



Jai Balaji Industries Limited

INSPIRED BY STEEL



**14th Annual Report
2012-13**

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 Fourteenth Annual General Meeting of the Members of Jai Balaji Industries Limited will be held on Thursday, 12th September, 2013 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 Balance Sheet as at 31st March, 2013 and Statement of Profit and Loss Account for the nine months/financial year ended on that date together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Satish Chander Gupta who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Ashim Kumar Mukherjee, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution.

“RESOLVED THAT subject to the provisions of Section 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s. S. K. Agrawal & Co., Chartered Accountants, of 4A, Council House Street, Kolkata - 700 001 be and are hereby appointed as Auditors of the

Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting in place of the retiring Joint Statutory Auditors, M/s. U. Narain & Co., and M/s. Rashmi & Co. Chartered Accountants, for the financial year 2013-14 at such remuneration as may be fixed by the Board of Directors and Audit Committee of Directors, apart from reimbursement of out of pocket expenses and taxes, as applicable.”

SPECIAL BUSINESS

Item No. 5

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

“RESOLVED THAT Shri Shailendra Kumar Tamotia who was appointed by the Board of Directors as an Additional Director of the Company with effect from 15th May, 2013 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

Item No. 6

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

“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of such authorities as may be required, the Company hereby approves re-appointment of Shri Sanjiv Jajodia as Whole-time Director of the Company for a further period of 5 (five) years w.e.f. 1st May, 2013 on the terms, conditions and remuneration as mentioned in the agreement dated 22nd April, 2013, entered between the Company and Shri Sanjiv Jajodia, Whole-time Director.”

“RESOLVED FURTHER THAT the terms & conditions of the said re-appointment and/or agreement may be altered and varied from time to time by the Board as it may be mutually agreed to between the Company and Shri Sanjiv Jajodia subject to the limits contained in the Companies Act, 1956.”

“RESOLVED FURTHER THAT in case of losses or inadequate profits or for any other reasons as stated in Schedule XIII of the Companies Act, 1956, no remuneration shall be paid to Shri Sanjiv Jajodia, Whole-time Director or if payable shall be governed by the prevailing statutes in any financial year, during his tenure of office and that at present no remuneration is payable to Shri Sanjiv Jajodia till such time as may be decided by the Board.”

“RESOLVED FURTHER THAT the Board be and are hereby authorised to file necessary forms with the Registrar of Companies and to take further steps to give effect to this resolution and to do all such act, deeds and things as may be necessary and incidental thereto for the said purpose.”

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

Place : Kolkata
Date : 12th August, 2013

By Order of the Board

For Jai Balaji Industries Limited

Ajay Kumar Tantia
Company Secretary

Notice to the Shareholders (Contd.)

Notes:

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of business under item no. 5 and 6 of the notice is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF (ONLY ON A POLL) AND THE PROXY NEED NOT BE A MEMBER OF A 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.**
3. Quote the Folio/Client ID & DP ID Nos. in all correspondence.
4. Brief Profile of the Directors seeking appointment /re-appointment as mandated under Clause 49 of the Listing Agreement with the Stock Exchanges is annexed hereto.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 7th September, 2013 to 12th September, 2013 (both days inclusive).
6. All the documents referred to in the accompanying notice are available for inspection 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. upto the conclusion of this Annual General Meeting.
7. Members seeking further information on the Accounts or any other matter contained in the Notice are requested to write to the Company at least 7 days before the meeting so that relevant information may be made available at the meeting.
8. 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.

9. Members wishing to claim dividend, which remains 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 Investor Education and Protection Fund (IEPF).

Information of such unclaimed/Unpaid amount, when due for transfer to the said fund, is given below:

Financial Year Ended	Date of Declaration of Dividend	Unclaimed/ Unpaid Amount (in Rs.)	Last Date for Claiming Un-Paid/ Unclaimed Dividend	Due date for Transfer to IEPF
31.03.2006	23.09.2006	72,712.00	27.10.2013	27.11.2013
31.03.2007	27.09.2007	51,345.95	01.11.2014	01.12.2014
31.03.2008	08.09.2008	53,192.00	22.10.2015	22.11.2015
31.03.2009	15.09.2009	24,085.20	19.10.2016	19.11.2016
31.03.2010	22.09.2010	47,196.00	26.10.2017	26.11.2017
31.03.2011	21.09.2011	46,698.00	20.10.2018	20.11.2018

10. 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.

11. Members are requested to:-

- Bring their copy of Annual Report at the meeting.
- Deliver duly completed and signed Attendance Slip at the entrance of the meeting venue, for admission to the meeting hall.

12. Keeping in view the Circulars and Green Initiative in the Corporate Governance taken by the Ministry of Corporate Affairs, 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 at its 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.

13. The Annual Report shall also be available at the Company's website www.jaibalajigroup.com.

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, 2013

Annexure to the Notice

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

Item No. 5

Shri Shailendra Kumar Tamotia was appointed as Additional Director of the Company w.e.f. 15th May, 2013 to hold office till the date of the ensuing Annual General Meeting. The Company has received a notice in writing under section 257 of the Companies Act, 1956, proposing the appointment of the said candidate as a Director of the Company.

An Engineer by Profession, Shri Shailendra Kumar Tamotia, aged 73 years, has wide and varied experience in ferrous & non-ferrous metals sector spanning over 50 years with an impressive track record in management and implementation. He has worked with several Government / Public Sector Companies like Bhilai Steel Plant, Hindustan Steel Works Construction Limited & Kudremukh Iron Ore Company Limited. He has made professional contribution in the Aluminium Industry being Director (Production) CMD of National Aluminium Co. (NALCO) which improved the productivity and upgraded the technologies. He as a President & CEO of Indian Aluminium

Company Limited (INDAL) led the Company to achieve growth in profits and doubling sales and exports. Presently working as Hon. Dean cum Director General & Vice Chairman of Bhavan's Centre for communication and Management & Vice Chairman of Bhartiya Vidya Bhavan, Bhubaneswar Kendra. Over the years, he has received numerous national level awards for professional & business excellence including National Metallurgist Merit Award, Life Time Achievement Award presented by Various Authorities & Indo-Nepal Gold Star Award-Economic growth Society of India.

The Board of directors recommends the resolution mentioned in Item no. 5 to be passed as Ordinary Resolution.

Except Shri Shailendra Kumar Tamotia, no other Director is concerned or interested in the said resolution.

Item No. 6

The Board of Directors of the Company ("the Board") at its meeting held on 22nd April, 2013 has approved the re-appointment of Shri Sanjiv Jajodia as Whole-time Director of the Company in accordance with the provisions of Sections 198, 269, 309, 310 of the

Companies Act, 1956 and other applicable provisions, if any, and subject to approval of the members and such other authorities as may be required, for a further period of 5 (five) years commencing from 1st day of May, 2013 and approved the terms and conditions of his appointment and remuneration.

BRIEF PROFILE

Shri Sanjiv Jajodia is presently on the Board of the flagship company of our group, Jai Balaji Industries Limited as a Whole-time Director. He is a Commerce Graduate and has more than two decades experience in Steel Industry. He has expertise in Corporate Finance, Accounts, Taxation, Corporate Governance, Statutory Compliance, Planning, System & Procedures, Audit, internal and Statutory Audit and Control. Shri Sanjiv Jajodia, son of Late Keshar Deo Jajodia joined Jai Balaji Industries Limited in 2002. He has been instrumental in shaping the corporate profile of the Company and in establishing the Company as a major Corporate House in the steel sector. Shri Sanjiv Jajodia is also a director on the Board of the some group companies.

The statement of particulars as per Clause 1(B)(IV) of Section II of Part II of Schedule XIII of the Companies Act, 1956 is as follows:

I. GENERAL INFORMATION			
1) Nature of Industry	Iron & Steel Industry		
2) Date of commencement of commercial production	Year 2000		
3) Financial performance	(Amount in Lacs)		
	Particulars	9 months period ended March 31, 2013 (₹.)	15 months period ended June 30, 2012 (₹.)
	Turnover	154,483.75	293,323.12
	Profit/(Loss) before Tax	(31,597.71)	(38,884.08)
	Tax	(10,286.40)	(11,278.46)
	Profit / (Loss) after Tax	(21,312.78)	(27,605.62)
	EPS	(33.42)	(43.28)
4) Export performance and net foreign exchange collaborations	₹ 688.18 lacs (Export at FOB Value) for the nine months period ended 31st March, 2013		
5) Foreign investments or collaborators	NIL		

Annexure to the Notice (Contd.)

II. INFORMATION ABOUT THE APPOINTEE	
1) Background details	Shri Sanjiv Jajodia , son of Late Keshar Deo Jajodia joined Jai Balaji Industries Limited in 2002. He has been instrumental in shaping the corporate profile of the Company and in establishing the Company as a major Corporate House in the steel sector.
2) Past Remuneration	₹ 600,000/- p.m.
3) Recognition or awards	Shri Sanjiv Jajodia is well known among industry circle as a highly successful entrepreneur.
4) Job profile and his suitability	Shri Sanjiv Jajodia has expertise in Corporate Finance, Accounts, Taxation, Corporate Governance, Statutory Compliance, Planning, System & Procedures, Audit, Internal and Statutory Audit and Control. He has been instrumental in shaping the corporate profile of the Company and in establishing the Company as a major Corporate House in the steel sector.
5) Remuneration proposed	Rs. 600,000/- p.m.
6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	Remuneration proposed is commensurate to industry standards & profile of the candidate.
7) Pecuniary relationship directly or indirectly with the Company or relationship with the Managerial Personnel	Shri Sanjiv Jajodia holds 2,649,433 shares of the Company.
III. OTHER INFORMATION	
1) Reasons of inadequate profits or loss	Due to inflation in cost of raw material, increase in borrowings cost and non availability of raw materials.
2) Steps taken or to be taken for improvement	Continuous efforts are being made to enhance productivity, cost and sales growth to improve profitability.
3) Expected increase in productivity and profits in measurable terms	The management expects the demand to improve further and it is expected that the production & demand would grow at a reasonable rate during the year. Note: The above expected demand & productions are forward looking statement within the meaning of applicable laws. Actual results could differ materially from those expressed or implied which are subject to various factors such as market factors, demand and supply conditions, changes in government policies, tax laws, etc.

As required under Section 302 of the Companies Act, 1956, an abstract of the main terms and conditions of the re-appointment of Shri Sanjiv Jajodia, as the Whole-time Director of the Company and memorandum of concern or interest of the directors are given below:

EXTRACT PURSUANT TO SECTION 302 OF THE COMPANIES ACT, 1956

Terms and Conditions of Re-appointment

a) Salary:

₹ 6,00,000/- (Rupees Six Lac only) per month. (Annual increment of amount not exceeding ₹ 1,20,000/- per month, subject to the approval of Board.)

b) Perquisites and Allowances:

i) Housing

Fully furnished residential accommodation, owned leased or licensed by the Company OR, in lieu a house rent allowance @ 40% of the monthly salary.

ii) Education

Education expenses of dependent children not exceeding ₹ 50,000/- per month.

iii) Special Allowance

Special Allowance of ₹ 1,25,000/- per month.

iv) Medical Benefits

Reimbursement of actual medical expenses incurred in India/ abroad and including

hospitalization/nursing home and surgical charges for himself and family. The company shall pay necessary premium for maintenance of policies for himself and family for medical benefits.

v) Personal Accident Insurance

For self and family as per rules of the Company.

vi) Leave Travel Concession

For self and family as per rules of the Company.

vii) Contribution to Provident Fund, Superannuation Fund and Annuity Fund

The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund as per rules of the Company.

Annexure to the Notice (Contd.)

viii) *Gratuity*

Payable as per rules of the Company.

ix) *Leave*

Leave with full pay and allowances including encashment thereof as per rules of the Company.

x) *Club fees*

Reimbursement of membership fees for a maximum of two clubs including admission and life membership fees.

xi) *Statutory Obligation*

Payable as per rules of the Company

Explanation

Perquisites shall be valued as per the Income Tax Act, 1961 wherever applicable and in absence of any such Rules, perquisites shall be evaluated at cost.

c) **Amenities:**

i) *Conveyance Facilities*

The company shall provide a car with driver or such other suitable conveyance facilities as may be required by the Whole-time Director for discharge of his duties.

ii) *Telephone and Other Communication Facilities*

The company shall provide telephone and other communication facilities to the Whole-time Director for official purposes.

d) **Other benefits**

Such other benefits, amenities and facilities as per the Company's rules.

e) **Reimbursement of Expenses**

Reimbursement of all entertainment, travelling, hotel and other expenses including foreign travel expenses for self and family incurred by the Whole-time Director during the course of or in connection with the business of the Company.

f) **Remuneration**

The above remuneration in any financial year shall not exceed the limits prescribed from time to time under section 198, 309 and other applicable provisions of the companies Act, 1956. The remuneration shall suspended till the time the Company is unable to satisfy the conditions specified in Part B Section II of part II of Schedule XIII of the Companies Act, 1956.

None of the director, except Shri Sanjiv Jajodia and Shri Rajiv Jajodia, brother of Shri Sanjiv Jajodia, is concerned or interested in the contract of aforesaid appointment.

The Board of directors recommends the resolution mentioned in Item no. 6 to be passed as Special Resolution.

Note on appointment of M/s. S. K. Agrawal & Co., Chartered Accountants, as Statutory Auditors of the Company (Item No. 4)

The Company has received a letter dated 27th July, 2013 from M/s. U. Narain & Co. and M/s. Rashmi & Co.,

Chartered Accountants, the Joint Statutory Auditor of the Company regarding their unwillingness to be reappointed at the ensuing Annual General Meeting, for the financial year ending 31st March, 2014. Hence the Board of Directors of the Company proposed, in its meeting dated 12th August, 2013 to appoint M/s. S. K. Agrawal & Co., Chartered Accountants, as the Statutory Auditor of the Company for the financial year ending 31st March 2014 subject to the approval of the members of the Company at the ensuing Annual General Meeting.

The Company has received special notice of a resolution from a Member of the Company, in terms of the applicable provisions of the Act, signifying his intention to propose the appointment of M/s. S. K. Agrawal & Co., as the statutory auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General meeting of the Company. M/s. S. K. Agrawal & Co., has expressed its willingness to act as statutory auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Act.

The Members' approval is being sought for the appointment of M/s. S. K. Agrawal & Co., as the statutory auditors and to authorise the Board of Directors, on the recommendation of the Audit Committee, to determine the remuneration payable to them.

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

Place : Kolkata
Date : 12th August, 2013

By Order of the Board

For Jai Balaji Industries Limited

Ajay Kumar Tantia
Company Secretary

Annexure to the Notice (Contd.)

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

Brief Profile of Directors proposed to be re-appointment/seeking appointment at 14th Annual General Meeting

Name	Shri Satish Chander Gupta	Shri Ashim Kumar Mukherjee	Shri Shailendra Kumar Tamotia
Date of Birth	05 th May, 1947	1 st January, 1942	25 th September 1939
Date of Appointment	30 th June, 2008	18 th August, 2007	15 th May, 2013
Qualification	M.Com, CAIIB	B. E. (Mining) & First class Mine Manager's Certificate of Competency to manage a Metalliferous Mine (Restricted)	B.E. (Hons.), Civil Engineering M.E. (Soil Mech. & Foundation Engg.) & D. Engg. (Hons.)
Expertise in Specific functional area	Banking and Finance	48 Years working experience in various capacities and areas in Mining of Ferrous Minerals	50 years of experience in ferrous & non-ferrous metals industry
Directorship held in other Public Companies	1) Emmsons International Limited 2) ISMT Limited 3) Solar Industries Limited 4) Gujrat Foils Limited 5) Brahmaputra Infra Projects Limited 6) Brahmaputra Infra Structure Limited 7) SMC Global Securities Limited 8) Orbit Corporation Limited 9) Prudent Arc Limited	1) Nilachal Iron & Power Limited 2) Orissa Sponge Iron and Steel Limited	NIL
Chairmanship / Membership of the Committees of the Company	Audit Committee-Chairman	1) Audit Committee - Member 2) Remuneration Committee - Chairman 3) Shareholders/Investors Grievance Committee - Chairman 4) Management Finance Committee - Member	Audit Committee - Member
Chairmanship / Membership of Committees across other Public Companies	1) Audit Committee: Emmsons International Limited - Member ISMT Limited - Member Solar Industries Limited - Member 2) Remuneration Committee : ISMT Limited - Member	1) Audit Committee: Nilachal Iron & Power Ltd. - Member 2) Remuneration Committee : Nilachal Iron & Power Ltd. - Member	NIL
No. of Equity Shares held in the Company	NIL	NIL	NIL



Directors' Report

Dear Members

Yours Directors are pleased to present the fourteenth Annual Report of your Company along with the audited accounts for the nine months financial year ended 31st March, 2013.

FINANCIAL PERFORMANCE

(₹ in lacs)

Particulars	Nine months period ended March 31 st , 2013	Fifteen months period ended June 30 th , 2012
Income	156,657.62	295,901.21
Less: Expenses	161,997.96	288,909.67
Finance Costs	17,644.70	31,999.68
Depreciation and amortization expenses	8,612.67	13,875.94
Profit / (Loss) before exceptional and extraordinary items and Tax	(31,597.71)	(38,884.08)
Less : Exceptional items	—	—
Profit/ (Loss) before extraordinary items and Tax	(31,597.71)	(38,884.08)
Less : Extraordinary items	—	—
Profit / (Loss) before Tax	(31,597.71)	(38,884.08)
Less : Tax expense	—	—
Current Tax	1.47	—
MAT Credit Entitlement	—	—
Deferred Tax Credit	10,286.40	11,278.46
Profit/(Loss) after tax	(21,312.78)	(27,605.62)
Earnings per share (Nominal value per share ₹ 10/-)	(33.42)	(43.28)
Basic and Diluted		

FINANCIAL HIGHLIGHTS

During the year 2012-13, your company incurred loss which can be mainly attributable to raw material price inflation, rising borrowing costs and other global factors. The Loss before exceptional and extraordinary items and tax was ₹ 31,597.71 lacs as compared to loss of ₹ 38,884.08 lacs in the previous year. The net loss for the year under review (nine months) was ₹ 21,312.78 lacs against loss after tax of ₹ 27,605.62 lacs in the previous year (fifteen months).

FINANCIAL YEAR

The previous financial year, 2011-12 was extended by three months thereby ending on 30th June, 2013. The Financial Year under reporting ended on 31st March, 2013, being a period of nine months, commencing on 1st July, 2012 ending on 31st March, 2013. Henceforth, the financial year of the Company shall commence on 1st April and end on 31st March every year, if not otherwise decided by the Board in any particular financial year.

DIVIDEND

In view of losses incurred and requirement of capital, considering the capital intensive nature of the industry, for the working of the Company, your Directors did not recommended dividend for the financial year 2012-13.

PREFERENTIAL ISSUE

During the year under reporting, no GDRs/ADRs/Warrants or any Convertible Instruments were issued.



Directors' Report (Contd.)

However, the Company has issued and allotted on 4th July, 2013, 10,000,000 warrants to promoter group companies namely M/s. Enfield Suppliers Limited (1,900,000 warrants) and M/s. Hari Management Limited (8,100,000 warrants) on a private placement basis at an issue price of ₹ 50/- each.

Each warrant is convertible into one equity share within a period of 18 months from the date of allotment, in one or more tranches, at a conversion price of ₹ 50/- per equity share (including a premium of ₹ 40/- per share), which is a price greater than the price determined as per Regulation 76 of Chapter VII of SEBI (ICDR) Regulations, 2009.

The Board at its meeting held on 5th August, 2013, has fully and partly converted the said warrants, by way of allotment of 3,495,000 equity shares, being 1,900,000 equity shares to M/s. Enfield Suppliers Limited and 1,595,000 equity shares to M/s. Hari Management Limited, pursuant to their respective application for conversion of warrants. After the said conversion, the equity share capital of your company stands at ₹ 67,264,860/- divided into 6,726,486 equity shares of ₹ 10/- each.

After the full conversion of remaining warrants, if exercised, the equity capital of the Company will increase to ₹ 737,814,860/-. The shares so issued shall rank *pari-passu* in all respects, including as to dividend, with the existing shares of the Company.

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.

During the year under reporting, your company's project for expansion of 350000 MTPA Coke Oven Plant along with Waste Heat Recovery Boiler of 80 TPH completed and capitalised. The said coke oven plant is presently running satisfactorily.

The DRI Plant of 60000 MT & coal washery in subsidiary company M/s Nilachal Iron & Power Limited started its commercial production during the year under review. The Dumri Coal Block has also received Environmental clearance and Forest Go Certificate. Forest clearance stage one has been received and stage two is under process.

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.

CORPORATE DEBT RESTRUCTURING

Your Company's Corporate Debt Restructuring scheme, which was approved vide letter of approval dated 20th September, 2012 from CDR Empowered Group/CDR Cell, has been implemented during the year.

SUBSIDIARIES

Your Company continues to have three wholly owned subsidiaries namely, M/s. Nilachal Iron & Power Limited, M/s. Jai Balaji Steels (Purulia) Limited & M/s. Jai Balaji Energy (Purulia) Limited.

■ Nilachal Iron & Power Limited

A wholly owned subsidiary of your Company since 26.10.2007, having its

manufacturing plant located in Kandra near Jamshedpur, Jharkhand. Currently, it manufactures sponge iron, and work on increasing its capacity by 60,000 tonnes per annum has been initiated. The company has been allotted the Dumri Coal Block for captive mining from the Government of India, about 300 kms from the plant.

■ Jai Balaji Steels (Purulia) Limited

Wholly owned subsidiary of the Company. It did not commence commercial production as on the date of reporting.

■ Jai Balaji Energy (Purulia) Limited

Wholly owned subsidiary of the Company. It did not commence commercial production as on the date of reporting.

The Audited Balance Sheet and Statement of Profit & Loss Account along with the respective Reports of the Board of Directors' and the Auditors' Report thereon of the said subsidiaries, wherever applicable, for the financial year ended 31st March, 2013 are attached in terms of Section 212 of the Companies Act, 1956.

A statement relating to amount of profit/(loss) of subsidiaries, dealt with and not dealt with in the Companies account, as per Section 212 of the Companies Act, 1956 is also provided in this report.

JOINT VENTURES

Your Company continues to have two Joint Venture Companies namely, M/s. Andal East Coal Company Private Limited and M/s. Rohne Coal Company Private Limited.

■ Andal East Coal Company Private Limited

A Joint Venture Company



Directors' Report (Contd.)

'M/s Andal 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 Andal Non-Coking Coal Block in the State of West Bengal by Ministry of Coal, Government of India.

■ Rohne Coal Company Private Limited

A Joint Venture Company 'M/s. 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.

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), BSE 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 the year 2013 - 2014 to the National Stock Exchange of India Limited (NSE), BSE Limited (BSE) and The Calcutta Stock Exchange Limited (CSE).

DEMATERIALIZED SHARES

The dematerialised shares of the Company are maintained by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The company has paid the annual fees for the year 2013-2014 to the NSDL and CDSL.

PROSPECTS

The global economy appears to be transitioning toward a period of more stable but slower growth. The economic conditions improved modestly in the third and fourth quarter of 2012, however, a broad set of indicators for global industrial production and trade suggests that global growth did not strengthen further. A sharp pullback in demand of steel in the third quarter has pushed up steel consumption in the fourth quarter.

Steel industry is vital for overall economic development of every nation as it is one of the core sectors. Despite all the headwinds and lingering difficulties steel industry has delivered robust growth rate. However their projects after hitting several road blockades are yet to generate output. The steel sector contributes to nearly 2 percent in the GDP and employs over 5 lakh people. Indian Steel industry is poised for greater growth catapulting India to the league of highest steel consuming nations of the world in the next decade.

The Indian economy's outlook for 2013-14 can be viewed as cautiously optimistic. Backed by policy actions announced in the recent budget, it is

projected that India would return to the robust growth path of 7-8% over the next two to three years. Though the Steel demand was low in 2012-13 due to continuing economic crisis, however, spurt in demand is expected in 2014-15. Domestic steel demand is expected to be muted in 2013-14 and profit margins in financial year 2013-14 to remain broadly similar to the financial year 2013-14. This is mainly due to persistent high cost of steel production.

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

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.

INSTALLED CAPACITY AND ACTUAL PRODUCTION

Your company has an integrated steel plant and manufactures different products in Steel sector. The Company's cumulative product wise installed capacity and actual production comprise of the following:

Directors' Report (Contd.)

Product	Annual Installed Capacity (M.T.)		Actual Production (M.T.) #	
	2012-13	2011-12	2012-13 (Nine Months)	2011-12 (Fifteen Months)
Sponge Iron	345,000	345,000	136,419	262,293
Pig Iron	509,250	509,250	208,010	498,803
Steel Bars/Rods	260,000	260,000	60,518	97,850
Billet/MS Ingot	906,230	906,230	262,920	420,223
Ferro Alloys	106,618	106,618	29,305	68,746
Ductile Iron Pipe	240,000	240,000	41,449	91,788
Power	101.10 (MW)	101.10 (MW)	217.48 (MU)	505.91 (MU)
Sinter	608,000	608,000	382,223	795,643
Coke	350,000	—	100,056	—

includes production for third party conversion 4,499 M.T (14,101 M.T.) and NIL (6,674 M.T.) in respect of Ferro Alloy and Steel Bars/Rods respectively.

Coke oven production includes trial run production 81,808 M.T.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of annual accounts, the applicable accounting standards have been followed;
- They have selected such accounting policies and applied them consistently and made judgements 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, 2013 and of the loss 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.

INFORMATION PURSUANT TO SEC 217 OF THE COMPANIES ACT, 1956

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 has complied with the requirements of Clause 49 of the Listing Agreement regarding Corporate Governance. A report on the Corporate Governance practices, the Auditor's Certificate regarding compliance of the conditions of Corporate Governance, and Management Discussion and Analysis 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 Joint statutory auditors of your Company, M/s. U. Narain & Co., Chartered Accountants, and M/s. Rashmi & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and have expressed their unwillingness to be re-appointed as statutory auditors.

The Company has received a notice from a shareholder under Section 225 of the Companies Act, 1956 nominating M/s. S. K. Agrawal & Co., Chartered Accountants of 4A, Council House Street, Kolkata-700 001, as Statutory Auditors of the Company. The said M/s. S. K. Agrawal & Co., Chartered Accountants have given their consent to act as Statutory Auditors of the Company, if appointed, and has further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

Your directors recommend appointment of M/s. S. K. Agrawal & Co., as Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting.

AUDITORS' REPORT

The 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



Directors' Report (Contd.)

Companies Act, 1956 read with Cost Accounting Records (Steel Plant) Rules, 1990, The Companies (Cost Accounting Records) Rules, 2011, The Companies (Cost Audit Report) Rules, 2011, and relevant circulars issued by the Ministry of Corporate Affairs, to carry out audit of cost records of the Company for the financial year 2013-14. The same has subsequently been approved by the Central Government.

COST AUDIT REPORT

The Company has filed the Cost Audit Report for the financial year 2011-12 with the Registrar of Companies, Ministry of Corporate Affairs in the prescribed form.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Shri Satish Chander Gupta and Shri Ashim Kumar Mukherjee, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The Board has re-appointed Shri Sanjiv Jajodia, whose term as the Whole-time Director of the Company expired on 30th April, 2013, as the Whole-time Director for a further period of 5 (five) years with effect from 1st May, 2013, subject to the approval of shareholders and on the terms and conditions as specified in the agreement entered into between Shri Sanjiv Jajodia and the Company.

Your Directors appointed Shri Shailendra Kumar Tamotia w.e.f. 15th May, 2013 as an Additional Directors of the Company. He shall hold office upto the date of ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 proposing the candidature of Shri Shailendra Kumar Tamotia as Director

of the Company. In view of his wide experience and qualifications your Directors recommend his appointment. Shri Shailendra Kumar Tamotia, if appointed, will continue to act as an independent director of the Company.

Shri Krishnava S. Dutt and Shri Gourav Jajodia have resigned from the directorship of the Company with effect from 14th May, 2013 and 5th August, 2013, respectively. The Board wishes to place on record its sincere appreciation for the valuable contribution rendered by Shri Krishnava S. Dutt and Shri Gourav Jajodia during their tenure.

A brief resume of the Directors seeking re-appointment and appointment in the ensuing Annual General Meeting is incorporated in the Notice of the ensuing Annual General Meeting.

HUMAN RESOURCE MANAGEMENT

The Company is dedicated to have an optimum level of human resource and believes in the concept of right talent at the right job. We nurture our human resource and provide them a growth oriented and challenging work environment thereby achieving our organisational goals. The Company acknowledges the tremendous contribution of all its employees towards its growth in leading, thinking, working, motivating, etc.

The management continuously urges for building harmonious relations and strengthening the human resource system by making available better tools, technology and techniques at the workplace to maximise the skills of the workforce. The Company gives proper opportunities to its employees 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

Corporate Social Responsibility is viewed by company as operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business by contributing to economic development and 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.
- Water sprinkling on road at nearby villages.
- Cleaning and maintaining of plantation area at nearby villages.

❖ Healthcare

- Distribution of free medicines.
- Provides ambulance services for nearby villagers in emergency conditions.

❖ Rural Development

- Maintaining street lights at nearby villages.



Directors' Report (Contd.)

- Financial assistance for providing water and electricity.

❖ Social

- Provided financial assistance by way of donations to various local agencies during festive occasions.
- Provided financial help to District Sainik Welfare.
- Provided financial assistance for organisation of sports championships.

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 take this opportunity to place on record their sincere gratitude to its customers, dealers, suppliers, investors, members, financial institutions/banks, Central Government, State Government, all regulatory and government authorities and all other business associates for their continued support and co-operation extended by them to the Company.

Your Directors express deep appreciation for excellent contribution

of the employees, workers, staff and executives of the Company by means their sincere and dedicated hard work during the year under review which has been instrumental to the growth of your company.

On behalf of the Board of Directors

Aditya Jajodia
Chairman & Managing Director

Place: Kolkata

Date: 12th August, 2013



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, 2013:

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:

- Modification in Capacitor bank of furnace to improve Power Factor to >0.95.
- Use of compact fluorescent lamps and lightning in place of conventional lights
- Exercise to check the connected electricity machines (motors etc.) against actual loading and necessary measures taken to optimise the over capacity selection
- Merger of 10 MVA & 22 MVA DVC power
- Cross checking of motor rating, avoiding overrated if any and its proper maintenance and avoiding idle running.
- Replacement of lesser efficiency capacitor to maintain the power factor.
- ACC Fins cleaning which increases the heating surface area and increases the efficiency (Power Division).
- Ash handling system modification and upgradation resulting to reduction in air consumption. Thus, electricity required is reduced in Air compressors.
- Utilization of Dolochar in AFBC Boilers.
- Plant Lighting modification:
 - 1) Including reduction in all incandescent bulbs and halogen.
 - 2) Converted outdoor lighting to low power efficient sodium lamps.
 - 3) optimise outdoor decorative lighting
 - 4) Air conditions set at moderate temperature to keep comfortable temperature with more power saving
- Yearly cleaning of Waste Heat recovery boiler tubes to remove sludge deposition in it to increase the Boiler efficiency.

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

Investment for purchasing capacitor banks, power merger, optimisation of motor rating.

