level to deal with various matters relating to redressal of shareholders and investors grievances. The Committee as on 31st March, 2011 comprises of 4 directors of which 1 is Promoter Executive Director, 1 is Independent Non-Executive Director, and 2 are 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, transposition of shares, sub-division of shares, 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 rematerialisation 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 financial year 2010-11, 4 (four) meetings of the Share Transfer cum Investor Grievance Committee were held viz., 26th May, 2010; 3rd August, 2010; 11th November, 2010 and 14th February, 2011. The composition of the Shareholders' Grievance Committee and the attendance of member Directors during the financial year 2010-11 are as follows:

Name of the Members	Designation	No. of meetings attended
Shri Ashim Kumar Mukherjee	Chairman	4
Shri Aditya Jajodia	Member	4
Shri Kumar Krishnan Iyer	Member	2
Shri Supratim Banerjee As Alternate to Shri Kumar Krishnan Iyer	Member	2
Shri Rajeev Kalra (appointed w.e.f. 26.05.10)	Member	3
Shri Ajay Tandon As Alternate to Shri Rajeev Kalra (appointed w.e.f. 26.05.10)	Member	–
Shri Vivek Chhachhi (resigned w.e.f. 12.05.10)	Member	–
Shri Ajay Tandon As Alternate to Shri Vivek Chhachhi (resigned w.e.f. 12.05.10)	Member	–

Shri Rajeev Kalra and Shri Kumar Krishnan Iyer ceased to be the member of Share Transfer cum Investor Grievance Committee, upon their resignation from the Board w.e.f. 23rd June, 2011 and 20th July, 2011, respectively and with their resignation Shri Ajay Tandon and Shri Supratim

Banerjee, Alternate Director to Shri Rajeev Kalra and Shri Kumar Krishnan Iyer, respectively also ceased to be the member of the Share Transfer cum Investor Grievance Committee from even dates.

Shri Gourav Jajodia and Shri Amit

Kumar Majumdar have been appointed as member of Share Transfer cum Investor Grievance Committee w.e.f. 12th August, 2011.

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

Report of the Directors on Corporate Governance

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	2	2	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, 2011.

♦ Management (Finance) Committee

The Company has a Management (Finance) Committee of Directors which as on 31st March, 2011, comprised of 6 directors of which 3 are Promoter Directors, 2 are Non-Executive Directors and 1 is Independent Non-Executive Director.

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 2010-11, 8 (eight) meetings of the Committee were held viz., 21st April, 2010; 7th May, 2010; 26th May, 2010; 6th September, 2010; 25th September 2010; 26th October 2010; 24th December, 2010 and 1st March 2011. The composition of the Management (Finance) Committee and the attendance of member Directors during the financial year 2010-11 are as follows:

Name of the Members	Designation	No. of meetings attended
Shri Aditya Jajodia	Chairman	8
Shri Sanjiv Jajodia	Member	8
Shri Rajiv Jajodia	Member	8
Shri Ashim Kumar Mukherjee	Member	8
Shri Kumar Krishnan Iyer	Member	–
Shri Supratim Banerjee As Alternate to Shri Kumar Krishnan Iyer	Member	1
Shri Rajeev Kalra (appointed w.e.f. 26.05.10)	Member	–
Shri Ajay Tandon As Alternate to Shri Rajeev Kalra (appointed w.e.f. 26.05.10)	Member	–
Shri Vivek Chhachhi (resigned w.e.f. 12.05.10)	Member	–
Shri Ajay Tandon As Alternate to Shri Vivek Chhachhi (resigned w.e.f. 12.05.10)	Member	–

Shri Rajeev Kalra and Shri Kumar Krishnan Iyer ceased to be the member of Management (Finance) Committee, upon their resignation from the Board w.e.f. 23rd June, 2011 and 20th July, 2011, respectively and with their resignation Shri Ajay Tandon and Shri Supratim Banerjee, Alternate Director to Shri Rajeev Kalra and Shri Kumar Krishnan Iyer, respectively also ceased to be the member of the Management (Finance) Committee from even dates.

4. 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
2009-10	22.09.2010	11:00 A.M.	Rotary Sadan (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata – 700 020
2008-09	15.09.2009	11:30 A.M.	Rotary Sadan (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata – 700 020
2007-08	18.09.2008	11:00 A.M.	Rotary Sadan (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata – 700 020



Report of the Directors on Corporate Governance

Special Resolutions

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

➤ 2009-10

- Permission to increase the maximum number of directors to be appointed in the Company from 12 (twelve) to 16 (sixteen), and accordingly to amend Article 111(1) of the Articles of Association of the Company, and
- 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\$ 100 million.

➤ 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.

♦ Court-convened meeting :

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

Financial year	Venue	Day and date	Time	Purpose
2007-08	Rotary Sadan (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata - 700 020	Wednesday 12.03.2008	10:30 A.M.	In terms of the order dated 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 Singhanian 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 during the last three years are as follows:

Financial year	Venue	Day and date	Time	Nature and nos. of Special Resolutions
2009-10	Rotary Sadan (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata - 700 020	Monday 27.07.2009	11:00 A.M.	1. Issue of Equity Shares/Securities convertible into Equity Shares to eligible Qualified Institutional Buyers (QIBs). 2. Issue of Securities including FCCBs/FCCNs/GDRs/ADRs/SPNs and/or other financial instruments. 3. Revision in remuneration of Shri Aditya Jajodia, Chairman & Managing Director of the Company 4. Revision in remuneration of Shri Sanjiv Jajodia, Whole-time Director of the Company
2007-08	Rotary Sadan (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata - 700 020	Wednesday 12.03.2008	1:30 P.M.	1. Alteration in Articles of Association 2. Revision in terms of appointment of the Managing Director 3. Re-appointment of Wholetime Director
2007-08	Rotary Sadan (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata - 700 020	Thursday 10.01.2008	11:00 A.M.	1. Issuance of zero coupon compulsorily convertible debentures 2. Issuance of SPMPL warrants 3. Issuance of promoter warrants
2007-08	Rotary Sadan (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata - 700 020	Thursday 12.04.2007	3:00 P.M.	1. Issuance of Securities 2. Change of Name of the Company

Report of the Directors on Corporate Governance

Postal Ballot

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

5. DISCLOSURES

♦ Related Party Disclosures

There are no materially significant related party transactions that have/may have potential conflict with the interest of the Company at large. However, disclosure of related party transactions is set out under Note no. 15 of Schedule 23 relating to financial statements.

♦ Capital Markets Disclosure

The Company has complied with the requirements of Stock Exchanges, SEBI and other statutory authorities on matters relating to the capital markets during the last three years and consequently no penalties or stricture have been imposed on the Company by these authorities.

♦ Compliance with Mandatory Requirements

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.

♦ Disclosure of Accounting Treatment

The Company has followed the Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006 issued by The Institute of Chartered Accountants of India in preparation of its financial statements. The financial statements have been audited by M/s S. R. Batliboi & Co., Chartered Accountants, Statutory Auditors of the Company and have been discussed with the Audit Committee. The Company has adequate internal control systems to identify the risk.

♦ Code of Conduct

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 for the year ended 31.03.2011. The Company Secretary is responsible for adherence to the code. A declaration to this effect signed by the Chairman & Managing Director forms part of this Annual Report.

6. SECRETARIAL AUDIT

A qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited and the total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held in electronic mode with NSDL and CDSL.

7. SUBSIDIARY COMPANIES

The Company has three wholly owned subsidiaries viz.,

- M/s Nilachal Iron & Power Limited
- M/s Jai Balaji Steels (Purulia) Limited
- M/s Jai Balaji Energy (Purulia) Limited

of which M/s Nilachal Iron & Power Limited is a material non-listed subsidiary within the meaning of the explanation given in Explanation 1 of Clause 49(III) of the Listing Agreement with the Stock Exchanges. Shri Ashim Kumar Mukherjee an independent director on the Board of the Company is also a director on the Board of M/s Nilachal Iron & Power Limited. The Company monitors the performance of such companies, inter alia, by the following means:

- Copy of the Minutes of the Meetings of the Board of Directors of the Subsidiary Companies are

tabled before the Company's Board.

- Financial results of the Subsidiary Companies are tabled before the Company's Board.

8. CEO AND CFO CERTIFICATION

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 this report.

9. 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 as soon as the same are approved and taken on record by the Board.

Newspapers wherein results are normally published:

English
Newspaper - Business Standard
- Mint

Vernacular
Newspaper - Aajkal

Website

In compliance of Clause 54 of the Listing Agreement and SEBI Circular No. CIR/CFD/DIL/10/2010 dated December 16, 2010, the Company is maintaining a functional website i.e. www.jaibalajigroup.com containing the required basic information about the Company.

Contact information of the designated official responsible for Assisting and Handling Investor Grievances is:

The Company Secretary
Jai Balaji Industries Limited
5, Bentinck Street,
Kolkata - 700 001
Phone No.: (91)(33) 32607848
E-mail : cs@jaibalajigroup.com

The Financial Results are also posted on the website of the Company.

News Releases, Presentations etc.

The official news releases and presentations, if any, made to institutional investors and analysts at investors meet from time to time are also posted on the Company's website. Official Press Releases are sent to the Stock Exchanges.



Report of the Directors on Corporate Governance

Exclusive e-mail-id for Investors' Grievances

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

10. SHAREHOLDER INFORMATION

Annual General Meeting : Day, date, time and venue	: Wednesday, 21 st September, 2011 at 11.00 A.M. : Rotary Sadan (Shripati Singhania Hall), 94/2, Chowringhee Road, Kolkata – 700 020.
Financial calendar (tentative) for the year 2011-12:	April 2011 to March 2012 The probable dates for the publication of the Financial Results for the financial year 2011-12: 1st Quarter Results 12 th Aug, 11 2nd Quarter Results On or before 14 th Nov, 11 3rd Quarter Results On or before 14 th Feb, 12 Annual Results On or before 30 th May, 12
Date of book closure	: Saturday, 17 th September, 2011 to Wednesday, 21 st September, 2011 (both days inclusive)
Date of Dividend payment	: Within 30 days from the date of declaration, if any 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 Ltd. 7, Lyons Range, Kolkata – 700 001
The Company has paid annual listing fees to each of the above Stock Exchanges for the financial year 2010-11.	
• Stock Code/Symbol	: BSE – 532976 NSE – JAIBALAJI CSE – 10020253
• Depositories	: National Securities Depository Limited Trade world, 4th Floor, 'A' Wing Kamala Mills Compound Senapati Bapat Marg, Lower Parel Mumbai - 400 013 Central Depository Services (India) Limited Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street Mumbai - 400 001
• Demat ISIN Number in the NSDL and CDSL	
- For fully paid-up equity shares	: INE 091G01018
- For partly paid-up equity shares	: IN 9091G01016
• Corporate Identification Number (CIN)	: L27102WB1999PLC089755

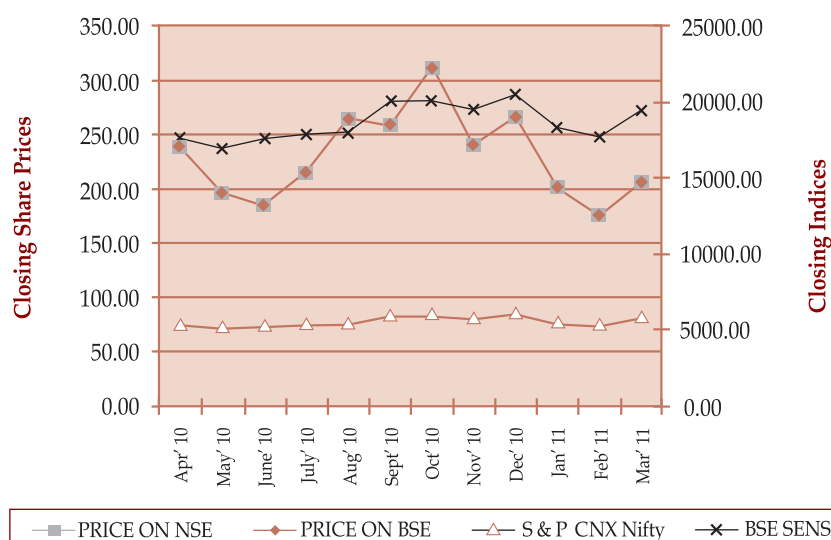
Report of the Directors on Corporate Governance

• Market price data:

The Company's monthly high and low prices recorded on the National Stock Exchange of India Limited & the Bombay Stock Exchange Limited during each month in last financial year 2010-11 are as under:

Month	Share Price (NSE)		Share Price (BSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April'10	256.00	225.60	256.40	221.55
May'10	242.00	179.00	244.80	178.00
June'10	204.80	182.50	204.70	180.30
July'10	234.00	179.00	233.70	180.20
August'10	285.40	213.20	285.90	213.00
September'10	289.00	245.00	289.50	240.40
October'10	334.90	238.10	332.95	238.10
November'10	329.90	205.00	329.00	205.00
December'10	275.00	220.00	275.00	231.00
January'11	279.40	192.50	291.00	194.05
February'11	217.00	168.10	217.70	168.10
March'11	229.40	163.95	229.95	165.00

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 : (91) (33) 2219-6797
 Fax : (91) (33) 2219-4815
 E-mail: agarwalskc@rediffmail.com
- Share transfer system : 99.96% 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 transfer documents can be lodged with the Registrars & Share Transfer Agent at the above- mentioned address. The transfers are normally processed within 15 days from the date of receipt, if the documents are complete in all respects.



Report of the Directors on Corporate Governance

11. CATEGORIES OF SHAREHOLDERS AS ON 31ST MARCH, 2011

Category	Number of Shareholders	Shareholders %	Number of ordinary shares held	Holding %
Resident individual	7,945	93.76	7,397,022	11.60
Non-Resident individual	84	0.99	74,518	0.12
Domestic Companies	393	4.64	5,250,234	8.23
Foreign Companies	3	0.03	8,304,547	13.02
Foreign Institutional Investors	26	0.31	8,458,678	13.26
Mutual Funds	1	0.01	1,616,283	2.53
Trusts	6	0.07	54,453	0.09
Promoters	16	0.19	32,625,751	51.15
Total	8,474	100.00	63,781,486	100.00

12. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2011

Range of ordinary shares held	No. of Shareholders	Percentage (%) to total shareholders	No. of Shares	Percentage(%) to Share Capital
Up to 500	7,640	90.16	753,441	1.18
501 to 1000	373	4.40	294,269	0.46
1001 to 2000	183	2.16	286,373	0.45
2001 to 3000	55	0.65	137,617	0.22
3001 to 4000	26	0.31	89,666	0.14
4001 to 5000	18	0.21	84,408	0.13
5001 to 10000	51	0.60	362,764	0.57
10001 to 50000	61	0.72	1,286,238	2.02
50001 to 100000	13	0.15	1,017,710	1.59
100001 and above	54	0.64	59,469,000	93.24
Total	8,474	100.00	63,781,486	100.00

13. DEMATERIALISATION OF SHARES AND LIQUIDITY AS ON 31ST MARCH, 2011

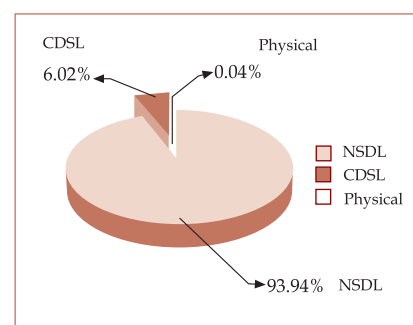
The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India – the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As at 31st March, 2011 a total of 63,758,135 equity shares of the Company, representing 99.96% of the Company's share capital were held in dematerialised form of which 59,913,686 equity shares were held with the

National Securities Depository Limited (NSDL) and 3,844,449 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.



Report of the Directors on Corporate Governance

14. OUTSTANDING GDRs/ADRs/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

As on March 31, 2011, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible instruments.

15. 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 1 st April, 2010	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 31 st March, 2011	10	847

16. PLEDGE OF EQUITY SHARES

As per declarations received, the under mentioned promoters/promoter group of the Company have pledged the Equity Shares of the Company held by them.

Sl. No.	Name of Promoter/ Promoter Group	No. of Equity Shares pledged as on 31.03.2011	% 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	M/s. Enfield Suppliers Limited	11,221,233	100.00%	34.39%	17.59%
2	Shri Sanjiv Jajodia	1,640,000	61.90%	5.03%	2.57%
	Total	12,861,233	--	39.42%	20.16%

17. 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



Report of the Directors on Corporate Governance

18. 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

19. ADOPTION OF NON-MANDATORY REQUIREMENTS

♦ Remuneration Committee

The details pertaining to the Remuneration Committee have been provided in item no. 3 of this report.

♦ Management (Finance) Committee

The details pertaining to the Management (Finance) Committee have been provided in item no. 3 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 : Kolkata
Date : 12th August, 2011

Report of the Directors on Corporate Governance

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, 2011.

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

Place : Kolkata
Date : 12th August, 2011

Aditya Jajodia
Chairman & Managing Director

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

To

The Members of Jai Balaji Industries Limited

We have examined the compliance of conditions of corporate governance by Jai Balaji Industries Limited, for the year ended 31st March, 2011, 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

per **Sanjoy K. Gupta**
Partner
Membership No. : 54968

Place : Kolkata
Date : 12th August, 2011



Report of the Directors on Corporate Governance

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, 2011;
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 the 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 involvements therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Place : Kolkata
Date : 12th August, 2011

Aditya Jajodia
Chairman & Managing Director

Raj Kumar Sharma
Chief Financial Officer

Management Discussion and Analysis

Industry Structure & Development

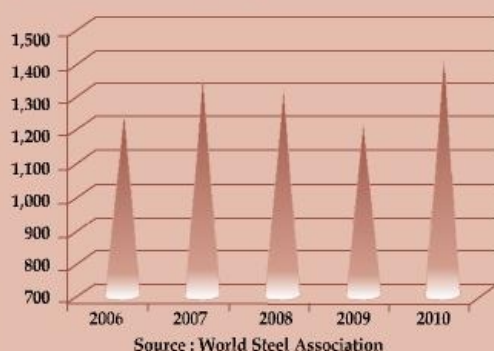
Global Overview

The global economy is marching towards a high growth trajectory, supported with stronger performances in emerging economies by resurgent capital inflows due to abundant global liquidity and strong domestic demand. As per IMF report, the global economic growth is continuing broadly as anticipated and has solidified. However, unemployment still remains high in advanced economies. Global industrial production has rebounded in the fourth quarter of 2010 following the pause in global growth in the third quarter. The growth slowdown in the third quarter appears to have mainly reflected an inventory cycle, as underlying demand growth (proxied by GDP) continued to expand at a more-than 1.5 percent annualized rate. In developing countries output accelerated beginning in the fourth quarter of 2010, and by the end of the first quarter of 2011, industrial activity in developing countries was expanding at a 13.4 percent annualized pace. The good performance in industrial production has been underpinned by buoyant domestic demand in developing countries and a moderate recovery in high-income consumer spending. According to IMF estimates, world real Gross Domestic Product (GDP) growth is forecast to be about 4½ percent in 2011 and 2012, down modestly from 5 percent in 2010. Real GDP in advanced economies & emerging and developing economies is expected to expand by about 2½ percent and 6½ percent, respectively. Global growth is forecast to reaccelerate. However, the growth will remain two-speed in nature, with emerging and developing economies posting strong growth but not advanced economies.

The year under review for steel industry which has a strong correlation with growth in GDP started on a very positive note and is continuing on its improvement trend. The global steel industry is growing at a very faster pace.

Global crude steel production as per World Steel Association, touched a

Yearly World Crude Steel production (million ton)



staggering 1414 million metric ton (mmt) for the year 2010. This reflects an increase of 15 percent compared to 2009 and is a new record for global crude steel production. All the major steel-producing countries and regions showed double-digit growth in 2010. The following table shows the growth in terms of crude steel production for the top 10 steel producers:

Top 10 Crude Steel Producers (million ton)

Crude Steel Production	2009	2010	% Change	% share 2010
China	573.6	626.7	9.3	44.3
Japan	87.5	109.6	25.3	7.8
United States	58.2	80.6	38.5	5.7
Russia	60.0	67.0	11.7	4.7
India	62.8	66.8	6.4	4.7
South Korea	48.6	58.5	20.4	4.1
Germany	32.7	43.8	33.9	3.1
Ukraine	29.9	33.6	12.4	2.4
Brazil	26.5	32.8	23.8	2.3
Turkey	25.3	29.0	14.6	2.1

Source : World Steel Association

The world crude steel capacity utilization ratio of the 64 countries reporting to the World Steel Association in March 2011 was 81.9 percent. Compared to March 2010, the utilization ratio in March 2011 is 2.5 percent points higher.

The World Steel Association forecast that apparent steel use will increase by 5.9 percent to 1,359 mmt in 2011,

following 13.2 percent growth in 2010. In 2012, it is forecast that world steel demand will grow further by 6 percent to reach a new record of 1441 mmt. The forecast suggests that by 2012, steel use in the developed world will still be at 14 percent below the 2007 level whereas in the emerging and developing economies, it will be 38 percent above. In 2012, the emerging and developing economies will account for 72 percent of world steel demand in contrast to 61 percent in 2007.

The global steel industry has enough potential to grow at a much accelerated pace in the coming future due to the continuity of the developmental projects around the world. This industry is at present working near its productive capacity which needs to be increased with increasing demand.

Indian Overview

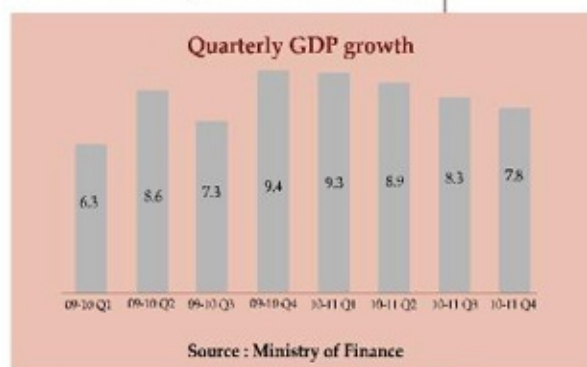
India over the years has emerged as a role model for balanced economic growth for countries across the world. The Indian economy is mounting with resilience and strength. While some clouds linger – such as continued high food inflation and a temporary slowdown in industrial growth, the dynamism in overall growth is evident, as a series of social protection measures have considerably strengthened the ability to withstand shocks. As per Central Statistical Organization (CSO) report, the Indian economy is growing robustly and is on firmer footing. With growth in real GDP at 8.5 percent in 2010-11 which

Steel Capacity Utilisation Ratio (%)



Management Discussion and Analysis

followed a revised growth of 8.0 percent in 2009-10 and 6.8 percent in 2008-09, the economy has reflected a strong growth. Real GDP grew by 7.8 percent in the 4th quarter of 2010-11 following a growth of 9.3, 8.9 and 8.3 percent in the first three quarters of 2010-11.



During 2010-11(April-December), as per the Index of Industrial Production (IIP), the industrial sector grew at 8.6 per cent as compared to the same level of growth during the previous year. Out of the three broad sectors, the manufacturing sector has been the key driver of growth as in the mining and the electricity sectors the growth has been comparatively lower. During 2010-11(April-December), the manufacturing sector grew at 9.1 per cent and the mining and electricity sectors grew at the rates of 7.7 per cent and 4.7 per cent respectively against the corresponding figures of 8.9 percent, 8.7 percent and 5.7 per cent respectively.

Indian steel industry plays a significant role in the country's economic growth. The major contribution directs the attention that steel is having a stronghold in the traditional sectors, such as infrastructure & construction, automobile, transportation, industrial applications etc. From the fledgling one million tone capacity status at the time of independence, India has now risen to be the 5th largest crude steel producer in the world. As per the Ministry of Steel, It has recorded a growth of 11.3 percent as compared to 2009. If proposed expansion plans are implemented as per schedule, India may become the second largest crude steel producer in the world by 2015-16. Crude steel production has shown a sustained

rise since 2004-05 along with capacity. Data on crude steel production, capacity and capacity utilization are given in the table below:

Year	(million ton)		
	Capacity	Production	Capacity Utilization (%)
2005-06	51.17	46.46	91
2006-07	56.84	50.82	89
2007-08	59.85	53.86	91
2008-09	66.34	58.44	88
2009-10	72.96	64.86	89
2010-11* (Apr-Dec)	56.60	50.59	89

*Provisional (Source : Ministry of Steel)

The domestic steel consumption has registered a positive growth during the year 2010-11 and during April-December 2010, domestic consumption of total finished steel has increased by a strong 8 percentage rate. India has recorded a growth of over 8.6 percent, producing 6.35 mt of steel in March 2011 as against 5.85 mt in the corresponding month in 2010, according to World Steel Association. The table below shows the trend in production, import, export and consumption of total finished steel in the country:

Year	(million ton)			
	Total finished steel (alloy+non-alloy)			
	Production	Import	Export	Consumption
2005-06	46.57	4.31	4.80	41.43
2006-07	52.53	4.93	5.24	46.78
2007-08	56.08	7.03	5.08	52.12
2008-09	57.16	5.84	4.44	52.35
2009-10	60.89	7.30	3.24	57.68
2010-11* (Apr-Dec)	47.30	5.36	2.46	44.28

*Provisional (Source : Ministry of Steel)

While exports of finished steel were sustained at a level of 3-5 million tonne per annum during the 10th Plan, imports sharply increased from about 1.75 million tonne in 2003-04 to 5.36 million tonne in April-December 2010 (provisional data), not because of fall in competitiveness but to fill up supply-demand gap in the domestic market. The country has acquired a central position on the global steel map with its giant steel mills, acquisition of global

scale capacities by players, continuous modernization & up gradation of old plants, improving energy efficiency, and backward integration into global raw material sources. Global steel giants from across the world have shown interest in the industry due to its phenomenal performance. Overall, the ability of the Indian steel industry to restructure and strengthen itself in the coming years would critically depend on the Government initiatives and the proactive steps

taken by the existing management and financial institutions in the right direction.

