

Constructing a larger tomorrow everyday



Jai Balaji Industries Limited

13th Annual Report 2011-12

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 Thirteenth Annual General Meeting of the Members of Jai Balaji Industries Limited will be held on Tuesday, the 18th day of December, 2012 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 30th June, 2012 and Statement of Profit and Loss Account for the financial year ended on that date together with Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Rajiv Jajodia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Amit Kumar Majumdar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Joint Statutory Auditors to hold office from the Conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) (hereinafter referred to as “the Act”) and pursuant to the scheme of Corporate Debt Restructuring approved by the CDR cell, vide their Letter of Approval of Corporate Debt Restructuring (LOA-CDR) dated 20th September, 2012 and subject to the relevant provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges

where the equity shares of the Company are listed, regulation for preferential issue pursuant to Chapter VII - “Preferential issue” of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009, [hereinafter referred to as “SEBI (ICDR) Regulations”] including and modification and re-enactment thereof from time to time and in accordance with all other applicable regulations, guidelines and clarifications thereon issued by the Securities and Exchange Board of India (“SEBI”), Reserve Bank of India (“RBI”), Government of India (“GOI”) or any other statutory / regulatory authorities and subject to all such approvals, permissions, consents and sanctions of any authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions, consents or sanctions, which may be agreed to by the Board of Directors of the Company or any Committee thereof (hereinafter referred to as the “Board”), the consent of the members of the Company be and is hereby accorded to the Board to create, offer, issue and allot, on preferential allotment basis, to one or more of the promoter(s)/ promoter group company(s), upto 1,00,00,000 (one crore) Warrants from time to time and in one or more tranches, each Warrant entitling/ giving an option to the holder thereof to apply and be allotted one fully paid up equity share of ₹ 10/- each at any time, not exceeding 18 (Eighteen) months from the date of allotment of the said Warrants, such that the equity shares to be issued on exercise of said Warrants, give rise in aggregate upto 1,00,00,000 (one crore) equity shares of ₹ 10/- (Rupees ten only) each fully paid up, at an exercise price of ₹ 50/- (Rupees fifty only) per equity share including a premium of ₹ 40/- (Rupees forty only) per share, which is a price greater than the price determined in accordance with Clause 76(1) of Chapter VII of the SEBI (ICDR) Regulations as amended from time to time, ranking *pari-passu* in all respects, including as to dividend, with the existing equity shares of the

Company, to the promoter(s)/ Promoters, Promoter Group Company(s), on preferential basis, more particularly mentioned in the table below, in one or more tranche(es), on such terms as the Board may in its absolute discretion think fit and decide:

| Sl. No. | Name of the Proposed Promoter Allottee | No. of Promoter Warrants |
|---------|----------------------------------------|--------------------------|
| 1. | Enfield Suppliers Limited | 19,00,000 |
| 2. | Hari Management Limited | 81,00,000 |
| | Total | 1,00,00,000 |

“RESOLVED FURTHER THAT the offer, issue and allotment of the aforesaid Warrants to Promoter(s), Promoter Group Company(s) and the equity shares resulting from the exercise of the entitlement of the said Warrant, shall be in terms of scheme of Corporate Debt Restructuring approved by the CDR cell and subject to applicable guidelines, notifications, rules and regulations and on the terms and conditions given herein below:

- a) The “Relevant Date” in relation to the above mentioned Preferential Issue of Warrants for the purpose of determining the price of the equity shares to be allotted and issued under the SEBI (ICDR) Regulations and any amendment(s) up to date shall be 20th September, 2012.
- b) The issue price of the said Warrants is ₹ 50/- (Rupees fifty only) each, which is a price greater than the price determined in accordance with Clause 76(1) of Chapter VII of the SEBI (ICDR) Regulations.
- c) The proposed allottees of Warrants shall be entitled to apply for and obtain, in one or more tranches allotment of one equity share of face value of ₹ 10/- each of the Company against each Warrant at a price of ₹ 50/-, including a premium of ₹ 40/- per equity share, within a period of 18 (eighteen) months from the date of allotment of such warrants.

Notice to the Shareholders (Contd.)

- d) An amount equivalent to at least 25% of ₹ 50/- per warrant being ₹ 12,50,00,000/- (Rupees twelve crore fifty lac only) shall be paid against each warrant on or before the date of such allotment as per the LOA-CDR dated 20th September, 2012.
- e) The Warrant holder(s) shall have the option of applying for and being allotted equity shares of the Company of face value of ₹ 10/- each by paying the balance 75% of ₹ 50/- per warrant, or such amount, being ₹ 37,50,00,000/- (Rupees thirty seven crore fifty lac only) after adjusting the upfront payment made.
- f) In case the Warrant(s) holder do not apply for the conversion of the outstanding Warrants into equity shares of the Company within 18 (eighteen) months from the date of allotment of the said Warrants, then the amount paid upon each of the said outstanding Warrants shall be forfeited and all the rights attached to the said Warrants shall lapse automatically.
- g) The equity shares to be offered, issued and allotted on conversion of the Warrants shall be subject to the provisions of the Memorandum and Articles of Association of the Company in all respects, and the shares issued and allotted on conversion thereof shall be subject to lock-in for such period that as prescribed under the SEBI (ICDR) Regulations for Preferential Issue, as amended from time to time.
- h) The said Warrants by itself do not give to the Warrant holder any rights of the shareholders or debenture holders of the Company.
- i) The Board be and is hereby authorised to delegate all or any of the powers herein conferred by this resolution to any Director(s) or to any Committee of Directors or employee or officer of the Company, as it may consider appropriate, to give effect to the aforesaid resolution.

“RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot such equity shares as may be required to be issued and allotted upon conversion of the said Warrants and that equity shares shall be subject to the provisions of the Memorandum and Article of Association of the Company and shall rank *pari passu* in all respects, including entitlement for dividend, with the existing equity shares of the Company.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to decide and approve other terms and conditions of the issue of the Warrants and/or equity shares and shall also be entitled to vary, modify or alter any of the terms and conditions, as it may deem fit, subject however to the compliance with the applicable guidelines, notifications, rules and regulations and shall be as per the Scheme of Corporate Debt Restructuring approved by the CDR cell”.

“RESOLVED FURTHER THAT the Board be and is hereby authorised to accept the terms, conditions, modifications and stipulations as the GOI, RBI, SEBI or Stock Exchanges or any other regulatory authority may stipulate while granting approval to the Company for issue of the Warrants and/or equity shares as aforesaid.”

“RESOLVED FURTHER THAT the Board is hereby authorised to take necessary steps for listing of the equity shares allotted upon conversion of Warrants, on Stock Exchanges, where the Company’s shares are listed, as per the terms and conditions of the Listing Agreement, and in accordance with such other guidelines, rules and regulations as may be applicable with regard to such listing.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, deem necessary, expedient, usual, proper, incidental or desirable and to settle any question, difficulties or doubts that may arise in this regard

and in regard to the issue, allotment of the Warrants and/or equity shares and utilisation of the issue proceeds, to prescribe the forms of applications, enter and execute all such deeds, documents, agreements or other instruments, and to take such actions/directions as they may consider as being necessary or desirable and to obtain any approval, permissions, sanctions which may be necessary or desirable as they may deem fit.”

“RESOLVED FURTHER THAT the Board is hereby authorised to take necessary precautions to comply with the applicable provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 at the time of allotment of equity shares issued upon conversion of Warrants.

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310 read with Schedule XIII of the Companies Act, 1956 and such other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of such authorities as may be required consent of the Company be and is hereby accorded for payment of remuneration to Shri Shyam Bahadur Singh, Director of the Company, not exceeding ₹ 75,000/- per month with effect from 1st October, 2012, and that such remuneration shall not exceed the limit prescribed in Part B of Section II of Schedule XIII of the Companies Act, 1956 for providing such services as may be required and be beneficial for the working of the Company, including any advisory services to the Company.”

“RESOLVED FURTHER THAT the Board be and is 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.”



Notice to the Shareholders (Contd.)

7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **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 Aditya Jajodia as Managing Director of the Company for a further period of 5 (five) years w.e.f. 23rd July, 2012 on the terms, conditions and remuneration

as mentioned in the agreement dated 20th July, 2012, entered between the Company and Shri Aditya Jajodia, Managing 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 Aditya 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 Aditya Jajodia, Managing 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 Aditya Jajodia till such time as may be decided by the Board.”

“RESOLVED FURTHER THAT the Board be and is 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 : 9th November, 2012

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

Ajay Kumar Tantia
Company Secretary

Notes:

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of business under item no 5 to 7 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 Thursday, 13th December, 2012 to Tuesday, 18th December, 2012 (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



Notice to the Shareholders (Contd.)

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.

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

Registered Office:
5, Bentinck Street
Kolkata - 700 001

Place : Kolkata
Date : 9th November, 2012

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

Ajay Kumar Tantia
Company Secretary



Annexure to the Notice

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

Item no. 5

The Company has been experiencing financial crunch due to global recession coupled with substantial increase in prices of raw material, increased interest rates which resulted in heavy losses to the Company.

With a view to tide over the above difficulty arising out of industry situation and the Company's specific issues the Company has approached Banks for restructuring of its liabilities under CDR mechanism and the restructuring package was approved by the CDR cell vide its Letter of Approval (LOA) dated 20th September, 2012

In terms of the Scheme of Corporate Debt Restructuring, approved by the CDR cell the Promoter(s)/Promoter Group Company(s) of the Company are required to contribute ₹ 50 crore in the Company. For the above purpose, Enfield Suppliers Limited and Hari Management Limited, Promoter Group Companies have agreed to subscribe 1,00,00,000 (one crore) warrants of the Company for a sum of ₹ 50 crore (Rupees fifty crore only), having an option of conversion into equity shares of face value of ₹ 10/- each, being ₹ 50/- per equity share, including a premium of ₹ 40/- per equity share.

None of the Directors of the Company are interested in the resolution, except Shri Aditya Jajodia, Shri Rajiv Jajodia, Shri Sanjiv Jajodia and Shri Gourav Jajodia, being the promoter directors of the Company.

The Board recommends the resolution in item no. 5 for the approval of members as a Special Resolution.

The disclosures pursuant to chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 is mentioned herein below.

1. Object of the Preferential Issue:

As mentioned above, the objective of the issue of Warrants is to meet the terms and conditions of the approved Scheme of Corporate

Debt Restructuring sanctioned by CDR cell, vide LOA dated 20th September, 2012. The said resolution/arrangement is a part of CDR Scheme.

2. The Proposal of the Promoters/ Directors or Key Managerial Personnel to subscribe to the Offer:

The promoter group companies viz., Enfield Suppliers Limited and Hari Management Limited has indicated their intention to subscribe to the offer. No warrants are being offered to directors or key managerial personnel. As such this resolution is being sought to approve subscription of warrants by promoter and/or promoter group companies.

3. Shareholding Pattern before and after the Preferential Issue:

| Sl. No | Category of Shareholders | Pre-Issue Equity Shareholding (as on 30.09.2012) | | Post-Issue Equity Shareholding (Assuming full conversion of warrants)* | |
|-----------------------------|--------------------------------------------|--------------------------------------------------|-------------------|------------------------------------------------------------------------|---------------|
| | | Number | % | Number | % |
| A | Promoters and promoter group | | | | |
| | 1. a) Indian Promoters | 33,190,120 | 52.037 | 43,190,120 | 58.538 |
| | b) Foreign Promoters | NIL | NIL | NIL | NIL |
| | Sub Total | 33,190,120 | 52.037 | 43,190,120 | 58.538 |
| B | Non-promoter | | | | |
| | 2. Institutional Investors | | | | |
| | a) Mutual Funds/ UTI | NIL | NIL | NIL | NIL |
| | b) Financial Institutions/ Banks | NIL | NIL | NIL | NIL |
| | c) Insurance Companies/ Govt. Institutions | NIL | NIL | NIL | NIL |
| | d) Foreign Institutional Investors | 3,286,512 | 5.153 | 3,286,512 | 4.454 |
| | e) Qualified foreign Investors | 2,000 | 0.003 | 2,000 | 0.003 |
| | f) Venture Capital Funds | NIL | NIL | NIL | NIL |
| | Sub total | 3,288,512 | 5.156 | 3,288,512 | 4.457 |
| | 3. Others | | | | |
| | a) Bodies Corporate | 10,929,850 | 17.136 | 10,929,850 | 14.814 |
| | b) Individual holding | 7,678,260 | 12.038 | 7,678,260 | 10.407 |
| | c) Foreign Company | 8,304,547 | 13.021 | 8,304,547 | 11.256 |
| d) Non Resident Individuals | 351,433 | 0.551 | 351,433 | 0.476 | |
| e) Others | 38,764 | 0.061 | 38,764 | 0.052 | |
| Sub total | 27,302,854 | 42.807 | 27,302,854 | 37.005 | |
| Grand Total | 63,781,486 | 100.00 | 73,781,486 | 100.000 | |

*the figures in the shareholding pattern are on the assumption that all the warrants will be subscribed by the promoters authorised to be issued and allotted the said warrants, pursuant to the shareholders resolution and all said warrants will be exercised/ converted into equity shares. However, if any warrants are not issued /allotted and the warrants are not exercised, the figures will change accordingly

Annexure to the Notice (Contd.)

4. Proposed time frame within which the issue shall be completed:

The allotment shall be completed within the time as may be prescribed under the scheme of Corporate Debt Restructuring approved by the CDR cell read with chapter VII regulation 74 (1) of the SEBI ICDR Regulations, 2009.

5. Identity of the proposed allottees, the percentage of post preferential issue capital that may be held by them and change in control, if any, in the issuer consequent to the preferential issue:

The warrants are being allotted to promoters/promoter group companies as per the scheme of Corporate Debt Restructuring approved by the CDR cell. As such, the said allotment of warrants and their conversion thereof will not result in change in control in the Company. The details of pre-issue and post-issue, shareholding assuming full conversion of warrants is given as under:-

| Name of the proposed allottee | Pre-Issue Equity Shareholding | | Post-Issue Equity Shareholding (Assuming full conversion of warrants)* | |
|-------------------------------|-------------------------------|-------|------------------------------------------------------------------------|-------|
| | Number | % | Number | % |
| Promoter | | | | |
| Enfield Suppliers Limited | 11,221,233 | 17.59 | 13,121,233 | 17.78 |
| Hari Management Limited | 7,044,533 | 11.04 | 15,144,533 | 20.53 |

**the figures in the shareholding pattern are on the assumption that all the warrants will be subscribed by the promoters authorised to be issued and allotted the said warrants, pursuant to the shareholders resolution and all said warrants will be exercised/ converted into equity shares. However, if any warrants are not issued /allotted and the warrants are not exercised, the figures will change accordingly.*

6. The Company hereby undertakes that:-

- It would re-compute the price of the securities specified above in terms of the provisions of SEBI (ICDR) Regulations, 2009, where it is so required
- If the amount payable, if any, on account of the re-computation of price is not paid within the time stipulated in

SEBI (ICDR) Regulations, 2009 the above warrants/shares shall continue to be locked-in till the time such amount is paid by the allottees.

7. Auditors' Certificate

A certificate from, M/s. Rashmi & Co. and M/s. U. Narain & Co., Joint Statutory Auditors of the Company has been obtained, certifying that the Preferential Issue of Warrants is being made in accordance of the requirements contained in the SEBI (ICDR) Regulations, 2009. The same shall be placed before the members at the meeting.

8. Lock-in Period

As per Clause 78(4) of the SEBI (ICDR) Regulations, 2009 the Warrants proposed to be allotted on preferential basis to Promoters shall be locked-in for a period of one year from the date of allotment of equity shares of the Company issued on conversion of such Warrants. In addition to the above, the entire pre-preferential

shareholding of the proposed allottees shall be locked in from the Relevant Date up to a period of six months from the date of preferential allotment.

Item no. 6

Shri Shyam Bahadur Singh has been serving the Company as an Independent Director with effect from 17th December, 2007. He is a Science Graduate (Metallurgical Engineering)

and has wide experience in Iron & Steel Industry and in management of steel plant. He is the Ex- Managing Director of Durgapur Steel Plant. He has received numerous national level awards for professional & business excellence. The Board of your Company proposes to appoint Shri Shyam Bahadur Singh as an executive director of the Company as per Section 198, 309, 310 read with Schedule XIII of the Companies Act, 1956 and such other applicable provisions, on such terms and conditions and remuneration as mentioned in item no 6 of the notice for obtaining such services as may be beneficial for the working of the Company, including any advisory services.

The Board of Directors recommends the resolution in item no 6 for the approval of the shareholders as a Special Resolution.

Item no. 7

The Board of Directors of the Company ("the Board") at its meeting held on 20th July, 2012 has approved the re-appointment of Shri Aditya Jajodia as Managing 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 23rd day of July, 2012 and approved the terms and conditions of his re-appointment and remuneration.

The Board of Directors recommends the resolution in item no. 7 for the approval of the shareholders as a Special Resolution.

BRIEF PROFILE

Shri Aditya Jajodia is presently Chairman & Managing Director of the flagship company of our group, Jai Balaji Industries Limited. He is a Commerce Graduate and expertise in Iron & Steel Industry. Shri Aditya Jajodia, son of Late Rajendra Prasad Jajodia is a director of Jai Balaji Industries Limited since incorporation i.e. from 1999. Working hands-on, Shri Aditya Jajodia led the group as one of

**Annexure to the Notice (Contd.)**

the largest vertically integrated steel manufacturing houses in Eastern India. He is the spearhead of the entire expansion plans of the group. Shri Aditya Jajodia is also a director on the Boards of the some of the 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 | Particulars | 2012 | 2011 |
| | | (₹.) | (₹.) |
| | Turnover | 293,323.12 | 21,6575.46 |
| | Profit/(Loss) before Tax | (38,884.08) | 11,301.09 |
| | Tax | (11,278.46) | 3,906.00 |
| | Profit/(Loss) after Tax | (27,605.62) | 7,395.09 |
| | EPS | (43.28) | 11.60 |
| 4) Export performance and net foreign exchange collaborations | ₹ 4540.75 lacs (Export at FOB Value) for the year 2011-12 | | |
| 5) Foreign investments or collaborators | Nil | | |
| II. INFORMATION ABOUT THE APPOINTEE | | | |
| 1) Background details | Shri Aditya Jajodia , son of Late Rajendra Prasad Jajodia, is presently Chairman & Managing Director of the company. He is a Commerce Graduate and expertise in Iron & Steel Industry. He is a director of the Company since incorporation i.e. from 1999. He is the spearhead of the entire expansion plans of the group. | | |
| 2) Past Remuneration | ₹ 750,000/- p.m. | | |
| 3) Recognition or awards | Shri Aditya Jajodia is well known among industry circle as a highly successful entrepreneur. | | |
| 4) Job profile and his suitability | Shri Aditya Jajodia has in-depth knowledge of iron & steel industry as whole. He as the Chairman & Managing Director manages the entire affairs of the Company and its projects including raw material purchase, production, planning, sales, working capital management, finance & general administration. | | |
| 5) Remuneration proposed | ₹ 7,50,000/- 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 Aditya Jajodia holds 3,656,301 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. | | |



Annexure to the Notice (Contd.)

EXTRACT PURSUANT TO SECTION 302 OF THE COMPANIES ACT, 1956

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

Terms and Conditions of Re-appointment

a) Salary:

₹ 7,50,000/- (Rupees seven lac fifty thousand only) per month. (Annual increment of amount not exceeding ₹ 1,50,000/- per month, subject to the approval of the 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 ₹ 1,00,000/- 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.

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) Expenses for electricity, gas, water and other utilities

Expenses pertaining to gas, electricity, water and other utilities will be borne/reimbursed by the Company.

xi) Watchman/Gardener/Cleaner/Servants' Salary

Watchman/ Gardener/Cleaner/Servants' Salary will be borne/reimbursed by the Company upto a maximum of ₹ 25,000/- per month.

xii) Club fees

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

Explanation

Perquisites shall be valued as per the Income Tax, 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 Managing Director for discharge of his duties.

ii) Telephone and other communication facilities

The Company shall provide telephone and other communication facilities to the Managing 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 Managing Director during the course of or in connection with the business of the Company.

f) Overall Remuneration

The aggregate of salary, commission and perquisites 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 read with Schedule XIII of the said Act as may be in force from time to time.

None of the director is concerned or interested in the contract of aforesaid appointment.

The Board of directors recommends the resolution mentioned in Item no. 7 to be passed as Special Resolution.

By Order of the Board

For By Jai Balaji Industries Limited

Ajay Kumar Tantia
Company Secretary

Registered Office:
5, Bentinck Street
Kolkata - 700 001

Place : Kolkata
Date : 9th November, 2012

| Annexure to the notice pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges Brief Resume of Directors proposed to be Re-appointment at 13 th Annual General Meeting | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name | Shri Rajiv Jagodia | Shri Amit Kumar Majumdar |
| Date of Birth | 3 rd April, 1965 | 16 th August, 1938 |
| Date of Appointment | 1 st July, 1999 | 10 th July, 2010 |
| Qualification | B. Com (H) | B. Sc. (Allahabad University) B.Sc. (Metallurgical Engineering) (Banaras Hindu University) |
| Expertise in Specific functional area | Vast & Rich Experience of Steel Industry | More than 49 years of Experience of Operation and Management in Iron & Steel Industry |
| Directorship held in other Public Companies | 1) Jai Balaji Jyoti Steels Ltd. 2) Shri Marutaye Balaji Steels Ltd. 3) Shri Sarvasarai Balaji Steels Ltd. 4) Shri Sumangalaya Balaji Steels Ltd. 5) Jai Balaji Shakti Cement Ltd. 6) Jai Balaji Energy (Purulia) Ltd. 7) Jai Balaji Steels (Purulia) Ltd. | 1) Kap Steel Ltd. 2) Kap Chem Ltd. 3) Gujarat Nre Mineral Resources Ltd. |
| Chairmanship/ Membership of the Committees of the Company | Management Finance Committee - Member | 1) Audit Committee - Member 2) Remuneration Committee - Member |
| Chairmanship/ Membership of other Public Companies | None Committees across | Gujarat Nre Mineral Resources Ltd. 1) Audit Committee - Member 2) Share Transfer & Investor Grievance Committee - Member 3) Remuneration Committee - Member 4) Management & Investment Committee - Member |
| No. of Equity Shares held in the Company | 15,68,333 | Nil |



Directors' Report

Dear Members

Yours Directors are pleased to present the thirteenth Annual Report of your Company along with the audited accounts for the financial year ended 30th June, 2012.

■ Financial Performance

| Particulars | (₹ in lacs) | |
|---------------------------------------------------------------------------|--------------------------------------------|---------------------------------------------|
| | 15 months period ended June 30, 2012 | 12 months period ended March 31, 2011 |
| Income | 295,901.21 | 218,796.87 |
| Less: Expenses | 288,909.67 | 183,577.90 |
| Finance Costs | 31,999.68 | 15,637.23 |
| Depreciation and amortization expenses | 13,875.94 | 8,280.65 |
| Profit / (Loss) before exceptional and extraordinary items and Tax | (38,884.08) | 11,301.09 |
| Less : Exceptional items | – | – |
| Profit / (Loss) before extraordinary items and Tax | (38,884.08) | 11,301.09 |
| Less : Extraordinary items | – | – |
| Profit / (Loss) before Tax | (38,884.08) | 11,301.09 |
| Less : Tax expense | | |
| Current Tax | – | 2,510.22 |
| MAT Credit Entitlement | – | (2,490.29) |
| Deferred Tax | 11,278.46 | 3,886.07 |
| Profit/Loss after tax | (27,605.62) | 7,395.09 |
| Earnings per share (Nominal value per share ₹ 10/-) | (43.28) | 11.60 |
| Basic and Diluted | | |

■ Financial Highlights

During the year 2011-12, your Company achieved a total revenue of ₹ 295,901.21 lacs as compared to ₹ 218,796.87 lacs in the previous year which reflects a growth of around 35.24%. Despite moderate increase in turnover, your company incurred loss during the year under review which was mainly due to hike in the price of raw materials, rising borrowing costs and other global factors. The Loss before exceptional and extraordinary items and tax was ₹ 38,884.08 lacs as compared to profit before exceptional and extraordinary items and tax of ₹ 11,301.09 lacs in the previous year. The net loss for the year under review was ₹ 27,605.62 lacs against profit of ₹ 7,395.09 lacs in the previous year.

■ Financial Year

The financial year of the Company

2011-12 has been extended by three months such that the Financial Year shall commence from 1st April, 2011 and will end upon completion of 15 months there from on 30th June, 2012.

The financial year 2012-13 shall commence on 1st July, 2012 and end on 31st March, 2013.

■ 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 have not recommended dividend for the financial year 2011-12.

■ Awards and Accolades

Your directors are pleased to share with you that The Banaras Hindu University has bestowed upon Shri Amit Kumar

Majumdar an independent director of the Company its "Distinguished Alumnus Award" in 2012 for his outstanding achievements in the field of Metallurgical Engineering of the said university.

Your Company has received 'One Leaf Award' of 23% Score and 10th Ranking and was one of the three Companies rated in this regard from the State, for its Key plus points as high blast furnace productivity, good safety performance and relatively better solid waste management practices by the ratings released on 4th June, 2012. The ratings were released by Planning Commission Deputy Chairperson, Montek Singh Ahluwalia and Jayanthi Natarajan, Union Minister of State for environment & forests .

Your Company has received Carbon

Directors' Report (Contd.)

Credit, Volume of CERs: 55730 (Tradable Volume: 54615) on account of Power generated from its Waste Heat Recovery Boilers by the UNFCCC and first monetary receipt of approximately ₹ 33 million (Rupees thirty three millions only) on account of sale of 54615 units of Carbon Credit.

Your Company has received a Certificate of Conformity for production of Ductile Iron Pipes for water pipelines, which is in Conformity against the requirements of the following standards: ISO 2531:2009, EN 545:2010 by BUREAU VERITAS Certification. Further a License has been granted to use the Kitemark in accordance with the Kitemark License as approved by the Registrar under the Trade Marks Act, 1944 in respect of BS ISO 2531, ductile iron pipes, fittings, accessories and their joints for water applications.

■ 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.

The Company's planned expansion of 350000 MTPA Coke Oven Plant along with Waste Heat Recovery Boiler of 80 TPH is in advanced stage and infrastructure work of roads & drains for the entire plant is commissioned.

The DRI Plant of 60000 MT & coal washery in subsidiary company M/s Nilachal Iron & Power Limited is already commissioned and Forest Clearance certificate, pollution clearance and clearance from the Ministry of Environment has been received. The Dumri Coal Block has also received Environmental Clearance and Fresh Go Certificate.

The Company's products meet stringent quality parameters and are 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 has applied for restructuring of its debts and has received the Corporate Debt Restructuring letter of approval dated 20th September, 2012 from CDR Empowered Group/CDR Cell pursuant to the CDR package approved by the CDR empowered group.

■ Subsidiaries

Your Company has 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.

The Audited Balance Sheet and Statement of Profit & Loss account along with the Auditors' Report thereon and the respective Reports of the Board of Directors' of the said subsidiaries for the financial year ended 31st March, 2012 are attached in terms of Section 212 of the Companies Act, 1956.

■ Joint Ventures

❖ Andal East Coal Company Private Limited

A Joint Venture Company 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. Your Company has 32.79% stake in the coal block.

❖ 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. Your Company has 6.90% stake in the coal block.

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

■ Listing

The equity shares continue to be listed on the National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited (BSE) and The Calcutta Stock Exchange Limited (CSE). Both NSE and BSE have nationwide terminals which enable the shareholders / investors to trade in the shares of the Company from any part of the country without any difficulty. The Company has paid annual listing fees for 2012 - 2013 to the National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited (BSE) and The Calcutta Stock Exchange Limited (CSE).

■ Prospects

The world steel demand is directly correlated to growth in world real GDP. According to IMF real GDP growth is forecast to slow to about 3.5% in 2012, from about 4% in 2011 and to return to 4% in 2013. In 2011, according to World Steel Association, global steel consumption has risen by 6 percent and is estimated to increase to approximately 5 percent to reach 1.4 billion tonnes in 2012.

The Indian economy grew at 6.5 percent in 2011-12, after having grown at the rate of 8.4 percent in each of the two preceding years. This indicates a slowdown compared not just to the previous two years but 2003 to 2011 (except 2008-09). Steel Capacity is projected to be around 200 million tons by 2020. The main drivers being the infra projects, railways & new constructions. India has reached 4th rank among the steel producing nations.



Directors' Report (Contd.)

The outlook for 2012 remains cautious. Despite good start in 2011, the global economy entered an uneven and uncertain territory in the second half of the year. Consequent to the turmoil in euro zone, the growth in developed economies may continue to disappoint, expanding by only about 1½ percent in 2012 and by 2 percent in 2013.

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,

INSTALLED CAPACITY AND ACTUAL PRODUCTION

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

| | Installed Capacity (M.T.) | | Actual Production (M.T.) # | |
|-------------------|---------------------------|---------------------|----------------------------|---------------------|
| | 2011-12 (15 months) | 2010-11 (12 months) | 2011-12 (15 months) | 2010-11 (12 months) |
| Sponge Iron | 345,000 | 345,000 | 262,293 | 216,145 |
| Pig Iron | 509,250 | 509,250 | 498,803 | 378,786 |
| Steel Bars/Rods | 260,000 | 260,000 | 97,850 | 131,685 |
| Billet/MS Ingot | 906,230 | 906,230 | 420,223 | 357,075 |
| Ferro Alloys | 106,618 | 106,618 | 68,746 | 60,210 |
| Ductile Iron Pipe | 240,000 | 240,000 | 91,788 | 26,319 |
| Power | 101.10 (MW) | 101.10 (MW) | 505.91 (MU) | 400.73 (MU) |
| Sinter | 608,000 | 608,000 | 795,643 | 614,830 |

Includes production for third party conversion 14,101 M.T. (16,850 M.T.) and 6,674 M.T. (12,283 M.T.) in respect of Ferro Alloys and Steel Bars /Rods respectively.

technology absorption and foreign exchange earnings and outgo are given in the Annexure forming part of this report.

■ Directors' Responsibility Statement

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

i) In the preparation of annual

accounts, the applicable accounting standards have been followed;

ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 30th June, 2012 and of the loss of the Company for the year ended on that date;

iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

iv) The annual accounts have been prepared on a going concern basis.

■ Particulars of Employees

The Company does not have any employee whose particulars are required to be furnished under Section

217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended from time to time.

■ Corporate Governance and Management Discussion and Analysis

Your company 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 Report are annexed to this report.

■ Consolidated Financial Statements

In terms of Clause 32 of the Listing Agreement with the Stock Exchanges, the duly audited Consolidated Financial Statements, conforming to Accounting Standard 21 and 27 issued by the Institute of Chartered Accountants of India, are attached as a part of the Annual Report.

■ Auditors

The Statutory Auditor of your Company M/s. S. R. Batliboi & Co., Chartered Accountants, who were appointed as Statutory Auditors of the Company in the last Annual General Meeting held on 21st September, 2011, resigned from being the Statutory Auditor of the Company during the year and subsequently, Joint Statutory Auditors namely, M/s. U. Narain & Co., Chartered Accountants and M/s. Rashmi & Co., Chartered Accountants were appointed by the members at their Extra-Ordinary General Meeting held on 9th May, 2012. Your Company wishes to place on record its sincere appreciation for valuable contribution of M/s. S. R. Batliboi & Co.

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 being eligible, offers themselves for re-appointment.

■ Auditors' Report

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

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

Directors' Report (Contd.)

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

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

Due to temporary cash flow mismatch there has been delay in repayments of dues to Banks.

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

■ Cost Auditors

Your Board has appointed M/s. Mondal & Associates, Proprietor Mr. Amiya Mondal as Cost Auditor of the Company in accordance with the provisions of Section 233B of the Companies Act, 1956 read with Cost Accounting Records (Steel Plant) Rules, 1990, The Companies (Cost Accounting Records) Rules, 2011 and The Companies (Cost Audit Report) Rules, 2011 for the financial year 2012-13. The said appointment has subsequently been approved by the Central Government.

■ Directors

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

Your Directors had appointed Shri Angshuman Ghatak w.e.f. 31st July, 2009 as an Additional Director of the Company and he was further appointed as Director of the Company in the Annual General Meeting of the Company held on 15th September, 2009 as an independent director. The sad demise of Shri Angshuman Ghatak on 18th February, 2012, who had served the Company as an independent director, thereby leads his office to be

vacated from the Board. Your Company expresses their grief over his sad demise and places on record their appreciation for the valuable services rendered by him during his tenure.

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

■ Human Resource Management

The Company recognises the need to have an optimum level of human resource and integrates employee growth with organisational growth by offering a challenging workplace. The Company acknowledges the tremendous contribution of all its employees towards its growth in leading, thinking, working, motivating, etc.

The management continuously strengthens the human resource system by making available better tools, technology and techniques at the workplace to maximise the skills of the workforce. The 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 (CSR)

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 from 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. 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.

- Programme on energy conservation was conducted.

❖ Healthcare

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

❖ Education

- Books distribution among poor students.

❖ Rural development

- Refilling the empty wells at nearby villages in summer season.

❖ Social

- Provided financial assistance by way of donations to various local agencies during festive occasions
- Provided financial help to District Sainik Welfare

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

■ Acknowledgement

Your Directors place on record their gratitude to Customers, Dealers, Suppliers, Investors, Members, Financial Institutions/ Banks, regulatory and government authorities and all other business associates for their continued support and co-operation extended by them to the Company. Your Directors also thank the employees, workers, staff and executives of the Company for the sincere and hard work put in by them during the year under review.

On behalf of the Board of Directors

Aditya Jajodia
Chairman & Managing Director

Place: Kolkata
Date: 09.11.2012



Annexure to the 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 30th June 2012

A. Conservation of energy:

(a) Energy conservation measures taken:

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

- Molten Metal directly charged to Ductile Iron Pipe, Induction Furnace & Electric Arc Furnace for energy conservation.
- Use of Variable Speed Drives on Boilers and ID Fan and all High Rated Motors to reduce the energy consumption.
- Modification in Capacitor bank of furnace to improve PF TO >0.99.
- Installation of Online Opacity Meter for maintenance of CO₂ and O₂ and reduce the fuel consumption.
- Installation of Capacitor Bank, Capacity 5 MVAR in Ferro Division.
- Installation of 7 X 5 TPH WHRB.
- Utilization of Dolochar in AFBC Boilers.
- Running four nos. Blowers in MBF instead of five nos. by enhancing operational skill, keeping same productivity.
- Use of Latent Heat of Flue Gas of Blast Furnace Stoves to Pre-heat Air & Blast Furnace Gas to save energy in Blast Furnace Waste Heat Recovery.
- Use of Waste Heat of Sinter Cooler to Sinter Ignition Furnace.
- VFD's installed for Heavy Motors.
- Energy Meters installed at all possible LT & HT Consumption Points to monitor & to identify the further probable areas for Reduction in Power Consumption.
- Use of Blast Furnace Gas & Producer Gas for Re-heating Furnaces, Ladle Pre-heaters etc.
- Using power steam in VD operation and blast furnace to reduce energy consumption.
- PLC based conveyors operation for rational utilization of power.
- BF Gas Use in Ladle Heating at SMS & Annealing Furnace at DIP.
- Use of Dolo char to Special designed CFBC Boiler to reduce fresh Coal Consumption.
- Waste BF Gas using in Power Plant for Power Generation.
- Plant Lighting modification including reduction in all incandescent bulbs and halogen.
- 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, timers for lighting circuits and for system study for fine tuning of power factor and quality electric power in different area.