(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 waste-by-product like dolachar utilized in AFBC boilers, effective utilisation of waste heat used in power plant production and saving in electrical energy resulting in lowering of cost of production. Apart from the above the following factors may be noted:

- Capacitor Bank helps in reduction of power losses thereby maintaining the power factor.
- Saving in electricity consumption by keeping the AC's temperature at moderate level
- Keeping ACs in optimum temperature results in saving electricity used for plant maintenance.
- 35000 KWH approx saving per month in upgraded ash handling system and air compressors

(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:

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

Annexure to Directors' Report (Contd.)

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.

(a) Total foreign exchange used and earned

	2012-13 (nine months)	2011-12 (fifteen months)
i) Foreign currency used	22,747.64	34,069.97
ii) Foreign currency earned	688.18	4,540.75

The foreign currency earnings decreased during the year as compared to the previous year was mainly due to global recession, decreased value of rupee and other factors.

FORM - A

Form for disclosure of particulars with respect to conservation of energy

A. Power and fuel consumption:

Particulars	2012-13 (nine months)	2011-12 (fifteen months)
Electricity		
a) Purchased		
Units (in lacs)	3,041.85	4,081.07
Total amount (Rs. in lacs)	12,848.42	17,918.52
Rate per unit (Rs.)	4.22	4.39
b) Own generation		
i) Through diesel generator		
Units (in lacs)	1.10	1.44
Units per litre of diesel	3.72	2.88
Cost per unit (Rs.)	12.38	14.84
ii) Through power plant		
Units (in lacs)	2,124.57	4,554.59
Total amount (Rs. in lacs)	12,305.40	14,371.07
Cost per unit (Rs.)	5.79	3.15

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

Particulars	2012-13 (nine months)	2011-12 (fifteen months)
Sponge iron (Units)	104	111
Billet/MS ingots (Units)	927	668
Ferro alloys (Units)	6,064	6,319
Pig iron (Units)	145	133
Steel bars/rods (Units)	119	131
Ductile Iron Pipe (Units)	504	437
Sinter (Units)	39	28
Coke (units)	77	—



Annexure to Directors' Report (Contd.)

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 during the year within the meaning of applicable accounting standards.

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

Improvement in load factor by better utilisation of power.

3. Future plan of action:-

- Improvement in productivity
- Reduction in wastage
- Energy conservation measures
- Safer environment

4. Expenditure on R&D:-

In view of established accounting practice the cost associated with the Research and Development has been merged with the respective account heads.

Technology absorption, adaptation and innovation:

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

Your company has always been aware of the latest technological know how and development and adopted them 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 the above there was product improvement and saving in process costs

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

Corporate Governance is all about maintaining a valuable relationship and trust with all the stakeholders. Good corporate governance ensures that we engage in democratic and open process and are held accountable for our business decisions. It is basically an ethically driven business process that is committed to values and conduct aimed at enhancing an organisation's wealth generating capacity.

Your Company is committed to conduct business in accordance with the highest ethical standards and sound Corporate Governance Reports. Our company believes that any business conduct can be ethical only when it rests on the values like honesty, fairness, trust and integrity. Our governance practices stem from an inherent desire to improve and innovate and are driven by

experienced board, timely disclosures, and transparent accounting policies and high level of integrity in decision making. We have tried to blend growth and efficiency with governance and ethics. Our Board of Directors formulate strategies and policies having focus on optimizing value for various stakeholders like consumers, shareholders and the society at large.

Compliance with Corporate Governance Guidelines

The Company is in compliance 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 is headed by a Executive Chairman and consists of a combination of executive & non-executive directors and independent directors. As on 31st March, 2013, the Board consists of 9 directors, out of which:

- 2 are Promoter Executive Directors,
- 1 is Executive Director,
- 2 are Promoter Non-Executive Directors and
- 4 are Independent Non-Executive Directors.

During the financial period 2012-13 being a period of 9 months, 6 (Six) meetings of the Board were held viz., 20th July, 2012; 14th August, 2012; 28th September, 2012; 4th October, 2012; 9th November, 2012 and 12th February, 2013. The maximum time gap between two consecutive board meetings did not exceed four months.

The details of composition of the Board of Directors i.e. their names and category, their attendance at Board meetings during the financial year 2012-13 and at the last Annual General Meeting and the number of other directorship(s) and Board committees' membership(s)/chairmanship(s) are as follows:

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

*Appointed as executive director w.e.f 1st October, 2012

**Resigned w.e.f. 14th May, 2013

***Resigned w.e.f. 5th August, 2013

Report of the Directors on Corporate Governance (Contd.)

As required by Clause 49 IV (G) of the Listing Agreement the details of the directors seeking appointment/re-appointment in Fourteenth Annual General Meeting are given in the notice to the Annual General Meeting.

Shri Krishnava S. Dutt and Shri Gourav Jajodia have resigned from the Board w.e.f 14th May, 2013 and 5th August, 2013 respectively. Shri Shailendra Kumar Tamotia have been appointed as an additional director w.e.f. 15th May, 2013.

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 I (C) of the Listing Agreement across all the Companies in which he is a director.

Membership(s)/Chairmanship(s) of only the Audit Committee and Shareholders'/Investors' Grievance Committee 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

The Board has constituted the following Committees of Directors:

■ 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 cost auditor 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 Committee is headed by Shri Satish Chander Gupta, an Independent Non-Executive Director of the Company. The Audit Committee as on 31st March, 2013, comprises of 6 Directors, out of which:

- 4 are Independent Non-Executive Directors,
- 1 is Executive Director and
- 1 is a Promoter Executive Director.

During the financial period 2012-13 being a period of 9 months, 4 (Four) meetings of the Audit Committee were held viz., 14th August, 2012; 4th October, 2012; 9th November, 2012 and 12th February, 2013. 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 2012-13 are given below:

Name of the Members	Designation	No. of meetings attended
Shri Satish Chander Gupta	Chairman	3
Shri Aditya Jajodia	Member	4
Shri Ashim Kumar Mukherjee	Member	4
Shri Shyam Bahadur Singh	Member	4
Shri Krishnava S Dutt (resigned w.e.f. 14.05.2013)	Member	2
Shri Amit Kumar Majumdar	Member	4

Report of the Directors on Corporate Governance (Contd.)

Shri Krishnava S Dutt ceased to be the member of Audit Committee upon his resignation from the Board w.e.f 14th May, 2013. Shri Shailendra Kumar Tamotia has been inducted in the Audit Committee as member w.e.f 15th May, 2013.

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 Joint 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 Shri Satish Chander Gupta 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 confirm 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 Cost Auditor and Internal Auditor and fixation of their remuneration and other payments.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions; and
 - g. Qualifications in the draft audit report.
5. Reviewing with the management, quarterly, half yearly and annual financial results before submission to the Board for approval including a statement of assets and liabilities as at the end of the half-year and/or as at the end of the financial year.
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, private placement etc.).
7. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function including the frequency of internal audit.
9. Discussion with internal auditors any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
13. Reviewing any related party transaction i.e., transaction with the Company of material nature, key managerial personnel (KMP), relatives of KMP, enterprises over which the KMP possess significant influence, etc., that may have potential conflicts with the interest of the Company at large.
14. Approval of appointment of Chief Financial Officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience & background, etc. of the candidate.
15. Reviewing transactions with Subsidiaries, Joint Ventures etc.
16. Reviewing the financial statements of the unlisted subsidiary companies.
17. Carrying out any other functions as mentioned in the terms of reference of the Audit Committee.

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

- 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.

Report of the Directors on Corporate Governance (Contd.)

■ Remuneration Committee

The Remuneration Committee constituted in pursuance of the provisions of the Listing Agreement and Schedule XIII to the Companies Act, 1956. The Committee is headed by Shri Ashim Kumar Mukherjee, an Independent Non-Executive Director of the Company. As on 31st March, 2013 the committee comprises of 4 directors of which 3

are Independent Non-Executive Directors and one Executive Director.

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 in compliance with Schedule XIII of the Companies Act, 1956.

During the financial period 2012-13 being a period of 9 months, 2 (Two) meetings of the Remuneration Committee were held viz., 20th July, 2012 and 4th October, 2012. The necessary quorum was present at the meeting.

The Composition of the Committee and the attendance at the meetings of the Committee during the financial year 2012-13 are given below:

Name of the Members	Designation	No. of meetings attended
Shri Ashim Kumar Mukherjee	Chairman	2
Shri Shyam Bahadur Singh	Member	2
Shri Satish Chander Gupta	Member	1
Shri Amit Kumar Majumdar	Member	2

Remuneration policy/Criteria of payments:

The remuneration determined for the Executive/Non-executive Director is subject to the approval of the Board of Directors and the Members.

■ Executive Directors:

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. Shri Shyam Bahadur Singh was appointed as an Executive Director w.e.f. 1st October, 2012. 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. The Company pays remuneration by way of salary, benefits, perquisites and allowances to its Executive Directors. The details of remuneration paid to the Executive Directors for the financial year 2012-13 are as follows:

(₹)

Name of the Directors	Salary	Benefits/Allowances, etc. (fixed component)	Total
Shri Aditya Jajodia	NIL	NIL	NIL
Shri Sanjiv Jajodia	NIL	NIL	NIL
Shri Shyam Bahadur Singh*	1,80,000	2,70,000	4,50,000
Total	1,80,000	2,70,000	4,50,000

*Remuneration from 1st October, 2012 to 31st March, 2013.

In the event of being no profits or inadequate profits, the Managing Director and Whole - time Director has waived off their remuneration for the Financial Year 2012-13.

■ Non-Executive Directors:

The Non-Executive Directors do not draw any remuneration from the Company other than 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. Your Company pays Service Tax under Reverse Charge Mechanism for services received from its Directors as per the rule 2(1)(d)(EE) of the Service Tax Rules and Notification No. 30/2012 dated 20.06.2012 issued by the Government of India, Ministry of Finance (Department of Revenue) amended

Report of the Directors on Corporate Governance (Contd.)

w.e.f. 7th of August, 2012. The details of sitting fees (including TDS) paid to the Non - Executive Directors for the financial year 2012-13 are as follows:

Name of the Directors	Sitting Fees (including TDS) (₹)
Shri Rajiv Jajodia	20,000
Shri Gourav Jajodia	15,000
Shri Ashim Kumar Mukherjee	30,000
Shri Shyam Bahadur Singh	20,000
Shri Satish Chander Gupta	20,000
Shri Krishnava S Dutt	10,000
Shri Amit Kumar Majumdar	30,000
Total	145,000

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, 2013 are as follows:

Name	No. of shares held in the Company
Shri Rajiv Jajodia	1,568,333
Shri Gourav Jajodia	119,666

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 is headed by Shri Ashim Kumar Mukherjee, an Independent Non-Executive Director of the Company. The Committee as on 31st March, 2013 comprises of 4 directors out of which:

- 1 is Promoter Executive Director,
- 1 is Promoter Non-Executive Director, and
- 2 are Independent Non-Executive Directors,

The Share Transfer cum Investors' 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, subdivision 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.

Report of the Directors on Corporate Governance (Contd.)

During the financial year 2012-13, 4 (Four) meetings of the Share Transfer cum Investors' Grievance Committee were held viz., 14th August, 2012; 9th November, 2012; 3rd January, 2013 and 12th February, 2013. The composition of the Shareholders' Grievance Committee and the attendance of member Directors of the committee during the financial year 2012-13 are as follows:

Name of the Members	Designation	No. of meetings attended
Shri Ashim Kumar Mukherjee	Chairman	4
Shri Aditya Jajodia	Member	4
Shri Gourav Jajodia**	Member	3
Shri Amit Kumar Majumdar	Member	4

*Resigned w.e.f. 5th August, 2013

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

Complaints pending as on 1st July, 2012 : NIL

Complaints received during the year ended 31st March, 2013 : 1

Complaints resolved during the year ended 31st March, 2013 : 1

Complaints pending as on 31st March, 2013 : 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, 2013.

Compliance Officer

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

■ Management (Finance) Committee

The Company has a Management (Finance) Committee of Directors which as on 31st March, 2013, comprised of 4 directors out of which:

- 2 are Promoter Executive Directors,
- 1 is Promoter Non-Executive Director 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 period 2012-13 of 9 months, 7(Seven) meetings of the Committee were held viz., 1st July, 2012, 27th September, 2012; 4th October, 2012; 10th October, 2012; 20th November, 2012; 8th March, 2013 and 28th March, 2013. The composition of the Management (Finance) Committee and the attendance of member Directors of the committee during the financial year 2012-13 are as follows:

Name of the Members	Designation	No. of meetings attended
Shri Aditya Jajodia	Chairman	7
Shri Sanjiv Jajodia	Member	7
Shri Rajiv Jajodia	Member	7
Shri Ashim Kumar Mukherjee	Member	7

Report of the Directors on Corporate Governance (Contd.)

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
2011-12	18.12.2012	11:00 A.M.	Rotary Sadan (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata – 700 020
2010-11	21.09.2011	11:00 A.M.	Rotary Sadan (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata – 700 020
2009-10	22.09.2010	11:00 A.M.	Rotary Sadan (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata – 700 020

Special Resolutions

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

✱ 2011-12

- Approval u/s 81(1A) of the Companies Act, 1956 to create, issue, offer and allot on preferential basis to promoters group upto 1,00,00,000 warrants of ₹ 50/- each and given an option to holder thereof to apply for conversion of such warrants in aggregate upto 1,00,00,000 equity shares of ₹ 50/- each including premium of Rs. 40/- per share.
- Appointment of Shri Shyam Bahadur Singh as Executive Director of the Company on a remuneration not exceeding to ₹ 75,000/- per month w.e.f. 1st October, 2012.
- Re-appointment of Shri Aditya Jajodia as Managing Director of the Company for a further period of 5 years w.e.f. 23rd July, 2012 on terms, conditions and remuneration as mentioned in the agreement dated 20th July, 2012.

✱ 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.

■ Extra-ordinary General Meeting

The details of the Extra-ordinary 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
2011-12	Rotary Sadan (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata – 700 020	Wednesday 09.05.2012	11:00 A.M.	<ol style="list-style-type: none"> 1. Alteration in Articles of Association 2. Appointment of M/s. U. Narain & Co. and M/s. Rashmi & Co. as Joint Statutory Auditors 3. Approval for keeping the Register of members, Index of members etc., and Annual Return under Sections 159 and 160 of the Companies Act, 1956 at the office of Registrar and Share Transfer Agent as may be appointed from time to time.

Report of the Directors on Corporate Governance (Contd.)

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.	<ol style="list-style-type: none"> 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

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. 38 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 structure 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 U. Narain & Co. and M/s Rashmi & Co., Chartered Accountants, Joint 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 31st March, 2013. 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.

● Management Discussion and Analysis Report

A Management Discussion and Analysis Report forming part of the Directors Report in accordance with Clause 49(IV)(F) of the Listing Agreement is attached herewith.

6. SECRETARIAL AUDIT

A qualified practising Company Secretary carried out secretarial audit to reconcile the total admitted



Report of the Directors on Corporate Governance (Contd.)

capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) 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.,

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

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:

- a) Copy of the Minutes of the Meetings of the Board of Directors of the Subsidiary Companies are tabled before the Company's Board.
- b) Financial results of the Subsidiary Companies are tabled before the Company's Audit Committee and Board.

8. CEO AND CFO CERTIFICATION

Shri Aditya Jajodia, Chairman & Managing Director and CEO, and Shri Raj Kumar Sharma, CFO of the Company have certified to the Board in accordance with Clause 49(V) of the Listing Agreement pertaining to the CEO and CFO certificate for the nine months financial year ended 31st March, 2013 which is separately enclosed with this report.

9. MEANS OF COMMUNICATION

Quarterly Financial Results

In compliance with Clause 41 of the Listing Agreement, the Company regularly intimates the un-audited as well as audited financial results to the stock exchanges as soon as the same are approved and taken on record by the Board and the same is filed through NSE Electronic Application Processing System and BSE Corporate Compliance & Listing Centre.

The Annual Report, Quarterly/half yearly results, Shareholding Patterns etc. of the Company are also posted on the website of the Company i.e. www.jaibalajigroup.com

Newspapers wherein results normally published

The un-audited and, or audited results of the Company are published in Business Standard and Mint (English Newspaper), Aajkal and Sakalbela (Vernacular Newspaper)

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 basic required 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

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.

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



Report of the Directors on Corporate Governance (Contd.)

10. SHAREHOLDER INFORMATION

● Annual General Meeting : Day, date, time and venue	: Thursday, 12 th September, 2013 at 11.00 a.m. Rotary Sadan (Shripati Singhanian Hall), 94/2, Chowringhee Road, Kolkata - 700 020
● Financial calendar (tentative) for the year 2013-14	: April 2013 to March 2014 The probable dates for the publication of the Financial Results for the financial year 2013-14:
	1 st Quarter Results On 5 th August, 2013
	2 nd Quarter Results On or before 14 th Nov, 2013
	3 rd Quarter Results On or before 14 th Feb, 2014
	Annual Results On or before 30 th May, 2014
● Date of book closure	: Saturday, 7 th September, 2013 to Thursday, 12 th September, 2013 (both days inclusive)
● Date of Dividend payment	: N.A.
● Listing of equity shares on stock exchanges	: National Stock Exchange of India Ltd. "EXCHANGE PLAZA", Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 BSE Ltd. 25 P. J. Towers, Dalal Street Mumbai - 400 001 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 2013-14.	
● Stock Code/Symbol	: NSE - JAIBALAJI BSE - 532976 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, 17 th 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



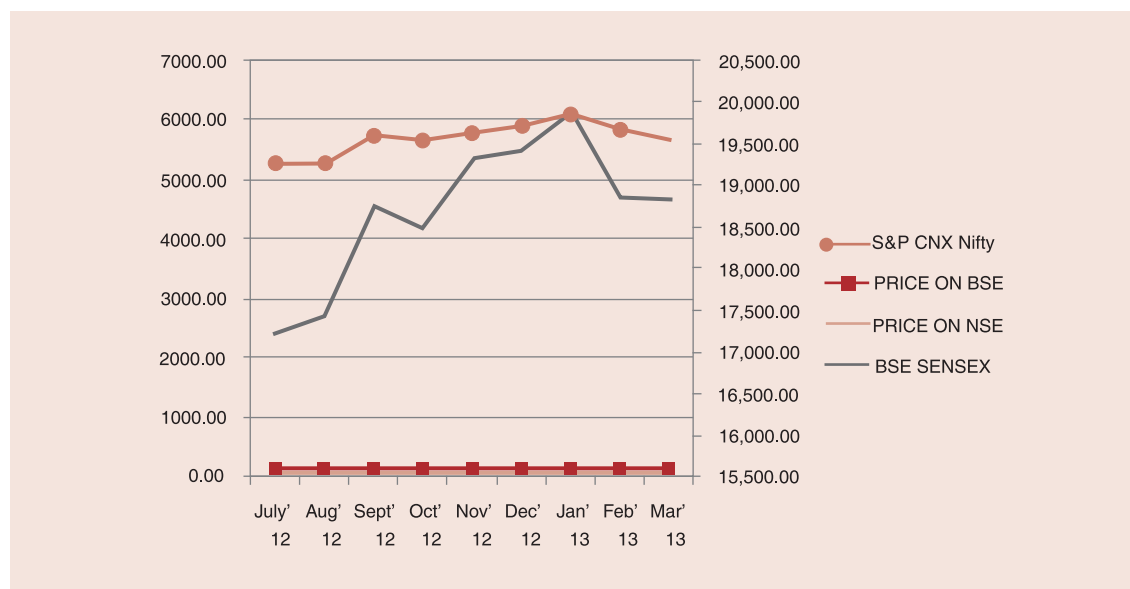
Report of the Directors on Corporate Governance (Contd.)

• Market price data

The Company's monthly high and low prices recorded on the National Stock Exchange of India Limited & BSE Limited during each month in last financial year 2012-13 (July 2012 to March 2013) are as under:

Month	Share Price (NSE)		Share Price (BSE)	
	High (₹)	Low (₹)	High (₹)	Low (₹)
July '12	39.95	32.50	38.90	32.05
August '12	44.40	34.50	43.00	35.00
September '12	38.00	33.00	38.40	33.05
October '12	42.30	32.50	44.20	32.35
November '12	37.40	32.00	36.85	32.00
December '12	38.30	33.60	37.90	33.80
January '13	40.00	31.00	39.50	31.00
February '13	34.00	26.90	33.45	27.00
March '13	34.90	26.00	32.10	24.50

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



- Registrars and Share Transfer Agent : Registrar and Share Transfer Agent
M/s. Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, 2nd Floor
Kolkata - 700 001
Phone No.: (91) (33) 2243 5029/5809
E-mail: mdpldc@yahoo.com
- Share transfer system : 99.98% 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 Registrar & 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 (Contd.)

11. CATEGORIES OF SHAREHOLDERS AS ON 31ST March, 2013

Category	Number of Shareholders	Shareholders %	Number of ordinary shares held	Holding %
Resident individual	9,775	94.07	7,629,344	11.96
Non-Resident individual	125	1.20	458,039	0.72
Domestic Companies	441	4.24	11,591,552	18.17
Foreign Companies	3	0.03	8,304,547	13.02
Foreign Institutional Investors	10	0.10	2,567,258	4.03
Trust	1	0.01	1	0.00
Directors and their Relative	11	0.11	9,929,672	15.57
Promoter Bodies Corporate	6	0.06	23,290,723	36.52
Clearing Member	19	0.18	10,350	0.02
Total	10,391	100.00	63,781,486	100.00

12. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2013

Range of ordinary shares held	No. of Shareholders	Percentage (%) to total shareholders	No. of Shares	Percentage(%) to Share Capital
Up to 500	8,953	86.16	1,037,122	1.63
501 to 1000	604	5.81	483,551	0.76
1001 to 2000	327	3.15	496,026	0.78
2001 to 3000	118	1.14	300,504	0.47
3001 to 4000	59	0.57	209,607	0.33
4001 to 5000	58	0.56	269,810	0.42
5001 to 10000	108	1.04	796,693	1.25
10001 to 50000	94	0.90	1,966,500	3.08
50001 to 100000	20	0.19	1,444,434	2.26
100001 and above	50	0.48	56,777,239	89.02
Total	10,391	100.00	63,781,486	100.00

13. DEMATERIALISATION OF SHARES AND LIQUIDITY AS ON 31ST MARCH, 2013

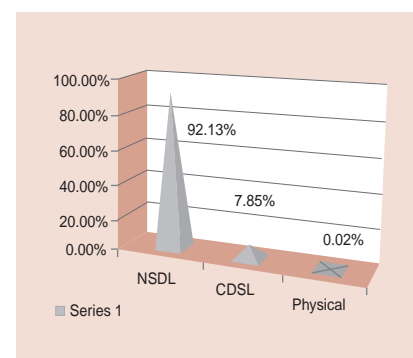
The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India - the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As at 31st March, 2013 a total of 63,765,950 equity shares of the Company, representing 99.98% of the Company's share capital were held in dematerialised form of which 58,760,125 equity shares were held with the

National Securities Depository Limited (NSDL) and 5,005,825 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 BSE 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 (Contd.)

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

During the year under reporting, no GDRs/ADRs/Warrants or any Convertible Instruments were issued. However, the Company has issued and allotted on 4th July, 2013, 10,000,000 warrants to promoter group companies namely M/s. Enfield Suppliers Limited (19,00,000 warrants) and M/s. Hari Management Limited (8,100,000 warrants) on a private placement basis at an issue price of ₹ 50/- each.

Each warrant is convertible into one equity share within a period of 18 months from the date of allotment, in one or more tranches, at a conversion price of ₹ 50/- per equity share (including a premium of ₹ 40/- per share), which is a price greater than the price determined as per Regulation 76 of Chapter VII of SEBI (ICDR) Regulations, 2009.

The Board at its meeting held on 5th August, 2013, has fully and partly converted the said warrants, by way of allotment of 34,95,000 equity shares, being 1,900,000 equity shares to M/s. Enfield Suppliers Limited and 15,95,000 equity shares to M/s. Hari Management Limited, pursuant to their respective application for conversion of warrants. After the said conversion, the equity share capital of your company stands at ₹672,764,860/- divided into ₹ 67,276,486 equity shares of ₹ 10/- each.

After the conversion of remaining warrants, if exercised, the equity capital of the Company will increase to ₹ 737,814,860/- from the existing ₹ 672,764,860/-. The shares so issued shall rank pari-passu in all respects, including as to dividend, with the existing shares of the Company.

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 July, 2012	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, 2013	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 30.03.2013	% 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 the Company
1	Shri Aditya Jajodia	3,075,000	83.68%	9.26%	4.82%
2	Shri Sanjiv Jajodia	2,640,000	99.64%	7.95%	4.14%
3	Shri Rajiv Jajodia	1,550,000	98.83%	4.67%	2.43%
4	Shri Aashish Jajodia	323,000	40.66%	0.97%	0.51%
5	M/s. Enfield Suppliers Limited	11,221,233	100.00%	33.78%	17.59%
6	M/s. Hari Management Limited	7,044,000	99.99%	21.20%	11.04%
7	M/s. Jai Salasar Balaji Industries Pvt. Ltd.	2,519,000	99.82%	7.58%	3.95%
8	M/s. K. D Jajodia Steels Industries Pvt. Ltd.	2,410,000	99.99%	7.25%	3.78%
	Total	30,782,233	—	92.66%	48.26%

Report of the Directors on Corporate Governance (Contd.)

17. PLANT LOCATIONS

Unit I Ranigunj G/1, Mangalpur Industrial Complex, Post : Baktarnagar Dist. : Burdwan West Bengal - 713 321	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

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.

● 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, 2013



Report of the Directors on Corporate Governance (Contd.)

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 nine months financial year ended 31st March, 2013.

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

Place : Kolkata

Date : 12th August, 2013

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 nine months financial year ended 31st March, 2013, 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 **U Narain & Co.**
Firm Regn. No. 000935C
Chartered Accountants

CA R. R. Modi
Partner
Membership No. : 053118

Place : Kolkata

Date : 12th August, 2013



Report of the Directors on Corporate Governance (Contd.)

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 notes on accounts as well as the Cash Flow Statements, for the nine months financial year ended 31st March, 2013;
2. Based on our knowledge and information, these statements do not contain any materially untrue statement or omit to state a material fact or contain any statement that might be misleading with respect to the financial statements;
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, its 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 : 15th May, 2013

Aditya Jajodia
Chairman & Managing Director

Raj Kumar Sharma
Chief Financial Officer

Management Discussion and Analysis

The Company's core business is manufacturing and marketing of Iron and Steel products. The Management discussions and analysis is given hereunder:-

Industry Structure & Development

Global Overview

The global economy appears to be transitioning toward a period of more stable but slower growth. The economic conditions improved modestly in the third quarter of 2012 aided by global growth increasing to about 3%. The economy improved marginally, driven mainly by emerging market economies, where activity picked up broadly as expected. Further global financial conditions improved in the fourth quarter of 2012. However, a broad set of indicators for global industrial production and trade suggests that global growth did not strengthen further. Uptick in global growth in the third quarter was partly due to temporary factors, including increased inventory accumulation. A sharp pullback in demand of steel in the third quarter has pushed up steel consumption in the fourth quarter.

The situation remained grim for the steel industry. However, the global steel demand is expected to grow over by 10% in the next five years. World Crude Steel production reached 1,548 MT for the year 2012, up by 1.2% compared to 2011.

Economy Outlook

Global economic outlook weakened both in developed and developing countries. In 2012-13, the industrial sector was plagued by a slowdown in demand and consumption, driven by policy slowdown. World crude steel production for the 62 countries reporting to the World Steel Association was 132 MT in April 2013, an increase of 1.2% compared to April, 2012 and accounted for more than 98% of world crude steel production. The average

capacity utilization ratio in 2012 was 78.8% compared to 80.7% in 2011. World Steel Association expects the next 2 years to see a much better performance by projecting global demand for steel to increase by 2.9% in 2013 to 1,454 MT bettering the 1.2% growth seen in 2012 and then improve further in 2014 with a 3.2% and will reach 1,500 MT.

Rank	Country	2012 (MT)	2011 (MT)	Percentage (%) increase or (decrease)
1	China	716.50	694.80	3.1
2	Japan	107.20	107.60	(0.3)
3	United States	88.60	86.40	2.5
4	India	76.70	73.60	4.3
5	Russia	70.60	68.90	2.5
6	South Korea	69.30	68.50	1.2
7	Germany	42.70	44.30	(3.7)
8	Turkey	35.90	34.10	5.2
9	Brazil	34.70	35.20	(1.5)
10	Ukraine	32.90	35.30	(6.9)

Source: World Steel Association

The crude steel capacity utilization ratio of the 62 countries in April, 2013 declined by 2.0% compared to April, 2012. Steel production rose despite an overall annual decline in the countries of European Union and in South America. China's share of world crude steel production was 65.7 MT, up by 6.8% compared to April, 2012. The European economy recorded a decrease of 4.7% compared to 2011, producing 169.4 MT of crude steel in 2012. Steel makers in Asia and North America drove much of the 2012 growth. India remained the fourth largest crude steel producer thereby producing 77.6 MT during 2012 and a bright spot in the global steel industry.

According to IMF growth in global economy was more slow than expected, with risks increasing especially in emerging markets. Global growth is now projected at 3.1 for 2013 and 3.8 percent for 2014, a downward revision of ¼ percentage point compared with

the April 2013. In developing and emerging economies the growth slowed down more than expected majorly due to global overcapacity and low demand.

Indian Economy

With the steady decline in the domestic economy's growth rate, the Indian steel industry's pace of growth slowed down

and in terms of all the performance indicators viz., capacity creation, production, consumption, exports and price/ profitability, the performance of the industry fell below average. In foreign trade, Indian steel was also subjected to anti-dumping/safeguard duties as most developed economies invoked non-tariff barriers. Economic devastation caused by the Asian financial crisis, slowdown of the global economy and the impact of glut created by additional supplies from the newly steel-active countries (the steel-surplus economies of erstwhile USSR) were the factors that pulled down growth levels.

The Iron and Steel Industry contributes around 3 per cent of the Gross Domestic Product (GDP) and India's GDP grew at 5% during 2012. Overall, India's GDP is expected to climb to 6-6.5% in 2013-14 due to a consumption revival. The growth in Indian economy slowed for the second year in succession to 5% in 2012-13 against modest growth of 6.2%

Management Discussion and Analysis (contd.)

in 2011-12. Nevertheless, it is unlikely that the support to Indian growth from the global economy will be significant. Managing growth and price stability are the major challenges of macroeconomic policymaking. In 2012-13, India found itself in the heart of these conflicting demands. However, the boost to consumption, coupled with supplyside constraints, led to higher inflation. Monetary policy was tightened, even as external headwinds to growth increased. The consequent slowdown in 2012-13, has been across the board, with no sector of the economy unaffected. Falling savings

without a commensurate fall in aggregate investment have led to a widening current account deficit. Steel prices are higher in India than global prices.