Opportunities, threats, risks and concern

Opportunities

India's per capita steel consumption is expected to increase as the construction and infrastructure sectors are booming and its use in infrastructure, railways, transport and other sectors is growing immensely.

Domestic & foreign investors are showing a great deal of interest in setting up steel capacities in the country.

Increased infrastructure spending by the government to be the major growth driver during the forthcoming years.

As per IBEF, Ministry of Steel in association with

United Nations Development Programme (UNDP) is carrying out a project on 'Removal of Barriers to Energy Efficiency Improvement in Steel Re-rolling Mill Sector in India' at an estimated cost of US\$ 14.03 million. The project seeks to reduce greenhouse gas emissions by providing technical assistance to small and medium sized steel re-rolling mills in the country to enable them to adopt more energy efficient

Management Discussion and Analysis

and environmentally friendly technologies.

- Initiatives undertaken by the Indian Government in the Eleventh Five Year Plan (2007-12) to promote the steel sector include:

- The Planning Commission has approved a total outlay of US\$ 9.5 billion for the development and promotion of the iron and steel sector.
- The scheme for the promotion of research and development in the iron and steel sector has been approved with a budgetary provision of US\$ 24.6 million to initiate and implement the provisions of the scheme.
- National Steel Policy 2005 is under review and the process for drafting a 'National Steel Vision' has since been initiated.
- Five year strategy paper has been prepared for promotion of Steel sector in the country.
- The Indian steel industry has diversified its product mix to include sophisticated value-added steel used in the automobile sector, heavy machinery and physical infrastructure.
- Optimistic employment scenario and rising income levels.

Threats, Risks and Concern

- Any untoward development regarding the European countries debt issues could impede the global economic revival. These concerns could lead to escalation of financial stress, waning business and consumer confidence, and volatility in the currency markets. Given India's growing integration with the global economy, turbulence in global financial conditions could adversely impact the economy's growth momentum through financial and trade channels.
- Most domestic steel makers are under margin pressure due to rise in input cost and are concerned with the availability of raw materials.

- Anticipated high interest rates might limit the growth in private demand.
- While the government has reiterated its commitment on fiscal consolidation by placing the fiscal deficit target for FY12 at 4.6%, any spillovers on this front could emerge as a major risk to growth.
- High transportation and power costs considered to be the major challenges for steel sector.
- Uncertainties in the economic environment also pose a major threat to the industry.
- The steel industry is subject to cyclical swings arising from factors such as excess capacity, regional demand & supply imbalances and volatile swings in market demand.

Outlook

With its large steel industry and strong economy, India is poised to become a dominant player in the global steel sector. Its economy now accounts for almost 12% of global GDP, up from 6 percent in 2003, and it is likely to grow to 24 percent by 2020. The Indian Steel Industry has withstood international competition despite the reduction of basic customs duty on steel from 25-30% in 2002-03 to 5% currently. The industry now operates in an open economy where exports and imports respond to increases or decreases in the domestic demand driven primarily by market signals. Globally steel prices are showing signs of firming up and 2010-11 has brought in a promising note for the Indian steel sector, with production growth estimated at least in the range of 5-7% and Central Statistical Organization (CSO) reporting an overall improvement of economic situation through its GDP data, which showed a robust 7.6 per cent growth in Index of Industrial Production (IIP) during April-November 2010.

As per World Steel Association, India is expected to show strong growth in steel use in the coming years due to its strong domestic economy, massive infrastructure needs and expansion of industrial production. In 2011, India's steel use is forecast to grow by 13.3

percent to reach 68.7 mmt. In 2012, the growth rate is forecast to accelerate further to 14.3 percent. The construction and infrastructure sector is India's largest steel consumer, accounting for 61% of total steel consumption and future demand looks strong. Indian crude steel production is expected to grow at a CAGR of around 10 percent during 2010-13. The National Steel Policy 2005 has projected consumption of steel to grow at 7 percent based on a GDP growth rate of 7-7.5 percent and the production of 110 mt by 2019-20. These estimates will be largely exceeded and it has been assessed that, on a most likely scenario basis, the crude steel production capacity in the country by the year 2012-13 will be nearly 110 mt.

With the expanding consumer market, Indian Steel Industry is likely to receive huge domestic and foreign investments. Nearly 222 Memorandums of Understandings (MoUs) for planned capacity of around 276 mt have been signed between the investors and various State Governments, mostly in Orissa, Jharkhand, Chhattisgarh and West Bengal, according to IBEF.

With a series of mega projects, either being implemented or at the proposed stage, which once operational will rewrite the structure of the steel industry and its dynamics; and a domestic economy carrying forward the reform process further, the future of the Indian steel industry is definitely optimistic.

Performance Analysis

Jai Balaji is an integrated steel manufacturer with five units in three mineral-rich states of eastern India; the Company's cumulative capacities comprise:

Product	Unit	Installed capacity	Production
Sponge Iron	MT	345,000	216,145
Pig Iron	MT	509,250	378,786
Steel-Bars/Rods	MT	260,000	131,685
Billet/MS Ingot	MT	906,230	357,075
Ferro Alloys	MT	106,618	60,210
Ductile Iron Pipe	MT	240,000	26,319
Power		101.10 (MW/Hr)	400.73 (MU)

Management Discussion and Analysis

Analysis of Financial Statement

The financial year 2010-11 was an important year for the Company where it has shown robust recovery and emerges as a stronger Company to deliver enhanced shareholder value over the coming years. Your Company registered a strong & healthy performance during the year reflecting in the following figures:

(Rs. in lacs)

	2010-11	2009-10	% growth
Sales and Services (Net)	216,575.46	191,438.45	13.13
EBIDTA	35,218.97	26,122.29	34.82
Profit before tax	11,569.68	4,922.69	135.03
Profit after tax	7,395.09	3,180.85	132.49
Earning per Share (Diluted)	11.60	5.33	117.64

Internal Audit & Control

The Company maintains adequate internal control systems, which provide, among other things, reasonable assurance of recording the transactions of its operations in all material respects and of providing protection against significant misuse or loss of Company assets. Periodic audits are conducted in various disciplines to ensure adherence to the same.

The Company has an external and independent firm to carry out the internal audit of the Company's activities. The Internal Audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of the Company's operation. The direct reporting of the Internal Auditors to the Audit Committee of the Board ensures independence of the audit and

compliance functions. The Internal Auditors regularly report to the Audit Committee on their observations on the Company's processes, systems and procedures ascertained during the course of their audit. Emphasis is placed on adequacy, reliability and accuracy of dissemination of financial data and information. Compliance issues are given utmost importance and reported regularly to the Board. The management of the Company duly considers and takes appropriate action on the recommendations made by the Internal Auditors.

The Company has a defined organizational structure with proper delegation of responsibility, authority and functions, which ensures proper compliances with internal policies and applicable laws, while enforcing proper checks and balances.

Human Resource

Your Company recognizes the fact that manpower is one of the vital constituents of a successful organization. The growth of your Company and execution of new projects places emphasis on the recruitment process and your Company has been successful in attracting professional talent.

Your Company has direct strength of about 3,600 persons as on 31st March, 2011 which comprises professionals from diverse backgrounds like engineering, finance, taxation, law, management, business, supervisors, operators and sub-staff.

As people represent the Company's intellectual capital, the right talent and subsequent nurturing are accorded the prime importance. The Company acknowledges the employees'

contribution towards leading, thinking, working, creating, processing and dealing to enhanced growth. The management strengthens human resource by making available better tools, technology, techniques at the work place to harness the latent potential. Employees' health and safety measures are in force at work places, manufacturing areas, etc.

A mix of youth and experience, the vision and leadership of a stable senior management is matched by the motivation and energy of the youth brigade. A good record of participative management reflects the healthy culture of Jaibalaji. The Company believes that a fair working system, based on the interaction of the employees with the organization through their role, is a key motivator. A happy individual always performs well. If the employee finds his work challenging, efforts worthwhile, and rewards commensurate, he is likely to give his best for mutual benefit and prosperity. Your Company recognizes that the right people, offering their ideas and expertise will enable us to continue our success.

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, 2011 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, 2011, and taken on record by the Board of Directors, we report that none of the

directors is disqualified as on March 31, 2011 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, 2011;
 - 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 Sanjoy K. Gupta
Partner

Place : Kolkata
Date : May 27, 2011

Membership No. : 54968



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, 2011)

- | | | |
|---|---|--|
| <p>(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(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. No material discrepancies were noticed on such verification.</p> <p>(c) There was no disposal of substantial part of fixed assets during the year.</p> | <p>(c) The above loan is stated to be re-payable on demand. We are informed that 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 such party to whom the money has been lent. The payment of interest has been regular.</p> <p>(d) As the party has repaid the amount of loan whenever demanded, therefore there is no overdue amount for the above loan granted to a Company listed in the register maintained under Section 301 of the Companies Act, 1956.</p> <p>(e) According to the information and explanation given to 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, the provisions of clause 4 (iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.</p> | <p>(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.</p> |
| <p>(ii) (a) The Management has conducted physical verification of inventory at reasonable intervals during the year, except for bulk raw materials which has been physically verified by an independent chartered engineer whose report has been relied upon by us.</p> <p>(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.</p> <p>(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.</p> | <p>(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, 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, we have not observed any major weakness or any continuing failure to correct any major weakness in internal control system of the Company in respect of these areas.</p> | <p>(vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956.</p> <p>(vii) The Company has an internal audit system, the scope and coverage of which, has improved as compared to previous year. However, <i>in our opinion the same requires to be enlarged to be commensurate with the size and nature of its business.</i></p> <p>(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, related to the manufacture of its products and are of the opinion that <i>prima facie</i>, the prescribed accounts and records have been made and maintained.</p> |
| <p>(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. 6,407.16 lacs and the year-end balance in respect of such loan is Rs. 3,500 lacs.</p> <p>(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 <i>prima facie</i> prejudicial to the interest of the Company.</p> | <p>(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.</p> | <p>(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities, <i>except that there have been slight delays in deposit of dues in certain cases of sales tax, provident fund and employees' state insurance.</i></p> <p>Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.</p> |

Annexure to the Auditors' Report

(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,

sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material 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, wealth-tax, 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	2,565.03	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	Pending Forms	3.59	2004-05	West Bengal Appellate and Revision Board
The Central Sales Tax Act, 1956	Pending Forms	8.37	2004-05	West Bengal Appellate and Revision Board

(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 delayed in repayment of dues to banks during the year as given below.*

Period of delay	Rs. in lacs
Up to 30 days	44
31-90 days	588
90 days and above	15

The Company has not defaulted in repayment of dues to a financial institution and has no outstanding dues in respect of debentures.

(xii) According to the information and explanations given to us and based on the documents and records produced before 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 banks, 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 did not have outstanding debentures during the year.

(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 year.

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

per Sanjoy K Gupta
Partner

Place : Kolkata
Date : May 27, 2011

Membership No. : 54968

Balance Sheet as at 31st March, 2011

	Schedule	As at 31 st March, 2011	(Rs. in lacs) As at 31 st March, 2010
SOURCES OF FUNDS			
Shareholders' Fund :			
a) Share Capital	1	6,377.11	6,377.02
c) Reserves and Surplus	2	91,027.92	83,923.69
Loan Funds :			
a) Secured Loans	3	169,778.60	158,480.28
b) Unsecured Loans	4	15,912.04	734.67
Deferred Tax Liabilities (Net)	5	13,108.98	9,222.91
TOTAL		296,204.65	258,738.57
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	6	193,677.88	139,931.59
Less : Accumulated Depreciation / Amortisation		28,890.54	20,617.09
Net Block		164,787.34	119,314.50
Capital Work in Progress and Pre-operative Expenditure Pending Allocation	7	41,934.74	61,438.06
		206,722.08	180,752.56
Investments	8	8,341.15	8,201.58
Current Assets, Loans and Advances			
a) Inventories	9	57,166.59	42,018.93
b) Sundry Debtors	10	50,504.13	33,757.63
c) Cash and Bank Balances	11	3,786.19	2,066.64
d) Other Current Assets	12	8,303.27	7,981.42
e) Loans and Advances	13	17,816.97	21,147.54
		137,577.15	106,972.16
Less: Current Liabilities and Provisions	14		
a) Current Liabilities		54,094.72	36,445.50
b) Provisions		2,341.01	742.23
		56,435.73	37,187.73
Net Current Assets		81,141.42	69,784.43
TOTAL		296,204.65	258,738.57
Significant Accounting Policies and Notes on Accounts	23		

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

As per our attached report of even date

For and on behalf of the Board of Directors

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

Aditya Jajodia
Chairman & Managing Director

Sanjiv Jajodia
Wholetime Director

Rajiv Jajodia
Director

Per **Sanjoy K Gupta**
Partner
Membership No. 54968

Raj Kumar Sharma
Chief Financial Officer

Ajay Kumar Tantia
Company Secretary

Place : Kolkata
Date : May 27, 2011

Profit and Loss Account for the year ended 31st March, 2011

			(Rs. in lacs)
	Schedule	2010-11	2009-10
INCOME			
Sales and Services (Gross)	15	232,309.65	204,240.47
Less: Excise Duty and Cess		15,734.19	12,802.02
Sales and Services (Net)		216,575.46	191,438.45
Other Income	16	2,221.41	2,589.76
TOTAL		218,796.87	194,028.21
EXPENDITURE			
(Increase) / Decrease in Stocks	17	(2,507.77)	(1,675.44)
(Increase)/Decrease in Excise Duty and Cess on Stocks (Refer Note 13 on Schedule 23)		93.37	44.71
Raw Materials Consumed	18	135,846.82	126,966.96
Purchase of Trading Goods		4,512.06	59.50
Manufacturing Expenses	19	34,589.87	34,397.64
Personnel Cost	20	5,406.57	4,237.68
Selling, Distribution and Administrative Expenses	21	5,368.03	3,804.74
Prior Period Expenditure		268.95	70.13
[Net of Income Rs.261.86 lacs (Rs.380.54 lacs)]			
Interest and Finance Charges	22	15,368.64	14,270.65
Depreciation / Amortisation		8,280.65	6,928.95
TOTAL		207,227.19	189,105.52
Profit before tax		11,569.68	4,922.69
Less/(Add) :			
Current Tax [Including Rs. 255.64 lacs (Rs. 276.11 lacs) for earlier years]		2,778.81	1,151.67
MAT Credit Entitlement		(2,490.29)	(1,150.86)
Deferred Tax Charge		3,886.07	1,741.03
Total Tax Expenses (Net)		4,174.59	1,741.84
Profit after tax		7,395.09	3,180.85
Add: Balance Brought Forward From Previous Year		16,772.69	13,883.54
		24,167.78	17,064.39
Appropriations			
Proposed Dividend		255.13	255.13
Tax on Dividend		35.73	36.57
Balance carried to Balance Sheet		23,876.92	16,772.69
		24,167.78	17,064.39
Earning Per Share (Nominal Value per share Rs. 10)			
Basic (Rs.)		11.60	5.66
Diluted (Rs.)		11.60	5.33
(Refer Note 12 on Schedule 23)			
Significant Accounting Policies and Notes on Accounts	23		

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

As per our attached report of even date

For and on behalf of the Board of Directors

For S. R. Batliboi & Co.

Firm Regn No. 301003E

Chartered Accountants

Per Sanjoy K Gupta

Partner

Membership No. 54968

Place : Kolkata

Date : May 27, 2011

Aditya Jajodia

Chairman & Managing Director

Sanjiv Jajodia

Wholesale Director

Raj Kumar Sharma

Chief Financial Officer

Rajiv Jajodia

Director

Ajay Kumar Tantia

Company Secretary

**Cash Flow Statement** for the year ended 31st March, 2011

(Rs. in lacs)

	2010-11	2009-10
A : Cash Flow From Operating Activities		
Net Profit Before Taxes	11,569.68	4,922.69
Adjustments For :		
Depreciation/Amortisation (Net)	8,280.65	6,928.95
(Profit) / Loss on Sale of Fixed Assets	(8.78)	1.37
Irrecoverable Debts and Advances Written off	82.62	63.00
Provision for Doubtful Debts/Advances (net)	697.06	134.30
Liabilities no longer required written back	(341.67)	(241.77)
Interest on Term Loans and Others	14,414.24	13,732.51
Reversal of provision for Diminution in the value of Investments	(1.24)	(2.05)
Dividend from long term Non Trade Investments	(1.23)	(1.36)
Dividend from Subsidiary Company	(34.95)	(34.95)
Profit on sale of long term Non Trade Investments	—	(3.76)
Prior Period Expenditure (net)	268.95	70.13
(Gain)/Loss on Foreign Exchange Fluctuations (Net)	252.18	(156.85)
Interest Income	(881.55)	(1,135.48)
Operating Profit Before Working Capital Changes	34,295.96	24,276.73
Movement in Working Capital		
Decrease / (Increase) in Sundry Debtors	(15,224.90)	(5,501.26)
Decrease / (Increase) in Loans and Advances and Other Current Assets	1,064.64	(2,402.37)
Decrease / (Increase) in Advances to Subsidiary Company	641.40	998.00
Decrease / (Increase) in Inventories	(15,147.66)	3,516.58
Decrease / (Increase) in Trade and Other Payables	14,870.82	3,378.98
Cash Generated From Operating Activities	20,500.26	24,266.66
Direct Taxes paid (net of refunds)	(1,008.64)	(506.03)
Net Cash Generated From Operating Activities	19,491.62	23,760.63
B: Cash Flow From Investing Activities		
Purchase of Fixed Assets	(29,698.55)	(34,392.70)
Proceeds from Sale of Fixed Assets	265.99	97.79
Purchase of Investments in Subsidiary Companies	(10.00)	(3,000.00)
Purchase of Investments in Joint Venture Companies	(132.58)	(41.50)
Application money paid in Joint Venture Companies	(3.33)	(1.54)
Proceeds from sale of long term Investments (other than trade)	4.25	8.38
Dividend from long term Investments (other than Trade)	1.23	1.36
Dividend from Subsidiary Company	34.95	24.74
Refund received of Loan given to a Bodies Corporate	2,735.95	2,900.00
Interest received	1,127.16	1,007.71
Net Cash Used In Investing Activities	(25,674.93)	(33,395.76)

Cash Flow Statement (Contd.)

(Rs. in lacs)

	2010-11	2009-10
C: Cash Flow From Financing Activities		
Proceeds from Call in Arrears of equity share capital	0.09	0.09
Proceeds from issue of equity share capital	—	19,851.34
Share Issue Expenses	—	(1,069.12)
Proceeds from long/short term Borrowings	70,571.42	36,741.30
Repayment of long/short term Borrowings	(44,274.43)	(29,573.40)
Interest Paid	(18,356.15)	(16,706.90)
Dividend Paid	(254.72)	(221.71)
Tax on Dividend paid	(36.57)	(33.51)
Net Cash Generated From Financing Activities	7,649.64	8,988.09
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	1,466.33	(647.04)
Cash and Cash Equivalents as at the beginning of the year	392.00	1,039.04
Cash and Cash Equivalents as at the end of the year	1,858.33	392.00
Components of cash and cash equivalents		
Cash in hand	37.70	22.93
Cheques in hand	294.87	0.56
Balance with Scheduled Banks on:		
Current Account	1,145.36	363.52
Fixed Deposit Account	2,302.86	1,674.64
Unclaimed Dividend Account *	5.24	4.83
Unclaimed Fractional Share Balance*	0.16	0.16
Cash and Bank Balances as per Schedule 11	3,786.19	2,066.64
Less : Fixed deposits not considered as cash equivalents	1,927.86	1,674.64
Cash and Cash Equivalents in Cash Flow Statement:	1,858.33	392.00

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

As per our attached report of even date

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

Per **Sanjoy K Gupta**
Partner
Membership No. 54968

Place : Kolkata
Date : May 27, 2011

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



Schedules forming part of the Balance Sheet

	As at 31 st March, 2011	(Rs. in lacs) As at 31 st March, 2010
Schedule 1: Share Capital		
Authorised		
101,000,000 Equity shares of Rs. 10 /- each	10,100.00	10,100.00
	<u>10,100.00</u>	<u>10,100.00</u>
Issued, Subscribed and Paid up		
63,781,486 (63,781,486) Equity shares of Rs. 10/- each	6,378.15	6,378.15
Less: Calls in Arrear (other than directors)	1.04	1.13
	<u>6,377.11</u>	<u>6,377.02</u>
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	6,408.50	230.09
Add: Transfer on Forfeiture of Equity Share Warrants	—	6,178.41
	<u>6,408.50</u>	<u>6,408.50</u>
Amalgamation Reserve		
Balance as per Last Account	4,400.00	4,400.00
Capital Investment Subsidy		
Balance as per Last Account	—	304.64
Less: Transferred to Fixed Assets	—	304.64
	<u>—</u>	<u>—</u>
Securities Premium Account		
Balance as per Last Account	46,017.50	1,575.17
Add :		
Received 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
	<u>46,017.50</u>	<u>46,017.50</u>
General Reserve		
Balance as per Last Account	10,325.00	10,325.00
Balance in Profit and Loss Account	<u>23,876.92</u>	<u>16,772.69</u>
	<u>91,027.92</u>	<u>83,923.69</u>

Schedules forming part of the Balance Sheet

	As at 31 st March, 2011	(Rs. in lacs) As at 31 st March, 2010
Schedule 3 : Secured Loans		
Term Loans		
Long Term :		
Banks		
In Rupees Loans	69,544.19	70,379.86
In Foreign Currency Loans	11,697.38	10,997.07
Financial Institutions		
In Rupees Loans	5,472.98	7,548.77
Interest Accrued and Due	485.30	590.99
Short Term Rupee Loans from Banks: (Repayable within one year)	12,500.00	10,374.61
Working Capital Finance		
From Banks		
In Rupees Loans		
Cash Credit	40,700.61	36,904.71
Working Capital Demand Loan	28,156.49	15,621.53
In Foreign Currency Loans	1,180.79	5,950.23
Deferred Payment Credits	40.86	112.51
	169,778.60	158,480.28

Notes :

- Term Loans from banks and financial institutions are secured as follows:-
 - Rs.75,125.90 lacs (Rs.73,274.84 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.58.46 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.
 - Rs.3,621.44 lacs (Rs.4,873.00 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.
 - Rs.20,019.73 lacs (Rs.20,374.61 lacs) by way of subservient charge on the entire Fixed and Current Assets of the Company.
 - Rs.269.60 lacs (Rs.160.30 lacs) against lien on the subsidies receivable from Government of West Bengal.
 - Rs.663.18 lacs (Rs.1,208.55 lacs) against Railway Rakes procured and given to Railway under the Wagon Investment Scheme.
- Working Capital facilities from Banks are Secured as follows:-
 - Rs.68,054.19 lacs (Rs.55,971.44 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.
 - Rs.1,983.70 lacs (Rs.2,505.03 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.
- Deferred Payment Credits are secured by hypothecation of the assets acquired under the respective agreements.
- All the loans as referred to above (excluding Rs.269.60 lacs from financial institutions and Rs.40.86 lacs related to deferred payment credit) are further secured by the personal guarantee of certain promoter directors of the Company.
- Long term loans and Deferred Payment Credits include Rs 22,398.87 lacs (Rs.20,171.75 lacs) payable within one year.
 - Short Term Rupee Loans from Banks includes Rs 7,500 lacs (Rs. Nil) being bridge finance against long term loan already sanctioned by bank



Schedules forming part of the Balance Sheet

	As at 31 st March, 2011	(Rs. in lacs) As at 31 st March, 2010
Schedule 4: Unsecured Loans		
Interest free sales tax loan ^{\$}	535.34	634.67
Long Term Loan		
From a Financial Institution ^{\$#}	10,000.00	–
Short Term Loans		
From bodies corporate (repayable on demand)	321.05	100.00
From a Bank (Repayable within one year) [@]	5,000.00	–
Interest Accrued and Due	55.65	–
	15,912.04	734.67

^{\$} Includes amount repayable within one year Rs. 350.32 lacs (Rs. 275.18 lacs).

[#] Guaranteed by the personal guarantee of promoter directors and pledge of promoters share holdings in the company

[@] Guaranteed by the personal guarantee of promoter directors.

Schedule 5: Deferred Tax Liabilities (Net)

(Refer Note 14 on Schedule 23)

Balance as per Last Account	9,222.91	7,481.88
Add: Created for the year	3,886.07	1,741.03
	13,108.98	9,222.91

Schedule 6 : Fixed Assets (Rs. in lacs)

Description	Gross Block				Depreciation/Amortisation				Net Block	
	As at 31st March, 2010	Additions	Deductions	As at 31st March, 2011	Up to 31st March, 2010	For the year	Deductions	Up to 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
Freehold Land	3,222.34	127.43	24.23	3,325.54 ^(a)	–	–	–	–	3,325.54	3,222.34
Leasehold Land	707.57	–	–	707.57	94.48	10.49	–	104.97	602.60	613.09
Factory Buildings	16,906.38	10,257.77	–	27,164.15	1,479.63	704.52	–	2,184.15	24,980.00	15,426.75
Railway Siding	4,298.45	53.91	–	4,352.36	339.59	204.74	–	544.33	3,808.03	3,958.86
Plant and Machinery	100,026.09	37,091.31	212.21	136,905.19 ^(b)	16,049.67	6,471.96	1.47	22,520.16	114,385.03	83,976.42
Electrical Installations	13,772.42	6,311.56	–	20,083.98	2,230.08	758.44	–	2,988.52	17,095.46	11,542.34
Furniture, Fixtures and Office Equipments	747.58	128.02	–	875.60	341.68	107.75	–	449.43	426.17	405.90
Vehicles	250.76	40.70	27.97	263.49	81.96	22.75	5.73	98.98	164.51	168.80
Total	139,931.59	54,010.70	264.41	193,677.88	20,617.09	8,280.65	7.20	28,890.54	164,787.34	119,314.50
Previous Year's 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	

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 7 on Schedule 23. Gross Block Rs. Nil (Rs. 1,286.59 lacs) and Net Block Rs. Nil (Rs. 771.95 lacs).