(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 dolochar 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. Capacitor Bank helps in reduction of power losses thereby maintaining the power factor.

(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.

Annexure to the Directors' Report (Contd.)

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

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

| | (₹ in lacs) | |
|-----------------------------|-------------|-----------|
| | 2011-12 | 2010-11 |
| i) Foreign currency used | 34,069.97 | 17,573.56 |
| ii) Foreign currency earned | 4,540.75 | 4,125.19 |

Form for disclosure of particulars with respect to conservation of energy

A. Power and fuel consumption:

| Particulars | 2011-12 | 2010-11 |
|-----------------------------|-----------|-----------|
| Electricity | | |
| a) Purchased | | |
| Units (in lacs) | 4,081.07 | 3,274.33 |
| Total amount (₹ in lacs) | 17,918.52 | 10,487.18 |
| Rate per unit (₹) | 4.39 | 3.20 |
| b) Own generation | | |
| i) Through diesel generator | | |
| Units (in lacs) | 1.44 | 2.55 |
| Units per litre of diesel | 2.88 | 3.62 |
| Cost per unit (₹) | 14.84 | 10.73 |
| ii) Through power plant | | |
| Units (in lacs) | 4,554.59 | 3,581.35 |
| Total amount (₹ in lacs) | 14,371.07 | 3,939.75 |
| Cost per unit (₹) | 3.15 | 1.10 |

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

| Particulars | 2011-12 | 2010-11 |
|---------------------------|---------|---------|
| Sponge iron (Units) | 111 | 110 |
| Billet/MS ingots (Units) | 668 | 802 |
| Ferro alloys (Units) | 6,319 | 4,442 |
| Pig iron (Units) | 133 | 219 |
| Steel bars/rods (Units) | 131 | 107 |
| Ductile Iron Pipe (Units) | 437 | 422 |



Annexure to the 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 within the meaning of applicable accounting standard.

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

Not Applicable

3. Future plan of action:-

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

4. Expenditure on R&D:-

NIL

Technology absorption, adaptation and innovation:

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

- Twin share system and IGBT based new technology Induction Furnace.
- Phase shift transformer used for 2nd Induction furnace.
- Adopted 28W T5 type light fittings in place of conventional 40W fluorescent tube light.

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

- Constant power factor (more than 0.95) irrespective of load.
- Harmonic control and maintaining power quality.
- Direct energy saving and better life of lighting with same application.

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

The Company is committed to maintaining sound Corporate Governance practices aimed at increasing value for its stakeholders. Adoption of good Corporate Governance helps to develop a good image of the organisation. Corporate Governance has been implemented not only under the law but also in spirit of the Company. The Company seeks to attain its goals with integrity and fairness.

The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedicate itself for long term shareholder value, keeping in view the needs of all its stakeholders. The Company aims to increase and sustain its corporate value through growth and innovation. The Company endeavours to uphold the principles and best practices of

Corporate Governance by satisfying the spirit of law. Compliance with the laws and regulations and creating a motivated work force enables effective management of our Company. The Company is committed to transparency in all its dealings and places emphasis on

Compliance with Corporate Governance Guidelines

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

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 an optimum combination of executive & non-executive directors and independent

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

During the financial year 2011-12, being a period of 15 months, 7 (Seven) meetings of the Board

- 11th May, 2011;
- 14th August, 2011; 14th November,
- 16th February, 2012, 6th March,
- 14th April, 2012 and 15th May, 2012. The maximum time gap between two consecutive board meetings did not exceed four

The details of composition of the Board of Directors i.e. their names and category, their attendance at Board meetings during the financial year 2011-12 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 ■ | 7 | Yes | 9 | - | - |
| Shri Sanjiv Jajodia (Whole-time Director) | Promoter □ | 7 | Yes | 11 | 1 | 1 |
| Shri Rajiv Jajodia | Promoter Non-Executive Director | 7 | Yes | 7 | - | - |
| Shri Gourav Jajodia | Promoter Non-Executive Director | 6 | - | 4 | - | 1 |
| Shri Ashim Kumar Mukherjee | Independent Non-Executive Director | 7 | Yes | 1 | 1 | - |
| Shri Shyam Bahadur Singh* | Independent Non-Executive Director | 7 | Yes | 1 | 1 | - |
| Shri Satish Chander Gupta | Independent Non-Executive Director | 5 | Yes | 8 | 2 | - |
| Shri Krishnava S. Dutt | Independent Non-Executive Director | 4 | - | 2 | - | - |
| Shri Amit Kumar Majumdar | Independent Non-Executive Director | 6 | - | 3 | 2 | - |

Report of the Directors on Corporate Governance (Contd.)

| Name of Directors | Category | Attendance Particulars | | Number of directorship and committee membership / chairmanship | | |
|-----------------------------------------------------|---------------------------------------|------------------------|----------|----------------------------------------------------------------|----------------------|------------------------|
| | | Board Meetings | Last AGM | Other Directorship | Committee Membership | Committee Chairmanship |
| Shri Angshuman Ghatak (resigned w.e.f. 18.02.12) | Independent Non-Executive Director | 6 | - | 3 | 2 | - |
| Shri Kumar Krishnan Iyer (resigned w.e.f. 20.07.11) | Non-Executive Director | - | - | 3 | 2 | - |
| Shri Supratim Banerjee (resigned w.e.f. 20.07.11) | Alternate to Shri Kumar Krishnan Iyer | 1 | - | 1 | - | - |
| Shri Rajeev Kalra (resigned w.e.f. 23.06.11) | Non-Executive Director | 1 | - | 2 | - | - |
| Shri Ajay Tandon (resigned w.e.f. 23.06.11) | Alternate to Shri Rajeev Kalra | - | - | - | - | - |

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

Shri Angshuman Ghatak ceased to be a director of the Board due to his demise on 18th February, 2012. The Company expresses their grief over his sad demise and places on record its appreciation for the valuable services rendered by Shri Angshuman Ghatak during his tenure.

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

As per declarations received by the

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

None of the Directors on the Board is a member of more than 10 Board-level committees and Chairman of more than 5 committees as specified in Clause 49 I (c) of the Listing Agreement

across all the Companies in which he is a director. Membership(s)/ Chairmanships(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 30th June, 2012, comprises of 6 Directors, out of which:

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

During the financial year 2011-12, being a period of 15 months, 6(Six) meetings of the Audit Committee were held viz., 27th May, 2011; 12th August, 2011; 14th November, 2011, 14th February, 2012; 12th April, 2012 and 15th May, 2012. 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 2011-12 are given below:

| Name of the Members | Designation | No. of meetings attended |
|---------------------------|-------------|--------------------------|
| Shri Satish Chander Gupta | Chairman | 4 |
| Shri Aditya Jajodia | Member | 6 |

Report of the Directors on Corporate Governance (Contd.)

| Name of the Members | Designation | No. of meetings attended |
|--------------------------------------------------------------------------------------------------|-------------|--------------------------|
| Shri Ashim Kumar Mukherjee | Member | 6 |
| Shri Shyam Bahadur Singh | Member | 6 |
| Shri Krishnava S Dutt | Member | 3 |
| Shri Amit Kumar Majumdar | Member | 5 |
| Shri Angshuman Ghatak (resigned w.e.f. 18.02.12) | Member | 2 |
| Shri Kumar Krishnan Iyer (resigned w.e.f. 20.07.11) | Member | 0 |
| Shri Supratim Banerjee As Alternate to Shri Kumar Krishnan Iyer (resigned w.e.f. 20.07.11) | Member | 1 |
| Shri Rajeev Kalra (resigned w.e.f. 23.06.11) | Member | 1 |
| Shri Ajay Tandon As Alternate to Shri Rajeev Kalra (resigned w.e.f. 23.06.11) | Member | 0 |

Shri Angshuman Ghatak ceased to be the member of Audit Committee due to his death on 18th February, 2012.

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 Auditors, 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.



Report of the Directors on Corporate Governance (Contd.)

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 personal (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.

■ 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 30th June, 2012 the Committee comprises of 4 directors of which all are Independent Non-Executive Directors.

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.

No meeting of the Remuneration Committee was held during the financial year 2011-12, being a period of 15 months. The Composition of the Committee during the financial year 2011-12 is given below:

| Name of the Members | Designation |
|--------------------------------------------------------------------------------------------------|-------------|
| Shri Ashim Kumar Mukherjee | Chairman |
| Shri Shyam Bahadur Singh | Member |
| Shri Satish Chander Gupta | Member |
| Shri Amit Kumar Majumdar | Member |
| Shri Kumar Krishnan Iyer (resigned w.e.f. 20.07.11) | Member |
| Shri Supratim Banerjee As Alternate to Shri Kumar Krishnan Iyer (resigned w.e.f. 20.07.11) | Member |
| Shri Rajeev Kalra (resigned w.e.f. 23.06.11) | Member |
| Shri Ajay Tandon As Alternate to Shri Rajeev Kalra (resigned w.e.f. 23.06.11) | Member |

Report of the Directors on Corporate Governance (Contd.)

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. 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 2011-12 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 |
| Total | NIL | NIL | NIL |

In the event of no profits or inadequate profits, the Managing Director and Whole - time Director has waived off their remuneration for the Financial Year 2011-12.

■ 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. The details of sitting fees paid to the Non - Executive Directors for the financial year 2011-12 are as follows:

| Name of the Directors | Sitting Fees (₹) |
|----------------------------|---------------------|
| Shri Rajiv Jajodia | 35,000 |
| Shri Gourav Jajodia | 30,000 |
| Shri Ashim Kumar Mukherjee | 35,000 |
| Shri Shyam Bahadur Singh | 35,000 |
| Shri Satish Chander Gupta | 25,000 |
| Shri Angshuman Ghatak | 10,000 |
| Shri Krishnava S Dutt | 20,000 |
| Shri Kumar Krishnan Iyer | - |
| Shri Rajeev Kalra | - |
| Shri Amit Kumar Majumdar | 30,000 |
| Shri Supratim Banerjee | - |
| Shri Ajay Tandon | - |
| Total | 220,000 |



Report of the Directors on Corporate Governance (Contd.)

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 30th June, 2012 are as follows:

| Name | No. of shares held in the Company |
|---------------------|-----------------------------------|
| Shri Rajiv Jajodia | 1,568,333 |
| Shri Gourav Jajodia | 107,666 |

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

■ Shareholders' Committee

The Board has constituted the Share Transfer cum Investor Grievance Committee at the Board level to deal with various matters relating to redressal of shareholders and investors grievances. The Committee is headed by Shri Ashim Kumar Mukherjee, an Independent Non-Executive Director of the Company. The Committee as on 30th June, 2012 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 Investor Grievance Committee deals with various matters such as:

- To review and note all matters relating to the registration of transfer and transmission of shares and debentures, transposition of shares, sub-division of shares, issue of duplicate share certificates or allotment letters and certificates for debentures in lieu of those lost/misplaced.
- To look into the redressal of shareholders' and investors' complaints relating to the transfer of shares, non-receipt of Annual Report/notices, dividends, etc.
- To oversee the performance of the Registrar & Share Transfer Agents.

- To review dematerialisation and rematerialisation of the shares of the Company.

- To comply with all such directions of SEBI, Stock Exchanges, Ministry of Corporate Affairs & other regulatory bodies w.r.t. shareholders/investors rights and market regulations, from time to time.

The Board of Directors at their meeting held on 15th May, 2012 has appointed new Registrar & Share Transfer Agent of the Company, viz M/s. Maheshwari Datamatics Pvt. Ltd. The details of new Registrar & Share Transfer Agent forms part of this report under the Shareholding Information.

During the financial year 2011-12, 5(five) meetings of the Share Transfer cum Investor Grievance Committee were held viz., 27th May, 2011; 12th August, 2011; 14th November, 2011; 14th February, 2012 and 15th May, 2012. The composition of the Shareholders' Grievance Committee and the attendance of member Directors of the committee during the financial year 2011-12 are as follows:

| Name of the Members | Designation | No. of meetings attended |
|----------------------------------------------------------------------------------------------------|-------------|--------------------------|
| Shri Ashim Kumar Mukherjee | Chairman | 5 |
| Shri Aditya Jajodia | Member | 5 |
| Shri Gourav Jajodia (appointed w.e.f. 12.08.2011) | Member | 3 |
| Shri Amit Kumar Majumdar (appointed w.e.f. 12.08.2011) | Member | 2 |
| Shri Kumar Krishnan Iyer (resigned w.e.f. 20.07.2011) | Member | – |
| Shri Supratim Banerjee As Alternate to Shri Kumar Krishnan Iyer (resigned w.e.f. 20.07.2011) | Member | 1 |
| Shri Rajeev Kalra (resigned w.e.f. 23.06.2011) | Member | 1 |
| Shri Ajay Tandon As Alternate to Shri Rajeev Kalra (resigned w.e.f. 23.06.2011) | Member | – |

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

| | |
|-----------------------------------------------------------|--------------|
| Complaints pending as on 1st April, 2011 | : NIL |
| Complaints received during the year ended 30th June, 2012 | : 2 |
| Complaints resolved during the year ended 30th June, 2012 | : 2 |
| Complaints pending as on 30th June, 2012 | : NIL |

Report of the Directors on Corporate Governance (Contd.)

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 30th June, 2012

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 30th June, 2012, 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 2011-12 of 15 months, 15(Fifteen) meetings of the Committee were held viz., 3rd May, 2011; 27th May, 2011; 20th June, 2011; 24th August, 2011; 24th September, 2011; 22nd October, 2011; 3rd November, 2011; 24th November, 2011; 25th November, 2011; 16th December, 2011; 4th January, 2012; 18th January, 2012; 19th January, 2012; 13th April, 2012 and 15th May, 2012. The composition of the Management (Finance) Committee and the attendance of member Directors of the committee during the financial year 2011-12 are as follows:

| Name of the Members | Designation | No. of meetings attended |
|----------------------------------------------------------------------------------------------------|-------------|--------------------------|
| Shri Aditya Jajodia | Chairman | 15 |
| Shri Sanjiv Jajodia | Member | 15 |
| Shri Rajiv Jajodia | Member | 15 |
| Shri Ashim Kumar Mukherjee | Member | 15 |
| Shri Kumar Krishnan Iyer (resigned w.e.f. 20.07.2011) | Member | – |
| Shri Supratim Banerjee As Alternate to Shri Kumar Krishnan Iyer (resigned w.e.f. 20.07.2011) | Member | 1 |
| Shri Rajeev Kalra (resigned w.e.f. 23.06.2011) | Member | 1 |
| Shri Ajay Tandon As Alternate to Shri Rajeev Kalra (resigned w.e.f. 23.06.2011) | Member | – |

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 |
|----------------|------------|------------|--------------------------------------------------------------------------------------|
| 2010-11 | 21.09.2011 | 11:00 A.M. | Rotary Sadan (Shripati Singhania Hall), 94/2, Chowringhee Road, Kolkata – 700 020 |
| 2009-10 | 22.09.2010 | 11:00 A.M. | Rotary Sadan (Shripati Singhania Hall), 94/2, Chowringhee Road, Kolkata – 700 020 |
| 2008-09 | 15.09.2009 | 11:30 A.M. | Rotary Sadan (Shripati Singhania Hall), 94/2, Chowringhee Road, Kolkata – 700 020 |



Report of the Directors on Corporate Governance (Contd.)

Special Resolutions

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

➤ 2009-10

- Permission to increase the maximum number of directors to be appointed in the Company from 12 (twelve) to 16 (sixteen), and accordingly to amend Article 111(1) of the Articles of Association of the Company, and
- Approval u/s 81(1A) of the Companies Act, 1956 to create, issue, offer and allot any securities so that the total amount raised through the aforesaid securities shall not exceed US \$ 100 million.

➤ 2008-09

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

▪ 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 Resolutions |
|----------------|-----------------------------------------------------------------------------------|-------------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2011-12 | Rotary Sadan (Shripati Singhania Hall), 94/2, Chowringhee Road, Kolkata - 700 020 | Wednesday 09.05.2012 | 11:00 A.M. | 1. Alteration in Articles of Association 2. Appointment of M/s. U. Narain & Co. and M/s. Rashmi & Co. as Joint Statutory <input type="checkbox"/> 3. Approval for keeping the Register of members, Index of members etc., and Annual Return under Section 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. |
| 2009-10 | Rotary Sadan (Shripati Singhania Hall), 94/2, Chowringhee Road, Kolkata - 700 020 | Monday 27.07.2009 | 11:00 A.M. | 1. Issue of Equity Shares/Securities convertible into Equity Shares to eligible Qualified Institutional Buyers (QIBs). 2. Issue of Securities including FCCBs/FCCNs/ GDRs/ADRs/SPNs and/or other financial instruments. 3. Revision in remuneration of Shri Aditya Jajodia, Chairman & Managing Director <input type="checkbox"/> 4. Revision in remuneration of Shri Sanjiv Jajodia, Whole-time Director of the <input type="checkbox"/> |

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

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. 37 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

• 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

• Disclosure of Accounting Treatment

The Company has followed the Accounting Standards notified under the Companies (Accounting Standard) Rules,

Report of the Directors on Corporate Governance (Contd.)

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 30.06.2012. 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 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 financial year ended 30th June, 2012 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.

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



Report of the Directors on Corporate Governance (Contd.)

Exclusive e-mail id for Investors' Grievances

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

10. SHAREHOLDER INFORMATION

| | | | | | | | |
|----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------------|---------------------------------|---------------------------------------|----------------|---------------------------------------|
| <ul style="list-style-type: none"> ● Annual General Meeting : | <ul style="list-style-type: none"> : Tuesday, 18th December, 2012 at 11.00 a.m. | | | | | | |
| <ul style="list-style-type: none"> Day, date, time and venue | <ul style="list-style-type: none"> : Rotary Sadan (Shripati Singhania Hall), 94/2, Chowringhee Road, Kolkata - 700 020. | | | | | | |
| <ul style="list-style-type: none"> ● Financial calendar (tentative) for the year 2012-13 | <ul style="list-style-type: none"> : July 2012 to March 2013 (being a period of 9 months) The probable dates for the publication of the Financial Results for the financial year 2012-13: <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 1px solid black;">1st Quarter Results</td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;">On or before 14th Nov, 12</td> </tr> <tr> <td style="border-bottom: 1px solid black;">2nd Quarter Results</td> <td style="border-bottom: 1px solid black;">On or before 14th Feb, 13</td> </tr> <tr> <td style="border-bottom: 1px solid black;">Annual Results</td> <td style="border-bottom: 1px solid black;">On or before 30th May, 13</td> </tr> </table> | 1 st Quarter Results | On or before 14 th Nov, 12 | 2 nd Quarter Results | On or before 14 th Feb, 13 | Annual Results | On or before 30 th May, 13 |
| 1 st Quarter Results | On or before 14 th Nov, 12 | | | | | | |
| 2 nd Quarter Results | On or before 14 th Feb, 13 | | | | | | |
| Annual Results | On or before 30 th May, 13 | | | | | | |
| <ul style="list-style-type: none"> ● Date of book closure | <ul style="list-style-type: none"> : Thursday, 13th December, 2012 to Tuesday, 18th December, 2012 (both days inclusive) | | | | | | |
| <ul style="list-style-type: none"> ● Date of Dividend payment | <ul style="list-style-type: none"> : N.A. | | | | | | |
| <ul style="list-style-type: none"> ● Listing of equity shares on stock exchanges | <ul style="list-style-type: none"> : National Stock Exchange of India Ltd. "EXCHANGE PLAZA", Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 Bombay Stock Exchange 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 2012-13.

| | |
|---------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> ● Stock Code/Symbol | <ul style="list-style-type: none"> : NSE - JAIBALAJI BSE - 532976 CSE - 10020253 |
| <ul style="list-style-type: none"> ● Depositories | <ul style="list-style-type: none"> : National Securities Depository Limited Trade world, 4th Floor, 'A' Wing Kamala Mills Compound Senapati Bapat Marg, Lower Parel Mumbai - 400 013 Central Depository Services (India) Limited Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street Mumbai - 400 001 |
| <ul style="list-style-type: none"> ● Demat ISIN Number in the NSDL and CDSL | <ul style="list-style-type: none"> - For fully paid-up equity shares : INE 091G01018 - For partly paid-up equity shares : IN 9091G01016 |
| <ul style="list-style-type: none"> ● Corporate Identification Number (CIN) | <ul style="list-style-type: none"> : L27102WB1999PLC089755 |

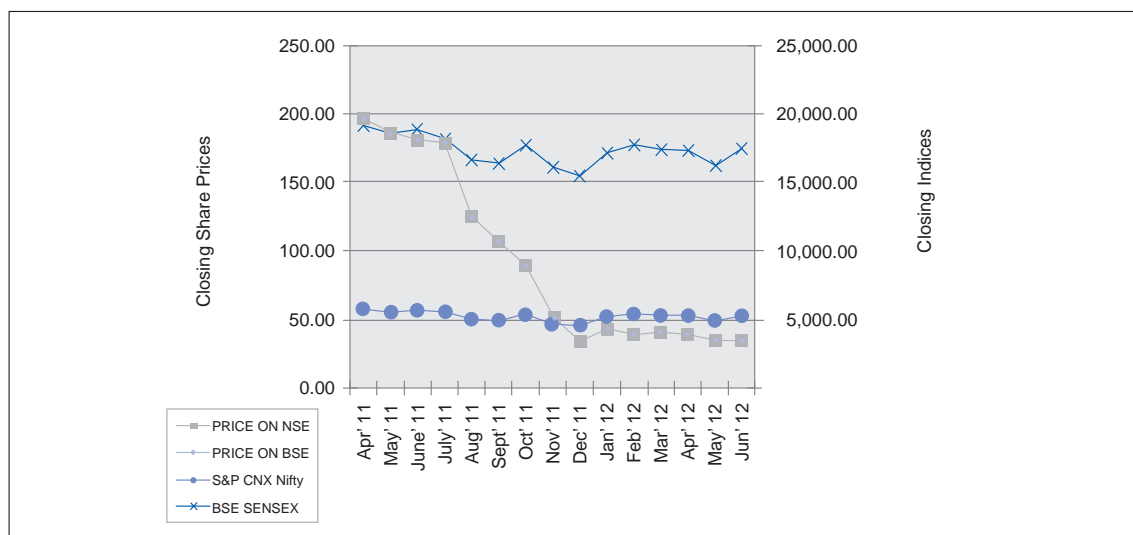
Report of the Directors on Corporate Governance (Contd.)

- Market price data**

The Company's monthly high and low prices recorded on the National Stock Exchange of India Limited & the Bombay Stock Exchange Limited during each month in last financial year 2011-12 (April 2011 to June 2012) are as under:

| Month | Share Price (NSE) | | Share Price (BSE) | |
|---------------|-------------------|---------|-------------------|---------|
| | High (₹) | Low (₹) | High (₹) | Low (₹) |
| April '11 | 221.90 | 191.25 | 222.00 | 195.00 |
| May '11 | 216.30 | 180.00 | 216.40 | 178.10 |
| June '11 | 214.90 | 161.00 | 215.50 | 161.25 |
| July '11 | 203.20 | 177.00 | 203.50 | 177.05 |
| August '11 | 186.50 | 112.40 | 183.85 | 112.00 |
| September '11 | 146.00 | 106.00 | 148.00 | 106.55 |
| October '11 | 109.90 | 87.05 | 109.30 | 87.00 |
| November '11 | 98.30 | 51.00 | 97.80 | 51.55 |
| December '11 | 56.00 | 30.50 | 54.05 | 30.75 |
| January '12 | 43.05 | 30.55 | 43.30 | 30.70 |
| February '12 | 49.40 | 37.00 | 49.00 | 36.75 |
| March '12 | 45.25 | 36.10 | 45.80 | 36.15 |
| April '12 | 45.85 | 38.20 | 46.00 | 38.05 |
| May '12 | 40.00 | 26.40 | 40.00 | 26.30 |
| June '12 | 36.50 | 31.70 | 35.55 | 32.00 |

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** : 99.96% of the equity shares of the Company are in electronic mode. Transfer of these shares is done through the depositories. As regards transfer of shares held in physical form the transfer documents can be lodged with the Registrars & Share Transfer Agent at the above - mentioned address. The transfers are normally processed within 15 days from the date of receipt, if the documents are complete in all respects.

Report of the Directors on Corporate Governance (Contd.)

11. CATEGORIES OF SHAREHOLDERS AS ON 30TH JUNE, 2012

| Category | Number of Shareholders | Shareholders % | Number of ordinary shares held | Holding % |
|---------------------------------|------------------------|----------------|--------------------------------|---------------|
| Resident individual | 10,691 | 94.84 | 7,366,874 | 11.55 |
| Non-Resident individual | 127 | 1.13 | 246,197 | 0.38 |
| Domestic Companies | 429 | 3.81 | 10,253,765 | 16.08 |
| Foreign Companies | 3 | 0.03 | 8,304,547 | 13.02 |
| Foreign Institutional Investors | 5 | 0.04 | 3,246,012 | 5.09 |
| Mutual Funds | 1 | 0.01 | 1,627,207 | 2.55 |
| Directors Relative | 11 | 0.10 | 9,446,161 | 14.81 |
| Promoters | 6 | 0.04 | 23,290,723 | 36.52 |
| Total | 11,273 | 100.00 | 63,781,486 | 100.00 |

12. DISTRIBUTION OF SHAREHOLDING AS ON 30TH JUNE, 2012

| Range of ordinary shares held | No. of Shareholders | Percentage (%) to total shareholders | No. of Shares | Percentage(%) to Share Capital |
|-------------------------------|---------------------|--------------------------------------|-------------------|--------------------------------|
| Up to 500 | 9,746 | 86.45 | 1,134,774 | 1.78 |
| 501 to 1000 | 651 | 5.77 | 524,106 | 0.82 |
| 1001 to 2000 | 353 | 3.13 | 537,969 | 0.84 |
| 2001 to 3000 | 133 | 1.19 | 336,161 | 0.53 |
| 3001 to 4000 | 61 | 0.54 | 219,421 | 0.34 |
| 4001 to 5000 | 46 | 0.41 | 217,158 | 0.34 |
| 5001 to 10000 | 121 | 1.07 | 899,479 | 1.41 |
| 10001 to 50000 | 96 | 0.85 | 2,121,305 | 3.33 |
| 50001 to 100000 | 20 | 0.18 | 1,677,555 | 2.63 |
| 100001 and above | 46 | 0.41 | 56,113,558 | 87.98 |
| Total | 11,273 | 100.00 | 63,781,486 | 100.00 |

13. DEMATERIALIZATION OF SHARES AND LIQUIDITY AS ON 30TH JUNE, 2012

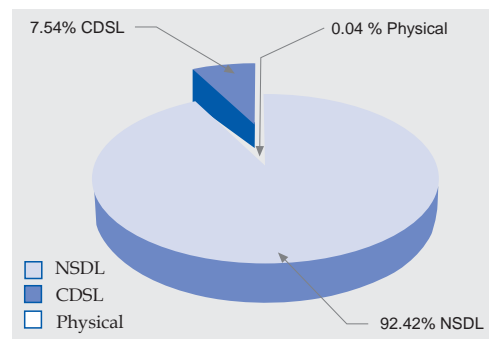
The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India - The National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As at 30th June, 2012 a total of 63,758,251 equity shares of the Company, representing 99.96% of the Company's share capital were held in dematerialised form of which 58,949,734 equity shares were held with The National Securities Depository Limited

(NSDL) and 4,808,517 equity shares with Central Depository Services (India) Limited (CDSL).

The Company's shares are regularly traded on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited. As per agreements of the Company with the NSDL and CDSL, the investors have an option to dematerialise their ordinary shares with either of the depositories.

Under the depository system, the International Securities Identification Number (ISIN)

allotted to the Company's shares for fully paid-up shares is INE 091G01018, and for partly paid-up shares it is IN 9091G01016.



Report of the Directors on Corporate Governance (Contd.)

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

As on June 30, 2012, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

15. DETAILS OF UNCLAIMED SHARES

The company has 847 unclaimed shares of 10 shareholders in a Demat Account titled 'Jai Balaji Industries Limited – Unclaimed Shares Demat Suspense Account' opened by the Company in line with the Circular no. SEBI/CFD/DIL/LA/1/2009/24/04 dated 24th April, 2009 issued by the SEBI which could not be credited to shareholder's demat account for insufficient/ incomplete/ improper details furnished by them. The said shares had arisen out of the allotment made at the time of Initial Public Issue of erstwhile M/s. Shri Ramrupai Balaji Steels Limited (since amalgamated with the Company).

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

Details of Unclaimed shares are as follows:

| Particulars | Number of Shareholders | Aggregate Number of Shares |
|-----------------------------------------------------------------------------------------------------------------------------|------------------------|----------------------------|
| Aggregate number of shareholders and the outstanding shares in the suspense account lying as at 1 st April, 2011 | 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 30 th June, 2012 | 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 30.06.2012 | % to total holding of respective promoter in the Company | % to aggregate no. of Equity shares held by all the promoters in the Company | % to total no. of Equity Shares of the Company |
|---------|-----------------------------------------------|-----------------------------------------------|----------------------------------------------------------|------------------------------------------------------------------------------|------------------------------------------------|
| 1 | M/s. Enfield Suppliers Limited | 11,221,233 | 100.00% | 34.28% | 17.59% |
| 2 | Shri Sanjiv Jajodia | 2,640,000 | 99.64% | 8.06% | 4.14% |
| 3 | Shri Aashish Jajodia | 323,000 | 40.66% | 0.98% | 0.51% |
| 4 | M/s. Hari Management Limited | 7,044,000 | 99.99% | 21.52% | 11.04% |
| 5 | M/s. K. D. Jajodia Steel Industries Pvt. Ltd. | 2,410,000 | 99.99% | 7.36% | 3.78% |
| 6 | M/s. Jai Salasar Balaji Industries Pvt. Ltd. | 2,519,000 | 99.82% | 7.69% | 3.95% |
| 7 | Shri Aditya Jajodia | 3,075,000 | 96.00% | 9.39% | 4.82% |
| 8 | Shri Rajiv Jajodia | 1,550,000 | 98.83% | 4.73% | 2.43% |
| | Total | 30,782,233 | -- | 94.03% | 48.26% |



Report of the Directors on Corporate Governance (Contd.)

17. PLANT LOCATIONS

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| <p>Unit I Ranignunj G/1, Mangalpur Industrial Complex, Post : Baktarnagar Dist. : Burdwan West Bengal - 713 321</p> | <p>Unit II Durgapur, Lenin Sarani, Dist.: Burdwan West Bengal - 713 210</p> |
| <p>Unit III & IV Durgapur, Vill: Banskopa, P.O. : Rajbandh Dist.: Burdwan West Bengal - 713 212</p> | <p>Unit V Industrial Growth Centre, Borai Village & P.O. : Rasmada, Dist. Durg : 491 009 Chhattisgarh</p> |

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 : 9th November, 2012



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 year ended 30th June, 2012.

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

Place : Kolkata

Date : 9th November, 2012

Aditya Jajodia

Chairman & Managing Director

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

To

The Members of Jai Balaji Industries Limited

We have examined the compliance of conditions of corporate governance by Jai Balaji Industries Limited, for the year ended 30th June, 2012, 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 : 9th November, 2012



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 year ended 30th June, 2012;
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 transactions 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 steps 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 : 9th November, 2012

Aditya Jajodia
Chairman & Managing Director

Raj Kumar Sharma
Chief Financial Officer



Management Discussion and Analysis

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

Industry Structure & Development

Global Overview

The economy registered a positive beginning in 2011, however the global economic environment turned adverse during the second half of the year, majorly due to acute crisis in euro area and monetary imbalances in developing economies, caused mainly by shooting commodity prices. The first four months of the year registered improved growth in financial markets that have contributed to a turnaround in the real-side economy. Consequent to the turmoil in euro zone, the growth in developed economies may continue to disappoint, expanding by only about 2 percent in 2013.

It is pertinent to review performances, in brief, of major economies of the world which impacts the global economy to a large extent

European economy: The Europe entered into a recessionary phase the euro zone severally impacted economic performance of its trade partners. As a consequence of domestic policy tightening in euro zone, growth in several developing countries, like Brazil, India etc., slowed down partly.

US Economy: The United States of America registered a positive growth after a weak start in 2011. The inflation was subdued during the year but fear of high oil prices is still on in the US. However, it registered a positive performance with rising employment and retail sales, among other factors.

Asian Economy: The growth rate across Asia slowed down during the last quarter of the year 2011. The effect of spillover from Europe was evident by weak export to the euro zone. In some economies, such as India domestic factors also contributed the slowdown by weak investments and rising

borrowing costs. In Thailand, the growth curtailed down significantly due to the historic floods. In some Asian countries, however robust domestic demand helped offset the effect of slowing exports. Investment and private consumption remained strong in China, which appeared as a comparatively stronger economy during the year.

Key Economic Indicators

| Parameters | Reference | Unit | 2010 | 2011 | % change |
|-----------------------|------------|------|------|------|----------|
| World GDP Growth | IMF | % | 5.2 | 3.8 | (1.4) |
| - Advance Economies | IMF | % | 3.2 | 1.6 | (1.6) |
| - Emerging Economies | IMF | % | 7.3 | 6.2 | (1.1) |
| Industrial Production | World Bank | % | 9.2 | 4.3 | (4.9) |
| Inflation | World Bank | % | 3.4 | 4.8 | 1.4 |

The Global prospects dimmed and risks sharply escalated during the fourth quarter of 2011, as the euro crisis entered new phase. Activity remained robust throughout the third quarter, with global GDP expanding in an annualized rate of 3.5 percent. The bounce back from the supply-chain caused by the March, 2011 earthquake in Japan, was also stronger than anticipated. In developing and emerging economies the growth slowed down more than expected majorly due to policy tightening or weaker underlying growth.

Indian Economy

Managing growth and price stability are the major challenges of macroeconomic policymaking. In 2011-12, India found itself in the heart of these conflicting demands.

The Indian economy grew at 6.5 per cent in 2011-12, after having grown at the rate of 8.4 per cent in each of the two preceding years. This indicates a slowdown compared not just to the previous two years but 2003 to 2011 (except 2008-09). At the same time, sight must not be lost of the fact that, by any cross country comparison, India remains among the front-runners.

With agriculture and services continuing to perform well, India's slowdown can be attributed almost entirely to weakening industrial growth. Global factors such as euro zone crises, geopolitical disturbances and weather extremities contributed to domestic economic slowdown, apart from the role played by rising inflation and borrowing rates. Rupee lost more than 14% of its value, during the year,

making it one of the worst performing currencies in Asia, eroding India Inc's profitability and widening trade deficit.