As such, the Indian economy has slowed sharply due to a string of factors, including

- euro zone crises
- geopolitical disturbances
- weather extremities
- high inflation
- high interest rates
- slowing global economy
- delay in implementation of projects

- policy logjam
- slowing industrial growth and
- declining business environment

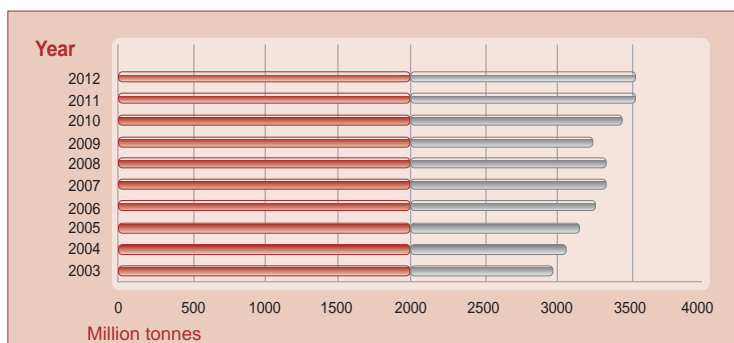
However, the continued closure of older, higher-cost steelmaking capacity and increased demand should lead to improved profitability for the sector in 2014 and 2015, driven by better utilization rates.

Global Steel Industry

Overall the global steel industry witnessed steady growth during the year. Despite, increase in World Crude Steel output by 1.2% in 2012-13 as compared to 2011-12. The growth came mainly from Asia and North America while crude steel production in the EU and South America decreased in 2012. The crude steel production in India has reached approximately 100 million tonnes. There is significant over-capacity in the global steel sector which is putting pressure on operator's profitability and demand-supply imbalances. China, India and other emerging markets continued to drive demand but demand levels remained lower. Looking ahead, global steel industry is likely to remain positive, but with lower growth.

Yearly World Crude Steel production (million tonne)

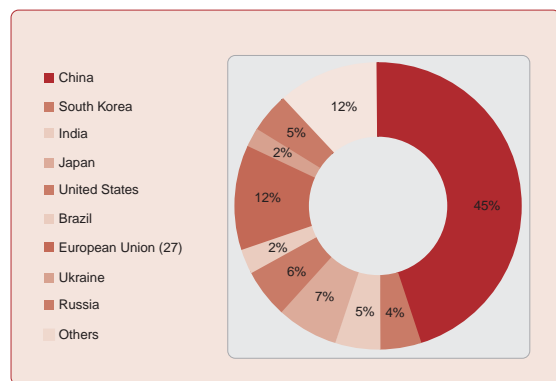
World Crude Steel Production



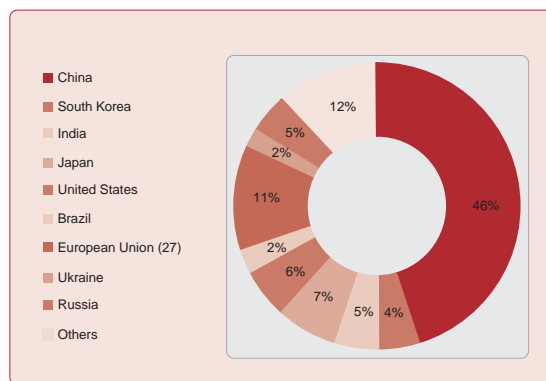
Source: World Steel Association

Share of World Crude Steel Production 2011, 2012 - Country Wise

2011



2012



Source: World Steel Association

Management Discussion and Analysis (contd.)

Steel capacity utilisation

Despite the global rise in tonnage, total capacity utilization was down. Unfavourable domestic and external economic conditions are set to pull down India's steel consumption in the current calendar year due to a steep decline in manufacturing and construction activities. World economic slowdown had its effect of Steel sector making it vulnerable to production cuts and capacity outages. Emerging economies such as China and India were on the lowest side with high capacity utilization during the year.

All the major steel producing countries registered a positive growth in production. The crude steel capacity utilisation ratio for the 62 countries in January, 2013 declined to 71.2% from 73.2% in December, 2012 which is 5.5% lower.

Challenges of Steel Industry

Steel industry is continuously faced hard times. Understanding the challenges of Steel market is important in order to explore new opportunities of growth. During the year 2012-13, Indian Steel Industry faced a downstream due to a number of domestic factors, apart from problems faced by it globally. Dollar has push the costs thereby weakening the rupee. Slowdown in mining activities has affected future capacity expansion. Illegal mining, delay in environmental clearance and other issue have also affected the price and availability of iron ore. This has created numerous challenges for steel makers as they must now deal with volatility in raw material prices, as well as maintain margins with fluctuating demands. The Government support is required for continued delays in project approvals.

- **Lacklustre demand-**

Persistent slowdown in demand for steel and falling steel prices has squeezed profitability. Additionally, global nature of the steel market is affected by

oversupply and weak demand. However, the overall production growth picked up some pace of 3.3% in the period April-December 2012.

- **Rupee Depreciation, Mixed Impact-**

Depreciation in rupee pressurised the margins of companies to remain similar in 2012 levels. This is due to the persistent high cost of steel production and steel producers limited ability to pass on higher costs due to subdued demand form end user. Moreover, a weaker rupee raised the financial leverage of steel producers.

- **Stabilization-**

Stabilization in the economic situation, driven by continued albeit slow growth in steel demand, the economic prospects remained weak and reflected inherent risks in the steel sector.

- **Operational agility -**

The very nature of steel making and large amounts of capital investments means that the sector does not find it easy to adjust quickly to changing circumstance. Steel mills, operating at high capacity, may not be able of reduce production with a corresponding sudden decrease in demand. This causes a oversupply of steel in the market. There remains a lag between demand fluctuation and production adjustments as there is still structural overcapacity in certain product segments.

- **A need for business models to evolve -**

For many decades, the steel mills held both purchasing power over the raw materials supplies and set market prices for steel distributors and customers. In recent years, however, most of the pricing power switched to the suppliers and customers. In response to these changes, steelmakers need to

change their business models by introducing greater operational flexibility and becoming more customer-focused in how they price their product.

The iron and steel industry is highly fragmented. A combination of factors such as growth in related complimentary industries and government regulations, cyclical fluctuations in input prices, general economic conditions, and end use markets are witnessed to impact the industry dynamics significantly. The global iron and steel demand is expected to pick up slightly to 3.2% in 2013. Global industrial activity has weakened, and confidence has fallen on account of financial turbulence in the euro zone, weak private demand in the United States, and events in Japan and Middle East. Growth in emerging market and developing economies is on track to build 5.5% in 2013. Emerging markets are also affected by the current economic slowdown, particularly when reliant on export income from developed markets. Inflation is an issue in many emerging markets, and governments are lifting the interest rates. Global steel production is expected to grow at a CAGR of 2.6 percent by 2015. Steel demand may vary depending on the outlook for different regions and countries.

Indian Steel Industry

Steel is a major raw material to the Indian development and steel industry is a booming industry in the whole world. Steel industry is vital for overall economic development of every nation as it is one of the core sectors. India is the largest producer of sponge iron in the world. Despite all the headwinds and lingering difficulties steel industry has delivered robust growth. With the introduction of new reforms, India though welcomed world steel majors; however their projects after hitting several road blockades are yet to generate output. The steel sector

Management Discussion and Analysis (contd.)

contributes to nearly 2 percent in the GDP and employs over 5 lakh people. Indian Steel industry is poised for greater growth catapulting India to the league of highest steel consuming nations of the world in the next decade.

India ranked as the fourth largest producer of crude steel in the world during the year after China, Japan, and the USA and also made a mark globally in the production of sponge iron/ direct reduced iron (DRI).

Crude steel production grew at a CAGR of 7.7 per cent during the last five years ending 2011-12. With growth in production for sale lagging behind real consumption growth, India has turned into a net importer of finished steel since 2007-08 with rise in imports. Exports, on the other hand, have declined to ensure greater domestic availability during this period. The increase in production is driven by 8.8 per cent growth in crude steel capacity mainly in the private-sector plants and

Steel Outlook

The Indian economy's outlook for 2013-14 can be viewed as cautiously optimistic. Backed by policy actions announced in the recent budget, it is projected that India would return to the robust growth path of 7-8% over the next two to three years. Considering the forecasted growth in the economy and the prospects of the steel industry it is expected that the domestic demand for steel may increase marginally. The Steel Industry despite bearing burnt of global slowdown and variation in demand and supply has grown at sound pace India has reached 4th rank among the steel producing nations. Steel demand was low in 2013 due to continuing economic crisis, however, spurt in demand is expected in 2014-15. India Steel production has grown strongly in the recent decades and is likely to continue to expand to meet anticipated demand. World Steel Association expects steel demand to pick up and grow by 5.9% to 75.8 MT in 2013 following 2.5% growth in 2012 as monetary easing is expected support investment activities. In 2014, growth in steel demand is expected to further accelerate to 7.0% due to reform measures aimed at narrowing the fiscal deficit. The steel production in India is likely to grow at a CAGR of 8.8% during 2012-13 as indicated by the Government and external research.

The Government of India has framed the National Steel Policy to encourage the Steel industry to reach global benchmarks in terms of quality, cost and efficiency. Besides this, Government's decision of increasing duty on the iron ore exports has charged up the domestic steel companies, as export of this raw material had heated up its cost. Achievement of self sufficiency in iron ore production has also boosted the morale of companies who are now looking forward for inventing technologically upgraded steel plant which can deliver similar output with

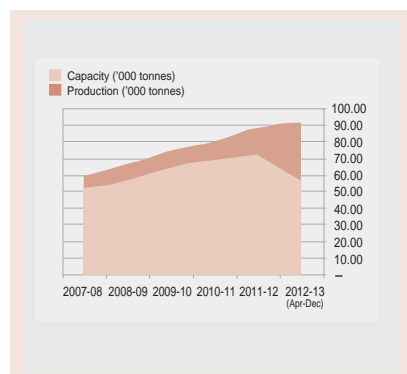
Production, Consumption and Growth of Steel (million tonne)

Total finished steel (alloy + non alloy)				
Year	Production for sale	Import	Export	Real consumption
2007-08	56.08	7.03	5.08	52.13
2008-09	57.16	5.84	4.44	52.35
2009-10	60.62	7.38	3.25	59.34
2010-11	68.62	6.66	3.64	66.42
2011-12	73.42	6.83	4.04	70.92
2012-13 (Apr, 12 - Dec, 12)	56.72	5.79	3.78	53.53

Source: Ministry of Steel.

The targeted steel production in India by 2019-2020 is over 276 MTPA. Growth in net exports has been negative due to the weakening of global demand. The production has been increasing at a moderate rate since 2006-07, while exports of finished steel during the year were low due to low demand of steel in euro zone.

Crude Steel Production and Capacity Utilisation



Source: Ministry of Steel

high utilization rates during this period according to the Economic Survey of India.

Steel Consumption:

India's steel industry had a dismal 2012, consumption of steel in India grew at a modest 3.3% in financial year 2012 against 6.9% in financial year 2011 due to the slowdown in the end user industries. The consumption of steel has seen a constant increase due to rise in demand from sectors like agriculture, oil & gas, capital goods. India's consumption of steel is expected to reach 122mt by 2015, which is almost double from the current production level. According to the World Steel Association, the consumption is expected to increase by 5.4% and such increase shall majorly be driven by China and India. The consumption of finished steel has grown at a CAGR of 9.6% during the last six years as per the Ministry of Steel.

Management Discussion and Analysis (contd.)

usage of iron fines and non-coking coal, which is widely available.

The Country is expected to be the second largest steel maker in the world from its current fourth position followed by Brazil as the third ranked country. The major drivers such as pick up in agriculture, normal monsoon, lower interest rates, higher government spending and increase in consumption are expected to shape India's growth prospects in 2013-14.

Domestic steel demand is expected to be muted in 2013-14 and profit margins in financial year 2013-14 to remain broadly similar to the financial year 2012-13. This is mainly due to persistent high cost of steel production. The World Steel Association has forecasted steel demand in India to grow at 5.9% and 7% in 2013-14 and 2014-15, respectively.

Opportunities, Threats, Risks and Concern

Opportunities

Indian Steel industry is on the growth path by growing domestic demand, unexplored rural market and rapid urbanisation. The strong growth in automotive industry and power sectors would drive steel output and consumption. Indian Steel producer looking for overseas acquisitions in steel as well as raw material and also increasing interest of foreign steel producers in India. With the improvement in the economic recessions in the west, the potential for growing demand is high.

The optimistic employment scenario and rising income levels and continuity of the developmental projects around the world would strengthen economy growth. Indian steel industry has diversified its product mix to include sophisticated value-added steel used in the automobile sector, heavy machinery and physical infrastructure. Massive infrastructure needs and expansion of industrial production will give boost to the demand in the steel

sector. Steady and sustained fiscal condition and financial sector reforms will support reducing downside risks.

Threats, Risks and Concern

The slowdown in economic growth is taking its toll on industrial output and availability of timely and reasonable raw material is another concern for the industry. The cyclical nature of steel demand, arising from volatility in prices of raw material, excess capacity, regional demand and supply imbalance, etc. has affected the steel demand. Indian Steel industry may get affected if the demand in advance countries does not increase. The revival of growth in the advanced economies is expected to be slow and uncertain at least in the near future, despite the measures being taken on monetary and fiscal fronts.

Global overcapacity and demand slowdown and anti-dumping duties on exports worsened the domestic demand-supply imbalances. Indian Steel Industry's margins are affected adversely due to weak global growth, limited availability of finance and high raw material prices. During the financial year 2012-13, volatile raw material prices have only reinforced the validity of the strategic objective to achieve greater raw material security to insulate the Group from swings in prices and the resultant impact on profitability. Keeping the Group updated with frequently changing technological advancements is one of the important challenges. The industry by nature is capital intensive and requires high capital, by various modes, increasing cost of borrowing remains one of the major concerns for the group and industry as a whole.

Performance Analysis

During the year 2012-13, your company incurred loss which can be mainly attributable to raw material price inflation, rising borrowing costs and other global factors. The Loss before exceptional and extraordinary items and tax was ₹ 31,597.71 lacs as

compared to loss of ₹ 38,884.08 lacs in the previous year. The net loss for the year under review (nine months) was ₹ 21,312.78 lacs against loss after tax of ₹ 27,605.62 lacs in the previous year (fifteen months).

Debt Re-structuring

The Corporate Debt Restructuring scheme, approved by CDR Empowered Group/CDR Cell, vide letter of approval dated 20th September, 2012 has been implemented during the year.

Internal Audit & Control

The Company has set up internal control systems commensurate with its size and nature of operations. This system ensures 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.

The Company has a well defined internal audit which is empowered to examine the adequacy and compliance with policies, plans and statutory requirements. Periodic audits are conducted in various disciplines to ensure adherence to the same.

The Internal audit is conducted in line with the size of operations and operations and is designed to review the adequacy of internal control checks in the system and covers all significant areas of the Company's operation. The Company has an external and independent firm to carry out the internal audit of the Company's activities. 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 periodically interact with the Audit Committee to discuss the frequency of the audit, significant audit observations and their disposals and remedies, if any. Emphasis is placed on adequacy, reliability and accuracy



Management Discussion and Analysis (contd.)

of dissemination of financial data and information.

Human Resource

The Company believes that the key to its success lies in creating and nourishing a pool of talent within its people whose skills, expertise and experience provide the essential impetus towards market leadership. A mix of youth and experience, the vision and leadership of a stable senior management is matched by of the youth brigade. The Company periodically review the current organizational design and evaluate opportunities for changes that will promote the implementation of the business strategy.

The Company also clearly defines, communicate, and apply in strengthening the knowledge, skills, attitudes, and performance levels required for progression. As the Company is growing, more and more emphasis is given to the recruitment process and your Company has been successful in attracting best professional talent.

The Company recognized the fact that manpower is its biggest strength and their proper nurturing is necessary for the success of the organisation. Therefore, there is no greater joy for the company than to cherish and appreciate 2,900 persons which comprises professionals from diverse backgrounds like engineering, finance, taxation, law, management, business, supervisors, operators and sub-staff at the threshold of the opportunities that lie ahead.

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 talent potential. Employees' health and safety measures are in force at work places, manufacturing areas, etc.

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 his 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.

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. Significant 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 regimes and other statutes and other incidental factor.

Independent Auditors' Report

To the Members of
Jai Balaji Industries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Jai Balaji Industries Limited** ("the Company"), which comprise the Balance Sheet as at **March 31, 2013**, and the Statement of Profit and Loss for the period 1st July, 2012 to 31st March, 2013 and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with

ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act 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 the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) In the case of the Statement of Profit and Loss, of the loss for the period ended on that date.

- c) In the case of Cash Flow Statement, of the Cash Flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.
2. As required by section 227(3) of the Act, 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 those books
 - c. The Balance Sheet and Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet and Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **U. Narain & Co.**
Chartered Accountants
Firm Regn. No. 000935C

CA R. R. Modi
Partner
Membership No. : 053118

27, Brabourne Road,
"Narayani Building"
5th Floor, Room No.503
Phone: 033 - 3053 3386 (5 lines)
Email: unaraincokol@gmail.com
Dated: 15th May, 2013

For **Rashmi & Co.**
Chartered Accountants
Firm Regn. No. 309122E

CA Sandeep Agarwal
Partner
Membership No. : 065643

213, Todi Chambers
2, Lal Bazaar Chambers
Phone: 033 - 2230 2329
Email: rashmico@icai.org
Dated: 15th May, 2013

Annexure to the Independent Auditors' Report

(REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING OF "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE)

- | | | |
|--|--|--|
| <p>(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available informations.</p> <p>(b) All fixed assets have not been physically verified by the management during the period 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 period.</p> | <p>the period-end balance in respect of such loan is ₹ 8,500.00 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 prima facie prejudicial to the interest of the Company.</p> <p>(c) The above loan is stated to be re-payable on demand. As informed, the Company has not demanded repayment of any such loan during the year, and thus, there has been no default on the part of such party to whom the money has been lent. The payment of interest has been regular.</p> <p>(d) In view of the loan being repayable on demand, there is no overdue of loan granted to the 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, from companies, covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses (f) and (g) of Para 4(iii) are not applicable to the Company.</p> | <p>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>(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the period, 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.</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>(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 period, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.</p> |
| <p>(iii) (a) The Company 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 period was ₹ 8,500.00 lacs and</p> | | <p>(vi) The Company has not accepted any deposits from the public within the meaning of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956.</p> <p>(vii) The Company has an effective internal audit system commensurate with the nature and size of the Company.</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 prima facie, the prescribed accounts and records have been made and maintained.</p> |

Annexure to the Auditors' Report (Contd.)

- (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, *except that there have been delays in deposit of dues in certain cases.*
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the period-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 (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	CENVAT Credit Disallowed	2,321.89	2005-06, 2006-07 and 2007-08	Central Excise Service Tax Appellate Tribunal/ Commissioner (Appeals)
Central Excise Act, 1944	Differential Duty	1,139.26	2005-06, 2006-07, 2007-08 and 2010-11	Central Excise Service Tax Appellate Tribunal/ 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/ Forms Disallowed	688.59	2004-05, 2005-06 2006-07, 2007-08 and 2008-09	West Bengal Appellate and Revision Board/ Sr. Joint Commissioner Sales Tax
The West Bengal Value Added Tax Act, 2003	Turnover Enhanced/ITC disallowed	6,048.40	2005-06, 2006-07, 2007-08 and 2008-09	West Bengal Appellate and Revision Board/Sr. Joint Commissioner Sales Tax

- (x) The accumulated losses of the Company at the end of the financial period are less than fifty percent of its net worth. *The Company has incurred cash losses in current and immediately preceding financial year.*
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution and bank read with the fact that the term loans have been rescheduled as per the corporate debt restructuring scheme approved during the year as stated in Note No. 30. Further the Company did not have any outstanding debentures during the year.
- (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 /



Annexure to the Auditors' Report (Contd.)

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 to the Company.

(xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by its wholly owned subsidiary / others 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 period.

(xx) The Company has not raised any money through public issue during the period.

(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 period.

For **U. Narain & Co.**
Chartered Accountants
Firm Regn. No. 000935C

CA R. R. Modi
Partner
Membership No. : 053118

27, Brabourne Road,
"Narayani Building"
5th Floor, Room No.503
Phone: 033 - 3053 3386 (5 lines)
Email: unaraincokol@gmail.com
Dated: 15th May, 2013

For **Rashmi & Co.**
Chartered Accountants
Firm Regn. No. 309122E

CA Sandeep Agarwal
Partner
Membership No. : 065643

213, Todi Chambers
2, Lal Bazaar Chambers
Phone: 033 - 2230 2329
Email: rashmico@icai.org
Dated: 15th May, 2013



Balance Sheet as at March 31, 2013

(₹ in lacs)

	Notes	As at March 31, 2013	As at June 30, 2012
EQUITY AND LIABILITIES			
Shareholders' Fund			
Share Capital	3	6,377.76	6,377.11
Reserves and Surplus	4	42,109.52	63,422.30
Money Received against share warrants		2,509.25	–
		<u>50,996.53</u>	<u>69,799.41</u>
Non Current Liabilities			
Long Term Borrowings	5	172,868.35	49,219.08
Deferred Tax Liabilities (Net)	12	–	1,830.52
		<u>172,868.35</u>	<u>51,049.60</u>
Current Liabilities			
Short Term Borrowings	6	52,434.26	115,825.87
Trade Payables	7	93,652.62	79,347.94
Other Current Liabilities	7	29,490.31	74,077.33
Short Term Provisions	8	650.04	455.02
		<u>176,227.23</u>	<u>269,706.16</u>
TOTAL		<u><u>400,092.11</u></u>	<u><u>390,555.17</u></u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	9	196,878.57	155,080.56
Capital Work in Progress and Pre-Operative Expenditure Pending Allocation	10	11,181.50	58,465.12
Non Current Investments	11	8,097.10	8,095.60
Deferred Tax Assets (Net)	12	8,455.89	–
Long Term Loans and Advances	13	11,577.51	12,096.71
Other Non Current Assets	14	1,171.32	114.41
		<u>237,361.89</u>	<u>233,852.40</u>
Current Assets			
Inventories	15	59,434.70	80,894.03
Trade Receivables	16	69,220.61	48,684.99
Cash and Bank Balances	17	3,957.32	2,093.06
Short Term Loans and Advances	13	18,518.16	15,573.48
Other Current Assets	18	11,599.43	9,457.21
		<u>162,730.22</u>	<u>156,702.77</u>
TOTAL		<u><u>400,092.11</u></u>	<u><u>390,555.17</u></u>
Significant Accounting Policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board of Directors

For **U. Narain & Co.**
Chartered Accountants
Firm Regn. No. 000935C

For **Rashmi & Co.**
Chartered Accountants
Firm Regn. No. 309122E

Aditya Jajodia
Chairman & Managing Director

Sanjiv Jajodia
Wholtime Director

CA R. R. Modi
Partner
Membership No. : 053118

CA Sandeep Agarwal
Partner
Membership No. : 065643

Rajiv Jajodia
Director

Raj Kumar Sharma
Chief Financial Officer

Place : Kolkata
Date : May 15, 2013

Ajay Kumar Tantia
Company Secretary

Statement of Profit and Loss for 9 months period ended March 31, 2013

(₹ in lacs)

	Notes	9 months period ended March 31, 2013	15 months period ended June 30, 2012
INCOME			
Revenue from Operations (Gross)	19	169,572.58	316,271.22
Less: Excise Duty	19	15,088.83	22,948.10
Revenue from Operations (Net)		154,483.75	293,323.12
Other Income	20	2,173.87	2,578.09
Total Revenue (I)		156,657.62	295,901.21
EXPENSES			
Cost of Materials Consumed	21	106,210.26	234,512.74
Purchase of Stock in Trade	21	155.72	126.62
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	22	15,085.13	(13,816.49)
Employee Benefits Expense	23	4,936.10	7,310.06
Finance Costs	24	17,644.70	31,999.68
Depreciation and Amortisation Expense	9	8,612.67	13,875.94
Other Expenses	25	35,610.75	60,776.74
Total Expenses (II)		188,255.33	334,785.29
Profit / (Loss) before Tax (I-II)		(31,597.71)	(38,884.08)
Tax Expenses:			
Current Tax Expenses [Including ₹ 1.47 lacs (₹ Nil) for earlier Year]		1.47	—
Deferred Tax Charge / (Credit)		(10,286.40)	(11,278.46)
Total Tax Expense / (Credit)		(10,284.93)	(11,278.46)
Profit/(Loss) for the period		(21,312.78)	(27,605.62)
Earnings per Equity Share: (Nominal Value per Share ₹ 10)			
Basic & Diluted		(33.42)	(43.28)
Significant Accounting Policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **U. Narain & Co.**
Chartered Accountants
Firm Regn. No. 000935C

CA R. R. Modi
Partner
Membership No. : 053118

Place : Kolkata
Date : May 15, 2013

For **Rashmi & Co.**
Chartered Accountants
Firm Regn. No. 309122E

CA Sandeep Agarwal
Partner
Membership No. : 065643

For and on behalf of the Board of Directors

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

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

Ajay Kumar Tantia
Company Secretary

Cash Flow Statement for 9 months period ended March 31, 2013

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
A: Cash Flow From Operating Activities		
Net Profit / (Loss) Before Taxes	(31,597.71)	(38,884.08)
Adjustments For :		
Depreciation / Amortisation (Net)	8,612.67	13,875.94
Loss on Sale of Fixed Assets	2.72	12.08
Irrecoverable Debts and Advances Written off	38.16	82.83
Liabilities no longer required written back	(233.69)	(425.04)
Interest on Term Loans and Others	17,708.70	29,570.79
Provision for Diminution in the value of Investments	–	100.89
Provision for doubtful debts no longer required written back	(122.04)	–
Dividend from long term Non Trade Investments	(0.67)	(0.47)
Loss on sale of long term Non Trade Investments	–	150.00
Prior Period Expenditure (net)	38.84	353.98
(Profit) / Loss on Foreign Exchange Fluctuations (Net)	(381.93)	912.96
Interest Income	(1,386.32)	(1,962.15)
Operating Profit / (Loss) Before Working Capital Changes	(7,321.27)	3,787.73
Movements in Working Capital :		
Decrease / (Increase) in Trade Receivables	(24,933.43)	5,244.77
Increase in Loans and Advances and Other		
Current / Non Current Assets	(1,893.79)	(3,854.59)
Decrease / (Increase) in Advances to Subsidiary Company	(567.20)	2,310.32
Decrease / (Increase) in Inventories	21,459.33	(23,727.44)
Decrease in Trade Payables, Other Liabilities and Provisions	8,284.71	48,224.03
Cash generated from / (used in) Operating Activities	(4,971.65)	31,984.82
Direct Taxes paid (net of refunds)	(171.41)	(1,592.92)
Net Cash generated from / (used in) Operating Activities	(5,143.06)	30,391.90
B: Cash Flow From Investing Activities		
Purchase of Fixed Assets	(3,437.05)	(20,013.06)
Proceeds from Sale of Fixed Assets	21.37	47.24
Purchase of Investments in Joint Venture Companies	–	(53.34)
Purchase of Investments in Government Securities	(1.50)	(2.00)
Application money paid in Joint Venture Companies	(70.99)	(111.93)
Proceeds from sale of long term Investments (other than trade)	–	50.00
Proceeds from maturity of fixed deposits	–	81.33
Dividend from long term Investments (other than Trade)	0.67	0.47
Dividend from a Subsidiary Company	–	34.95
Loan to Related Party	–	(5,000.00)
Interest received	1,312.26	1,821.13
Net Cash Used In Investing Activities	(2,175.24)	(23,145.21)



Cash Flow Statement (Contd.)

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
C: Cash Flow From Financing Activities		
Proceeds from Call in Arrears of equity share capital	0.65	—
Money Received against share warrants	2,509.25	—
Proceeds from long / short term Borrowings	12,385.10	56,237.43
Repayment of long / short term Borrowings	(2,659.44)	(35,464.26)
Interest Paid (including interest capitalised)	(4,322.50)	(29,231.76)
Dividend Paid	(1.77)	(255.65)
Tax on Dividend paid	—	(35.73)
Net Cash generated from Financing Activities	7,911.29	(8,749.97)
Net Increase / (Decrease) In Cash and Cash Equivalents (A+B+C)	592.99	(1,503.28)
Cash and Cash Equivalents as at the beginning of the year	355.56	1,858.84
Cash and Cash Equivalents as at the end of the year	948.55	355.56
Components of Cash and Cash Equivalents		
Cash on hand	54.60	139.65
Cheques in hand	580.73	97.03
Balance with Scheduled Banks on:		
Current Account	310.10	113.99
Fixed Deposit Account	4,164.53	1,845.15
Unclaimed Dividend Account *	2.96	4.73
Unclaimed Fractional Share Balance*	0.16	0.16
Cash and Bank Balances as per Note 17	5,113.08	2,200.71
Less : Fixed deposits not considered as cash equivalents	4,164.53	1,845.15
Cash and Cash Equivalents in Cash Flow Statement	948.55	355.56

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

As per our report of even date

For **U. Narain & Co.**
Chartered Accountants
Firm Regn. No. 000935C

CA R. R. Modi
Partner
Membership No. : 053118

Place : Kolkata
Date : May 15, 2013

For **Rashmi & Co.**
Chartered Accountants
Firm Regn. No. 309122E

CA Sandeep Agarwal
Partner
Membership No. : 065643

For and on behalf of the Board of Directors

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

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

Ajay Kumar Tantia
Company Secretary

Notes to Financial Statements for the period ended March 31, 2013

1. General Information

Jai Balaji Industries Limited (the Company) is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on three stock exchanges in India (Bombay Stock Exchange, National Stock Exchange and Calcutta Stock Exchange). The Company is engaged in the manufacture and sale of steel and allied products.

2. Summary of Significant Accounting Policies

(a) Basis of preparation

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

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these

estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible 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 and Moulds 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) Pipe Moulds for Ductile Iron Foundry Works are depreciated over a period of 4 years.

v) 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.

Notes to Financial Statements (Contd.)

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

(g) Tangible Fixed Assets acquired under Finance Lease

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

If there is no reasonable certainty that the Company

will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

(h) Government grants and subsidies

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

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

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

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

(i) Investments

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

(j) Inventories

Inventories are valued as follows:

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.

Notes to Financial Statements (Contd.)

(l) Foreign currency transactions

(i) Initial Recognition

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

(ii) Conversion

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

(iii) Exchange Differences

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

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

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

change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

(m) Retirement and other employee benefits

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

Notes to Financial Statements (Contd.)

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

(q) Earnings Per Share

Basic earning per share is calculated by dividing the net profit or loss for the 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 on 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 Financial statements.

(u) Basis of classification of Current and Non Current

Assets and Liabilities in the balance sheet have been classified as either current or non-current based upon the requirements of Revised Schedule VI notified under the Companies Act, 1956.

Notes to Financial Statements (Contd.)

An asset has been classified as current if (a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is expected to be realized within twelve months after the reporting date; or (d) it is cash or cash equivalent unless it is restricted from being

exchanged or used to settle a liability for at least twelve months after the reporting date. All other assets have been classified as non-current.

A Liability has been classified as current when (a) it is expected to be settled in the Company's normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is due to be

settled within twelve months after the reporting date; or (d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents.

Note 3 : Share Capital

(₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
Authorised capital		
101,000,000 (101,000,000) Equity Shares of ₹ 10/- each	10,100.00	10,100.00
Issued, subscribed and fully paid-up capital		
63,781,486 (63,781,486) Equity Shares of ₹ 10/- each	6,378.15	6,378.15
Less: Calls unpaid (Due from other than directors or officers)	0.39	1.04
Total	6,377.76	6,377.11

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period :

	As at March 31, 2013		As at June 30, 2012	
	No. of Shares	(₹ in lacs)	No. of Shares	(₹ in lacs)
Equity Shares of ₹ 10/- each				
At the beginning of the period	63,781,486	6,377.11	63,781,486	6,377.11
Call money received during the period	—	0.65	—	—
At the end of the period	63,781,486	6,377.76	63,781,486	6,377.11

(b) Terms/rights attached to equity shares

The Company has only one class of ordinary shares (equity shares) having at par value of ₹ 10/- each. Each shareholder of ordinary shares (equity shareholders) is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing annual general meeting except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distributions of all preferential amounts, in the proportions to their share holdings.