Schedules forming part of the Balance Sheet

	As at 31 st March, 2011	(Rs. in lacs) As at 31 st March, 2010
Schedule 7: Capital Work in Progress and Pre-Operative Expenditure Pending Allocation		
A Capital Work-in-Progress		
Buildings	16,374.06	9,617.93
Railway Siding	363.16	1,206.20
Plant and Machinery	49,657.53	34,781.97
Electrical Installations	7,427.53	5,178.07
Advances for Land	6,005.41	5,368.84
Other Capital Advances	4,024.57	4,985.07
Sub Total	83,852.26	61,138.08
Less : Transferred to Fixed Assets	46,026.43	5,583.89
Total A :	37,825.83	55,554.19
B Pre-operative Expenditure Pending Allocation		
Opening Balance	5,883.87	1,858.62
Additions		
Power and Fuel	19.06	211.54
Equipment Hire Charges	—	160.31
Salaries, Wages and Bonus	201.60	226.66
Directors' Remuneration	41.73	56.52
Rent and Hire	37.98	5.52
Rates and Taxes	0.57	0.76
Insurance	23.48	14.23
Travelling and Conveyance	59.48	45.28
Telephone and Postage	11.35	13.65
Legal and Professional Charges	109.68	184.38
Miscellaneous Expenses	20.13	280.46
Interest on Term Loans	2,988.40	3,095.11
Finance Charges	450.44	104.33
Sub Total	9,847.77	6,257.37
Less : Transferred to Fixed Assets	5,738.86	373.50
Total B :	4,108.91	5,883.87



Schedules forming part of the Balance Sheet

	As at 31 st March, 2011	(Rs. in lacs) As at 31 st March, 2010
C TRIAL RUN EXPENSES		
Finished / Goods in Process Consumed	1,724.48	--
Raw Materials Consumed	140.09	735.30
	<u>1,864.57</u>	<u>735.30</u>
Personnel Cost		
Salaries, Wages and Bonus	433.55	11.85
Contribution to Provident and Other Funds	18.76	2.27
Directors' Remuneration	14.79	--
	<u>467.10</u>	<u>14.12</u>
Manufacturing, Selling and Distribution and Administrative Expenses		
Consumption of Stores and Spares	383.73	16.13
Labour Charges	90.22	23.58
Power and Fuel	298.97	265.79
Repairs and Maintenance to Others	21.13	--
Rent and Hire	37.77	0.56
Legal and Professional Charges	4.37	--
Miscellaneous Expenses	82.09	6.69
	<u>918.28</u>	<u>312.75</u>
Interest and Finance Charges		
Interest on Term Loans	982.92	66.43
Finance Charges	12.90	4.90
	<u>995.82</u>	<u>71.33</u>
Sub Total	<u>4,245.77</u>	<u>1,133.50</u>
Less:		
Sales of Finished Goods	1,119.86	624.05
[Net of Excise duty and cess Rs.36.76 lacs (Rs 16.80 lacs)]		
Sales of Scrap [Net of Excise duty and cess Rs. 21.03 lacs (Rs. Nil)]	204.22	--
Subsidy on Sales Tax / Value Added Tax	2.85	5.30
Transfer of Goods for further processing	175.89	--
Closing stock at the end of Trial-run period of a project		
Finished Goods [Net of Excise duty and cess Rs. 98.38 lacs (Rs.Nil)]	810.48	37.42
Work-in-Process	130.93	--
By Products and Scrap [Net of Excise duty and cess Rs. 49.86 lacs (Rs.Nil)]	484.11	--
Sub Total	<u>2928.34</u>	<u>666.77</u>
	<u>1,317.43</u>	<u>466.73</u>
Less : Transferred to Fixed Assets	<u>1,317.43</u>	<u>466.73</u>
Total C:	<u>--</u>	<u>--</u>
Grand Total (A+B+C)	<u>41,934.74</u>	<u>61,438.06</u>

Schedules forming part of the Balance Sheet

Schedule 8 : Investments

	Nos.	Face Value per Share Rs.	As at 31 st March, 2011	(Rs. in lacs) As at 31 st March, 2010
Long Term (at cost)				
Fully Paid up Equity Shares (except stated otherwise)				
Trade (Unquoted)				
In Joint Venture Companies				
Andal East Coal Company Private Limited	319,290	10	134.79	20.50
	(205,000)			
Rohne Coal Company Private Limited	69,000	10	6.90	6.90
	(69,000)			
Rohne Coal Company Private Limited	1,448,577	10	144.86	126.57
(1% Redeemable Preference Shares)	(1,265,727)			
			<u>286.55</u>	<u>153.97</u>
In Subsidiary Company				
Nilachal Iron and Power Limited	34,948,727	10	7,709.46	7,709.46
	(34,948,727)			
Jai Balaji Energy (Purulia) Limited	50,000	10	5.00	–
	(–)			
Jai Balaji Steels (Purulia) Limited	50,000	10	5.00	–
	(–)			
			<u>7,719.46</u>	<u>7,709.46</u>
Non-Trade (Unquoted)				
Calcutta Stock Exchange Limited	16,726	1	334.52	334.52
	(16,726)			
Government Securities				
National Savings Certificate (Deposited with Third Parties)			0.62	0.62
(Quoted)				
Talbro Automotive Component Limited	--	10	–	5.80
	(5,682)		–	5.80
Less : Provison for Diminution in Value of Investments			–	2.79
			–	3.01
			<u>8,341.15</u>	<u>8,201.58</u>
Aggregate Value of Investments				
– Quoted			–	3.01
– Unquoted			8,341.15	8,198.57
Market Value of Quoted Investments			–	3.01

Schedule 9 : Inventories

Raw Materials	41,893.03	29,252.40
[Including in transit Rs. 1,544.01 lacs (Rs. 2,240.07 lacs)]		
Stores and Spares	4,454.43	3,549.61
[Including in transit Rs. 298.58 lacs (Rs. 13.48 lacs)]		
Work-in-Process	709.11	399.34
Finished Goods	7,305.42	6,938.53
[including materials lying at port Rs. 116.52 lacs (Rs. Nil)]		
By Products and Scrap	2,804.60	1,879.05
	<u>57,166.59</u>	<u>42,018.93</u>



Schedules forming part of the Balance Sheet

	As at 31st March, 2011	(Rs. in lacs) As at 31st March, 2010
Schedule 10 : Sundry Debtors		
(Unsecured, Considered Good unless otherwise stated)		
Debts outstanding for more than six months		
Considered good	6,120.62	3,916.74
Considered doubtful	484.20	170.94
Other Debts	44,383.51	29,840.89
	50,988.33	33,928.57
Less : Provision for Doubtful Debts	484.20	170.94
	50,504.13	33,757.63
Schedule 11: Cash and Bank Balances		
Cash in hand	37.70	22.93
Cheques in hand	294.87	0.56
Balance with Scheduled Banks on:		
Current Account	1,145.36	363.52
Fixed Deposit Account *	2,302.86	1,674.64
Unclaimed Dividend Account	5.24	4.83
Unclaimed Fractional Share Balance	0.16	0.16
	3,786.19	2,066.64

*Includes to Rs. 1,858.71 lacs (Rs. 1,673.64 lacs) pledged with Banks as Margin Money against Borrowings/Other facilities

Schedule 12: Other Current Assets		
Interest Receivable on Loans, Advances and Deposits	164.13	326.10
Subsidies and Incentives Receivable	8,104.19	7,620.37
Dividend Receivable from a Subsidiary Company	34.95	34.95
	8,303.27	7,981.42
Schedule 13: Loans and Advances		
(Unsecured, Considered Good unless otherwise stated)		
Loans to Bodies Corporate (Receivable on demand)*	4,064.05	6,800.00
Advances recoverable in cash or in kind or for value to be received *	4,195.24	6,273.98
[Net of Provision for Doubtful Advances Rs.818.56 lacs (Rs.459.04 lacs)]		
Advances to a Subsidiary Company*	2,001.28	2,642.68
Share Application Money to Joint Venture Company	10.78	7.45
Security Deposits	706.43	462.43
[Net of Provision for Doubtful Advances Rs. 24.28 lacs (Rs. Nil)]		
MAT Credit Entitlement	4,709.71	2,651.38
Balance with Excise and other Government Authorities	1,751.94	1,947.43
Sales Tax and Other Refunds Receivable	377.54	362.19
	17,816.97	21,147.54

*(Refer Note No 11 on Schedule 23)

Schedules forming part of the Balance Sheet

	As at 31 st March, 2011	(Rs. in lacs) As at 31 st March, 2010
Schedule 14: Current Liabilities and Provisions		
A. Current Liabilities		
Acceptances	5,634.55	5,977.88
Sundry Creditors for goods, services and expenses		
(a) Dues to Micro and Small Enterprises (Refer Note No 9 on Schedule 23)	10.16	–
(b) Dues towards Capital Goods	5,217.34	4,379.83
(c) Dues to Other Creditors	33,515.16	19,765.91
Advances from Customers	6,895.70	4,781.52
Book Overdraft	51.72	46.04
Other Liabilities	2,676.19	1,480.28
Investor Education and Protection Fund (To be deposited as and when due)		
(a) Unclaimed Dividend	5.24	4.83
(b) Unclaimed Fractional Shares Liability	0.16	0.16
Interest Accrued but not due on Loans	88.50	9.05
	<u>54,094.72</u>	<u>36,445.50</u>
B. Provisions :		
Gratuity	340.94	179.30
Leave Salary	107.88	91.75
Provision for Taxation [net of advances Rs. 2,410.00 lacs (Rs. 2,650.50 lacs)]	1,601.33	179.48
Proposed Dividend	255.13	255.13
Tax on Proposed Dividend	35.73	36.57
	<u>2,341.01</u>	<u>742.23</u>

Schedules forming part of the Profit and Loss Account

	2010-11	(Rs. in lacs) 2009-10
Schedule 15 : Sales and Services		
Sale of Finished Goods	212,557.76	193,600.65
Sale of By Products and Scraps	6,421.52	2,399.69
Sale of Raw Materials	7,720.25	2,109.50
Conversion Charges	3,864.81	2,603.64
Subsidy on Sales Tax/Value Added Tax	1,167.56	2,916.37
Export Incentives	134.42	219.42
Service and other Charges	443.33	391.20
	<u>232,309.65</u>	<u>204,240.47</u>



Schedules forming part of the Profit and Loss Account

(Rs. in lacs)

Schedule 16: Other Income

Interest on :

(a) Fixed Deposits with Banks [Gross, Tax deducted at Source Rs 11.32 lacs (Rs.7.56 lacs)]

105.44

96.22

(b) Loans and Advances

[Gross, Tax deducted at Source Rs.72.32 lacs (Rs.25.70 lacs)]

776.11

1,039.26

(c) Refund from Income Tax Department

65.72

--

Commission Received

769.88

859.24

Dividend from long term non trade Investments (other than trade)

1.23

1.36

Dividend from a Subsidiary Company

34.95

34.95

Insurance Claims

70.00

79.33

Liabilities no longer required written back

341.67

241.77

Reversal of provision for Diminution in the value of Investment

1.24

2.05

Reversal of provision for doubtful debts

37.54

68.21

Profit on sale of long term Investments (other than trade)

-

3.76

Profit on sale of Fixed Assets

8.78

-

Gain on Foreign Exchange Fluctuations (Net)

-

156.85

Miscellaneous Income

8.85

6.76

2,221.41

2,589.76

Schedule 17: (Increase) / Decrease in Stocks

Opening Stocks :

Work-in-Process

399.34

847.73

Finished Goods

6,938.53

6,721.98

By Products and Scrap

1,879.05

780.95

9,216.92

8,350.66

Less : Transferred to Trial Run

1,724.48

-

Transferred to Fixed Assets

754.84

846.60

6,737.60

7,504.06

Add: Stock transferred from Trial Run (Refer Schedule 7)

1,573.76

37.42

8,311.36

7,541.48

Less:

Closing Stocks :

Work-in-Process

709.11

399.34

Finished Goods

7,305.42

6,938.53

By Products and Scrap

2,804.60

1,879.05

10,819.13

9,216.92

(2,507.77)

(1,675.44)

Schedule 18: Raw Materials Consumed

Opening Stock

29,252.40

33,910.89

Add: Purchases #

148,487.45

122,308.47

177,739.85

156,219.36

Less: Closing Stock

41,893.03

29,252.40

135,846.82

126,966.96

#Net of loss/(gain) on exchange fluctuations of Rs. 61.35 lacs [Rs. (86.22) lacs]

Schedules forming part of the Profit and Loss Account

(Rs. in lacs)

Schedule 19 : Manufacturing Expenses

	2010-11	2009-10
Consumption of Stores and Spares	13,516.44	12,543.74
Labour Charges	5,058.46	3,651.91
Power and Fuel [Net of power subsidy Rs. Nil (Rs. 53.20 lacs)]	11,012.61	14,076.03
Repairs and Maintenance:		
- Plant and Machinery	990.69	1,081.47
- Buildings	143.43	104.96
- Others	314.19	357.84
Water Charges	410.84	359.34
Equipment Hire Charges	2,096.90	1,238.52
Other Expenses	1,046.31	983.83
	<u>34,589.87</u>	<u>34,397.64</u>

Schedule 20 : Personnel Cost

Salaries, Wages and Bonus	4,679.72	3,590.61
Contribution to Provident and Other Funds	348.09	219.79
Staff Welfare Expenses	147.89	196.73
Directors' Remuneration	230.87	230.55
	<u>5,406.57</u>	<u>4,237.68</u>

Schedule 21 : Selling, Distribution and Administrative Expenses

Freight and Transportation	1,800.64	1,738.12
Rent and Hire	79.81	75.24
Rates and Taxes	164.99	64.35
Insurance	117.87	95.58
Advertisement	87.82	84.61
Brokerage and Commission (Other than Sole Selling Agents)	127.19	91.32
Travelling and Conveyance	477.19	322.59
Telephone and Postage	83.92	83.85
Legal and Professional Charges (Refer Note 17 on Schedule 23)	366.25	365.99
Directors' Fees	1.45	1.65
Provision for Doubtful Debts and Advances	734.60	265.51
Irrecoverable Debts and Advances Written off	82.62	63.00
Less : Adjusted against Provisions	<u>-</u>	<u>63.00</u>
Loss on sale of long term non trade Investments	1.55	-
Less : Adjusted against Provisions	<u>1.55</u>	<u>-</u>
Loss on Foreign Exchange Fluctuations (Net)	252.18	-
Charity and Donations	29.24	31.75
Security and Service Charges	371.99	347.83
Loss on Sale of Fixed Assets	-	1.37
Miscellaneous Expenses	590.27	234.98
	<u>5,368.03</u>	<u>3,804.74</u>

Schedule 22 : Interest and Finance Charges

Interest on		
- Term Loans	7,733.07	8,175.68
- Others	6,681.17	5,556.83
Finance Charges	954.40	538.14
	<u>15,368.64</u>	<u>14,270.65</u>



Schedules forming part of the Accounts

Schedule 23 : Significant Accounting Policies and Notes on Accounts

1 Nature of Operations

Jai Balaji Industries Limited is engaged in the manufacture and sale of steel and allied products.

2 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 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. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(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

Schedules forming part of the Accounts

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

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.

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 share-holders' 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:

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.



Schedules forming part of the Accounts

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

(ii) Conversion

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

(iii) Exchange Differences

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

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

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

(m) Retirement and other employee benefits

- i. Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contribution is charged to

Profit and Loss Account of the year when the contributions to the respective fund is due. There is no other obligation other than the contribution payable to provident fund.

- ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year. 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 and deferred tax. Current income 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 and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. 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 unrecognized deferred tax assets. It recognizes unrecognized 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.

Schedules forming part of the Accounts

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

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.

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

(p) Segment Reporting Policies

Based on the synergies, risks and returns associated with business operations and in terms of Accounting Standard-17, the Company is predominantly engaged in a single reportable segment of Iron and Steel during the year. The risks and returns of existing captive power plants are directly associated with the manufacturing operations of Iron 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 estimates.

(s) Cash and Cash Equivalents

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

(t) Contingent Liabilities

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



Schedules forming part of the Accounts

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

Notes on Accounts:

(Rs. in lacs)

3. Contingent liabilities not provided for:	As at 31 st March, 2011	As at 31 st March, 2010
a) Claims against the Company not acknowledged as debts		
i) Excise and Service Tax Demands under dispute/appeal	3,812.03	1,632.88
ii) Sales Tax/VAT matters under dispute/appeal	195.03	9,579.39
iii) Others	44.74	162.61
b) Letters of Credit, Bills discounted and Bank Guarantees outstanding	4,435.17	6,974.22
c) Custom Duty on Import of Equipment and spare parts under EPCG Scheme	945.35	1,202.14
d) Guarantees and Counter guarantees given by the Company for loans obtained by subsidiary company	4,500.00	1,500.00
e) Guarantee given for Joint Venture Companies	1,412.46	1,412.46
4. Estimated amount of contracts remaining to be executed on Capital Account and not provided for [Net of Advances Rs. 10,029.98 lacs (Rs. 10,353.91 lacs)]	9,695.35	11,832.51
Proportionate amount of pending capital commitments on account of Joint Venture Companies is Rs 273.23 lacs (Rs. 2.96 lacs).		
5. In respect of an electricity supply matter where the Electricity 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 Supplier has preferred an appeal with Hon'ble Supreme Court, pending finalisation of the outcome of the matter, the liabilities for the electricity charges are accounted for based on provisional bills provided by the Supplier.		
6. 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. 1,170.41 lacs (Rs 2,974.87 lacs):		

(Rs in lacs)

Sl. No.	Particulars	Account to which credited	2010-11	2009-10
a)	Industrial Promotion Assistance*	Subsidy on Sales Tax / Value Added Tax under Sales & Service & Capital Work in Progress and Pre operative Expenditure pending Allocation	1,170.41	2,921.67
b)	Power Subsidy	Power and Fuel	—	53.20
			1,170.41	2,974.87

*includes Rs 2.85 lacs (Rs 5.30 lacs) on account of sale of Finished goods under trial run

7. Plant and Machinery includes certain assets taken on finance lease. At the expiry of the lease period, legal title would be passed on to the Company. There was no escalation clause in the lease agreement. There were no restrictions imposed by lease arrangements. There were no subleases.

Future obligations towards lease rentals (inclusive of finance charges) Rs. Nil (Rs. 89.74 lacs) under the respective finance lease agreements as on the date of balance sheet are as per details given below:

(Rs. in lacs)

Particulars	2010-11	2009-10
Total minimum lease payments at the year end	—	89.74
Less : Amount representing finance charges	—	1.49
Present value of minimum lease payments	—	88.25
Lease payments for the year	—	347.94
Minimum Lease Payments :		
Not later than one year: Present value as on 31.03.2011 Rs Nil (Rs. 88.25 lacs)	—	89.74
Later than one year but not later than five years: Present value as on 31.03.2011 Rs. Nil (Rs. Nil)	—	—
Later than five years: Present value as on 31.03.2011 Rs. Nil (Rs. Nil)	—	—

Schedules forming part of the Accounts

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

8. 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 (Revised) 'Employee Benefits' notified in the Companies (Accounting Standards) Rules 2006 are given below:

I. Expenses recognized in the statement of Profit & Loss Account are as follows: (Rs in lacs)

Particulars	2010-11	2009-10
Current service cost	121.03	111.16
Interest cost on benefit obligation	29.60	13.43
Expected return on plan assets	(15.51)	(8.76)
Net actuarial loss / (gain) recognised in the year	69.67	(1.14)
Past Service cost	12.33	37.16
Total Expenses*	217.12	151.85

* Includes Rs 28.07 lacs (Rs Nil) transferred to Preoperative/Trial Run

II. Net Liability / (Assets) recognized in the Balance Sheet are as follows: (Rs in lacs)

Particulars	As at 31st March, 2011	As at 31st March, 2010
Present value of Defined Benefits Obligation	574.74	366.43
Fair value of plan assets	209.13	150.13
	365.61	216.30
Less: Unrecognised past service cost	24.67	37.00
Net liability	340.94	179.30

III. Change in the present value of the defined benefit obligation during the year are as follows: (Rs in lacs)

Particulars	2010-11	2009-10
Present Value of Defined Benefit Obligation at the beginning of the year	366.43	177.65
Current Service Cost	121.03	111.16
Interest Cost	29.60	13.43
Benefits Paid	(11.00)	(8.69)
Actuarial Loss / (Gain)	68.68	(1.28)
Plan Amendments	—	74.16
Present Value of Defined Benefits Obligation at the year end	574.74	366.43

IV. Change in the Fair Value of Plan Assets during the year ended are as follows: (Rs in lacs)

Particulars	2010-11	2009-10
Fair Value of Plan Assets at the beginning of the year	150.13	84.53
Expected Return	15.51	8.76
Contribution by Employer	55.48	65.67
Benefits paid	(11.00)	(8.69)
Actuarial Gains/ (Losses)	(0.99)	(0.14)
Fair Value of Plan Assets at the year end	209.13	150.13

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

Particulars	2010-11	2009-10
Investment with the insurer	100%	100%



Schedules forming part of the 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	2010-11	2009-10
Discount Rate	8.20%	8.20%
Expected Rate of return on assets	9.00%	9.15%
Rate of increase in salaries	10.00%	10.00%
Mortality Table	LIC (1994-96) ultimate	

VII. Amounts for the current and previous years are as follows: (Rs in lacs)

Particulars	As at 31 st March, 2011	As at 31 st March, 2010	As at 31 st March, 2009	As at 31 st March, 2008
Defined benefit obligation	(574.74)	(366.43)	(177.65)	(138.34)
Plan Assets	209.13	150.13	84.53	—
Surplus / (Deficit)	(365.61)	(216.30)	(93.12)	(138.34)
Experience Gain/ (Loss) Adjustments on plan liabilities	(68.68)	(23.15)	Not Available	Not Available
Experience Gain/ (Loss) Adjustments on plan assets	(0.99)	(0.14)	Not Available	Not Available

Rs in lacs

Particulars	2010-11	2009-10
Contribution to Provident Fund and other Funds	359.42	261.39

Note:

- The Company expects to contribute Rs 340.94 lacs (Rs 179.30 lacs) to Gratuity Fund in 2011-12.
 - 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.
 - The management has relied on the overall actuarial valuation conducted by the actuary.
9. Based on the information available with the Company, the amounts due to Micro and Small Enterprises as per Micro Small and Medium Enterprise Development Act, 2006 are as follows :

(Rs. in lacs)

Sl No.	Particulars	2010-11	2009-10
a)	Principal Amount remaining unpaid to the suppliers as at the end of the year	10.16	—
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	—	—
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.	—	—

Schedules forming part of the Accounts

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

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

Sl. No. Particulars	As at 31 st March, 2011			As at 31 st March, 2010		
	Amount in Foreign Currency		Rs. in lacs.	Amount in Foreign Currency		Rs. in lacs.
Receivables						
(a) Sundry Debtors	US\$	3,571,104	1,594.50	–	–	–
(b) Advances	US\$	–	–	US\$	3,827,844	1,727.89
	Euro	–	–	Euro	69,164	41.89
	GBP	886	0.64	GBP	5,621	3.82
Total			1,595.14			1773.60
Payables						
(a) Sundry Creditors	US\$	2,789,046	1,245.31	US\$	3,124,472	1,410.39
	Euro	21,510	13.60	Euro	–	–
(b) Foreign Currency Loans	US\$	16,520,615	7,376.45	US\$	1,516,018	684.33
	Euro	6,078,571	3,844.09	Euro	6,006,551	3,637.57
Total			12,479.45			5,732.29

(ii) Forward Cover Contracts outstanding at the year end represents the following:

Contracts of US\$ 3,712,500 (US\$ 27,939,817) for minimizing the risk of currency exposure on foreign currency loans from banks aggregating Rs 1,657.63 lacs (Rs 12,625.40 lacs)

11. Loans and Advances includes the following balances :

(Rs in lacs)

Name of the Company	As at 31 st March, 2011	Maximum Amount due at any time during the year 2010-11	As at 31 st March, 2010	Maximum Amount due at any time during the year 2009-10
In Terms of Clause 32 of the Listing Agreement				
Jai Balaji Jyoti Steels Ltd.	3,521.05	6,407.16	5,681.51	8,642.32
Subsidiary Company				
Nilachal Iron and Power Limited	2,001.28	3,770.35	2,642.68	5,804.75

12. Basic and diluted earnings per share :

		2010-11	2009-10
A	Profit after Tax (Rs in lacs)	7,395.09	3180.85
B	Present weighted average number of equity shares	Nos. 63,781,486	56,202,809
C	Weighted average number of equity shares allotted	Nos. 63,781,486	56,202,809
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
	(ii) Equity Warrants	Nos. –	683,507
E	Potential weighted average number of Equity Shares	Nos. 63,781,486	59,657,382
F	Nominal Value of each Share	Rs. 10	10
G	Basic Earning per Share	Rs. 11.60	5.66
H	Diluted Earning per Share	Rs. 11.60	5.33

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



Schedules forming part of the Accounts

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

14. The break-up of major components of Net Deferred Tax Liabilities as on 31st March, 2011 is as under :

(Rs in lacs)

Particulars	As at 31 st March, 2011	As at 31 st March, 2010
Deferred Tax Liability		
Timing Difference on Depreciable assets	16,129.84	13,009.51
Sub Total (A)	16,129.84	13,009.51
Deferred Tax Asset		
Unabsorbed Depreciation	2,299.32	3,363.76
Expenses allowable on payment basis/other timing differences	721.54	422.84
Sub Total (B)	3,020.86	3,786.60
Deferred Tax Liabilities (Net) (A-B)	13,108.98	9,222.91