However, in the midst of all the gloom and doom talk going on, March, 2012 presented a few notable traits by depicting revenue growth rate of 13.5%. Net profits fell 8% in March, 2012, though it was one of the slowest growth pace of growth, it could actually be regarded as positive, since September and December, 2011 quarters had seen profits falling 37.9% and 20.6%, respectively.

Global Steel Industry

As the Company belong to Iron & Steel Industry, it would be pertinent to review performance of Global Steel Industry during the year.

Steel sector is cyclical in nature and is shifting from advanced to emerging economies. Despite demand growth witnessed during 2010 and 2011, growth in steelmaking capacity still exceeds steel demand. There is significant over-capacity in the global steel sector which is putting pressure on operator's profitability. This is the effect of European Sovereign debt crisis which reduced confidence in the marketplace in the later half of 2011,

Management Discussion and Analysis (Contd.)

putting a halt on investments into large-scale infrastructure projects in Europe, and reducing availability of capital for growth. The world steel demand achieved a solid growth of 5.6 percent in 2011, whereas world crude steel production has reached 1,527 million tons in 2011 compared to that of 1,414 million tons in 2010. It reflects an increase of 6.8 percent increase in production compared to that of 2010 which exceeds the consumption being 5.2 percent compared to 2010. In 2011, according to World Steel Association, global steel consumption has risen by 6 percent and is estimated to increase by approximately 5 percent to reach 1.4 billion tones in 2012.

Steel capacity utilisation

World economic slowdown had its effect of Steel sector making it vulnerable to production cuts and capacity outages. European Nations like France and Italy were one of the worst to be impacted with their idle capacity of 33% and 24% respectively; while emerging economies such as China and India were on the lowest side with high capacity utilization during the year.

According to the World Steel Association, total production of steel for the 62 countries reporting to the World Steel Association was 128 million tonnes (Mt) in April 2012, an increase

of 1.2% compared to April 2011. All the major steel producing countries registered a positive growth in production.

The world crude steel capacity utilisation ratio for the 62 countries in April 2012 remained nearly unchanged at 81.1% compared to March 2012. It was 1.7 percentage points lower compared to April 2011.

Challenges of Steel Industry

Understanding the challenges of Steel market is important in order to explore new opportunities of growth;

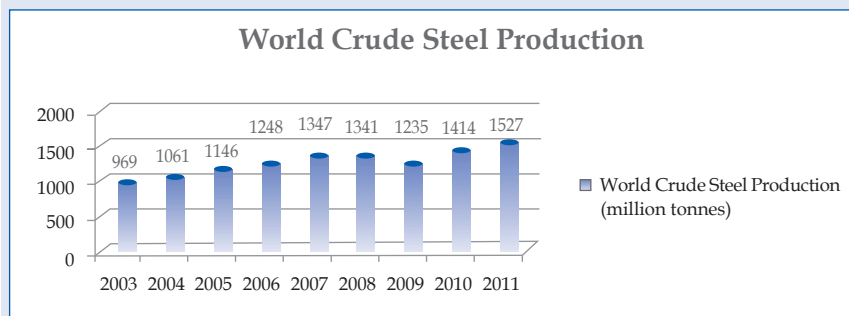
- **Growth in market volatility and margin pressure -**

Considerable cost of volatility is the cost of raw materials. The shortage of these supplies in the market has allowed suppliers of iron ore and metallurgical coal to rebuild the pricing mechanisms through the shift from annual to shorter-term price contracts. 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.

- **Lack of operational agility -**

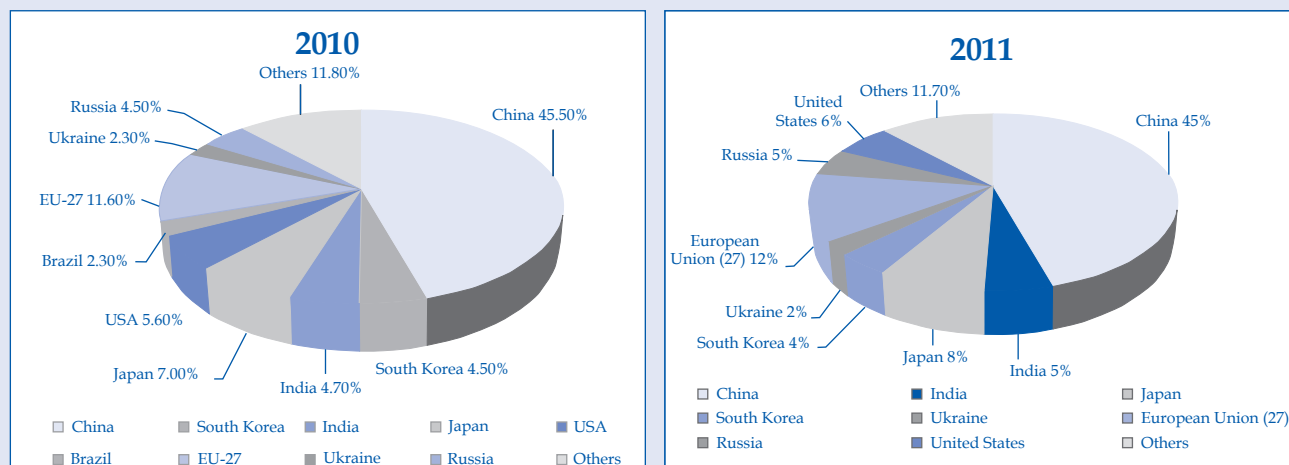
The very nature of steelmaking and

Yearly World Crude Steel production (million tonne)



Source: World Steel Association

Share of World Crude Steel Production 2010, 2011 - Country Wise



Source: World Steel Association

Management Discussion and Analysis (Contd.)

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 outlook for 2012 remains cautious. Despite a good start to 2011, the global economy entered an uneven and uncertain territory in the second half of the year. 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. 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. In 2012, the global steel market industry is expected to grow, albeit at a lower rate. Global steel production is expected to grow at a CAGR of 2.6 percent by 2015; however, the growth is expected to be at around 6.7 percent

in 2012. Steel demand may vary depending on the outlook for different regions and countries. Steel demand in developed regions is forecast to be lower, but stronger growth in China, India, Brazil, Russia and South Korea indicate the likelihood of stronger steel demand from these regions.

Indian Steel Industry

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. Barring year 2008-09 due to worldwide recession, steel industry has delivered robust growth with a growth rate of 8.9%. 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 contributes to nearly 2 percent in the GDP and employs over 5 lakh people.

India ranked as the fourth largest producer of crude steel in the world during January-December 2011 after China, Japan, and the USA. After a sharp increase in world consumption of finished steel in 2010 (15 per cent), the consumption is estimated to slow down to 6.5 per cent for 2011 and 5.4 per cent in 2012 as per World Steel Association estimates. The Country has also been the largest sponge iron producer in the world since 2002. The increase in production is driven by 8.8 per cent growth in crude steel capacity mainly in the private-sector plants.

The Indian Steel Industry has diversified its product mix to include sophisticated value-added steel used in the automotive sector, heavy machinery and physical infrastructure. Despite the softening of industrial demand as reflected in a 4.4 per cent growth in real consumption of total finished steel during April-December, 2011 over the same period of last year, the overall April-December 2011 performance of the Indian Steel Industry is optimistic.

Indian Steel Industry is highly consolidated with majority of crude steel being resident with integrated steel producers, majority of which are located in Eastern India. But the changing ratio of hot metal and crude steel production indicates a presence of secondary steel producers manufacturing steel through scrap route and enhancing their dependence of imported raw material.

In 2011, it was faced with stiff challenges posed by rising inflationary pressures at home and deteriorating global growth conditions. The multiple hikes in interest rates by the central bank also impacted the industry's growth directly and indirectly through their effect on the growth of key user industries. Raw material security (e.g. getting iron ore mining lease), infrastructure (affecting logistics and transport), quality of coking coal, and uncertainties in land acquisition have emerged as bottlenecks to setting up new steel plants.

The production has been increasing at

Production, Consumption and Growth of Steel (million tonne)

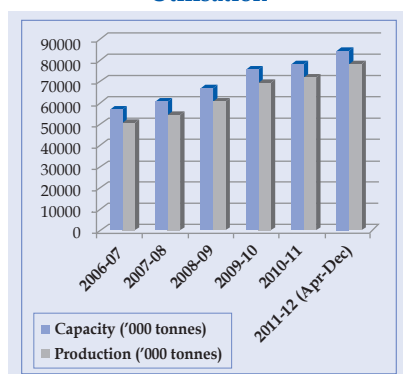
| Year | Total finished steel (alloy + non alloy) | | | |
|-------------------|------------------------------------------|--------|--------|------------------|
| | Production for sale | Import | Export | Real consumption |
| 2006-07 | 52529 | 4927 | 5242 | 46738 |
| 2007-08 | 56075 | 7029 | 5077 | 52125 |
| 2008-09 | 57164 | 5839 | 4437 | 52351 |
| 2009-10 | 60624 | 7382 | 3251 | 59339 |
| 2010-11 | 66013 | 6798 | 3461 | 65610 |
| 2011-12 (Apr-Dec) | 52061 | 4984 | 3048 | 50865 |

Source: Ministry of Steel

Management Discussion and Analysis (Contd.)

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. The Imports increased from about 1.75 million tonne in 2003-04 to 4.98 million tonne in April-December 2011 (provisional data), majorly, to fill gap in the domestic market.

Crude Steel Production and Capacity Utilisation



Source: Ministry of Steel

Domestic crude steel production grew at a compounded annual growth rate (CAGR) of 8.4 per cent during the period from 2006-07 to 2010-11. The increase in production is driven by 8.8 per cent growth in crude steel capacity mainly in the private-sector plants and high utilization rates during this period according to the Economic Survey of India.

Steel Consumption:

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.

Challenges of Indian Steel Industry

During the year 2011-12, Indian Steel

Industry faced a downstream due to a number of domestic factors, apart from problems faced by it globally.

- The Steel sector also bears burnt of land acquisition issue delay on the part of government on granting the headway for projects.
- Illegal mining, delay in environmental clearance and other issue have affected the price and availability of iron ore.
- The Industry also depends on the Government support and policies as well as budget allocation to infrastructure, construction and manufacturing sectors.

Steel Outlook

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. The Industry is expected to exhibit an improved performance in 2012-13. The New Industrial policy opened up the Indian Iron and Steel Industry for private investment by removing it from the list of industries reserved for public sector and exempting it from compulsory licensing. Imports of foreign technology as well as foreign direct investment are now freely permitted up to certain limits under an automatic route.

(i) Steel

Crude steel capacity was 89 mt in 2011-12 (prov) and India, the 4th largest producer of crude steel in the world, has to its credit, the capability to produce a variety of grades and that too, of international quality standards. The country is expected to become the 2nd largest producer of crude steel in the world by 2015-16, provided all requirements for creation of fresh capacity are adequately met.

(ii) Pig Iron

India is also an important producer of pig iron. With setting up several units

in the private sector, not only imports have drastically reduced but also India has turned out to be a net exporter of pig iron. The private sector accounted for 91% of total production for sale of pig iron in the country in 2011-12 (provisional). The production of pig iron has increased from 1.6 mt in 1991-92 to 5.78mt in 2011-12 (provisional).

(iii) Sponge Iron

India is the world's largest producer of sponge iron with a host of coal based units, located in the mineral-rich states of the country. Over the years, the coal based route has emerged as a key contributor and accounted for 76% of total sponge iron production in the country (20.37 mt in 2011-12; prov.). Capacity in sponge iron making too has increased over the years and stands at around 35 mt.

On a dressing note, the Supreme Court's ban on the iron ore mining in the primary district of Bellary in Karnataka since July, 2011 has affected the Steel Sector. However supply of primary raw material from other states has enabled steel operators in operation of steel plants. The silver lining for the industry is to initiate increase in per capita consumption, without being largely affected by global economic slowdown. The factors like investment in infrastructure, which is nearly a trillion in 12th five year plan, growing rural markets, rise in population and government efforts will define growth of Indian Steel Industry in the coming years.

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

Management Discussion and Analysis (Contd.)

looking forward for inventing technologically upgraded steel plant which can deliver similar output with usage of iron fines and non-coking coal, which is widely available.

Opportunities, threats, risks and concern

Opportunities

- Growing domestic Demand, Unexplored rural market and Rapid Urbanisation.
- Increasing consumption of steel in all sector and also in Eleventh Five year plan (2007-12) has allocated investment of USD 490 Billion for core Infra sector such as power, road, railways, ports & airports.
- Strong growth in automotive industry & within the infrastructure, oil & gas.
- Fourth largest Iron ore reserves after Russia, Brazil & Australia and also Third largest Pool of technical manpower next to USA & USSR.
- With the improvement in the economic recessions in the west, the potential for growing demand is high.
- Indian Steel producer looking for overseas acquisitions in steel as well as raw material and also increasing interest of foreign steel producers in India.
- The Indian steel industry has diversified its product mix to include sophisticated value-added steel used in the automobile sector, heavy machinery and physical infrastructure.
- Optimistic employment scenario and rising income levels.

Threats, Risks and Concern

- The Steel Industry is cyclical in nature, arising from factors such as excess capacity, regional demand and supply imbalance, prices of raw material etc. the steel demand

has not recovered to pre-crisis level in the developing countries. Indian Steel Industry may get affected if the demand in advance countries does not increase.

- Availability of timely and reasonable raw material is another concern for the industry.
- During the financial year 2011-12, 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

Financial Performance:

During the year under review the turnover of the Company increased to ₹ 2,93,323.12 lacs as compared to ₹ 2,16,575.46 lacs in the previous financial year, registering a marginal increase of 1.35% as compared to previous year. During the year the Loss before exceptional and extraordinary items and tax was ₹ 38,884.08 lacs as compared to profit before exceptional and extraordinary items and tax of ₹ 11,301.09 lacs in the previous year. The net loss for the year under review was ₹ 27,605.62 lacs against profit of ₹ 7,395.09 lacs registered in the previous year.

Debt Re-structuring:

The Company has applied for restructuring of its debts, so as to regain the monetary flexibility for the better and efficient working of the Company.

The same has been taken up by and approved by the CDR cell. The scheme will be implemented in the near future.

Internal Audit & Control

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

The Company has an external and independent firm to carry out the internal audit of the Company's activities. The Internal Audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of the Company's operation. The direct reporting of the Internal Auditors to the Audit Committee of the Board ensures independence of the audit and compliance functions. The Internal Auditors regularly report to the Audit Committee on their observations on the Company's processes, systems and procedures ascertained during the course of their audit. Emphasis is placed on adequacy, reliability and accuracy of dissemination of financial data and information. Compliance issues are given utmost importance and reported regularly to the Board. The management of the Company duly considers and takes appropriate action on the recommendations made by the Internal Auditors.

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

Human Resource

Your Company recognizes the fact that



Management Discussion and Analysis (Contd.)

manpower is its biggest strength and their proper nurturing is necessary for the success of the organisation. 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.

Your Company has direct strength of about 3500 persons as on 30th June, 2012 which comprises professionals from diverse backgrounds like engineering, finance, taxation, law, management, business, supervisors, operators and sub-staff.

As people represent the Company's intellectual capital, the right talent and subsequent nurturing are accorded the prime importance. The Company acknowledges the employees' contribution towards leading, thinking, working, creating, processing and dealing to enhanced growth. The

management strengthens human resource by making available better tools, technology, techniques at the work place to harness the latent potential. Employees' health and safety measures are in force at work places, manufacturing areas, etc.

A mix of youth and experience, the vision and leadership of a stable senior management is matched by the motivation and energy of the youth brigade. A good record of participative management reflects the healthy culture of Jaibalaji. The Company believes that a fair working system, based on the interaction of the employees with the organization through 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. Your Company recognizes that the right people, offering their ideas and expertise will enable us to continue our success.

Cautionary Statement

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



Auditors' Report

To the members of
Jai Balaji Industries Limited

1. We have audited the attached Balance Sheet of **Jai Balaji Industries Limited** ('the Company') as at June 30, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the period ended on that date (01.04.2011 to 30.06.2012) annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) (the order) issued by the

Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that :
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3c) of Section 211 of the Companies Act, 1956;
 - v. On the basis of the written

representations received from the directors, as on June 30, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on June 30, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of Balance Sheet, of the state of affairs of the Company as at June 30, 2012;
 - b) in the case of Statement of Profit and Loss, of the loss for the period ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

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

Place : Kolkata
Date : October 04, 2012

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

CA Sandeep Agarwal
Partner
Membership No. : 065643

Place : Kolkata
Date : October 04, 2012



Annexure to the Auditors' Report

(REFERRED TO IN OUR REPORT OF EVEN DATE TO THE MEMBERS OF JAI BALAJI INDUSTRIES LTD AS AT AND FOR THE PERIOD ENDED 30TH JUNE, 2012)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the 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.
- (c) There was no disposal of substantial part of fixed assets during the period.
- (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.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (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 ₹ 12,088.17 lacs and the period-end balance in respect of such loan is ₹ 8,499.63 lacs.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loan are not *prima facie* prejudicial to the interest of the Company.
- (c) The above loan is stated to be re-payable on demand. We are informed that, the Company has received back the amount of loan to the extent demanded by it and there has been no default on the part of such party to whom the money has been lent. The payment of interest has been regular.
- (d) As the party has repaid the amount of loan whenever demanded, therefore there is no overdue amount for the above loan granted to a Company listed in the register maintained under Section 301 of the Companies Act, 1956.
- (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.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that some of the items purchased are of a special nature and alternative sources do not exist for obtaining quotations thereof, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or any continuing failure to correct any major weakness in internal control system of the Company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees five lakhs, entered into during the financial period, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956.
- (vii) The Company has an internal audit system the scope and coverage of which has increased during the period as compared to previous year. However, in our opinion the same has to be enlarged further to commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, 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.
- (ix) (a) Undisputed statutory dues including provident fund,

Annexure to the Auditors' Report (Contd.)

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 of sales tax, excise duty, provident*

fund and employees' state insurance.

(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 | 749.95 | 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 | 10,799.05 | 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 not less than fifty percent of its net worth. The Company has incurred cash losses in this financial period but not in the immediately preceding financial year.

to banks during the year as given below.

| Period of delay | Principal (₹ in lacs) | Interest (₹ in lacs) |
|-------------------|-----------------------|----------------------|
| Up to 30 days | 4,911.54 | 1,212.88 |
| 31-90 days | 3,088.05 | 2,273.85 |
| 90 days and above | 8,717.42 | 1,979.36 |

(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 defaulted in repayment of dues*

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 defaulted in repayment of dues to financial institutions during the year as given below:*

| Period of delay | Principal (₹ in lacs) | Interest (₹ in lacs) |
|-------------------|-----------------------|----------------------|
| Up to 30 days | 220.00 | 39.93 |
| 31-90 days | 166.67 | 80.55 |
| 90 days and above | 386.67 | 122.86 |

The Company has no outstanding dues in respect of debentures.



Annexure to the Auditors' Report (Contd.)

- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by its wholly owned Subsidiary from banks, the terms and conditions whereof in our opinion are not *prima-facie* prejudicial to the interest of the Company.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have outstanding debentures during the 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 Accountant
Firm Regn. No. 000935C

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

Place : Kolkata
Date : October 04, 2012

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

CA Sandeep Agarwal
Partner
Membership No. : 065643

Place : Kolkata
Date : October 04, 2012

**Balance Sheet** as at June 30, 2012

| | <u>Notes</u> | <u>As at June 30, 2012</u> | <u>As at March 31, 2011</u> |
|---------------------------------------------------------------------------|--------------|--------------------------------|---------------------------------|
| (₹ in lacs) | | | |
| EQUITY AND LIABILITIES | | | |
| Shareholders' Fund | | | |
| Share Capital | 2 | 6,377.11 | 6,377.11 |
| Reserves and Surplus | 3 | 63,422.30 | 91,027.92 |
| | | <u>69,799.41</u> | <u>97,405.03</u> |
| Non Current Liabilities | | | |
| Long Term Borrowings | 4 | 49,219.08 | 73,648.36 |
| Deferred Tax Liabilities (Net) | 5 | 1,830.52 | 13,108.98 |
| | | <u>51,049.60</u> | <u>86,757.34</u> |
| Current Liabilities | | | |
| Short Term Borrowings | 6 | 115,825.87 | 87,855.00 |
| Trade Payables | 7 | 79,347.94 | 38,634.65 |
| Other Current Liabilities | 7 | 74,077.33 | 39,647.35 |
| Short Term Provisions | 8 | 455.02 | 2,341.01 |
| | | <u>269,706.16</u> | <u>168,478.01</u> |
| TOTAL | | <u>390,555.17</u> | <u>352,640.38</u> |
| ASSETS | | | |
| Non Current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 9 | 155,080.56 | 164,787.34 |
| Capital Work in Progress and Pre-Operative Expenditure Pending Allocation | 10 | 58,465.12 | 37,910.17 |
| Non Current Investments | 11 | 8,095.60 | 8,341.15 |
| Long Term Loans and Advances | 12 | 12,096.71 | 9,709.21 |
| Other Non Current Assets | 13 | 114.41 | 578.34 |
| | | <u>233,852.40</u> | <u>221,326.21</u> |
| Current Assets | | | |
| Inventories | 14 | 80,894.03 | 57,166.59 |
| Trade Receivables | 15 | 48,684.99 | 50,504.13 |
| Cash and Bank Balances | 16 | 2,093.06 | 3,208.35 |
| Short Term Loans and Advances | 12 | 15,573.48 | 12,132.33 |
| Other Current Assets | 17 | 9,457.21 | 8,302.77 |
| | | <u>156,702.77</u> | <u>131,314.17</u> |
| TOTAL | | <u>390,555.17</u> | <u>352,640.38</u> |
| Significant Accounting Policies | 1 | | |

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

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

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

CA Sandeep Agarwal
Partner
Membership No. : 065643

Place : Kolkata
Date : October 04, 2012

For and on behalf of the Board of Directors

Aditya Jajodia
Chairman & Managing Director

Sanjiv Jajodia
Wholetime Director

Rajiv Jajodia
Director

Raj Kumar Sharma
Chief Financial Officer

Ajay Kumar Tantia
Company Secretary

**Statement of Profit and Loss for 15 months period ended June 30, 2012**

| | <u>Notes</u> | <u>15 months period ended June 30, 2012</u> | <u>Previ ous year ended March 31, 2011</u> |
|----------------------------------------------------------------------------------|--------------|-----------------------------------------------------|----------------------------------------------------|
| (₹ in lacs) | | | |
| INCOME | | | |
| Revenue from Operations (Gross) | 18 | 316,271.22 | 232,309.65 |
| Less: Excise Duty | 18 | 22,948.10 | 15,734.19 |
| Revenue from Operations (Net) | | 293,323.12 | 216,575.46 |
| Other Income | 19 | 2,578.09 | 2,221.41 |
| Total Revenue (I) | | <u>295,901.21</u> | <u>218,796.87</u> |
| EXPENSES | | | |
| Cost of Materials Consumed | 20 | 234,512.74 | 135,846.82 |
| Purchase of Stock in Trade | | 126.62 | 4,512.06 |
| Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade | 21 | (13,816.49) | (2,414.40) |
| Employee Benefits Expense | 22 | 7,310.06 | 5,406.57 |
| Finance Costs | 23 | 31,999.68 | 15,637.23 |
| Depreciation and Amortization Expense | 9 | 13,875.94 | 8,280.65 |
| Other Expenses | 24 | 60,776.74 | 40,226.85 |
| Total Expenses (II) | | <u>334,785.29</u> | <u>207,495.78</u> |
| Profit / (Loss) before Tax (I-II) | | <u>(38,884.08)</u> | <u>11,301.09</u> |
| Tax Expenses: | | | |
| Current Tax Expenses [Including ₹ Nil (₹ 63.09 lacs) for earlier Year] | | — | 2,510.22 |
| Less : MAT Credit Entitlement | | — | 2,490.29 |
| Net Current Tax Expenses | | — | 19.93 |
| Deferred Tax | | (11,278.46) | 3,886.07 |
| Total Tax Expense | | <u>(11,278.46)</u> | <u>3,906.00</u> |
| Profit/(Loss) for the period | | <u>(27,605.62)</u> | <u>7,395.09</u> |
| Earnings per Equity Share:(Nominal Value per Share ₹ 10) | | | |
| Basic & Diluted | | (43.28) | 11.60 |
| Significant Accounting Policies | 1 | | |

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 : October 04, 2012

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
Chairman & Managing Director

Rajiv Jajodia
Director

Sanjiv Jajodia
Wholetime Director

Raj Kumar Sharma
Chief Financial Officer

Ajay Kumar Tantia
Company Secretary

**Cash Flow Statement for 15 months period ended June 30, 2012**

(₹ in lacs)

| | 15 months period ended June 30, 2012 | Previous year ended March 31, 2011 |
|------------------------------------------------------------------------------------|--------------------------------------------|------------------------------------------|
| A : Cash Flow From Operating Activities | | |
| Net Profit Before Taxes | (38,884.08) | 11301.09 |
| Adjustments For : | | |
| Depreciation / Amortisation (Net) | 13,875.94 | 8,280.65 |
| (Profit) / Loss on Sale of Fixed Assets | 12.08 | (8.78) |
| Irrecoverable Debts and Advances Written off | 82.83 | 82.62 |
| Provision for Doubtful Debts / Advances (net) | — | 697.06 |
| Liabilities no longer required written back | (425.04) | (341.67) |
| Interest on Term Loans and Others | 29,570.79 | 14,414.24 |
| Provision for Diminution in the value of Investments | 100.89 | — |
| Reversal of provision for Diminution in the value of Investments | — | (1.24) |
| Dividend from long term Non Trade Investments | (0.47) | (1.23) |
| Dividend from Subsidiary Company | — | (34.95) |
| Loss on sale of long term Non Trade Investments | 150.00 | — |
| Prior Period Expenditure (net) | 353.98 | 268.95 |
| Loss on Foreign Exchange Fluctuations (Net) | 912.96 | 252.18 |
| Interest Income | (1,962.15) | (881.55) |
| Operating Profit Before Working Capital Changes | 3,787.73 | 34,027.37 |
| Movements in Working Capital : | | |
| Decrease/(Increase) in Trade Receivables | 5,244.77 | (15,224.90) |
| Decrease/(Increase) in Loans and Advances and Other Current/ Non Current Assets | (3,854.58) | 2,025.63 |
| Decrease/(Increase) in Advances to Subsidiary Company | 2,310.32 | 641.40 |
| Decrease/(Increase) in Inventories | (23,727.44) | (15,147.66) |
| Decrease/(Increase) in Trade Payables, Other Liabilities and Provisions | 48,224.03 | 14,870.82 |
| Cash Generated From Operating Activities | 31,984.83 | 21,192.66 |
| Direct Taxes paid (net of refunds) | (1,592.92) | (740.04) |
| Net Cash generated from Operating Activities | 30,391.91 | 20,452.62 |
| B : Cash Flow From Investing Activities | | |
| Purchase of Fixed Assets | (20,013.06) | (30,659.05) |
| Proceeds from Sale of Fixed Assets | 47.24 | 265.99 |
| Purchase of Investments in Subsidiary Companies | — | (10.00) |
| Purchase of Investments in Joint Venture Companies | (53.34) | (132.58) |
| Purchase of Investments in Government Securities | (2.00) | — |
| Application money paid in Joint Venture Companies | (111.93) | (3.33) |
| Proceeds from sale of long term Investments (other than trade) | 50.00 | 4.25 |
| Proceeds from maturity of fixed deposits | 81.33 | — |
| Dividend from long term Investments (other than Trade) | 0.47 | 1.23 |
| Dividend from Subsidiary Company | 34.95 | 34.95 |
| Refund received of Loan given to Body Corporate | — | 635.95 |
| Loan to Related Party | (5,000.00) | — |
| Refund received of Loan given to Related Party | — | 2,100.00 |
| Interest received | 1,821.13 | 1,127.16 |
| Net Cash Used In Investing Activities | (23,145.21) | (26,635.43) |

**Cash Flow Statement (Contd.)**

| | 15 months period ended June 30, 2012 | Previous year ended March 31, 2011 |
|-----------------------------------------------------------------------|--------------------------------------------|------------------------------------------|
| (₹ in lacs) | | |
| C : Cash Flow From Financing Activities | | |
| Proceeds from Call in Arrears of equity share capital | — | 0.09 |
| Proceeds from long/short term Borrowings | 56,237.43 | 70,571.42 |
| Repayment of long/short term Borrowings | (35,464.26) | (44,274.43) |
| Interest Paid | (29,231.76) | (18,356.15) |
| Dividend Paid | (255.65) | (254.72) |
| Tax on Dividend paid | (35.73) | (36.57) |
| Net Cash generated from Financing Activities | (8,749.97) | 7,649.64 |
| Net Increase / (Decrease) In Cash and Cash Equivalents (A+B+C) | (1,503.27) | 1,466.83 |
| Cash and Cash Equivalents as at the beginning of the year | 1,858.83 | 392.00 |
| Cash and Cash Equivalents as at the end of the year | 355.56 | 1,858.83 |
| Components of cash and cash equivalents | | |
| Cash on hand | 139.65 | 37.70 |
| Cheques in hand | 97.03 | 294.87 |
| Balance with Scheduled Banks on: | | |
| Current Account | 113.99 | 1,145.36 |
| Fixed Deposit Account | 1,845.15 | 2,301.98 |
| Unclaimed Dividend Account * | 4.73 | 5.24 |
| Unclaimed Fractional Share Balance* | 0.16 | 0.16 |
| Cash and Bank Balances as per Note 16 | 2,200.71 | 3,785.31 |
| Less : Fixed deposits not considered as cash equivalents | 1,845.15 | 1,926.48 |
| Cash and Cash Equivalents in Cash Flow Statement: | 355.56 | 1,858.83 |

* 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 : October 04, 2012

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
Chairman & Managing Director

Rajiv Jajodia
Director

Sanjiv Jajodia
Wholetime Director

Raj Kumar Sharma
Chief Financial Officer

Ajay Kumar Tantia
Company Secretary

Notes to Financial Statements for 15 months period ended June 30, 2012

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.

1(i) 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 adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

1(i) a) Changes in Accounting Policy

During the 15 month year ended June 30, 2012, the revised schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. Except accounting for dividend on investments in subsidiary companies (see below), the adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial

statements. However, it has significant impact on presentation and disclosure made in the financial statements. The Company has also reclassified the previous year figure in accordance with the requirements applicable in the current year.

Till the year ended March 31, 2011, the Company in accordance with the pre-revised schedule VI requirement, was recognizing dividend declared by the subsidiary company after the reporting date in the current year's statement of profit and loss if such dividend pertained to the period ending on or before the reporting date. Hence, to comply with AS 9 Revenue Recognition, the Company has changed its accounting policy for recognition of dividend income from subsidiary company. In accordance with the revised policy, the Company recognizes dividend as income only when the right to receive the same is established by the reporting date. However, there is no impact on the operating results in the current year of the Company.

(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.

Notes to Financial Statements (Contd.)

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 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.

Notes to Financial Statements (Contd.)

(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.

(l) Foreign currency transactions

(i) Initial Recognition

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

ii) Conversion

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

valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

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

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

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

(m) Retirement and other employee benefits

i) Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contribution is charged to Profit and Loss Account of the year when the contributions to the respective fund is due. There is no other obligation other than the contribution payable to provident fund.

ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year.

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

iii) Short term compensated absences are provided for based on estimates whereas long term compensated absences are provided for on the basis of actuarial valuation, as per projected unit credit method.

iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

(n) Taxation

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantially enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses,

Notes to Financial Statements (Contd.)

deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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

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

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

evidence to the effect that the Company will pay normal Income Tax during the specified period.

(o) Expenditure on new projects and substantial expansion

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

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

(p) Segment Reporting Policies

Based on the synergies, risks and returns associated with business operations and in terms of Accounting Standard-17, the Company is predominantly engaged in a single reportable segment of Iron and Steel during the year. The risks and returns of existing captive power plants are directly associated with the manufacturing operations of Iron and Steel and hence treated as a single reportable segment as per Accounting Standard-17. The Company at present 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 in hand and short-term investments with an original maturity of three months or less.

(t) Contingent Liabilities

Contingent liabilities are

Notes to Financial Statements (Contd.)

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 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 2: Share Capital

| | As at June 30, 2012 | As at March 31, 2011 |
|--------------------------------------------------------|------------------------|-------------------------|
| Authorised | | |
| 101,000,000 (101,000,000) Equity Shares of ₹ 10/- each | 10,100.00 | 10,100.00 |
| Issued, Subscribed and Paid up Capital | | |
| 63,781,486 (63,781,486) Equity Shares of ₹ 10/- each | 6,378.15 | 6,378.15 |
| Less: Calls in Arrear | 1.04 | 1.04 |
| Total | 6,377.11 | 6,377.11 |

(a) Reconciliation of the number of shares outstanding as at June 30, 2012 and March 31, 2011 is set out below:

| | As at June 30, 2012 | | As at March 31, 2011 | |
|------------------------------------|---------------------|-----------------|----------------------|-----------------|
| | No. of Shares | (₹ in lacs) | No. of Shares | (₹ in lacs) |
| At the beginning of the year | 63,781,486 | 6,377.11 | 63,781,486 | 6,377.11 |
| Issued during the year | — | — | — | — |
| Outstanding at the end of the year | 63,781,486 | 6,377.11 | 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 share holders 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) Equity shareholders holding 5% or more shares

| | As at June 30, 2012 | | As at March 31, 2011 | |
|-----------------------------------|---------------------|---------------------------|----------------------|---------------------------|
| | 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 | 3,203,065 | 5.02 | 3,091,932 | 4.85 |
| | 25,355,565 | 39.74 | 25,244,432 | 39.57 |

**Notes to Financial Statements (Contd.)**

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

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

| | As at June 30, 2012 No. of Shares | As at March 31, 2011 No. of Shares |
|---------------------------------------------------------------------------|-----------------------------------------|------------------------------------------|
| Equity Shares allotted as fully paid up for consideration other than cash | 22,000,000 | 22,000,000 |

(₹ in lacs)

| | As at June 30, 2012 | As at March 31, 2011 |
|-------------------------------------------------------------|------------------------|-------------------------|
| Note 3 : Reserves & Surplus | | |
| 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 | 23,876.92 | 16,772.69 |
| Add: Profit/(Loss) for the period | (27,605.62) | 7,395.09 |
| Amount available for appropriation | (3,728.70) | 24,167.78 |
| Proposed Dividend | — | 255.13 |
| Tax on Dividend | — | 35.73 |
| Surplus/ (Deficit) in Statement of Profit & Loss | (3,728.70) | 23,876.92 |
| Total: | 63,422.30 | 91,027.92 |

Note 4 : Long Term Borrowings

(₹ in lacs)

| | Non Current Portion | | Current Portion | |
|----------------------------------------------------------------------------------|------------------------|-------------------------|------------------------|-------------------------|
| | As at June 30, 2012 | As at March 31, 2011 | As at June 30, 2012 | As at March 31, 2011 |
| (Secured, unless otherwise stated) | | | | |
| Term Loans: | | | | |
| Rupees Loan from banks | 42,777.63 | 50,680.53 | 26,121.20 | 18,843.22 |
| Foreign Currency Loan from banks | 730.65 | 10,015.23 | 6,995.95 | 1,606.68 |
| Rupees Loan from Financial Intitutions | 1,606.62 | 3,537.45 | 2,320.02 | 1,935.53 |
| Rupees Loan from Financial Intitutions (Unsecured) | 3,625.00 | 9,202.71 | 5,505.64 | 797.29 |
| Rupees Loan from Others | 460.41 | — | 991.82 | — |
| Deferred Payments Liabilities | 18.78 | 27.42 | 28.07 | 13.44 |
| Other Loan and Advances | | | | |
| Interest Free Sales Tax Loan (Unsecured) | — | 185.02 | 358.93 | 350.32 |
| Total: | 49,219.08 | 73,648.36 | 42,321.64 | 23,546.48 |
| Amount disclosed under the head "Other Current Laibilities" (Refer Note 7) | — | — | (42,321.64) | (23,546.48) |
| Total: | 49,219.08 | 73,648.36 | — | — |

Notes to Financial Statements (Contd.)