(c) Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2013		As at June 30, 2012	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Enfield Suppliers Ltd.	11,221,233	17.59	11,221,233	17.59
Hari Management Ltd.	7,044,533	11.04	7,044,533	11.04
CVCIGP II Client Rosehill Limited	3,886,734	6.09	3,886,734	6.09
Aditya Jajodia	3,674,576	5.76	3,203,065	5.02
	25,827,076	40.48	25,355,565	39.74

As per records of the Company, including its register of shareholders/members, the above share holdings represents legal ownership of shares.



Notes to Financial Statements (Contd.)

(d) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

	As at March 31, 2013	As at June 30, 2012
	No. of Shares	No. of Shares
Equity Shares allotted as fully paid up for consideration other than cash	22,000,000	22,000,000

Note 4 : Reserves & Surplus

(₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
Capital Reserve		
As per last Financial Statements	6,408.50	6,408.50
Amalgamation Reserve		
As per last Financial Statements	4,400.00	4,400.00
Securities Premium Account		
As per last Financial Statements	46,017.50	46,017.50
General Reserve		
As per last Financial Statements	10,325.00	10,325.00
Surplus/(Deficit) in Statement of Profit & Loss		
As per last financial statements	(3,728.70)	23,876.92
Add: Profit/(Loss) for the period	(21,312.78)	(27,605.62)
Surplus/ (Deficit) in Statement of Profit & Loss	(25,041.48)	(3,728.70)
Total	42,109.52	63,422.30

Note 5 : Long Term Borrowings

(₹ in lacs)

	Non Current Portion		Current Portion	
	As at March 31, 2013	As at June 30, 2012	As at March 31, 2013	As at June 30, 2012
(Secured, unless otherwise stated)				
Term Loans				
Rupee Loan from banks	167,443.31	42,777.63	1,704.50	26,121.20
Rupee Loan from Financial Institutions	5,271.55	1,606.62	8,093.01	2,320.02
Rupee Loan from Financial Institution (Unsecured)	—	3,625.00	—	5,505.64
Rupee Loan from Others	141.58	460.41	822.64	991.82
Foreign Currency Loan from banks	—	730.65	—	6,995.95
Deferred Payments Liabilities	11.91	18.78	20.45	28.07
Other Loan and Advances				
Interest Free Sales Tax Loan (Unsecured)	—	—	186.44	358.93
Total	172,868.35	49,219.08	10,827.04	42,321.64
Amount disclosed under the head "Other Current Liabilities" (Refer Note 7)	—	—	(10,827.04)	(42,321.64)
Total	172,868.35	49,219.08	—	—

Notes to Financial Statements (Contd.)

1) Rupee Loan from banks and Financial Institution (except to the extent stated in point no. 2 below)

- a) Rupee Term Loan from banks and financial institution are secured by *pari-passu* 1st charge over the entire fixed assets (both present and future) and 2nd charge over the entire current assets (both present and future) of the Company's units at Ranigunge and Durgapur in the state of West Bengal and Durg in the state of Chhattisgarh.

The above loan are further secured as follows :

- (i) Personal Guarantees of Promoter Directors of the Company.
 - (ii) Corporate Guarantee of M/s. Shri Marutaye Balaji Steels Limited, a promoter group company
 - (iii) Assignment of mining rights for limestone mines at Satna, Madhya Pradesh of M/s Shri Marutaye Balaji Steels Limited
 - (iv) Pledge of equity shares of the Company held by the promoters
- b) Rupee Term Loan from banks and financial institution carry interest as follows:
- (i) term loan and working capital term loan aggregating ₹ 154,515.11 lacs at base rate of individual lenders plus spread, where spread is computed as difference between 11.75% p.a. and base rate of the individual lenders as on 16th June, 2012.
 - (ii) funded interest term loan aggregating ₹ 19,200.87 lacs at base rate of lead banker (UCO Bank).

- c) The above loans are repayable as under from the balance sheet date :

Payment Terms	35 structured quarterly installments starting from June 2013	
Installments Due	Number	(₹ in lacs)
(i) Within 1 year	4	1,751.51
(ii) One year to three year	8	39,647.25
(iii) Three year to five year	8	46,515.60
(iv) More than five year	15	85,801.59
	<u>35</u>	<u>173,715.95</u>

- 2) Rupee Term Loan from a Financial Institution aggregating ₹ 8,796.42 lacs carry interest in the range of 14.50% - 15% p.a. and is repayable in 8 equal quarterly installments starting from 15th May, 2012/14th December, 2012. The loan is secured by Bank Guarantee, pledge of certain promoter's shareholdings in the Company and personal guarantees of certain promoter directors.
- 3) Rupee Term Loan from others carry interest in the range of 13.65% - 14% p.a. and is repayable in 34 monthly installments starting from August 2011. The loan is secured by exclusive charge over the assets acquired under respective loan agreements and personal guarantee of certain promoter directors of the Company.
- 4) Deferred Payment Liabilities carry interest rate of 9.40% to 10.43% and are repayable in 36/42 equal monthly installments from the date of disbursement of the loan amounts. These loans are secured by hypothecation of respective assets acquired there from.
- 5) Sales tax loan from Government of Chhattisgarh is interest free and is repayable in 12 yearly installments starting from 31st March, 2002

Note 6 : Short Term Borrowings

(₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
Secured		
Loan Repayable on Demand		
- Cash Credit from Banks	52,434.26	86,325.87
Other Loan and advances		
Short Term Loans from Banks	—	29,500.00
Total	<u>52,434.26</u>	<u>115,825.87</u>



Notes to Financial Statements (Contd.)

Cash Credit facilities from banks are secured by *pari-passu* 1st charge over the entire current assets (both present and future) and 2nd charge over the entire fixed assets (both present and future) of the Company's units at Ranigunge and Durgapur in the state of West Bengal and Durg in the state of Chhattisgarh.

The above facilities are further secured as follows :

- (i) Personal Guarantees of Promoter Directors of the Company.
- (ii) Corporate Guarantee of M/s. Shri Marutaye Balaji Steels Limited, a promoter group company
- (iii) Assignment of mining rights for limestone mines at Satna, Madhya Pradesh of M/s. Shri Marutaye Balaji Steels Limited
- (iv) Pledge of equity shares of the Company held by the promoters

Note 7 : Trade Payables and other Current Liabilities

(₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
Trade Payables (Refer Note 34 for details due to Micro and Small Enterprises)		
- Raw materials [including acceptances of ₹ 16,347.43 lacs (₹ 8,169.57 lacs)]	62,378.27	54,049.74
- Others	31,274.35	25,298.20
	<u>93,652.62</u>	<u>79,347.94</u>
Current Maturities of Long Term Borrowings (Refer Note 5)	10,827.04	42,321.64
Capital Creditors	4,089.41	4,313.00
Interest Accrued but not due on Borrowings	66.76	191.83
Interest Accrued and due on Borrowings	158.84	5,848.44
Advance from Customer	7,865.88	10,292.35
Advances from a Subsidiary Company (Refer Note 32)	—	309.04
Temporary Book Overdraft	214.12	932.29
Investor Education and Protection Fund will be credited by the following amounts (as and when due)		
- Unclaimed Dividend	2.95	4.72
- Unclaimed Fractional Share Liabilities	0.16	0.16
Others		
- Statutory Dues Payable	3,631.71	4,968.84
- Excise Duty payable on Closing Stock	907.84	3,085.95
- Interest Others	374.99	522.69
- Due to Employees	1,281.55	1,200.65
- Other Miscellaneous	69.06	85.73
	<u>29,490.31</u>	<u>74,077.33</u>
Total	<u>123,142.93</u>	<u>153,425.27</u>

Note 8 : Short Term Provisions

(₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
Provision for employee benefits :		
Gratuity (Refer Note 33)	528.64	340.71
Leave Salary	120.95	105.90
Other Provision :		
Provision for Taxation [Net of Advance Tax ₹ Nil (₹ 3,724.49 lacs)]	—	7.98
Provision for Wealth Tax	0.45	0.43
Total	<u>650.04</u>	<u>455.02</u>

Notes to Financial Statements (Contd.)

Note 9 : Tangible Assets

(₹ in lacs)

Description	Gross Block				Depreciation/ Amortisation				Net Block	
	As at June 30, 2012	Additions	Deductions	As at March 31, 2013	Up to June 30, 2012	For the period	Deductions	As at March 31, 2013	As at March 31, 2013	As at June 30, 2012
Freehold Land	3,325.54	850.12	-	4,175.66	-	-	-	-	4,175.66	3,325.54
Leasehold Land	707.57	-	-	707.57	118.08	7.87	-	125.95	581.62	589.49
Factory Buildings	27,644.50	12,816.39	-	40,460.89	3,326.52	729.23	-	4,055.75	36,405.14	24,317.98
Railway Siding	4,352.36	1.82	-	4,354.18	802.71	155.10	-	957.81	3,396.37	3,549.65
Plant and Machinery	140,310.93	32,610.61	15.49	172,906.05	33,650.08	6,913.66	3.30	40,560.44	132,345.61	106,660.85
Electrical Installations	20,261.55	4,133.46	-	24,395.01	4,189.67	741.23	-	4,930.90	19,464.11	16,071.88
Furniture, Fixtures	115.51	1.38	0.72	116.17	39.64	7.61	0.33	46.92	69.25	75.87
Office Equipments	863.24	14.54	-	877.78	507.56	42.07	-	549.63	328.15	355.68
Vehicles	232.82	6.45	21.85	217.42	99.20	15.90	10.34	104.76	112.66	133.62
Total	197,814.02	50,434.77	38.06	248,210.73	42,733.46	8,612.67	13.97	51,332.16	196,878.57	155,080.56
Previous Year's Total	193,677.88	4,228.48	92.34	197,814.02	28,890.54	13,875.94	33.02	42,733.46	155,080.56	

Note 10 : Capital Work-in-Progress and Pre-Operative Expenditure Pending Allocation

(₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
A. Capital Work-in-Progress		
Buildings	10,813.57	11,137.77
Railway Siding	359.01	359.01
Plant and Machinery	25,496.13	27,174.86
Electrical Installations	3,570.75	3,672.97
Land	6,117.86	5,969.32
Sub Total	46,357.32	48,313.93
Less : Transferred to Fixed Assets	39,037.76	2,194.63
Total A	7,319.56	46,119.30
B Pre-operative Expenditure Pending Allocation		
Opening Balance	12,345.82	4,108.91
Additions		
Power and Fuel	352.51	2,291.90
Salaries, Wages and Bonus	32.63	534.87
Rent and Hire	3.24	132.17
Rates and Taxes	0.02	1.27
Insurance	0.32	2.92
Travelling and Conveyance	8.59	92.64
Telephone and Postage	0.04	15.76
Legal and Professional Charges	13.93	153.71
Miscellaneous Expenses	66.43	154.47
Interest on Term Loans	288.46	4,971.94
Finance Charges	5.89	152.85
	13,117.88	12,613.41
Less : Transferred to Fixed Assets	9,255.94	267.59
Total B	3,861.94	12,345.82

Notes to Financial Statements (Contd.)

(₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
C TRIAL RUN EXPENSES		
Raw Materials Consumed	15,075.69	—
	<u>15,075.69</u>	<u>—</u>
Personnel Cost		
Salaries, Wages and Bonus	200.18	—
Contribution to Provident and Other Funds	3.66	—
	<u>203.84</u>	<u>—</u>
Manufacturing, Selling and Distribution and Administrative Expenses		
Consumption of Stores and Spares	98.57	—
Labour Charges	270.47	—
Power and Fuel	320.29	—
Repairs and Maintenance to Others	7.14	—
Rent and Hire	135.79	—
Other Manufacturing Expenses	4.19	—
Legal and Professional Charges	30.00	—
Miscellaneous Expenses	27.59	—
	<u>894.04</u>	<u>—</u>
Interest and Finance Charges		
Interest on		
- Others	104.58	—
Interest on Term Loans	1,174.25	—
Finance Charges	62.57	—
	<u>1,341.40</u>	<u>—</u>
Less:		
Sales of Finished Goods	13,881.51	—
[Net of Excise duty and cess ₹ 628.76 lacs (₹ Nil lacs)]		
Closing stock at the end of Trial-run period of a project		
Finished Goods	1,335.12	—
[Net of Excise duty and cess ₹ 82.51 lacs (₹ Nil)]		
Work-in-Process	428.82	—
[Net of Excise duty and cess ₹ Nil (₹ Nil)]		
	<u>15,645.45</u>	<u>—</u>
Sub Total	<u>15,645.45</u>	<u>—</u>
	<u>1,869.52</u>	<u>—</u>
Less : Transferred to Fixed Assets	<u>1,869.52</u>	<u>—</u>
	<u>—</u>	<u>—</u>
Total C	<u>—</u>	<u>—</u>
Grand Total (A+B+C)	<u>11,181.50</u>	<u>58,465.12</u>

Consumption of Raw Material :

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Coking Coal	15,075.69	—
	<u>15,075.69</u>	<u>—</u>

Notes to Financial Statements (Contd.)
Note 11 : Non Current Investments

(₹ in lacs)

	Number of shares	Face Value Per Share	As at March 31, 2013	As at June 30, 2012
(Valued at cost unless otherwise stated)				
Trade Investment				
Unquoted, Fully Paid up				
Investment in Equity Shares				
In Subsidiary Companies				
Nilachal Iron and Power Limited	34,948,727	10	7,709.46	7,709.46
Jai Balaji Energy (Purulia) Limited	50,000	10	5.00	5.00
Jai Balaji Steels (Purulia) Limited	50,000	10	5.00	5.00
In Joint Venture Companies				
Andal East Coal Company Private Limited	319,290	10	134.79	134.79
Rohne Coal Company Private Limited	69,000	10	6.90	6.90
Investment in Preference Shares				
In a Joint Venture Company				
1% Redeemable Preference Shares of Rohne Coal Company Private Limited	1,982,003	10	198.20	198.20
			<u>8,059.35</u>	<u>8,059.35</u>
Non Trade Investment				
Unquoted, Fully Paid up				
Investment in Equity Shares				
Calcutta Stock Exchange Limited	6,726	1	33.63	33.63
[At cost less provision for other than temporary diminution ₹ 100.89 lacs (₹ 100.89 lacs)]				
In Government Securities				
National Saving Certificate			4.12	2.62
(Deposited with Third Parties)			<u>37.75</u>	<u>36.25</u>
			<u>8,097.10</u>	<u>8,095.60</u>
Aggregate Value of Investments				
- Quoted			—	—
- Unquoted			8,197.99	8,196.49
Aggregate provision for diminution in the value of Investments			100.89	100.89

Note 12 : Deferred Tax Assets /(Liabilities) (Net)

(₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
Deferred Tax Asset		
Unabsorbed Depreciation and carry forward Business Losses	27,176.87	15,124.67
Expenses Allowed On Payment Basis/Other Timing Differences	1,380.55	710.08
Sub Total (A)	<u>28,557.42</u>	<u>15,834.75</u>
Deferred Tax Liability		
Timing Difference on Depreciable assets	20,101.53	17,665.27
Sub Total (B)	<u>20,101.53</u>	<u>17,665.27</u>
Deferred Tax Assets / (Liabilities) (Net) (A-B)	<u>8,455.89</u>	<u>(1,830.52)</u>

Although, there is carried forward unabsorbed depreciation as on the reporting date, yet in view of the future profitability projections, the Company is virtually certain that there would be sufficient taxable income in future, to claim the above tax credit.



Notes to Financial Statements (Contd.)

Note 13 : Loans and Advances

(₹ in lacs)

	Non Current		Current	
	As at March 31, 2013	As at June 30, 2012	As at March 31, 2013	As at June 30, 2012
(Unsecured, Considered Good)				
Capital Advances	5,801.19	5,738.88	—	—
Security Deposit	713.14	1,281.18	535.30	213.11
[Net of Provision for Doubtful Advances ₹ 24.28 lacs (₹ 24.28 lacs)]				
Loans and advances to Related parties				
Loans to Body Corporate (Receivable on demand)*	—	—	8,500.00	8,500.00
Advances to a Subsidiary Company*	—	—	258.16	—
Advances to a Body Corporate **	—	—	740.22	—
Share Application Money to Joint Venture Company	—	—	193.70	122.71
	—	—	9,692.08	8,622.71
Loans to Body Corporate (Receivable on demand)	—	—	564.05	564.05
Advances recoverable in cash or kind				
Advances recoverable in cash or in kind or for value to be received	—	—	6,297.27	4,118.47
[Net of Provision for Doubtful Advances ₹ 783.62 lacs (₹ 783.62 lacs)]				
Other Loans and advances				
Balance with Excise and other Government Authorities	—	—	1,204.48	2,051.61
Advance income tax	—	—	161.98	—
[net of Provisions ₹ 5,307.21 lacs (₹ Nil)]	—	—	—	—
Sales Tax and Other Refunds Receivable	353.47	366.94	63.00	3.53
Mat Credit Entitlement	4,709.71	4,709.71	—	—
	5,063.18	5,076.65	1,429.46	2,055.14
Total	11,577.51	12,096.71	18,518.16	15,573.48
*(Refer Note 32)				
# since realised				

Note 14 : Other Non Current Assets

(₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
Non Current bank balances (Refer Note 17)	1,155.76	107.65
Interest Receivable on Deposits	15.56	6.76
Total	1,171.32	114.41
Note 15 : Inventories		
Raw Materials	44,036.55	49,620.94
[Including in transit ₹ 5,967.79 lacs (₹ 5,064.85 lacs)]		
Stores and Spares	4,239.55	4,615.19
[Including in transit ₹ 185.46 lacs (₹ 12.88 lacs)]		
Work - in - Process	793.28	642.46
Finished Goods [including materials lying at port ₹ 45.04 lacs (₹ Nil)]	9,753.35	23,116.56
By Products and Scrap	611.97	2,898.88
Total	59,434.70	80,894.03

Notes to Financial Statements (Contd.)

Note 16 : Trade Receivables

(₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
Outstanding for a period exceeding six month from the date they are due for payment		
Unsecured, considered good	15,263.40	13,646.85
Unsecured, considered doubtful	270.62	437.04
	15,534.02	14,083.89
Less: Provision for Doubtful Debts	270.62	437.04
(A)	15,263.40	13,646.85
Other Debts		
Unsecured, considered good	53,957.21	35,038.14
(B)	53,957.21	35,038.14
Total (A+B)	69,220.61	48,684.99

Note 17 : Cash and Bank Balances

(₹ in lacs)

	Non Current		Current	
	As at March 31, 2013	As at June 30, 2012	As at March 31, 2013	As at June 30, 2012
Cash and Cash equivalents				
Balance with Banks :-				
On Current Accounts	—	—	310.10	113.99
Cash on hand	—	—	54.60	139.65
Cheques in hand	—	—	580.73	97.03
Unclaimed Dividend Account	—	—	2.96	4.73
Unclaimed Fractional Share Balance	—	—	0.16	0.16
	—	—	948.55	355.56
Other Bank Balances				
Deposits with original maturity for more than 12 Months*	1,155.76	107.65	204.86	558.10
Deposits with original maturity for more than 3 Months but less than 12 months*	—	—	2,803.91	1,179.40
	1,155.76	107.65	3,008.77	1,737.50
Amount disclosed under the head "Other Non Current Assets" (Refer Note 14)	(1,155.76)	(107.65)	—	—
Total	—	—	3,957.32	2,093.06

* including ₹ 4,164.53 lacs (₹ 1,845.15 lacs) pledged with banks and others as margin money against borrowings/other facilities

Note 18 : Other Current Assets

(₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
Interest Receivable on Loans, Advances and Deposits	364.53	299.27
Subsidies and Incentives Receivable	11,234.90	9,157.94
Total	11,599.43	9,457.21



Notes to Financial Statements (Contd.)

Note 19 : Revenue from Operations

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Sales of products		
Finished Goods	163,403.96	300,436.14
By Products and Scraps	2,635.73	5,609.36
Raw Materials	16.52	2,817.83
Other Operating Revenue		
Conversion Charges	1,273.85	3,562.14
Subsidy on Sales Tax/Value Added Tax	2,225.99	1,921.75
Export Incentives	16.53	240.30
Carbon Credit Income	—	335.78
Service and other Charges	—	1,347.92
Revenue from Operations (Gross)	169,572.58	316,271.22
Less: Excise Duty	15,088.83	22,948.10
Revenue from Operations (Net)	154,483.75	293,323.12
Sale of finished goods comprise @:		
Sponge Iron	6,594.29	21,923.32
Pig Iron	24,762.93	51,353.32
Steel Bars/Rods	23,926.58	38,835.11
Billet/MS Ingots	76,925.90	124,315.71
Ferro Alloys	11,237.35	25,203.45
Ductile Iron Pipe	17,916.09	37,360.98
Power	124.39	1,317.63
Coke/Coal	1,801.79	126.62
Limestone	114.64	—
	163,403.96	300,436.14

@ excludes goods transferred for further processing and used for self consumption in Fixed Assets/Trial Run.

Note 20 : Other Income

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Interest on :		
(a) Fixed Deposits with Banks [Gross, Tax deducted at source ₹ 13.12 lacs (₹ 18.09 lacs)]	155.96	210.14
(b) Loans and Advances [Gross, Tax deducted at source ₹ 122.96 lacs (₹ 173.44 lacs)]	1,230.36	1,752.01
Commission Received	34.13	130.93
Dividend from long term Investments (other than trade)	0.67	0.47
Insurance Claims	5.25	30.37
Liabilities no longer required written back	233.69	425.04
Provision for doubt debts no longer required written back	122.04	—
Gain on Foreign Exchange Fluctuations (Net)	381.93	—
Miscellaneous Income	9.84	29.13
Total	2,173.87	2,578.09

Notes to Financial Statements (Contd.)

Note 21 : Cost of Materials Consumed

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Opening Stock	49,620.94	41,893.03
Purchases	100,625.87	242,240.65
	150,246.81	284,133.68
Less: Closing Stock	44,036.55	49,620.94
Raw Materials Consumed	106,210.26	234,512.74
Consumption of Raw Material		
Iron Ore/Pellets	23,556.76	61,947.22
Manganese Ore	4,862.94	13,304.67
Sponge Iron	14,573.89	26,581.47
Billet/Ingot	1,551.03	9,017.50
Coke/Coal	57,733.39	116,235.26
Magnesium Metal	285.51	580.01
Pig Iron	25.12	24.56
Steel Scrap & Wastes	532.45	1,342.15
Ferro Alloys	558.99	1,455.87
Quartzite, Limestone and Dolomite	2,530.18	4,024.03
	106,210.26	234,512.74
Purchase of Stock in Trade includes		
Coal	118.96	126.62
DI Fittings	36.76	—
	155.72	126.62

Note 22 : Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Opening Stocks		
Work-in-Process	642.46	709.11
Finished Goods	23,116.56	7,305.42
By Products and Scrap	2,898.88	2,804.60
	26,657.90	10,819.13
Add: Stock transferred from Trial Run (Refer Note 10)	1,763.94	—
	28,421.84	10,819.13
Less:		
Closing Stocks		
Work-in-Process	793.28	642.46
Finished Goods	9,753.35	23,116.56
By Products and Scrap	611.97	2,898.88
	11,158.60	26,657.90
	17,263.24	(15,838.77)
(Increase)/Decrease in excise duty and cess on stocks	(2,178.11)	2,022.28
Total	15,085.13	(13,816.49)

Notes to Financial Statements (Contd.)
Note 22 : Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade (Contd.)

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Stock of finished goods comprises		
Opening Stock		
Sponge Iron	2,358.85	651.89
Pig Iron	10,575.45	273.16
Steel Bars/Rods	164.56	2,129.71
Billet/MS Ingots	8,030.41	1,899.96
Ferro Alloys	382.93	907.49
Ductile Iron Pipe	1,604.36	1,443.21
Total	23,116.56	7,305.42
Closing Stock		
Sponge Iron	516.72	2,358.85
Pig Iron	4,463.22	10,575.45
Steel Bars/Rods	146.54	164.56
Billet/MS Ingot	2,182.35	8,030.41
Ferro Alloys	529.97	382.93
Ductile Iron Pipe	1,004.89	1,604.36
Coke	909.66	–
Total	9,753.35	23,116.56

Note 23 : Employee Benefits Expense

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Salaries, Wages, Bonus & Other Benefits	4,398.90	6,727.39
Contribution to Provident Fund & other fund	355.48	290.53
Staff Welfare Expenses	177.22	292.14
Directors remuneration	4.50	–
Total	4,936.10	7,310.06

Note 24 : Finance Costs

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Interest Expenses		
On Term loans	11,906.45	14,643.48
On Income Tax	–	190.64
On Others	4,234.96	14,736.67
Finance charges	1,503.29	2,428.89
Total	17,644.70	31,999.68

Notes to Financial Statements (Contd.)
Note 25 : Other Expenses

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Consumption of Stores and Spares	10,505.67	20,402.47
Labour Charges	4,066.33	6,429.62
Power and Fuel	13,266.28	18,651.65
Repairs and Maintenance:		
- Plant and Machinery	403.01	1,016.66
- Buildings	84.58	205.10
- Others	182.95	286.53
Water Charges	284.34	472.71
Equipment Hire Charges	1,540.53	3,038.90
Shifting Expenses	558.44	1,537.96
Freight and Transportation	2,059.27	3,392.15
Rent and Hire	103.23	149.88
Rates and Taxes	827.66	561.37
Insurance	100.21	171.94
Advertisement	47.83	115.24
Brokerage and Commission (Other than Sole Selling Agents)	169.84	383.01
Travelling and Conveyance	367.94	568.85
Telephone and Postage	75.56	102.69
Legal and Professional Charges (Refer Note 39)	261.99	500.09
Directors' Fees	1.45	2.20
Provision for Diminution in the Value of Investments	—	100.89
Irrecoverable Debts and Advances Written off	82.54	82.83
Less: Adjusted against Provisions	44.38 38.16	82.10 0.73
Loss on sale of long term non trade Investments	—	150.00
Less: Adjusted against Provisions	— —	— 150.00
Loss on Foreign Exchange Fluctuations (Net)	—	912.96
Charity and Donations	11.73	41.36
Security and Service Charges	315.17	534.14
Loss on Sale of Fixed Assets	2.72	12.08
Miscellaneous Expenses	297.02	681.58
Prior period Expenses	38.84	353.98
Total	35,610.75	60,776.74

Notes to Financial Statements (Contd.)

26. Contingent liabilities not provided for:

(₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
a) Claims against the Company not acknowledged as debts		
i) Excise and Service Tax Demands under dispute/appeal	5,880.10	3,536.93
ii) Sales Tax/VAT matters under dispute/appeal	6,736.99	11,552.59
b) Letters of Credit, Bills discounted and Bank Guarantees outstanding	11,128.48	11,533.70
c) Custom Duty on Import of Equipment and spare parts under EPCG Scheme	2,468.83	2,266.13
d) Guarantees and Counter guarantees given by the Company for loans obtained by Subsidiary/other companies	7,180.00	7,780.00
e) Guarantee given for Joint Venture Companies	1,412.46	1,412.46
27. Estimated amount of contracts remaining to be executed on Capital Account and not provided for [Net of Advances ₹ 5,801.19 lacs (₹ 5,738.88 lacs)]	1,545.89	1,498.92

Proportionate amount of pending capital commitments on account of Joint Venture Companies is ₹ 9.98 lacs [(₹ 10.52 lacs (March 31, 2012)] as at March 31, 2013.

28 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.

29 On 9th June 2011, the Income Tax Department had carried out Search, Seizure and Survey at the Company's premises. Subsequent to the aforesaid, the Company has admitted no irregularities in the books. However, to buy peace and avoid litigation with the department, surrendered an Income of ₹ 3,805.50 lacs for the previous year ended 31/3/2011. The Income Tax authorities are yet to complete assessment proceedings in respect of search and seizure operations.

30 During the financial year, the Corporate Debt Restructuring (CDR) Cell through its Empowered Group has approved a debt restructuring scheme for the Company which provides for revision in interest rates, deferment of repayment of term loans, conversion of interest into Funded Interest term loan and additional infusion of ₹ 5,000.00 lacs into the Company. In view of the above ₹ 2,509.25 lacs as Money Received against share warrants have been brought up front as stipulated in the restructuring scheme and balance to be brought within a period of one year from the date of Letter of Approval dated 20th September 2012.

Necessary adjustments in the books of accounts have been made to reflect the impact of the aforesaid restructuring scheme.

31 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 ₹ 2,225.99 lacs (₹ 1,921.75 lacs):

(₹ in lacs)

Sl. No.	Particulars	Account to which credited	9 months period ended March 31, 2013	15 months period ended June, 2012
a)	Industrial Promotion Assistance	Subsidy on Sales Tax / Value Added Tax under Sales & Service	2,225.99	1,921.75

32. Loans and Advances includes the following balances

(₹ in lacs)

Name of the Company	As at March 31, 2013	Maximum Amount due at any time during 9 months period ended March 31, 2013	As at June 30, 2012	Maximum Amount due at any time during 15 months period ended June 30, 2012
In terms of Clause 32 of the Listing Agreement				
Jai Balaji Jyoti Steels Ltd.	9,240.22	9,240.22	8,499.63	12,088.17
Subsidiary Company				
Nilachal Iron and Power Limited	258.16	324.32	(309.04)	2,001.28

Notes to Financial Statements (Contd.)

33 Gratuity

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

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

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

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Current service cost	116.05	212.11
Interest cost on benefit obligation	41.56	57.51
Expected return on plan assets	(20.89)	(27.59)
Net actuarial loss/(gain) recognised during the period	57.08	(158.24)
Past Service cost	9.13	15.54
Total Expenses*	202.93	99.33

* Includes ₹ Nil (₹ 31.26 lacs) transferred to Preoperative/Trial Run

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

	As at March 31, 2013	As at June 30, 2012
Present value of Defined Benefits Obligation	858.87	660.46
Fair value of plan assets	330.23	310.62
	528.64	349.84
Less: Unrecognised past service cost	-	9.13
Total Expenses	528.64	340.71

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

	As at March 31, 2013	As at June 30, 2012
Present Value of Defined Benefit Obligation at the beginning of the period	660.46	574.74
Current Service Cost	116.05	212.11
Interest Cost	41.56	57.51
Benefits Paid	(17.14)	(27.28)
Actuarial Loss/(Gain)	57.94	(156.62)
Plan Amendments	-	-
Present Value of Defined Benefits Obligation at the period end	858.87	660.46

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

	As at March 31, 2013	As at June 30, 2012
Fair Value of Plan Assets at the beginning of the year	310.62	209.13
Expected Return	20.89	27.59
Contribution by Employer	15.00	99.56
Benefits paid	(17.14)	(27.28)
Actuarial Gains/(Losses)	0.86	1.62
Fair Value of Plan Assets at the period end	330.23	310.62

Notes to Financial Statements (Contd.)