15. Related Party Disclosures

a. Name of Related Parties

Subsidiary Companies	Nilachal Iron & Power Limited (NIPL) Jai Balaji Steels (Purulia) Limited (JBSPL) Jai Balaji Energy (Purulia) Limited (JBEPL)
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 Management Personnel	Mr. Rajiv Jajodia, Brother of Wholetime Director Mr. Devendra Prasad Jajodia, Brother of Wholetime Director Mr. Aashish Jajodia, Brother of Chairman and Managing Director Mr. Gaurav Jajodia, Nephew of Wholetime Director Smt. Kanchan Jajodia, Sister-in-law of Wholetime Director Smt. Rina Jajodia, Sister-in-law of Chairman and Managing Director Smt. Sangeeta Jajodia, Wife of Wholetime Director Smt. Shashi Devi Jajodia, Sister-in-law of Wholetime Director Smt. Seema Jajodia, Wife of Chairman and Managing Director
Enterprises owned or significantly influenced by key management personnel or their relatives	Chandi Steel Industries Limited (CSIL) Jai Balaji Jyoti Steels Limited (JBJSI) Jai Salasar Balaji Industries Private Limited (JSBIPL) 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 Private Limited (KDJSIPL)

Schedules forming part of the Accounts

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

b) Related Party Transactions : (Rs in lacs)

Relationship	Party	Sales	Purchases	Rent paid	Interest Received	Dividend Received	Dividend Paid	Directors fee	Share Application Advance	Investment in Equity/Preference Shares	Reimbursement of Expenses	Dividend Receivable	Balance Receivable	Guarantees Obtained	Corporate Guarantee Given
Subsidiaries	NIPL	1,098.77 (423.08)	8,993.73 (11,061.53)	-	-	34.95 (34.95)	-	-	-	-	-	34.95 (34.95)	2,001.28 (2,642.68)	-	4,500.00 (1,500.00)
	JBSPL	-	-	-	-	-	-	-	-	5.00	2.08	-	-	-	-
	JBEPL	-	-	-	-	-	-	-	-	5.00	2.08	-	-	-	-
Joint Venture	RCCPL	-	-	-	-	-	-	-	0.07 (7.45)	18.29 (21.00)	-	-	-	-	898.38 (898.38)
	AEECP	-	-	-	-	-	-	-	10.71 (-)	114.29 (20.50)	-	-	-	-	514.08 (514.08)
	BPSL	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Key Management Personnel	Aditya Jajodia	-	(52.25)	-	-	-	11.34 (11.34)	-	-	-	-	-	-	184,524.00 (158,296.00)	-
	Sanjiv Jajodia	-	-	-	-	-	10.60 (10.60)	-	-	-	-	-	-	184,524.00 (158,296.00)	-
	Rajiv Jajodia	-	-	-	-	-	6.27 (6.27)	0.25 (0.20)	-	-	-	-	-	184,524.00 (158,296.00)	-
Relatives of Key Management Personnel	Gaurav Jajodia	-	-	-	-	-	0.43 (0.43)	0.20 (0.25)	-	-	-	-	-	-	-
	Others	-	-	-	-	-	7.67 (7.67)	-	-	-	-	-	-	-	-
Enterprises owned or significantly influenced by key management personnel or their relatives	CSIL	6,010.79 (5,797.51)	159.17 (87.66)	-	41.43 (-)	-	-	-	-	-	30.83 (-)	-	2,327.87 (1,207.46)	-	-
	JBISL	755.97 (338.91)	5,390.64 (5,235.65)	-	571.40 (849.15)	-	-	-	-	-	-	-	3,521.05 (5,681.51)	-	-
	JSBPL	3,412.25 (1,641.25)	3,063.93 (2,111.83)	-	-	-	10.09 (10.09)	-	-	-	-	-	-	-	-
	JEPL	-	-	0.69 (0.69)	-	-	-	-	-	-	-	-	-	-	-
	ESL	-	-	-	-	-	44.88 (44.88)	-	-	-	-	-	-	-	-
	HML	-	-	-	-	-	28.18 (28.18)	-	-	-	-	-	-	-	-
	Others	3.42 (4.46)	-	-	-	-	10.00 (10.00)	-	-	-	-	-	-	-	-
Total		11,281.20 (8,205.21)	17,607.47 (18,548.92)	0.69 (0.69)	612.83 (849.15)	34.95 (34.95)	129.46 (129.46)	0.45 (0.45)	10.78 (7.45)	142.58 (3,041.50)	35.00	34.95 (34.95)	7,850.20 (9,531.65)	553,572.00 (474,888.00)	5,912.46 (2,912.46)

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



Schedules forming part of the Accounts

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

16. Managerial Remuneration :

(Rs in lacs)

	2010-11	2009-10
(a) Chairman and Managing Director		
Salary and Allowances	151.50	151.50
Perquisites	7.94	7.62
Total	159.44	159.12
(b) Whole-time Director		
Salary and Allowances	124.80	124.80
Perquisites	3.15	3.15
Total	127.95	127.95

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 (Rs. 56.52) transferred to Preoperative Expenses.

17. Auditors Remuneration :

(Rs in lacs)

Payment to Auditor	2010-11	2009-10
As Auditor :		
Audit Fee	25.00	22.50
Limited Review	22.50	19.50
Out-of-pocket expenses	0.47	1.45
In other manner for Certification :	4.95	21.80
Total	52.92	65.25

Out of above Rs 52.92 lacs (Rs 49.66 lacs) included in Legal and Professional Charges and Rs Nil (Rs 15.59 lacs) adjusted under Securities Premium Account.

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

	2010-11	2009-10
Total Number of Equity shares held by the promoter group	32,625,751	32,367,585
Total Number of Equity shares pledged by the promoter group	12,861,233	1,395,600
Percentage of total shares pledged to total shareholding of the promoter group	39.42%	4.31%
Percentage of total shares pledged to total outstanding shares of the Company	20.16%	2.19%

Schedules forming part of the Accounts

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

19. 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)

Name of the Joint Venture Company	Andal East Coal Company Pvt. Ltd.		Rohne Coal Company Pvt. Ltd.	
	2010-11	2009-10	2010-11	2009-10
Company's share in Joint Venture	32.79%	32.79%	6.90%	6.90%
Country of Incorporation	India	India	India	India
Proportionate share of the Company in the Joint Venture Companies				
Assets	302.09	20.44	169.91	134.79
Liabilities	159.85	0.59	0.08	0.08
Revenue	–	–	0.08	0.01
Other Expenses	0.26	0.64	0.11	0.10
Loss before tax	0.26	0.64	0.03	0.09

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

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	Installed Capacity (M.T.)		Actual Production (M.T.) #	
	2010-11	2009-10	2010-11	2009-10
Sponge Iron	345,000	345,000	216,145	287,180
Pig Iron	509,250	509,250	378,786	427,520
Steel Bars/Rods	260,000	260,000	131,685	183,769
Billet/MS Ingot	906,230	906,230	357,075	510,922
Ferro Alloys	106,618	106,618	60,210	51,290
Ductile Iron Pipe	240,000	–	26,319	–
Power	101.10 (MW)	71.10 (MW)	400.73 (MU)	352.65 (MU)

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

Includes production for third party conversion 16,850 M.T. (11,500 M.T.) and 12,283 M.T. (9,606 M.T.) in respect of Ferro Alloys and Steel Bars/Rods respectively.



Schedules forming part of the Accounts

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

20.2 Purchase of Trading Goods

Particulars	2010-2011		2009-2010	
	Quantity (M.T.)	Rs. in lacs	Quantity (M.T.)	Rs. in lacs
Sponge Iron	5,656	620.37	–	–
Billet/MS Ingot	13,623	3,213.64	–	–
Coal	3,564	198.94	–	–
Manganese Ore	4,276	479.11	–	–
M S Steel / Channel/ Scrap	–	–	278	59.50
		<u>4,512.06</u>		<u>59.50</u>

20.3 Sales of finished Goods*

Particulars	2010-2011		2009-2010	
	Quantity (M.T.)	Rs. in lacs	Quantity (M.T.)	Rs. in lacs
Sponge Iron	71,495	13,232.57	54,555	8,274.43
Pig Iron	199,072	48,525.10	225,423	43,306.38
Steel Bars/Rods	117,836	37,815.25	166,995	45,858.70
Billet/MS Ingots @	287,323	82,639.75	347,285	82,255.12
Ferro Alloys #	35,446	20,299.29	31,888	13,667.02
Ductile Iron Pipe#	22,414	9,146.68	–	–
Power	45,956,275	1,364.02	28,869,200	817.38
Coal	3,564	199.98	–	–
Manganese Ore	4,276	491.74	–	–
M S Steel/Channel/Scrap	–	–	278	62.47
		<u>213,714.38</u>		<u>194,241.50</u>

Includes Trial Run Sales of 2,731.54 M.T. (NIL) valuing Rs 1,156.62 lacs (NIL) and NIL (1,846 M.T.) valuing Rs NIL (Rs 640.85 lacs) in respect of Ductile Iron Pipe and Ferro Alloys respectively

@ Includes 19.28 M.T. as samples

* excluding goods transferred for further processing and used for self consumption in Fixed Assets/ Trial Run as follows:

Particulars	Quantity (M.T.)	
	2010-11	2009-10
Sponge Iron	150,935	229,291
Pig Iron [including Hot Metal 10,165 M.T. (Nil)]	185,208	197,461
Steel Bars / Rods	2,743	3,366
Billet / Steel Ingot	85,583	170,659
Ferro Alloys	7,851	8,646

Schedules forming part of the Accounts

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

20.4 Details of Finished Goods

Particulars	2010-11		2009-10	
	Quantity (M.T.)	Rs. in lacs	Quantity (M.T.)	Rs. in lacs
Opening Stock :				
Sponge Iron	3,789	537.50	455	61.05
Pig Iron	6,983	1,192.59	2,347	418.48
Steel Bars/Rods	8,458	2,231.60	4,656	1,320.82
Billet/MS Ingots	9,395	2,192.85	16,417	3,893.35
Ferro Alloys	1,758	783.99	2,502	1,028.28
		<u>6,938.53</u>		<u>6,721.98</u>
Closing Stock :				
Sponge Iron	3,160	651.89	3,789	537.50
Pig Iron	1,489	273.16	6,983	1,192.59
Steel Bars/Rods	7,281	2,129.71	8,458	2,231.60
Billet /MS Ingot	7,187	1,899.96	9,395	2,192.85
Ferro Alloys	1,821	907.49	1,758	783.99
Ductile Iron Pipe	3,905	1,443.21	--	--
		<u>7,305.42</u>		<u>6,938.53</u>

20.5 Consumption of Raw Materials#

Particulars	2010-11		2009-10	
	Quantity (M.T.)	Rs. in lacs	Quantity (M.T.)	Rs. in lacs
Iron Ore/Pellets	1,176,868	38,843.38	1,247,135	35,097.11
Manganese Ore	76,550	10,212.76	76,576	8,620.91
Sponge Iron	94,942	16,108.84	120,118	16,633.42
Billet/Ingot	44,172	10,265.93	19,648	4,219.73
Coke/Coal	800,361	56,812.18	940,257	57,859.62
Magnesium Metal	99	156.29	--	--
Pig Iron	272	44.10	7,668	1,488.96
Steel Scrap & Wastes	11,359	875.48	19,632	1,290.68
Ferro Alloys	367	149.45	625	363.18
Quartzite, Limestone and Dolomite	199,263	2,518.50	180,812	2,128.65
		<u>135,986.91</u>		<u>127,702.26</u>

#including cost of raw materials sold and consumed during trial run process Rs.3,523.56 lacs (Rs. 1,269.16 lacs) and Rs. 140.09 lacs (Rs. 735.30 lacs) respectively.



Schedules forming part of the Accounts

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

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

Consumption	Raw Materials*		Stores and Spare Parts etc.*	
	Rs. in lacs	% of total Consumption	Rs. in lacs	% of total Consumption
Imported	6,467.62	4.76	1,623.32	11.68
	(23,084.04)	(18.08)	(621.12)	(4.95)
Indigenous	129,519.29	95.24	12,276.85	88.32
	(104,618.22)	(81.92)	(11,938.75)	(95.05)
Total	135,986.91	100.00	13,900.17	100.00
	(127,702.26)	(100.00)	(12,559.87)	(100.00)

*includes materials consumed during trial run process

22. Value of Imports (calculated on CIF basis)

	(Rs in lacs)	
Particulars	2010-11	2009-10
Raw Materials	7,004.93	17,017.05
Stores & Spares	1,677.35	992.19
Capital Goods	8,591.95	3,479.33
Total	17,274.23	21,488.57

23. Expenditure in Foreign Currency (on accrual basis)

	(Rs in lacs)	
Particulars	2010-11	2009-10
Professional Consultation Fees	39.60	105.27
Interest	166.91	127.22
Others*	92.82	10.74
Total[#]	299.33	243.23

*Includes Rs. Nil (Rs.94.74 lacs) adjusted under Securites Premium Account

[#] Includes amount transferred to Preoperative and Trial Run Expenses

24. Earnings in Foreign Currency (on accrual basis)

	(Rs in lacs)	
	2010-11	2009-10
Exports at FOB Value	4,125.19	5,367.96

Schedules forming part of the Accounts

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

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

	2010-11	2009-10
i) Financial Year to which the dividend relates	2009-10	2008-09
ii) No. of non - resident shareholders	89	55
iii) No. of Shares held	14,754,922	8,334,252
iv) Amount remitted as dividend (Rs. in lacs)*	Nil	8.96

*Excludes dividend paid to non-resident shareholders in Indian Rupees aggregating to Rs. 59.02 lacs (Rs. 24.37 lacs)

26. 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

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

Aditya Jajodia
Chairman & Managing Director

Sanjiv Jajodia
Wholetime Director

Rajiv Jajodia
Director

Per Sanjoy K Gupta
Partner
Membership No. 54968

Raj Kumar Sharma
Chief Financial Officer

Ajay Kumar Tantia
Company Secretary

Place : Kolkata
Date : May 27, 2011



Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

I) Registration Details

Registration No : L27102WB1999PLC089755 State Code:

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

Balance Sheet Date:

3	1
---	---

0	3
---	---

2	0	1	1
---	---	---	---

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

Public Issue

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

 Rights Issue

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

Bonus Issue

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

 Private Placement

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

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

Total Liabilities

2	9	6	2	0	4	6	5
---	---	---	---	---	---	---	---

 Total Assets

2	9	6	2	0	4	6	5
---	---	---	---	---	---	---	---

Sources of Funds

Paid-Up Capital

		6	3	7	7	1	1
--	--	---	---	---	---	---	---

 Reserves and Surplus

	9	1	0	2	7	9	2
--	---	---	---	---	---	---	---

Secured Loans

1	6	9	7	7	8	6	0
---	---	---	---	---	---	---	---

 Unsecured Loans

	1	5	9	1	2	0	4
--	---	---	---	---	---	---	---

Deferred Tax Liabilities

	1	3	1	0	8	9	8
--	---	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

2	0	6	7	2	2	0	8
---	---	---	---	---	---	---	---

 Investments

		8	3	4	1	1	5
--	--	---	---	---	---	---	---

Net Current Assets

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

 Miscellaneous Expenditure

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

Accumulated Losses

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

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

Turnover (Sales and other income)

2	1	8	7	9	6	8	7
---	---	---	---	---	---	---	---

 Total Expenditure

2	0	7	2	2	7	1	9
---	---	---	---	---	---	---	---

Profit Before Tax

	1	1	5	6	9	6	8
--	---	---	---	---	---	---	---

 Profit After Tax

		7	3	9	5	0	9
--	--	---	---	---	---	---	---

Earning Per Share - Basic Rs.

			1	1	.	6	0
--	--	--	---	---	---	---	---

 Dividend Rate %

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

Earning Per Share - Diluted Rs.

			1	1	.	6	0
--	--	--	---	---	---	---	---

V) Generic names of principal products/Services of the Company (As per monetary Terms)

Item Code No. (ITC Code)	Product Description
72031000	Sponge Iron
72012000	Pig Iron
72071920	M.S. Billet
72141090	Steel Bars/Rods
73030030	Ductile Iron Pipe

For and on behalf of the Board of Directors

Aditya Jajodia
Chairman & Managing Director

Sanjiv Jajodia
Wholetime Director

Rajiv Jajodia
Director

Place : Kolkata
Date : May 27, 2011

Raj Kumar Sharma
Chief Financial Officer

Ajay Kumar Tantia
Company Secretary

Section 212

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

1. Name of the Subsidiaries	:	Nilachal Iron & Power Limited	Jai Balaji Steels (Purulia) Limited	Jai Balaji Energy (Purulia) Limited
2. The financial year of the Subsidiary Companies ended on :		31st March, 2011	31st March, 2011	31st March, 2011
3. a. Number of Shares held by Jai Balaji Industries Limited in the Subsidiary at the end of the Financial year of the Subsidiary Companies	:	34,948,727 Equity Shares of Rs. 10 each fully paid up	50,000 Equity Shares of Rs. 10 each fully paid up	50,000 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%	100%	100%
4. The net aggregate amount of the Subsidiary Company profit/(loss) so far as it concerns the Members of the Holding Company				
a) Not dealt with in the Holding Company's Accounts				
i) For the Financial year ended 31st March, 2011	:	Rs. 399.28 Lacs	NIL	NIL
ii) For the previous Financial year of the Subsidiary Company since it became the Holding Company's Subsidiary	:	Rs. 394.49 Lacs	N.A.	N.A.
b) Dealt with in the Holding Company's account				
i) For the Financial year ended 31st March, 2011	:	Rs. 34.95 Lacs	NIL	NIL
ii) For the previous Financial year of the Subsidiary Company since it became the Holding Company's Subsidiary	:	Rs. 34.95 Lacs	N.A.	N.A.

For and on behalf of the Board of Directors

Aditya Jajodia
Chairman & Managing Director

Sanjiv Jajodia
Wholetime Director

Rajiv Jajodia
Director

Place : Kolkata
Date : May 27, 2011

Raj Kumar Sharma
Chief Financial Officer

Ajay Kumar Tantia
Company Secretary



Auditor's Report on the consolidated Financial Statements

The Board of Directors
Jai Balaji Industries Limited

1. We have audited the attached consolidated balance sheet of Jai Balaji Industries Limited and its Subsidiaries and Joint Venture Companies ('the Group'), as at March 31, 2011, 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. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of Subsidiaries and Joint Venture Companies, whose financial statements reflect total assets of Rs. 24,856.97 lacs as at March 31, 2011, the total revenue of Rs. 12,915.11 lacs and cash inflows amounting to Rs. 109.51 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Jai Balaji Industries Limited's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the 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 the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2011;
 - b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of the consolidated 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 Sanjoy K. Gupta

Partner

Place : Kolkata

Date : May 27, 2011 Membership No. 54968

Consolidated Balance Sheet as at 31st March, 2011

	Schedule	As at 31 st March, 2011	(Rs. in lacs) As at 31 st March, 2010
SOURCES OF FUNDS			
Shareholders' Fund :			
a) Share Capital	1	6,377.11	6,377.02
b) Preference Share Application Money		20.47	–
c) Reserves and Surplus	2	94,588.05	87,128.96
Loan Funds :			
a) Secured Loans	3	177,104.74	160,917.61
b) Unsecured Loans	4	15,962.04	834.67
Deferred Tax Liabilities (Net)	5	13,722.54	9,653.77
TOTAL		307,774.95	264,912.03
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	6	200,798.85	147,029.52
Less : Accumulated Depreciation / Amortisation		30,904.86	22,274.16
Net Block		169,893.99	124,755.36
Capital Work in Progress and Pre-operative Expenditure Pending Allocation	7	50,987.80	63,085.30
		220,881.79	187,840.66
Investments	8	363.19	365.01
Current Assets, Loans and Advances			
a) Inventories	9	62,490.83	50,016.73
b) Sundry Debtors	10	52,724.17	33,990.04
c) Cash and Bank Balances	11	4,153.00	2,332.30
d) Other Current Assets	12	9,363.12	9,151.03
e) Loans and Advances	13	17,050.02	19,769.38
		145,781.14	115,259.48
Less: Current Liabilities and Provisions	14		
a) Current Liabilities		56,885.01	37,793.16
b) Provisions		2,370.56	759.96
		59,255.57	38,553.12
Net Current Assets		86,525.57	76,706.36
Miscellaneous Expenditure	15	4.40	–
(To the extent not written off or adjusted)			
TOTAL		307,774.95	264,912.03
Significant Accounting Policies and Notes on Accounts	24		

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

As per our attached report of even date

For and on behalf of the Board of Directors

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

Aditya Jajodia
Chairman & Managing Director

Sanjiv Jajodia
Wholetime Director

Rajiv Jajodia
Director

Per Sanjoy K Gupta
Partner
Membership No. 54968

Raj Kumar Sharma
Chief Financial Officer

Ajay Kumar Tantia
Company Secretary

Place : Kolkata
Date : May 27, 2011



Consolidated Profit and Loss Account for the year ended 31st March, 2011

(Rs. in lacs)

	Schedule	2010-11	2009-10
INCOME			
Sales and Services (Gross)	16	235,513.26	204,954.30
Less: Excise Duty and Cess		16,006.04	12,830.26
Sales and Services (Net)		219,507.22	192,124.04
Other Income	17	2,274.67	2,694.13
TOTAL		221,781.89	194,818.17
EXPENDITURE			
(Increase) / Decrease in Stocks	18	(2,605.65)	(1,994.11)
(Increase)/Decrease in Excise Duty and Cess on Stocks (Refer Note 13 on Schedule 24)		55.29	96.35
Raw Materials Consumed	19	136,395.40	126,016.25
Purchase of Trading Goods		4,512.06	59.50
Manufacturing Expenses	20	35,155.47	34,939.71
Personnel Cost	21	5,718.86	4,511.40
Selling, Distribution and Administrative Expenses	22	5,690.66	3,920.78
Prior Period Expenditure		281.32	86.75
(Net of Income Rs.261.86 lacs (Rs.380.54 lacs)			
Interest and Finance Charges	23	15,828.85	14,422.68
Depreciation / Amortisation		8,637.90	7,283.28
TOTAL		209,670.16	189,342.59
Profit before tax		12,111.73	5,475.58
Less/(Add) :			
Current Tax [Including Rs. 255.64 lacs (Rs. 276.15 lacs) for earlier years]		2,897.02	1,251.75
MAT Credit Entitlement		(2,606.66)	(1,250.89)
Deferred Tax Charge		4,068.77	1,935.05
Total Tax Expenses (Net)		4,359.13	1,935.91
Profit after tax		7,752.60	3,539.67
Add: Balance Brought Forward From Previous Year		17,455.84	14,213.67
		25,208.44	17,753.34
Appropriations			
Proposed Dividend		255.13	255.13
Tax on Dividend		41.39	42.37
Transfer to General Reserve		500.00	—
Balance carried to Balance Sheet		24,411.92	17,455.84
		25,208.44	17,753.34
Earning Per Share (Nominal Value per share Rs. 10)			
Basic (Rs.)		12.16	6.30
Diluted (Rs.)		12.16	5.93
(Refer Note 10 on Schedule 24)			
Significant Accounting Policies and Notes on Accounts	24		

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

As per our attached report of even date

For and on behalf of the Board of Directors

For S. R. Batliboi & Co.

Firm Regn No. 301003E
Chartered Accountants

Per **Sanjoy K Gupta**
Partner

Membership No. 54968

Place : Kolkata

Date : May 27, 2011

Aditya Jajodia

Chairman & Managing Director

Sanjiv Jajodia

Wholetime Director

Raj Kumar Sharma
Chief Financial Officer

Rajiv Jajodia

Director

Ajay Kumar Tantia
Company Secretary

Consolidated Cash Flow Statement for the year ended 31st March, 2011

(Rs. in lacs)

	2010-11	2009-10
A : Cash Flow from Operating Activities		
Net Profit Before Taxes	12,111.73	5,475.58
Adjustments For :		
Depreciation/Amortisation (Net)	8,637.86	7,283.28
(Profit) / Loss on Sale of Fixed Assets	(8.78)	3.93
Irrecoverable Debts and Advances Written off	295.19	67.53
Provision for Doubtful Debts/Advances (net)	697.06	134.30
Liabilities no longer required written back	(385.75)	(357.92)
Interest on Term Loans and Others	14,840.08	13,871.56
Reversal of provision for Diminution in the value of Investments	(1.24)	(2.05)
Dividend from long term Non Trade Investments	(1.23)	(1.36)
Profit on sale of long term Non Trade Investments	—	(3.76)
Prior Period Expenditure (net)	281.32	86.75
(Gain)/Loss on Foreign Exchange Fluctuations (Net)	252.18	(156.85)
Interest Income	(898.12)	(1,152.01)
Operating Profit Before Working Capital Changes	35,820.30	25,248.98
Movements in Working Capital :		
Decrease / (Increase) in Sundry Debtors	(17,425.09)	(5,411.72)
Decrease / (Increase) in Loans and Advances and Other Current Assets	1,292.46	(2,362.83)
Decrease / (Increase) in Inventories	(12,487.22)	3,033.32
Decrease / (Increase) in Trade and Other Payables	16,362.30	3,229.65
Cash Generated From Operating Activities	23,562.75	23,737.40
Direct Taxes paid (net of refunds)	(1,126.85)	(541.50)
Net Cash generated from Operating Activities	22,435.90	23,195.90
B: Cash Flow From Investing Activities		
Purchase of Fixed Assets	(37,077.53)	(35,753.36)
Proceeds from Sale of Fixed Assets	265.99	103.74
Purchase of Investments in Mutual Fund	(1.19)	—
Application money paid in Joint Venture Companies	—	(1.54)
Proceeds from sale of long term Investments (other than trade)	4.25	8.38
Dividend from long term Investments (other than Trade)	1.23	1.36
Refund received of Loan given to a Bodies Corporate	2,735.95	2,900.00
Interest received	1,143.73	1,024.24
Net Cash Used In Investing Activities	(32,927.57)	(31,717.18)

**Consolidated Cash Flow Statement (Contd.)**

(Rs. in lacs)

	2010-11	2009-10
C: Cash Flow From Financing Activities		
Proceeds from Call in Arrears of equity share capital	0.09	0.09
Proceeds from issue of equity share capital	—	19,851.34
Advance against preference share application	16.86	0.78
Share Issue Expenses	(4.40)	(1,083.79)
Proceeds from long/short term Borrowings	75,410.22	36,741.30
Repayment of long/short term Borrowings	(44,276.18)	(30,528.47)
Interest Paid	(18,781.99)	(16,845.95)
Dividend Paid	(254.72)	(221.71)
Tax on Dividend paid	(42.37)	(37.72)
Net Cash generated from Financing Activities	12,067.51	7,875.87
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	1,575.84	(645.41)
Cash and Cash Equivalents as at the beginning of the year	423.80	1,069.21
Cash and Cash Equivalents as at the end of the year	1,999.64	423.80
Components of cash and cash equivalents		
Cash in hand	38.36	29.13
Cheques in hand	294.87	0.56
Balance with Scheduled Banks on:		
Current Account	1,286.01	389.12
Fixed Deposit Account	2,528.36	1,908.50
Unclaimed Dividend Account *	5.24	4.83
Unclaimed Fractional Share Balance*	0.16	0.16
Cash and Bank Balances as per Schedule 11	4,153.00	2,332.30
Less : Fixed deposits not considered as cash equivalents	2,153.36	1,908.50
Cash and Cash Equivalents in Cash Flow Statement:	1,999.64	423.80

* 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

For S. R. Batliboi & Co.