Repayment terms and nature of Securities given :

Rupees Loan from Banks

(₹ in lacs)

| Name of the Bank | As at June 30, 2012 | As at March 31, 2011 | Repayment Terms | Rate of Interest as on 30.06.2012 | Nature of Security |
|----------------------|---------------------|----------------------|--------------------------------------------------------------------------------|--------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Allahabad Bank | 1,966.29 | 2,833.97 | 24 equal quarterly installments starting from 30 th September, 2008 | Base Rate plus 3.50% p.a.; effectively at 14.00% | Secured by pari-passu 1st charge over entire fixed assets and pari-passu 2nd charge over entire current assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Allahabad Bank | 201.13 | 448.83 | 20 equal quarterly installments starting from 31 st March, 2008 | Base Rate plus 3.50% p.a.; effectively at 14.00% | |
| Allahabad Bank | 200.00 | 997.44 | 15 equal quarterly installments starting from 31 st December, 2008 | Base Rate plus 3.50% p.a.; effectively at 14.00% | |
| Allahabad Bank | 280.00 | 440.00 | 20 equal quarterly installments starting from 31 st March, 2009 | Base Rate plus 3.50% p.a.; effectively at 14.00% | |
| Allahabad Bank | 852.63 | 854.81 | 20 equal quarterly installments starting from 31 st March, 2013 | Base Rate plus 3.00% p.a.; effectively at 13.50% | |
| Bank of India | 4,695.37 | 1,865.45 | 20 equal quarterly installments starting from 31 st December, 2012 | Base Rate plus 2.75% p.a.; effectively at 13.25% | Secured by pari-passu 1st charge over entire fixed assets and pari-passu 2nd charge over entire current assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Bank of India | 1,055.24 | 1,336.91 | 24 equal quarterly installments starting from 31 st December, 2009 | Base Rate plus 2.75% p.a.; effectively at 13.25% | |
| Canara Bank | 166.76 | 250.07 | 24 equal quarterly installments starting from 30 th June, 2008 | BPLR less 0.50% p.a.; effectively at 14.25% | Secured by pari-passu 1st charge over entire fixed assets and pari-passu 2nd charge over entire current assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| IDBI Bank Limited | 700.00 | 1,000.00 | 20 equal quarterly installments starting from 1 st January, 2009 | Base Rate plus 3.50%; effectively at 14.00% | Secured by pari-passu 1st charge over entire fixed assets and pari-passu 2nd charge over entire current assets of the Company's unit at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Indian Overseas Bank | 1,850.88 | 2,524.44 | 24 quarterly installments starting from 30 th June, 2009 | Base Rate plus 4.75% p.a.; effectively at 15.25% | Secured by pari-passu 1st charge over entire fixed assets and pari-passu 2nd charge over entire current assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Indian Overseas Bank | 999.68 | 1,499.68 | 24 equal quarterly installments starting from 30 th September, 2007 | Base Rate plus 4.75% p.a.; effectively at 15.25% | |
| Indian Overseas Bank | 4,620.48 | 2,187.90 | 20 equal quarterly installments starting from 31 st December, 2012 | Base Rate plus 4.75% p.a.; effectively at 15.25% | |



Notes to Financial Statements (Contd.)

(₹ in lacs)

| Name of the Bank | As at June 30, 2012 | As at March 31, 2011 | Repayment Terms | Rate of Interest as on 30.06.2012 | Nature of Security |
|--------------------------------|------------------------|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Oriental Bank of Commerce | 938.99 | 1,293.78 | 24 equal quarterly installments starting from 31 st March, 2008 | Base Rate plus 3.25% p.a.; effectively at 13.75% | Secured by pari- passu 1st charge over entire fixed assets and pari- passu 2nd charge over entire current assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Punjab National Bank | 1,923.23 | 2,745.26 | 20 equal quarterly installments starting from March, 2009 | BPLR plus 0.50% p.a., effectively at 14.50% | Secured by pari- passu 1st charge over entire fixed assets and pari- passu 2nd charge over entire current assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| State Bank of Bikaner & Jaipur | 670.10 | 1,015.10 | 24 equal quarterly installments starting from 30 th September, 2007 | BPLR less 0.50% p.a., effectively at 14.50% | Secured by pari- passu 1st charge over entire fixed assets and pari- passu 2nd charge over entire current assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| State Bank of Hyderabad | 5,000.00 | 5,000.00 | 4 equal installments payable on 10 th Sep, 2012, 10 th November, 2012, 10 th January, 2013 & 10 th March, 2013 | Base Rate plus 3.50% p.a.; effectively at 14.00% | Secured by subservient charge over entire current assets & fixed assets of the Company. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| State Bank of Hyderabad | 3,284.00 | 3,733.29 | 22 quarterly installments starting from 31 st December, 2010 | Base Rate plus 4.00% p.a.; effectively at 14.50% | Secured by pari- passu 1st charge over entire fixed assets and pari- passu 2nd charge over entire current assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| State Bank of Hyderabad | 3,815.01 | — | 16 equal quarterly installments starting from 30 th September, 2011 | Base Rate plus 3.25 p.a.; effectively at 13.75% | Secured by pari- passu 1st charge over entire fixed assets and pari- passu 2nd charge over entire current assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| State Bank of India | 243.75 | 487.50 | 24 equal quarterly installments starting from 31 st March, 2007 | Base Rate plus 4.75% p.a.; effectively at 14.75% | Secured by pari- passu 1st charge over entire fixed assets and pari- passu 2nd charge over entire current assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| State Bank of India | 392.00 | 708.00 | 19 equal quarterly installments starting from 31 st December, 2008 | Base Rate plus 4.75% p.a.; effectively at 14.75% | Secured by pari- passu 1st charge over entire fixed assets and pari- passu 2nd charge over entire current assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |

Notes to Financial Statements (Contd.)

(₹ in lacs)

| Name of the Bank | As at June 30, 2012 | As at March 31, 2011 | Repayment Terms | Rate of Interest as on 30.06.2012 | Nature of Security |
|--------------------------|------------------------|-------------------------|-------------------------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| State Bank of India | 1,155.86 | 1,479.86 | 24 equal quarterly installments starting from 30 th June, 2009 | Base Rate plus 4.75% p.a.; effectively at 14.75% | |
| State Bank of India | 646.22 | 969.95 | 68 equal monthly installments starting from 31 st July, 2008 | Base Rate plus 4.75% p.a.; effectively at 14.75% | |
| State Bank of India | 591.21 | 855.21 | Quarterly installments starting from 31 st March, 2010 | Base Rate plus 4.75% p.a.; effectively at 14.75% | |
| State Bank of India | 368.10 | 875.00 | 20 quarterly installments starting from 31 st March, 2008 | Base Rate plus 4.75% p.a.; effectively at 14.75% | |
| State Bank of India | 352.80 | 573.40 | 68 equal monthly installments starting from 31 st July, 2008 | Base Rate plus 4.75% p.a.; effectively at 14.75% | |
| State Bank of Mysore | 280.29 | 372.22 | 23 equal quarterly installments starting from 31 st July, 2008 | BPLR less 0.75% p.a., effectively at 14.25% | Secured by pari- passu 1st charge over entire fixed assets and pari- passu 2nd charge over entire current assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| State Bank of Mysore | 302.84 | 448.80 | 19 equal quarterly installments starting from 31 st December, 2008 | BPLR plus 0.75% p.a., effectively at 15.75% | |
| State Bank of Patiala | 471.70 | 713.90 | 68 equal monthly installments starting from 31 st July, 2008 | BPLR less 0.25% p.a.; effectively at 14.75% | Secured by pari- passu 1st charge over entire fixed assets and pari- passu 2nd charge over entire current assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| State Bank of Travancore | 365.96 | 513.45 | 68 equal monthly installments starting from 31 st July, 2008 | BPLR less 1.00% p.a., effectively at 14.50% | Secured by pari- passu 1st charge over entire fixed assets and pari- passu 2nd charge over entire current assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| ICICI Bank Limited | 236.97 | 326.99 | 20 equal quarterly installments starting from 31 st March, 2009 | BPLR less 3.00% p.a., effectively at 15.00% | Secured by pari- passu 1st charge over entire fixed assets and pari- passu 2nd charge over entire current assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |



Notes to Financial Statements (Contd.)

(₹ in lacs)

| Name of the Bank | As at June 30, 2012 | As at March 31, 2011 | Repayment Terms | Rate of Interest as on 30.06.2012 | Nature of Security |
|--------------------------|---------------------|----------------------|------------------------------------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The Federal Bank Limited | 304.69 | 487.48 | 16 equal quarterly installments starting from April, 2009 | BPLR less 2.25% p.a., effectively at 15.00% | Secured by exclusive charge over assets acquired under the loan agreement. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| The Federal Bank Limited | — | 175.70 | 16 equal quarterly installments starting from 11 April, 2008 | BPLR less 2.25% p.a. | |
| UCO Bank | 1,787.40 | 2,180.10 | 16 equal quarterly installments starting from 30 th June, 2011 | BPLR less 1.50% p.a.; effectively at 13.50% | Secured by pari- passu 1st charge over entire fixed assets and pari- passu 2nd charge over entire current assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| UCO Bank | 4,627.39 | 2,498.24 | 20 equal quarterly installments starting from 31 st March, 2013 | BPLR less 1.50% p.a.; effectively at 13.50% | |
| UCO Bank | 7,724.00 | 9,089.33 | 22 quarterly installments starting from 31 st Dec., 2011 | BPLR less 1.50% p.a.; effectively at 13.50% | |
| UCO Bank | 344.00 | 476.56 | 32 quarterly installments starting from 31 st March, 2006 | BPLR less 1.50% p.a.; effectively at 13.50% | |
| UCO Bank | 300.00 | 554.59 | 20 equal quarterly installments starting from 31 st March, 2008 | BPLR less 1.50% p.a.; effectively at 13.50% | |
| UCO Bank | 100.00 | 175.18 | 20 equal quarterly installments starting from 31 st March, 2008 | BPLR less 1.50% p.a.; effectively at 13.50% | |
| UCO Bank | 2,000.00 | — | 2 equal installments payable on 9 th May, 2013 & 9 th August, 2013 | Base Rate plus 3.00% p.a.; effectively at 13.50% | |
| Union Bank of India | 1,384.54 | 665.72 | 20 equal quarterly installments starting from 31 st December, 2012 | Base Rate plus 3.00% p.a.; effectively at 13.50% | |
| United Bank of India | 1,870.00 | 2,618.00 | 24 equal quarterly installments starting from 31 st March, 2010 | Base Rate plus 3.75% p.a.; effectively at 14.20% | Secured by pari- passu 1st charge over entire fixed assets and pari- passu 2nd charge over entire current assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| United Bank of India | 942.02 | 1,425.36 | 24 equal quarterly installments starting from 30 th September, 2008 | Base Rate plus 3.75% p.a.; effectively at 14.20% | |
| United Bank of India | 1,765.32 | 2,300.37 | 24 equal quarterly installments starting from 31 st March, 2010 | Base Rate plus 3.75% p.a.; effectively at 14.20% | |
| United Bank of India | 4,649.99 | 2,424.35 | 20 equal quarterly installments starting from 31 st December, 2012 | Base Rate plus 3.25% p.a.; effectively at 13.70% | |

Notes to Financial Statements (Contd.)

(₹ in lacs)

| Name of the Bank | As at June 30, 2012 | As at March 31, 2011 | Repayment Terms | Rate of Interest as on 30.06.2012 | Nature of Security |
|-------------------|------------------------|-------------------------|-----------------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| UCO Bank | — | 2,500.56 | 4 equal quarterly installments starting from September, 2010 | 13.50% (fixed) | Secured by subservient charge over entire current assets & fixed assets of the Company. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Axis Bank Limited | 1,050.00 | 1,750.00 | 20 equal quarterly installments starting from 1 st Nov, 2008 | BPLR less 2.75% p.a., presently at 15.00% | Secured by pari- passu 1st charge over entire fixed assets and pari- passu 2nd charge over entire current assets of the Company's unit at Durg in the State of Chhattisgarh. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Corporation Bank | 1,422.00 | 1,851.00 | 20 equal quarterly installments starting from 31 st August, 2009 | Base Rate plus 5.70% p.a., effectively at 16.20% | Secured by pari- passu 1st charge over entire fixed assets and pari- passu 2nd charge over entire current assets of the Company's unit at Durg in the State of Chhattisgarh. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Total | 68,898.83 | 69,523.75 | | | |

Foreign Currency Loan from banks

(₹ in lacs)

| Name of the Bank | As at June 30, 2012 | As at March 31, 2011 | Repayment Terms | Rate of Interest as on 30.06.2012 | Nature of Security |
|---------------------|------------------------|-------------------------|---------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| State Bank of India | 929.10 | 1,657.63 | 20 quarterly installments starting from 30 th September, 2007 | 6 m LIBOR+650 bps | Secured by pari- passu 1st charge over entire fixed assets and pari- passu 2nd charge over entire current assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Axis Bank Ltd. | — | 4,576.10 | To be adjusted with the term loan & payable in 16 equal quarterly installments starting from 30 th June, 2011 | 6 m LIBOR+ 200 bps (max) | Secured by pari- passu 1st charge over entire fixed assets and pari- passu 2nd charge over entire current assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Allahabad Bank | 6,797.50 | 5,388.18 | To be adjusted with the Term Loan & payable in 20 equal quarterly installments starting from 31 st March, 2013 | 6 m LIBOR +350 bps (max) | Secured by pari- passu 1st charge over entire fixed assets and pari- passu 2nd charge over entire current assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Total | 7,726.60 | 11,621.91 | | | |



Notes to Financial Statements (Contd.)

Rupees Loan from Financial Institutions

(₹ in lacs)

| Name of the Bank | As at June 30, 2012 | As at March 31, 2011 | Repayment Terms | Rate of Interest as on 30.06.2012 | Nature of Security |
|------------------|---------------------|----------------------|----------------------------------------------------------------------------|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| WBIDFC Limited | 2,166.64 | 2,666.64 | 24 equal quarterly installments starting from 31 st May, 2009 | 11.00% | Secured by pari- passu 1st charge over entire fixed assets and pari- passu 2nd charge over entire current assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| WBIDFC Limited | 1,760.00 | 2,420.00 | 20 equal quarterly installments starting from 31 st March, 2009 | 11.00% | |
| WBIDC | — | 116.74 | 20 quarterly installments starting from 31 st August, 2006 | 9.50% | |
| WBIDC | — | 134.90 | 5 quarterly installments starting from 31 st March, 2011 | 12.75% | |
| WBIDC | — | 65.64 | 5 quarterly installments starting from 31 st July, 2010 | 13.50% | |
| WBIDC | — | 4.85 | 5 quarterly installments starting from 31 st July, 2010 | 12.75% | |
| WBIDC | — | 16.00 | 5 quarterly installments starting from 31 st July, 2010 | 13.50% | |
| WBIDC | — | 4.90 | 5 quarterly installments starting from 31 st May, 2010 | 12.75% | |
| WBIDC | — | 43.31 | 5 quarterly installments starting from 31 st August, 2010 | 12.75% | |
| Total | 3,926.64 | 5,472.98 | | | |

Rupees Loan from Financial Institutions (Unsecured)

| | | | | | |
|--------------|-----------------|------------------|-------------------------------------------------------------------------------------------|--------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| IFCI Limited | 6,130.64 | 10,000.00 | Repayable in 8 equal quarterly installments starting from 15 th May, 2012 | 14.50% | Secured by way of pledge of certain Promoter's shareholdings in the Company. Further secured by Personal Guarantees of certain Promoter Directors. |
| IFCI Limited | 3,000.00 | — | Repayable in 8 equal quarterly installments starting from 14 th December, 2012 | 15.00% | |
| Total | 9,130.64 | 10,000.00 | | | |

Rupees Loan from Others

| | | | | | |
|---------------------------------|-----------------|----------|----------------------------------------------------------------------------------|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Srei Equipment Finance (P) Ltd. | 725.99 | — | Repayable in 34 monthly installments starting from 15 th August, 2011 | 13.65% | Secured by exclusive charge over assets acquired under respective loan agreement. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Srei Equipment Finance (P) Ltd. | 726.24 | — | Repayable in 34 monthly installments starting from 5 th August, 2011 | 14.00% | |
| Total | 1,452.23 | — | | | |

Notes to Financial Statements (Contd.)

Deferred Payments Liabilities

(₹ in lacs)

| Name of the Bank | As at June 30, 2012 | As at March 31, 2011 | Repayment Terms | Rate of Interest as on 30.06.2012 | Nature of Security |
|-----------------------|---------------------|----------------------|-----------------------------------------------------------------------------------|-----------------------------------|----------------------------------------------------------------------------------|
| Axis Bank Ltd. | 23.07 | 33.00 | Repayable in 42 monthly installments starting from 5 th May, 2011 | 9.40% | Secured by hypothecation of the assets acquired under the respective agreements. |
| Axis Bank Ltd. | 8.95 | — | Repayable in 36 monthly installments starting from 15 th October, 2011 | 10.43% | |
| Axis Bank Ltd. | 14.31 | — | Repayable in 36 monthly installments starting from 15 th October, 2011 | 10.11% | |
| Tata Capital Ltd. | 0.52 | 7.72 | Repayable in 36 monthly installments starting from 1 st August, 2009 | 11.85% | |
| Reliance Capital Ltd. | — | 0.14 | Repayable in 36 monthly installments starting from 1 st May, 2008 | 9.28% | |
| Total | 46.85 | 40.86 | | | |

Interest Free Sales Tax Loan (Unsecured)

| | | | | | |
|--------------------------------------------|--------|--------|--------------------------------------------------------------------|---|--|
| Commercial Tax Dept. Govt. of Chhattisgarh | 358.93 | 535.34 | Repayable in 12 yearly installments starting from 31st March, 2002 | — | |
|--------------------------------------------|--------|--------|--------------------------------------------------------------------|---|--|

The Company has defaulted in the payment of dues (principal & interest) during the period April, 2011 to June, 2012. The details of continuing defaults of principal & interest in each cases are as under:

(₹ in lacs)

| Name of the Bank | Principal | | Interest | | | | | |
|--------------------------------|-----------|-----------|----------|--------|--------|--------|--------|--------|
| | Amount | Due from | Jan-12 | Feb-12 | Mar-12 | Apr-12 | May-12 | Jun-12 |
| Allahabad Bank | 519.32 | 30-Jun-12 | — | — | — | 49.63 | 144.02 | 137.18 |
| Axis Bank Limited | 175.00 | 30-Apr-12 | — | — | — | — | — | 12.70 |
| Bank of India | 70.42 | 31-Mar-12 | — | 59.28 | 66.71 | 65.50 | 67.35 | 67.68 |
| | 70.42 | 30-Jun-12 | — | — | — | — | — | — |
| Canara Bank | 20.83 | 30-Jun-12 | — | — | — | — | — | 2.02 |
| Corporation Bank | 143.00 | 31-May-12 | 2.05 | 20.83 | 22.42 | 19.79 | 20.57 | 19.93 |
| ICICI Bank Limited | 30.00 | 31-Mar-12 | 3.00 | 2.76 | 2.98 | 2.94 | 3.05 | 3.00 |
| | 30.00 | 30-Jun-12 | — | — | — | — | — | — |
| IDBI Bank Limited | 100.00 | 31-Mar-12 | 4.75 | 9.28 | 9.87 | 8.79 | 8.93 | 8.75 |
| Indian Overseas Bank | 228.07 | 31-Mar-12 | 104.67 | 92.16 | 102.74 | 94.27 | 100.39 | 101.10 |
| | 304.67 | 30-Jun-12 | — | — | — | — | — | — |
| Oriental Bank of Commerce | 118.29 | 31-Mar-12 | 12.83 | 12.05 | 12.16 | 11.20 | 11.59 | 11.26 |
| | 118.29 | 30-Jun-12 | — | — | — | — | — | — |
| Punjab National Bank | 275.00 | 31-Mar-12 | 28.35 | 26.48 | 28.34 | 24.46 | 25.17 | 24.70 |
| | 275.00 | 30-Jun-12 | — | — | — | — | — | — |
| State Bank of Bikaner & Jaipur | 115.00 | 31-Mar-12 | — | — | — | — | 1.59 | 7.77 |
| | 115.00 | 30-Jun-12 | — | — | — | — | — | — |
| State Bank of Hyderabad | 474.87 | 31-Mar-12 | — | 131.78 | 148.00 | 144.89 | 150.76 | 147.52 |
| | 474.87 | 30-Jun-12 | — | — | — | — | — | — |



Notes to Financial Statements (Contd.)

The Company has defaulted in the payment of dues (principal & interest) during the period April, 2011 to June, 2012. The details of continuing defaults of principal & interest in each cases are as under:

(₹ in lacs)

| Name of the Bank | Principal | | Interest | | | | | |
|--------------------------|------------------|-----------|---------------|---------------|---------------|-----------------|-----------------|-----------------|
| | Amount | Due from | Jan-12 | Feb-12 | Mar-12 | Apr-12 | May-12 | Jun-12 |
| State Bank of India | 110.68 | 31-Mar-12 | 39.39 | - | - | 52.38 | 54.59 | 56.75 |
| | 47.08 | 30-Apr-12 | - | - | - | - | - | - |
| | 47.08 | 31-May-12 | - | - | - | - | - | - |
| | 479.33 | 30-Jun-12 | - | - | - | - | - | - |
| State Bank of Mysore | 44.25 | 16-Jan-12 | - | 7.72 | 8.16 | 7.62 | 7.92 | 8.10 |
| | 53.30 | 31-Mar-12 | - | - | - | - | - | - |
| | 44.25 | 16-Apr-12 | - | - | - | - | - | - |
| | 53.30 | 30-Jun-12 | - | - | - | - | - | - |
| State Bank of Patiala | 20.60 | 31-Mar-12 | - | - | - | - | - | 6.00 |
| | 20.60 | 30-Apr-12 | - | - | - | - | - | - |
| | 20.60 | 31-May-12 | - | - | - | - | - | - |
| | 20.60 | 30-Jun-12 | - | - | - | - | - | - |
| State Bank of Travancore | 14.75 | 29-Feb-12 | - | 4.21 | 4.80 | 4.41 | 4.67 | 4.58 |
| | 14.75 | 31-Mar-12 | - | - | - | - | - | - |
| | 14.75 | 30-Apr-12 | - | - | - | - | - | - |
| | 14.75 | 31-May-12 | - | - | - | - | - | - |
| | 14.75 | 30-Jun-12 | - | - | - | - | - | - |
| The Federal Bank Limited | 60.94 | 11-Feb-12 | 4.17 | 3.88 | 4.25 | 4.16 | 4.33 | 4.60 |
| | 60.94 | 11-Apr-12 | - | - | - | - | - | - |
| UCO Bank | 5,000.00 | 31-Dec-11 | 186.78 | 300.14 | 348.67 | 331.32 | 350.39 | 339.63 |
| | 736.50 | 31-Mar-12 | - | - | - | - | - | - |
| | 736.50 | 30-Jun-12 | - | - | - | - | - | - |
| Union Bank of India | - | - | - | - | 3.64 | 15.46 | 15.50 | 12.59 |
| United Bank of India | 428.66 | 30-Jun-12 | - | - | - | 169.70 | 180.64 | 176.41 |
| Vijaya Bank | 1,250.00 | 31-Mar-12 | 54.15 | 50.87 | 55.03 | 56.11 | 59.77 | 60.61 |
| | 1,250.00 | 30-Apr-12 | - | - | - | - | - | - |
| | 1,250.00 | 31-May-12 | - | - | - | - | - | - |
| | 1,250.00 | 30-Jun-12 | - | - | - | - | - | - |
| WBIDFC Limited | 166.67 | 29-Feb-12 | 42.18 | 38.82 | 41.86 | 40.29 | 40.26 | 39.33 |
| | 220.00 | 31-Mar-12 | - | - | - | - | - | - |
| | 166.67 | 31-May-12 | - | - | - | - | - | - |
| | 220.00 | 30-Jun-12 | - | - | - | - | - | - |
| Total | 17,490.34 | | 482.33 | 760.27 | 859.62 | 1,102.91 | 1,251.49 | 1,252.21 |

(₹ in lacs)

Note 5 : Deferred Tax Liabilities (Net)

Deferred Tax Liability

Timing Difference on Depreciable assets

Sub Total (A)

Deferred Tax Asset

Unabsorbed Depreciation and carry forward Business Losses

Expenses Allowed On Payment Basis / Other Timing Differences

Sub Total (B)

Deferred Tax Liabilities (Net) (A-B)

| | As at June 30, 2012 | As at March 31, 2011 |
|--|------------------------|-------------------------|
| | 17,665.27 | 16,129.84 |
| | 17,665.27 | 16,129.84 |
| | 15,124.67 | 2,299.32 |
| | 710.08 | 721.54 |
| | 15,834.75 | 3,020.86 |
| | 1,830.52 | 13,108.98 |

Notes to Financial Statements (Contd.)

(₹ in lacs)

Note 6 : Short Term Borrowings
Loan Repayable on Demand

| |
|-----------------------------------|
| From Banks (Secured) |
| - Cash Credit |
| - Working Capital Demand Loan |
| From Bodies Corporate (Unsecured) |

Other Loan and advances

| |
|---------------------------------------------|
| Short Term Loans from Banks |
| - Secured |
| - Unsecured |
| Foreign Currency Loans from banks (Secured) |

Total

| As at June 30, 2012 | As at March 31, 2011 |
|------------------------|-------------------------|
| 86,325.87 | 40,700.61 |
| — | 28,156.49 |
| — | 321.05 |
| 29,500.00 | 12,500.00 |
| — | 5,000.00 |
| — | 1,176.85 |
| 115,825.87 | 87,855.00 |

Terms and nature of Securities given :
Cash Credit

(₹ in lacs)

| Name of the Bank | As at June 30, 2012 | As at March 31, 2011 | Rate of Interest as on 30.06.2012 | Security |
|---------------------------|------------------------|-------------------------|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Allahabad Bank | 12,314.63 | 13,085.02 | Base Rate+3.50% p.a., effectively at 14.00% | Secured by pari- passu 1st charge over entire current assets and pari- passu 2nd charge over entire fixed assets of the Company's units at Ranigunge Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Axis Bank Limited | 2,421.85 | 224.46 | Base Rate+4.50% p.a.; effectively at 14.50% | Secured by pari- passu 1st charge over entire current assets and pari- passu 2nd charge over entire fixed assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Bank of India | 3,892.12 | 500.00 | Base Rate+2.75% p.a.; effectively at 13.25% | Secured by pari- passu 1st charge over entire current assets and pari- passu 2nd charge over entire fixed assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Indian Overseas Bank | 3,341.69 | 2,859.91 | Base Rate+3.25% p.a., effectively at 13.75% | Secured by pari- passu 1st charge over entire current assets and pari- passu 2nd charge over entire fixed assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Oriental Bank of Commerce | 12,996.38 | 3,759.44 | Base Rate+2.75% p.a.; effectively at 13.25% | Secured by pari- passu 1st charge over entire current assets and pari- passu 2nd charge over entire fixed assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| State Bank of India | 18,787.12 | 1,352.53 | Base Rate+4.75% p.a.; effectively at 14.75% | Secured by pari- passu 1st charge over entire current assets and pari- passu 2nd charge over entire fixed assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |



Notes to Financial Statements (Contd.)

Terms and nature of Securities given :

Cash Credit

(₹ in lacs)

| Name of the Bank | As at June 30, 2012 | As at March 31, 2011 | Rate of Interest as on 30.06.2012 | Security |
|-------------------------|------------------------|-------------------------|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| UCO Bank | 19,962.73 | 15,496.19 | Base Rate+2.75% p.a.; effectively at 13.25% | Secured by pari- passu 1st charge over entire current assets and pari- passu 2nd charge over entire fixed assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| State Bank of Mysore | 2,073.84 | 260.19 | Base Rate+4.50% p.a.; effectively at 14.75% | Secured by pari- passu 1st charge over entire current assets and pari- passu 2nd charge over entire fixed assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| State Bank of Patiala | 3,071.07 | 758.93 | Base Rate+4.00% p.a.; effectively at 14.50% | Secured by pari-passu 1st charge over entire current assets and pari-passu 2nd charge over entire fixed assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Canara Bank | 1,991.65 | 172.40 | Base Rate+3.00% p.a.; effectively at 13.50% | Secured by pari-passu 1st charge over entire current assets and pari-passu 2nd charge over entire fixed assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| State Bank of Hyderabad | 2,037.45 | — | Base Rate+3.25% p.a., effectively at 13.75% | Secured by pari- passu 1st charge over entire current assets and pari- passu 2nd charge over entire fixed assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| State Bank of Indore | — | 247.85 | At SBI's PLR | Secured by pari- passu 1st charge over entire current assets and pari- passu 2nd charge over entire fixed assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Axis Bank Limited | 1,669.69 | 637.94 | Base Rate+4.50% p.a.; effectively at 14.50% | Secured by pari-passu 1st charge over entire current assets and pari-passu 2nd charge over entire fixed assets of the Company's unit at Durg in the State of Chhattisgarh. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Union Bank of India | 1,765.65 | 1,345.75 | Base Rate+3.75% p.a.; effectively at 14.25% | Secured by pari- passu 1st charge over entire current assets and pari- passu 2nd charge over entire fixed assets of the Company's unit at Durg in the State of Chhattisgarh. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Total | 86,325.87 | 40,700.61 | | |

Notes to Financial Statements (Contd.)
Working Capital Demand Loan
(₹ in lacs)

| Name of the Bank | As at June 30, 2012 | As at March 31, 2011 | Rate of Interest as on 30.06.2012 | Security |
|---------------------------|------------------------|-------------------------|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| State Bank of Indore | — | 1,782.72 | 11.45% | Secured by pari- passu 1st charge over entire current assets and pari- passu 2nd charge over entire fixed assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Oriental Bank of Commerce | — | 7,560.81 | 9.50% | Secured by pari- passu 1st charge over entire current assets and pari- passu 2nd charge over entire fixed assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| State Bank of Mysore | — | 756.97 | 10.50% | Secured by pari- passu 1st charge over entire current assets and pari- passu 2nd charge over entire fixed assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Axis Bank Limited | — | 1,514.97 | 11.75% | Secured by pari- passu 1st charge over entire current assets and pari- passu 2nd charge over entire fixed assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Bank of India | — | 2,514.74 | 10.25% | Secured by pari- passu 1st charge over entire current assets and pari- passu 2nd charge over entire fixed assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| State Bank of India | — | 12,276.28 | 10.90% | Secured by pari- passu 1st charge over entire current assets and pari- passu 2nd charge over entire fixed assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Canara Bank | — | 1,750.00 | 12.25% | Secured by pari- passu 1st charge over entire current assets and pari- passu 2nd charge over entire fixed assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Total | — | 28,156.49 | | |



Notes to Financial Statements (Contd.)

Repayment terms and nature of securities given :

Short Term loans from Banks (Secured)

(₹ in lacs)

| Name of the Bank | As at June 30, 2012 | As at March 31, 2011 | Repayment Terms | Rate of Interest as on 30.06.2012 | Nature of Security |
|----------------------|---------------------|----------------------|----------------------------------------------------------------------------------------------------|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Allahabad Bank | 7,500.00 | — | 2 equal quarterly installments payable on 16 th May, 2012 & 16 th June, 2012 | Base Rate plus 3.50% p.a.; effectively at 14.00% | Secured by subservient charge over entire current assets & fixed assets of the Company. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Allahabad Bank | — | 7,500.00 | Bullet repayment in September, 2012 | Base Rate plus 3.50% p.a. | Secured by subservient charge over entire current assets & fixed assets of the Company. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| UCO Bank | 5,000.00 | — | Bullet repayment payable on 22 nd December, 2011 | Base Rate plus 3.00% p.a.; effectively at 13.50% | Secured by subservient charge over entire current assets & fixed assets of the Company. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| UCO Bank | 7,000.00 | — | 4 equal monthly installments starting from 25 th April, 2012. | Base Rate plus 3.25% p.a.; effectively at 13.75% | Secured by subservient charge over entire current assets & fixed assets of the Company. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| United Bank of India | 5,000.00 | — | 4 equal monthly installments starting from 31 st Jan, 2013. | Base Rate plus 3.50% p.a.; effectively at 13.95% | Secured by subservient charge over entire current assets & fixed assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Indian Overseas Bank | — | 5,000.00 | Bullet repayment payable in the month of May, 2012 | Base Rate+2.50% p.a. | Secured by subservient charge over entire current assets & fixed assets of the Company. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Vijaya Bank | 5,000.00 | — | 4 equal monthly installments starting from 31 st March, 2012 | Base Rate plus 2.00% p.a.; presently at 12.45% | Secured by subservient charge over entire current assets & fixed assets of the Company. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
| Total | 29,500.00 | 12,500.00 | | | |

Short Term loans from Banks (Unsecured)

| | | | | | |
|----------------|---|----------|-------------------------------------------------------|----------------------|-------------------------------------------------------------------|
| Allahabad Bank | — | 5,000.00 | 4 equal monthly installments starting from June, 2011 | Base Rate+3.50% p.a. | Personal Guarantees of certain Promoter Directors of the Company. |
|----------------|---|----------|-------------------------------------------------------|----------------------|-------------------------------------------------------------------|

Foreign Currency Loans from banks (Secured)

| | | | | | |
|---------------------|---|----------|---|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| State Bank of India | — | 1,176.85 | — | 6 m LIBOR+ 200 bps (max) | Secured by pari- passu 1st charge over entire current assets and pari- passu 2nd charge over entire fixed assets of the Company's units at Ranigunge & Durgapur in the State of West Bengal. Further secured by Personal Guarantees of certain Promoter Directors of the Company. |
|---------------------|---|----------|---|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Notes to Financial Statements (Contd.)