V. The major categories of plan assets as a percentage of the fair value of the total plan assets (₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
Investment with the insurer	100%	100%

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

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Discount Rate	8.20%	8.50%
Expected Rate of return on assets	9.00%	9.00%
Rate of increase in salaries	10.00%	10.00%
Mortality Table	Indian Assured Life Mortality (2006-08) (modified) Ult	LIC (1994-96) ultimate

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

	As at March 31, 2013	As at June 30, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Defined benefit obligation	(858.87)	(660.46)	(574.74)	(366.43)	(177.65)
Plan Assets	330.23	310.62	209.13	150.13	84.53
Surplus/(Deficit)	(528.64)	(349.84)	(365.61)	(216.30)	(93.12)
Experience Gain/(Loss)					
Adjustments on plan liabilities	(13.21)	129.08	(68.68)	(23.15)	Not Available
Experience Gain/(Loss)					
Adjustments on plan assets	0.86	1.62	(0.99)	(0.14)	Not Available
Experience Gain/(Loss) due to change on assumptions	(44.73)	27.54	–	24.43	Not Available

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Contribution to Provident Fund and other Funds	508.59	483.98

Note:

- The Company expects to contribute ₹ 528.64 lacs (₹ 340.71 lacs) to Gratuity Fund in 2013-14.
- 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.

Notes to Financial Statements (Contd.)

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

(₹ in lacs)

Sl No.	Particulars	9 months period ended March 31, 2013	15 months period ended June 30, 2012
a)	Principal Amount remaining unpaid to the suppliers as at the end of the period	—	—
b)	Interest due on above remaining unpaid to the suppliers as at the end of the period	—	—
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.	—	—

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

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

	Foreign Currency (FC)	As at March 31, 2013		As at June 30, 2012	
		in FC	₹ in lacs	in FC	₹ in lacs
Receivables					
(a) Trade Receivables	US\$	78,215	42.54	—	—
(b) Advances	US\$	114,654	62.36	68,746	38.71
Total			104.9		38.71
Payables					
(a) Trade Payables	US\$	496,368	269.97	27,402,886	15,430.29
	Euro	83,635	58.16	241,437	171.2
Total			328.13		15,601.49
Loans					
(a) Foreign Currency Loans	US\$	—	—	12,071,788	6,797.50
Total			—		6,797.50

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

Contracts of US \$ Nil (US \$ 1,650,000) for minimizing the risk of currency exposure on foreign currency loans from banks aggregating ₹ Nil (₹ 929.10 lacs).



Notes to Financial Statements (Contd.)

37. Basic and diluted earnings per share :

Sl No.	Particulars		9 months period ended March 31, 2013	15 months period ended June 30, 2012
A	Profit/(Loss) after Tax	₹ in lacs	(21,312.78)	(27,605.62)
B	Number of shares at the beginning of the year	Nos.	63,781,486	63,781,486
C	Total equity shares outstanding at the end of the year	Nos.	63,781,486	63,781,486
D	Weighted average number of equity shares outstanding at the end of the year	Nos.	63,781,486	63,781,486
E	Nominal Value of each Share	₹	10.00	10.00
F	Basic Earning per Share	₹	(33.42)	(43.28)
G	Diluted Earning per Share	₹	(33.42)	(43.28)

38. 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)
Key Management Personnel	Mr. Aditya Jajodia, Chairman and Managing Director Mr. Sanjiv Jajodia, Wholetime Director
Relatives of Key Management Personnel	Mr. Rajiv Jajodia, Brother of Wholetime Director Mr. Devendra Prasad Jajodia, Brother of Wholetime Director Mr. Aashish Jajodia, Brother of Chairman and Managing Director Mr. Gourav Jajodia, Nephew of Wholetime Director Smt. Kanchan Jajodia, Sister-in-law of Wholetime Director Smt. Rina Jajodia, Sister-in-law of Chairman and Managing Director Smt. Sangeeta Jajodia, Wife of Wholetime Director Smt. Shashi Devi Jajodia, Sister-in-law of Wholetime Director Smt. Seema Jajodia, Wife of Chairman and Managing Director
Enterprises owned or significantly influenced by key management personnel or their relatives	Chandi Steel Industries Limited (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) Shri Marutaye Balaji Steels Limited (SMBSL)

Notes to Financial Statements (Contd.)

b. Related Party Transactions:

Relationship	Party	Sales	Purchases	Rent paid	Interest Received	Dividend Paid	Director fee	Share Application Advance	Investment in Preference Shares	Money Received against share warrants	Balance Receivable	Balance Payable	Guarantees Obtained	Corporate Guarantee Given
(₹ in lacs)														
Subsidiaries	NIPL	- (26.79)	1,631.62 (8,953.17)	-	-	-	-	-	-	-	258.16	- (309.04)	-	4,500.00 (4,500.00)
Joint Venture	RCCPL	-	-	-	-	-	-	8.99	- (53.34)	-	-	-	-	898.38 (898.38)
	ABCCPL	-	-	-	-	-	-	62.00 (112.00)	-	-	-	-	-	514.08 (514.08)
Key Management Personnel	Aditya Jajodia	-	-	-	-	-	-	-	-	-	-	-	235,910.85 (197,830.17)	-
	Sanjiv Jajodia	-	-	-	-	-	-	-	-	-	-	-	235,910.85 (197,830.17)	-
Relatives of Key Management Personnel	Rajiv Jajodia	-	-	-	-	-	0.20 (0.35)	-	-	-	-	-	235,910.85 (197,830.17)	-
	Gaurav Jajodia	-	-	-	-	-	0.15 (0.30)	-	-	-	-	-	226,150.21	-
	Others	-	-	-	-	-	-	-	-	-	-	-	-	-
Enterprises owned or significantly influenced by key management personnel or their relatives	CSIL	2,235.02 (7,087.92)	81.92 (133.37)	-	294.61 (500.87)	-	-	-	-	-	3,023.57 (4,379.05)	-	-	2,680.00 (3,280.00)
	JB SL	- (231.19)	2,253.03 (14,471.05)	-	862.83 (1,127.91)	-	-	-	-	-	9,240.22 (8,499.63)	-	-	-
	JSBIPL	2,856.66 (3,724.14)	1,669.21 (4,599.34)	-	- (10.09)	-	-	-	-	-	- (1,229.43)	-	-	-
	SMBSL	-	- (183.18)	-	-	-	-	-	-	-	-	-	255,945.00	-
	JEPL	-	-	0.52 (0.86)	-	-	-	-	-	-	-	-	-	-
	ESL	-	-	-	-	-	-	-	-	950.00	-	-	-	-
	HML	-	-	-	-	-	-	-	-	1,559.25	-	-	-	-
	Others	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		5,091.68 (11,070.04)	5,635.78 (28,340.11)	0.52 (0.86)	1,157.44 (1,628.77)	- (130.49)	0.35 (0.65)	70.99 (112.00)	- (53.34)	2,309.25	12,521.95 (12,878.68)	- (1,538.47)	1,189,827.76 (593,490.51)	8,592.46 (9,192.46)

Notes to Financial Statements (Contd.)

39. Auditors Remuneration (included in Legal and Professional Charges)

(₹ in lacs)

Payment to Auditor	9 months period ended March 31, 2013	15 months period ended June 30, 2012
As auditor :		
Audit fee	9.50	6.00
Limited Review	5.00	26.50
Tax Audit	1.50	0.75
Out-of-pocket expenses	0.54	0.60
	16.54	33.85
In other manner for Certification	—	3.50
Total	16.54	37.35

Out of above amount, paid to previous auditor amounts to ₹ Nil (₹ 26.60 lacs)

40. 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.

Name of the Joint Venture Company	Andal East Coal Company Pvt. Ltd.		Rohne Coal Company Pvt. Ltd.	
	2012-13	2011-12	2012-13	2011-12
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				
Current Assets	48.54	64.12	0.54	0.56
Non Current Assets	541.54	500.39	279.20	243.47
Current Liabilities	97.76	115.69	0.08	0.08
Non Current Liabilities	1.45	0.50	—	—
Revenue	—	—	0.14	0.12
Other Expenses	2.04	0.83	0.11	0.12
Profit/(Loss) before tax	(2.04)	(0.83)	0.03	0.00
Capital expenditure commitments and contingent liabilities of the joint venture are disclosed in Note 26				

41. 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:

	As at March 31, 2013	As at June 30, 2012
Total Number of Equity shares held by the promoter group	33,220,395	32,736,884
Total Number of Equity shares pledged by the promoter group	30,782,233	30,782,233
Percentage of total shares pledged to total shareholding of the promoter group	92.66%	94.03%
Percentage of total shares pledged to total outstanding shares of the Company	48.26%	48.26%

42. Value of Consumption of Imported and Indigenous raw materials and components, spare parts etc.

Consumption	Raw Materials*		Components, Spare Parts etc*	
	₹ in lacs	% of total Consumption	₹ in lacs	% of total Consumption
Imported	28,204.05 (27,231.55)	23.25 (11.61)	754.98 (2,399.33)	7.12 (11.76)
Indigenous	93,081.90 (207,281.19)	76.75 (88.39)	9,849.26 (18,003.14)	92.88 (88.24)
Total	121,285.95 (234,512.74)	100.00 (100.00)	10,604.24 (20,402.47)	100.00 (100.00)

*includes materials consumed during trial run process

Notes to Financial Statements (Contd.)

43. Value of Imports (calculated on CIF basis)

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Raw materials	21,820.11	29,253.01
Components & Spare Parts	754.98	2,159.86
Capital Goods	—	2,094.12
Total	22,575.09	33,506.99

44. Expenditure in Foreign Currency (on accrual basis)

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Professional Consultation Fees	37.03	116.87
Interest	112.61	291.07
Others	22.91	155.04
Total*	172.55	562.98

*includes amount transferred to Preoperative and Trial Run Expenses

45. Earnings in Foreign Currency (on accrual basis)

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Exports at FOB Value	688.18	4,540.75

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

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
i) Financial Year to which the dividend relates	2011-12	2010-11
ii) No. of non-resident shareholders	134	143
iii) No. of Shares held	1,18,15,543	17,176,309
iv) Amount remitted as dividend (₹ in lacs)*	Nil	Nil

*Excludes dividend paid to non-resident shareholders in Indian Rupees aggregating to ₹ Nil (₹ 68.71 lacs)

47. i) The current financial year of the Company is for the period of nine months from 1st July, 2012 to 31st March, 2013 as compared to previous financial year of fifteen months from 1st April, 2011 to 30th June, 2012. Hence, the current period's figures are not comparable with previous period's figures.

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

As per our report of even date

For and on behalf of the Board of Directors

For **U. Narain & Co.**
Chartered Accountants
Firm Regn. No. 000935C

For **Rashmi & Co.**
Chartered Accountants
Firm Regn. No. 309122E

Aditya Jajodia
Chairman & Managing Director

Sanjiv Jajodia
Wholetime Director

CA R. R. Modi
Partner
Membership No. : 053118

CA Sandeep Agarwal
Partner
Membership No. : 065643

Rajiv Jajodia
Director

Raj Kumar Sharma
Chief Financial Officer

Place : Kolkata
Date : May 15, 2013

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	: 31 st March, 2013	31 st March, 2013	31 st March, 2013
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 ₹ 10 each fully paid up	50,000 Equity Shares of ₹ 10 each fully paid up	50,000 Equity Shares of ₹ 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 31 st March, 2013	: ₹ (1,677.72) Lacs	N.A.	N.A.
ii) For the previous Financial year of the Subsidiary Company since it became the Holding Company's Subsidiary	: ₹ (1,161.00) Lacs	N.A.	N.A.
b) Dealt with in the Holding Company's account			
i) For the Financial year ended 31 st March, 2013	: NIL	N.A.	N.A.
ii) For the previous Financial year of the Subsidiary Company since it became the Holding Company's Subsidiary	: ₹ (94.64) 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 : 12th August, 2013

Raj Kumar Sharma
Chief Financial Officer

Ajay Kumar Tantia
Company Secretary

Independent Auditors' Report

**To the Members of
Jai Balaji Industries Limited**

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying Consolidated financial statements of **Jai Balaji Industries Limited** ("the Company"), and its subsidiaries (collectively referred to as "The Group") which comprise the Consolidated Balance Sheet as at **March 31, 2013**, and the Consolidated Statement of Profit and Loss for the period (1st July, 2012 to 31st March, 2013) and the Consolidated Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENT

Management is responsible for the preparation of these financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material

misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the Consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated financial statements.

OPINION

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

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

- a) in the case of Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013.
- b) in the case of Consolidated Statement of Profit and Loss, of the **Loss** of the Group for the period ended on that date.
- c) in the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the period ended on that date.

OTHER MATTERS

Financial statements of two of the subsidiaries for the period from July 1, 2012 to March 31, 2013 which reflect total asset of ₹ 10.24 lakhs and cash outflow of ₹ 0.37 lakhs have been audited by one of us.

We did not audit the financial statement of subsidiaries for the period from July 1, 2012 to March 31, 2013 and Joint Venture Companies for the period from April 1, 2012 to March 31, 2013, whose financial statement reflect total asset of ₹ 25,530.97 lakhs as at March 31, 2013 total revenue (Net) of ₹ 1,641.85 lakhs and net cash outflow amounting to ₹ 23.36 lakhs for the period ended on that date. These financial statements has been audited by other auditors whose reports has been furnished to us and our opinion, is based solely on the reports of other auditors.

For **U. Narain & Co.**
Chartered Accountants
Firm Regn. No. 000935C

CA R. R. Modi
Partner
Membership No. : 053118

27, Brabourne Road,
"Narayani Building"
5th Floor, Room No. 503
Phone: 033 - 3053 3386 (5 lines)
Email: unaraincokol@gmail.com
Dated: 15th May, 2013

For **Rashmi & Co.**
Chartered Accountants
Firm Regn. No. 309122E

CA Sandeep Agarwal
Partner
Membership No. : 065643

213, Todi Chambers
2, Lal Bazaar Chambers
Phone: 033 - 2230 2329
Email: rashmico@icai.org
Dated: 15th May, 2013



Consolidated Balance Sheet as at March 31, 2013

(₹ in lacs)

	Notes	As at March 31, 2013	As at June 30, 2012
EQUITY AND LIABILITIES			
Shareholders' Fund			
Share Capital	3	6,377.76	6,377.11
Reserves and Surplus	4	43,971.39	66,323.59
Money Received against share warrants		2,509.25	—
		<u>52,858.40</u>	<u>72,700.70</u>
Share Application Money pending allotment		240.16	230.86
Non Current Liabilities			
Long Term Borrowings	5	175,905.98	52,820.87
Deferred Tax Liabilities (Net)	12	—	2,463.11
Long Term Provisions	6	10.15	10.22
		<u>175,916.13</u>	<u>55,294.20</u>
Current Liabilities			
Short Term Borrowings	7	56,063.89	119,672.93
Trade Payables	8	95,257.18	80,432.19
Other Current Liabilities	8	30,788.02	75,424.20
Short Term Provisions	6	659.09	455.85
		<u>182,768.18</u>	<u>275,985.17</u>
TOTAL		<u><u>411,782.87</u></u>	<u><u>404,210.93</u></u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	9	209,351.32	168,112.17
Capital Work in Progress and Pre-Operative Expenditure Pending Allocation	10	13,309.79	60,477.72
Non Current Investments	11	64.61	63.11
Deferred Tax Assets (Net)	12	8,612.58	—
Long Term Loans and Advances	13	12,060.26	12,583.27
Other Non Current Assets	14	1,175.72	118.81
		<u>244,574.28</u>	<u>241,355.08</u>
Current Assets			
Current Investments	15	0.34	0.41
Inventories	16	62,453.53	84,588.76
Trade Receivables	17	70,204.07	49,849.10
Cash and Bank Balances	18	4,218.35	2,357.04
Short Term Loans and Advances	13	18,732.87	16,250.88
Other Current Assets	19	11,599.43	9,809.66
		<u>167,208.59</u>	<u>162,855.85</u>
TOTAL		<u><u>411,782.87</u></u>	<u><u>404,210.93</u></u>
Significant Accounting Policies	2		

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For **U. Narain & Co.**
Chartered Accountants
Firm Regn. No. 000935C

CA R. R. Modi
Partner
Membership No. : 053118

Place : Kolkata
Date : May 15, 2013

For **Rashmi & Co.**
Chartered Accountants
Firm Regn. No. 309122E

CA Sandeep Agarwal
Partner
Membership No. : 065643

For and on behalf of the Board of Directors

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

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

Ajay Kumar Tantia
Company Secretary

Consolidated Statement of Profit and Loss for 9 months period ended March 31, 2013

(₹ in lacs)

	Notes	9 months period ended March 31, 2013	15 months period ended June 30, 2012
INCOME			
Revenue from Operations (Gross)	20	169,572.58	318,615.19
Less: Excise Duty	20	15,088.83	23,032.04
Revenue from Operations (Net)		154,483.75	295,583.15
Other Income	21	2,228.23	2,626.37
Total Revenue (I)		156,711.98	298,209.52
EXPENSES			
Cost of Materials Consumed	22	105,719.53	233,398.15
Purchase of Stock in Trade	22	155.72	126.62
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	23	15,293.65	(12,990.11)
Employee Benefits Expense	24	5,267.41	7,836.66
Finance Costs	25	18,510.49	32,663.11
Depreciation and Amortisation Expense	9	9,184.92	14,371.34
Other Expenses	26	36,006.65	62,325.13
Total Expenses (II)		190,138.37	337,730.90
Profit / (Loss) before Tax (I-II)		(33,426.39)	(39,521.38)
Tax Expenses:			
Current Tax Expenses [Including ₹ 1.47 lacs (₹ Nil) for earlier Year]		1.47	2.51
Deferred Tax Charge / (Credit)		(11,075.69)	(11,259.43)
Total Tax Expense		(11,074.22)	(11,256.92)
Profit/(Loss) for the period		(22,352.17)	(28,264.46)
Earnings per Equity Share: (Nominal Value per Share ₹ 10)			
Basic & Diluted	38	(35.04)	(44.31)
Significant Accounting Policies	2		

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For **U. Narain & Co.**
Chartered Accountants
Firm Regn. No. 000935C

CA R. R. Modi
Partner
Membership No. : 053118

Place : Kolkata
Date : May 15, 2013

For **Rashmi & Co.**
Chartered Accountants
Firm Regn. No. 309122E

CA Sandeep Agarwal
Partner
Membership No. : 065643

For and on behalf of the Board of Directors

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

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

Ajay Kumar Tantia
Company Secretary



Consolidated Cash Flow Statement for 9 months period ended March 31, 2013

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
A: CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Taxes	(33,426.39)	(39,521.38)
Adjustments For :		
Depreciation / Amortisation (Net)	9,184.92	14,371.34
Loss on Sale of Fixed Assets	2.72	12.08
Irrecoverable Debts and Advances Written off	47.36	681.54
Liabilities no longer required written back	(234.14)	(449.94)
Interest on Term Loans and Others	18,559.23	30,189.43
Provision for Diminution in the value of Investments	—	100.89
Provision for doubtful debts no longer required written back	(122.04)	—
Dividend from long term Non Trade Investments	(0.67)	(0.47)
Dividend from Current Investments (other than trade)	(0.14)	(0.12)
Loss on sale of long term Non Trade Investments	—	150.00
Prior Period Expenditure (net)	65.67	365.14
(Profit) / Loss on Foreign Exchange Fluctuations (Net)	(381.93)	912.96
Interest Income	(1,417.59)	(1,984.98)
Operating Profit / (Loss) Before Working Capital Changes	(7,722.99)	4,826.49
Movements in Working Capital :		
Decrease / (Increase) in Trade Receivables	(24,779.53)	5,701.99
Increase in Loans and Advances and Other		
Current / Non Current Assets	(1,096.55)	(5,253.53)
Decrease / (Increase) in Inventories	22,135.23	(22,091.36)
Decrease in Trade Payables, Other Liabilities and Provisions	8,149.69	49,688.66
Cash generated from / (used in) Operating Activities	(3,314.16)	32,872.25
Direct Taxes paid (net of refunds)	(173.61)	(1,595.43)
Net Cash generated from / (used in) Operating Activities	(3,487.77)	31,276.82
B: CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(3,562.33)	(21,562.99)
Proceeds from Sale of Fixed Assets	21.37	47.24
Purchase of Investments in Mutual Fund	—	0.78
Purchase of Investments in Government Securities	(1.50)	(2.00)
Proceeds from sale of long term Investments (other than trade)	—	50.00
Proceeds from sale of current Investments (other than trade)	0.07	—
Proceeds from maturity of fixed deposits	—	81.25
Dividend from long term Investments (other than Trade)	0.67	0.47
Dividend from Current Investments (other than trade)	0.14	0.12
Loan to Related Party	—	(5,000.00)
Interest received	1,343.53	1,843.97
Net Cash Used In Investing Activities	(2,198.05)	(24,541.16)

Consolidated Cash Flow Statement (Contd.)

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
C: CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Call in Arrears of equity share capital	0.65	–
Proceeds from Share Application Money	9.29	215.77
Money Received against share warrants	2,509.25	–
Proceeds from long / short term Borrowings	12,385.10	57,054.08
Repayment of long / short term Borrowings	(3,441.01)	(35,464.26)
Interest Paid (including interest capitalised)	(5,173.03)	(29,850.39)
Dividend Paid	(1.77)	(255.65)
Tax on Dividend paid	–	(41.40)
Net Cash generated from Financing Activities	6,288.48	(8,341.85)
Net Increase / (Decrease) In Cash and Cash Equivalents (A+B+C)	602.66	(1,606.19)
Cash and Cash Equivalents as at the beginning of the year	606.93	2,000.15
Cash and Cash Equivalents as at the end of the year	1,209.58	393.96
Components of Cash and Cash Equivalents		
Cash on hand	96.65	150.84
Cheques in hand	580.73	97.10
Balance with Scheduled Banks on:		
Current Account	336.58	141.13
Fixed Deposit Account	4,357.03	2,070.73
Unclaimed Dividend Account *	2.96	4.73
Unclaimed Fractional Share Balance*	0.16	0.16
Cash and Bank Balances as per Note 18	5,374.11	2,464.69
Less : Fixed deposits not considered as cash equivalents	4,164.53	2,070.73
Cash and Cash Equivalents in Cash Flow Statement	1,209.58	393.96

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

As per our report of even date

For **U. Narain & Co.**
Chartered Accountants
Firm Regn. No. 000935C

CA R. R. Modi
Partner
Membership No. : 053118

Place : Kolkata
Date : May 15, 2013

For **Rashmi & Co.**
Chartered Accountants
Firm Regn. No. 309122E

CA Sandeep Agarwal
Partner
Membership No. : 065643

For and on behalf of the Board of Directors

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

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

Ajay Kumar Tantia
Company Secretary

Notes to Consolidated Financial Statements for the period ended March 31, 2013

1. PRINCIPLES OF CONSOLIDATION:

- a) The Consolidated Financial Statements which relate to Jai Balaji Industries Limited ("the Company") and its subsidiaries and joint ventures (collectively referred as "the Group"), have been prepared on the following basis :
- b) 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, 2013	As at June 30, 2012
Nilachal Iron & Power Limited (NIPL)	India	100%	100%
Jai Balaji Steels (Purulia) Limited	India	100%	100%
Jai Balaji Energy (Purulia) Limited	India	100%	100%

- | | | |
|---|---|--|
| <p>c) 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</p> | <p>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 unrealised profit/loss included therein.</p> | <p>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 Statement of Profit and Loss.</p> |
|---|---|--|

- e) 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, 2013	As at June 30, 2012
Rohne Coal Company Private Ltd.	India	6.90%	6.90%
Andal East Coal Company Private Ltd.	India	32.79%	32.79%

- | | | |
|---|--|---|
| <p>(f) 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</p> | <p>consolidated financial statements in respective line items.</p> <p>(g) 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.</p> | <p>(h) The financial statements of the entities used for the purpose of consolidation are drawn up for the same reporting period i.e nine months period ending 31st March, 2013 except for Joint Venture Companies, Rohne Coal Company Private Ltd. and Andal East Coal Company Private Ltd., whose financial statements are for the twelve months period ended 31st March, 2013.</p> |
|---|--|---|

Notes to Consolidated Financial Statements (Contd.)

2 Summary of Significant Accounting Policies

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India. The Group has prepared these financial statements to comply in all material respects with the accounting standards notified by the Companies (Accounting Standards) Rules, 2006, to the extent applicable (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 Group and except for the changes discussed more fully below, are consistent with those used in the previous year.

(b) Use of estimates

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

(c) Tangible 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 and Moulds 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) Pipe Moulds for Ductile Iron Foundry Works are depreciated over a period of 4 years.

v) 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) Tangible 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



Notes to Consolidated Financial Statements (Contd.)

payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly to expense.

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

(h) Government grants and subsidies

Grants and subsidies from the

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

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

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

Government grants of the nature of promoters' contribution are credited to

capital reserve and treated as a part of shareholders' funds.

(i) Investments

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

(j) Inventories

Inventories are valued as follows:

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 Group 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.

(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

Notes to Consolidated Financial Statements (Contd.)

and the foreign currency at the date of the transaction.

(ii) Conversion

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

(iii) Exchange Differences

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

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

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

(m) Retirement and other employee benefits

i. Retirement benefit in the

form of Provident Fund is a defined contribution scheme and the contribution is charged to statement of profit and loss 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 statement of profit and loss 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 statement of profit and loss 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



Notes to Consolidated Financial Statements (Contd.)

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

(q) Earnings Per Share

Basic earning per share is calculated by dividing the net profit or loss for the 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 on 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 Financial statements.

(u) Basis of classification of Current and Non Current

Assets and Liabilities in the balance sheet have been classified as either current or non-current based upon the requirements of Revised Schedule VI notified under the Companies Act 1956.

An asset has been classified as current if (a) it is expected to be realized in, or is intended

Notes to Consolidated Financial Statements (Contd.)

for sale or consumption in, the Company's normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is expected to be realized within twelve months after the reporting date; or (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve

months after the reporting date. All other assets have been classified as non-current.

A Liability has been classified as current when (a) it is expected to be settled in the Company's normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is due to be settled within twelve months

after the reporting date; or (d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents.

Note 3 : Share Capital

(₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
Authorised capital		
101,000,000 (101,000,000) Equity Shares of ₹ 10/- each	10,100.00	10,100.00
Issued, subscribed and fully paid-up capital		
63,781,486 (63,781,486) Equity Shares of ₹ 10/- each	6,378.15	6,378.15
Less: Calls unpaid (Due from other than directors or officers)	0.39	1.04
Total	6,377.76	6,377.11

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period :

	As at March 31, 2013		As at June 30, 2012	
	No. of Shares	(₹ in lacs)	No. of Shares	(₹ in lacs)
Equity Shares of ₹ 10/- each				
At the beginning of the period	63,781,486	6,377.11	63,781,486	6,377.11
Call money received during the period	—	0.65	—	—
At the end of the period	63,781,486	6,377.76	63,781,486	6,377.11

(b) Terms/rights attached to equity shares

The Company has only one class of ordinary shares (equity shares) having at par value of ₹ 10/- each. Each shareholder of ordinary shares (equity shareholders) is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing annual general meeting except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distributions of all preferential amounts, in the proportions to their share holdings.

(c) Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2013		As at June 30, 2012	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Enfield Suppliers Ltd.	11,221,233	17.59	11,221,233	17.59
Hari Management Ltd.	7,044,533	11.04	7,044,533	11.04
CVCIGP II Client Rosehill Limited	3,886,734	6.09	3,886,734	6.09
Aditya Jajodia	3,674,576	5.76	3,203,065	5.02
	25,827,076	40.48	25,355,565	39.74

As per records of the Company, including its register of shareholders/members, the above share holdings represents legal ownership of shares.



Notes to Consolidated Financial Statements (Contd.)

(d) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

	As at March 31, 2013 No. of Shares	As at June 30, 2012 No. of Shares
Equity Shares allotted as fully paid up for consideration other than cash	22,000,000	22,000,000

Note 4 : Reserves & Surplus

(₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
Capital Reserve		
As per last Financial Statements	8,943.21	8,943.21
Amalgamation Reserve		
As per last Financial Statements	4,400.00	4,400.00
Securities Premium Account		
As per last Financial Statements	46,005.83	46,005.84
General Reserve		
As per last Financial Statements	10,827.08	10,827.08
Surplus/(Deficit) in Statement of Profit & Loss		
As per last financial statements	(3,852.56)	24,411.92
Add: Profit/(Loss) for the period	(22,352.17)	(28,264.46)
Surplus/ (Deficit) in Statement of Profit & Loss	(26,204.73)	(3,852.54)
Total	43,971.39	66,323.59

Note 5 : Long Term Borrowings

(₹ in lacs)

	Non Current Portion		Current Portion	
	As at March 31, 2013	As at June 30, 2012	As at March 31, 2013	As at June 30, 2012
(Secured, unless otherwise stated)				
Term Loans				
Rupee Loan from banks	170,474.92	46,369.60	2,663.75	26,811.75
Rupee Loan from Financial Institutions	5,271.55	1,606.62	8,093.01	2,320.02
Rupee Loan from Financial Institution (Unsecured)	–	3,625.00	–	5,505.64
Rupee Loan from Others	141.58	460.41	822.64	991.82
Foreign Currency Loan from banks	–	730.65	–	6,995.95
Deferred Payments Liabilities	17.93	28.59	25.45	32.70
Other Loan and Advances				
Interest Free Sales Tax Loan (Unsecured)	–	–	186.44	358.93
Total	175,905.98	52,820.87	11,791.29	43,016.81
Amount disclosed under the head "Other Current Liabilities" (Refer Note 8)	–	–	(11,791.29)	(43,016.81)
Total	175,905.98	52,820.87	–	–

1) Rupee Loan from banks and Financial Institution (except to the extent stated in point no 2 and 3 below)

- Rupee Term Loan from banks and financial institution are secured by pari- passu 1st charge over the entire fixed assets (both present and future) and 2nd charge over the entire current assets (both present and future) of the Company's units at Ranigunj and Durgapur in the state of West Bengal and Durg in the state of Chhattisgarh. The above loan are further secured as follows.
 - Personal Guarantees of Promoter Directors of the Company.
 - Corporate Guarantee of M/s Shri Marutaye Balaji Steels Limited, a promoter group company

Notes to Consolidated Financial Statements (Contd.)

- (iii) Assignment of mining rights for limestone mines at Satna, Madhya Pradesh of M/s Shri Marutaye Balaji Steels Limited
- (iv) Pledge of equity shares of the Company held by the promoters
- b) Rupee Term Loan from banks and financial institution carry interest as follows:
- (i) term loan and working capital term loan aggregating ₹ 154,515.11 lacs at base rate of individual lenders plus spread, where spread is computed as difference between 11.75% p.a. and base rate of the individual lenders as on 16th June 2012.
- (ii) funded interest term loan aggregating ₹ 19,200.87 lacs at base rate of lead banker (UCO Bank).
- c) The above loans are repayable as under from the balance sheet date :

Payment Terms	35 structured quarterly installments starting from June 2013	
Installments Due	Number	(₹ in lacs)
(i) Within 1 year	4	1,751.51
(ii) One year to three year	8	39,647.25
(iii) Three year to five year	8	46,515.60
(iv) More than five year	15	85,801.59
	35	173,715.95

- 2) Rupee Term Loan from banks aggregating ₹ 3,990.86 lacs are secured by way of (i) First mortgage/charge on the entire Fixed Assets, movable and immovable, present and future ranking pari passu amongst the lenders herein (ii) First charge on all the banks accounts of the Company/Project and assignment of all the Company's project contracts and documents ranking pari passu amongst the lenders herein, and (iii) Second charge on all the stock of raw materials, semi-finished and finished goods and receivables, present and future, subservient to prior charge created by the Company in favour of its Working Capital Bankers.