Firm Regn No. 301003E

Chartered Accountants

Aditya Jajodia

Chairman & Managing Director

Sanjiv Jajodia

Wholetime Director

Rajiv Jajodia

Director

Per Sanjoy K Gupta

Partner

Membership No. 54968

Raj Kumar Sharma

Chief Financial Officer

Ajay Kumar Tantia

Company Secretary

Place : Kolkata

Date : May 27, 2011

Schedules forming part of the Consolidated Balance Sheet

	As at 31 st March, 2011	(Rs. in lacs) As at 31 st March, 2010
Schedule 1: Share Capital		
Authorised		
101,000,000 Equity shares of Rs. 10 /- each	10,100.00	10,100.00
	<u>10,100.00</u>	<u>10,100.00</u>
Issued, Subscribed and Paid up		
63,781,486 (63,781,486) Equity shares of Rs. 10/- each	6,378.15	6,378.15
Less: Calls in Arrear (other than directors)	1.04	1.13
	<u>6,377.11</u>	<u>6,377.02</u>
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	8,943.21	2,764.80
Add: Transfer on Forfeiture of Equity Share Warrants	—	6,178.41
	<u>8,943.21</u>	<u>8,943.21</u>
Amalgamation Reserve		
Balance as per Last Account	4,400.00	4,400.00
Capital Investment Subsidy		
Balance as per Last Account	—	774.81
Less: Transferred to Fixed Assets	—	774.81
	<u>—</u>	<u>—</u>
Securities Premium Account		
Balance as per Last Account	46,002.83	1,575.17
Add :		
Received during the year on issue of further equity shares	3.01	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
	<u>46,005.84</u>	<u>46,002.83</u>
General Reserve		
Balance as per Last Account	10,327.08	10,327.08
Add : Transfer from Profit and Loss Account	500.00	—
	<u>10,827.08</u>	<u>10,327.08</u>
Balance in Profit and Loss Account	<u>24,411.92</u>	<u>17,455.84</u>
	<u>94,588.05</u>	<u>87,128.96</u>



Schedules forming part of the Consolidated Balance Sheet

	As at 31 st March, 2011	(Rs. in lacs) As at 31 st March, 2010
Schedule 3 : Secured Loans		
Term Loans		
Long Term :		
Banks		
In Rupees Loans	73,900.28	70,501.36
In Foreign Currency Loans	11,697.38	10,997.07
Financial Institutions		
In Rupees Loans	5,472.98	7,548.77
Interest Accrued and Due	485.30	590.99
Short Term Rupee Loans from Banks: (Repayable within one year)	12,500.00	11,381.79
Working Capital Finance		
From Banks		
In Rupees Loans		
Cash Credit	43,669.03	38,208.74
Working Capital Demand Loan	28,156.49	15,621.53
In Foreign Currency Loans	1,180.79	5,950.23
Deferred Payment Credits	42.49	117.13
	177,104.74	160,917.61

Notes :

- Term Loans from banks and financial institutions are secured as follows:-
 - Rs.75,125.90 lacs (Rs.73,274.84 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.58.46 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.
 - Rs.4,356.09 lacs (Rs. 1,128.68 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, including Rs. 1,355.79 lacs which is further secured by first charge on all the bank accounts of the company/project and assignment of all the company/project contracts and documents.
 - Rs. 3,621.44 lacs (Rs. 4,873.00 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.
 - Rs. 20,019.73 lacs (Rs. 20,374.61 lacs) by way of subservient charge on the entire Fixed and Current Assets of the Company.
 - Rs. 269.60 lacs (Rs.160.30 lacs) against lien on the subsidies receivable from Government of West Bengal.
 - Rs. 663.18 lacs (Rs. 1,208.55 lacs) against Railway Rakes procured and given to Railway under the Wagon Investment Scheme.
- Working Capital facilities from Banks are Secured as follows :-
 - Rs. 68,054.19 lacs (Rs.55,971.44 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.
 - Rs. 2,968.42 lacs (Rs. 1,304.03 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.
 - Rs.1,983.70 lacs (Rs.2,505.03 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.
- Deferred Payment Credits are secured by hypothecation of the assets acquired under the respective agreements.
- All the loans as referred to above (excluding Rs. 269.60 lacs from financial institutions and Rs. 42.49 lacs related to deferred payment credit) are further secured by the personal guarantee of certain promoter directors of the Company and its Subsidiary and further Rs. 3,323.43 lacs and Rs. 2,352.28 lacs taken by Subsidiary are further secured by corporate guarantees of a promoter group Company and of the holding company respectively.
- Long term loans and Deferred Payment Credits include Rs. 22,460.50 lacs (Rs. 20,234.74 lacs) payable within one year.
 - Short Term Rupee Loans from Banks includes Rs. 7,500 lacs (Rs. Nil) being bridge finance against long term loan already sanctioned by bank.

Schedules forming part of the Consolidated Balance Sheet

	As at 31 st March, 2011	(Rs. in lacs) As at 31 st March, 2010
Schedule 4: Unsecured Loans		
Interest free sales tax loan [§]	535.34	634.67
Long Term Loan From a Financial Institution ^{§#}	10,000.00	–
Short Term Loans		
From bodies corporate [repayable on demand to the extent of Rs. 321.05 lacs (Rs.100.00 lacs)]	371.05	200.00
From a Bank (Repayable within one year) [@]	5,000.00	–
Interest Accrued and Due	55.65	–
	15,962.04	834.67

[§] Includes amount repayable within one year Rs. 350.32 lacs (Rs. 275.18 lacs).

[#] Guaranteed by the personal guarantee of promoter directors and pledge of promoters share holdings in the company

[@] Guaranteed by the personal guarantee of promoter directors.

Schedule 5: Deferred Tax Liabilities (Net)

(Refer Note 12 on Schedule 24)

Balance as per Last Account	9,653.77	7,718.72
Add: Created for the year	4,068.77	1,935.05
	13,722.54	9,653.77

Schedule 6 : Fixed Assets

(Rs. in lacs)

Description	Gross Block				Depreciation/Amortisation				Net Block	
	As at 31 st March, 2010	Additions	Deductions	As at 31 st March, 2011	Up to 31 st March, 2010	For the year	Deductions	Up to 31 st March, 2011	As at 31 st March, 2011	As at 31 st March, 2010
Freehold Land	3,301.07	139.68	24.23	3,416.52 (a)	–	–	–	–	3,416.52	3,301.07
Leasehold Land	689.30	–	–	689.30	94.48	10.49	–	104.97	584.33	594.82
Factory Buildings	17,764.74	10,257.77	–	28,022.51	1,594.01	734.54	–	2,328.55	25,693.96	16,170.73
Railway Siding	4,298.45	53.91	–	4,352.36	339.59	204.74	–	544.33	3,808.03	3,958.86
Plant and Machinery	105,668.10	37,099.09	212.21	142,554.98 (b)	17,422.00	6,757.54	1.47	24,178.07	118,376.91	88,246.10
Electrical Installations	14,167.22	6,311.61	–	20,478.83	2,334.35	786.50	–	3,120.85	17,357.98	11,832.87
Furniture, Fixtures and Office Equipments	800.28	130.98	–	931.26	365.07	111.44	–	476.51	454.75	435.21
Vehicles	340.36	40.70	27.97	353.09	124.66	32.65	5.73	151.58	201.51	215.70
Total	147,029.52	54,033.74	264.41	200,798.85	22,274.16	8,637.90	7.20	30,904.86	169,893.99	124,755.36
Previous Year's Total	141,185.08	6,848.55	1,004.11	147,029.52	15,120.65	7,283.28	129.77	22,274.16	124,755.36	

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 24. Gross Block Rs. Nil (Rs. 1,286.59 lacs) and Net Block Rs. Nil (Rs.771.95 lacs).



Schedules forming part of the Consolidated Balance Sheet

	As at 31 st March, 2011	(Rs. in lacs) As at 31 st March, 2010
Schedule 7: Capital Work in Progress and Pre-Operative Expenditure Pending Allocation		
A Capital Work-in-Progress		
Land and Site Development	98.55	8.38
Mining Land	905.32	494.03
Buildings	17,355.84	9,617.93
Railway Siding	399.52	1,242.56
Plant and Machinery	54,711.75	35,096.50
Furniture and Fixture	0.81	--
Electrical Installations	8,152.36	5,178.07
Advances for Land	6,005.41	5,368.84
Other Capital Advances	4,228.74	5,460.71
Sub Total	91,858.30	62,467.02
Less : Transferred to Fixed Assets	46,026.43	5,657.86
Total A :	45,831.87	56,809.16
B Pre-operative Expenditure Pending Allocation		
Opening Balance	6,276.14	1,970.83
Additions		
Power and Fuel	120.87	275.48
Equipment Hire Charges	–	160.31
Drilling Expenses	200.03	–
Salaries, Wages and Bonus	266.21	285.74
Directors' Remuneration	83.73	98.52
Rent and Hire	69.24	52.07
Rates and Taxes	0.57	17.89
Insurance	23.48	16.56
Travelling and Conveyance	60.19	45.94
Telephone and Postage	11.40	15.88
Legal and Professional Charges	130.94	206.79
Miscellaneous Expenses	26.33	281.49
Depreciation	0.04	0.03
Interest on Term Loans	3,107.24	3,095.11
Bank Guarantee Charges	20.13	22.36
Finance Charges	498.25	104.64
Sub Total	10,894.79	6,649.64
Less : Transferred to Fixed Assets	5,738.86	373.50
Total B :	5,155.93	6,276.14

Schedules forming part of the Consolidated Balance Sheet

	As at 31 st March, 2011	(Rs. in lacs) As at 31 st March, 2010
C TRIAL RUN EXPENSES		
Finished / Goods in Process Consumed	1,724.48	--
Raw Materials Consumed	140.09	735.30
	<u>1,864.57</u>	<u>735.30</u>
Personnel Cost		
Salaries, Wages and Bonus	433.55	11.85
Contribution to Provident and Other Funds	18.76	2.27
Directors' Remuneration	14.79	--
	<u>467.10</u>	<u>14.12</u>
Manufacturing, Selling and Distribution and Administrative Expenses		
Consumption of Stores and Spares	383.73	16.13
Labour Charges	90.22	23.58
Power and Fuel	298.97	265.79
Repairs and Maintenance to Others	21.13	--
Rent and Hire	37.77	0.56
Legal and Professional Charges	4.37	--
Miscellaneous Expenses	82.09	6.69
	<u>918.28</u>	<u>312.75</u>
Interest and Finance Charges		
Interest on Term Loans	982.92	66.43
Finance Charges	12.90	4.90
	<u>995.82</u>	<u>71.33</u>
Sub Total	<u>4,245.77</u>	<u>1,133.50</u>
Less:		
Sales of Finished Goods	1,119.86	624.05
[Net of Excise duty and cess Rs.36.76 lacs (Rs 16.80 lacs)]		
Sales of Scrap [Net of Excise duty and cess Rs. 21.03 lacs (Rs. Nil)]	204.22	--
Subsidy on Sales Tax / Value Added Tax	2.85	5.30
Transfer of Goods for further processing	175.89	--
Closing stock at the end of Trial-run period of a project		
Finished Goods	810.48	37.42
[Net of Excise duty and cess Rs. 98.38 lacs (Rs. Nil)]		
Work-in-Process	130.93	--
By Products and Scrap	484.11	--
[Net of Excise duty and cess Rs. 49.86 lacs (Rs. Nil)]		
Sub Total	<u>2,928.34</u>	<u>666.77</u>
	<u>1,317.43</u>	<u>466.73</u>
Less : Transferred to Fixed Assets	<u>1,317.43</u>	<u>466.73</u>
Total C:	<u>--</u>	<u>--</u>
Grand Total (A+B+C)	<u>50,987.80</u>	<u>63,085.60</u>



Schedules forming part of the Consolidated Balance Sheet

Schedule 8 : Investments

	Nos.	Face Value per Share Rs.	As at 31 st March, 2011	(Rs. in lacs) As at 31 st March, 2010
Long Term (at cost)				
Fully Paid up Equity Shares (except stated otherwise)				
Non Trade (Unquoted)				
Calcutta Stock Exchange Limited	16,726	1	334.52	334.52
Government Securities				
National Savings Certificate (Deposited with Third Parties)			0.62	0.62
(Quoted)				
Talbro Automotive Component Limited	– (5,682)	10	–	5.80
Shyama Infosys Limited	366,200 (366,200)	10	25.91	25.91
Shri Nidhi Trading Company Limited	10,500 (10,500)	10	0.95	0.95
			26.86	32.66
Less : Provision for Diminution in Value of Investments*			–	2.79
			26.86	29.87
In Units of Mutual Fund				
ICICI Prudential Flexible Income Plan	1,121.81 (--)		1.19	–
			1.19	–
			363.19	365.01
Aggregate Value of Investments				
– Quoted*			28.05	29.87
– Unquoted			335.14	335.14
*Market Value of Quoted Investments			42.71	45.72

Note : Besides the above, the following Units of Mutual Fund were purchased and sold during the year

Name of the Mutual Fund	No. of Units	
	2010-11	2009-10
ICICI Prudential Flexible Income Plan	14,617.68	–

Schedule 9 : Inventories

Raw Materials	45,547.35	35,609.94
[Including in transit Rs. 1,865.19 lacs (Rs. 2,711.04 lacs)]		
Stores and Spares	4,617.91	3,731.50
[Including in transit Rs. 298.58 lacs (Rs. 13.48 lacs)]		
Work-in-Process	709.11	399.34
Finished Goods	8,356.01	8,396.90
[including materials lying at port Rs. 116.52 lacs (Rs. Nil)]		
By Products	3,260.45	1,879.05
	62,490.83	50,016.73

Schedules forming part of the Consolidated Balance Sheet

	As at 31 st March, 2011	(Rs. in lacs) As at 31 st March, 2010
Schedule 10 : Sundry Debtors		
(Unsecured, Considered Good unless otherwise stated)		
Debts outstanding for more than six months		
Considered good	6,554.83	4,149.15
Considered doubtful	484.20	170.94
Other Debts	46,169.34	29,840.89
	53,208.37	34,160.98
Less : Provision for Doubtful Debts	484.20	170.94
	52,724.17	33,990.04
Schedule 11: Cash and Bank Balances		
Cash in hand	38.36	29.13
Cheques in hand	294.87	0.56
Balance with Scheduled Banks on:		
Current Account	1,286.01	389.12
Fixed Deposit Account *	2,528.36	1,908.50
Unclaimed Dividend Account	5.24	4.83
Unclaimed Fractional Share Balance	0.16	0.16
	4,153.00	2,332.30

*Includes to Rs. 2,103.51 lacs (Rs. 1,907.50 lacs) pledged with Banks as Margin Money against Borrowings/Other facilities

Schedule 12: Other Current Assets

Interest Receivable on Loans, Advances and Deposits	164.13	326.10
Subsidies and Incentives Receivable	9,198.99	8,824.93
	9,363.12	9,151.03

Schedule 13: Loans and Advances

(Unsecured, Considered Good unless otherwise stated)		
Loans to Bodies Corporate (Receivable on demand)*	4,064.05	6,800.00
Advances recoverable in cash or in kind or for value to be received *	4,736.81	7,151.86
[Net of Provision for Doubtful Advances Rs.818.56 lacs (Rs.459.04 lacs)]		
Share Application Money to Joint Venture Company	5.38	3.77
Security Deposits	811.39	508.12
[Net of Provision for Doubtful Advances Rs. 24.28 lacs (Rs. Nil)]		
MAT Credit Entitlement	5,014.32	2,839.85
Balance with Excise and other Government Authorities	2,010.00	2,073.06
Orised Recoverable	30.53	30.53
Sales Tax and Other Refunds Receivable	377.54	362.19
	17,050.02	19,769.38

*(Refer Note No 11 on Schedule 24)

**Schedules forming part of the Consolidated Balance Sheet**

	As at 31 st March, 2011	(Rs. in lacs) As at 31 st March, 2010
Schedule 14: Current Liabilities and Provisions		
A. Current Liabilities		
Acceptances	5,634.55	5,977.88
Sundry Creditors for goods, services and expenses		
(a) Dues to Micro and Small Enterprises	10.16	--
(Refer Note No 8 on Schedule 24)		
(b) Dues towards Capital Goods	5,822.20	4,460.74
(c) Dues to Other Creditors	34,763.92	20,717.46
Advances from Customers	7,579.69	4,846.96
Book Overdraft	51.72	46.04
Other Liabilities	2,928.87	1,730.04
Investor Education and Protection Fund (To be deposited as and when due)		
(a) Unclaimed Dividend	5.24	4.83
(b) Unclaimed Fractional Shares Liability	0.16	0.16
Interest Accrued but not due on Loans	88.50	9.05
	<u>56,885.01</u>	<u>37,793.16</u>
B. Provisions :		
Gratuity	346.64	180.90
Leave Salary	108.18	91.75
Provision for Taxation (net of Advances Rs. 2,410.00 lacs (Rs. 2,650.50 lacs)]	1,619.21	189.81
Proposed Dividend	255.13	255.13
Tax on Proposed Dividend	41.40	42.37
	<u>2,370.56</u>	<u>759.96</u>
Schedule 15: Miscellaneous Expenditure		
(To the extent not written off or adjusted)		
Expenses incurred during the year	4.40	--
	<u>4.40</u>	<u>--</u>

Schedules forming part of the Consolidated Profit and Loss Account

	2010-11	(Rs. in lacs) 2009-10
Schedule 16 : Sales and Services		
Sale of Finished Goods	215,499.55	193,971.70
Sale of By Products and Scraps	7,129.27	2,515.00
Sale of Raw Materials	6,726.45	1,801.26
Conversion Charges	3,864.81	2,603.64
Subsidy on Sales Tax/Value Added Tax	1,256.66	3,098.79
Export Incentives	134.42	219.42
Service and other Charges	902.10	744.49
	<u>235,513.26</u>	<u>204,954.30</u>

Schedules forming part of the Consolidated Profit and Loss Account

(Rs. in lacs)

Schedule 17: Other Income

Interest on :

(a) Fixed Deposits with Banks [Gross, Tax deducted at Source Rs 13.13 lacs (Rs.9.70 lacs)]

(b) Loans and Advances

[Gross, Tax deducted at Source Rs.72.32 lacs (Rs.25.70 lacs)]

(c) Refund from Income Tax Department

Commission Received

Dividend from long term non trade Investments

Insurance Claims

Liabilities no longer required written back

Reversal of provision for Diminution in the value of Investment

Reversal of provision for doubtful debts

Profit on sale of long term non trade Investments

Profit on sale of Fixed Assets

Gain on Foreign Exchange Fluctuations (Net)

Miscellaneous Income

2010-11

2009-10

122.00

110.08

776.11

1,039.26

65.72

2.67

769.88

859.24

1.23

1.36

70.00

79.33

385.75

357.92

1.24

2.05

37.54

68.21

--

3.76

8.78

--

--

156.85

36.42

13.40

2,274.67

2,694.13

Schedule 18: (Increase) / Decrease in Stocks

Opening Stocks :

Work-in-Process

Finished Goods

By Products and Scrap

399.34

847.73

8,396.90

7,816.95

1,879.05

858.07

10,675.29

9,522.75

Less : Transferred to Trial Run

1,724.48

--

Transferred to Fixed Assets

804.65

878.99

8,146.16

8,643.76

Add: Stock transferred from Trial Run (Refer Schedule 7)

1,573.76

37.42

9,719.92

8,681.18

Less:

Closing Stocks :

Work-in-Process

Finished Goods

By Products and Scrap

709.11

399.34

8,356.01

8,396.90

3,260.45

1,879.05

12,325.57

10,675.29

(2,605.65)

(1,994.11)

Schedule 19: Raw Materials Consumed

Opening Stock

Add: Purchases #

35,609.94

40,035.39

146,332.81

121,590.80

181,942.75

161,626.19

Less: Closing Stock

45,547.35

35,609.94

136,395.40

126,016.25

#Net of loss/(gain) on exchange fluctuations of Rs. 61.35 lacs [Rs. (86.22) lacs]

**Schedules forming part of the Consolidated Profit and Loss Account**

(Rs. in lacs)

	2010-11	2009-10
Schedule 20 : Manufacturing Expenses		
Consumption of Stores and Spares	13,617.90	12,621.01
Labour Charges	5,058.46	3,651.91
Processing Expenses	91.87	30.51
Power and Fuel [Net of power subsidy Rs. Nil (Rs. 53.20 lacs)]	11,342.29	14,429.23
Repairs and Maintenance:		
- Plant and Machinery	1,014.88	1,106.42
- Buildings	143.43	111.30
- Others	319.10	365.14
Water Charges	410.84	359.34
Equipment Hire Charges	2,110.39	1,281.02
Other Expenses	1,046.31	983.83
	<u>35,155.47</u>	<u>34,939.71</u>
Schedule 21 : Personnel Cost		
Salaries, Wages and Bonus	4,966.35	3,829.33
Contribution to Provident and Other Funds	361.79	246.85
Staff Welfare Expenses	159.85	204.67
Directors' Remuneration	230.87	230.55
	<u>5,718.86</u>	<u>4,511.40</u>
Schedule 22 : Selling, Distribution and Administrative Expenses		
Freight and Transportation	1,800.64	1,738.12
Rent and Hire	101.35	94.47
Rates and Taxes	167.66	66.74
Insurance	125.33	102.58
Advertisement	87.83	84.63
Brokerage and Commission (Other than Sole Selling Agents)	127.19	91.32
Travelling and Conveyance	480.70	326.38
Telephone and Postage	83.92	83.85
Legal and Professional Charges (Refer Note 17 on Schedule 24)	370.28	369.88
Directors' Fees	1.45	1.65
Provision for Doubtful Debts and Advances	734.60	265.51
Irrecoverable Debts and Advances Written off	295.18	67.53
Less : Adjusted against Provision	-	(63.00)
Loss on Foreign Exchange Fluctuations (Net)	<u>252.18</u>	-
Charity and Donations	29.31	31.75
Security and Service Charges	371.99	347.83
Loss on Sale of Fixed Assets	-	3.93
Miscellaneous Expenses	661.05	307.61
	<u>5,690.66</u>	<u>3,920.78</u>
Schedule 23 : Interest and Finance Charges		
Interest on		
- Term Loans	7,836.93	8,239.74
- Others	7,003.15	5,631.82
Finance Charges	988.77	551.12
	<u>15,828.85</u>	<u>14,422.68</u>

Schedules forming part of the Accounts

Schedule 24 : 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 subsidiaries and joint ventures, have been prepared on the following basis :
- ii) The Subsidiary Companies considered in the financial statements are as follows :

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership / Interest	
		As at March 31, 2011	As at March 31, 2010
Nilachal Iron & Power Ltd. (NIPL)	India	100%	100%
Jai Balaji Steels (Purulia) Limited	India	100%	--
Jai Balaji Energy (Purulia) Limited	India	100%	--

- iii) In terms of Accounting Standard 21 – ‘Consolidated Financial Statements’ issued by the Institute of Chartered Accountants of India, the financial statements of the Company and its Subsidiary are combined on a line-by-line basis by adding together
 - the book values of like items of assets, liabilities, income and expenditure, after fully eliminating intra-group balances, intra-group transactions and any unrealized profit/loss included therein.
 - iv) The difference of the cost to the Company of its investment in
- Subsidiary as at the date of acquisition of stake is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be. Any such difference arising subsequently is adjusted against Profit and Loss Account.
- v) The Joint Venture 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, 2011	As at March 31, 2010
Rohne Coal Company Private Ltd.	India	6.90%	6.90%
Andal East Coal Company Private Ltd.	India	32.79%	32.79%

- 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, 2011.
- (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



Schedules forming part of the Accounts

Schedule 24 : Significant Accounting Policies and Notes on Accounts (Contd.)

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

(d) Fixed Assets

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

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

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

residual life of the respective asset.

(e) Depreciation

- i) The classification of Plant and Machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.
- ii) Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management 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 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. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(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.

Schedules forming part of the Accounts

Schedule 24 : Significant Accounting Policies and Notes on Accounts (Contd.)

(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.

In respect of Subsidiary Company Grants received for Capital Assets are treated as Reserve and adjusted proportionately to Depreciation Account over the specified life of the respective fixed asset.

(j) Investments

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

(k) Inventories

Inventories are valued as follows:

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

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

(l) Revenue Recognition

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

Sale of Goods

Revenue from sale of goods is recognized on passage of title thereof to the customers, which generally coincides with delivery. Further, sales are inclusive of excise duty 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



Schedules forming part of the Accounts

Schedule 24 : Significant Accounting Policies and Notes on Accounts (Contd.)

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 other obligation other than the contribution payable to provident fund.
- ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year. 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 and deferred tax. Current income 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 and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. 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 unrecognized deferred tax assets.

It recognizes unrecognized 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

Schedules forming part of the Accounts

Schedule 24 : Significant Accounting Policies and Notes on Accounts (Contd.)

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 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) Miscellaneous Expenditure

In respect of Subsidiary Companies, Preliminary Expenses will be written off in the year of start of commercial operation.