(₹ in lacs)

Note 7: Trade Payables and other Current Liabilities

| | As at June 30, 2012 | As at March 31, 2011 |
|-----------------------------------------------------------------------------------------------------------|------------------------|-------------------------|
| Trade Payables (including acceptances) (Refer Note 32) for details due to Micro and Small Enterprises) | 79,347.94 | 38,634.65 |
| | <u>79,347.94</u> | <u>38,634.65</u> |
| Current Maturities of Long Term Borrowings (Refer Note 4) | 42,321.64 | 23,546.48 |
| Capital Creditors | 4,313.00 | 5,217.34 |
| Interest Accrued but not due on Borrowings | 191.83 | 167.91 |
| Interest Accrued and due on Borrowings | 5,848.44 | 561.39 |
| Advance From Customer | 10,292.35 | 6,895.70 |
| Advances From a Subsidiary Company * | 309.04 | — |
| Temporary Book Overdraft | 932.29 | 51.72 |
| Investor Education and Protection Fund will be credited by the following amounts (as and when due) | | |
| - Unclaimed Dividend | 4.72 | 5.24 |
| - Unclaimed Fractional Share Liabilities | 0.16 | 0.16 |
| Others | | |
| - Statutory Dues Payable | 4,968.84 | 1,258.26 |
| - Excise Duty payable on Closing Stock | 3,085.95 | 1,063.67 |
| - Interest Others | 522.69 | 88.81 |
| - Due to Employees | 1,200.65 | 747.81 |
| - Other Miscellaneous | 85.73 | 42.86 |
| | <u>74,077.33</u> | <u>39,647.35</u> |
| Total | <u>153,425.27</u> | <u>78,282.00</u> |

Total

*(Refer Note 34)

Note 8: Short Term Provisions

Provision for employee benefits:

Gratuity (Refer Note 31)

Leave Salary

Other Provision:

Proposed Dividend

Tax On Proposed Dividend

Provision for Taxation [Net of Advance Tax ₹ 3,724.49 lacs (₹ 2,410 lacs)]

Provision for Wealth Tax

Total:

| | As at June 30, 2012 | As at March 31, 2011 |
|----------------------------------------------------------------------------|------------------------|-------------------------|
| Gratuity (Refer Note 31) | 340.71 | 340.94 |
| Leave Salary | 105.90 | 107.88 |
| Proposed Dividend | — | 255.13 |
| Tax On Proposed Dividend | — | 35.73 |
| Provision for Taxation [Net of Advance Tax ₹ 3,724.49 lacs (₹ 2,410 lacs)] | 7.98 | 1,601.33 |
| Provision for Wealth Tax | 0.43 | — |
| Total: | <u>455.02</u> | <u>2,341.01</u> |

Note 9: Tangible Assets

(₹ in lacs)

| Description | Gross Block | | | Depreciation / Amortisation | | | | Net Block | | |
|------------------------------|------------------------|------------------|---------------|-----------------------------|------------------------|------------------|--------------|------------------------|------------------------|-------------------------|
| | As at April 1, 2011 | Additions | Deductions | As at June 30, 2012 | Up To April 1, 2011 | For the year | Deductions | As at June 30, 2012 | As at June 30, 2012 | As at March 31, 2011 |
| Freehold Land | 3,325.54 | — | — | 3,325.54 | — | — | — | — | 3,325.54 | 3,325.54 |
| Leasehold Land | 707.57 | — | — | 707.57 | 104.97 | 13.11 | — | 118.08 | 589.49 | 602.60 |
| Factory Buildings | 27,164.15 | 480.35 | — | 27,644.50 | 2,184.15 | 1,142.37 | — | 3,326.52 | 24,317.98 | 24,980.00 |
| Railway Siding | 4,352.36 | — | — | 4,352.36 | 544.33 | 258.38 | — | 802.71 | 3,549.65 | 3,808.03 |
| Plant and Machinery | 136,905.19 | 3,432.19 | 26.45 | 140,310.93 | 22,520.16 | 11,134.85 | 4.93 | 33,650.08 | 106,660.85 | 114,385.03 |
| Electrical Installations | 20,083.98 | 177.57 | — | 20,261.55 | 2,988.52 | 1,201.15 | — | 4,189.67 | 16,071.88 | 17,095.46 |
| Furniture, Fixtures | 98.72 | 16.79 | — | 115.51 | 27.36 | 12.28 | — | 39.64 | 75.87 | 72.28 |
| Office Equipments | 776.88 | 86.36 | — | 863.24 | 422.07 | 85.49 | — | 507.56 | 355.68 | 353.89 |
| Vehicles | 263.49 | 35.22 | 65.89 | 232.82 | 98.98 | 28.31 | 28.09 | 99.20 | 133.62 | 164.51 |
| 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 | 164,787.34 |
| Previous Year's Total | 139,931.59 | 54,010.70 | 264.41 | 193,677.88 | 20,617.09 | 8,280.65 | 7.20 | 28,890.54 | 164,787.34 | |



Notes to Financial Statements (Contd.)

(₹ in lacs)

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

| | As at June 30, 2012 | As at March 31, 2011 |
|----------------------------------------------------------------------------|------------------------|-------------------------|
| A. Capital Work-in-Progress | | |
| Buildings | 11,137.77 | 16,374.06 |
| Railway Siding | 359.01 | 363.16 |
| Plant and Machinery | 27,174.86 | 49,657.53 |
| Electrical Installations | 3,672.97 | 7,427.53 |
| Land | 5,969.32 | 6,005.41 |
| Sub Total | 48,313.93 | 79,827.69 |
| Less : Transferred to Fixed Assets | 2,194.63 | 46,026.43 |
| Total A | 46,119.30 | 33,801.26 |
| B. Pre-operative Expenditure Pending Allocation | | |
| Opening Balance | 4,108.91 | 5,883.87 |
| Additions | | |
| Power and Fuel | 2,291.90 | 19.06 |
| Salaries, Wages and Bonus | 534.87 | 201.60 |
| Directors' Remuneration | - | 41.73 |
| Rent and Hire | 132.17 | 37.98 |
| Rates and Taxes | 1.27 | 0.57 |
| Insurance | 2.92 | 23.48 |
| Travelling and Conveyance | 92.64 | 59.48 |
| Telephone and Postage | 15.76 | 11.35 |
| Legal and Professional Charges | 153.71 | 109.68 |
| Miscellaneous Expenses | 154.47 | 20.13 |
| Interest on Term Loans | 4,971.94 | 2,988.40 |
| Finance Charges | 152.85 | 450.44 |
| Sub Total | 12,613.41 | 9,847.77 |
| Less : Transferred to Fixed Assets | 267.59 | 5,738.86 |
| Total B | 12,345.82 | 4,108.91 |
| C. TRIAL RUN EXPENSES | | |
| Finished/Goods in Process Consumed | - | 1,724.48 |
| Raw Materials Consumed | - | 140.09 |
| | - | 1,864.57 |
| Personnel Cost | | |
| Salaries, Wages and Bonus | - | 433.55 |
| Contribution to Provident and Other Funds | - | 18.76 |
| Directors' Remuneration | - | 14.79 |
| | - | 467.10 |
| Manufacturing, Selling and Distribution and Administrative Expenses | | |
| Consumption of Stores and Spares | - | 383.73 |
| Labour Charges | - | 90.22 |
| Power and Fuel | - | 298.97 |
| Repairs and Maintenance to Others | - | 21.13 |
| Rent and Hire | - | 37.77 |
| Legal and Professional Charges | - | 4.37 |
| Miscellaneous Expenses | - | 82.09 |
| | - | 918.28 |
| Interest and Finance Charges | | |
| Interest on Term Loans | - | 982.92 |
| Finance Charges | - | 12.90 |
| | - | 995.82 |
| Sub Total | - | 4,245.77 |
| Less: | | |
| Sales of Finished Goods | - | 1,119.86 |
| [Net of Excise duty and cess ₹ Nil (₹ 36.76 lacs)] | - | 204.22 |
| Sales of Scrap | - | 2.85 |
| [Net of Excise duty and cess ₹ Nil (₹ 21.03 lacs)] | - | 175.89 |
| Subsidy on Sales Tax / Value Added Tax | - | 810.48 |
| Transfer of Goods for further processing | - | 130.93 |
| Closing stock at the end of Trial-run period of a project | - | 484.11 |
| Finished Goods | - | - |
| [Net of Excise duty and cess ₹ Nil (₹ 98.38 lacs)] | - | - |
| Work-in-Process | - | - |
| By Products and Scrap | - | - |
| [Net of Excise duty and cess ₹ Nil (₹ 49.86 lacs)] | - | - |
| Sub Total | - | 2,928.34 |
| Less : Transferred to Fixed Assets | - | 1,317.43 |
| | - | 1,317.43 |
| Total C | - | - |
| Grand Total (A+B+C) | 58,465.12 | 37,910.17 |



Notes to Financial Statements (Contd.)

| | (₹ in lacs) | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------------------|
| | As at June 30, 2012 | As at March 31, 2011 |
| Note 11 : Non Current Investments | | |
| Trade Investment (Valued at cost unless otherwise stated) | | |
| Unquoted, Fully Paid up Equity Shares | | |
| In Joint Venture Companies | | |
| 3,19,290 (3,19,290) shares of Andal East Coal Company Private Limited of ₹ 10/- each | 134.79 | 134.79 |
| 69,000 (69,000) shares of Rohne Coal Company Private Limited of ₹ 10 /- each | 6.90 | 6.90 |
| In Subsidiary Companies - | | |
| 34,948,727 (34,948,727) Shares of Nilachal Iron and Power Limited of ₹10/- each | 7,709.46 | 7,709.46 |
| 50,000 (50,000) Shares of Jai Balaji Energy (Purulia) Limited of ₹10/- each | 5.00 | 5.00 |
| 50,000 (50,000) Shares of Jai Balaji Steels (Purulia) Limited of ₹ 10/- each | 5.00 | 5.00 |
| Unquoted, Fully Paid up Preference Shares | | |
| In Joint Venture Company - | | |
| 19,82,003 (1,448,577), 1% Redeemable Preference Shares of Rohne Coal Company Private Limited of ₹ 10/- each | 198.20 | 144.86 |
| | <u>8,059.35</u> | <u>8,006.01</u> |
| Non Trade Investment (Valued at cost unless otherwise stated) | | |
| Unquoted, Fully Paid up Equity Shares | | |
| 6,726 (16,726) Shares of Calcutta Stock Exchange Limited of ₹ 1/- each (At cost less provision for other than temporary diminution ₹ 100.89 lacs (₹ Nil)) | 33.63 | 334.52 |
| In Government Securities | | |
| National Saving Certificate | 2.62 | 0.62 |
| (Deposited with Third Parties) | 36.25 | 335.14 |
| | <u>8,095.60</u> | <u>8,341.15</u> |
| Aggregate Value of Investments | 0.00 | 0.00 |
| - Quoted | - | - |
| - Unquoted | 8,196.49 | 8,341.15 |
| Aggregate provision for diminution in the value of Investments | 100.89 | - |

| | Non Current | | Current | |
|------------------------------------------------------------------------|------------------------|-------------------------|------------------------|-------------------------|
| | As at June 30, 2012 | As at March 31, 2011 | As at June 30, 2012 | As at March 31, 2011 |
| Note 12 : Loans and Advances | | | | |
| (Unsecured, Considered Good) | | | | |
| Capital Advances | 5,738.88 | 4,024.57 | - | - |
| Security Deposit | 1,281.18 | 607.99 | 213.11 | 98.44 |
| [Net of Provision for Doubtful Advances ₹ 24.28 lacs (₹ 24.28 lacs)] | | | | |
| Loans to Body Corporate (Receivable on demand) | - | - | 564.05 | 564.05 |
| Loans and advances to Related parties | | | | |
| Loans to Body Corporate (Receivable on demand)* | - | - | 8,500.00 | 3,500.00 |
| Advances to a Subsidiary Company* | - | - | - | 2,001.28 |
| Share Application Money to Joint Venture Company | - | - | 122.71 | 10.78 |
| | - | - | <u>8,622.71</u> | <u>5,512.06</u> |
| Advances recoverable in cash or kind | | | | |
| Advances recoverable in cash or in kind or for value to be received | - | - | 4,118.47 | 4,195.24 |
| [Net of Provision for Doubtful Advances ₹ 783.62 lacs (₹ 818.56 lacs)] | | | | |
| Other Loans and advances | | | | |
| Balance with Excise and other Government Authorities | - | - | 2,051.61 | 1,747.80 |
| Sales Tax and Other Refunds Receivable | 366.94 | 366.94 | 3.53 | 14.74 |
| Mat Credit Entitlement | 4,709.71 | 4,709.71 | - | - |
| | <u>5,076.65</u> | <u>5,076.65</u> | <u>2,055.14</u> | <u>1,762.54</u> |
| Total: | <u>12,096.71</u> | <u>9,709.21</u> | <u>15,573.48</u> | <u>12,132.33</u> |
| *(Refer Note 34) | | | | |



Notes to Financial Statements (Contd.)

| | | (₹ in lacs) | |
|--------------------------------------------------------------------------------------------|-------|------------------------|-------------------------|
| | | As at June 30, 2012 | As at March 31, 2011 |
| Note 13 : Other Non Current Assets | | | |
| Non Current bank balances (Refer Note 16) | | 107.65 | 576.96 |
| Interest Receivable on Deposits | | 6.76 | 1.38 |
| Total | | 114.41 | 578.34 |
| Note 14 : Inventories | | | |
| Raw Materials | | 49,620.94 | 41,893.03 |
| [Including in transit ₹ 5,064.85 lacs (₹ 1,544.01 lacs)] | | | |
| Stores and Spares [Including in transit ₹ 12.88 lacs (₹ 298.58 lacs)] | | 4,615.19 | 4,454.43 |
| Work - in - Process | | 642.46 | 709.11 |
| Finished Goods [including materials lying at port ₹ Nil lacs(₹ 116.52 lacs)] | | 23,116.56 | 7,305.42 |
| By Products and Scrap | | 2,898.88 | 2,804.60 |
| Total | | 80,894.03 | 57,166.59 |
| Note 15 : Trade Receivables | | | |
| Outstanding for a period exceeding six month from the date they are due for payment | | | |
| Unsecured, considered good | | 13,646.85 | 5,762.78 |
| Unsecured, considered doubtful | | 437.04 | 484.20 |
| | | 14,083.89 | 6,246.98 |
| Less: Provision for Doubtful Debts | | 437.04 | 484.20 |
| | (A) | 13,646.85 | 5,762.78 |
| Other Debts | | | |
| Unsecured, considered good | (B) | 35,038.14 | 44,741.35 |
| Total | (A+B) | 48,684.99 | 50,504.13 |

Note 16 : Cash and Bank Balances

| | Non Current | | Current | |
|---------------------------------------------------------------------------------|------------------------|-------------------------|------------------------|-------------------------|
| | As at June 30, 2012 | As at March 31, 2011 | As at June 30, 2012 | As at March 31, 2011 |
| Cash and Cash equivalents | | | | |
| Balance with Banks :- | | | | |
| On Current Accounts | — | — | 113.99 | 1,145.36 |
| Deposits With Original Maturity of Less Than 3 Months | — | — | — | 375.50 |
| Cash on hand | — | — | 139.65 | 37.70 |
| Cheques in hand | — | — | 97.03 | 294.87 |
| Unclaimed Dividend Account | — | — | 4.73 | 5.24 |
| Unclaimed Fractional Share Balance | — | — | 0.16 | 0.16 |
| | — | — | 355.56 | 1,858.83 |
| Other Bank Balances | | | | |
| Deposits with original maturity for more than 12 Months* | 107.65 | 576.96 | 558.10 | 549.86 |
| Deposits with original maturity for more than 3 Months but less than 12 months* | — | — | 1,179.40 | 799.66 |
| | 107.65 | 576.96 | 1,737.50 | 1,349.52 |
| Amount disclosed under the head "Other Non Current Assets" (Refer Note 13) | (107.65) | (576.96) | — | — |
| Total | — | — | 2,093.06 | 3,208.35 |

*Including ₹ 1,845.15 Lacs (₹ 1,926.48 lacs) pledged with Banks and others as Margin Money against Borrowings/Other facilities.

| | | (₹ in lacs) | |
|-----------------------------------------------------|--|------------------------|-------------------------|
| | | As at June 30, 2012 | As at March 31, 2011 |
| Note 17 : Other Current Assets | | | |
| Interest Receivable on Loans, Advances and Deposits | | 299.27 | 163.63 |
| Subsidies and Incentives Receivable | | 9,157.94 | 8,104.19 |
| Dividend Receivable from a Subsidiary Company | | --- | 34.95 |
| Total | | 9,457.21 | 8,302.77 |

Notes to Financial Statements (Contd.)

(₹ in lacs)

Note 18 : Revenue from Operations

| | 15 months period ended June 30, 2012 | Previous year ended March 31, 2011 |
|-------------------------------------------|--------------------------------------------|------------------------------------------|
| Sales of products | | |
| Finished Goods | 300,436.14 | 212,557.76 |
| By Products and Scraps | 5,609.36 | 6,421.52 |
| Raw Materials | 2,817.83 | 7,720.25 |
| Other Operating Revenue | | |
| Conversion Charges | 3,562.14 | 3,864.81 |
| Subsidy on Sales Tax/Value Added Tax | 1,921.75 | 1,167.56 |
| Export Incentives | 240.30 | 134.42 |
| Carbon Credit Income | 335.78 | — |
| Service and other Charges | 1,347.92 | 443.33 |
| Revenue from Operations (Gross) | 316,271.22 | 232,309.65 |
| Less: Excise Duty | 22,948.10 | 15,734.19 |
| Revenue from Operations (Net) | 293,323.12 | 216,575.46 |
| Sale of finished goods comprise* : | | |
| Sponge Iron | 21,923.32 | 13,232.57 |
| Pig Iron | 51,353.32 | 48,525.10 |
| Steel Bars/Rods | 38,835.11 | 37,815.25 |
| Billet/MS Ingots @ | 124,315.71 | 82,639.75 |
| Ferro Alloys # | 25,203.45 | 20,299.29 |
| Ductile Iron Pipe# | 37,360.98 | 9,146.68 |
| Power | 1,317.63 | 1,364.02 |
| Coal | 126.62 | 199.98 |
| Manganese Ore | — | 491.74 |
| | 300,436.14 | 213,714.38 |

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

@ Includes Nil (19.28 MT) as samples.

Includes Trial Run Sales of Nil (2,371.54 MT) valuing ₹ Nil (₹ 1,156.62 lacs).

Note 19 : Other Income

| | 15 months period ended June 30, 2012 | Previous year ended March 31, 2011 |
|----------------------------------------------------------------------------------------------|--------------------------------------------|------------------------------------------|
| Interest on : | | |
| (a) Fixed Deposits with Banks [Gross, Tax deducted at Source ₹ 18.09 lacs (₹ 11.32 lacs)] | 210.14 | 105.44 |
| (b) Loans and Advances [Gross, Tax deducted at Source ₹ 173.44 lacs (₹ 72.32 lacs)] | 1,752.01 | 776.11 |
| (c) Refund from Income Tax Department | — | 65.72 |
| Commission Received | 130.93 | 769.88 |
| Dividend from long term Investments (other than trade) | 0.47 | 1.23 |
| Dividend from a Subsidiary Company | — | 34.95 |
| Insurance Claims | 30.37 | 70.00 |
| Liabilities no longer required written back | 425.04 | 341.67 |
| Reversal of provision for Diminution in the value of Investments | — | 1.24 |
| Reversal of provision for doubtful debts | — | 37.54 |
| Profit on sale of Fixed Assets | — | 8.78 |
| Miscellaneous Income | 29.13 | 8.85 |
| Total | 2,578.09 | 2,221.41 |



Notes to Financial Statements (Contd.)

Note 20 : Cost of Materials Consumed

(₹ in lacs)

| | 15 months period ended June 30, 2012 | Previous year ended March 31, 2011 |
|-----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|------------------------------------------|
| Opening Stock | 41,893.03 | 29,252.40 |
| Purchases# | 242,240.65 | 148,487.45 |
| | 284,133.68 | 177,739.85 |
| Less: Closing Stock | 49,620.94 | 41,893.03 |
| Raw Materials Consumed | 234,512.74 | 135,846.82 |
| Inter Unit Purchase | 0.00 | 0.00 |
| Raw Materials Consumed | 234,512.74 | 135,846.82 |
| # [Net of loss/(Gain) on exchange fluctuations of ₹ 2,845.06 lacs [₹ 61.35 lacs] | | |
| Consumption of Raw Material# : | | |
| Iron Ore / Pellets | 61,947.22 | 38,843.38 |
| Manganese Ore | 13,304.67 | 10,212.76 |
| Sponge Iron | 26,581.47 | 16,108.84 |
| Billet / Ingot | 9,017.50 | 10,265.93 |
| Coke / Coal | 116,235.26 | 56,812.18 |
| Magnesium Metal | 580.01 | 156.29 |
| Pig Iron | 24.56 | 44.1 |
| Steel Scrap & Wastes | 1,342.15 | 875.48 |
| Ferro Alloys | 1,455.87 | 149.45 |
| Quartzite, Limestone and Dolomite | 4,024.03 | 2,518.50 |
| | 234,512.74 | 135,986.91 |
| # including cost of raw materials sold and consumed during trial run process ₹ Nil (₹ 3,523.66 lacs) and ₹ Nil (₹ 140.09) respectively. | | |
| Purchase of trading goods includes: | | |
| Sponge Iron | — | 620.37 |
| Billet/MS Ingots | — | 3,213.64 |
| Coal | 126.62 | 198.94 |
| Manganese Ore | — | 479.11 |
| M S Steel / Channel / Scrap | — | — |
| | 126.62 | 4,512.06 |
| Note 21 : Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade | | |
| Opening Stocks : | | |
| Work-in-Process | 709.11 | 399.34 |
| Finished Goods | 7,305.42 | 6,938.53 |
| By Products and Scrap | 2,804.60 | 1,879.05 |
| | 10,819.13 | 9,216.92 |
| Add: Stock transferred from Trial Run | — | 1,573.76 |
| | 10,819.13 | 10,790.68 |
| Less: | | |
| Transferred to Trial Run | — | 1,724.48 |
| Transferred to Fixed Assets | — | 754.84 |
| | — | 2,479.32 |
| | 10,819.13 | 8,311.36 |
| Less: | | |
| Closing 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 |
| | (15,838.77) | (2,507.77) |
| (Increase)/Decrease in excise duty and cess on stocks | 2,022.28 | 93.37 |
| Total | (13,816.49) | (2,414.40) |



Notes to Financial Statements (Contd.)

| | (₹ in lacs) | |
|-----------------------------------------------------------|--------------------------------------------|------------------------------------------|
| | 15 months period ended June 30, 2012 | Previous year ended March 31, 2011 |
| Stock of finished goods comprises: | | |
| Opening Stock : | | |
| Sponge Iron | 651.89 | 537.5 |
| Pig Iron | 273.16 | 1,192.59 |
| Steel Bars/Rods | 2,129.71 | 2,231.60 |
| Billet/MS Ingots | 1,899.96 | 2,192.85 |
| Ferro Alloys | 907.49 | 783.99 |
| Ductile Iron Pipe | 1,443.21 | — |
| Total: | 7,305.42 | 6,938.53 |
| Closing 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 Ingot | 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 |
| Note 22 : Employee Benefits Expense | | |
| Salaries, Wages, Bonus & Other Benefits | 6,727.39 | 4,679.72 |
| Contribution to Provident Fund & other fund | 290.53 | 348.09 |
| Staff Welfare Expenses | 292.14 | 147.89 |
| Directors remuneration | — | 230.87 |
| Total: | 7,310.06 | 5,406.57 |
| Note 23 : Finance Costs | | |
| On Term loans | 14,643.48 | 7,733.07 |
| On Income Tax | 190.64 | 268.59 |
| On Others | 14,736.67 | 6,681.17 |
| Finance charges | 2,428.89 | 954.40 |
| Total: | 31,999.68 | 15,637.23 |
| Note 24 : Other Expenses | | |
| Consumption of Stores and Spares | 20,402.47 | 13,516.44 |
| Labour Charges | 6,429.62 | 5,058.46 |
| Power and Fuel | 18,651.65 | 11,012.61 |
| Repairs and Maintenance: | | |
| - Plant and Machinery | 1,016.66 | 990.69 |
| - Buildings | 205.10 | 143.43 |
| - Others | 286.53 | 314.19 |
| Water Charges | 472.71 | 410.84 |
| Equipment Hire Charges | 3,038.90 | 2,096.90 |
| Shifting Expenses | 1,537.96 | 971.85 |
| Freight and Transportation | 3,392.15 | 1,800.64 |
| Rent and Hire | 149.88 | 79.81 |
| Rates and Taxes | 561.37 | 164.99 |
| Insurance | 171.94 | 117.87 |
| Advertisement | 115.24 | 87.82 |
| Brokerage and Commission (Other than Sole Selling Agents) | 383.01 | 127.19 |
| Travelling and Conveyance | 568.85 | 477.19 |
| Telephone and Postage | 102.69 | 83.92 |
| Legal and Professional Charges(Refer Note No. 39) | 500.09 | 366.25 |
| Directors' Fees | 2.20 | 1.45 |
| Provision for Doubtful Debts and Advances | — | 734.60 |
| Provision for Diminution in the Value of Investments | 100.89 | — |
| Irrecoverable Debts and Advances Written off | 82.83 | 82.62 |
| Less: Adjusted against Provisions | 82.10 | — |
| Loss on sale of long term non trade Investments | 150.00 | 1.55 |
| Less: Adjusted against Provisions | — | 1.55 |
| Loss on Foreign Exchange Fluctuations (Net) | 912.96 | 252.18 |
| Charity and Donations | 41.36 | 29.24 |
| Security and Service Charges | 534.14 | 371.99 |
| Loss on Sale of Fixed Assets | 12.08 | — |
| Miscellaneous Expenses | 681.58 | 664.73 |
| Prior period expenses | 353.98 | 268.95 |
| Total: | 60,776.74 | 40,226.85 |

**Notes to Financial Statements (Contd.)**

| | As at June 30, 2012 | As at March 31, 2011 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------------------|
| 25. Contingent liabilities not provided for: | | (₹ in lacs) |
| a) Claims against the Company not acknowledged as debts | | |
| i) Excise and Service Tax Demands under dispute/appeal | 3,536.93 | 3,812.03 |
| ii) Sales Tax / VAT matters under dispute / appeal | 11,552.59 | 195.03 |
| iii) Others | – | 44.74 |
| b) Letters of Credit, Bills discounted and Bank Guarantees outstanding | 11,533.70 | 4,435.17 |
| c) Custom Duty on Import of Equipment and spare parts under EPCG Scheme | 2,266.13 | 945.35 |
| d) Guarantees and Counter guarantees given by the Company for loans obtained by subsidiary company | 4,500.00 | 4,500.00 |
| e) Guarantee given for Joint Venture Companies | 1,412.46 | 1,412.46 |
| 26. Estimated amount of contracts remaining to be executed on Capital Account and not provided for [Net of Advances ₹ 5,738.88 lacs (₹ 4,024.57 lacs)] | 1,498.92 | 9,695.35 |

Proportionate amount of pending capital commitments on account of Joint Venture Companies is ₹ 10.52 lacs (₹ 273.23 lacs) as at March 31, 2012 (as at March 31, 2011).

27. 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.
28. 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 resultant tax liability of ₹ 1,228 lacs had been taken into account in income tax return of assessment year 2011-12. The Income Tax authorities are yet to complete assessment proceedings in respect of search and seizure operations.
29. Pursuant to the application submitted to the Corporate Debt Restructuring (CDR) Cell for restructuring of Company's Borrowings from Banks, the Final restructuring scheme has been taken up in the CDR Empowered Group (CDR EG) in its meeting held on 1st August, 2012 and was formally approved at the CDR Empowered Group (EG) meeting held on 24th August 2012. The company have received the Letter of Approval dated 20th September 2012 from the CDR cell. Pending execution of the Master Restructuring Agreement and sanction by all the lenders, no effect has been given in the financial results.
30. 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 ₹ 1,921.75 lacs (₹ 1,170.41 lacs):

| Sl. No. | Particulars | Account to which credited | 15 months period ended June 30, 2012 | 2010-11 |
|---------|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|----------|
| a) | Industrial Promotion Assistance* | Subsidy on Sales Tax / Value Added Tax under Sales & Service & Capital Work in Progress and Pre operative Expenditure pending Allocation | 1,921.75 | 1,170.41 |
| | | | 1,921.75 | 1,170.41 |

* includes ₹ Nil (₹ 2.85 lacs) on account of sale of Finished goods under trial run

Notes to Financial Statements (Contd.)

31. 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:

| Particulars | 15 months period ended June 30, 2012 | 2010-11 |
|----------------------------------------------------|--------------------------------------|---------------|
| Current service cost | 212.11 | 121.03 |
| Interest cost on benefit obligation | 57.51 | 29.60 |
| Expected return on plan assets | (27.59) | (15.51) |
| Net actuarial loss / (gain) recognised in the year | (158.24) | 69.67 |
| Past Service cost | 15.54 | 12.33 |
| Total Expenses* | 99.33 | 217.12 |

*Includes ₹ 31.26 lacs (₹ 28.07 lacs) transferred to Preoperative/Trial Run

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

| Particulars | As at June 30, 2012 | As at March 31, 2011 |
|----------------------------------------------|---------------------|----------------------|
| Present value of Defined Benefits Obligation | 660.46 | 574.74 |
| Fair value of plan assets | 310.62 | 209.13 |
| | 349.84 | 365.61 |
| Less: Unrecognised past service cost | 9.13 | 24.67 |
| Net liability | 340.71 | 340.94 |

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

| Particulars | 15 months period ended June 30, 2012 | 2010-11 |
|--------------------------------------------------------------------------|--------------------------------------|---------------|
| Present Value of Defined Benefit Obligation at the beginning of the year | 574.74 | 366.43 |
| Current Service Cost | 212.11 | 121.03 |
| Interest Cost | 57.51 | 29.60 |
| Benefits Paid | (27.28) | (11.00) |
| Actuarial Loss / (Gain) | (156.62) | 68.68 |
| Plan Amendments | — | — |
| Present Value of Defined Benefits Obligation at the year end | 660.46 | 574.74 |

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

| Particulars | 15 months period ended June 30, 2012 | 2010-11 |
|--------------------------------------------------------|--------------------------------------|---------------|
| Fair Value of Plan Assets at the beginning of the year | 209.13 | 150.13 |
| Expected Return | 27.59 | 15.51 |
| Contribution by Employer | 99.56 | 55.48 |
| Benefits paid | (27.28) | (11.00) |
| Actuarial Gains/ (Losses) | 1.62 | (0.99) |
| Fair Value of Plan Assets at the year end | 310.62 | 209.13 |

Notes to Financial Statements (Contd.)

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

| Particulars | 15 months period ended June 30, 2012 | 2010-11 |
|-----------------------------|--------------------------------------|---------|
| Investment with the insurer | 100% | 100% |

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

| Particulars | 15 months period ended June 30, 2012 | 2010-11 |
|-----------------------------------|--------------------------------------|---------|
| Discount Rate | 8.50% | 8.20% |
| Expected Rate of return on assets | 9.00% | 9.00% |
| Rate of increase in salaries | 10.00% | 10.00% |
| Mortality Table | LIC (1994-96) ultimate | |

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

| Particulars | As at June 30, 2012 | As at March 31, 2011 | As at March 31, 2010 |
|---------------------------------------------------------|---------------------|----------------------|----------------------|
| Defined benefit obligation | (660.46) | (574.74) | (366.43) |
| Plan Assets | 310.62 | 209.13 | 150.13 |
| Surplus / (Deficit) | (349.84) | (365.61) | (216.30) |
| Experience Gain/ (Loss) Adjustments on plan liabilities | 129.08 | (68.68) | (23.15) |
| Experience Gain/ (Loss) Adjustments on plan assets | 1.62 | (0.99) | (0.14) |

(₹ in lacs)

| Particulars | 15 months period ended June 30, 2012 | 2010-11 |
|------------------------------------------------|--------------------------------------|---------|
| Contribution to Provident Fund and other Funds | 483.98 | 359.42 |

Note:

- i. The Company expects to contribute ₹ 340.71 lacs (₹ 340.94 lacs) to Gratuity Fund in 2012-13.
- ii. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The above information is certified by the Actuary.
- iii. The management has relied on the overall actuarial valuation conducted by the actuary.

Notes to Financial Statements (Contd.)

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

| Sl. No. | Particulars | 15 months period ended June 30, 2012 | 2010-11 |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------|
| a) | Principal Amount remaining unpaid to the suppliers as at the end of the year | — | — |
| b) | Interest due on above remaining unpaid to the suppliers as at the end of the year | — | — |
| c) | Amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 | — | — |
| 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. | — | — |

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

| Particulars | | As at June 30, 2012 | | | As at March 31, 2011 | | |
|--------------------|------------------------|----------------------------|---------------|------------------|----------------------------|------------|------------------|
| | | Amount in Foreign Currency | | ₹ in lacs. | Amount in Foreign Currency | | ₹ in lacs. |
| Receivables | | | | | | | |
| (a) | Sundry Debtors | — | — | — | US\$ | 3,571,104 | 1,594.50 |
| (b) | Advances | US\$ | 68,746 | 38.71 | US\$ | — | — |
| | | Euro | — | — | Euro | — | — |
| | | GBP | — | — | GBP | 886 | 0.64 |
| | Total | | 68,746 | 38.71 | | | 1,595.14 |
| Payables | | | | | | | |
| (a) | Sundry Creditors | US\$ | 27,402,886 | 15,430.29 | US\$ | 2,789,046 | 1,245.31 |
| | | Euro | 241,437 | 171.20 | Euro | 21,510 | 13.60 |
| (b) | Foreign Currency Loans | US\$ | 12,071,788 | 6,797.50 | US\$ | 16,520,615 | 7,376.45 |
| | | Euro | — | — | Euro | 6,078,571 | 3,844.09 |
| | Total | | | 22,398.99 | | | 12,479.45 |

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

Contracts of US\$ 1,650,000 (US\$ 3,712,500) for minimizing the risk of currency exposure on foreign currency loans from banks aggregating ₹ 929.10 lacs (₹ 1,657.63 lacs).