The above Loans are guaranteed by three Directors of the subsidiary company.

Terms of Repayment (Revised):

- i) UCO Bank - Quarterly Installments of ₹ 76.85 lacs commencing from 31.12.2012
- ii) State Bank of India - Quarterly Installments of ₹ 57.50 lacs commencing from 30.09.2012
- iii) Axis Bank Ltd. - Quarterly Installments of ₹ 57.50 lacs commencing from 30.9.2012
- 3) Rupee Term Loan from a Financial Institution aggregating ₹ 8,796.42 lacs carry interest in the range of 14.50% - 15% p.a. and is repayable in 8 equal quarterly installments starting from 15th May 2012/14th December 2012. The loan is secured by Bank Guarantee, pledge of certain promoter's shareholdings in the Company and personal guarantees of certain promoter directors.
- 4) Rupee Term Loan from others carry interest in the range of 13.65% - 14% p.a. and is repayable in 34 monthly installments starting from August 2011. The loan is secured by exclusive charge over the assets acquired under respective loan agreements and personal guarantee of certain promoter directors of the Company.
- 5) Deferred Payment Liabilities carry interest rate of 9.40% to 10.43% and are repayable in 36/42 equal monthly installments from the date of disbursement of the loan amounts. These loans are secured by hypothecation of respective assets acquired there from.
- 6) Sales tax loan from Government of Chhattisgarh is interest free and is repayable in 12 yearly installments starting from 31st March, 2002

Note 6 : Provisions

(₹ in lacs)

	Long Term		Short Term	
	As at March 31, 2013	As at June 30, 2012	As at March 31, 2013	As at June 30, 2012
Provision for employee benefits :				
Gratuity (Refer Note 34)	9.83	9.98	537.54	341.15
Leave Salary	0.32	0.24	121.10	106.29
Other Provision :				
Provision for Taxation				
[Net of Advance Tax ₹ Nil (₹ 3,724.49 lacs)]	-	-	-	7.98
Provision for Wealth Tax	-	-	0.45	0.43
	10.15	10.22	659.09	455.85

Notes to Consolidated Financial Statements (Contd.)

Note 7 : Short Term Borrowings

(₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
Secured		
Loan Repayable on Demand		
- Cash Credit from Banks	56,063.89	90,172.93
Other Loan and advances		
Short Term Loans From Banks	—	29,500.00
Total	56,063.89	119,672.93

Cash Credit facilities from banks aggregating ₹ 52,434.25 lacs are secured by pari- passu 1st charge over the entire current assets (both present and future) and 2nd charge over the entire fixed assets (both present and future) of the Company's units at Ranigunj and Durgapur in the state of West Bengal and Durg in the state of Chhattisgarh.

The above facilities are further secured as follows.

- Personal Guarantees of Promoter Directors of the Company.
- Corporate Guarantee of M/s Shri Marutaye Balaji Steels Limited, a promoter group company
- Assignment of mining rights for limestone mines at Satna, Madhya Pradesh of M/s Shri Marutaye Balaji Steels Limited
- Pledge of equity shares of the Company held by the promoters

Cash Credit facilities from banks aggregating ₹ 3,629.64 lacs are secured by way of hypothecation of all current assets including stock and book debts (both present and future) and second charge on all fixed assets (both present and future) of the subsidiary company. The facility are further guaranteed by three Directors of the subsidiary company.

Note 8 : Trade Payables and other Current Liabilities

(₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
Trade Payables		
(Refer Note 35 for details due to Micro and Small Enterprises)		
- Raw materials [including acceptances of ₹ 16,347.43 lacs (₹ 8,269.57 lacs)]	62,976.26	54,316.57
- Others	32,280.92	26,115.62
	95,257.18	80,432.19
Current Maturities of Long Term Borrowings (Refer Note 5)	11,791.29	43,016.81
Capital Creditors	4,089.41	4,770.67
Interest Accrued but not due on Borrowings	66.76	191.83
Interest Accrued and due on Borrowings	205.58	5,897.21
Advance from Customer	7,885.60	10,312.06
Temporary Book Overdraft	214.12	944.90
Investor Education and Protection Fund will be credited by the following amounts (as and when due)		
- Unclaimed Dividend	2.95	4.72
- Unclaimed Fractional Share Liabilities	0.16	0.16
Others		
- Statutory Dues Payable	3,636.02	5,051.97
- Excise Duty payable on Closing Stock	908.48	3,125.80
- Interest Others	374.99	523.06
- Due to Employees	1,283.80	1,282.48
- For Minning	94.79	104.16
- Other Miscellaneous	234.07	198.37
	30,788.02	75,424.20
Total	126,045.20	155,856.39

Notes to Consolidated Financial Statements (Contd.)

Note 9 : Tangible Assets

(₹ in lacs)

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As at June 30, 2012	Additions	Deductions	As at March 31, 2013	Up To June 30, 2012	For the period	Deductions	As at March 31, 2013	As at March 31, 2013	As at June 30, 2012
Freehold Land	3,585.64	863.61	-	4,449.25	-	-	-	-	4,449.25	3,585.64
Leasehold Land	707.57	-	-	707.57	118.08	7.87	-	125.95	581.62	589.49
Factory Buildings	29,703.71	12,816.39	-	42,520.10	3,511.04	779.94	-	4,290.98	38,229.12	26,192.67
Railway Siding	4,352.36	1.82	-	4,354.18	802.71	155.10	-	957.81	3,396.37	3,549.65
Plant and Machinery	152,150.02	32,610.61	15.49	184,745.14	35,734.74	7,382.83	3.30	43,114.27	141,630.87	116,415.28
Electrical Installations	21,476.94	4,133.46	-	25,610.40	4,333.11	783.44	-	5,116.55	20,493.85	17,143.83
Furniture, Fixtures	137.56	1.47	0.72	138.31	52.99	8.24	0.15	61.08	77.23	84.57
Office Equipments	902.25	14.54	-	916.79	526.30	43.51	-	569.81	346.97	375.94
Vehicles	339.44	6.45	21.85	324.04	164.35	24.00	10.34	178.01	146.03	175.09
Total	213,355.49	50,448.35	38.06	263,765.78	45,243.32	9,184.92	13.79	54,414.46	209,351.32	168,112.17
Previous Year's Total	200,798.85	12,648.98	92.34	213,355.49	30,904.86	14,371.34	32.88	45,243.32	168,112.17	

Note 10 : Capital Work-in-Progress and Pre-Operative Expenditure Pending Allocation

(₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
A. Capital Work-in-Progress		
Buildings	10,813.57	12,137.72
Railway Siding	395.37	395.37
Plant and Machinery	25,496.13	32,335.02
Furniture and Fixtures	--	1.17
Electrical Installations	3,570.75	4,489.88
Minning Land	1,146.79	1,098.66
Land	6,117.86	6,096.27
Sub Total	47,540.47	56,554.09
Less : Transferred to Fixed Assets	39,037.76	9,299.77
Total A	8,502.71	47,254.32
B Pre-operative Expenditure Pending Allocation		
Opening Balance	13,223.40	5,155.90
Additions		
Power and Fuel	352.51	2,291.90
Drilling Expenses	--	151.46
Salaries, Wages and Bonus	55.01	555.56
Directors' Remuneration	--	49.00
Rent and Hire	5.62	177.33
Rates and Taxes	0.02	1.27
Insurance	0.32	10.08
Travelling and Conveyance	9.81	97.10
Telephone and Postage	0.06	15.93
Legal and Professional Charges	31.35	207.47
Land Related Expenses	0.65	0.97
Miscellaneous Expenses	70.70	156.18
Depreciation	0.17	0.15
Interest on Term Loans	299.01	5,658.08
Bank Guarantee Charges	8.49	20.44
Finance Charges	5.90	152.85
	14,063.02	14,701.67
Less : Transferred to Fixed Assets	9,255.94	1,478.27
Total B	4,807.08	13,223.40



Notes to Consolidated Financial Statements (Contd.)

(₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
C TRIAL RUN EXPENSES		
Raw Materials Consumed	15,075.69	—
	<u>15,075.69</u>	<u>—</u>
Personnel Cost		
Salaries, Wages and Bonus	200.18	—
Contribution to Provident and Other Funds	3.66	—
	<u>203.84</u>	<u>—</u>
Manufacturing, Selling and Distribution and Administrative Expenses		
Consumption of Stores and Spares	98.57	—
Labour Charges	270.47	—
Power and Fuel	320.29	—
Repairs and Maintenance to Others	7.14	—
Rent and Hire	135.79	—
Other Manufacturing Expenses	4.19	—
Legal and Professional Charges	30.00	—
Miscellaneous Expenses	27.59	—
	<u>894.04</u>	<u>—</u>
Interest and Finance Charges		
Interest on Term Loans	1,174.25	—
Interest on Others	104.58	—
Finance Charges	62.57	—
	<u>1,341.40</u>	<u>—</u>
Total	<u>17,514.97</u>	<u>—</u>
Less:		
Sales of Finished Goods	13,881.51	—
[Net of Excise duty and cess ₹ 628.76 lacs (₹ Nil lacs)]		
Closing stock at the end of Trial-run period of a project		
Finished Goods	1,335.12	—
[Net of Excise duty and cess ₹ 82.51 lacs (₹ Nil)]		
Work-in-Process	428.82	—
[Net of Excise duty and cess ₹ Nil (₹ Nil)]		
Sub Total	<u>15,645.45</u>	<u>—</u>
	<u>1,869.52</u>	<u>—</u>
Less : Transferred to Fixed Assets	<u>1,869.52</u>	<u>—</u>
Total C	<u>—</u>	<u>—</u>
Grand Total (A+B+C)	<u>13,309.79</u>	<u>60,477.72</u>

Consumption of Raw Material :

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Coking Coal	15,075.69	—
	<u>15,075.69</u>	<u>—</u>

Notes to Consolidated Financial Statements (Contd.)

Note 11 : Non Current Investments

(₹ in lacs)

	Number of shares	Face Value Per Share	As at March 31, 2013	As at June 30, 2012
(Valued at cost unless otherwise stated)				
Non Trade Investment				
Unquoted, Fully Paid up Investment in Equity Shares				
Calcutta Stock Exchange Limited	6,726	1	33.63	33.63
[At cost less provision for other than temporary diminution ₹ 100.89 lacs (₹100.89 lacs)]				
Quoted, Fully Paid up Equity Shares				
Shyama Infosys Limited	366,200	10	25.91	25.91
Shri Nidhi Trading Co. Limited	10,500	10	0.95	0.95
In Government Securities				
National Saving Certificate			4.12	2.62
(Deposited with Third Parties)				
			64.61	63.11
			64.61	63.11
Aggregate Value of Investments				
- Quoted			26.86	26.86
- Unquoted			138.64	137.14
Aggregate provision for diminution in the value of Investments				
			100.89	100.89
*Market Value of Quoted Investments				
				27.57

Note 12 : Deferred Tax Assets /(Liabilities) (Net)

(₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
Deferred Tax Asset		
Unabsorbed Depreciation and carry forward Business Losses	28,833.28	15,353.87
Expenses Allowed On Payment Basis/Other Timing Differences	1,386.26	712.90
Sub Total (A)	30,219.54	16,066.77
Deferred Tax Liability		
Timing Difference on Depreciable assets	21,606.96	18,529.88
Sub Total (B)	21,606.96	18,529.88
Deferred Tax Assets / (Liabilities) (Net) (A-B)	8,612.58	(2,463.11)

Although, there is carried forward unabsorbed depreciation as on the reporting date, yet in view of the future profitability projections, the Company is virtually certain that there would be sufficient taxable income in future, to claim the above tax credit.

Notes to Consolidated Financial Statements (Contd.)
Note 13 : Loans and Advances

(₹ in lacs)

	Non Current		Current	
	As at March 31, 2013	As at June 30, 2012	As at March 31, 2013	As at June 30, 2012
(Unsecured, Considered Good)				
Capital Advances	5,864.15	5,811.25	–	–
Security Deposit	819.31	1,386.86	535.31	213.12
[Net of Provision for Doubtful Advances ₹ 24.28 lacs (₹ 24.28 lacs)]				
Loans and advances to Related parties				
Loans to Body Corporate (Receivable on demand)*	–	–	8,500.00	8,500.00
Advances to a Body Corporate **	–	–	740.22	–
	–	–	9,240.22	8,500.00
Loans to Body Corporate (Receivable on demand)	–	–	564.05	564.05
Advances recoverable in cash or kind				
Advances recoverable in cash or in kind or for value to be received	4.11	–	6,789.96	4,759.01
Other Loans and advances				
Balance with Excise and other Government Authorities	4.90	3.90	1,349.91	2,184.92
Advance income tax [net of Provisions]	–	–	190.42	26.25
Sales Tax and Other Refunds Receivable	353.47	366.94	63.00	3.53
MAT Credit Entitlement	5,014.32	5,014.32	–	–
	5,372.69	5,385.16	1,603.33	2,214.70
Total	12,060.26	12,583.27	18,732.87	16,250.88
*(Refer Note 33)				
# since realised				

Note 14 : Other Non Current Assets

(₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
Non Current bank balances (Refer Note 18)	1,155.76	107.65
Unamortised Expenses	4.40	4.40
Interest Receivable on Deposits	15.56	6.76
Total	1,175.72	118.81

Note 15 : Current Investments

(₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
Non Trade (Quoted)		
Investment in Mutual Fund		
407.85 units @ NAV ₹ 100.129 ICICI Prudential Money Market Fund Cash Option Daily Dividend		0.41
4237.025 units @ NAV ₹ 100.369 ICICI Flexible Income Retail Daily Dividend	0.30	
591.147 units @ NAV ₹ 105.735 ICICI Flexible Income Plan Regular Daily Dividend	0.04	
Total	0.34	0.41
Aggregate Value of Investments		
- Quoted	0.34	0.41
Market value of the Investments	0.34	0.41

Notes to Consolidated Financial Statements (Contd.)

Note 16 : Inventories

(₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
Raw Materials [Including in transit ₹ 5,967.79 lacs (₹ 5,386.03 lacs)]	46,489.02	52,526.65
Stores and Spares [Including in transit ₹ 185.46 lacs (₹ 12.88 lacs)]	4,451.53	4,802.11
Work-in-Process	793.28	642.46
Finished Goods [including materials lying at port ₹ 45.04 lacs (₹ Nil)]	9,759.19	23,478.79
By Products and Scrap	960.51	3,138.75
Total	62,453.53	84,588.76

Note 17 : Trade Receivables

(₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
Outstanding for a period exceeding six month from the date they are due for payment		
Unsecured, considered good	16,246.86	14,810.96
Unsecured, considered doubtful	270.62	437.04
	16,517.48	15,248.00
Less: Provision for Doubtful Debts	270.62	437.04
(A)	16,246.86	14,810.96
Other Debts		
Unsecured, considered good	53,957.21	35,038.14
(B)	53,957.21	35,038.14
Total (A+B)	70,204.07	49,849.10

Note 18 : Cash and Bank Balances

(₹ in lacs)

	Non Current		Current	
	As at March 31, 2013	As at June 30, 2012	As at March 31, 2013	As at June 30, 2012
Cash and Cash equivalents				
Balance with Banks :-				
On Current Accounts	—	—	336.58	141.13
Deposits With Original Maturity of Less Than 3 Months*	—	—	—	195.58
Cash on hand	—	—	96.65	150.84
Cheques in hand	—	—	580.73	97.10
Unclaimed Dividend Account	—	—	2.96	4.73
Unclaimed Fractional Share Balance	—	—	0.16	0.16
	—	—	1,017.08	589.54
Other Bank Balances				
Deposits with original maturity for more than 12 Months*	1,155.76	107.65	397.36	558.10
Deposits with original maturity for more than 3 Months but less than 12 months*	—	—	2,803.91	1,209.40
	1,155.76	107.65	3,201.27	1,767.50
Amount disclosed under the head "Other Non Current Assets" (Refer Note 14)	(1,155.76)	(107.65)	—	—
Total	—	—	4,218.35	2,357.04

* including ₹ 4,164.53 lacs (₹ 2,070.73 lacs) pledged with banks and others as margin money against borrowings/other facilities



Notes to Consolidated Financial Statements (Contd.)

Note 19 : Other Current Assets

(₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
Interest Receivable on Loans, Advances and Deposits	364.53	299.27
Subsidies and Incentives Receivable	11,234.90	9,510.39
Total	11,599.43	9,809.66

Note 20 : Revenue from Operations

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Sales of products		
Finished Goods	163,403.96	301,351.85
By Products and Scraps	2,635.73	6,427.62
Raw Materials	16.52	3,427.83
Other Operating Revenue		
Conversion Charges	1,273.85	3,562.14
Subsidy on Sales Tax /Value Added Tax	2,225.99	1,921.75
Export Incentives	16.53	240.30
Carbon Credit Income	—	335.78
Service and other Charges	—	1,347.92
Revenue from Operations (Gross)	169,572.58	318,615.19
Less: Excise Duty	15,088.83	23,032.04
Revenue from Operations (Net)	154,483.75	295,583.15
Sale of finished goods comprise @:		
Sponge Iron	6,594.29	22,839.03
Pig Iron	24,762.93	51,353.32
Steel Bars/Rods	23,926.58	38,835.11
Billet/MS Ingots	76,925.90	124,315.71
Ferro Alloys	11,237.35	25,203.45
Ductile Iron Pipe	17,916.09	37,360.98
Power	124.39	1,317.63
Coke/Coal	1,801.79	126.62
Limestone	114.64	—
	163,403.96	301,351.85

@ excludes goods transferred for further processing and used for self consumption in Fixed Assets/Trial Run.

Note 21 : Other Income

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Interest on :		
(a) Fixed Deposits with Banks	187.23	232.97
[Gross, Tax deducted at source ₹ 13.12 lacs (₹ 18.09 lacs)]		
(b) Loans and Advances	1,230.36	1,752.01
[Gross, Tax deducted at source ₹ 122.96 lacs (₹ 173.44 lacs)]		
Commission Received	34.13	130.93
Dividend from long term Investments (other than trade)	0.67	0.47
Dividend from current Investments (other than trade)	0.14	0.12
Insurance Claims	5.25	30.37
Liabilities no longer required written back	234.14	449.94
Provision for doubtful debts no longer required written back	122.04	—
Gain on Foreign Exchange Fluctuations (Net)	381.93	—
Miscellaneous Income	32.34	29.56
Total	2,228.23	2,626.37



Notes to Consolidated Financial Statements (Contd.)

Note 22 : Cost of Materials Consumed

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Opening Stock	52,526.65	45,547.35
Purchases#	99,681.90	240,377.45
	152,208.55	285,924.80
Less: Closing Stock	46,489.02	52,526.65
Raw Materials Consumed	105,719.53	233,398.15
Consumption of Raw Material# :		
Iron Ore/Pellets	24,123.20	65,984.14
Manganese Ore	4,862.94	13,304.67
Sponge Iron	13,310.20	18,291.07
Billet/Ingot	1,551.03	9,017.50
Coke/Coal	57,944.52	119,337.61
Magnesium Metal	285.51	580.01
Pig Iron	25.12	24.56
Steel Scrap & Wastes	526.60	1,342.15
Ferro Alloys	558.99	1,455.87
Quartzite, Limestone and Dolomite	2,531.42	4,060.57
	105,719.53	233,398.15
Purchase of Stock in Trade includes:		
Coal	118.96	126.62
DI Fittings	36.76	—
	155.72	126.62

Note 23 : Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Opening Stocks		
Work-in-Process	642.46	709.11
Finished Goods	23,478.79	8,356.01
By Products and Scrap	3,138.75	3,260.45
	27,260.00	12,325.57
Add: Stock transferred from Trial Run (Refer Note 10)	1,763.94	—
	29,023.94	12,325.57
Less:		
Transferred to Tangible Assets	—	19.70
	29,023.94	12,305.87
Less:		
Closing Stocks		
Work-in-Process	793.28	642.46
Finished Goods	9,759.19	23,478.79
By Products and Scrap	960.51	3,138.75
	11,512.98	27,260.00
	17,510.96	(14,954.13)
(Increase)/Decrease in excise duty and cess on stocks	(2,217.31)	1,964.02
Total	15,293.65	(12,990.11)

Notes to Consolidated Financial Statements (Contd.)

Note 23 : Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade (Contd.)

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Stock of finished goods comprises		
Opening Stock		
Sponge Iron	2,721.08	1,702.48
Pig Iron	10,575.45	273.16
Steel Bars/Rods	164.56	2,129.71
Billet/MS Ingots	8,030.41	1,899.96
Ferro Alloys	382.93	907.49
Ductile Iron Pipe	1,604.36	1,443.21
Total	23,478.79	8,356.01
Closing Stock		
Sponge Iron	522.56	2,721.08
Pig Iron	4,463.22	10,575.45
Steel Bars/Rods	146.54	164.56
Billet/MS Ingot	2,182.35	8,030.41
Ferro Alloys	529.97	382.93
Ductile Iron Pipe	1,004.89	1,604.36
Coke	909.66	—
Total	9,759.19	23,478.79

Note 24 : Employee Benefits Expense

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Salaries, Wages, Bonus & Other Benefits	4,676.06	7,209.45
Contribution to Provident Fund & other fund	369.08	313.72
Staff Welfare Expenses	186.27	309.99
Directors remuneration	36.00	3.50
Total	5,267.41	7,836.66

Note 25 : Finance Costs

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Interest Expenses		
On Term loans	12,341.92	14,696.75
On Income Tax	—	190.64
On Others	4,650.01	15,302.03
Finance charges	1,518.56	2,473.69
Total	18,510.49	32,663.11



Notes to Consolidated Financial Statements (Contd.)

Note 26 : Other Expenses

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Consumption of Stores and Spares	10,516.51	20,498.24
Labour Charges	4,066.33	6,429.62
Processing Charges	35.75	135.24
Power and Fuel	13,369.95	19,069.08
Repairs and Maintenance:		
- Plant and Machinery	421.46	1,105.09
- Buildings	84.58	205.10
- Others	187.26	296.94
Water Charges	284.34	472.71
Equipment Hire Charges	1,587.15	3,052.77
Shifting Expenses	558.44	1,537.96
Freight and Transportation	2,059.27	3,392.15
Rent and Hire	159.30	217.31
Rates and Taxes	831.39	567.88
Insurance	108.86	178.82
Advertisement	47.96	115.78
Brokerage and Commission (Other than Sole Selling Agents)	169.84	383.01
Travelling and Conveyance	377.35	585.99
Telephone and Postage	79.05	109.09
Legal and Professional Charges (Refer Note 40)	281.84	517.30
Directors' Fees	1.45	2.20
Provision for Diminution in the Value of Investments	—	100.89
Irrecoverable Debts and Advances Written off	91.74	681.54
Less: Adjusted against Provisions	44.38 47.36	82.10 599.44
Loss on sale of long term non trade Investments	—	150.00
Less: Adjusted against Provisions	— —	— 150.00
Loss on Foreign Exchange Fluctuations (Net)	—	912.96
Charity and Donations	11.73	41.37
Security and Service Charges	337.73	564.74
Loss on Sale of Fixed Assets	2.72	12.08
Miscellaneous Expenses	313.36	706.23
Prior period Expenses	65.67	365.14
Total	36,006.65	62,325.13

Notes to Consolidated Financial Statements (Contd.)

27. Contingent liabilities not provided for: (₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
a) Claims against the Company not acknowledged as debts		
i) Excise and Service Tax Demands under dispute/appeal	6,372.08	4,028.91
ii) Sales Tax/VAT matters under dispute/appeal	6,736.99	11,552.59
b) Letters of Credit, Bills discounted and Bank Guarantees outstanding	12,540.94	12,946.16
c) Custom Duty on Import of Equipment and spare parts under EPCG Scheme	2,468.83	2,266.13
d) Guarantees and Counter guarantees given by the Company for loans obtained by Subsidiary/other company	7,180.00	7,780.00
28. Estimated amount of contracts remaining to be executed on Capital Account and not provided for [Net of Advances ₹ 5,864.15 lacs (₹ 5,811.25 lacs)]	1,943.41	1,934.78

29. 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.

30. On 9th June 2011, the Income Tax Department had carried out Search, Seizure and Survey at the Company's premises. Subsequent to the aforesaid, the Company has admitted no irregularities in the books. However, to buy peace and avoid litigation with the department, surrendered an Income of ₹ 3,805.50 lacs for the previous year ended 31/3/2011. The Income Tax authorities are yet to complete assessment proceedings in respect of search and seizure operations.

31. During the financial year, the Corporate Debt Restructuring (CDR) Cell through its Empowered Group has approved a debt restructuring scheme for the Company which provides for revision in interest rates, deferment of repayment of term loans, conversion of interest into Funded Interest term loan and additional infusion of ₹ 5,000.00 lacs into the Company. In view of the above ₹ 2,509.25 lacs as Money Received against share warrants have been brought up front as stipulated in the restructuring scheme and balance to be brought within a period of one year from the date of Letter of Approval dated 20th September 2012.

Necessary adjustments in the books of accounts have been made to reflect the impact of the aforesaid restructuring scheme.

32. 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 ₹ 2,225.99 lacs (₹ 1,921.75 lacs):

Sl. No.	Particulars	Account to which credited	9 months period ended March 31, 2013	15 months period ended June 30, 2012
a)	Industrial Promotion Assistance	Subsidy on Sales Tax/ Value Added Tax under Sales & Service	2,225.99	1,921.75

33. Loans and Advances includes the following balances (₹ in lacs)

Name of the Company	As at March 31, 2013	Maximum Amount due at any time during 9 months period ended March 31, 2013	As at June 30, 2012	Maximum Amount due at any time during 15 months period ended June 30, 2012
In terms of Clause 32 of the Listing Agreement				
Jai Balaji Jyoti Steels Ltd.	9,240.22	9,240.22	8,499.63	12,088.17

Notes to Consolidated Financial Statements (Contd.)

34 Gratuity

The Group 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 and its Subsidiary Company (NIPL) have funded their gratuity liability with insurance company in the form of a qualifying insurance policy. In respect of a joint venture company, Andal East Coal Company Private Ltd the aforesaid scheme is □

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 : (₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Current service cost	122.09	221.44
Interest cost on benefit obligation	44.01	60.41
Expected return on plan assets	(22.74)	(30.28)
Net actuarial loss/(Gain) recognised during the period	58.76	(159.86)
Past Service cost	9.13	15.54
Total Expenses*	211.25	107.25

* Includes ₹ Nil (₹ 31.26 lacs) transferred to Preoperative/Trial Run

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

	As at March 31, 2013	As at June 30, 2012
Present value of Defined Benefits Obligation	907.76	698.48
Fair value of plan assets	360.39	338.22
	547.37	360.26
Less: Unrecognised past service cost	-	9.13
Total Expenses	547.37	351.13

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

	As at March 31, 2013	As at June 30, 2012
Present Value of Defined Benefit Obligation at the beginning of the period	698.48	603.02
Current Service Cost	122.09	221.44
Interest Cost	44.00	60.41
Benefits Paid	(17.58)	(27.89)
Actuarial Loss/(Gain)	60.77	(158.50)
Plan Amendments	-	-
Present Value of Defined Benefits Obligation at the period end	907.76	698.48

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

	As at March 31, 2013	As at June 30, 2012
Fair Value of Plan Assets at the beginning of the year	338.22	231.77
Expected Return	22.74	30.28
Contribution by Employer	15.00	102.71
Benefits paid	(17.58)	(27.89)
Actuarial Gains/(Losses)	2.01	1.35
Fair Value of Plan Assets at the period end	360.39	338.22

Notes to Consolidated Financial Statements (Contd.)

V. The major categories of plan assets as a percentage of the fair value of the total plan assets (₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
Investment with the insurer	100%	100%

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

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Discount Rate	8.20%	8.50% - 8.60%
Expected Rate or return on assets	9.00%	9.00%
Rate of increase in salaries	10.00%	7.50% - 10.00%
Mortality Table	Indian Assured Life Mortality (2006-08) (modified) Ult	LIC (1994-96) ultimate

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

	As at March 31, 2013	As at June 30, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Defined benefit obligation	(907.76)	(689.35)	(578.35)	(350.49)	(189.76)
Plan Assets	360.39	338.22	231.77	169.59	84.53
Surplus / (Deficit)	(547.37)	(351.13)	(346.58)	(180.90)	(105.23)
Experience Gain/ (Loss)					
Adjustments on plan liabilities	(14.89)	130.69	(68.73)	(23.15)	Not Available
Experience Gain/ (Loss)					
Adjustments on plan assets	0.86	1.62	(1.20)	(0.14)	Not Available
Experience Gain/ (Loss) due to change on assumptions	(44.73)	27.54	–	22.91	Not Available

(₹ in lacs)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Contribution to Provident Fund and other Funds	522.18	502.47

Note:

- The Holding Company expects to contribute ₹ 528.64 lacs (₹ 340.71 lacs) to Gratuity Fund in 2013-14.
The Subsidiary Company expects to contribute ₹ 17.60 lacs (₹ 9.71 lacs) to Gratuity Fund in 2013-14.
- 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.

Notes to Consolidated Financial Statements (Contd.)

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

(₹ in lacs)

Sl No.	Particulars	9 months period ended March 31, 2013	15 months period ended June 30, 2012
a)	Principal Amount remaining unpaid to the suppliers as at the end of the period	—	—
b)	Interest due on above remaining unpaid to the suppliers as at the end of the period	—	—
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.	—	—

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

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

Particulars	Foreign Currency (FC)	As at March 31, 2013		As at June 30, 2012	
		in FC	₹ in lacs	in FC	₹ in lacs
Receivables					
(a) Trade Receivables	US\$	78,215	42.54	—	—
(b) Advances	US\$	114,654	62.36	68,746	38.71
Total			104.90		38.71
Payables					
(a) Trade Payables	US\$	496,368	269.97	27,402,886	15,430.29
	Euro	83,635	58.16	241,437	171.20
Total			328.13		15,601.49
Loans					
(a) Foreign Currency Loans	US\$	—	—	12,071,788	6,797.50
Total			—		6,797.50

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

Contracts of US \$ Nil (US \$ 1,650,000) for minimizing the risk of currency exposure on foreign currency loans from banks aggregating ₹ Nil (₹ 929.10 lacs).



Notes to Consolidated Financial Statements (Contd.)