(v) Contingent Liabilities

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

Notes on Accounts:

(Rs. in lacs)

2. Contingent liabilities not provided for:	As at 31 st March, 2011	As at 31 st March, 2010
a) Claims against the Company not acknowledged as debts		
i) Excise and Service Tax Demands under dispute/appeal	4,279.92	2,100.77
ii) Sales Tax/VAT matters under dispute/appeal	195.03	9,579.39
iii) Others	70.99	188.86
b) Letters of Credit, Bills discounted and Bank Guarantees outstanding	4,435.17	6,974.22
c) Custom Duty on Import of Equipment and spare parts under EPCG Scheme	945.35	1,202.14
d) Guarantees and Counter guarantees given by the Company for loans obtained by subsidiary company	4,500.00	1,500.00
e) Guarantee given for Joint Venture Companies	1,412.46	1,412.46
3. Estimated amount of contracts remaining to be executed on Capital Account and not provided for [Net of Advances Rs. 10,225.70 lacs (Rs. 11,029.55 lacs)]	9,950.01	12,503.08



Schedules forming part of the Accounts

Schedule 24 : Significant Accounting Policies and Notes on Accounts (Contd.)

4. In respect of an electricity supply matter where the Electricity 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 Supplier has preferred an appeal with Hon'ble Supreme Court, pending finalisation of the outcome of the matter, the liabilities for the electricity charges are accounted for based on provisional bills issued by the Supplier.
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.1,170.41 lacs (Rs 2,974.87 lacs) and in case of Subsidiary Company, from the Government of Jharkhand under the Jharkhand Industrial Policy aggregating to Rs. 89.10 lacs (Rs 320.32 lacs) including Rs NIL (Rs 51.83 lacs) relating to earlier years:

Sl. No.	Particulars	Account to which credited	2010-11	2009-10
a)	Industrial Promotion Assistance*	Sales of Finished Goods/ Trial Run Sales of Finished Goods	1,259.51	3,104.09
b)	Power Subsidy	Power and Fuel	—	53.20
c)	Interest Subsidy	Interest on Fixed Loans	—	137.90
			<u>1,259.51</u>	<u>3,295.19</u>

*includes Rs 2.85 lacs (Rs 5.30 lacs) on account of sale of Finished goods under trial run

6. Plant and Machinery 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. Nil (Rs.89.74 lacs) under the respective finance lease agreements as on the date of balance sheet are as per details given below:

	(Rs. in lacs)	
Particulars	2010-11	2009-10
Total minimum lease payments at the year end	—	89.74
Less : Amount representing finance charges	—	1.49
Present value of minimum lease payments	—	88.25
Lease payments for the year	—	347.94
Minimum Lease Payments :		
Not later than one year: Present value as on 31.03.2011 Rs Nil (Rs. 88.25 lacs)	—	89.74
Later than one year but not later than five years: Present value as on 31.03.2011 Rs. Nil (Rs. Nil)	—	—
Later than five years: Present value as on 31.03.2011 Rs. Nil (Rs. Nil)	—	—

7. 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 are as follows : (Rs. in lacs)

Particulars	2010-11	2009-10
Current service cost	127.30	116.95
Interest cost on benefit obligation	31.31	14.37
Expected return on plan assets	(17.32)	(8.76)
Net actuarial loss / (gain) recognised in the year	69.62	0.38
Past Service cost	12.64	37.16
Total Expenses*	223.55	160.10

* Includes Rs. 28.07 lacs (Rs Nil) transferred to Preoperative/Trial Run

Schedules forming part of the Accounts

Schedule 24 : Significant Accounting Policies and Notes on Accounts (Contd.)

II. Net Liability / (Assets) recognized in the Balance Sheet are as follows: (Rs. in lacs)

Particulars	As at 31 st March, 2011	As at 31 st March, 2010
Present value of Defined Benefits Obligation	602.78	387.49
Fair value of plan assets	231.77	169.59
	371.01	217.90
Less: Unrecognised past service cost	24.67	37.00
Net liability	346.34	180.90

III. Change in the present value of the defined benefit obligation during the year are as follows: (Rs. in lacs)

Particulars	2010-11	2009-10
Present Value of Defined Benefit Obligation at the beginning of the year	387.49	189.76
Current Service Cost	127.30	116.95
Interest Cost	31.31	14.37
Benefits Paid	(11.95)	(8.69)
Actuarial Loss / (Gain)	68.63	0.94
Plan Amendments	—	74.16
Present Value of Defined Benefits Obligation at the year end	602.78	387.49

IV. Change in the Fair Value of Plan Assets during the year ended are as follows: (Rs. in lacs)

Particulars	2010-11	2009-10
Fair Value of Plan Assets at the beginning of the year	169.90	84.53
Expected Return	17.32	8.76
Contribution by Employer	57.80	84.43
Benefits paid	(11.95)	(8.69)
Actuarial Gains/ (Losses)	(1.30)	0.56
Fair Value of Plan Assets at the year end	231.77	169.59

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

Particulars	2010-11	2009-10
Investment with the insurer	100%	100%

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

Particulars	2010-11	2009-10
Discount Rate for Holding Co.	8.20%	8.25%
Discount Rate for Subsidiary Co.	8.30%	8.25%
Expected Rate of return on assets of Holding Co.	9.00%	9.08%
Expected Rate of return on assets of Subsidiary Co.	Not Available	Not Available
Rate of increase in salaries of Holding Co.	10%	10%
Rate of increase in salaries of Subsidiary Co.	7.50%	7.50%
Mortality Table	LIC (1994-96) ultimate	



Schedules forming part of the Accounts

Schedule 24 : Significant Accounting Policies and Notes on Accounts (Contd.)

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

(Rs. in lacs)

Particulars	As at 31 st March, 2011	As at 31 st March, 2010	As at 31 st March, 2009	As at 31 st March, 2008
Defined benefit obligation	(602.78)	(387.49)	(189.76)	(138.34)
Plan Assets	231.77	169.59	84.53	—
Surplus / (Deficit)	(371.01)	(217.90)	(93.12)	(138.34)
Experience Gain/ (Loss) Adjustments on plan liabilities	(68.73)	(26.96)	Not Available	Not Available
Experience Gain/ (Loss) Adjustments on plan assets	(0.99)	(0.56)	Not Available	Not Available
Rs. in lacs				
Particulars	2010-11		2009-10	
Contribution to Provident Fund and other Funds	370.18		280.19	

Note:

- The Holding Company expects to contribute Rs 340.94 lacs (Rs 179.30 lacs) to Gratuity Fund in 2011-12. The Subsidiary Company expects to contribute Rs 5.40 lacs (Rs 1.60 lacs) to Gratuity Fund in 2011-12.
 - 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.
 - The management has relied on the overall actuarial valuation conducted by the actuary.
8. 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)

Sl No.	Particulars	2010-11	2009-10
a)	Principal Amount remaining unpaid to the suppliers as at the end of the year	10.16	—
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	—	—
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.	—	—

Schedules forming part of the Accounts

Schedule 24 : Significant Accounting Policies and Notes on Accounts (Contd.)

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

Sl. No. Particulars	As at 31 st March, 2011			As at 31 st March, 2010		
	Amount in Foreign Currency		Rs. in lacs	Amount in Foreign Currency		Rs. in lacs
Receivables						
(a) Sundry Debtors	US\$	3,571,104	1,594.50	–	–	–
(b) Advances	US\$	–	–	US\$	3,827,844	1,727.89
	Euro	–	–	Euro	69,164	41.89
	GBP	886	0.64	GBP	5,621	3.82
Total			1,595.14			1773.60
Payables						
(a) Sundry Creditors	US\$	2,789,046	1,245.31	US\$	3,124,472	1,410.39
	Euro	21,510	13.60	Euro	–	–
(b) Foreign Currency Loans	US\$	16,520,615	7,376.45	US\$	1,516,018	684.33
	Euro	6,078,571	3,844.09	Euro	6,006,551	3,637.57
Total			12,479.45			5,732.29

(ii) Forward Cover Contracts outstanding at the year end represents the following:

Contracts of US\$ 3,712,500 (US\$ 27,939,817) for minimizing the risk of currency exposure on foreign currency loans from banks aggregating Rs 1,657.63 lacs (Rs 12,625.40 lacs)

10. Basic and diluted earnings per share :			2010-11	2009-10
A	Profit after Tax	(Rs. in lacs)	7,752.60	3,539.67
B	Present weighted average number of equity shares	Nos.	63,781,486	56,202,809
C	Weighted average number of equity shares allotted	Nos.	63,781,486	56,202,809
D	Weighted average number of equity shares outstanding prior to conversion into equity shares on account of :			
	- Compulsory Convertible Debentures	Nos.	–	2,771,066
	- Equity Warrants	Nos.	–	683,507
E	Potential weighted average number of Equity Shares	Nos.	63,781,486	59,657,382
F	Nominal Value of each Share	Rs.	10	10
G	Basic Earning per Share	Rs.	12.16	6.30
H	Diluted Earning per Share	Rs.	12.16	5.93

11. Loans and Advances includes the following balances :

(Rs. in lacs)

Name of the Company	As at 31 st March, 2011	Maximum Amount due at any time during the year 2010-11	As at 31 st March, 2010	Maximum Amount due at any time during the year 2009-10
In Terms of Clause 32 of the Listing Agreement				
Jai Balaji Jyoti Steels Ltd.	3,521.05	6,407.16	5,681.51	8,642.32



Schedules forming part of the Accounts

Schedule 24 : Significant Accounting Policies and Notes on Accounts (Contd.)

12. The break-up of major components of Net Deferred Tax Liabilities as on 31st March, 2011 is as under :

(Rs. in lacs)

Particulars	As at 31 st March, 2011	As at 31 st March, 2010
Deferred Tax Liability		
Timing Difference on Depreciable assets	17,005.03	13,899.44
Sub Total (A)	17,005.03	13,899.44
Deferred Tax Asset		
Unabsorbed Depreciation	2,559.20	3,822.40
Expenses allowable on payment basis/other timing differences	723.29	423.27
Sub Total (B)	3,282.49	4,245.67
Deferred Tax Liabilities (Net) (A-B)	13,722.54	9,653.77

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

14. Related Party Disclosures

a. Name of Related Parties

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 Mr. Aashish Jajodia, Wholetime Director of Subsidiary
Relatives of Key Management Personnel	Mr. Rajiv Jajodia, Brother of Wholetime Director Mr. Devendra Prasad Jajodia, Brother of Wholetime Director Mr. Gaurav Jajodia, Nephew of Wholetime Director Smt. Kanchan Jajodia, Sister-in-law of Wholetime Director Smt. Rina Jajodia, Sister-in-law of Chairman and Managing Director Smt. Sangeeta Jajodia, Wife of Wholetime Director Smt. Shashi Devi Jajodia, Sister-in-law of Wholetime Director Smt. Seema Jajodia, Wife of Chairman and Managing Director
Enterprises owned or significantly influenced by key management personnel or their relatives	Chandi Steel Industries Limited (CSIL) Jai Balaji Jyoti Steels Limited (JBJSI) Jai Salasar Balaji Industries (P) Limited (JSBIPL) 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 24 : Significant Accounting Policies and Notes on Accounts (Contd.)

b) Related Party Transactions :

(Rs. in lacs)

Relationship	Party	Sales	Purchases	Rent paid	Interest Received	Dividend Paid	Director's Fee	Reimbursement of expenses	Share Application in Advance (Net of proportionate Share)	Balance Receivable	Guarantees Obtained
Joint Venture	RCCPL	-	-	-	-	-	-	-	5.38 (3.77)	-	-
Joint Venture Partners/Co-Venturers	BPSL	-	-	-	-	-	-	-	-	-	-
Key Management Personnel	Aditya Jajodia	-	(52.25)	-	-	-	-	-	-	-	-
	Sanjiv Jajodia	-	-	-	-	11.34 (11.34)	-	-	-	-	191,848.30 (160,728.43)
	Aashish Jajodia	-	-	-	-	10.60 (10.60)	-	-	-	-	191,848.30 (160,728.43)
	Rajiv Jajodia	-	-	-	-	3.18 (3.18)	-	-	-	-	7,324.51 (2,432.71)
Relatives of Key Management Personnel	Gaurav Jajodia	-	-	-	-	6.27 (6.27)	0.25 (0.20)	-	-	-	191,848.30 (160,728.43)
	Others	-	-	-	-	0.43 (0.43)	0.20 (0.25)	-	-	-	-
	CSIL	6,010.79 (5,797.51)	159.17 (87.66)	-	41.43 (-)	-	-	30.83 (-)	-	2,327.87 (1,207.46)	-
Enterprises owned or significantly influenced by key management personnel or their relatives	JBISL	755.97 (344.61)	5,390.64 (5,235.65)	-	571.40 (849.15)	-	-	-	-	3,521.05 (5,681.51)	-
	JSBIPL	3412.25 (1641.25)	3,063.93 (2,111.83)	-	-	10.09 (10.09)	-	-	-	-	-
	JEPL	-	-	0.69 (0.69)	-	-	-	-	-	-	-
	ESL	-	-	-	-	44.88 (44.88)	-	-	-	-	-
	HML	-	-	-	-	28.18 (28.18)	-	-	-	-	-
	KDISIPL	-	-	-	-	9.64 (9.64)	-	-	-	-	-
	Others	3.42 (4.46)	-	-	-	0.36 (0.36)	-	-	-	-	-
Total		10,182.43 (7,787.83)	8,613.74 (7,487.39)	0.69 (0.69)	612.83 (849.15)	129.46 (129.46)	0.45 (0.45)	30.83 (-)	5.38 (3.77)	5,848.92 (6,888.97)	582,869.41 (484,618.00)

Note : Managerial Remuneration have been disclosed in Note No. 15 on Schedule 23



Schedules forming part of the Accounts

Schedule 24 : Significant Accounting Policies and Notes on Accounts (Contd.)

15. Managerial Remuneration

(Rs. in lacs)

	2010-11	2009-10
Directors of Holding Company		
(a) Chairman and Managing Director		
Salary and Allowances	151.50	151.50
Perquisites	7.94	7.62
	<u>159.44</u>	<u>159.12</u>
(b) Whole-time Director		
Salary and Allowances	124.80	124.80
Perquisites	3.15	3.15
	<u>127.95</u>	<u>127.95</u>
Director of Subsidiary Company		
Whole-time Directors		
Salary and Allowances	42.00	42.00
	<u>42.00</u>	<u>42.00</u>
Total	329.39	329.07

Notes :

- 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.
 - Includes Rs. 98.52 lacs (Rs. 98.52 lacs) transferred to Preoperative Expenses.
16. The proportionate share of Assets, Liabilities and Equity as at March 31, 2011 and Income and Expenditure for the year ended March 31, 2011 of Joint Venture Companies viz. M/s Rohne Coal Company Private Limited and M/s Andar East Coal Company Private Limited are included in these financial statements in respective items.

(Rs. in lacs)

Particulars	As at 31 st March, 2011	As at 31 st March, 2010
Assets		
Fixed Assets : Net Block	12.58	0.12
Capital Work in Progress and Pre-operative Expenditure Pending Allocation	411.89	149.40
Investments	1.19	--
Cash and Bank Balances	7.18	5.35
Loans and Advances	39.14	0.36
Liabilities		
Current Liabilities and Provisions	159.93	0.67
Equity		
Reserves and Surplus	(0.35)	(3.08)
Preference Share Application Money	20.47	3.68
Income		
Other Income	0.08	0.01
Expenditure		
Selling, Distribution and Administrative Expenses	0.37	0.74
Capital Commitment and Contingencies :		
Contingent Liability	514.08	--
Capital Commitment	273.23	2.96

Schedules forming part of the Accounts

Schedule 24 : Significant Accounting Policies and Notes on Accounts (Contd.)

17. Remuneration of Holding Company's Auditor :

(Rs. in lacs)

Payment to Auditor	2010-11		2009-10	
As Auditor :				
Audit Fee	25.00		22.50	
Limited Review	22.50		19.50	
Out-of-pocket expenses	0.47	47.97	1.45	43.45
In other manner for Certification		4.95		21.80
Total		52.92		65.25

Remuneration of Subsidiary Company's Auditor :

(Rs. in lacs)

Payment to Auditor	2010-11		2009-10	
Nilachal Iron & Power Limited				
As Auditor :				
Audit Fee	2.50		2.50	
Tax Audit Fee	0.75		0.75	
Other Services	0.10	3.35	--	3.25
Total		3.35		3.25
Jai Balaji Steels (Purulia) Limited				
As Auditor :				
Audit Fee	0.05	0.05	--	--
Total		0.05		--
Jai Balaji Energy (Purulia) Limited				
As Auditor :				
Audit Fee	0.05	0.05	--	--
Total		0.05		--

Out of above Rs. 56.37 lacs (Rs. 52.91 lacs) included in Legal and Professional Charges and Rs. Nil (Rs 15.59 lacs) adjusted under Securities Premium Account.

18. In respect of M/s Nilachal Iron & Power Limited, a Subsidiary Company, 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 31.03.2011.
19. 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.
20. 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

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

Aditya Jajodia
Chairman & Managing Director

Sanjiv Jajodia
Wholetime Director

Rajiv Jajodia
Director

Per Sanjoy K Gupta
Partner
Membership No. 54968

Raj Kumar Sharma
Chief Financial Officer

Ajay Kumar Tantia
Company Secretary

Place : Kolkata
Date : May 27, 2011

Directors' Report

To
The Members of
Nilachal Iron & Power Limited

Your Directors have the pleasure in presenting their ninth Annual Report on the business and operations of your Company and the Statement of Accounts for the year ended 31st March, 2011.

Financial Results

	(Rs in lacs)	
Particulars	2010-11	2009-10
Net Sales and other Income	12,915.02	12,064.53
Profit before Finance costs, depreciation & tax	1,401.23	1,094.92
Less:		
Depreciation	357.21	354.33
Finance Costs	460.20	152.03
Profit before Tax	583.82	588.56
Less:		
Deferred Tax	182.69	194.03
Current Tax	118.21	100.03
MAT credit entitlement	(116.36)	(100.03)
Tax Adjustments	0.001	0.04
Profit after Tax	399.28	394.49

OPERATION

During the year under review, the total revenues of your Company increased to Rs. 12,915.02 lacs from Rs.12,064.53 lacs in the financial year 2009-10. The EBIDTA for the year increased by 28% and was Rs. 1401.23 lacs as compared to Rs.1094.92 lacs for the year 2009-10. The profit after tax for the year 2010-11 is Rs.399.28 lacs as compared to Rs.394.49 lacs during the previous financial year.

DIVIDEND

Keeping in view the twin objective of meeting cash requirement for the capital-intensive nature of the business and also to reward the shareholders, 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

According to World Steel Association India's steel demand is likely to grow by 13.3% in the year 2011. The outlined expenditure towards infrastructure development in the Budget will drive demand for steel. Your Company shall

make positive use of these development for growth and to increase its market share.

HOLDING COMPANY

The Company continued to be a wholly owned subsidiary of M/s Jai Balaji Industries Limited throughout the year under review.

DIRECTORS

Shri Aditya Jajodia and Shri Sanjiv Jajodia, retires by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers themselves for re-appointment.

BOARD SUB COMMITTEES

i. Audit Committee:

The Audit Committee of the Company consists of four directors, namely Shri Sanjiv Jajodia, Shri Ashim Kumar Mukherjee, Shri Dinesh Kumar Agarwal and Shri Santosh Kumar Shah. Shri Sanjiv Jajodia acts as the Chairman of the Committee, who is not Managing or Whole-time Director

ii. Remuneration Committee:

The Remuneration Committee of the Company consists of four directors, namely Shri Sanjiv Jajodia, Shri Ashim Kumar Mukherjee, Shri Dinesh Kumar Agarwal and Shri Santosh Kumar Shah. The Chairman of the Committee is Shri Sanjiv Jajodia.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of annual accounts, the applicable accounting standards have been followed;
- They have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the statement of affairs of the Company as at 31st March, 2011 and of the Profit of the Company for the year ended on that date;
- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- The annual accounts have been prepared on a going concern basis.

AUDITORS

M/s. B. Chhawchharia & Co., Chartered Accountants, the Statutory Auditors of the Company who retire from the

Directors' Report (Contd.)

conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

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

PARTICULARS OF EMPLOYEES

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

ACKNOWLEDGEMENT

Your Directors wish to express their sincere appreciation for the valuable trust, co-operation and support extended by the Financial Institutions, Banks, Regulatory and Government authorities, dealers, suppliers, business associates and the Company's valued customers.

The Directors also take this opportunity to acknowledge the committed and dedicated team of employees and workers of the Company 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: 21.06.2011	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, 2011:

A. Conservation of energy:

a) Energy conservation measures taken:

Continuous efforts are being made to identify & implement energy conservation measures at all stages of production process.

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:

As a result of above measures efficient utilization of power and other energy sources has been achieved.

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	2010-11	2009-10
a) Purchased	5,868,450	7,434,232
Units(KVAH)		
Total Amount (Rs. in lacs)	276.66	299.91
Rate per Unit (Rs.)	4.71	4.03
B. Electricity Consumption per unit (M.T.) of consumption:		
Sponge iron (units)	106.76	96.79

Form - B

Form for Disclosure of Particulars with respect to Technology Absorption

Research and Development (R & D)

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

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.

Continuous endeavor is being made to streamline production process, improve machine availability and performance and to achieve highest standards, of quality and quantity benchmark.

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, 2011, and also the Profit & Loss Account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement

on the matters specified in paragraphs 4 and 5 of the said order.

2. Further to our comments in the Annexure referred above, we report that :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books;
 - (c) The Balance Sheet, the Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account;
 - (d) In our opinion, subject to our comments hereinafter, the Balance Sheet comply with the Accounting Standards as referred to in Sub-section (3c) of Section 211 of the Companies Act, 1956;
 - (e) On the basis of the written representation received from the Directors of the company and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as

a director in terms of clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956;

- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with Significant Accounting Policies and Notes to the Accounts, give the information required by the Companies Act, 1956, in the manner so required give a true and fair view in conformity with accounting principles generally accepted in India :
 - a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011;
 - b) in the case of the Profit & Loss Account, of the Profit for the year ended on that date; and
 - c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For B. Chhawchharia & Co.
Chartered Accountants

Per Ketan Chhawchharia
Partner

Place : Kolkata Firm Reg. No. 305123E
Date : 5th May, 2011 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 explanation 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 verification of inventory has been conducted by the management at reasonable intervals.
- b) In our opinion and according to the information and explanation given to us, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.

- c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification of inventory.
- (iii) The company has not granted or taken any loan, secured or unsecured, to/from companies, firms or parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weakness, if any, in internal control system.
- (v) a) According to the information and explanations given to us, the particulars of contracts or arrangement referred to in section 301 of the Companies Act, 1956 are being updated in the register required to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of each 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, Custom 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, Custom 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)

Annexure to the Auditors' Report (Contd.)

Name of the Statute	Nature of Dues	Amount (Rs. in Lacs)	Relating to the year	Forum where dispute pending
Central Excise Act, 1944	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)
Central Excise Act, 1944	Service Tax on Mutual Fund Distribution (Sub-Brokerage)	50.22	2005-2006 and 2006-2007	CESTAT
Income Tax Act	Demand due to disallowance of expenses and levying of Interest U/s. 234C	0.95	2001-2002, 2003-2004 & 2004-2005 (Amalgamating Companies)	Commissioner of Income Tax (Appeal)

(x) There are no accumulated losses in the company. The company has not incurred any cash loss during the financial year covered by our audit and also in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanation given to us, the company has generally not defaulted in repayment of dues to banks.

(xii) According to the information and explanation given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The company is not a chit fund or a nidhi mutual benefit fund/society.

(xiv) The company is not dealing in or trading in shares, securities, debentures and other investments.

The shares and other investments are held by the company in its own name.

(xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from Banks or Financial Institutions.

(xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company for the year under review, we report that no funds raised on short term basis have been used for long term investments.

(xviii) The company has not made any preferential allotment of shares to parties and companies covered

in the register maintained under Section 301 of the Companies Act, 1956 during the year under review.

(xix) The company has not issued any debentures during the year.

(xx) The company has not raised any money by public issue during the year under review.

(xxi) According to the information and explanations given to us and to the best of our knowledge and belief, no fraud on or by the company has been noticed or reported during the year.

For B. Chhawchharia & Co.
Chartered Accountants

Per Ketan Chhawchharia
Partner

Place : Kolkata
Date : 5th May, 2011

Firm Reg. No. 305123E
Membership No. 63422

Balance Sheet as at 31st March, 2011

(Amount in Rs.)

	Schedules	As at 31 st March, 2011	As at 31 st March, 2010
SOURCES OF FUNDS			
Shareholders' Funds :			
Share Capital	1	349,487,270	349,487,270
Reserves and Surplus	2	819,427,126	786,436,463
		1,168,914,396	1,135,923,733
Loan Funds :			
Secured Loans	3	732,613,583	243,733,137
Unsecured Loans	4	5,000,000	10,000,000
		737,613,583	253,733,137
Deferred Tax - Net	5	61,355,900	43,086,500
		1,967,883,879	1,432,743,370
APPLICATION OF FUNDS			
Fixed Assets:	6		
a) Gross Block		767,913,832	766,860,671
b) Less : Depreciation		217,242,840	178,645,826
c) Net Block		550,670,992	588,214,845
d) Capital Work in Progress and Pre-operative Expenditure Pending Allocation	7	864,097,962	149,783,876
		1,414,768,954	737,998,721
Investments	8	2,686,239	2,686,239
Current Assets, Loans and Advances			
a) Inventories	9	533,080,687	799,780,680
b) Sundry Debtors	10	222,003,483	23,240,673
c) Cash and Bank Balances	11	35,380,270	25,194,237
d) Loans and Advances	12	229,539,265	248,092,459
		1,020,003,705	1,096,308,049
Less: Current Liabilities and Provisions	13	469,575,019	404,249,639
Net Current Assets		550,428,686	692,058,410
		1,967,883,879	1,432,743,370
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

Per Ketan Chhawchharia
Partner

Aditya Jajodia
Director

Sanjiv Jajodia
Director

Aashish Jajodia
Wholetime Director

Firm Reg. No. 305123E
Membership No. 63422

Prerna Sharma
Company Secretary

Place : Kolkata
Date : 5th May, 2011

Profit and Loss Account for the year ended 31st March, 2011

(Amount in Rs.)