**Notes to Financial Statements (Contd.)**

34. Loans and Advances and other current liabilities includes the following balances :

| Name of the Company | As at June 30, 2012 | Maximum Amount due at any time during 15 months period ended June 30, 2012 | As at March 31, 2011 | Maximum Amount due at any time during the year 2010-11 |
|-------------------------------------------------------|------------------------|----------------------------------------------------------------------------------------|-------------------------|-----------------------------------------------------------------|
| In terms of Clause 32 of the Listing Agreement | | | | |
| Jai Balaji Jyoti Steels Ltd. | 8,499.63 | 12,088.17 | 3,521.05 | 6,407.16 |
| Subsidiary Company | | | | |
| Nilachal Iron and Power Limited | (309.04) | 2,001.28 | 2,001.28 | 3,770.35 |

35. Basic and diluted earnings per share:

| | | | 15 months period ended June 30, 2012 | 2010-11 |
|---|-----------------------------------------------------------------------------|-----------|--------------------------------------------|------------|
| A | Profit / (Loss) after Tax | ₹ in lacs | (27605.62) | 7,395.09 |
| 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 | 10 |
| F | Basic Earning per Share | ₹ | (43.28) | 11.60 |
| G | Diluted Earning per Share | ₹ | (43.28) | 11.60 |

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

37. Related Party Disclosures

a) Name of Related Parties :

| | |
|-----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Subsidiary Companies | Nilachal Iron & Power Limited (NIPL) Jai Balaji Steels (Purulia) Limited (JBSP) 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 (JBJSL) 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 Ltd (SMBSL) |

Notes to Financial Statements (Contd.)

b. Related Party Transactions:

| Relationship | Party | Sales | Purchases | Rent paid | Interest Received | Dividend Received | Dividend Paid | Director's Fee | Share Application in Advance | Investment in Equity/Preference Shares | Reimbursement of expenses | Dividend Receivable | Balance Receivable | Balance Payable | Guarantees Obtained | Corporate Guarantee Given | ₹ in lacs) | |
|----------------------------------------------------------------------------------------------|----------------|--------------------------|--------------------------|----------------|----------------------|-------------------|---------------|----------------|------------------------------|----------------------------------------|---------------------------|---------------------|-------------------------|-----------------|----------------------------|---------------------------|------------------------|--|
| | | | | | | | | | | | | | | | | | | |
| Subsidiaries | NPL | 26.79 (1,098.77) | 8,953.17 (8,993.73) | - | - | - | - | - | - | - | - | - | - | 309.04 | - | - | 4,500.00 (4,500.00) | |
| | JBSPL | - | - | - | - | (34.95) | - | - | - | - | - | (34.95) | (2001.28) | - | - | - | - | |
| Joint Venture | JBEPL | - | - | - | - | - | - | - | (5.00) | (2.08) | - | - | - | - | - | - | - | |
| | RCPL | - | - | - | - | - | - | - | (5.00) | (2.08) | - | - | - | - | - | - | - | |
| Key Management Personnel | Aditya Jajodia | - | - | - | - | - | - | - | 53.34 (18.29) | - | - | - | - | - | - | - | 898.38 (898.38) | |
| | Sanjiv Jajodia | - | - | - | - | - | - | - | 112.00 (10.71) | - | - | - | - | - | - | - | 514.08 (514.08) | |
| Relatives of Key Management Personnel | Rajiv Jajodia | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Gaurav Jajodia | - | - | - | - | - | - | - | 12.37 (11.34) | - | - | - | - | - | - | - | - | |
| Enterprises owned or significantly influenced by key management personnel or their relatives | CSIL | 7,087.92 (6,010.79) | 133.37 (159.17) | - | 500.87 (41.43) | - | - | - | - | - | (30.83) | - | 4,379.05 (2,327.87) | - | - | - | - | |
| | JBSL | 231.19 (755.97) | 14,471.05 (5,390.64) | - | 1,127.91 (571.40) | - | - | - | - | - | - | - | 8,499.63 (3,521.05) | - | - | - | - | |
| Others | JSBPL | 3,724.14 (3,412.25) | 4,599.34 (3,063.93) | - | - | - | - | - | - | - | - | - | - | 1,229.43 | - | - | - | |
| | SMBL | - | 183.18 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Total | JEPL | - | - | 0.86 (0.69) | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | ESL | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Total | HML | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Others | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Total | | 11,070.40 (12,281.20) | 28,340.11 (17,607.47) | 0.86 (0.69) | 1,628.77 (612.83) | 30.49 (129.46) | - | 0.65 (0.45) | 112.00 (10.78) | 53.34 (142.58) | - | - | 12,878.68 (7,850.20) | 1,538.47 | 593,490.51 (553,572.00) | 5,912.46 (5,912.46) | | |

Note : Managerial Remuneration have been disclosed in Note 38



Notes to Financial Statements (Contd.)

38. Managerial Remuneration

| | | 15 months period ended June 30, 2012 | 2010-11 |
|-----|---------------------------------------|-----------------------------------------|---------------|
| (a) | Chairman and Managing Director | | |
| | Salary and Allowances | — | 151.50 |
| | Perquisites | — | 7.94 |
| | Total | — | 159.44 |
| (b) | Whole-time Director | | |
| | Salary and Allowances | — | 124.80 |
| | Perquisites | — | 3.15 |
| | Total | — | 127.95 |

Note:

- As the liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not included above.
- Includes ₹ Nil (₹ 56.52 lacs) transferred to Preoperative Expenses.

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

| Payment to Auditor | 15 months period ended June 30, 2012 | | 2010-11 | |
|-----------------------------------|-----------------------------------------|--------------|---------|--------------|
| As auditor: | | | | |
| Audit fee | 6.00 | | 25.00 | |
| Limited Review | 26.50 | | 22.50 | |
| Tax Audit | 0.75 | | 0.75 | |
| Out-of-pocket expenses | 0.60 | 33.85 | 0.47 | 48.72 |
| In other manner for Certification | | 3.50 | | 5.55 |
| Total | | 37.35 | | 54.27 |

Out of above ₹ 37.35 lacs (₹ 54.27 lacs) amount paid to previous auditor amounts to ₹ 26.60 lacs (₹ 52.92 lacs)

40. 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:

(₹ in lacs)

| | 15 months period ended June 30, 2012 | 2010-11 |
|--------------------------------------------------------------------------------|-----------------------------------------|------------|
| Total Number of Equity shares held by the promoter group | 3,27,36,884 | 32,625,751 |
| Total Number of Equity shares pledged by the promoter group | 3,07,82,233 | 12,861,233 |
| Percentage of total shares pledged to total shareholding of the promoter group | 94.03% | 39.42% |
| Percentage of total shares pledged to total outstanding shares of the Company | 48.26% | 20.16% |

41. 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 | |
|--------------------------------------------------------------------------|---------------------------------|---------|----------------------------|---------|
| | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| 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 | 64.12 | 27.37 | 0.56 | 4.17 |
| Non Current Assets | 500.39 | 274.72 | 243.47 | 165.73 |
| Current Liabilities | 115.69 | 159.61 | 0.08 | 0.08 |
| Non Current Liabilities | 0.50 | 0.25 | — | — |
| Revenue | — | — | 0.12 | 0.08 |
| Other Expenses | 0.83 | 0.26 | 0.12 | 0.11 |
| Loss before tax | 0.83 | 0.26 | 0.00 | 0.03 |

Capital expenditure commitments and contingent liabilities of the joint venture are disclosed in Note 26

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



Notes to Financial Statements (Contd.)

| Consumption | Raw Materials* | | Components, Spare Parts etc* | |
|--------------|-----------------------------------|---------------------------|---------------------------------|---------------------------|
| | ₹ in lacs | % of total Consumption | ₹ in lacs | % of total Consumption |
| Imported | 27,231.55 (6,467.62) | 11.61 (4.76) | 2,399.33 (1,623.32) | 11.76 (11.68) |
| Indigenous | 207,281.19 (129,519.29) | 88.39 (95.24) | 18,003.14 (12,276.85) | 88.24 (88.32) |
| Total | 234,512.74 (135,986.91) | 100.00 (100.00) | 20,402.47 (13,900.17) | 100.00 (100.00) |

*Includes materials consumed during trial run process.

42. Value of Imports (calculated on CIF basis)

| Particulars | 15 months period ended June 30, 2012 | 2010-11 |
|--------------------------|-----------------------------------------|------------------|
| Raw materials | 29,253.01 | 7,004.93 |
| Components & Spare Parts | 2,159.86 | 1,677.35 |
| Capital Goods | 2,094.12 | 8,591.95 |
| Total | 33,506.99 | 17,274.23 |

43. Expenditure in Foreign Currency (on accrual basis)

| Particulars | 15 months period ended June 30, 2012 | 2010-11 |
|--------------------------------|-----------------------------------------|---------------|
| Professional Consultation Fees | 116.87 | 39.60 |
| Interest | 291.07 | 166.91 |
| Others | 155.04 | 92.82 |
| Total# | 562.98 | 299.33 |

#Includes amount transferred to Preoperative and Trial Run Expenses

44. Earnings in Foreign Currency (on accrual basis)

| Particulars | 15 months period ended June 30, 2012 | 2010-11 |
|----------------------|-----------------------------------------|----------|
| Exports at FOB Value | 4,540.75 | 4,125.19 |

(₹ in lacs)

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

| Particulars | 15 months period ended June 30, 2012 | 2010-11 |
|-------------------------------------------------|-----------------------------------------|------------|
| i) Financial Year to which the dividend relates | 2010-11 | 2009-10 |
| ii) No. of non-resident shareholders | 143 | 89 |
| iii) No. of Shares held | 17,176,309 | 14,754,922 |
| iv) Amount remitted as dividend (₹ in lacs)* | Nil | Nil |

*Excludes dividend paid to non-resident shareholders in Indian Rupees aggregating to ₹ 68.71 lacs (₹ 59.02 lacs)

46. Till the year ended March 31, 2011, the Company was preparing its accounts based on the Schedule VI to the Companies Act 1956, during the year ended June 30, 2012 the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification.

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 : October 04, 2012

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
Chairman & Managing Director

Sanjiv Jajodia
Wholetime Director

Rajiv Jajodia
Director

Raj Kumar Sharma
Chief Financial Officer

Ajay Kumar Tantia
Company Secretary

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

| | | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------|---|-----------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| 1. Name of the Subsidiaries | : | Nilachal Iron & Power Limited | Jai Balaji Steels (Purulia) Limited | Jai Balaji Energy (Purulia) Limited |
| 2. The financial year of the Subsidiary Companies ended on : | | 31 st March, 2012 | 31 st March, 2012 | 31 st March, 2012 |
| 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, 2012 | : | ₹ (24.23) Lacs | NIL | NIL |
| ii) For the previous Financial year of the Subsidiary Company since it became the Holding Company's Subsidiary | : | ₹ 399.28 Lacs | NIL | NIL |
| b) Dealt with in the Holding Company's account | | | | |
| i) For the Financial year ended 31 st March, 2012 | : | NIL | NIL | NIL |
| ii) For the previous Financial year of the Subsidiary Company since it became the Holding Company's Subsidiary | : | ₹ 34.95 Lacs | N.A. | N.A. |

Statement pursuant to Section 212 (5) 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 | |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | | 30 th June, 2012 | 31 st March, 2012 | 30 th June, 2012 | 31 st March, 2012 | 30 th June, 2012 | 31 st March, 2012 |
| 2 | Interest of Jai Balaji Industries Limited in its subsidiaries between the end of financial year of Subsidiary Company and Jai Balaji Industries Limited | 3,49,48,727 equity shares of ₹ 10/- each | 3,49,48,727 equity shares of ₹ 10/- each | 50,000 equity shares of ₹ 10/- each | 50,000 equity shares of ₹ 10/- each | 50,000 equity shares of ₹ 10/- each | 50,000 equity shares of ₹ 10/- each |
| 3 | Material change between the end of financial year of subsidiary and Jai Balaji Industries Limited in respect of the following: | (Amount ₹ in lacs) | | | | | |
| a. | Fixed Assets | | | | | | |
| i) | Tangible Assets | 13,333.13 | 5,125.01 | NIL | NIL | NIL | NIL |
| ii) | Capital Work-in-Progress | 1,355.75 | 9,509.12 | 0.43 | 0.37 | 0.45 | 0.37 |
| b. | Investments | 26.86 | 26.86 | NIL | NIL | NIL | NIL |
| c. | Money lent by the Subsidiary Company | | | | | | |
| i) | Long Term | NIL | NIL | NIL | NIL | NIL | NIL |
| ii) | Short term | NIL | NIL | NIL | NIL | NIL | NIL |
| d. | Money borrowed by the Subsidiary Company | | | | | | |
| i) | Long term | 3,601.78 | 3,802.19 | NIL | NIL | NIL | NIL |
| ii) | Short term | 3,847.06 | 3,541.68 | NIL | NIL | NIL | NIL |

For and on behalf of the Board of Directors

Aditya Jajodia
Chairman & Managing Director

Sanjiv Jajodia
Wholtime Director

Rajiv Jajodia
Director

Place : Kolkata
Date : October 4, 2012

Raj Kumar Sharma
Chief Financial Officer

Ajay Kumar Tantia
Company Secretary



Auditors' Report on the Consolidated Financial Statements

To
The Board of Directors
Jai Balaji Industries Limited

1. We have audited the attached Consolidated Balance Sheet of **Jai Balaji Industries Limited and its subsidiaries and joint venture companies** ('the Group') as at June 30, 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the Period ended on that date annexed thereto. These financial statements are the responsibility of the Jai Balaji Industries Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

3. We did not audit the financial statements of subsidiaries for the period from April 1, 2011 to June 30, 2012 and joint venture companies for the period from April 1, 2011 to March 31, 2012, whose financial statement reflects total asset of ₹ 22,510.36 lacs as at June 30, 2012, total revenue of ₹ 10,651.77 lacs and cash outflow of ₹102.92 lacs. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary and joint venture companies, is based solely on the reports of other auditors.

4. We report that the consolidated financial statements have been prepared by the company's management in accordance with the requirements of Accounting Standard(AS) 21, Consolidated Financial Statements, and Accounting Standard(AS) 27, financial reporting of interest in joint venture, notified pursuant to the companies(Accounting Standards)

Rules, 2006(as amended).

5. 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 June 30, 2012;
 - b) in the case of Consolidated Statement of Profit and Loss, of the loss of the Group for the period ended on that date; and
 - c) in the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the period ended on that date.

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

CA R R Modi
Partner
Membership No. 053118

Place : Kolkata
Dated : October 4, 2012

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

CA Sandeep Agarwal
Partner
Membership No. 065643

Place : Kolkata
Dated : October 4, 2012

**Consolidated Balance Sheet** as at June 30, 2012

(₹ in lacs)

| | Notes | As at June 30, 2012 | As at March 31, 2011 |
|------------------------------------------------------------------------------|-------|------------------------|-------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Fund : | | | |
| Share Capital | 2 | 6,377.11 | 6,377.11 |
| Reserves and Surplus | 3 | 66,323.57 | 94,588.05 |
| | | 72,700.68 | 100,965.16 |
| Share Application Money pending allotment | | 230.86 | 20.47 |
| Non Current Liabilities | | | |
| Long Term Borrowings | 4 | 52,820.87 | 77,899.10 |
| Deferred Tax Liabilities (Net) | 5 | 2,463.11 | 13,722.54 |
| Long Term Provisions | 6 | 10.22 | 5.65 |
| | | 55,294.20 | 91,627.29 |
| Current Liabilities | | | |
| Short Term Borrowings | 7 | 119,672.93 | 90,873.42 |
| Trade Payables | 8 | 80,432.19 | 39,728.06 |
| Other Current Liabilities | 8 | 75,424.22 | 41,451.21 |
| Short Term Provisions | 9 | 447.87 | 2,364.91 |
| | | 275,977.21 | 174,417.60 |
| TOTAL | | 404,202.95 | 367,030.52 |
| ASSETS | | | |
| Non Current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 10 | 168,112.17 | 169,893.99 |
| Capital Work in Progress and Pre-Operative Expenditure Pending Allocation | 11 | 60,477.72 | 46,759.06 |
| Non Current Investments | 12 | 63.11 | 362.00 |
| Long Term Loans and Advances | 13 | 12,583.27 | 10,222.77 |
| Other Non Current Assets | 14 | 118.81 | 582.74 |
| | | 241,355.08 | 227,820.56 |
| Current Assets | | | |
| Current Investments | 15 | 0.41 | 1.19 |
| Inventories | 16 | 84,588.76 | 62,490.83 |
| Trade Receivables | 17 | 49,849.10 | 52,724.17 |
| Cash and Bank Balances | 18 | 2,357.04 | 3,575.15 |
| Short Term Loans and Advances | 13 | 16,242.90 | 11,056.00 |
| Other Current Assets | 19 | 9,809.66 | 9,362.62 |
| | | 162,847.87 | 139,209.96 |
| TOTAL | | 404,202.95 | 367,030.52 |
| Significant Accounting Policies | 1 | | |

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.
Firm Regn No. 000935C
Chartered Accountants

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

Aditya Jajodia
Chairman &
Managing Director

Sanjiv Jajodia
Wholetime Director

Rajiv Jajodia
Director

CA R. R. Modi
Partner
Membership No. 053118

CA Sandeep Agarwal
Partner
Membership No. 065643

Raj Kumar Sharma
Chief Financial Officer

Ajay Kumar Tantia
Company Secretary

Place : Kolkata
Date : October 04, 2012

**Consolidated Statement of Profit and Loss Account** for 15 months period ended June 30, 2012

(₹ in lacs)

| | Notes | 15 months period ended June 30, 2012 | Previous year ended March 31, 2011 |
|----------------------------------------------------------------------------------|-------|-----------------------------------------|---------------------------------------|
| INCOME | | | |
| Revenue from Operations (Gross) | 20 | 318,615.19 | 235,513.26 |
| Less: Excise Duty | 20 | 23,032.04 | 16,006.04 |
| Revenue from Operations (Net) | | 295,583.15 | 219,507.22 |
| Other Income | 21 | 2,626.37 | 2,274.67 |
| Total Revenue (I) | | 298,209.52 | 221,781.89 |
| EXPENSES | | | |
| Cost of Materials Consumed | 22 | 233,398.15 | 136,395.40 |
| Purchase of Stock in Trade | | 126.62 | 4,512.06 |
| Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade | 23 | (12,990.11) | (2,550.36) |
| Employee Benefits Expense | 24 | 7,836.66 | 5,718.86 |
| Finance Costs | 25 | 32,663.11 | 16,097.44 |
| Depreciation and Amortization Expense | 10 | 14,371.34 | 8,637.90 |
| Other Expenses | 26 | 62,325.13 | 41,127.45 |
| Total Expenses (II) | | 337,730.90 | 209,938.75 |
| Profit / (Loss) before Tax (I-II) | | (39,521.38) | 11,843.14 |
| Tax Expenses: | | | |
| Current Tax Expenses [Including ₹ Nil (₹ 63.09 lacs) for Earlier Year] | | 2.51 | 2,628.43 |
| Less : MAT Credit Entitlement | | — | 2,606.66 |
| Net Current Tax Expenses | | 2.51 | 21.77 |
| Deferred Tax | | (11,259.43) | 4,068.77 |
| Total Tax Expense | | (11,256.92) | 4,090.54 |
| Profit/(Loss) for the period | | (28,264.46) | 7,752.60 |
| Earnings per Equity Share:(Nominal Value per Share ₹ 10) | | | |
| Basic & Diluted | | (44.31) | 12.16 |
| Significant Accounting Policies | 1 | | |

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.
Firm Regn No. 000935C
Chartered Accountants

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

Aditya Jajodia
Chairman &
Managing Director

Sanjiv Jajodia
Wholetime Director

Rajiv Jajodia
Director

CA R. R. Modi
Partner
Membership No. 053118

CA Sandeep Agarwal
Partner
Membership No. 065643

Raj Kumar Sharma
Chief Financial Officer

Ajay Kumar Tantia
Company Secretary

Place : Kolkata
Date : October 04, 2012

**Consolidated Cash Flow Statement** for the 15 months period ended June 30, 2012

(₹ in lacs)

| | 15 months period ended June 30, 2012 | Previous year ended March 31, 2011 |
|---------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------------|
| A: Cash Flow From Operating Activities | | |
| Net Profit Before Taxes | (39,521.38) | 11,843.14 |
| Adjustments For : | | |
| Depreciation / Amortisation (Net) | 14,371.34 | 8,637.90 |
| (Profit) / Loss on Sale of Fixed Assets | 12.08 | (8.78) |
| Irrecoverable Debts and Advances Written off | 681.54 | 295.19 |
| Provision for Doubtful Debts / Advances (net) | — | 697.06 |
| Liabilities no longer required written back | (449.94) | (385.75) |
| Interest on Term Loans and Others | 30,189.43 | 14,840.08 |
| Provision for Diminution in the value of Investments | 100.89 | — |
| Reversal of provision for Diminution in the value of Investments | — | (1.24) |
| Dividend from long term Non Trade Investments | (0.47) | (1.23) |
| Loss on sale of long term Non Trade Investments | 150.00 | — |
| Prior Period Expenditure (net) | 365.14 | 281.32 |
| Loss on Foreign Exchange Fluctuations (Net) | 912.96 | 252.18 |
| Interest Income | (1,984.99) | (898.12) |
| Operating Profit Before Working Capital Changes | 4,826.60 | 35,551.75 |
| Movements in Working Capital : | | |
| Decrease / (Increase) in Trade Receivables | 5,701.99 | (17,425.09) |
| Decrease / (Increase) in Loans and Advances and Other Current / Non Current Assets | (5,253.53) | 2,253.45 |
| Decrease / (Increase) in Inventories | (22,091.36) | (12,487.22) |
| Decrease / (Increase) in Trade Payables, Other Liabilities and Provisions | 49,688.67 | 16,362.27 |
| Cash Generated From Operating Activities | 32,872.37 | 24,255.16 |
| Direct Taxes paid (net of refunds) | (1,595.43) | (858.25) |
| Net Cash generated from Operating Activities | 31,276.94 | 23,396.91 |
| B: Cash Flow From Investing Activities | | |
| Purchase of Fixed Assets | (21,562.99) | (38,038.03) |
| Proceeds from Sale of Fixed Assets | 47.24 | 265.99 |
| Purchase of Investments in Mutual Fund | 0.78 | (1.19) |
| Purchase of Investments in Government Securities | (2.00) | — |
| Proceeds from sale of long term Investments (other than trade) | 50.00 | 4.25 |
| Proceeds from maturity of fixed deposits | 81.25 | — |
| Dividend from long term Investments (other than Trade) | 0.47 | 1.23 |
| Refund received of Loan given to Body Corporate | — | 635.95 |
| Loan to Related Party | (5,000.00) | — |
| Refund received of Loan given to Related Party | — | 2,100.00 |
| Interest received | 1,843.97 | 1,143.73 |
| Net Cash Used In Investing Activities | (24,541.28) | (33,888.07) |

**Consolidated Cash Flow Statement** for the 15 months period ended June 30, 2012

(₹ in lacs)

| | 15 months period ended June 30, 2012 | Previous year ended March 31, 2011 |
|-----------------------------------------------------------------------|-----------------------------------------|---------------------------------------|
| C: Cash Flow From Financing Activities | | |
| Proceeds from Call in Arrears of equity share capital | — | 0.09 |
| Advance against Share Application | 215.77 | 16.86 |
| Share Issue Expenses | — | (4.40) |
| Proceeds from long / short term Borrowings | 57,054.08 | 75,410.22 |
| Repayment of long / short term Borrowings | (35,464.26) | (44,276.18) |
| Interest Paid | (29,850.39) | (18,781.99) |
| Dividend Paid | (255.65) | (254.72) |
| Tax on Dividend paid | (41.40) | (42.37) |
| Net Cash generated from Financing Activities | (8,341.85) | 12,067.51 |
| Net Increase / (Decrease) In Cash and Cash Equivalents (A+B+C) | (1,606.19) | 1,576.35 |
| Cash and Cash Equivalents as at the beginning of the year | 2,000.15 | 423.80 |
| Cash and Cash Equivalents as at the end of the year | 393.96 | 2,000.15 |
| Components of cash and cash equivalents | | |
| Cash on hand | 150.84 | 38.36 |
| Cheques in hand | 97.10 | 294.87 |
| Balance with Scheduled Banks on: | | |
| Current Account | 141.13 | 1,286.01 |
| Fixed Deposit Account | 2,070.73 | 2,527.48 |
| Unclaimed Dividend Account * | 4.73 | 5.24 |
| Unclaimed Fractional Share Balance* | 0.16 | 0.16 |
| Cash and Bank Balances as per Note 18 | 2,464.69 | 4,152.12 |
| Less : Fixed deposits not considered as cash equivalents | 2,070.73 | 2,151.97 |
| Cash and Cash Equivalents in Cash Flow Statement: | 393.96 | 2,000.15 |

* 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 and on behalf of the Board of Directors

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

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

Aditya Jajodia
Chairman &
Managing Director

Sanjiv Jajodia
Wholetime Director

Rajiv Jajodia
Director

CA R. R. Modi
Partner
Membership No. 053118

CA Sandeep Agarwal
Partner
Membership No. 065643

Raj Kumar Sharma
Chief Financial Officer

Ajay Kumar Tantia
Company Secretary

Place : Kolkata
Date : October 04, 2012



Notes forming part of the Consolidated Accounts

Notes to Consolidated Financial Statements for 15 months period ended June 30, 2012

1. (A) Principles of Consolidation:

- i) The Consolidated Financial Statements which relate to Jai Balaji Industries Limited and its Subsidiaries and Joint Ventures, have been prepared on the following basis :
- ii) The Subsidiary Companies considered in the Financial Statements are as follows :

| Name of the Subsidiary | Country of Incorporation | Proportion of Ownership / Interest | |
|-------------------------------------|--------------------------|------------------------------------|----------------------|
| | | As at June 30, 2012 | As at March 31, 2011 |
| Nilachal Iron & Power Ltd. (NIPL) | India | 100% | 100% |
| Jai Balaji Steels (Purulia) Limited | India | 100% | 100% |
| Jai Balaji Energy (Purulia) Limited | India | 100% | 100% |

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

| Name of the Joint Venture Company | Country of Incorporation | Proportion of Ownership / Interest | |
|--------------------------------------|--------------------------|------------------------------------|----------------------|
| | | As at June 30, 2012 | As at March 31, 2011 |
| Rohne Coal Company Private Ltd. | India | 6.90% | 6.90% |
| Andal East Coal Company Private Ltd. | India | 32.79% | 32.79% |

- vi) In terms of Accounting Standard 27 - 'Financial Reporting of Interests in Joint Venture' issued by the Institute of Chartered Accountants of India, the Company has prepared these consolidated Financial Statements by including the Company's proportionate interest in the Joint Venture's assets, liabilities, income and expenditure etc in the consolidated Financial Statements in respective line items.
 - vii) The consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and are presented, to the extent possible, in the same manner as the Company's separate Financial Statements.
 - viii) The Financial Statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended June 30, 2012 except for Joint Venture Companies, Rohne Coal Company Private Ltd. and Andal East Coal Company Private Ltd., for which Financial Statements as on reporting date are not available. These have been consolidated based on reporting date as on March 31, 2012.

Notes forming part of the Consolidated Accounts

Notes to Consolidated financial statements for 15 months period ended June 30, 2012

(B)(i)(a) Basis of preparation of Accounts

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

(b) During the year ended June 30, 2012 the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial Statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosure made in the financial statements. The Company has also reclassified the previous year figure in accordance with the requirements applicable in the current year.

(c) Use of estimates

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

(d) 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.

(e) Depreciation

i) The classification of Plant and Machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

ii) Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management which is equal to the rates prescribed under Schedule XIV of the Companies Act, 1956, except for Railway Wagons 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.

(f) Borrowing Costs

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

(g) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price 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.

(h) 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

Notes forming part of the Consolidated Accounts

Notes to Consolidated Financial Statements for 15 months period ended June 30, 2012

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

(i) Government grants and subsidies

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

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

which it is intended to compensate.

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

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

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

fixed asset.

(j) Investments

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

(k) Inventories

Inventories are valued as follows:

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

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

(l) Revenue Recognition

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

Sale of Goods

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

Income from Services

Income from Services is recognized on performance of the contract and

acceptance of the services by the customers.

Interest

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

Dividend

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

(m) Foreign currency transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the

exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

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

Notes forming part of the Consolidated Accounts

Notes to Consolidated Financial Statements for 15 months period ended June 30, 2012

when the values were determined.

(iii) Exchange Differences

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

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

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

(n) Retirement and other employee benefits

- i. Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contribution is charged to Profit and Loss Account of the year when the contributions to the respective fund is due. There is no other obligation other than the contribution payable to provident fund.
- ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year. Unrecognized past service cost arising at the time of change in plan measures are charged to profit and loss account on a straight line basis over the period of vesting of the defined benefit obligation.
- iii. Short term compensated

absences are provided for based on estimates whereas long term compensated absences are provided for on the basis of actuarial valuation, as per projected unit credit method.

- iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

(o) Taxation

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantially enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities related to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has

become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

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

(p) Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity are capitalised. Indirect expenditure incurred during construction period are capitalised as part of the indirect construction cost to the extent to which the expenditure are indirectly related to

Notes forming part of the Consolidated Accounts

Notes to Consolidated Financial Statements for 15 months period ended June 30, 2012

construction or are incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which are not related to the construction activity nor are incidental thereto are charged to the Profit and Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure.

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

(q) Segment Reporting Policies

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

(r) Earnings Per Share

Basic earning per share is calculated by dividing the net profit or loss for the year

attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

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

(s) Provisions

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

(t) Cash and Cash Equivalents

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

(u) Contingent Liabilities

Contingent liabilities are not provided for in the accounts and

are separately disclosed in the "Notes on Accounts".

(v) 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 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.

**Notes to Consolidated Financial Statement** for 15 months period ended June 30, 2012

(₹ in lacs)

| | As at June 30, 2012 | As at March 31, 2011 |
|------------------------------------------------------------------|------------------------|-------------------------|
| Note 2: Share Capital | | |
| Authorised | | |
| 101,000,000 (101,000,000) Equity Shares of ₹ 10/- each | 10,100.00 | 10,100.00 |
| Issued, Subscribed and Paid up Capital | | |
| 63,781,486 (63,781,486) Equity Shares of ₹ 10/- each | 6,378.15 | 6,378.15 |
| Less: Calls in Arrear | 1.04 | 1.04 |
| Total | 6,377.11 | 6,377.11 |
| Note 3: Reserves & Surplus | | |
| 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 | 46,005.84 | 46,002.83 |
| Add : Received during the year on issue of further equity shares | — | 3.01 |
| | 46,005.84 | 46,005.84 |
| General Reserve | | |
| As per last financial statements | 10,827.08 | 10,327.08 |
| Add : Transfer from Profit and Loss Account | — | 500.00 |
| | 10,827.08 | 10,827.08 |
| Surplus/ (Deficit) in Statement of Profit & Loss | | |
| As per last financial statements | 24,411.92 | 17,455.84 |
| Add: Profit/(Loss) for the period | (28,264.46) | 7,752.60 |
| Amount available for appropriation | (3,852.56) | 25,208.44 |
| Proposed Dividend | — | 255.13 |
| Tax on Dividend | — | 41.39 |
| Transfer to General Reserve | — | 500.00 |
| Surplus/ (Deficit) in Statement of Profit & Loss | (3,852.56) | 24,411.92 |
| Total: | 66,323.57 | 94,588.05 |

(₹ in lacs)

Note 4: Long Term Borrowings

| | Non Current Portion | | Current Portion | |
|----------------------------------------------------------------------------------|------------------------|-------------------------|------------------------|-------------------------|
| | As at June 30, 2012 | As at March 31, 2011 | As at June 30, 2012 | As at March 31, 2011 |
| (Secured, unless otherwise stated) | | | | |
| Term Loans: | | | | |
| Rupees Loan from banks | 46,369.60 | 54,931.27 | 26,811.75 | 18,904.85 |
| Foreign Currency Loan from banks | 730.65 | 10,015.23 | 6,995.95 | 1,606.68 |
| Rupees Loan from Financial Institutions | 1,606.62 | 3,537.45 | 2,320.02 | 1,935.53 |
| Rupees Loan from Financial Institutions (Unsecured) | 3,625.00 | 9,202.71 | 5,505.64 | 797.29 |
| Rupees Loan from Others | 460.41 | — | 991.82 | — |
| Deferred Payments Liabilities | 28.59 | 27.42 | 32.70 | 13.44 |
| Other Loan and Advances | | | | |
| Interest Free Sales Tax Loan (Unsecured) | — | 185.02 | 358.93 | 350.32 |
| Total: | 52,820.87 | 77,899.10 | 43,016.81 | 23,608.11 |
| Amount disclosed under the head "Other Current Laibilities" (Refer Note 8) | — | — | (43,016.81) | (23,608.11) |
| Total: | 52,820.87 | 77,899.10 | — | — |

**Notes to Consolidated Financial Statement for 15 months period ended June 30, 2012**

| | As at June 30, 2012 | As at March 31, 2011 |
|----------------------------------------------------------------------------------------------------|------------------------|-------------------------|
| | | (₹ in lacs) |
| Note 5 : Deferred Tax Liabilities(Net) | | |
| Deferred Tax Liability | | |
| Timing Difference on Depreciable assets | 18,529.88 | 17,005.03 |
| Sub Total (A) | 18,529.88 | 17,005.03 |
| Deferred Tax Asset | | |
| Unabsorbed Depreciation and carry forward Business Losses | 15,353.87 | 2,559.20 |
| Expenses Allowed On Payment Basis / Other Timing Differences | 712.90 | 723.29 |
| Sub Total (B) | 16,066.77 | 3,282.49 |
| Deferred Tax Liabilities (Net) (A-B) | 2,463.11 | 13,722.54 |
| Note 6 : Long Term Provisions | | |
| Provision for Employee Benefits | | |
| - Gratuity | 9.98 | 5.51 |
| - Leave | 0.24 | 0.14 |
| Total: | 10.22 | 5.65 |
| Note 7 : Short Term Borrowings | | |
| Loan Repayable on Demand | | |
| From Banks (Secured) | | |
| - Cash Credit | 90,172.93 | 43,669.03 |
| - Working Capital Demand Loan | — | 28,156.49 |
| From Bodies Corporate (Unsecured) | — | 371.05 |
| Other Loan and advances | | |
| Short Term Loans from Banks | | |
| - Secured | 29,500.00 | 12,500.00 |
| - Unsecured | — | 5,000.00 |
| - Foreign Currency Loans from banks (Secured) | — | 1,176.85 |
| Total: | 119,672.93 | 90,873.42 |
| Note 8 : Trade Payables and other Current Liabilities | | |
| Trade Payables (including acceptances) | | |
| (Refer Note 34 for details due to Micro and Small Enterprises) | 80,432.19 | 39,728.06 |
| | 80,432.19 | 39,728.06 |
| Current Maturities of Long Term Borrowings (Refer Note 4) | 43,016.82 | 23,608.11 |
| Capital Creditors | 4,770.68 | 5,822.20 |
| Interest Accrued but not due on Borrowings | 191.83 | 167.91 |
| Interest Accrued and due on Borrowings | 5,897.21 | 606.73 |
| Advance From Customer | 10,312.06 | 7,579.69 |
| Temporary Book Overdraft | 944.90 | 51.72 |
| Investor Education and Protection Fund will be credited by the following amounts (as and when due) | | |
| - Unclaimed Dividend | 4.72 | 5.24 |
| - Unclaimed Fractional Share Liabilities | 0.16 | 0.16 |
| Others | | |
| - Statutory Dues Payable | 5,051.97 | 1,298.07 |
| - Excise Duty payable on Closing Stock | 3,125.80 | 1,161.78 |
| - Interest Others | 523.06 | 88.81 |
| - Due to Employees | 1,282.48 | 776.90 |
| - For Mining | 104.16 | 155.76 |
| - Other Miscellaneous | 198.37 | 128.13 |
| | 75,424.22 | 41,451.21 |
| Total: | 155,856.41 | 81,179.27 |