38. Basic and diluted earnings per share :

Sl No.	Particulars		9 months period ended March 31, 2013	15 months period ended June 30, 2012
A	Profit/(Loss) after Tax	₹ in lacs	(22,352.17)	(28,264.46)
B	Number of shares at the beginning of the year	Nos.	63,781,486	63,781,486
C	Total equity shares outstanding at the end of the year	Nos.	63,781,486	63,781,486
D	Weighted average number of equity shares outstanding at the end of the year	Nos.	63,781,486	63,781,486
E	Nominal Value of each Share	₹	10.00	10.00
F	Basic Earning per Share	₹	(35.04)	(44.31)
G	Diluted Earning per Share	₹	(35.04)	(44.31)

39. Related Party Disclosures

a. Name of Related Parties

Key Management Personnel	Mr. Aditya Jajodia, Chairman and Managing Director Mr. Sanjiv Jajodia, Wholetime Director Mr. Aashish Jajodia, Wholetime Director of Subsidiary
Relatives of Key Management Personnel	Mr. Rajiv Jajodia, Brother of Wholetime Director Mr. Devendra Prasad Jajodia, Brother of Wholetime Director Mr. Gourav Jajodia, Nephew of Wholetime Director Smt. Kanchan Jajodia, Sister-in-law of Wholetime Director Smt. Rina Jajodia, Sister-in-law of Chairman and Managing Director Smt. Sangeeta Jajodia, Wife of Wholetime Director Smt. Shashi Devi Jajodia, Sister-in-law of Wholetime Director Smt. Seema Jajodia, Wife of Chairman and Managing Director
Enterprises owned or significantly influenced by key management personnel or their relatives	Chandi Steel Industries Limited (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) Shri Marutaye Balaji Steels Limited (SMBSL)

Notes to Consolidated Financial Statements (Contd.)

b) Related Party Transactions :

Relationship	Party	Sales	Purchases	Rent paid	Interest Received	Managerial remuneration	Dividend paid	Director Fee	Money Received against share warrants	Balance Receivable	Balance Payable	Guarantees Obtained	Corporate Guarantee Given
(₹ in lacs)													
Key Management Personnel	Aditya Jajodia	-	-	-	-	-	-	-	-	-	-	243,531.35	-
	Sanjiv Jajodia	-	-	-	-	-	(12.37)	-	-	-	-	(205,959.74)	-
	Aashish Jajodia	-	-	-	-	-	(10.60)	-	-	-	-	243,531.35	-
	Aashish Jajodia	-	-	-	-	31.50 (52.50)	(3.18)	-	-	-	-	7,620.50 (8,129.57)	-
Relatives of Key Management Personnel	Rajiv Jajodia	-	-	-	-	-	-	0.20 (0.35)	-	-	-	235,910.85 (197,830.17)	-
	Gourav Jajodia	-	-	-	-	-	(0.43)	0.15 (0.30)	-	-	-	226,150.21	-
	Others	-	-	-	-	-	-	-	-	-	-	-	-
	Others	-	-	-	-	-	(4.49)	-	-	-	-	-	-
Enterprises owned or significantly influenced by key management personnel or their relatives	CSIL	2,235.02 (7,087.92)	81.92 (133.37)	-	294.61 (500.87)	-	-	-	-	3,023.57 (4,379.05)	-	-	-
	JBJSL	- (231.19)	2,253.03 (14,471.05)	-	862.83 (1,127.91)	-	-	-	-	9,240.22 (8,499.63)	-	-	-
	JSBIPL	2,856.66 (3,724.14)	1,669.21 (4,599.34)	-	-	-	-	-	-	-	(1,229.43)	-	-
	SMBSL	-	-	-	-	-	-	-	-	-	-	-	226,150.21
	JEPL	-	-	0.52 (0.86)	-	-	-	-	-	-	-	-	-
	ESL	-	-	-	-	-	-	-	950.00	-	-	-	-
	HML	-	-	-	-	-	(28.18)	-	1,559.25	-	-	-	-
	Others	-	-	-	-	-	-	-	-	-	-	-	-
	Others	-	-	-	-	-	(10.00)	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-	-	-	-	-	-
Total		5,091.68 (11,043.25)	4,004.16 (19,386.94)	0.52 (0.86)	1,157.44 (1,628.77)	31.50 (52.50)	- (130.49)	0.35 (0.65)	2,509.25 -	12,263.79 (12,878.68)	- (1,229.43)	956,744.26 (617,879.22)	226,150.21 -



Notes to Consolidated Financial Statements (Contd.)

40. Auditors Remuneration (included in Legal and Professional Charges)

(₹ in lacs)

Payment to Auditor	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Holding Company		
As auditor :		
Audit fee	9.50	6.00
Limited Review	5.00	26.50
Tax Audit	1.50	0.75
Out-of-pocket expenses	0.54	0.60
In other manner for Certification	—	3.50
Total*	16.54	37.35
Subsidiary Companies		
As auditor :		
Audit fee	2.61	2.72
Tax Audit	0.75	0.75
Out-of-pocket expenses	0.12	0.12
Total	3.48	3.59

*Out of above amount, paid to previous auditor amounts to ₹ Nil (₹ 26.60 lacs)

41. The Proportionate share of Assets, Liabilities and Equity for 9 months period ended March 31, 2013 and Income and Expenditure for the year ended March 31, 2013 of Joint Venture Companies viz. M/s Rohne Coal Company Private Limited and M/s Andal East Coal Company Private Limited are included in these financial statements in respective items.

(₹ in lacs)

	As at March 31, 2013	As at June 30, 2012
Assets		
Non Current Assets		
Fixed Assets : Tangible Assets	87.97	74.57
Capital Work in Progress and Pre-operative Expenditure Pending Allocation	723.25	655.97
Long - Term Loans & Advances	9.52	13.32
Current Assets		
Current Investments	0.32	0.41
Cash and Bank Balances	5.55	22.23
Short - Term Loans & Advances	43.21	42.05
Non Current Liabilities		
Long Term Provisions	1.45	0.50
Current Liabilities		
Trade Payables	0.26	0.10
Other Current Liabilities	97.43	114.83
Short Term Provisions	0.15	0.83
Equity		
Reserves and Surplus	99.65	(1.20)
Share Application Money	240.16	230.86
Capital Commitment and Contingencies :		
Contingent Liability	—	514.08
Capital Commitment and Contingencies :	9.98	10.52



Notes to Consolidated Financial Statements (Contd.)

	9 months period ended March 31, 2013	15 months period ended June 30, 2012
Income		
Other Income	0.14	0.12
Expenditure		
Other Expenses	2.15	0.95

- 42 i) The current financial year of the Group is for the period of nine months from 1st July, 2012 to 31st March, 2013 as compared to previous financial year of fifteen months from 1st April, 2011 to 30th June, 2012. Hence, the current period's figures are not comparable with previous period's figures.
- ii) Figures in brackets represent previous financial year's figures, which have been rearranged/regrouped wherever necessary to conform to this year's classification.

As per our report of even date

For and on behalf of the Board of Directors

For **U. Narain & Co.**
Chartered Accountants
 Firm Regn. No. 000935C

For **Rashmi & Co.**
Chartered Accountants
 Firm Regn. No. 309122E

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

CA R. R. Modi
Partner
 Membership No. : 053118

CA Sandeep Agarwal
Partner
 Membership No. : 065643

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

Place : Kolkata
 Date : May 15, 2013

Ajay Kumar Tantia
Company Secretary

Directors' Report

To the Members of Nilachal Iron & Power Limited

Your Directors are pleased to present their Eleventh Annual Report together with the Audited Balance Sheet and Statement of Profit and Loss Account of your Company for the year ended 31st March, 2013.

FINANCIAL PERFORMANCE

Particulars	2012-13 (₹)	2011-12 (₹)
Revenue from Operations (Net of Excise Duty)	23,36,96,931.00	981,883,123.00
Other Income	63,32,165.00	72,34,948.00
Total Income	24,00,29,096.00	989,118,071.00
Less: Expenditure	31,01,85,280.00	906,250,972.00
Profit/Loss before Interest, Depreciation and tax (PBITD)	(7,01,56,184.00)	82,867,099.00
Less: Finance Charges	10,55,29,022.00	4,73,86,658.00
Depreciation	7,10,15,680.00	3,57,50,012.00
Profit/(Loss) before Tax	(24,67,00,886.00)	(2,69,571.00)
Less: Tax	7,89,29,000.00	21,54,152.00
Profit/(Loss) for the year	(16,77,71,886.00)	(24,23,723.00)
Earnings per share (Nominal value per share ₹ 10/-)		
Basic and Diluted	(4.81)	0.07

Operational Performance

During the year under review, your Company has achieved the total revenues of ₹ 2,400.29 lacs against ₹ 9,891.18 lacs in the previous year. The EBITDA for the year amounted to ₹ 701.56 lacs while the same was ₹ 828.67 lacs for the previous year. The Loss for the year 2012-13 stood ₹ 1677.72 lacs as compared to loss of ₹ 24.23 lacs in the last year.

During the year two coal washery was put to use and two units of Kiln was introduced and operation started in the plant.

Dividend

In view of financial position of the Company during the financial year, the directors do not recommend any dividend on the Equity Shares of the Company for the year ended 31st March, 2013.

Future Outlook

World Steel Association has said steel demand is expected to pick up in India and demand expected to grow by 5.9% to 75.8 million tonne (mt) in 2013 following 2.5% growth in 2012. It also said that Indian steel demand is likely to grow due to monetary easing which is expected to support investment activities. In 2014, growth in steel demand is further to accelerate to 7.0% because of the reform measures aimed at narrowing the fiscal deficit, coupled with measures to improve the foreign direct investment climate. The Company shall take steps to further strengthen its operations and make use of most of the accelerated demand.

Holding Company

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

Directors

Pursuant to the provisions of the Companies Act, 1956 Shri Aditya Jajodia and Shri Santosh Kumar Shah, Directors of the Company retire by rotation at the ensuing Annual General Meeting of the Company and being eligible have offered themselves for re-appointment.

Shri Prashant Akhauri has been appointed as Executive Director of the Company, being an Additional Director, w.e.f. 7th November, 2012, and he will hold office up to the date of the ensuing Annual General Meeting.

The Company has received special notice under Section 257 of the Companies Act, 1956, proposing the appointment of Shri Prashant Akhauri as the Director of the Company. In view of their considerable experience, your Directors recommend his appointment. Shri Prasant Akhauri if appointed, shall continue to act as an Executive Director of the Company.

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 being a non-executive director of the Company acts as the Chairman of the Committee.

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 the requirement of Section 217(2AA) of the Companies Act, 1956, your Directors state that:

- In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- They have opted such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the loss 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.

Statutory Auditors

M/s. B. Chhawchharia & Co., Chartered Accountants, Kolkata retire at the conclusion of ensuing Annual General Meeting and being eligible offers themselves for re-appointment. Your directors on the recommendation of Audit Committee, recommends re-appointment of M/s. B. Chhawchharia & Co., Chartered Accountants, Kolkata as the Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting.

The Company has received a certificate from the said auditors under Section 224(1B) of the Companies Act, 1956 to the effect that their appointment if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

Auditors Report

The Auditors report to the shareholders does not contain any qualifications. The observations of Auditors in their Report read with relevant notes to accounts in Note 25 are self explanatory and do not require further explanation.

Cost Auditors

Pursuant to the provisions of Section 233B of the Companies Act, 1956 read with Cost Accounting Records (Steel Plant) Rules, 1990, The Companies (Cost Accounting Record) Rules, 2011, The Companies (Cost Audit Report) Rules, 2011, Circular No. 15/2011[52/5/CAB-2011] dated 11th April, 2011, Circular No. 52/26/CAB-2010 dated 30th June, 2011 and Circular No. 36/2012[52/5/CAB-2011], dated 6th November, 2012 your directors on the recommendation of the Audit Committee, have appointed M/s. Mondal & Associates, proprietor Mr. Amiya Mondal

Directors' Report (Contd.)

as the Cost Auditors to conduct the Cost Audit for the Financial Year 2013-14.

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 as amended from time to time, particulars regarding Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are given in the Annexure forming part of this Report.

Personnel

The Company has no employee getting remuneration in the category specified under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 during as amended from time to time.

Appreciation

Your Directors place on record their gratitude for the valuable trust, co-operation and support rendered by the Financial Institutions, Banks, Regulatory and Government authorities, dealers, suppliers, business associates and the Company's valued customers.

The Directors also commend the commitment and dedication of the 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

Aashish Jajodia
Whole-time Director

Place : Kolkata

Aditya Jajodia
Director

Sanjiv Jajodia
Director

Dated: 29th July, 2013

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, 2013:

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:
- The above measures have resulted in energy saving cost and thus have led to reduce cost of production.
 - 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:

The details of efforts made towards absorption of technology are 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

FORM - A

Form for Disclosure of Particulars with respect to Conservation of Energy

A. Power and Fuel consumption:

Electricity	2012-13	2011-12
a) Purchased Units (KVAH)	17,16,984	5,295,564
Total Amount (₹ in lacs)	146.25	291.99
Rate per Unit (₹)	8.52	5.51

B. Electricity Consumption per unit (M.T.) of consumption:

Sponge iron	247.00	137.22
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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 measures, use of alternative raw materials, 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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of M/s NILACHAL IRON & POWER LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material

misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 the Balance Sheet, of the state of affairs of the Company as at March 31, 2013, and
- (b) in the case of the Profit and Loss Account, of the loss 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by section 227(3) of the Act, 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 those books;
- c) the Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the Balance Sheet and Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **B. Chhawchharia & Co.**
Chartered Accountants
FRN: 305123E

CA Aashish Jaiswal
Partner
Membership No. 66471

Place: Kolkata
Date: 15th May, 2013

Annexure to the Auditors' Report

Referred to in paragraph 1 of our Report of even date

- | | | |
|--|--|---|
| <p>(i) a) Proper records showing full particulars including quantitative details and situation of fixed assets are being complied by the company.</p> <p>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.</p> <p>c) The company has not disposed substantial part of its fixed assets during the year.</p> | <p>were noticed on physical verification of inventory.</p> <p>(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.</p> <p>(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. During the course of audit, we have not observed any continuing failure to correct major weakness, if any, in internal control system.</p> <p>(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.</p> <p>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 ₹ 5,00,000/- or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market</p> | <p>prices at the relevant time.</p> <p>(vi) In our opinion, the company has not accepted any deposits from the public during the year.</p> <p>(vii) In our opinion, the company has a formal internal audit system commensurate with the size of the company and nature of its business.</p> <p>(viii) As informed to us the company is maintaining cost records as prescribed under section 209(1)(d) of the Companies Act, 1956 read with Companies (Cost Accounting records) Rules, 2011, to the extent applicable to the company. We have, however, not made a detailed examination of such records.</p> <p>(ix) In our opinion and according to the information and explanations given to us :</p> <p>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.</p> <p>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 <i>except as detailed below:</i></p> |
| <p>(ii) a) According to information and explanation given to us, physical verification of inventory has been conducted by the management at reasonable intervals.</p> <p>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.</p> <p>c) The company is maintaining proper records of inventory and no material discrepancies</p> | | |



Annexure to the Auditors' Report (Contd.)

Name of the Statute	Nature of Dues	Amount (₹ 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	CESTAT - Appeal Hearing pending
Central Excise Act, 1944	Duty demand on scrap on Fabrication of Kiln & Cooler	69.38	2006 - 2007	Commissioner of Central Excise
Central Excise Act, 1944	Passage of Illegal Benefit to TISCO	62.21	2005 - 2006	CESTAT - Appeal Hearing pending
Central Excise Act, 1944	Irregular Availment of Service Tax	2.63	2005 - 2006	Remand from CESTAT
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 low grade Sponge Iron	39.09	2005 - 2006	Commissioner of Central Excise (Appeal) - Remand from CESTAT
Central Excise Act, 1944	Availment of Cenvat Credit in respect of bought out Low Grade Sponge Iron	30.75	2005 - 2006	Commissioner of Central Excise (Appeal) - Remand from CESTAT
Central Excise Act, 1944	Duty demand in respect of scrap arose from fabrication of Kiln & Cooler	6.94	2005 - 2006	CESTAT
Central Excise Act, 1944	Availment of Cenvat Credit in respect of bought out Iron Ore Pallet	78.64	2010 - 2011	CESTAT
Central Excise Act, 1944	Service Tax on Mutual Fund Distribution (Sub-Brokerage)	50.22	2005 - 2006 and 2006 - 2007	CESTAT - Appeal Hearing pending

- (x) There are no accumulated losses in the company. The company has incurred cash loss during the financial year covered by our audit but has not incurred any cash loss 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 generally 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 apparently funds raised on short term basis have not 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
FRN: 305123E

CA Aashish Jaiswal
Partner
Membership No. 66471

Place: Kolkata
Date: 15th May, 2013

Balance Sheet as at 31st March, 2013

(Amount in ₹)

	Notes	As at 31 st March, 2013	As at 31 st March, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	349,487,270	349,487,270
Reserves and Surplus	2	643,486,779	814,234,401
		992,974,049	1,163,721,671
Non-current Liabilities			
Long-term Borrowings	3	303,762,987	380,219,208
Long-term Provisions	4	1,760,000	870,000
		305,522,987	381,089,208
Current Liabilities			
Short-term Borrowings	5	362,963,417	354,168,043
Trade Payables	6	160,419,527	194,418,421
Other Current Liabilities	7	145,829,715	114,881,819
		669,212,659	663,468,283
Total		1,967,709,695	2,208,279,162
ASSETS			
Non-current Assets			
Fixed Assets	8		
Tangible Assets		1,273,997,531	512,501,344
Capital Work-in-Progress		140,387,534	950,912,007
		1,414,385,065	1,463,413,351
Non-current Investments	9	2,686,239	2,686,239
Deferred Tax Assets (Net)	10	15,669,600	(63,259,400)
Long-term Loans and Advances	11	16,864,057	17,052,507
		1,449,604,961	1,419,892,697
Current Assets			
Inventories	12	301,883,202	409,619,268
Trade Receivables	13	98,346,110	164,811,110
Cash and Bank Balances	14	25,080,782	50,184,929
Short-term Loans and Advances	15	92,794,640	163,771,158
		518,104,734	788,386,465
Total		1,967,709,695	2,208,279,162
SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO ACCOUNTS	25		

The Notes referred above form an integral part of the accounts.

In terms of our report of even date attached herewith

For B. Chhawchharia & Co.

Chartered Accountants

Firm Reg. No. 305123E

CA Aashish Jaiswal

Partner

Membership No. 66471

Place : Kolkata

Date : 15th May, 2013

Aashish Jajodia
Wholetime Director

For and on behalf of the Board of Directors

Aditya Jajodia
Director

Sanjiv Jajodia
Director

Jyoti Sharma
Company Secretary



Statement of Profit and Loss for the year ended 31st March, 2013

(Amount in ₹)

	Notes	2012-13	2011-12
INCOME			
Revenue from Operations	16	260,377,524	1,068,486,455
Less : Excise Duty		26,680,593	86,603,332
		<u>233,696,931</u>	<u>981,883,123</u>
Other Income	17	6,332,165	7,234,948
		<u>240,029,096</u>	<u>989,118,071</u>
EXPENSE			
Cost of Materials Consumed	18	163,495,663	668,150,165
Manufacturing Expenses	19	32,580,468	64,940,729
Excise Duty on Finished Stock		(8,681,781)	(1,064,606)
Changes in Inventory	20	59,153,596	56,052,970
Employee Benefits Expense	21	44,168,307	41,621,886
Finance Costs	22	105,529,022	47,386,658
Depreciation		73,991,416	38,519,014
Less : Transfer from State Capital Subsidy		2,975,736	2,769,002
Prior Period Expenses		<u>2,682,989</u>	<u>1,116,477</u>
Other Expenses	23	16,786,038	75,433,351
		<u>486,729,982</u>	<u>989,387,642</u>
Loss before tax		246,700,886	269,571
Tax expense :			
Current Tax	24	--	250,652
Deferred Tax		<u>78,929,000</u>	<u>1,903,500</u>
Loss for the year		<u>167,771,886</u>	<u>2,423,723</u>
Earning per equity share			
Basic & Diluted		(4.81)	(0.07)

The Notes referred above form an integral part of the accounts.

In terms of our report of even date attached herewith

For B. Chhawchharia & Co.

Chartered Accountants

Firm Reg. No. 305123E

CA Aashish Jaiswal

Partner

Membership No. 66471

Place : Kolkata

Date : 15th May, 2013

Aashish Jajodia
Wholetime Director

For and on behalf of the Board of Directors

Aditya Jajodia
Director

Sanjiv Jajodia
Director

Jyoti Sharma
Company Secretary



Cash Flow Statement for the year ended 31st March, 2013

(Amount in ₹)

	2012-2013	2011-2012
CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit/(Loss) before tax and extraordinary items	(246,700,886)	(269,571)
Adjusted for :		
Depreciation	71,015,680	35,750,012
Interest Income	(3,486,252)	(1,924,265)
Irrecoverable Debts and Advances Written Off	921,850	13,914,328
Irrecoverable Subsidies Written Off	—	45,954,699
Liabilities no longer required Written Back	(296,489)	(2,237,507)
Interest on Term Loan and Others	103,235,681	43,678,096
Prior Period Expenditure (Net)	2,682,989	1,116,477
Operating Profit Before Working Capital Changes	(72,627,427)	135,982,269
Movement in Working Capital		
Sundry Debtors	65,543,150	(2,676,654)
Loans and Advances and other Current Assets	71,210,780	69,309,731
Inventories	107,736,066	123,461,419
Trade Payables and other payables	(50,974,302)	(211,737,301)
Cash Generated From Operating Activities	120,888,267	114,339,464
Direct Taxes paid/adjusted	—	(250,652)
Net cash from Operating activities (A)	120,888,267	114,088,812
CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(24,774,680)	(105,147,558)
Interest Income	3,486,252	1,924,265
Net Cash from investing activities (B)	(21,288,428)	(103,223,293)
CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from long term and other borrowings	(21,468,305)	51,679,066
Issue of shares	—	—
Dividend Paid	—	(3,494,873)
Tax on Dividend Paid	—	(566,957)
Interest Paid	(103,235,681)	(43,678,096)
Net Cash used in Financing Activities (C)	(124,703,986)	3,939,140
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(25,104,147)	14,804,659
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	50,184,929	35,380,270
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	25,080,782	50,184,929

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

02. 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

Firm Reg. No. 305123E

CA Aashish Jaiswal
Partner

Membership No. 66471

Place : Kolkata

Date : 15th May, 2013

Aashish Jajodia
Wholetime Director

For and on behalf of the Board of Directors

Aditya Jajodia
Director

Sanjiv Jajodia
Director

Jyoti Sharma
Company Secretary



Notes to the Financial Statements

(Amount in ₹)

	As at 31 st March, 2013	As at 31 st March, 2012
1. SHARE CAPITAL		
Authorised :		
35,000,000 Equity Shares of ₹ 10 /- each	350,000,000	350,000,000
500,000 Preference Shares of ₹ 10/- each	5,000,000	5,000,000
	<u>355,000,000</u>	<u>355,000,000</u>
Issued, Subscribed & Paid up:		
34,948,727 Equity Shares of ₹ 10/- each fully paid up	349,487,270	349,487,270
[Held by M/s. Jai Balaji Industries Limited, the Holding Company]		

Notes:

- The details of Shareholders holding more than 5% Equity Shares

Name of Shareholder	As at 31.03.2013		As at 31.03.2012	
	No. of shares	%Holding	No. of shares	% Holding
Jai Balaji Industries Ltd.	34,948,727	100	34,948,727	100

- Terms/rights attached to Equity Shares :

The company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts.

The distribution will be in proportion to the number of equity shares held by the shareholders.

(Amount in ₹)

	As at 31.03.2013	As at 31.03.2012
2 RESERVES AND SURPLUS		
Capital Reserve		
State Capital Subsidy	38,497,799	41,266,801
Less : Allocated to Depreciation	2,975,736	2,769,002
	<u>35,522,063</u>	<u>38,497,799</u>
General Reserve		
As per Last Account	373,731,000	373,731,000
Transfer to Statement of Profit and Loss	(100,000,000)	-
	<u>273,731,000</u>	<u>373,731,000</u>
Securities Premium Reserve	328,712,548	328,712,548
Surplus/(Deficit) in the statement of Profit and Loss :		
Balance as per last Account	73,293,054	75,716,777
Transfer from General Reserve	100,000,000	-
Loss for the year	167,771,886	2,423,723
	<u>5,521,168</u>	<u>73,293,054</u>
Net Surplus/(Deficit) in the statement of Profit and Loss	<u>643,486,779</u>	<u>814,234,401</u>

(Amount in ₹)

	As at 31.03.2013	As at 31.03.2012
3. LONG-TERM BORROWINGS		
Secured		
a) Term Loans	399,086,368	430,052,208
From Banks		

Terms of Security:

- A Facility Agreement for consortium Term loan has been entered between the Company, referred to as 'Borrower', and Uco Bank, State Bank of India and Axis Bank Ltd. ,collectively referred to as 'Lenders', for the above loan. The loan is secured by way of (i) First mortgage/charge on the entire Fixed Assets, movable and immovable, present and future

Notes to the Financial Statements (Contd.)

ranking pari passu amongst the lenders herein (ii) First charge on all the banks accounts of the Company/Project and assignment of all the Company's project contracts and documents ranking pari passu amongst the lenders herein, and (iii) Second charge on all the stock of raw materials, semi-finished and finished goods and receivables, present and future, subservient to prior charge created by the Company in favour of its Working Capital Bankers.

ii) The above Loans are guaranteed by three Directors of the Company.

Terms of Repayment (Revised):

- i) Uco Bank - Quarterly Instalments of ₹ 76.85 lacs each commencing from 31.12.2012
- ii) State Bank of India - Quarterly Instalments of ₹ 57.50 lacs each commencing from 30.09.2012
- iii) Axis Bank Ltd. - Quarterly Instalments of ₹ 57.50 lacs each commencing from 30.9.2012

(Amount in ₹)

	As at 31 st March, 2013	As at 31 st March, 2012
b. Vehicles Loan - From HDFC Bank	1,101,327	-
Hypothecated against the Vehicle financed by them		
Terms of Repayment - Under 36 EMI Scheme		
	400,187,695	430,052,208
Less : Current Maturity (Refer Note 7)	96,424,708	49,833,000
	303,762,987	380,219,208

(Amount in ₹)

	As at 31 st March, 2013	As at 31 st March, 2012
4. LONG TERM PROVISIONS		
Provision for Gratuity	1,760,000	870,000

(Amount in ₹)

	As at 31 st March, 2013	As at 31 st March, 2012
5. SHORT-TERM BORROWINGS		
Secured		
Loans Repayable on Demand		
From Banks - Cash Credit	362,963,417	354,168,043

Terms of Security:

- i) Secured by way of 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.
- ii) The above Loans from banks are guaranteed by three Directors of the Company.

(Amount in ₹)

	As at 31 st March, 2013	As at 31 st March, 2012
6. TRADE PAYABLES		
Sundry Creditors		
- For Raw Materials	59,799,338	75,793,357
- For Capital Goods	46,639,751	49,463,746
- For others	53,980,438	44,161,318
Acceptances	-	25,000,000
	160,419,527	194,418,421

Notes to the Financial Statements (Contd.)

(Amount in ₹)

	As at 31 st March, 2013	As at 31 st March, 2012
7. OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings (As certified by the management)	96,424,708	49,833,000
Interest accrued and due on long-term borrowings	4,673,232	5,072,398
Advance from customers	1,971,460	1,048,853
Due to Holding Company (Interest Free)	25,816,063	25,108,501
Other Liabilities	16,944,252	33,819,067
	145,829,715	114,881,819

8 FIXED ASSETS

(Amount in ₹)

	Gross Block			Depreciation			Net Block	
	As at 1 st April, 2012	Additions/ (Adjustments)	As at 31 st March, 2013	Up to 31 st March, 2012	For the Year	Up to 31 st March, 2013	As at 31 st March, 2013	As at 31 st March, 2012
I. Tangible Assets								
Freehold Land	6,715,409	12,694,715	19,410,124	–	–	–	19,410,124	6,715,409
Building	89,927,880	120,084,796	210,012,676	18,050,790	6,573,800	24,624,590	185,388,086	71,877,090
Plant & Machinery	596,901,040	616,245,307	1,213,146,347	208,848,962	59,542,039	268,391,001	944,755,346	388,052,078
Electrical Installations	43,105,687	81,906,051	125,011,738	14,373,444	5,569,587	19,943,031	105,068,707	28,732,243
Air Conditioners	917,249	–	917,249	254,131	43,570	297,701	619,548	663,118
Generators	16,677,326	2,561,721	19,239,047	4,961,074	903,520	5,864,594	13,374,453	11,716,252
Furniture & Fixtures	2,045,288	163,097	2,208,385	1,347,895	83,766	1,431,661	776,724	697,393
Vehicles	9,031,675	1,702,216	10,733,891	6,281,859	1,140,218	7,422,077	3,311,814	2,749,816
Office Equipments	1,802,483	108,200	1,910,683	676,429	87,990	764,419	1,146,264	1,126,054
Computers	1,139,161	21,500	1,160,661	967,270	46,926	1,014,196	146,465	171,891
Total (I)	768,263,198	835,487,603	1,603,750,801	255,761,854	73,991,416	329,753,270	1,273,997,531	512,501,344
II. Capital Work-in-Progress								
Land and Site Development	12,694,715	–	–	–	–	–	–	12,694,715
		(12,694,715)	–	–	–	–	–	–
Building	99,972,057	23,010	–	–	–	–	–	99,972,057
		(99,995,067)	–	–	–	–	–	–
Plant & Machinery	513,421,140	2,594,449	–	–	–	–	–	513,421,140
		(516,015,589)	–	–	–	–	–	–
Electrical Installations	81,402,322	288,783	–	–	–	–	–	81,402,322
		(81,691,105)	–	–	–	–	–	–
Furniture & Fixtures	117,043	–	–	–	–	–	–	117,043
		(117,043)	–	–	–	–	–	–
Mining Land	107,900,695	6,777,861	114,678,556	–	–	–	114,678,556	107,900,695
Railway Sidings	3,636,082	–	3,636,082	–	–	–	3,636,082	3,636,082
Pre-operative Expenses	131,767,953	11,372,696	22,072,896	–	–	–	22,072,896	131,767,953
		(121,067,753)	–	–	–	–	–	–
Total (II)	950,912,007	21,056,799	140,387,534	–	–	–	140,387,534	950,912,007
		(831,581,272)	–	–	–	–	–	–
Grand Total (I+II)	1,719,175,205	856,544,402	1,744,138,335	255,761,854	73,991,416	329,753,270	1,414,385,065	–
	–	(831,581,272)	–	–	–	–	–	–
Previous Year Figures	1,612,440,221	106,734,984	1,719,175,205	217,242,840	38,519,014	255,761,854	–	1,463,413,351



Notes to the Financial Statements (Contd.)

9. NON-CURRENT INVESTMENTS

(Amount in ₹)

	Face Value ₹	No. of shares	As at 31.03.2013 ₹	No. of shares	As at 31.03.2012 ₹
Others					
In fully paid up Equity Shares of Companies Quoted					
Shyama Infosys Ltd.	10/-	366200	2,590,974	366200	2,590,974
Shri Nidhi Trading Co. Ltd.	10/-	10500	95,265	10500	95,265
			<u>2,686,239</u>		<u>2,686,239</u>
Market Value of quoted Investments			<u>2,756,628</u>		<u>2,756,628</u>

(Amount in ₹)

	As at 31 st March, 2013	As at 31 st March, 2012
10. DEFERRED TAX ASSETS (NET)		
Deferred Tax Assets on		
Unabsorbed losses and provisions	165,641,500	22,919,500
Employee Benefits	571,000	282,300
Less : Deferred Tax Liability on Fiscal allowance of fixed assets	150,542,900	86,461,200
	<u>15,669,600</u>	<u>(63,259,400)</u>

(Amount in ₹)

	As at 31 st March, 2013	As at 31 st March, 2012
11. LONG TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Capital Advances	6,295,697	6,484,147
Deposits	10,568,360	10,568,360
	<u>16,864,057</u>	<u>17,052,507</u>

(Amount in ₹)

	As at 31 st March, 2013	As at 31 st March, 2012
12. INVENTORIES		
(As taken, valued and certified by the management)		
Raw Materials [Includes stock in transit (*) ₹ 3,21,17,606/- P.Y. ₹ 3,21,17,606/-]	245,247,486	296,639,306
Finished Goods	583,907	79,506,636
By Products	34,853,518	15,084,385
Stores & Consumables	21,198,291	18,388,941
*Awaiting Custom Clearance	<u>301,883,202</u>	<u>409,619,268</u>

(Amount in ₹)

	As at 31 st March, 2013	As at 31 st March, 2012
13. TRADE RECEIVABLES		
(Unsecured, considered good)		
Due for more than six months	98,346,110	160,878,534
Other Debts	-	3,932,576
	<u>98,346,110</u>	<u>164,811,110</u>



Notes to the Financial Statements (Contd.)