	Schedules	2010-11	2009-10
<u>INCOME</u>			
Sales and Services	14	1,389,666,496	1,277,615,001
Less : Excise Duty		106,977,255	85,092,989
		1,282,689,241	1,192,522,012
Other Income	15	8,813,096	13,931,022
Increase/(Decrease) in Stock	16	4,807,109	28,627,761
		1,296,309,446	1,235,080,795
<u>EXPENDITURE</u>			
Cost of Material	17	1,038,734,872	1,025,657,561
Excise Duty on Finished Stock		(3,807,875)	5,163,651
Manufacturing Expenses	18	56,559,354	54,207,120
Expenses on Employees	19	31,228,331	27,370,854
Cost of Borrowing	20	46,020,227	15,203,085
Other Expenses	21	32,234,106	11,527,217
Prior Period Expenses (Net)		1,236,823	1,662,383
Depreciation		38,597,014	38,307,706
Less : Transfer from State Capital Subsidy		2,875,660	2,874,846
		1,237,927,192	1,176,224,731
PROFIT FOR THE YEAR		58,382,254	58,856,064
Less :			
Current Tax		11,820,500	10,003,000
MAT Credit Entitlement		(11,635,875)	(10,002,588)
Deferred Tax		18,269,400	19,402,900
Tax Adjustments		76	3,511
Total Tax Expense (Net)		18,454,101	19,406,823
PROFIT AFTER TAXATION		39,928,153	39,449,241
Balance Brought from Previous year		89,850,454	54,476,541
		129,778,607	93,925,782
<u>APPROPRIATIONS</u>			
Proposed Dividend		3,494,873	3,494,873
Corporate Dividend Tax		566,957	580,455
Transfer to General Reserve		50,000,000	—
Balance (Cr.) carried to Balance Sheet		75,716,777	89,850,454
		129,778,607	93,925,782
Earning per Share			
(on nominal value of Rs. 10/- each)			
Basic & Diluted		1.14	7.59

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
PartnerAditya Jajodia
DirectorSanjiv Jajodia
DirectorAashish Jajodia
Wholetime DirectorFirm Reg. No. 305123E
Membership No. 63422Perna Sharma
Company SecretaryPlace : Kolkata
Date : 5th May, 2011

Cash Flow Statement for the year ended 31st March, 2011

(Amount in Rs.)

	2010-11	2009-10
CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extraordinary items	58,382,254	58,856,064
Adjusted for :		
Depreciation	35,721,354	35,432,860
Interest Income	(1,656,503)	(1,653,060)
Irrecoverable Debts and Advances Written Off	1,370,457	452,900
Irrecoverable Subsidies Written Off	19,886,194	–
Liabilities no longer required Written Back	(4,407,954)	(11,614,989)
Interest on Term Loan and Others	42,583,541	13,905,808
Prior Period Expenditure (Net)	1,236,823	1,662,383
(Profit)/Loss on sale of Fixed Assets	–	256,460
Operating Profit Before Working Capital Changes	153,116,166	97,298,426
Movement in Working Capital		
Sundry Debtors	(220,019,461)	11,816,796
Loans and Advances and other Current Assets	30,189,069	(3,698,890)
Inventories	266,699,993	(48,326,311)
Trade Payables and other payables	68,510,009	(110,898,663)
Cash Generated From Operating Activities	298,495,776	(53,808,642)
Direct Taxes paid/adjusted	(11,820,576)	(3,546,833)
Net Cash from Operating activities (A)	286,675,200	(57,355,475)
CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(715,367,247)	(132,428,832)
Sale of Fixed Assets	--	595,000
Interest Income	1,656,503	1,653,060
Net Cash from investing activities (B)	(713,710,744)	(130,180,772)
CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from long term and other borrowings	483,880,446	(95,505,535)
Issue of shares	--	300,000,000
Dividend Paid	(3,494,873)	(2,474,364)
Tax on Dividend Paid	(580,455)	(420,518)
Interest Paid	(42,583,541)	(13,905,808)
Share Issue expenses	--	(1,467,452)
Net Cash used in Financing Activities (C)	437,221,577	186,226,323
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	10,186,033	(1,309,924)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	25,194,237	26,504,161
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	35,380,270	25,194,237

1. Proceeds from long term and other borrowings are shown net of repayment.
 2. Cash and Cash equivalents represent cash and bank balances only including Fixed Deposits.
- 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 : 5th May, 2011

Prerna Sharma
Company Secretary

Schedules forming part of the Balance Sheet

(Amount in Rs.)

Schedule 1: SHARE CAPITAL

Authorised

35,000,000 Equity Shares of Rs. 10 /- each

500,000 Preference Shares of Rs. 10/- each

Issued, Subscribed and Paid up

34,948,727 Equity Shares of Rs. 10/- each held by M/s. Jai Balaji Industries Limited, the Holding Company

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 :

State Capital Subsidy

44,142,461

Less : Allocated to Depreciation

2,875,660

General Reserve :

As per Last Account

323,731,000

Add: Transfer from Profit & Loss Account

50,000,000

Securities Premium Account

328,712,548

Less : Adjusted towards expenses incurred on issue of shares

-

Profit and Loss Account

75,716,777

819,427,126

47,017,307

2,874,846

323,731,000

- 323,731,000

330,180,000

1,467,452 328,712,548

89,850,454

786,436,463

Schedule 3 : SECURED LOANS

Term Loan

Long Term

Banks - Rupee Loan

435,608,090

12,150,329

Work Capital Finance

Banks - Rupee Loan

Cash Credit

296,842,720

130,402,762

Working Capital Demand Loan

-

100,718,496

Deferred Payment Credit

162,773

461,550

732,613,583

243,733,137

Notes :

- 1) Term Loans are secured by first charge by way of Equitable Mortgage/Hypothecation on the entire fixed assets, movable and immovable, present and future ranking pari passu with other term lenders and second charge on entire current assets ranking pari passu with other banks and further guaranteed by the personal guarantee of three Directors of the company.
- 2) Term Loans aggregating to Rs.135,578,500/- is also secured by first charge on all the bank accounts of the company/project and assignment of all the company/project contracts and documents ranking pari passu with other term lenders.
- 3) Working Capital Finance are secured by hypothecation of all current assets including stock and book debts, both present and future, ranking pari passu with other banks and second charge on all fixed assets, present and future, ranking pari passu with other banks and further guaranteed by the personal guarantee of three Directors of the company.
- 4) Term Loans aggregating to Rs. 135,578,500/- and working capital finance aggregating to Rs. 99,649,636/- are further guaranteed by M/s. Jai Balaji Industries Ltd., Holding Company.
- 5) Term Loans aggregating to Rs. 135,150,248/- and working capital finance aggregating to Rs. 197,193,084/- are further guaranteed by M/s. Chandi Steel Industries Ltd., associate company.
- 6) Deferred Payment credits are secured by hypothecation of the assets acquired under the respective agreement
- 7) Long Term loans and deferred payment credits include Rs. 6,162,773/- (Rs. 6,298,778/-) payable within one year.

Schedules forming part of the Balance Sheet (Contd.)

(Amount in Rs.)

Schedule 4 : UNSECURED LOANS

From Bodies Corporate

As at 31 st March, 2011	As at 31 st March, 2010
5,000,000	10,000,000
<u>5,000,000</u>	<u>10,000,000</u>

Schedule 5 : DEFERRED TAX - NET

Deferred Tax Liability on Fiscal allowance of Fixed Assets

Less : Deferred Tax Assets :

– On Unabsorbed Losses

– On Employee Benefits

87,519,400	88,993,400
25,988,300	45,864,200
175,200	42,700
<u>61,355,900</u>	<u>43,086,500</u>

Schedule 6 : FIXED ASSETS

Particulars	Gross Block		Depreciation				Net Block	
	As at 1 st April, 2010	Additions/ (Deductions)	As at 31 st March, 2011	Up to 31 st March, 2010	For the Year/ (Adjustments)	Up to 31 st March, 2011	As at 31 st March, 2011	As at 31 st March, 2010
Freehold Land	6,715,409	–	6,715,409	–	–	–	6,715,409	6,715,409
Buildings	89,927,880	–	89,927,880	12,046,145	3,002,323	15,048,468	74,879,412	77,881,735
Plant & Machineries	596,123,482	777,558	596,901,040	145,966,620	31,432,789	177,399,409	419,501,631	450,156,862
Electrical Installations	42,923,563	5,075	42,928,638	10,337,937	2,014,271	12,352,208	30,576,430	32,585,626
Air Conditioners	806,360	14,989	821,349	172,869	38,959	211,828	609,521	633,491
Office Equipments	1,653,314	104,521	1,757,835	494,589	92,088	586,677	1,171,158	1,158,725
Computers	970,606	143,255	1,113,861	752,812	157,638	910,450	203,411	217,794
Furniture & Fixtures	2,031,056	7,763	2,038,819	1,197,013	76,400	1,273,413	765,406	834,043
Vehicles	9,031,675	–	9,031,675	4,301,113	990,373	5,291,486	3,740,189	4,730,562
Generators	16,677,326	–	16,677,326	3,376,728	792,173	4,168,901	12,508,425	13,300,598
	766,860,671	1,053,161	767,913,832	178,645,826	38,597,014	217,242,840	550,670,992	–
Previous Year Figures	758,277,969	8,632,702 (50,000)	766,860,671	140,352,695	38,307,706 (14,575)	178,645,826	–	588,214,845

Schedule : 7 CAPITAL WORK IN PROGRESS AND PRE-OPERATIVE EXPENDITURE PENDING ALLOCATION

A. Capital Work in Progress

Land & Site development

Building

Plant & Machineries

Electrical Installations

Furniture & Fixtures

Mining Land

Railway Sidings

Capital Advances

Less : Transferred to Fixed Assets/Adjustments

Total A

As at 31 st March, 2011	As at 31 st March, 2010
9,855,466	838,407
98,177,877	21,474,881
505,422,052	8,653,029
72,482,981	486,509
81,000	–
90,532,359	50,241,451
3,636,082	3,636,082
19,571,573	46,927,735
<u>799,759,390</u>	<u>132,258,094</u>
–	7,397,051
<u>799,759,390</u>	<u>124,861,043</u>

Schedules forming part of the Balance Sheet (Contd.)

			As at 31 st March, 2011		(Amount in Rs.) As at 31 st March, 2010
Schedule : 7 CAPITAL WORK IN PROGRESS AND PRE-OPERATIVE EXPENDITURE PENDING ALLOCATION (Contd.)					
B) Pre-operative Expenditure Pending Allocation					
Salary & Wages			10,365,896		5,400,284
Rent			384,000		192,000
Insurance			233,116		233,116
Director's Remuneration			8,400,000		4,200,000
Hire Charges			7,096,212		4,409,466
Consultancy Charges			2,183,775		2,158,275
Electricity Charges			10,207,996		3,488,600
Fuel Charges			6,368,663		2,904,917
Pollution Charges			1,712,796		1,712,796
Interest on Term Loans			11,882,662		—
Loan Processing Charges			4,773,770		—
Miscellaneous Project Expenses			729,686		223,379
Total B			64,338,572		24,922,833
Grand Total (A+B)			864,097,962		149,783,876
Schedule : 8 INVESTMENT - LONG TERM					
	Paid up value Per Share	No. of Shares	As at 31 st March, 2011	No. of Shares	As at 31 st March, 2010
In fully paid Equity Shares of Companies	Rs.		Rs.		Rs.
<u>Quoted</u>					
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
			<u>2,686,239</u>		<u>2,686,239</u>
<i>Market Value</i>			<u>4,270,974</u>		<u>4,270,974</u>
Schedule : 9 INVENTORIES					
(As taken, valued and certified by the management)					
Raw Material (Includes in Transit Rs. 32,117,606/-; P.Y. Rs. 47,096,728)			366,088,354		635,754,346
Finished Goods			105,059,344		145,836,882
By Products			45,584,647		—
Stores & Consumables			16,348,342		18,189,452
			<u>533,080,687</u>		<u>799,780,680</u>
Schedule : 10 SUNDRY DEBTORS					
(Unsecured, Considered good)					
Due for more than six months			43,420,790		23,240,673
Other Debts			178,582,693		—
			<u>222,003,483</u>		<u>23,240,673</u>
Schedule : 11 CASH AND BANK BALANCES					
Cash in hand			39,832		608,975
With Scheduled Banks					
- In Current Account			12,790,438		2,035,262
- In Fixed Deposit Account (Pledged)			22,550,000		22,550,000
			<u>35,380,270</u>		<u>25,194,237</u>

Schedules forming part of the Balance Sheet (Contd.)

(Amount in Rs.)

	As at 31 st March, 2011	As at 31 st March, 2010
Schedule 12 : LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	52,671,329	88,627,170
Subsidies receivable	109,480,077	120,456,166
Orised recoverable	3,052,728	3,052,728
Balances with Government Authorities	23,389,976	12,563,189
Deposits	10,484,503	4,568,429
MAT Credit Entitlement	30,460,652	18,824,777
	<u>229,539,265</u>	<u>248,092,459</u>
Schedule 13 : CURRENT LIABILITIES & PROVISIONS		
A) Current Liabilities		
Creditors for Capital Goods	60,485,663	8,091,117
Creditors for others	109,222,250	95,178,183
Advance from Customers	68,399,298	6,544,017
Due to Holding Company (Interest Free)	200,127,585	264,268,402
Other Liabilities	24,950,526	24,915,515
	<u>463,185,322</u>	<u>398,997,234</u>
B) Provisions		
For Taxation (Net of Advances)	1,787,867	1,048,577
For Gratuity	540,000	128,500
For Proposed Dividend	3,494,873	3,494,873
For Corporate Dividend Tax	566,957	580,455
	<u>469,575,019</u>	<u>404,249,639</u>

Schedules forming part of the Profit and Loss Account

	2010-11	2009-10
Schedule 14 : SALES AND SERVICES		
Sale of Sponge Iron (Refer Note 4 on Schedule 22)	1,146,741,359	1,113,488,090
Sale of By Products	73,556,731	69,224,146
Sale of Raw Material	123,491,796	59,573,915
Service Charges & Others	45,876,610	35,328,850
	<u>1,389,666,496</u>	<u>1,277,615,001</u>
Schedule 15 : OTHER INCOME		
Interest -		
- On Fixed Deposit (Includes TDS Rs. 181,421/-; P.Y. Rs. 214,489/-)	1,656,503	1,386,043
- On Income Tax Refund	—	267,017
Liabilities Written Back	4,407,954	11,614,989
Miscellaneous Income	2,748,639	662,973
	<u>8,813,096</u>	<u>13,931,022</u>
Schedule 16 : INCREASE / (DECREASE) IN STOCK		
Closing Stock		
- Finished Goods	105,059,344	145,836,882
- By Products	45,584,647	—
	<u>150,643,991</u>	<u>145,836,882</u>
Less: Opening Stock -		
- Finished Goods	145,836,882	109,496,636
- By Products	—	7,712,485
	<u>4,807,109</u>	<u>28,627,761</u>

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

(Amount in Rs.)

	2010-11	2009-10
Schedule : 17 COST OF MATERIAL		
Raw Material Consumed		
Opening Stock	635,754,346	612,450,001
Add : Purchases	769,068,880	1,048,961,906
	1,404,823,226	1,661,411,907
Less : Closing Stock	366,088,354	635,754,346
	1,038,734,872	1,025,657,561
Schedule : 18 MANUFACTURING EXPENSES		
Stores Consumed	10,145,547	7,727,393
Power & Fuel	32,967,629	35,320,236
Machinery Hire Charges	1,349,743	4,249,153
Processing Expenses	9,186,916	3,050,622
Repairs & Maintenance :		
- Building	—	633,761
- Plant & Machinery	2,419,010	2,495,477
- Others	490,509	730,478
	56,559,354	54,207,120
Schedule : 19 EXPENSES ON EMPLOYEES		
Salary, Wages, Bonus & Allowances	28,662,548	23,872,328
Employer's Contribution to Provident and Gratuity Fund	1,369,671	2,704,781
Staff & Labour Welfare Expenses	1,196,112	793,745
	31,228,331	27,370,854
Schedule : 20 COST OF BORROWINGS		
Interest on :		
(Refer Note 4 on Schedule 22)		
- Term Loans	10,385,816	6,406,425
- Others	32,197,725	7,499,383
Loan Processing & other financial charges	3,436,686	1,297,277
	46,020,227	15,203,085
Schedule : 21 OTHER EXPENSES		
Rent	2,153,740	1,923,134
Rates & Taxes	264,650	236,730
Insurance	746,282	700,363
Travelling & Conveyance	351,201	379,243
Auditors' Remuneration		
Statutory Auditor :		
- For Audit	250,000	250,000
- For Tax Audit	75,000	75,000
- Other Services	10,000	—
Other Auditors :		
- For Internal Audit	50,000	50,000
Miscellaneous Expenses	7,076,582	7,203,387
Loss on Sale of Fixed Assets	—	256,460
Irrecoverable Subsidies Written Off	19,886,194	—
Irrecoverable debts and advances written off	1,370,457	452,900
	32,234,106	11,527,217

Schedules forming part of the 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.

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.

Inventories

Inventories are Valued as follows:

a) Raw Material, Stores & Consumables	Lower of Cost and Net Realisable Value, however, materials and other items held for use in 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. 450.38 Lacs (Rs. 1034.18 Lacs); advance there against Rs. 195.72 Lacs (Rs. 363.61 Lacs).

Schedules forming part of the Accounts (Contd.)

Schedule : 22 Notes on Accounts (Contd.)

3) Contingent Liability (not provided for) in respect of:	(b) Income Tax Rs. 0.95 Lacs (Rs. 0.95 Lacs);	Claims against the company not acknowledged as debt Rs. 25.30 Lacs (Rs. 25.30 Lacs).
(a) Excise Duty Rs. 417.67 Lacs (Rs. 417.67 Lacs) against which Rs. 20.00 Lacs (Rs. 20.00 Lacs) paid under protest;	(c) Service Tax Rs. 50.22 Lacs (Rs. 50.22 Lacs); and	

- 4) The Company has accounted for the following subsidies receivable from the Government of Jharkhand under the Jharkhand Industrial Policy, 2001 aggregating to Rs. 1094.80 Lacs (Rs. 1204.56 Lacs):

(Rs. in lacs)

Sl. No.	Particulars	Account to which credited	2010-2011	2009-2010
01.	Commercial Tax Subsidy	Sale of Sponge Iron	89.10	182.42
02.	Interest Subsidy	Cost of Borrowing	Nil	137.90
			89.10	320.32

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

	2011	2010
a. Principal amount remaining unpaid as on 31st March	NIL	NIL
b. Interest due thereon as on 31st March	NIL	NIL
c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of payment made to the suppliers beyond the appointed day during the period	NIL	NIL
d. Interest due and payable for the period of delay in making payments (which have been paid but beyond the appointed day during the period) but without adding to the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	NIL	NIL
e. Interest accrued and remaining unpaid as on 31st March	NIL	NIL
f. Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	NIL	NIL

(As certified by the management)

- 6) CIF Value of Import

Raw Material Nil (Rs.70,200,000/-)

- 7) 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 31.03.2011.
- 8) 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:

	2010-11	2009-10
(a) Amount used as numerator in calculating basic and diluted EPS: Profit/(Loss) after Tax (Rs.)	39,928,153	39,449,241
(b) Weighted average number of shares used as the denominator in Calculating basic and diluted EPS (Nos.): <u>For Basic & Diluted EPS:</u> - Equity Shares – Opening	34,948,727	4,948,727
Add: Allotted during the year (30,000,000*3/365)	–	246,575
	<u>34,948,727</u>	<u>5,195,302</u>

Schedules forming part of the Accounts (Contd.)

Schedule : 22 Notes on Accounts (Contd.)

9) Consumption of Raw Materials (*) :

Raw Material	Imported			Indigenous		
	Quantity (MT)	Value (Rs.)	% of Consumption	Quantity (MT)	Value (Rs.)	% of Consumption
Coal	6,690.000 (1,034.000)	33,321,127 (51,50,081)	7.10 (1.36)	154,912.280 (158,508.160)	435,982,398 (374,015,005)	92.90 (98.64)
Iron Ore	– (–)	– (–)	– (–)	137,840.230 (161,252.740)	567,172,537 (642,153,648)	100.00 (100.00)
Dolomite	– (–)	– (–)	– (–)	1,486.800 (3,397.450)	2,258,809 (4,338,826)	100.00 (100.00)

*Including cost of raw materials sold during the year Rs. 163,552,387/- (Rs. 48,909,700/-)

10) Licensed and installed Capacities :

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

*As certified by the management.

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

	Sponge Iron	
	Quantity (MTs.)	Amount (Rs.)
Opening Stock	9,480.660 (9,166.350)	145,836,882 (109,496,636)
Purchases	– –	– –
Production	54,971.000 (76,805.000)	– –
Sales (Net of Return)	57,381.290 (76,490.690)	1,137,831,253 (1,095,246,472)
Closing Stock	4,884.550 (9,480.660)	105,059,344 (145,836,882)

Note: Closing Stock is after adjustment of 1844.920 Mts (Nil) of Sponge Iron and 340.90 Mts (Nil) of Kiln Waste, reprocessed for production of Sponge Iron.

12) 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 Rs.)

Related Parties & Relationship	Transactions	
a) Enterprises that directly or indirectly through one or more intermediaries, Control or are controlled by or are under common control with the company (including holding company):		
Holding Company :	<u>2010 - 11</u>	<u>2009 - 10</u>
(I) Jai Balaji Industries Limited		
Purchases during the year	112,039,296	42,308,481
Sales during the year	978,622,894	1,188,154,709
Dividend Paid	3,494,873	2,474,364
Year end payable (Net)	200,127,585	264,268,402

Schedules forming part of the Accounts (Contd.)

Schedule : 22 Notes on Accounts (Contd.)

(Amount in Rs.)

		2010 - 11	2009 - 10
(b) Associates :			
(i) Jai Balaji Jyoti Steels Limited			
Purchases during the year		—	—
Sales during the year		—	570,000
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	4,200,000
Sri Aditya Jajodia	Director	—	—
Sri Sanjiv Jajodia	Director	—	—
Sri Rajiv Jajodia	Brother of Director	—	—
Sri Devendra Prasad Jajodia	Brother of Director	—	—
Sri Gaurav 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.			
(f) Amount written off in respect of above parties :		—	—
(13) 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.			

Schedules forming part of the Accounts (Contd.)

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 2011 : (Rs. in lacs)

Particulars	Gratuity	
	2010-11	2009-10
Current service cost	6.27	5.79
Interest cost on benefit obligation	1.71	0.94
Expected return on plan assets	(1.81)	–
Net actuarial loss/(gain) recognised in the year	(0.05)	1.52
Past Service cost	0.31	–
Total Expenses/(Income)	6.43	8.25

II. Net Liability/(Assets) recognized in the Balance Sheet as at 31st March, 2011 : (Rs. in lacs)

Particulars	Gratuity	
	As at 31 st March, 2011	As at 31 st March, 2010
Present value of Defined Benefits Obligation	28.04	21.06
Fair value of plan assets	22.64	19.77
	5.40	1.29
Less : Unrecognised past service cost	–	–
Net liability	5.40	1.29

III. Change in the present value of the defined benefit obligation during the year ended 31st March 2011 : (Rs. in lacs)

Particulars	Gratuity	
	2010-11	2009-10
Present value of Defined Benefit Obligation at the beginning of the year	21.06	12.11
Current Service Cost	6.27	5.79
Interest Cost	1.71	0.94
Benefits Paid	(0.95)	–
Actuarial Loss /(Gain)	(0.05)	2.22
Plan Amendments	–	–
Present Value of Defined Benefits Obligation at the year end	28.04	21.06

IV. Change in the Fair Value of Plan Assets during the year ended 31st March 2011 : (Rs. in lacs)

Particulars	Gratuity	
	2010-11	2009-10
Fair Value of Defined Benefit Obligation at the beginning of the year	19.77	–
Expected Return	1.81	–
Contribution by Employer	2.32	19.07
Benefits paid	(0.95)	–
Actuarial Gains/(Losses)	(0.31)	0.70
Fair Value of Defined Benefit Obligation at the year end	22.64	19.77

Schedules forming part of the Accounts (Contd.)

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 (Rs. in lacs)

Particulars	Gratuity	
	2010-11	2009-10
Investment with the insurer	100%	100%

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

Particulars	Gratuity	
	2010-11	2009-10
Discount Rate (per annum) compounded	8.30%	8.30%
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 31 st March, 2011	As at 31 st March, 2010
Defined benefit obligation	(28.04)	(21.06)
Plan Assets	22.64	19.77
Surplus / (Deficit)	(5.40)	(1.29)
Experience Gain/(Loss) Adjustments on plan liabilities	0.05	(3.81)
Experience Gain/(Loss) Adjustments on plan assets	—	0.70

*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	2010-11	2009-10
Contribution to Provident Fund	11.38	18.80

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

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

I) Registration Details

Registration No.