Notes to Consolidated Financial Statement for 15 months period ended June 30, 2012

(₹ in lacs)

Note 9 : Short Term Provisions

Provision for employee benefits:

Gratuity (Refer Note 33)

Leave Salary

Other Provision:

Proposed Dividend

Tax On Proposed Dividend

Provision for Taxation [Net of Advance Tax ₹ Nil (₹ 2,410 lacs)]

Provision for Wealth Tax

Total:

| | As at June 30, 2012 | As at March 31, 2011 |
|------------------------------------------------------------------|------------------------|-------------------------|
| Gratuity (Refer Note 33) | 341.15 | 341.13 |
| Leave Salary | 106.29 | 108.04 |
| Proposed Dividend | — | 255.13 |
| Tax On Proposed Dividend | — | 41.40 |
| Provision for Taxation [Net of Advance Tax ₹ Nil (₹ 2,410 lacs)] | — | 1,619.21 |
| Provision for Wealth Tax | 0.43 | — |
| Total: | 447.87 | 2,364.91 |

Note 10 : Tangible Assets

(₹ in lacs)

| Description | Gross Block | | | Depreciation/Amortisation | | | | Net Block | | |
|--------------------------|---------------------|------------------|--------------|---------------------------|---------------------|------------------|--------------|---------------------|---------------------|----------------------|
| | As at April 1, 2011 | Additions | Deductions | As at June 30, 2012 | Up to April 1, 2011 | For the year | Deductions | Up to June 30, 2012 | As at June 30, 2012 | As at March 30, 2011 |
| Freehold Land | 3,398.25 | 187.39 | - | 3,585.64 | - | - | - | - | 3,585.64 | 3,398.25 |
| Leasehold Land | 707.57 | - | - | 707.57 | 104.97 | 13.11 | - | 118.08 | 589.49 | 602.60 |
| Factory Buildings | 28,022.51 | 1,681.20 | - | 29,703.71 | 2,327.18 | 1,183.86 | - | 3,511.04 | 26,192.67 | 25,695.33 |
| Railway Siding | 4,352.36 | - | - | 4,352.36 | 544.33 | 258.38 | - | 802.71 | 3,549.65 | 3,808.03 |
| Plant and Machinery | 142,556.22 | 9,620.25 | 26.45 | 152,150.02 | 24,196.72 | 11,542.95 | 4.93 | 35,734.74 | 116,415.28 | 118,359.50 |
| Electrical Installations | 20,477.26 | 999.68 | - | 21,476.94 | 3,101.85 | 1,231.25 | - | 4,333.10 | 17,143.84 | 17,375.41 |
| Furniture, Fixtures | 119.01 | 18.55 | - | 137.56 | 39.76 | 13.23 | - | 52.99 | 84.57 | 79.25 |
| Office Equipments | 812.58 | 89.66 | - | 902.25 | 438.52 | 87.78 | - | 526.31 | 375.94 | 374.06 |
| Vehicles | 353.09 | 52.24 | 65.89 | 339.44 | 151.53 | 40.91 | 28.09 | 164.35 | 175.09 | 201.56 |
| Total | 200,798.85 | 12,648.98 | 92.34 | 213,355.49 | 30,904.86 | 14,371.48 | 33.02 | 45,243.32 | 168,112.17 | 169,893.99 |
| Previous Year's Total | 147,029.52 | 54,033.74 | 264.41 | 200,798.85 | 22,274.16 | 8,637.90 | 7.20 | 30,904.86 | 169,893.99 | |

**Notes to Consolidated Financial Statement** for 15 months period ended June 30, 2012

(₹ in lacs)

| | As at June 30, 2012 | As at March 31, 2011 |
|-----------------------------------------------------------------------------------------------|------------------------|-------------------------|
| Note 11: Capital Work in Progress and Pre-Operative Expenditure Pending Allocation | | |
| A Capital Work-in-Progress | | |
| Buildings | 12,137.72 | 17,355.84 |
| Railway Siding | 395.37 | 399.52 |
| Plant and Machinery | 32,335.02 | 54,711.75 |
| Furniture and Fixtures | 1.17 | 0.81 |
| Electrical Installations | 4,489.88 | 8,152.36 |
| Mining Land | 1,098.66 | 905.32 |
| Land and Site Development | 6,096.27 | 6,103.96 |
| Sub Total | 56,554.09 | 87,629.56 |
| Less : Transferred to Fixed Assets | 9,299.77 | 46,026.43 |
| Total A : | 47,254.32 | 41,603.13 |
| B Pre-operative Expenditure Pending Allocation | | |
| Opening Balance | 5,155.90 | 6,276.14 |
| Additions | | |
| Power and Fuel | 2,291.90 | 120.87 |
| Drilling Expenses | 151.46 | 200.03 |
| Salaries, Wages and Bonus | 555.56 | 266.21 |
| Directors' Remuneration | 49.00 | 83.73 |
| Rent and Hire | 177.33 | 69.24 |
| Rates and Taxes | 1.27 | 0.57 |
| Insurance | 10.08 | 23.48 |
| Travelling and Conveyance | 97.10 | 60.19 |
| Telephone and Postage | 15.93 | 11.40 |
| Legal and Professional Charges | 207.47 | 130.94 |
| Land Related Expenses | 0.97 | - |
| Miscellaneous Expenses | 157.76 | 26.33 |
| Depreciation | 0.15 | 0.04 |
| Service Tax Credit Reversed from Opening CWIP | (1.58) | - |
| Interest on Term Loans | 5,658.08 | 3,107.24 |
| Bank Guarantee Charges | 20.44 | 20.13 |
| Finance Charges | 152.85 | 498.25 |
| Sub Total | 14,701.67 | 10,894.79 |
| Less : Transferred to Fixed Assets | 1,478.27 | 5,738.86 |
| Total B : | 13,223.40 | 5,155.93 |

Notes to Consolidated Financial Statement for 15 months period ended June 30, 2012

| | As at June 30, 2012 | As at March 31, 2011 |
|----------------------------------------------------------------------------|------------------------|-------------------------|
| (₹ in lacs) | | |
| C TRIAL RUN EXPENSES | | |
| Finished / Goods in Process Consumed | — | 1,724.48 |
| Raw Materials Consumed | — | 140.09 |
| | — | <u>1,864.57</u> |
| Personnel Cost | | |
| Salaries, Wages and Bonus | — | 433.55 |
| Contribution to Provident and Other Funds | — | 18.76 |
| Directors' Remuneration | — | 14.79 |
| | — | <u>467.10</u> |
| Manufacturing, Selling and Distribution and Administrative Expenses | | |
| Consumption of Stores and Spares | — | 383.73 |
| Labour Charges | — | 90.22 |
| Power and Fuel | — | 298.97 |
| Repairs and Maintenance to Others | — | 21.13 |
| Rent and Hire | — | 37.77 |
| Legal and Professional Charges | — | 4.37 |
| Miscellaneous Expenses | — | 82.09 |
| | — | <u>918.28</u> |
| Interest and Finance Charges | | |
| Interest on Term Loans | — | 982.92 |
| Finance Charges | — | 12.90 |
| | — | <u>995.82</u> |
| Sub Total | — | <u>4,245.77</u> |
| Less: | | |
| Sales of Finished Goods | — | 1,119.86 |
| [Net of Excise duty and cess ₹ Nil (₹ 36.76 lacs)] | | |
| Sales of Scrap | — | 204.22 |
| [Net of Excise duty and cess ₹ Nil (₹ 21.03 lacs)] | | |
| Subsidy on Sales Tax / Value Added Tax | — | 2.85 |
| Transfer of Goods for further processing | — | 175.89 |
| Closing stock at the end of Trial-run period of a project | | |
| Finished Goods | — | 810.48 |
| [Net of Excise duty and cess ₹ Nil (₹ 98.38 lacs)] | | |
| Work-in-Process | — | 130.93 |
| By Products and Scrap | — | 484.11 |
| [Net of Excise duty and cess ₹ Nil (₹ 49.86 lacs)] | | |
| Sub Total | — | <u>2,928.34</u> |
| | — | 1,317.43 |
| Less : Transferred to Fixed Assets | — | <u>1,317.43</u> |
| Total C : | — | — |
| Grand Total (A+B+C) | <u>60,477.72</u> | <u>46,759.06</u> |

**Notes to Consolidated Financial Statement for 15 months period ended June 30, 2012**

(₹ in lacs)

| | As at June 30, 2012 | As at March 31, 2011 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------------------|
| Note 12 : Non Current Investments | | |
| Non Trade Investment (Valued at cost unless otherwise stated) | | |
| Unquoted, Fully Paid up Equity Shares | | |
| 6,726 (16,726) Shares of Calcutta Stock Exchange Limited of ₹ 1/- each (At cost less provision for other than temporary diminution ₹ 100.89 lacs (₹ Nil)) | 33.63 | 334.52 |
| Quoted, Fully Paid up Equity Shares | | |
| 3,66,200 (3,66,200) Shyama Infosys Limited of ₹ 10/- each | 25.91 | 25.91 |
| 10,500 (10,500) Shri Nidhi Trading Co. Limited of ₹ 10/- each | 0.95 | 0.95 |
| In Government Securities | | |
| National Saving Certificate (Deposited with Third Parties) | 2.62 | 0.62 |
| | <u>63.11</u> | <u>362.00</u> |
| | <u>63.11</u> | <u>362.00</u> |
| Aggregate Value of Investments | | |
| - Quoted* | 26.86 | 26.86 |
| - Unquoted | 36.25 | 335.14 |
| Aggregate provision for diminution in the value of Investments | 100.89 | - |
| *Market Value of Quoted Investments | 27.57 | 42.71 |

(₹ in lacs)

Note 13 : Loans and Advances

| | Non Current | | Current | |
|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------------------|------------------------|-------------------------|
| | As at June 30, 2012 | As at March 31, 2011 | As at June 30, 2012 | As at March 31, 2011 |
| (Unsecured, Considered Good) | | | | |
| Capital Advances | 5,811.25 | 4,128.55 | - | - |
| Security Deposit | 1,386.86 | 712.95 | 213.12 | 98.44 |
| [Net of Provision for Doubtful Advances ₹ 24.28 lacs (₹ 24.28 lacs)] | | | | |
| Loans to Body Corporate (Receivable on demand) | - | - | 564.05 | 564.05 |
| Loans and advances to Related parties | | | | |
| Loans to Body Corporate (Receivable on demand)* | - | - | 8,500.00 | 3,500.00 |
| Share Application Money to Joint Venture Company | - | - | - | 5.38 |
| | - | - | 8,500.00 | 3,505.38 |
| Advances recoverable in cash or kind | | | | |
| Advances recoverable in cash or in kind or for value to be received [Net of Provision for Doubtful Advances ₹ 783.62 lacs (₹ 818.56 lacs)] | - | - | 4,759.01 | 4,837.00 |
| Other Loans and advances | | | | |
| Balance with Excise and other Government Authorities | 3.90 | - | 2,184.92 | 2,005.86 |
| Income Tax Advance (Net of Provision) | - | - | 18.27 | - |
| Orised Receivable | - | - | - | 30.53 |
| Sales Tax and Other Refunds Receivable | 366.94 | 366.94 | 3.53 | 14.74 |
| Mat Credit Entitlement | 5,014.32 | 5,014.32 | - | - |
| | <u>5,385.16</u> | <u>5,381.26</u> | <u>2,206.72</u> | <u>2,051.13</u> |
| Total: | <u>12,583.27</u> | <u>10,222.77</u> | <u>16,242.90</u> | <u>11,056.00</u> |

*(Refer Note 34)

Notes to Consolidated Financial Statement for 15 months period ended June 30, 2012

| | As at June 30, 2012 | As at March 31, 2011 |
|----------------------------------------------------------------------------------------|------------------------|-------------------------|
| (₹ in lacs) | | |
| Note 14 : Other Non Current Assets | | |
| Non Current bank balances (Refer Note 18) | 107.65 | 576.96 |
| Unamortised Expenses | 4.40 | 4.40 |
| Interest Receivable on Deposits | 6.76 | 1.38 |
| Total: | 118.81 | 582.74 |
| Note 15 : Current Investments | | |
| Non Trade (Unquoted) | | |
| Investment in Mutual Fund | | |
| 407.85 (1121.81) Units of ICICI Prudential | | |
| Money Market Fund Cash Option Daily Dividend | 0.41 | 1.19 |
| | 0.41 | 1.19 |
| Aggregate Value of Investments | | |
| - Quoted | — | — |
| - Unquoted | 0.41 | 1.19 |
| Note 16 : Inventories | | |
| Raw Materials | 52,526.65 | 45,547.35 |
| [Including in transit ₹ 5,386.03 lacs (₹ 1,865.19 lacs)] | | |
| Stores and Spares | 4,802.11 | 4,617.91 |
| [Including in transit ₹12.88 lacs (₹ 298.58 lacs)] | | |
| Work - in - Process | 642.46 | 709.11 |
| Finished Goods [including materials lying at port ₹ Nil lacs (₹ 116.52 lacs)] | 23,478.79 | 8,356.01 |
| By Products and Scrap | 3,138.75 | 3,260.45 |
| Total: | 84,588.76 | 62,490.83 |
| Note 17 : Trade Receivables | | |
| Outstanding for a period exceeding six month from the date they are due for payment | | |
| Unsecured, considered good | 14,810.96 | 6,196.99 |
| Unsecured, considered doubtful | 437.04 | 484.20 |
| | 15,248.00 | 6,681.19 |
| Less: Provision for Doubtful Debts | 437.04 | 484.20 |
| | (A) 14,810.96 | 6,196.99 |
| Other Debts | | |
| Unsecured, considered good | (B) 35,038.14 | 46,527.18 |
| Total | (A+B) 49,849.10 | 52,724.17 |

**Notes to Consolidated Financial Statement for 15 months period ended June 30, 2012**

(₹ in lacs)

Note 18 : Cash and Bank Balances

| | Non Current | | Current | |
|---------------------------------------------------------------------------------|------------------------|-------------------------|------------------------|-------------------------|
| | As at June 30, 2012 | As at March 31, 2011 | As at June 30, 2012 | As at March 31, 2011 |
| Cash and Cash equivalents | | | | |
| Balance with Banks :- | | | | |
| On Current Accounts | — | — | 141.13 | 1,286.01 |
| Deposits With Original Maturity of Less Than 3 Months | — | — | 195.58 | 438.50 |
| Cash on hand | — | — | 150.84 | 38.36 |
| Cheques in hand | — | — | 97.10 | 294.86 |
| Unclaimed Dividend Account | — | — | 4.73 | 5.24 |
| Unclaimed Fractional Share Balance | — | — | 0.16 | 0.16 |
| | <u>—</u> | <u>—</u> | <u>589.54</u> | <u>2,063.13</u> |
| Other Bank Balances | | | | |
| Deposits with original maturity for more than 12 Months* | 107.65 | 576.96 | 558.10 | 549.86 |
| Deposits with original maturity for more than 3 Months but less than 12 months* | — | — | 1,209.40 | 962.16 |
| | <u>107.65</u> | <u>576.96</u> | <u>1,767.50</u> | <u>1,512.02</u> |
| Amount disclosed under the head "Other Non Current Assets" (Refer Note 14) | (107.65) | (576.96) | — | — |
| Total: | <u><u>—</u></u> | <u><u>—</u></u> | <u><u>2,357.04</u></u> | <u><u>3,575.15</u></u> |

*Including to ₹ 2,070.73 Lacs (₹2,151.98 lacs) pledged with Banks and others as Margin Money against Borrowings/Other facilities

Note 19 : Other Current Assets

| | |
|-----------------------------------------------------|--|
| Interest Receivable on Loans, Advances and Deposits | |
| Subsidies and Incentives Receivable | |
| Total: | |

As at June 30, 2012

As at March 31, 2011

299.27

163.63

9,510.39

9,198.99

9,809.66

9,362.62

Note 20 : Revenue from Operations**Sales of products**

| | 15 months period ended June 30, 2012 | Previous year ended March 31, 2011 |
|----------------------------------------|--------------------------------------|------------------------------------|
| Finished Goods | 301,351.85 | 215,499.55 |
| By Products and Scraps | 6,427.62 | 7,129.27 |
| Raw Materials | 3,427.83 | 6,726.45 |
| Other Operating Revenue | | |
| Conversion Charges | 3,562.14 | 3,864.81 |
| Subsidy on Sales Tax / Value Added Tax | 1,921.75 | 1,256.66 |
| Export Incentives | 240.30 | 134.42 |
| Carbon Credit Income | 335.78 | — |
| Service and other Charges | 1,347.92 | 902.10 |
| Revenue from Operations (Gross) | <u>318,615.19</u> | <u>235,513.26</u> |
| Less: Excise Duty | 23,032.04 | 16,006.04 |
| Revenue from Operations (Net) | <u><u>295,583.15</u></u> | <u><u>219,507.22</u></u> |

**Notes to Consolidated Financial Statement** for 15 months period ended June 30, 2012

(₹ in lacs)

Note 21 : Other Income

| | 15 months period ended June, 30, 2012 | Previous year ended March 31, 2011 |
|---------------------------------------------------------------------------------------------|------------------------------------------|---------------------------------------|
| Interest on : | | |
| (a) Fixed Deposits with Banks [Gross, Tax deducted at Source ₹ 18.09 lacs (₹11.32 lacs)] | 232.97 | 122.00 |
| (b) Loans and Advances [Gross, Tax deducted at Source ₹ 173.44 lacs (₹ 72.32 lacs)] | 1,752.01 | 776.11 |
| (c) Refund from Income Tax Department | — | 65.72 |
| Commission Received | 130.93 | 769.88 |
| Dividend from long term Investments (other than trade) | 0.47 | 1.15 |
| Dividend from Current Investments (other than trade) | 0.12 | 0.08 |
| Insurance Claims | 30.37 | 70.00 |
| Liabilities no longer required written back | 449.94 | 385.75 |
| Reversal of provision for Dimunition in the value of Investments | — | 1.24 |
| Reversal of provision for doubtful debts | — | 37.54 |
| Profit on sale of Fixed Assets | — | 8.78 |
| Miscellaneous Income | 29.56 | 36.42 |
| Total: | 2,626.37 | 2,274.67 |

Note 22 : Cost of Materials Consumed

| | | |
|-------------------------------------------------------------------------------------|-------------------|-------------------|
| Opening Stock | 45,547.35 | 35,609.94 |
| Purchases# | 240,377.45 | 146,332.81 |
| | 285,924.80 | 181,942.75 |
| Less: Closing Stock | 52,526.65 | 45,547.35 |
| Raw Materials Consumed | 233,398.15 | 136,395.40 |
| # [Net of loss / (Gain) on exchange fluctuations of ₹ 2,845.06 lacs (₹ 61.35 lacs)] | | |

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

| | | |
|---------------------------------------------------------|--------------------|-------------------|
| Opening Stocks : | | |
| Work-in-Process | 709.11 | 399.34 |
| Finished Goods | 8,356.01 | 8,396.90 |
| By Products and Scrap | 3,260.45 | 1,879.05 |
| | 12,325.57 | 10,675.29 |
| Add: Stock transferred from Trial Run | — | 1,573.76 |
| | 12,325.57 | 12,249.05 |
| Less: | | |
| Transferred to Trial Run | — | 1,724.48 |
| Transferred to Fixed Assets | 19.70 | 804.65 |
| | 19.70 | 2,529.13 |
| | 12,305.87 | 9,719.92 |
| Less: | | |
| Closing 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 |
| | (14,954.13) | (2,605.65) |
| (Increase) / Decrease in excise duty and cess on stocks | 1,964.02 | 55.29 |
| Total: | (12,990.11) | (2,550.36) |

**Notes to Consolidated Financial Statement for 15 months period ended June 30, 2012**

(₹ in lacs)

| | 15 months period ended June, 30, 2012 | Previous year ended March 31, 2011 |
|-----------------------------------------------------------|------------------------------------------|---------------------------------------|
| Note 24 : Employee Benefits Expense | | |
| Salaries, Wages, Bonus & Other Benefits | 7,209.45 | 4,966.35 |
| Contribution to Provident Fund & other fund | 313.72 | 361.79 |
| Staff Welfare Expenses | 309.99 | 159.85 |
| Directors remuneration | 3.50 | 230.87 |
| Total: | 7,836.66 | 5,718.86 |
| Note 25 : Finance Costs | | |
| Interest Expenses | | |
| On Term loans | 14,696.75 | 7,836.93 |
| On Income Tax | 190.64 | 268.59 |
| On Others | 15,302.03 | 7,003.15 |
| Finance charges | 2,473.69 | 988.77 |
| Total: | 32,663.11 | 16,097.44 |
| Note 26 : Other Expenses | | |
| Consumption of Stores and Spares | 20,498.24 | 13,617.90 |
| Labour Charges | 6,429.62 | 5,058.46 |
| Processing Charges | 135.24 | 91.87 |
| Power and Fuel | 19,069.08 | 11,342.29 |
| Repairs and Maintenance: | | |
| - Plant and Machinery | 1,105.09 | 1,014.88 |
| - Buildings | 205.10 | 143.43 |
| - Others | 296.94 | 319.10 |
| Water Charges | 472.71 | 410.84 |
| Equipment Hire Charges | 3,052.77 | 2,110.39 |
| Shifting Expenses | 1,537.96 | 971.85 |
| Freight and Transportation | 3,392.15 | 1,800.64 |
| Rent and Hire | 217.31 | 101.35 |
| Rates and Taxes | 567.88 | 167.66 |
| Insurance | 178.82 | 125.33 |
| Advertisement | 115.78 | 87.83 |
| Brokerage and Commission (Other than Sole Selling Agents) | 383.01 | 127.19 |
| Travelling and Conveyance | 585.99 | 480.70 |
| Telephone and Postage | 109.09 | 83.92 |
| Legal and Professional Charges(Refer Note No. 42) | 517.30 | 370.28 |
| Directors' Fees | 2.20 | 1.45 |
| Provision for Doubtful Debts and Advances | — | 734.60 |
| Provision for Diminution in the Value of Investments | 100.89 | — |
| Irrecoverable Debts and Advances Written off | 681.54 | 295.18 |
| Less: Adjusted against Provisions | 82.10 | — |
| Loss on sale of long term non trade Investments | 150.00 | 1.55 |
| Less: Adjusted against Provisions | — | 1.55 |
| Loss on Foreign Exchange Fluctuations (Net) | 912.96 | 252.18 |
| Charity and Donations | 41.37 | 29.31 |
| Security and Service Charges | 564.74 | 371.99 |
| Loss on Sale of Fixed Assets | 12.08 | — |
| Miscellaneous Expenses | 706.23 | 735.51 |
| Prior period expenses | 365.14 | 281.32 |
| Total: | 62,325.13 | 41,127.45 |

Notes forming part of the Consolidated Accounts

Notes to Consolidated Financial Statements for 15 months period ended June 30, 2012

Notes on Accounts:

(₹ in lacs)

| 27. Contingent liabilities not provided for: | As at June 30, 2012 | As at March 31, 2011 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------------------|
| a) Claims against the Company not acknowledged as debts | | |
| i) Excise and Service Tax Demands under dispute/appeal | 4,028.91 | 4,279.92 |
| ii) Sales Tax/VAT matters under dispute/appeal | 11,552.59 | 195.03 |
| iii) Others | — | 70.99 |
| b) Letters of Credit, Bills discounted and Bank Guarantees outstanding | 11,533.70 | 4,435.17 |
| c) Custom Duty on Import of Equipment and spare parts under EPCG Scheme | 2,266.13 | 945.35 |
| d) Guarantees and Counter guarantees given by the Company for loans obtained by Subsidiary company | 4,500.00 | 4,500.00 |
| e) Guarantee given for Joint Venture Companies | 1,412.46 | 1,412.46 |
| 28. Estimated amount of contracts remaining to be executed on Capital Account and not provided for [Net of Advances ₹ 5,738.88 lacs (₹ 4,024.57 lacs)] | 1,498.92 | 9,950.01 |
| 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 9 th 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 resultant tax liability of ₹ 1,228 lacs had been taken into account in income tax return of assessment year 2011-12. The Income Tax authorities are yet to complete assessment proceedings in respect of search and seizure operations. | | |
| 31. Pursuant to the application submitted to the Corporate Debt Restructuring (CDR) Cell for restructuring of Company's Borrowings from Banks, the Final restructuring scheme has been taken up in the CDR Empowered Group (CDR EG) in its meeting held on 1 st August, 2012 and was formally approved at the CDR Empowered Group (EG) meeting held on 1 st August, 2012. The company have received the Letter of Approval dated 20 th September, 2012 from the CDR cell. Pending execution of the Master Restructuring Agreement and sanction by all the lenders, no effect has been given in the | | |
| 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 ₹ 1,921.75 lacs (₹ 1,170.41 lacs) and in case of Subsidiary Company, from the Government of Jharkhand under the Jharkhand Industrial Policy aggregating to ₹ Nil (₹ 89.10 lacs). | | |

(₹ in lacs)

| Sl. No. | Particulars | Account to which credited | 15 months period ended June 30, 2012 | 2010-11 |
|---------|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|----------|
| a) | Industrial Promotion Assistance* | Subsidy on Sales Tax / Value Added Tax under Sales & Service & Capital Work in Progress and Pre operative Expenditure pending Allocation | 1,921.75 | 1,259.51 |
| | | | 1,921.75 | 1,259.51 |

*includes ₹ Nil (₹ 2.85 lacs) on account of sale of Finished goods under trial run

Notes forming part of the Consolidated Accounts

Notes to Consolidated Financial Statements for 15 months period ended June 30, 2012

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 Holding Company has funded its gratuity liability with an insurance company in the form of a qualifying insurance policy. The Subsidiary Company has also funded its gratuity liability with an Insurance Company. The Joint Venture Company, Andam East Coal Company Private Limited, is not funded with any insurance company.

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

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

| Particulars | 15 months period ended June 30, 2012 | 2010-11 |
|----------------------------------------------------|--------------------------------------|---------------|
| Current service cost | 221.44 | 127.38 |
| Interest cost on benefit obligation | 60.41 | 31.32 |
| Expected return on plan assets | (30.28) | (17.32) |
| Net actuarial loss / (Gain) recognised in the year | (159.86) | 69.70 |
| Past Service cost | 15.54 | 12.64 |
| Total Expenses* | 107.25 | 223.72 |

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

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

| Particulars | As at June 30, 2012 | As at March 31, 2011 |
|----------------------------------------------|---------------------|----------------------|
| Present value of Defined Benefits Obligation | 698.48 | 603.02 |
| Fair value of plan assets | 338.22 | 231.77 |
| | 360.26 | 371.25 |
| Less: Unrecognised past service cost | 9.13 | 24.67 |
| Net Liability | 351.13 | 346.58 |
| Net Current Liability | 9.98 | 5.51 |
| Current Liability | 341.15 | 341.07 |

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

| Particulars | 15 months period ended June 30, 2012 | 2010-11 |
|--------------------------------------------------------------------------|--------------------------------------|---------|
| Present Value of Defined Benefit Obligation at the beginning of the year | 603.02 | 387.56 |
| Current Service Cost | 221.44 | 127.38 |
| Interest Cost | 60.41 | 31.32 |
| Benefits Paid | (27.89) | (11.95) |
| Actuarial Loss / (Gain) | (158.51) | 68.71 |
| Present Value of Defined Benefits Obligation at the year end | 698.47 | 603.02 |

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

| Particulars | 15 months period ended June 30, 2012 | 2010-11 |
|--------------------------------------------------------|--------------------------------------|---------------|
| Fair Value of Plan Assets at the beginning of the year | 231.77 | 169.90 |
| Expected Return | 30.28 | 17.32 |
| Contribution by Employer | 102.71 | 57.80 |
| Benefits paid | (27.89) | (11.95) |
| Actuarial Gains/ (Losses) | 1.35 | (1.30) |
| Fair Value of Plan Assets at the year end | 338.22 | 231.77 |

Notes forming part of the Consolidated Accounts

Notes to Consolidated Financial Statements for 15 months period ended June 30, 2012

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

| Particulars | 15 months period ended June 30, 2012 | 2010-11 |
|-----------------------------|--------------------------------------|---------|
| Investment with the insurer | 100% | 100% |

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

| Particulars | 15 months period ended June 30, 2012 | 2010-11 |
|--------------------------------------------------------|--------------------------------------|---------------|
| Discount Rate for Holding Co. | 8.50% | 8.20% |
| Discount Rate for Subsidiary Co. | 8.60% | 8.30% |
| Discount Rate for Joint Venture Co. | 8.60% | 8.20% |
| Expected Rate of return on assets of Holding Co. | 9.00% | 9.00% |
| Expected Rate of return on assets of Subsidiary Co. | 9.00% | 9.00% |
| Expected Rate of return on assets of Joint Venture Co. | Not Available | Not Available |
| Rate of Increase in salaries of Holding Co. | 10.00% | 10.00% |
| Rate of Increase in salaries of Subsidiary Co. | 7.50% | 7.50% |
| Rate of Increase in salaries of Joint Venture Co. | 10.00% | 10.00% |
| Mortality Table | LIC (1994-96) ultimate | |

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

| Particulars | As at June 30, 2012 | As at 31st March, 2011 | As at 31st March, 2010 |
|---------------------------------------------------------|---------------------|------------------------|------------------------|
| Defined benefit obligation | (697.77) | (602.78) | (387.49) |
| Plan Assets | 338.22 | 231.77 | 169.59 |
| Surplus / (Deficit) | (359.55) | (371.01) | (217.90) |
| Experience Gain/ (Loss) Adjustments on plan liabilities | 131.30 | (68.73) | (26.96) |
| Experience Gain/ (Loss) Adjustments on plan assets | 1.62 | (0.99) | (0.56) |

(₹ in lacs)

| Particulars | 2011-12 | 2010-11 |
|------------------------------------------------|---------|---------|
| Contribution to Provident Fund and other Funds | 502.47 | 370.80 |

Note:

- The Holding Company expects to contribute ₹ 340.71 lacs (₹ 340.94 lacs) to Gratuity Fund in 2012-13. The Subsidiary Company expects to contribute ₹ 9.71 lacs (₹ 5.40 lacs) to Gratuity Fund in 2012-13.
- 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 forming part of the Consolidated Accounts

Notes to Consolidated Financial Statements for 15 months period ended June 30, 2012

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 | 15 months period ended June 30, 2012 | 2010-11 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------|
| a) Principal Amount remaining unpaid to the suppliers as at the end of the year | – | 10.16 |
| b) Interest due on above remaining unpaid to the suppliers as at the end of the year | – | – |
| c) Amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 | – | – |
| d) Amount of interest due and payable for the period of delay in making payment (which have been paid beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006. | – | – |
| e) Amount of interest accrued and remaining unpaid at the end of each accounting year; and | – | – |
| f) Amount of further interest remaining due and payable even in the succeeding years. | – | – |

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

| Particulars | As at June 30, 2012 | | | As at March 31, 2011 | | |
|----------------------------|----------------------------|------------|-----------|----------------------------|------------|-----------|
| | Amount in Foreign Currency | | ₹ in lacs | Amount in Foreign Currency | | ₹ in lacs |
| Receivables | | | | | | |
| (a) Sundry Debtors | – | – | – | US\$ | 3,571,104 | 1,594.50 |
| (b) Advances | US\$ | 68,746 | 38.71 | US\$ | – | – |
| | Euro | – | – | Euro | – | – |
| | GBP | – | – | GBP | 886 | 0.64 |
| Total | | 68,746 | 38.71 | | | 1,595.14 |
| Payables | | | | | | |
| (a) Sundry Creditors | US\$ | 27,402,886 | 15,430.29 | US\$ | 2,789,046 | 1,245.31 |
| | Euro | 241,437 | 171.20 | Euro | 21,510 | 13.60 |
| (b) Foreign Currency Loans | US\$ | 12,071,788 | 6,797.50 | US\$ | 16,520,615 | 7,376.45 |
| | Euro | – | – | Euro | 6,078,571 | 3,844.09 |
| Total | | | 22,398.99 | | | 12,479.45 |

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

Contracts of US \$ 1,650,000 (US \$ 3,712,500) for minimizing the risk of currency exposure on foreign currency loans from banks aggregating ₹ 929.10 lacs (₹ 1,657.63 lacs)

Notes forming part of the Consolidated Accounts

Notes to Consolidated Financial Statements for 15 months period ended June 30, 2012

| 36. Basic and diluted earnings per share : | | 15 months period ended June 30, 2012 | 2010-11 |
|--------------------------------------------|----------------------------------------------------------------------------------------|-----------------------------------------|------------|
| A | Profit / (Loss) after Tax (₹ in lacs) | (28,264.46) | 7,752.60 |
| 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 | 10 |
| F | Basic Earning per Share ₹ | 44.31 | 12.16 |
| G | Diluted Earning per Share ₹ | 44.31 | 12.16 |

37. Loans and Advances includes the following balances :

| Name of the Company | As at 30 th June, 2012 | Maximum Amount due at any time during 15 months period ended June 30, 2012 | As at March 31, 2011 | (₹ in lacs) |
|-------------------------------------------------------|--------------------------------------|----------------------------------------------------------------------------------------|-------------------------|-----------------------------------------------------------------|
| | | | | Maximum Amount due at any time during the year 2010-11 |
| In Terms of Clause 32 of the Listing Agreement | | | | |
| Jai Balaji Jyoti Steels Ltd. | 8,499.63 | 12,088.17 | 3,521.05 | 6,407.16 |

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

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 (JBJSL) Jai Salasar Balaji Industries (P) Limited (JSBIPL) Balaji Ispat Udyog (BIU) Enfield Suppliers Limited (ESL) Hari Management Limited (HML) Jain Vanijya Udyog Limited (JVUL) Jajodia Estate Private Limited (JEPL) K.D. Jajodia Steel Industries (P) Limited (KDJSIPL) Shri Sumangalaya Balaji Steels Limited (SSBSL) Shri Marutaye Balaji Steels Limited (SMBSL) |