(Amount in ₹)

	As at 31 st March, 2013	As at 31 st March, 2012
14. CASH AND BANK BALANCES		
(i) Cash & Cash Equivalents		
Cash-in-hand	4,170,075	1,147,407
Balances with Scheduled Banks in Current Account	1,660,707	16,617,732
	<u>5,830,782</u>	<u>17,765,139</u>
(ii) Other Bank Balances		
In Fixed Deposits (Pledged)	19,250,000	32,419,790
(Maturity after 12 months Rs. 30,00,000/- P. Y. Nil)	<u>25,080,782</u>	<u>50,184,929</u>

(Amount in ₹)

	As at 31 st March, 2013	As at 31 st March, 2012
15. SHORT-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	49,268,464	83,226,605
Balances with Government Authorities	10,221,278	12,228,548
Subsidies Receivable	—	35,245,369
Taxation Advances and Refundable (Net of Provision)	2,844,246	2,609,984
MAT Credit Entitlement	30,460,652	30,460,652
	<u>92,794,640</u>	<u>163,771,158</u>

(Amount in ₹)

	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
16. REVENUE FROM OPERATIONS		
Sale of Sponge Iron	222,503,593	927,703,673
Sale of Raw Materials	28,946,893	61,000,000
Sale of By-Products	8,927,038	79,782,782
	<u>260,377,524</u>	<u>1,068,486,455</u>
16.1 SALE OF RAW MATERIAL		
- Iron Ore	—	61,000,000
- Coal	28,946,893	—
	<u>28,946,893</u>	<u>61,000,000</u>
16.2 SALE OF BY PRODUCTS		
- Iron Ore fines	—	25,126,719
- Coal fines	8,927,038	54,656,063
	<u>8,927,038</u>	<u>79,782,782</u>

(Amount in ₹)

	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
17. OTHER INCOME		
Interest on Fixed Deposit	3,486,252	1,924,265
Liabilities written back	296,489	2,237,507
Miscellaneous Income	2,549,424	3,073,176
	<u>6,332,165</u>	<u>7,234,948</u>



Notes to the Financial Statements (Contd.)

(Amount in ₹)

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
18. COST OF MATERIALS CONSUMED		
Raw Material Consumed - Indigeneous		
- Coal	80,325,790	286,581,002
- Iron Ore	83,024,351	377,936,023
- Dolomite	145,522	3,633,140
	<u>163,495,663</u>	<u>668,150,165</u>

(Amount in ₹)

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
19. MANUFACTURING EXPENSES		
Consumption of Stores and Spare parts	2,419,825	7,661,895
Power and Fuel	16,813,198	35,296,605
Repairs & Maintenance :		
- For Plant & Machinery	3,043,197	7,729,338
- For Others	577,007	790,061
Machinery Hire Charges	4,758,249	1,331,869
Processing Charges	4,968,992	12,130,961
	<u>32,580,468</u>	<u>64,940,729</u>

(Amount in ₹)

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
20. CHANGES IN INVENTORIES		
Opening Stock :		
- Finished Goods	79,506,636	105,059,344
- By products	15,084,385	45,584,647
	<u>94,591,021</u>	<u>150,643,991</u>
Less : Closing Stock :		
- Finished Goods	583,907	79,506,636
- By products	34,853,518	15,084,385
	<u>59,153,596</u>	<u>56,052,970</u>

(Amount in ₹)

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
21. EMPLOYEE BENEFITS EXPENSE		
Director's Remuneration	3,764,000	-
Salary, Wages, bonus and allowances	37,460,311	38,384,387
Contribution to Provident & Other Funds	1,798,429	1,692,084
Staff & Labour welfare expenses	1,145,567	1,545,415
	<u>44,168,307</u>	<u>41,621,886</u>



Notes to the Financial Statements (Contd.)

(Amount in ₹)

	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
22. FINANCE COSTS		
Interest :		
On Term Loans	48,448,490	450,674
On Others	54,787,191	43,227,422
Loan Processing & other financial charges	2,293,341	3,708,562
	<u>105,529,022</u>	<u>47,386,658</u>

(Amount in ₹)

	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
23. OTHER EXPENSES		
Rent	2,146,200	1,985,787
Rates and Taxes	383,614	621,456
Insurance	860,154	687,103
Travelling and Conveyance	1,375,665	1,280,117
Legal and Professional expenses	1,574,470	1,236,324
Advertisement and Business Promotion	9,390	50,000
Hire Charges	3,936,424	4,257,081
Security Guard Charges	2,730,464	2,586,028
Telephone, Telex & Fax	472,490	515,712
Printing & Stationary	106,114	272,893
Auditors' Remuneration :		
For Statutory Audit	250,000	250,000
For Internal Audit	24,000	50,000
For Tax Audit	75,000	75,000
For Other Services	111,500	10,000
Miscellaneous expenses	1,808,703	1,686,823
Irrecoverable Subsidies written off	—	45,954,699
Irrecoverable debts and advances written off	921,850	13,914,328
	<u>16,786,038</u>	<u>75,433,351</u>

(Amount in ₹)

	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
24. CURRENT TAX EXPENSES		
Income Tax Adjustments	—	250,652

25. NOTES ON ACCOUNTS

1 SIGNIFICANT ACCOUNTING POLICIES

SYSTEM OF ACCOUNTING

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

FIXED ASSETS :

Fixed Assets are stated at Cost less depreciation.

DEPRECIATION :

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

CAPITAL WORK IN PROGRESS :

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

Notes to the Financial Statements (Contd.)

- 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 carried at acquisition cost and investments intended to be held for less than one year are classified as current investments and are carried at lower of cost and market value.

GOVERNMENT GRANTS :

- a) State Capital Subsidy received on account of fixed assets is credited to Capital Reserve Account out of which Subsidies in relation to depreciable assets are allocated to income over the useful life of the respective assets by deduction from depreciation for the year.
- b) Grants related to revenue is 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 Cost of finished goods manufacturing overheads. Cost of Finished Goods include Excise Duty.
c)	By Products	At Net Realisable Value.

SALES :

- i) Sales include excise duty but excludes sales tax/VAT
- ii) 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 :

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

EMPLOYEES BENEFITS :

- i) Short Term employee benefits are charged off at the undiscounted amount in the year in which related service is rendered.
- ii) 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 ₹ 387.54 Lacs (₹ 425.34 Lacs); advance thereagainst ₹ 62.95 Lacs (₹ 64.84 Lacs).

	As at 31.03.2013 (₹)	As at 31.03.2012 (₹)
3. Contingent Liability, not provided for, in respect of : Contested demand of :		
a) Excise Duty	439.13 lakhs	439.13 lakhs
b) Service tax	52.85 lakhs	52.85 lakhs

Notes to the Financial Statements (Contd.)

4. Certain balance appearing under Sundry Creditors, Advance from Customers, Capital Advances, Trade Receivables and Advance recoverable in cash or in kind or for value to be received, are subject to confirmation.
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 :

	2013	2012
a. Principal amount remaining unpaid as on 31 st March	NIL	NIL
b. Interest due thereon as on 31 st 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 31 st 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 (As certified by the management)	NIL	NIL

6. Company's plant was non-operational during the year except for the period 01.05.2012 to 30.05.2012, 17.06.2012 to 30.06.2012, 01.11.2012 to 30.11.2012 and 04.12.2012 to 31.01.2013 due to ongoing major alignment works in the factory and unfavourable market conditions which affected the production substantially.
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 31.03.2013.
8. The earning per share has been calculated as specified in Accounting Standard 20 on "Earnings Per Share" issued by ICAI and related disclosures are as below :

	2012-2013 (₹)	2011-2012 (₹)
a) Amount used as numerator in calculating basic and diluted EPS : Profit/(Loss) after tax (₹)	(167,771,886)	(2,423,723)
b) Weighted average no. of shares used as the denominator in calculating EPS (Nos.) For Basic and Diluted EPS Equity Shares - Opening	34,948,727	34,948,727

9. In accordance with Accounting Standard 17 "Segment Reporting" as prescribed under Companies (Accounting Standards) Rules, 2006, the Company has determined its business segment as Manufacturing of Sponge Iron. Since there are no other business segments in which the company operates, there are no other primary reportable segments. Therefore, the segment revenue, segment results, segment assets, segment liabilities, total cost incurred to acquire segment assets, depreciation charges are all as is reflected in the financial statements.
10. 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.

Notes to the Financial Statements (Contd.)

Related Parties & Relationship		Transactions	
a) Enterprises that directly or indirectly through one or more intermediaries, control or controlled by or are under common control with the company (including holding company) :			
		2012-2013 (₹)	2011-2012 (₹)
(I) Holding Company :			
Jai Balaji Industries Limited			
Purchases during the year		–	634,239
Sales during the year		263,322,911	900,826,797
Year end payable (Net)		25,816,063	25,108,501
(b) Associates :			
Jai Balaji Jyoti Steels Limited			
Sales during the year		–	139,343
(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.			
NIL			
(d) Key Management personnel and their relatives :			
Shri Aashish Jajodia		Whole time Director Remuneration	
		4,200,000	4,200,000
(e) Enterprises over which any person described in (c) or (d) is able to exercise significant influence over the company and relatives of any such individual.			
NIL			
(f) Amount written off in respect of above parties :			
NIL			
11. Expenditure in Foreign Currency			
Travelling Expenses		297158/- (P.Y. Nil)	

12. The disclosure required under Accounting Standard -15, Employees Benefit, notified in the Companies (Accounting Standard) Rules, 2006 are given below :

I. Expenses recognized in the Statement of Profit & Loss Account for the year ended 31st March, 2013.

	Gratuity (₹ in lacs)	
	2012-13	2011-12
Current service cost	7.68	7.38
Interest cost on benefit obligation	2.97	2.30
Expected return on plan assets	(2.39)	2.15
Net actuarial loss/(gain) recognised in the year	0.64	(1.08)
Past Service cost	–	–
Total Expenses/(Income)	8.90	6.45

II. Net Liability/(Assets) recognized in the Balance Sheet as at 31st March 2013

	Gratuity (₹ in lacs)	
	As at 31 st March, 2013	As a 31 st March 2012
Present value of Defined Benefits Obligation	47.76	35.69
Fair value of plan assets	30.16	26.99
	17.60	8.70
Less : Unrecognised past service cost	–	–
Net liability	17.60	8.70

III. Change in the present value of the defined benefit obligation during the year ended 31st March, 2013

	Gratuity (₹ in lacs)	
	2012-13	2011-12
Present value of Defined Benefits Obligation at the beginning of the year	35.69	28.04
Current service cost	7.68	7.38
Interest cost on benefit obligation	2.97	2.30
Benefits Paid	(0.44)	(0.61)
Net actuarial loss/(gain) recognised in the year	1.86	(1.42)
Current service cost	–	–
Present value of Defined Benefits Obligation at the end of the year	47.76	35.69

Notes to the Financial Statements (Contd.)

IV. Change in the Fair Value of Plan Assets during the year ended 31st March, 2013 :

	Gratuity (₹ in lacs)	
	2012-13	2011-12
Fair value of Defined Benefits Obligation at the beginning of the year	26.99	22.64
Expected return	2.39	2.15
Interest cost on benefit obligation	–	3.15
Contribution by Employer	–	0.61
Benefits paid	(0.44)	–
Actuarial Gains/(Losses)	1.22	(0.34)
Present value of Defined Benefits Obligation at the end of the year	30.16	26.99

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

	Gratuity (₹ in lacs)	
	2012-13	2011-12
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.

	Gratuity (₹ in lacs)	
	2012-13	2011-12
Discount Rate (per annum) compounded	8.20%	8.70%
Expected Return on Assets	9.00%	9.00%
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 :

	Gratuity (₹ in lacs)	
	2012-13	2011-12
Defined Benefits Obligation	(47.76)	(35.69)
Plan Assets	30.16	26.99
Surplus/(Deficit)	(17.60)	(8.70)
Experience Gain/(Loss) Adjustments on plan liabilities	(1.86)	1.42
Experience Gain/(Loss) Adjustments on plan assets	–	–

	(₹ in lacs)	
	2012-13	2011-12
Contribution to Provident Fund	16.44	13.77

13. a) Previous year figures above are indicated in brackets.

b) Previous year figure have been regrouped/rearranged, wherever found necessary.

Signature to notes 1 to 25

For B. Chhawchharia & Co.

Chartered Accountants

Firm Reg. No. 305123E

CA Aashish Jaiswal
Partner

Membership No. 66471

Place : Kolkata

Date : 15th May, 2013

For and on behalf of the Board of Directors

Aashish Jajodia
Wholetime Director

Aditya Jajodia
Director

Sanjiv Jajodia
Director

Jyoti Sharma
Company Secretary



Directors' Report

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

Your Directors have the pleasure in presenting the third Annual Report of your Company for the financial year ended 31st March, 2013.

REVIEW OF OPERATION

The Company was incorporated on the 1st day of November, 2010. It did not commence its commercial activities till 31st March, 2013 and hence the Statement of Profit & Loss was not prepared for the said period ending 31st March, 2013.

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 Rajiv Jajodia, Director of the Company retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

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, offers 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 Note no.1 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 along with proper explanation relating to material departures.
- 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 state of affairs of the Company as at 31st March, 2012.
- 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

Place : Kolkata
Date : 26th July, 2013

Sanjiv Jajodia
Director

Rajiv Jajodia
Director



Auditors' Report

To the Members of
Jai Balaji Steels (Purulia) Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Jai Balaji Steels (Purulia) Limited** ("the Company"), which comprise the Balance Sheet as at **March 31, 2013**, and no Profit and Loss has been prepared since the company has not commenced commercial production, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures

in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act 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 the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Act 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the order.
2. As required by section 227(3) of the Act, 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 those books.
- c. The Balance Sheet dealt with by this Report is in agreement with the books of account.
- d. In our opinion, the Balance Sheet comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.
- e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **Rashmi & Co.**
Chartered Accountants
FRN: 309122E

CA Sandeep Agarwal
(Partner)
Membership No. 065643

Place : Kolkata
Date : 10th May, 2013



Annexure to the Independent Auditor's Report

Jai Balaji Steels (Purulia) Limited

(Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report for period ended 31st March, 2013)

- | | | |
|--|---|--|
| <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 provisions of section 58A & 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, hence provisions of clause 4(iv) of the Order is not applicable.</p> | <p>7) Since the Company has not started the commercial production and profit and loss account has not been prepared, the provisions of clause 4(x) of the Order is not applicable.</p> <p>8) According to the information and explanations given to us, the company does not have any dues payable to the financial institution, banks and debentures 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 the security by way of pledge of shares, debentures and other 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 matters specified in the Order are applicable to the Company.</p> |
|--|---|--|

For **Rashmi & Co.**
Chartered Accountants
FRN: 309122E

CA Sandeep Agarwal
(Partner)
Membership No. 065643

Place : Kolkata
Date :10th May, 2013



Balance Sheet as at 31st March 2013

(in ₹)

	Note No.	As at 31 st March, 2013	As at 31 st March, 2012
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	2	500,000.00	500,000.00
		<u>500,000.00</u>	<u>500,000.00</u>
Current Liabilities			
Other Current Liabilities	3	12,736.00	18,143.00
		<u>12,736.00</u>	<u>18,143.00</u>
TOTAL		<u>512,736.00</u>	<u>518,143.00</u>
ASSETS			
Non Current Assets			
Capital Work In Progress	4	58,516.00	37,458.00
Other Non - Current Assets	5	220,149.00	220,149.00
		<u>278,665.00</u>	<u>257,607.00</u>
Current Assets			
Cash and Bank Balance	6	234,071.00	260,536.00
		<u>234,071.00</u>	<u>260,536.00</u>
TOTAL		<u>512,736.00</u>	<u>518,143.00</u>
Significant Accounting Policies & Notes to the Accounts	1		

The notes referred above form an integral part of the Accounts.

Audit Report as on even date attached

For **Rashmi & Co.**
Chartered Accountants
Firm Reg. No : 309122E

CA Sandeep Agarwal
Partner
Membership No. 065643

Place : Kolkata
Date : 10th May, 2013

For and on behalf of the Board of Directors

Sanjiv Jajodia
Director

Rajiv Jajodia
Director



Notes to Financial Statements for the year ended 31st March, 2013

The previous year figures have been regrouped/ reclassified, wherever necessary to confirm to the current year presentation.

Note No. 2: Share Capital

(in ₹)

	As at 31 st March, 2013	As at 31 st March, 2012
Authorised :		
2,000,000 (2,000,000) Equity shares of ₹ 10/- each	20,000,000.00	20,000,000.00
Issued :		
50,000 (50,000) Equity shares of ₹ 10/- each	500,000.00	500,000.00
Subscribed and paid-up :		
50,000 (50,000) Equity shares of ₹ 10/- each	500,000.00	500,000.00
Paid up Share Capital	<u>500,000.00</u>	<u>500,000.00</u>

Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period

Equity Shares

(in ₹)

	As at 31 st March, 2013		As at 31 st March, 2012	
	No. of Shares	Amount	No. of Shares	Amount
Number of Shares outstanding at the beginning of the period	50,000	500,000.00	50,000	500,000.00
Number of Shares outstanding at the end of year	50,000	500,000.00	50,000	500,000.00

Terms/rights attached to equity shares

The Company has only one class of ordinary shares (equity shares) having at par value of ₹ 10/- each. Each shareholders of ordinary shares (equity shareholders) is entitled to one vote per share. The company declared and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing annual general meeting except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distributions of preferential amounts in the proportions to their share holdings.

Equity shareholders holding 5% or more shares by Holding/Ultimate holding company and/or their subsidiaries/associates

(in ₹)

Name	Relation	As at 31 st March, 2013		As at 31 st March, 2012	
		No. of Shares	%	No. of Shares	%
Jai Balaji Industries Limited	Holding Company	50,000	100	50,000	100
Aggregate No. of Shares :		50,000	100	50,000	100

Notes to Financial Statements (Contd.)

Note No. 3: Other Current Liabilities

(in ₹)

	As at 31st March, 2013	As at 31st March, 2012
Professional Tax	–	–
Audit Fees Payable	5,618.00	5,618.00
Other Liabilities	7,118.00	12,525.00
Total	12,736.00	18,143.00

Note No. 4: Capital Work In Progress

(in ₹)

	As at 31st March, 2013	As at 31st March, 2012
Opening Balance	37,458.00	8,315.00
Addition		
Audit Fees	11,236.00	5,618.00
Bank Charges	204.00	–
Filing Fees	500.00	13,500.00
General Expenses	–	610.00
Interest on Professional Tax (Co)	–	150.00
Professional Charges	6,618.00	6,765.00
Professional Tax	2,500.00	2,500.00
Total	58,516.00	37,458.00

Note No. 5: Other Non Current Assets

(in ₹)

	As at 31st March, 2013	As at 31st March, 2012
Unamortized Expenses	220,149.00	220,149.00
Total	220,149.00	220,149.00

Note No. 6: Cash and Bank Balance

(in ₹)

	As at 31st March, 2013	As at 31st March, 2012
Cash and Cash equivalents		
Cash in hand	2,006.00	4,506.00
Balance with Banks		
On Current Account	232,065.00	256,030.00
Total	234,071.00	260,536.00



Note "1" : Accounting Policies & Notes on Accounts

A. SIGNIFICANT ACCOUNTING POLICIES

1. General :

The Financial Statements have been prepared under historical cost convention in accordance with the generally accepted accounting principles in accordance with the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 are consistently adopted by the Company.

The Company follows mercantile system of accounting.

2. Other Current Assets :

All Current Assets are valued at prices not more than its realizable value.

3. Preliminary Expenses :

Preliminary Expenses will be written off in the year of start of Commercial operations.

4. 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.

5. Contingent Liabilities are not provided for and are disclosed by way of a note.

6. As the operations have not yet commenced, the accounting policies which are specific in nature have not been disclosed.

B. NOTES ON 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 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. Payment to Auditors

(in ₹)

Auditors Remuneration	As at March 31 st 2013	As at March 31 st 2012
Audit Fees	11,236.00	5,618.00

5. Previous year figures have been regrouped or rearranged whenever necessary.

Signature to Notes 1 to 6

In terms of Our Separate Report of even date attached.

For **Rashmi & Co.**

Chartered Accountants

Firm Reg. No : 309122E

CA Sandeep Agarwal

Partner

Membership No. 065643

Place : Kolkata

Date : 10th May, 2013

For and on behalf of the Board of Directors

Sanjiv Jajodia

Director

Rajiv Jajodia

Director



Directors' Report

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

Your Directors are pleased to present the third Annual Report of your Company for the financial year ended 31st March, 2013.

REVIEW OF OPERATION

The Company was incorporated on the 1st day of November, 2010. It did not commence its commercial production till 31st March, 2013 and hence the Statement of Profit & Loss was not prepared for the said period ending 31st March, 2013.

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 Rajiv Jajodia, Director of the Company retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

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, offers 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 Note no.1 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 along with proper explanation relating to material departures.
- 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 state of affairs of the Company as at 31st March, 2013.
- 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

Place : Kolkata
Date : 26th July, 2013

Sanjiv Jajodia
Director

Rajiv Jajodia
Director

Auditors' Report

To the Members of
Jai Balaji Energy (Purulia) Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Jai Balaji Energy (Purulia) Limited** ("the Company"), which comprise the Balance Sheet as at **March 31, 2013**, and no Profit and Loss has been prepared since the company has not commenced commercial production, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures

in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act 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 the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Act 1956, we give in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the order.
2. As required by section 227(3) of the Act, 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 those books.
- c. The Balance Sheet dealt with by this Report is in agreement with the books of account.
- d. In our opinion, the Balance Sheet comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.
- e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **Rashmi & Co.**
Chartered Accountants
FRN: 309122E

CA Sandeep Agarwal
(Partner)
Membership No. 065643

Place : Kolkata
Date : 10th May, 2013



Annexure to the Independent Auditor's Report

Jai Balaji Energy (Purulia) Limited

(Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report for period ended 31st March, 2013)

- | | | |
|--|---|---|
| <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 provisions of section 58A & 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, hence provisions of clause 4(iv) of the Order is not applicable.</p> <p>7) Since the Company has not started the commercial production and</p> | <p>profit and loss account has not been prepared, the provisions of clause 4(x) of the Order is not applicable.</p> <p>8) According to the information and explanations given to us, the company does not have any dues payable to the financial institution, banks and debentures 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 the security by way of pledge of shares, debentures and other 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 Sheet of the Company we report that no funds raised on short term</p> | <p>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 matters specified in the Order are applicable to the Company.</p> |
|--|---|---|

For **Rashmi & Co.**
Chartered Accountants
FRN: 309122E

CA. Sandeep Agarwal
(Partner)
Membership No. 065643

Place : Kolkata
Date :10th May, 2013



Balance Sheet as at 31st March 2013

(in ₹)

	Note No.	As at 31 st March, 2013	As at 31 st March, 2012
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	2	500,000.00	500,000.00
		<u>500,000.00</u>	<u>500,000.00</u>
Current Liabilities			
Other Current Liabilities	3	11,736.00	18,143.00
		<u>11,736.00</u>	<u>18,143.00</u>
TOTAL		<u>511,736.00</u>	<u>518,143.00</u>
ASSETS			
Non Current Assets			
Capital Work In Progress	4	58,366.00	37,308.00
Other Non - Current Assets	5	220,149.00	220,149.00
		<u>278,515.00</u>	<u>257,457.00</u>
Current Assets			
Cash and Bank Balance	6	233,221.00	260,686.00
		<u>233,221.00</u>	<u>260,686.00</u>
TOTAL		<u>511,736.00</u>	<u>518,143.00</u>
Significant Accounting Policies & Notes to the Accounts	1		

The notes referred above form an integral part of the Accounts.

Audit Report as on even date attached.

For **Rashmi & Co.**
Chartered Accountants
FRN: 309122E

CA Sandeep Agarwal
Partner
Membership No. 065643

Place : Kolkata
Date : 10th May, 2013

For and on behalf of the Board of Directors

Sanjiv Jajodia
Director

Rajiv Jajodia
Director



Notes to Financial Statements for the year ended 31st March, 2013

The previous year figures have been regrouped / reclassified, wherever necessary to confirm to the current year presentation.

Note No. 2: Share Capital

(in ₹)

	As at 31 st March, 2013	As at 31 st March, 2012
Authorised :		
2,000,000 (2,000,000) Equity shares of ₹ 10/- each	20,000,000.00	20,000,000.00
Issued :		
50,000 (50,000) Equity shares of ₹ 10/- each	500,000.00	500,000.00
Subscribed and paid-up :		
50,000 (50,000) Equity shares of ₹ 10/- each	500,000.00	500,000.00
Paid up Share Capital	<u>500,000.00</u>	<u>500,000.00</u>

Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period

Equity Shares

(in ₹)

	As at 31 st March, 2013		As at 31 st March, 2012	
	No. of Shares	Amount	No. of Shares	Amount
Number of Shares outstanding at the beginning of the period	50,000.00	500,000.00	50,000.00	500,000.00
Number of Shares outstanding at the end of year	50,000.00	500,000.00	50,000.00	500,000.00

Terms/rights attached to equity shares

The Company has only one class of ordinary shares (equity shares) having at par value of ₹ 10/- each. Each shareholders of ordinary shares (equity shareholders) is entitled to one vote per share. The company declared and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing annual general meeting except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distributions of preferential amounts in the proportions to their share holdings.

Equity shareholders holding 5% or more shares by Holding / Ultimate holding company and / or their subsidiaries/ associates

Name	Relation	As at 31 st March, 2013		As at 31 st March, 2012	
		No. of Shares	%	No. of Shares	%
Jai Balaji Industries Limited	Holding Company	50,000	100	50,000	100
Aggregate No. of Shares :		50,000	100	50,000	100

Notes to Financial Statements for the year ended 31st March, 2013

Note No. 3: Other Current Liabilities

(in ₹)

	As at 31st March, 2013	As at 31st March, 2012
Professional Tax	--	--
Audit Fees Payable	5,618.00	5,618.00
Other Liabilities	6,118.00	12,525.00
Total	11,736.00	18,143.00

Note No. 4: Capital Work In Progress

(in ₹)

	As at 31st March, 2013	As at 31st March, 2012
Opening Balance	37,308.00	8,315.00
Addition		
Audit Fees	11,236.00	5,618.00
Bank Charges	204.00	100.00
Filing Fees	500.00	13,500.00
General Expenses	--	610.00
Interest on Professional Tax (Co)	--	150.00
Professional Charges	6,618.00	6,515.00
Professional Tax	2,500.00	2,500.00
Total	58,366.00	37,308.00

Note No. 5: Other Non Current Assets

(in ₹)

	As at 31st March, 2013	As at 31st March, 2012
Unamortized Expenses	220,149.00	220,149.00
Total	220,149.00	220,149.00

Note No. 6: Cash and Bank Balance

(in ₹)

	As at 31st March, 2013	As at 31st March, 2012
Cash and Cash equivalents		
Cash in hand	2,006.00	4,506.00
Balance with Banks		
On Current Account	231,215.00	256,180.00
Total	233,221.00	260,686.00

Note "1" : Accounting Policies & Notes on Accounts

A. SIGNIFICANT ACCOUNTING POLICIES

1. **General :**

The Financial Statements have been prepared under historical cost convention in accordance with the generally accepted accounting principles in accordance with the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act' 1956 are consistently adopted by the Company.

The Company follows mercantile system of accounting.

2. **Other Current Assets**

All Current Assets are valued at prices not more than its realizable value.

3. **Preliminary Expenses: -**

Preliminary Expenses will be written off in the year of start of Commercial operations.

4. **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.

5. **Contingent Liabilities** are not provided for and are disclosed by way of a note.

6. As the operations have not yet commenced, the accounting policies which are specific in nature have not been disclosed.

B. NOTES ON 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 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. **Payment to Auditors**

(in ₹)

Auditors Remuneration	As at March 31 st 2013	As at March 31 st 2012
Audit Fees	11,236.00	5,618.00

5. Previous year figures have been regrouped or rearranged whenever necessary.

Signature to Notes 1 to 6

In terms of our Separate Report of even date attached.

For **Rashmi & Co.**
Chartered Accountants
FRN: 309122E

CA Sandeep Agarwal
Partner
Membership No. 065643

Place : Kolkata
Date : 10th May, 2013

For and on behalf of the Board of Directors

Sanjiv Jajodia
Director

Rajiv Jajodia
Director

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



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
Regd. Folio No.*

Client ID
No. of shares

NAME AND ADDRESS OF THE SHAREHOLDER : _____

I hereby record my presence at the Fourteenth Annual General Meeting of the Company being held on Thursday, the 12th September, 2013 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

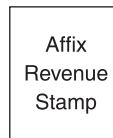
DP ID
Regd. Folio No.*

Client ID
No. of shares

I/We ofin the district of being a member/ members of Jai Balaji Industries Limited, hereby appoint ofin the district of or failing him/herof in the district of as my/our Proxy to attend and vote for me/us on my/our behalf at the Fourteenth Annual General Meeting of the Company being held on Thursday, the 12th September, 2013 at 11:00 A.M. and at any adjournment thereof.

Signed this day of 2013.

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 Ashim Kumar Mukherjee

Shri Shyam Bahadur Singh

Shri Satish Chander Gupta

Shri Amit Kumar Majumdar

Shri Shailendra Kumar Tamotia

Chief Financial Officer

Shri Raj Kumar Sharma

Company Secretary & Compliance Officer

Shri Ajay Kumar Tantia

Joint Statutory Auditors

M/s. Rashmi & Co.
Chartered Accountants
213, Todi Chamber,
2, Lal Bazar Street,
Kolkata – 700 001

M/s. U. Narain & Co.
Chartered Accountants
Room No. 503, 5th floor,
Narayani Building,
27, Brabourne Road,
Kolkata – 700 001

Internal Auditor

M/s. Esskay Professional Pvt. Ltd.
322, Martin Burn House,
1, R. N. Mukherjee Road,
Kolkata - 700 001

Cost Auditor

M/s. Mondal & Associates
Mr. Amiya Mondal, Proprietor
Cost Accountants
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

Registrar and Share Transfer Agent

M/s. Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane,
(Surendra Mohan Ghosh Sarani)
2nd Floor,
Kolkata – 700 001
West Bengal, India
Phone: 91-33-2243 5029/5809
E-mail: mdpldc@yahoo.com

Plant Locations

Ranigunj

G/1, Mangalpur Industrial Complex,
Post– Baktarnagar
Dist.: Burdwan
West Bengal – 713 321, 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
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
Vijaya Bank
West Bengal Infrastructure
Development Finance Corporation
Limited

WEBSITE

www.jaibalajigroup.com

INVESTORS' E-MAIL ID

cs@jaibalajigroup.com



Jai Balaji Industries Limited

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