9 4 6 1 2

State Code:

2 1

Balance Sheet Date

3 1 0 3 2 0 1 1

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

Public Issue

N I L

Right Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

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

Total Liabilities

1 9 6 7 8 8 4

Total Assets

1 9 6 7 8 8 4

Sources of Funds

Paid-up Capital

3 4 9 4 8 7

Reserves and Surplus

8 1 9 4 2 7

Secured Loan

7 3 2 6 1 4

Unsecured Loans

5 0 0 0

Deferred Tax- Net

6 1 3 5 6

Application of Funds

Net Fixed Assets

1 4 1 4 7 6 9

Investments

2 6 8 6

Net Current Assets

5 5 0 4 2 9

Miscellaneous

N I L

Accumulated Losses

N I L

Expenditure

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

Turnover (Gross Revenue)

1 2 9 6 3 0 9

Total Expenditure

1 2 3 7 9 2 7

Profit Before Tax

5 8 3 8 2

Profit After Tax

3 9 9 2 8

Earning Per Share in Rupees

(+) 1 . 1 4

Dividend Rate %

1 . 0 0

V) Generic name of principal product of Company

Item Code No. (ITC Code)

Product Description

72031000

Sponge Iron

Signature to Schedule "1" to "23"

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
Wholtime Director

Firm Reg. No. 305123E
Membership No. 63422

Prerna Sharma
Company Secretary

Place : Kolkata
Date : 5th May, 2011

Directors' Report

To the Members of
M/s. Jai Balaji Steels (Purulia) Limited

Your Directors have the pleasure in presenting the first Annual Report of your Company for the financial year ended 31st March, 2011.

Review of Operation

The Company was incorporated on 1st November, 2010. It did not commence its commercial activities till 31st March, 2011 and hence the Profit & Loss Account was not prepared for the said period ending 31st March, 2011.

Holding Company

The Company is a wholly owned subsidiary of M/s Jai Balaji Industries Limited since its inception, i.e. 1st November, 2010.

Directors

Shri Aditya Jajodia, Shri Sanjiv Jajodia and Shri Rajiv Jajodia are the first directors of the Company, liable to retire by rotation in terms of Sections 255 and 256 of the Companies Act, 1956.

Auditors

M/s. Rashmi & Co., Chartered Accountants, the Statutory Auditors of your Company, retire at 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 sub-section (1B) of Section 224 of the Companies Act, 1956.

The observations of Auditors in their Report read with relevant Accounting Policies and notes to accounts in Schedule 6 are self explanatory and do not require further explanation.

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.
- ii) 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, 2011.
- 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.

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 are at present not applicable to the Company.

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 express their sincere appreciation for the valuable trust, co-operation and support extended by all stakeholders.

For and on behalf of the Board

Sanjiv Jajodia
Director

Rajiv Jajodia
Director

Place : Kolkata
Date : May 20, 2011

Auditor's Report

To the Members of
M/s. Jai Balaji Steels (Purulia) Limited

We have audited the attached Balance Sheet of M/s Jai Balaji Steels (Purulia) Limited as at 31st March, 2011 for the period ended on that date annexed thereto. Profit & Loss Account has not been prepared since the Company has not commenced commercial production. These financial statements are responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We 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 management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Order, 2004 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 to in Paragraph 1 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 purpose of our audit.

(ii) In our opinion, proper books of accounts as required by Law have been kept by the company, so far as appears from our examination of those books.

(iii) The Balance Sheet dealt with by this report is in agreement with the books of accounts.

(iv) In our opinion, the Balance Sheet complies with the mandatory accounting standards referred to in Section 211(3C) of the Companies Act, 1956.

(v) On the basis of information and explanation given to us and representation received from the directors of the Company, we report that no

director is disqualified from being appointed as a director of the Company under 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, read together with the notes thereon, give the information required by the Companies Act, 1956, in a manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

(i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011.

For Rashmi & Co.
Chartered Accountants
Reg. No. 309122E

per (R. K. Agarwala)

Partner

Place : Kolkata

Date : May 20, 2011 Membership No. 16652

Annexure to the Auditor's Report

(Referred to in Paragraph 1 of our Report of even date of
Jai Balaji Steels (Purulia) Limited for the period ended 31st March, 2011)

- | | | |
|---|---|---|
| <p>1) The Company does not have any fixed assets. Hence clause (1) of the order is not applicable.</p> <p>2) Since the Company has no inventory hence the provision of the clause 4(ii) of the order relating to inventory is not applicable.</p> <p>3) The Company has neither granted nor taken any loans, secured or unsecured to and from companies, firms or other parties as covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (b) to (d), (f) & (g) of the Order are not applicable.</p> <p>4) In our opinion and according to the information and explanations given to us there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets etc. During the year we have not observed any continuing failure to correct major weakness in internal control system of the Company.</p> <p>5) No contracts need to be entered into the register maintained under section 301 of the Act. Hence our comments are not applicable.</p> <p>6) The company has not accepted any deposits from the public to which the provision of section 58A & 58AA or any other relevant provisions of the companies Act, 1956 and the rules framed there under apply. Hence provision of clause 4(vi) of the Order is not applicable.</p> | <p>7) Since the company has not started the commercial production and profit & loss account has not been prepared, the provision of the clause 4(x) of the Order is not applicable.</p> <p>8) According to the information and explanation given to us, the company does not have any dues payable to any financial institution, banks and debenture holders. Accordingly provision of the clause 4(xi) of the order is not applicable.</p> <p>9) According to the information and explanation given to us, the company has not granted any loan and advances on the basis of security by way of pledge of shares, debentures and others securities.</p> <p>10) The company is not a chit fund or a nidhi / mutual benefit fund/ society, therefore the provisions of clause 4 (xiii) of the said Order are not applicable to the company.</p> <p>11) The company does not deal or trade in shares, securities, debentures and other investments, hence, the provision of clause 4(xiv) is not applicable.</p> <p>12) According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.</p> <p>13) On the basis of information and explanations given to us, no term loans were raised during the year by the Company.</p> <p>14) According to the information and explanation given to us and on overall examination of the Balance</p> | <p>Sheet of the Company we report that no funds raised on short term basis have been used for long term investment.</p> <p>15) According to the information and explanations given to us, the company has not made any preferential allotment of shares during the year to any parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.</p> <p>16) On the basis of information and explanations given to us, the company has not issued debentures during the year.</p> <p>17) The company has not raised money through a public issue during the year.</p> <p>18) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.</p> <p>19) No other matters specified in the Order are applicable to the Company.</p> |
|---|---|---|

For Rashmi & Co.
Chartered Accountants
Reg. No. 309122E

per (R. K. Agarwala)
Partner

Place : Kolkata
Date : May 20, 2011 Membership No. 16652

Balance Sheet as at 31st March, 2011

(Rs.)

	<u>Schedule</u>	<u>As at 31st March, 2011</u>
SOURCES OF FUNDS		
Shareholders' Fund :		
Share Capital	1	5,00,000.00
		<u>5,00,000.00</u>
APPLICATION OF FUNDS		
Fixed Assets:		
Gross Block		–
Less : Depreciation		–
Net Block		–
Capital Work-in-Progress	2	8,315.00
		<u>8,315.00</u>
Current Assets, Loans and Advances :		
Cash & Bank Balances	3	2,90,836.00
		<u>2,90,836.00</u>
Less : Current liabilities and provisions :	4	
Liabilities		19,300.00
		<u>19,300.00</u>
Net current assets		<u>2,71,536.00</u>
Miscellaneous expenditure	5	2,20,149.00
		<u>5,00,000.00</u>
Significant Accounting Policies and Notes forming part of the Financial Statement	6	

Schedules referred to above form an integral part of the Financial Statements

As per our attached report of even date

For Rashmi & Co.
Chartered Accountants
Reg. No. 309122E

Per R. K. Agarwala
Partner
Membership No. 16652

Place : Kolkata
Date : May 20, 2011

For and on behalf of the Board

Sanjiv Jajodia
Director

Rajiv Jajodia
Director

Schedules forming part of the Balance Sheet

(Rs.)

As at 31st
March, 2011

SCHEDULE : 1

Share Capital

Authorised

20,00,000 (Previous Year : NIL) Equity Shares of Rs. 10 each	2,00,00,000.00
	<u>2,00,00,000.00</u>

Issued, subscribed and paid-up

50,000 (Previous Year : NIL) Equity Shares of Rs. 10 each each, fully paid up	5,00,000.00
	<u>5,00,000.00</u>

SCHEDULE : 2

Capital Work in Progress

Pre-Operative Expenses

Audit Fees	5,515.00
Professional Tax	2,500.00
Bank Charges	300.00
	<u>8,315.00</u>

SCHEDULE : 3

Cash & Bank Balances

Cash in Hand	4,506.00
--------------	----------

Balance with Schedule Bank

In Current Account	2,86,330.00
	<u>2,90,836.00</u>

SCHEDULE : 4

Current Liabilities

Sundry Creditors (Other than Micro, Small & Medium Scale Enterprises)	11,285.00
For Expenses	8,015.00
	<u>19,300.00</u>

SCHEDULE : 5

Miscellaneous Expenditure

Filing Fees & Preliminary Expenses	2,11,149.00
Printing & Stationary	4,000.00
Professional Charges	5,000.00
	<u>2,20,149.00</u>

SCHEDULE :- 6 Accounting Policies and Notes of Accounts for the year ended 31st March, 2011.**A. SIGNIFICANT ACCOUNTING POLICIES:****1. Basis of Preparation of Financial Statements:**

The financial statement is prepared under the historical cost convention, on going concern concept and in compliance with the Accounting Standards issued by the Institute of Chartered Accountants of India. The company follows the mercantile system of accounting and recognizes Income & Expenditure on an accrual basis to the extent measurable and where there is certainty of ultimate realization in respect of incomes. Accounting policies not specifically referred to otherwise, are consistent and in consonance with the generally accepted accounting principles.

2. Preliminary Expenses:

Preliminary expenses will be written off in the year of start of commercial operation.

3. Pre-operative Expenses:

Pre-operative expenditure is carried forward as expenditure during construction period pending allocation and will be allocated to fixed assets on commencement of commercial production.

4. Contingent Liabilities are not provided for and are disclosed by way of a note.**5. As the operations have not yet commenced, the accounting policies which are specific in nature have not been disclosed****B. NOTES TO ACCOUNTS****1. In opinion of the Board, Current Assets, Loans & Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated and provision for all known liabilities has been made.****2. As the company has not commenced commercial operations, no Profit & Loss Account for the current period has been prepared.****3. The Company has become 100% subsidiary to Jai Balaji Industries Ltd with effect from 01-11-2010 by acquiring the entire equity.****4. Related Party Disclosure as required by Accounting Standard - 18 issued by Institute of Chartered Accountants of India:****a) List of Related Parties & Relationships (As identified and certified by the Management)**

Holding Company: - Jai Balaji Industries Limited

b) Transactions with Related Parties

i) Share Capital	Rs. 5,00,000/-
ii) Reimbursement of Expenses	Rs. 2,08,370/-

5) Auditors Remuneration:

Particulars	31.03.2011 (Rs.)
Statutory Audit fee (including service tax)	5,515
Total	5,515

As per our attached report of even date

For Rashmi & Co.
Chartered Accountants
Reg. No. 309122E

Per R. K. Agarwala
Partner
Membership No. 16652

Place : Kolkata
Date : May 20, 2011

For and on behalf of the Board

Sanjiv Jajodia
Director

Rajiv Jajodia
Director

Required under Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile**I) Registration Details**Registration No : U27100WB2010PLC154392 State Code:

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

Balance Sheet Date:

3	1
---	---

0	3
---	---

2	0	1	1
---	---	---	---

II) Capital Raised During The Year *(Amount in Rs. Thousands)*Public Issue

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

 Right Issue

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

Bonus Issue

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

 Private Placement

					5	0	0
--	--	--	--	--	---	---	---

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

					5	0	0
--	--	--	--	--	---	---	---

 Total Assets

					5	0	0
--	--	--	--	--	---	---	---

Sources of FundsPaid-Up Capital

					5	0	0
--	--	--	--	--	---	---	---

 Reserves and Surplus

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

Secured Loan

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

 Unsecured Loans

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

Deferred Tax Liabilities

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

Application of FundsNet Fixed Assets

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

 Capital Work In progress

							8
--	--	--	--	--	--	--	---

Investments

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

 Net Current Assets

					2	7	2
--	--	--	--	--	---	---	---

Miscellaneous Expenditure

					2	2	0
--	--	--	--	--	---	---	---

 Deferred Tax Asset

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

Accumulated Losses

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

IV) Performance of CompanyTurnover (other income)

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

 Total Expenditure

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

Profit/(Loss) Before Tax

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

 Profit/(Loss) After Tax

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

Earning Per Share - Rs.

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

 Dividend Rate %

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

V) Generic names of principal products/services of the Company *(As per monetary Terms)*

Item Code No. (ITC Code) Product Description

N.A. N.A.

For and on behalf of the Board

Sanjiv Jajodia
DirectorRajiv Jajodia
Director

Directors' Report

To the Members of
M/s. Jai Balaji Energy (Purulia) Limited

Your Directors are pleased to present the first Annual Report of your Company for the financial year ended 31st March, 2011.

Review of Operation

The Company was incorporated on 1st November, 2010. It did not commence its commercial production till 31st March, 2011 and hence the Profit & Loss Account was not prepared for the said period ending 31st March, 2011.

Holding Company

The Company is a wholly owned subsidiary of M/s Jai Balaji Industries Limited since its inception, i.e. 1st November, 2010.

Directors

Shri Aditya Jajodia, Shri Sanjiv Jajodia and Shri Rajiv Jajodia are the first directors of the Company, liable to retire by rotation in terms of Sections 255 and 256 of the Companies Act, 1956.

Auditors

M/s. Rashmi & Co., Chartered Accountants, the Statutory Auditors of your Company, retire at 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 sub-section (1B) of Section 224 of the Companies Act, 1956.

The observations of Auditors in their Report read with relevant Accounting

Policies and notes to accounts in Schedule 6 are self explanatory and do not require further explanation.

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.
- ii) 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, 2011.
- 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.

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

Particulars in respect of 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 are at present not applicable to the Company.

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 express their sincere appreciation for the valuable trust, co-operation and support extended by all stakeholders.

For and on behalf of the Board

Sanjiv Jajodia
Director

Rajiv Jajodia
Director

Place : Kolkata
Date : May 20, 2011

Auditor's Report

To the Members of
M/s. Jai Balaji Energy (Purulia) Limited

We have audited the attached Balance Sheet of M/s Jai Balaji Energy (Purulia) Limited as at 31st March, 2011 for the period ended on that date annexed thereto. Profit & Loss Account has not been prepared since the Company has not commenced commercial production. These financial statements are responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We 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 management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Order, 2004 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 to in Paragraph 1 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 purpose of our audit.
 - (ii) In our opinion, proper books of accounts as required by Law have been kept by the company, so far as appears from our examination of those books.
 - (iii) The Balance Sheet dealt with by this report is in agreement with the books of accounts.
 - (iv) In our opinion, the Balance Sheet complies with the mandatory accounting standards referred to in Section 211(3C) of the Companies Act, 1956.
 - (v) On the basis of information and explanation given to us and representation received from the directors of the Company,

we report that no director is disqualified from being appointed as a director of the Company under 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, read together with the notes thereon, give the information required by the Companies Act, 1956, in a manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- (i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011.

For Rashmi & Co.
Reg. No. 309122E
Chartered Accountants

per (R. K. Agarwala)
Partner

Place : Kolkata
Date : May 20, 2011 Membership No. 16652

Annexure to the Auditor's Report

(Referred to in Paragraph 1 of our Report of even date of
Jai Balaji Energy (Purulia) Limited for the period ended 31st March, 2011)

- | | | |
|---|--|--|
| <p>1) The Company does not have any fixed assets. Hence clause (1) of the order is not applicable.</p> <p>2) Since the Company has no inventory hence the provision of the clause 4(ii) of the order relating to inventory is not applicable.</p> <p>3) The Company has neither granted nor taken any loans, secured or unsecured to and from companies, firms or other parties as covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (b) to (d), (f) & (g) of the Order are not applicable.</p> <p>4) In our opinion and according to the information and explanations given to us there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets etc. During the year we have not observed any continuing failure to correct major weakness in internal control system of the Company.</p> <p>5) No contracts need to be entered into the register maintained under section 301 of the Act. Hence our comments are not applicable.</p> <p>6) The company has not accepted any deposits from the public to which the provision of section 58A & 58AA or any other relevant provisions of the companies Act, 1956 and the rules framed there under apply. Hence provision of clause 4(vi) of the Order is not applicable.</p> | <p>7) Since the company has not started the commercial production and profit & loss account has not been prepared, the provision of the clause 4(x) of the Order is not applicable.</p> <p>8) According to the information and explanation given to us, the company does not have any dues payable to any financial institution, banks and debenture holders. Accordingly provision of the clause 4(xi) of the order is not applicable.</p> <p>9) According to the information and explanation given to us, the company has not granted any loan and advances on the basis of security by way of pledge of shares, debentures and others securities.</p> <p>10) The company is not a chit fund or a nidhi / mutual benefit fund/ society, therefore the provisions of clause 4 (xiii) of the said Order are not applicable to the company.</p> <p>11) The company does not deal or trade in shares, securities, debentures and other investments, hence, the provision of clause 4(xiv) is not applicable.</p> <p>12) According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.</p> <p>13) On the basis of information and explanations given to us, no term loans were raised during the year by the Company.</p> <p>14) According to the information and explanation given to us and on</p> | <p>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.</p> <p>15) According to the information and explanations given to us, the company has not made any preferential allotment of shares during the year to any parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.</p> <p>16) On the basis of information and explanations given to us, the company has not issued debentures during the year.</p> <p>17) The company has not raised money through a public issue during the year.</p> <p>18) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.</p> <p>19) No other matters specified in the Order are applicable to the Company.</p> |
|---|--|--|

For Rashmi & Co.
Reg. No. 309122E
Chartered Accountants

per (R. K. Agarwala)

Partner

Place : Kolkata

Date : May 20, 2011 Membership No. 16652

Balance Sheet as at 31st March, 2011

(Rs.)

	<u>Schedule</u>	<u>As at 31st March, 2011</u>
SOURCES OF FUNDS		
Shareholders' Fund :		
Share Capital	1	5,00,000.00
		<u>5,00,000.00</u>
APPLICATION OF FUNDS		
Fixed Assets:		
Gross Block		—
Less : Depreciation		—
Net Block		—
Capital Work-in-Progress	2	8,315.00
		<u>8,315.00</u>
Current Assets, Loans and Advances :		
Cash & Bank Balances	3	2,90,836.00
		<u>2,90,836.00</u>
Less : Current liabilities and provisions :	4	
Liabilities		19,300.00
		<u>19,300.00</u>
Net current assets		<u>2,71,536.00</u>
Miscellaneous expenditure	5	2,20,149.00
		<u>5,00,000.00</u>
Significant Accounting Policies and Notes forming part of the Financial Statement	6	

Schedules referred to above form an integral part of the Financial Statements

As per our attached report of even date

For Rashmi & Co.
Chartered Accountants
Reg. No. 309122E

Per **R. K. Agarwala**
Partner
Membership No. 16652

Place : Kolkata
Date : May 20, 2011

For and on behalf of the Board

Sanjiv Jajodia
Director

Rajiv Jajodia
Director

Schedules forming part of the Balance Sheet as at 31st March, 2011

(Rs.)

As at 31st
March, 2011**SCHEDULE : 1****Share Capital****Authorised**

20,00,000 (Previous Year : NIL) Equity Shares of Rs. 10 each

2,00,00,000.00

2,00,00,000.00

Issued, subscribed and paid-up

50,000 (Previous Year : NIL) Equity Shares of Rs. 10 each, fully paid up

5,00,000.00

5,00,000.00

SCHEDULE : 2**Capital Work in Progress****Pre-Operative Expenses**

Audit Fees

5,515.00

Professional Tax

2,500.00

Bank Charges

300.00

8,315.00

SCHEDULE : 3**Cash & Bank Balances**

Cash in Hand

4,506.00

Balance with Schedule Bank

In Current Account

2,86,330.00

2,90,836.00

SCHEDULE : 4**Current Liabilities**

Sundry Creditors (Other than Micro, Small & Medium Scale Enterprises)

11,285.00

For Expenses

8,015.00

19,300.00

SCHEDULE : 5**Miscellaneous Expenditure**

Filing Fees & Preliminary Expenses

2,11,149.00

Printing & Stationary

4,000.00

Professional Charges

5,000.00

2,20,149.00

SCHEDULE :- 6 Accounting Policies and Notes of Accounts for the year ended 31st March, 2011.**A. SIGNIFICANT ACCOUNTING POLICIES:****1. Basis of Preparation of Financial Statements:**

The financial statement is prepared under the historical cost convention, on going concern concept and in compliance with the Accounting Standards issued by the Institute of Chartered Accountants of India. The company follows the mercantile system of accounting and recognizes Income & Expenditure on an accrual basis to the extent measurable and where there is certainty of ultimate realization in respect of incomes. Accounting policies not specifically referred to otherwise, are consistent and in consonance with the generally accepted accounting principles.

2. Preliminary Expenses:

Preliminary expenses will be written off in the year of start of commercial operation.

3. Pre-operative Expenses:

Pre-operative expenditure is carried forward as expenditure during construction period pending allocation and will be allocated to fixed assets on commencement of commercial production.

4. Contingent Liabilities are not provided for and are disclosed by way of a note.**5. As the operations have not yet commenced, the accounting policies which are specific in nature have not been disclosed****B. NOTES TO ACCOUNTS****1. In opinion of the Board, Current Assets, Loans & Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated and provision for all known liabilities has been made.****2. As the company has not commenced commercial operations, no Profit & Loss Account for the current period has been prepared.****3. The Company has become 100% subsidiary to Jai Balaji Industries Ltd with effect from 01-11-2010 by acquiring the entire equity.****4. Related Party Disclosure as required by Accounting Standard - 18 issued by Institute of Chartered Accountants of India:****a) List of Related Parties & Relationships (As identified and certified by the Management)**

Holding Company: - Jai Balaji Industries Limited

b) Transactions with Related Parties

i) Share Capital	Rs. 5,00,000/-
ii) Reimbursement of Expenses	Rs. 2,08,370/-

5) Auditors Remuneration:

Particulars	31.03.2011 (Rs.)
Statutory Audit fee (including service tax)	5,515
Total	5,515

As per our attached report of even date

For Rashmi & Co.

Chartered Accountants

Reg. No. 309122E

Per R. K. Agarwala

Partner

Membership No. 16652

Place : Kolkata

Date : May 20, 2011

For and on behalf of the Board

Sanjiv Jajodia

Director

Rajiv Jajodia

Director

Required under Part IV of Schedule VI to the Companies Act, 1956

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

Registration No : U40300WB2010PLC154393

State Code:

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

Balance Sheet Date:

3	1	0	3	2	0	1	1
---	---	---	---	---	---	---	---

II) Capital Raised During The Year *(Amount in Rs. Thousands)*Public Issue

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

Right Issue

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

Bonus Issue

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

Private Placement

					5	0	0
--	--	--	--	--	---	---	---

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

Total Liabilities

					5	0	0
--	--	--	--	--	---	---	---

Total Assets

					5	0	0
--	--	--	--	--	---	---	---

Sources of Funds

Paid-Up Capital

					5	0	0
--	--	--	--	--	---	---	---

Reserves and Surplus

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

Secured Loan

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

Unsecured Loans

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

Deferred Tax Liabilities

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

Application of Funds

Net Fixed Assets

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

Capital Work In progress

							8
--	--	--	--	--	--	--	---

Investments

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

Net Current Assets

					2	7	2
--	--	--	--	--	---	---	---

Miscellaneous Expenditure

					2	2	0
--	--	--	--	--	---	---	---

Deferred Tax Asset

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

Accumulated Losses

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

IV) Performance of Company

Turnover (other income)

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

Total Expenditure

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

Profit/(Loss) Before Tax

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

Profit/(Loss) After Tax

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

Earning Per Share - Rs.

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

Dividend Rate %

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

V) Generic names of principal products/services of the Company (As per monetary Terms)

Item Code No. (ITC Code)

Product Description

N.A.

N.A.

For and on behalf of the Board

Sanjiv Jajodia
DirectorRajiv Jajodia
Director



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 Twelfth Annual General Meeting of the Company being held on Wednesday, the 21st September, 2011 at 11:00 A.M. at Rotary Sadan (Shripati Singhania Hall), 94/2 Chowringhee Road, Kolkata - 700 020.

Please (✓) in the box

☐ MEMBER

☐ PROXY

.....

Member's Signature

.....

Proxy's Signature

*Applicable for investors holding shares in physical form.



Jai Balaji Industries Limited

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

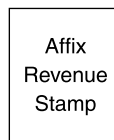
PROXY FORM

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

I/We of in the district of being a member/members of Jai Balaji Industries Limited, hereby appoint of in the district of or failing him/her in the district of as my/our Proxy to attend and vote for me/us on my/our behalf at the Twelfth Annual General Meeting of the Company being held on Wednesday, the 21st September, 2011 at 11:00 A.M. and at any adjournment thereof.

Signed this day of 2011.

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.



Corporate Information

Board of Directors

Shri Aditya Jajodia

Chairman & 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

Chief Financial Officer

Shri Raj Kumar Sharma

Company Secretary

Shri Ajay Kumar Tanti

Statutory Auditors

M/s S. R. Batliboi & Co.
Chartered Accountants
22, Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016

Internal Auditors

S. K. Agrawal & Co.
Chartered Accountants
4A, Council House Street
Kolkata - 700 001

Cost Auditor

Mondal & Associates
Mr Amiya Mondal, Proprietor
Cost Auditor
45, Akhil Mistry Lane
Kolkata - 700 009

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: agarwalsskc@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 and Financial Institutions

Allahabad Bank
Axis Bank Limited
Bank of India
Canara Bank
Corporation Bank
ICICI Bank Limited
IDBI Bank Limited
IFCI Limited
Indian Overseas Bank
Oriental Bank of Commerce
Punjab National Bank
Standard Chartered Bank
State Bank of Bikaner & Jaipur
State Bank of Hyderabad
State Bank of India
State Bank of Mysore
State Bank of Patiala
State Bank of Travancore
The Federal Bank Limited
UCO Bank
Union Bank of India
United Bank of India
West Bengal Industrial
Development Corporation
Limited

West Bengal Infrastructure
Development Finance
Corporation Limited

Inspired by
S T E E L



Jai Balaji Industries Limited

5, Bentinck Street, Kolkata - 700 001, West Bengal, India
Phone : 91-33-2248 8173 / 9808, Fax : 91-33-2243 0021