Notes forming part of the Consolidated Accounts

Notes to Consolidated Financial Statements for 15 months period ended June 30, 2012

b) Related Party Transactions :

| Relationship | Party | Sales | Purchases | Rent paid | Interest Received | Dividend Paid | Director's Share Application money pending allotment | Share Application in advance Net of proportionate | Reimbursement of expenses | Balance Receivable | Balance Payable | Guarantees Obtained |
|-----------------------------------------------------------------------------------------------------|-----------------|-------------|------------|-----------|-------------------|---------------|------------------------------------------------------|---------------------------------------------------|---------------------------|--------------------|-----------------|---------------------|
| Joint Venture | | | | | | | | | | | | |
| | RCCPL | - | - | - | - | - | 41.33 | - | - | - | - | - |
| | AECPL | - | - | - | - | - | 189.54 | (5.38) | - | - | - | - |
| Key Management Personnel | | | | | | | | | | | | |
| | Aditya Jajodia | - | - | - | - | 12.37 | - | - | - | - | - | 205,959.74 |
| | | - | - | - | - | (11.34) | - | - | - | - | - | (191,848.30) |
| | Sanjiv Jajodia | - | - | - | - | 10.60 | - | - | - | - | - | 205,959.74 |
| | | - | - | - | - | (10.60) | - | - | - | - | - | (191,848.30) |
| | Aashish Jajodia | - | - | - | - | 3.18 | - | - | - | - | - | 8,129.57 |
| | | - | - | - | - | (3.18) | - | - | - | - | - | (7,324.51) |
| Relatives of Key Management Personnel | | | | | | | | | | | | |
| | Rajiv Jajodia | - | - | - | - | 6.27 | 0.35 | - | - | - | - | 205,959.74 |
| | | - | - | - | - | (6.27) | (0.25) | - | - | - | - | (191,848.30) |
| | Gourav Jajodia | - | - | - | - | 0.43 | 0.30 | - | - | - | - | - |
| | | - | - | - | - | (0.43) | (0.20) | - | - | - | - | - |
| | Others | - | - | - | - | 4.49 | - | - | - | - | - | - |
| | | - | - | - | - | (4.49) | - | - | - | - | - | - |
| Enterprises owned or significantly influenced by key management personnel or their relatives | | | | | | | | | | | | |
| | CSIL | 7,087.92 | 133.37 | - | 500.87 | - | - | - | - | 4,379.05 | - | - |
| | | (6,010.79) | (159.17) | - | (41.43) | - | - | - | (30.83) | (2,327.87) | - | - |
| | JBJSL | 232.58 | 14,471.05 | - | 1,127.91 | - | - | - | - | 8,499.63 | - | - |
| | | (755.97) | (5,390.64) | - | (571.40) | - | - | - | - | (3,521.05) | - | - |
| | JSBPL | 3,724.14 | 4,599.34 | - | - | 10.09 | - | - | - | - | 1,229.43 | - |
| | | (3,412.25) | (3,063.93) | - | - | (10.09) | - | - | - | - | - | - |
| | SMBSL | - | 183.18 | - | - | - | - | - | - | - | - | - |
| | | - | - | - | - | - | - | - | - | - | - | - |
| | JEPL | - | - | 0.86 | - | - | - | - | - | - | - | - |
| | | - | - | (0.69) | - | - | - | - | - | - | - | - |
| | ESL | - | - | - | - | 44.88 | - | - | - | - | - | - |
| | | - | - | - | - | (44.88) | - | - | - | - | - | - |
| | HML | - | - | - | - | 28.18 | - | - | - | - | - | - |
| | | - | - | - | - | (28.18) | - | - | - | - | - | - |
| | KD/SIPL | - | - | - | - | 9.64 | - | - | - | - | - | - |
| | | - | - | - | - | (9.64) | - | - | - | - | - | - |
| | Others | - | - | - | - | 0.36 | - | - | - | - | - | - |
| | | (3.42) | - | - | - | (0.36) | - | - | - | - | - | - |
| Total | | 11,044.64 | 19,386.94 | 0.86 | 1,628.77 | 130.49 | 0.65 | 230.87 | - | 12,878.68 | 1,229.43 | 626,008.79 |
| | | (10,182.43) | (8,613.74) | (0.69) | (612.83) | (129.46) | (0.45) | (-) | (30.83) | (5,848.92) | - | (582,869.41) |

Note : Managerial Remuneration have been disclosed in Note 40

**Notes forming part of the Consolidated Accounts**

Notes to Consolidated Financial Statements for 15 months period ended June 30, 2012

40. Managerial Remuneration

(₹ in lacs)

| | 15 months period ended June 30, 2012 | 2010-11 |
|-------------------------------------------|--------------------------------------------|---------------|
| Directors of Holding Company | | |
| (a) Chairman and Managing Director | | |
| Salary and Allowances | — | 151.50 |
| Perquisites | — | 7.94 |
| | — | 159.44 |
| (b) Whole-time Director | | |
| Salary and Allowances | — | 124.80 |
| Perquisites | — | 3.15 |
| | — | 127.95 |
| Director of Subsidiary Company | | |
| Whole-time Director | | |
| Salary and Allowances | 52.50 | 42.00 |
| | 52.50 | 42.00 |
| Total | 52.50 | 329.39 |

Notes :

- As the liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not included above.
 - Includes ₹ 49.00 lacs (₹ 98.52 lacs) transferred to Preoperative Expenses.
41. The proportionate share of Assets, Liabilities and Equity as at March 31, 2012 and Income and Expenditure for the year ended March 31, 2012 of Joint Venture Companies viz. M/s Rohne Coal Company Private Limited and M/s Andar East Coal Company Private Limited are included in these financial statements in respective items [Refer Note 1. (A) (viii)]

(₹ in lacs)

| Particulars | As at March 31, 2012 | As a March 31, 2011 |
|---------------------------------------------------------------------------|-------------------------|------------------------|
| Assets | | |
| Non Current Assets | | |
| Fixed Assets : Tangible Assets | 74.57 | 12.59 |
| Capital Work in Progress and Pre-operative Expenditure Pending Allocation | 655.97 | 403.44 |
| Long - Term Loans & Advances | 13.32 | 24.42 |
| Current Assets | | |
| Current Investments | 0.41 | 1.19 |
| Cash and Bank Balances | 22.23 | 7.19 |
| Short - Term Loans & Advances | 42.05 | 23.16 |
| Non Current Liabilities | | |
| Long Term Provisions | 0.50 | 0.25 |
| Current Liabilities | | |
| Trade Payables | 0.10 | 0.08 |
| Other Current Liabilities | 114.83 | 159.25 |
| Short Term Provisions | 0.83 | 0.36 |
| Equity | | |
| Reserves and Surplus | (1.20) | (0.35) |
| Share Application Money | 230.86 | 20.47 |
| Income | | |
| Other Income | 0.12 | 0.08 |
| Expenditure | | |
| Other Expenses | 0.95 | 0.37 |
| Capital Commitment and Contingencies : | | |
| Contingent Liability | 514.08 | 514.08 |
| Capital Commitment and Contingencies | 10.52 | 273.23 |

**Notes forming part of the Consolidated Accounts**

Notes to Consolidated Financial Statements for 15 months period ended June 30, 2012

42. Remuneration of Holding Company's Auditor (Included in Legal and Professional Charges) :

(₹ in lacs)

| Payment to Auditor | 15 months period ended June 30, 2012 | | 2010-2011 | |
|-----------------------------------|-----------------------------------------|--------------|-----------|--------------|
| As Auditor : | | | | |
| Audit Fee | 6.00 | | 25.00 | |
| Limited Review | 26.50 | | 22.50 | |
| Tax Audit | 0.75 | | 0.75 | |
| Out-of-pocket expenses | 0.60 | 33.85 | 0.47 | 48.72 |
| In other manner for Certification | | 3.50 | | 5.55 |
| Total | | 37.35 | | 54.27 |

Out of above ₹ 37.35 lacs (₹ 54.27 lacs) amount paid to previous auditor amounts to ₹ 26.60 lacs (₹ 52.92 lacs)

Remuneration of Subsidiary Company's Auditor (included in Legal and Professional Charges) :

(₹ in lacs)

| Nilachal Iron & Power Limited | 15 months period ended June 30, 2012 | | 2010-2011 | |
|--------------------------------------------|-----------------------------------------|-------------|-----------|-------------|
| As Auditor : | | | | |
| Audit Fee | 2.50 | | 2.50 | |
| Tax Audit Fee | 0.75 | | 0.75 | |
| Other Services | 0.12 | 3.37 | 0.10 | 3.35 |
| Total | | 3.37 | | 3.35 |
| Jai Balaji Steels (Purulia) Limited | | | | |
| As Auditor : | | | | |
| Audit Fee | 0.11 | 0.11 | 0.05 | 0.05 |
| Total | | 0.11 | | 0.05 |
| Jai Balaji Energy (Purulia) Limited | | | | |
| As Auditor : | | | | |
| Audit Fee | 0.11 | 0.11 | 0.05 | 0.05 |
| Total | | 0.11 | | 0.05 |

43. In respect of M/s. Nilachal Iron & Power Limited, a Subsidiary Company, on the basis of physical verification of assets, as specified in Accounting Standard-28 and cash generation of those assets, in the management perception there is no impairment of such assets as appearing in the balance sheet as at 30th June, 2012.

44. Till the year ended March 31, 2011, the Company was preparing its accounts based on the Schedule VI to the Companies Act, 1956. During the year ended June 30, 2012 the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification.

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 : October 04, 2012

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
Chairman & Managing Director

Sanjiv Jajodia
Wholetime Director

Rajiv Jajodia
Director

Raj Kumar Sharma
Chief Financial Officer

Ajay Kumar Tantia
Company Secretary

Directors' Report

To the members of
Nilachal Iron & Power Limited

Your Directors are pleased to present their Tenth Annual Report together with the Audited Balance Sheet and Statement of Profit and Loss Account of your Company for the year ended 31st March, 2012.

Financial Performance

| Particulars | 2011-12 (₹) | 2010-11 (₹) |
|-----------------------------------------------------------------|-----------------------|-------------------------|
| Revenue from Operations (Net of Excise Duty) | 981,883,123.00 | 1,282,689,241.00 |
| Other Income | 7,234,948.00 | 8,813,096.00 |
| Total Income | 989,118,071.00 | 1,291,502,337.00 |
| Less: Expenditure | 906,250,972.00 | 1,151,378,502.00 |
| Profit before Interest, Depreciation and tax (PBIDT) | 82,867,099.00 | 140,123,835.00 |
| Less: Finance Charges | 4,73,86,658.00 | 46,020,227.00 |
| Depreciation | 3,57,50,012.00 | 35,721,354.00 |
| Profit/(Loss) before Tax | (2,69,571.00) | 58,382,254.00 |
| Less : Tax | 21,54,152.00 | 18,454,101.00 |
| Profit/(Loss) for the year | (24,23,723.00) | 39,928,153.00 |
| Earnings per share (Nominal value per share ₹ 10/-) | | |
| Basic and Diluted | 0.07 | 1.14 |

Operational Performance

During the year under review, your Company has achieved the total revenues of ₹ 9,891.18 lacs against ₹ 12,915.02 lacs in the previous year. The EBIDTA for the year amounted to ₹ 828.67 lacs while the same was ₹ 1,401.24 lacs for the previous year i.e. a decrease by 24%. The Loss for the year 2011-12 stood ₹ (24.24) lacs as compared to profit of ₹ 399.28 lacs in the last year.

During the year profit was adversely affected due to inflation in cost of raw material, increase in borrowings cost and non-availability of raw materials.

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, 2012.

Future Outlook

According to World Steel Association, India is the largest producer of sponge iron with a host of coal based units located in mineral rich states of the country. The demand for steel in the country is currently growing at the rate of over 8% and it is expected that the demand would grow over by 10% in the next 5 years. Your Company shall take further efforts to strengthen the growth of the production in the forthcoming year and to make positive use of it.

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 Ashim Kumar Mukherjee and Shri Dinesh Kumar Agarwal, 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.

Board Sub Committees

i. Audit committee:

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

ii. Remuneration committee:

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

Directors' Responsibility Statement

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the loss of the Company for the year ended on that date;
- iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the annual accounts have been prepared on a going concern basis.

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 26 are self explanatory and do not require further explanation.

Cost Auditors

Your Board has appointed M/s. Mondal & Associates, Proprietor Mr. Amiya Mondal as Cost Auditor of the Company in accordance with the provisions of Section 233B of the Companies Act, 1956 read with Cost Accounting Records (Steel Plant) Rules, 1990, The Companies (Cost Accounting Records) Rules, 2011 and The Companies (Cost Audit Report) Rules, 2011 for the financial year 2012-13. The said appointment has subsequently been approved by the Central Government.

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

In accordance with the provisions of Section 217(1)(e) of the

Directors' Report (Contd.)

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 the year under review.

Appreciation

Your Directors express 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

Aditya Jajodia
Director

Sanjiv Jajodia
Director

Place : Kolkata

Dated: 25th May, 2012

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, 2012:

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 | 2011-12 | 2010-11 |
|-------------------------------------------------------------------|-----------|-----------|
| a) Purchased | 5,295,564 | 5,868,450 |
| Units (KVAH) | | |
| Total Amount (₹ in lacs) | 291.99 | 276.66 |
| Rate per Unit (₹) | 5.51 | 4.71 |
| B. Electricity Consumption per unit (M.T.) of consumption: | | |
| Sponge iron | 137.22 | 106.76 |

FORM - B

Form for Disclosure of Particulars with respect to Technology Absorption.

Research and Development (R & D)

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

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

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

Not Applicable.

3. Future Plan of action:-

The Company strives towards energy conservation 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

We have audited the attached Balance Sheet of Nilachal Iron & Power Limited as at 31st March, 2012 and the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.

2. Further to our comments in the Annexure referred above, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books;
- c) The Balance Sheet, the Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of accounts;
- d) In our opinion, subject to our comments hereinafter, the Balance Sheet comply with the Accounting Standards as referred to in Sub-section (3c) of Section 211 of the Companies Act, 1956;
- e) On the basis of the written representation received from the Directors of the company and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;

- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with Significant Accounting Policies and Notes to the Accounts, give the information required by the Companies Act, 1956, in the manner so required give a true and fair view in conformity with accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012;
 - (b) in the case of the Profit & 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.

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

Per **(Ketan Chhawchharia)**
Partner
Membership No. 63422

Place: Kolkata

Date : 25th May, 2012

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 compiled 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>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 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 certified by a Cost Accountant, the company has maintained cost records for the year under review, 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 except as detailed below:</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 were noticed on physical verification of inventory.</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 |
| 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 |
| Central Excise Act, 1944 | Irregular Availment of Service Tax | 2.63 | 2005 - 2006 | Commissioner of Central Excise (Appeal) |
| Central Excise Act, 1944 | Irregular Availment of Cenvat Credit on inputs/equipments | 83.15 | 2006 - 2007 | CESTAT |
| Central Excise Act, 1944 | Availment of Cenvat Credit relating to 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 | Commissioner of Central Excise (Appeal) |
| Central Excise Act, 1944 | Availment of Cenvat Credit in respect of bought out Iron ore Pallet | 78.64 | 2010 - 2011 | Commissioner of Central Excise |
| Central Excise Act, 1944 | Service Tax on Mutual Fund Distribution (Sub-Brokerage) | 50.22 | 2005 - 2006 and 2006 - 2007 | CESTAT |

- x) There are no accumulated losses in the company. The company has not incurred any cash loss during the financial year covered by our audit and also in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanation given to us, the company has generally not defaulted in repayment of dues to banks.
- xii) According to the information and explanation given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The company is not a chit fund or a nidhi mutual benefit fund/society.
- xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. The shares and other investments

- are held by the company in its own name.
- xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
- xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company for the year under review, we report that no funds raised on short term basis have been used for long term investments.
- xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under

- Section 301 of the Companies Act, 1956 during the year under review.
- xix) The company has not issued any debentures during the year.
- xx) The company has not raised any money by public issue during the year under review.
- xxi) According to the information and explanations given to us and to the best of our knowledge and belief, no fraud on or by the company has been noticed or reported during the year.

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

Per **(Ketan Chhawchharia)**
Partner
Membership No. 63422

Place: Kolkata

Date : 25th May, 2012

Balance Sheet as at 31st March, 2012

(Amount in ₹)

| | <u>Notes</u> | <u>As at 31st March, 2012</u> | | <u>As at 31st March, 2011</u> | |
|-------------------------------------------------------------|--------------|----------------------------------------------|-----------------------|----------------------------------------------|-----------------------|
| EQUITY AND LIABILITIES | | | | | |
| Shareholders' Funds | | | | | |
| Share Capital | 1 | 34,94,87,270 | | 34,94,87,270 | |
| Reserves and Surplus | 2 | 81,42,34,401 | 1,16,37,21,671 | 81,94,27,126 | 1,16,89,14,396 |
| Non-current liabilities | | | | | |
| Long-term Borrowings | 3 | 38,02,19,208 | | 42,50,74,083 | |
| Deferred Tax Liabilities (Net) | 4 | 6,32,59,400 | | 6,13,55,900 | |
| Long-term Provisions | 5 | 8,70,000 | 44,43,48,608 | 5,40,000 | 48,69,69,983 |
| Current liabilities | | | | | |
| Short-term Borrowings | 6 | 35,41,68,043 | | 30,18,42,720 | |
| Trade Payables | 7 | 19,44,18,421 | | 16,97,07,913 | |
| Other Current Liabilities | 8 | 11,48,81,819 | | 30,41,74,189 | |
| Short-term Provisions | 9 | — | 66,34,68,283 | 40,61,830 | 77,97,86,652 |
| Total | | | 2,27,15,38,562 | | 2,43,56,71,031 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Fixed Assets | 10 | | | | |
| Tangible Assets | | 51,25,01,344 | | 55,06,70,992 | |
| Capital Work-in-Progress | | 95,09,12,007 | | 84,45,26,389 | |
| | | 1,46,34,13,351 | | 1,39,51,97,381 | |
| Non-current Investments | 11 | 26,86,239 | | 26,86,239 | |
| Long-term Loans and Advances | 12 | 4,75,13,159 | 1,51,36,12,749 | 4,90,16,728 | 1,44,69,00,348 |
| Current assets | | | | | |
| Inventories | 13 | 40,96,19,268 | | 53,30,80,687 | |
| Trade Receivables | 14 | 16,48,11,110 | | 22,20,03,483 | |
| Cash and Bank Balances | 15 | 5,01,84,929 | | 3,53,80,270 | |
| Short-term Loans and Advances | 16 | 13,33,10,506 | 75,79,25, 813 | 19,83,06,243 | 98,87,70,683 |
| Total | | | 2,27,15,38,562 | | 2,43,56,71,031 |
| SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO ACCOUNTS | 26 | | | | |

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

Per **Ketan Chhawchharia**
Partner

Aashish Jajodia
Wholetime Director

Aditya Jajodia
Director

Sanjiv Jajodia
Director

Firm Reg. No. 305123E
Membership No. 63422

Place : Kolkata
Date : 25th May, 2012

Prerna Sharma
Company Secretary

For and on behalf of the Board of Directors

Statement of Profit and Loss for the year ended 31st March, 2012

| | Notes | 2011-12 | 2010-11 |
|--------------------------------------------|-------|---------------------|-----------------------|
| (Amount in ₹) | | | |
| Income | | | |
| Revenue from Operations | 17 | 1,06,84,86,455 | 1,38,96,66,496 |
| Less : Excise Duty | | 8,66,03,332 | 10,69,77,255 |
| | | <u>98,18,83,123</u> | <u>1,28,26,89,241</u> |
| Other Income | 18 | 72,34,948 | 88,13,096 |
| | | <u>98,91,18,071</u> | <u>1,29,15,02,337</u> |
| Expense | | | |
| Cost of Material Consumed | 19 | 66,81,50,165 | 1,03,87,34,872 |
| Manufacturing Expenses | 20 | 6,49,40,729 | 5,65,59,354 |
| Excise Duty on Finished Stock | | (10,64,606) | (38,07,875) |
| Changes in Inventory | 21 | 5,60,52,970 | (48,07,109) |
| Employee Benefits Expense | 22 | 4,16,21,886 | 3,12,28,331 |
| Finance Costs | 23 | 4,73,86,658 | 4,60,20,227 |
| Depreciation | | 3,85,19,014 | 3,85,97,014 |
| Less : Transfer from State Capital Subsidy | | <u>27,69,002</u> | <u>28,75,660</u> |
| Prior Period Expenses | | 11,16,477 | 12,36,823 |
| Other Expenses | 24 | 7,54,33,351 | 3,22,34,106 |
| | | <u>98,93,87,642</u> | <u>1,23,31,20,083</u> |
| Profit/(Loss) before tax | | (2,69,571) | 5,83,82,254 |
| Tax expense : | | | |
| Current Tax | 25 | 2,50,652 | 1,84,701 |
| Deferred Tax | | 19,03,500 | 1,82,69,400 |
| Profit for the year | | <u>(24,23,723)</u> | <u>3,99,28,153</u> |
| Earning per equity share | | | |
| Basic & Diluted | | (0.07) | 1.14 |

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

Per **Ketan Chhawchharia**
Partner

Aashish Jajodia
Wholtime Director

For and on behalf of the Board of Directors

Aditya Jajodia
Director

Sanjiv Jajodia
Director

Firm Reg. No. 305123E
Membership No. 63422

Prerna Sharma
Company Secretary

Place : Kolkata
Date : 25th May, 2012

Cash Flow Statement for the year ended 31st March, 2012

(Amount in ₹)

| | 2011-2012 | 2010-2011 |
|--------------------------------------------------------|-----------------------|-----------------------|
| CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Net Profit/(Loss) before tax and extraordinary items | (2,69,571) | 5,83,82,254 |
| Adjusted for : | | |
| Depreciation | 3,57,50,012 | 3,57,21,354 |
| Interest Income | (19,24,265) | (16,56,503) |
| Irrecoverable Debts and Advances Written Off | 1,39,14,328 | 13,70,457 |
| Irrecoverable Subsidies Written Off | 4,59,54,699 | 1,98,86,194 |
| Liabilities no longer required Written Back | (22,37,507) | (44,07,954) |
| Interest on Term Loan and Others | 4,36,78,096 | 4,25,83,541 |
| Prior Period Expenditure (Net) | 11,16,477 | 12,36,823 |
| Operating Profit Before Working Capital Changes | 13,59,82,269 | 15,31,16,166 |
| Movement in Working Capital | | |
| Sundry Debtors | (26,76,654) | (22,00,19,461) |
| Loans and Advances and other Current Assets | 6,93,09,731 | 3,01,89,069 |
| Inventories | 12,34,61,419 | 26,66,99,993 |
| Trade Payables and other payables | (21,17,37,301) | 6,85,10,009 |
| Cash Generated From Operating Activities | 11,43,39,464 | 29,84,95,776 |
| Direct Taxes paid/adjusted | (2,50,652) | (1,18,20,576) |
| Net cash from Operating activities (A) | 11,40,88,812 | 28,66,75,200 |
| CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Purchase of Fixed Assets | (10,51,47,558) | (71,53,67,247) |
| Interest Income | 19,24,265 | 16,56,503 |
| Net Cash from investing activities (B) | (10,32,23,293) | (71,37,10,744) |
| CASH FLOW FROM FINANCING ACTIVITIES : | | |
| Proceeds from long term and other borrowings | 5,16,79,066 | 48,38,80,446 |
| Issue of shares | -- | -- |
| Dividend Paid | (34,94,873) | (34,94,873) |
| Tax on Dividend Paid | (5,66,957) | (5,80,455) |
| Interest Paid | (4,36,78,096) | (4,25,83,541) |
| Net Cash used in Financing Activities (C) | 39,39,140 | 43,72,21,577 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C) | 1,48,04,659 | 1,01,86,033 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 3,53,80,270 | 2,51,94,237 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 5,01,84,929 | 3,53,80,270 |

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

Per **Ketan Chhawchharia**
Partner

Membership No. 63422

Place : Kolkata
Date : 25th May, 2012

For and on behalf of the Board of Directors

Aashish Jajodia
Wholetime Director

Aditya Jajodia
Director

Sanjiv Jajodia
Director

Prerna Sharma
Company Secretary

Notes to the Financial Statements

(Amount in ₹)

| | As at 31 st March, 2012 | As at 31 st March, 2011 |
|-------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| 1. SHARE CAPITAL | | |
| Authorised : | | |
| 35,000,000 Equity Shares of ₹ 10 /- each | 35,00,00,000 | 35,00,00,000 |
| 500,000 Preference Shares of ₹ 10/- each | 50,00,000 | 50,00,000 |
| | <u>35,50,00,000</u> | <u>35,50,00,000</u> |
| Issued, Subscribed & Paid up: | | |
| 3,49,48,727 Equity Shares of ₹ 10/- each fully paid up | 34,94,87,270 | 34,94,87,270 |
| [Held by M/s. Jai Balaji Industries Limited, the Holding Company] | | |

Notes:

1. The details of Shareholders holding more than 5% Equity Shares

| Name of Shareholder | As at 31.03.2012 | | As at 31.03.2011 | |
|----------------------------|------------------|-----------|------------------|-----------|
| | No. of shares | % Holding | No. of shares | % Holding |
| Jai Balaji Industries Ltd. | 3,49,48,727 | 100 | 3,49,48,727 | 100 |

2. 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 dividend 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.

During the year ended 31.03.12, the amount of per share dividend recognized as distributions to equity shareholders was Nil (P.Y. ₹ 0.10). 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.

2 RESERVES AND SURPLUS

Capital Reserve:

| | | |
|----------------------------------|--------------------|--------------------|
| State Capital Subsidy | 4,12,66,801 | 4,41,42,461 |
| Less : Allocated to Depreciation | 27,69,002 | 28,75,660 |
| | <u>3,84,97,799</u> | <u>4,12,66,801</u> |

General Reserve:

| | | |
|------------------------------------------|---------------------|---------------------|
| As per Last Account | 37,37,31,000 | 32,37,31,000 |
| Add: Transfer from Profit & Loss Account | - | 5,00,00,000 |
| | <u>37,37,31,000</u> | <u>37,37,31,000</u> |
| Securities Premium Reserve | 32,87,12,548 | 32,87,12,548 |

Surplus in the statement of Profit and Loss :

| | | |
|-------------------------------------------------|---------------------|---------------------|
| Balance as per last Account | 7,57,16,777 | 8,98,50,454 |
| Profit/(Loss) for the year | (24,23,723) | 3,99,28,153 |
| Less : Appropriations | | |
| Proposed Equity Dividend | - | 34,94,873 |
| Tax on Proposed Equity dividend | - | 5,66,957 |
| Transfer to General Reserve | - | 5,00,00,000 |
| Net Surplus in the statement of Profit and Loss | <u>7,32,93,054</u> | <u>7,57,16,777</u> |
| | <u>81,42,34,401</u> | <u>81,94,27,126</u> |

3. LONG-TERM BORROWINGS

Term Loans - Secured

| | | |
|------------|--------------|--------------|
| From Banks | 38,02,19,208 | 42,50,74,083 |
|------------|--------------|--------------|

Notes to the Financial Statements (Contd.)

Terms of Security:

- i) 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 ranking pari passu amongst the lenders herein (ii) First charge on all the bank 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.

Principal Terms of Repayment:

- i) Uco Bank - 24 Quarterly Instalments of ₹ 1.67 crores each commencing from 31.12.2012
 ii) State Bank of India - 30 Quarterly Instalments of ₹ 1.00 crore each commencing from 30.09.2012
 iii) Axis Bank Ltd. - 24 Quarterly Instalments of ₹ 1.25 crores each commencing from 30.09.2012

| | (Amount in ₹) | |
|------------------------------------------------------------|---------------------------------------|---------------------|
| | As at 31 st March, 2012 | |
| | As at 31 st March, 2011 | |
| 4. DEFERRED TAX LIABILITIES (NET) | | |
| Deferred Tax Liability on Fiscal allowance of Fixed Assets | 8,64,61,200 | 8,75,19,400 |
| Less : Deferred Tax Assets on | | |
| - Unabsorbed Losses and provisions | 2,29,19,500 | 2,59,88,300 |
| - Employee Benefits | 2,82,300 | 1,75,200 |
| | <u>6,32,59,400</u> | <u>6,13,55,900</u> |
| 5. LONG TERM PROVISIONS | | |
| Provision for Gratuity | 8,70,000 | 5,40,000 |
| 6. SHORT-TERM BORROWINGS | | |
| Loans Repayable on Demand | | |
| i) From Banks - Cash Credit - Secured | 35,41,68,043 | 29,68,42,720 |
| ii) From Others - Unsecured | - | 50,00,000 |
| | <u>35,41,68,043</u> | <u>30,18,42,720</u> |

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.

7. TRADE PAYABLES

Sundry Creditors

- For Raw Materials
 - For Capital Goods
 - For others

Acceptances

| | |
|---------------------|---------------------|
| 7,57,93,357 | 5,55,98,639 |
| 4,94,63,746 | 6,04,85,663 |
| 4,41,61,318 | 5,36,23,611 |
| 2,50,00,000 | - |
| <u>19,44,18,421</u> | <u>16,97,07,913</u> |

Notes to the Financial Statements (Contd.)

(Amount in ₹)

| | As at 31 st March, 2012 | As at 31 st March, 2011 |
|-----------------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| 8. OTHER CURRENT LIABILITIES | | |
| Current maturities of long-term borrowings (As certified by the management) | 4,98,33,000 | 61,62,773 |
| Interest accrued and due on long-term borrowings | 50,72,398 | 45,34,007 |
| Advance from customers | 10,48,853 | 6,83,99,298 |
| Due to Holding Company (Interest Free) | 2,51,08,501 | 20,01,27,585 |
| Other Liabilities | 3,38,19,067 | 2,49,50,526 |
| | 11,48,81,819 | 30,41,74,189 |
| 9. SHORT-TERM PROVISIONS | | |
| Proposed Dividend | – | 34,94,873 |
| Corporate Dividend Tax | – | 5,66,957 |
| | – | 40,61,830 |

10 FIXED ASSETS

(Amount in ₹)

| Particulars | Gross Block | | | Depreciation | | | Net Block | |
|-------------------------------------|--------------------------------------|--------------|---------------------------------------|---------------------------------------|--------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | As at 1 st April, 2011 | Additions | As at 31 st March, 2012 | Up to 31 st March, 2011 | For the Year | Up to 31 st March, 2012 | As at 31 st March, 2012 | As at 31 st March, 2011 |
| I. Tangible Assets | | | | | | | | |
| Freehold Land | 67,15,409 | – | 67,15,409 | – | – | – | 67,15,409 | 67,15,409 |
| Building | 8,99,27,880 | – | 8,99,27,880 | 1,50,48,468 | 30,02,322 | 1,80,50,790 | 7,18,77,090 | 7,48,79,412 |
| Plant & Machinery | 59,69,01,040 | – | 59,69,01,040 | 17,73,99,409 | 3,14,49,553 | 20,88,48,962 | 38,80,52,078 | 41,95,01,631 |
| Electrical Installations | 4,29,28,638 | 1,77,049 | 4,31,05,687 | 1,23,52,208 | 20,21,236 | 1,43,73,444 | 2,87,32,243 | 3,05,76,430 |
| Air Conditioners | 8,21,349 | 95,900 | 9,17,249 | 2,11,828 | 42,303 | 2,54,131 | 6,63,118 | 6,09,521 |
| Generators | 1,66,77,326 | – | 1,66,77,326 | 41,68,901 | 7,92,173 | 49,61,074 | 1,17,16,252 | 1,25,08,425 |
| Furniture & Fixtures | 20,38,819 | 6,469 | 20,45,288 | 12,73,413 | 74,482 | 13,47,895 | 6,97,393 | 7,65,406 |
| Vehicles | 90,31,675 | – | 90,31,675 | 52,91,486 | 9,90,373 | 62,81,859 | 27,49,816 | 37,40,189 |
| Office Equipments | 17,57,835 | 44,648 | 18,02,483 | 5,86,677 | 89,752 | 6,76,429 | 11,26,054 | 11,71,158 |
| Computers | 11,13,861 | 25,300 | 11,39,161 | 9,10,450 | 56,820 | 9,67,270 | 1,71,891 | 2,03,411 |
| Total (I) | 76,79,13,832 | 3,49,366 | 76,82,63,198 | 21,72,42,840 | 3,85,19,014 | 25,57,61,854 | 51,25,01,344 | 55,06,70,992 |
| II. Capital Work-in-Progress | | | | | | | | |
| Land and Site Development | 98,55,466 | 28,39,249 | 1,26,94,715 | – | – | – | 1,26,94,715 | 98,55,466 |
| Building | 9,81,77,877 | 17,94,180 | 9,99,72,057 | – | – | – | 9,99,72,057 | 9,81,77,877 |
| Plant & Machinery | 50,54,22,052 | 79,99,088 | 51,34,21,140 | – | – | – | 51,34,21,140 | 50,54,22,052 |
| Electrical Installations | 7,24,82,981 | 89,19,341 | 8,14,02,322 | – | – | – | 8,14,02,322 | 7,24,82,981 |
| Furniture & Fixtures | 81,000 | 36,043 | 1,17,043 | – | – | – | 1,17,043 | 81,000 |
| Mining Land | 9,05,32,359 | 1,73,68,336 | 10,79,00,695 | – | – | – | 10,79,00,695 | 9,05,32,359 |
| Railway Sidings | 36,36,082 | – | 36,36,082 | – | – | – | 36,36,082 | 36,36,082 |
| Pre-operative Expenses | 6,43,38,572 | 6,74,29,381 | 13,17,67,953 | – | – | – | 13,17,67,953 | 6,43,38,572 |
| Total (II) | 84,45,26,389 | 10,63,85,618 | 95,09,12,007 | – | – | – | 95,09,12,007 | 84,45,26,389 |
| Grand Total (I+II) | 1,61,24,40,221 | 10,67,34,984 | 1,71,91,75,205 | 21,72,42,840 | 3,85,19,014 | 25,57,61,854 | 1,46,34,13,351 | – |
| Previous Year Figures | 86,97,16,812 | 74,27,23,409 | 1,61,24,40,221 | 17,86,45,826 | 3,85,97,014 | 21,72,42,840 | – | 1,39,51,97,381 |

Notes to the Financial Statements (Contd.)

11. NON-CURRENT INVESTMENTS

(Amount in ₹)

| | Face Value | No. of shares | As at 31.03.2012 | No. of shares | As at 31.03.2011 |
|---------------------------------------------|------------|---------------|------------------|---------------|------------------|
| Others | | | | | |
| In fully paid up Equity Shares of Companies | | | | | |
| Quoted | | | | | |
| Shyama Infosys Ltd. | 10/- | 366200 | 25,90,974 | 366200 | 25,90,974 |
| Shri Nidhi Trading Co. Ltd. | 10/- | 10500 | 95,265 | 10500 | 95,265 |
| | | | <u>26,86,239</u> | | <u>26,86,239</u> |
| Market Value of quoted Investments | | | <u>27,56,628</u> | | <u>42,70,974</u> |

(Amount in ₹)

12. LONG TERM LOANS AND ADVANCES

(Unsecured, considered good)

Capital Advances

Deposits

MAT Credit Entitlement

As at 31st
March, 2012As at 31st
March, 2011

64,84,147

80,71,573

1,05,68,360

1,04,84,503

3,04,60,652

3,04,60,652

4,75,13,1594,90,16,728

13. 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/-]

Finished Goods

By Products

Stores & Consumables

*Awaiting Custom Clearance

-

-

29,66,39,306

36,60,88,354

7,95,06,636

10,50,59,344

1,50,84,385

4,55,84,647

1,83,88,941

1,63,48,342

40,96,19,26853,30,80,687

14. TRADE RECEIVABLES

(Unsecured, considered good)

Due for more than six months

Other Debts

16,08,78,534

17,35,83,453

39,32,576

4,84,20,030

16,48,11,11022,20,03,483

15. CASH AND BANK BALANCES

(i) Cash & Cash Equivalents

Cash-in- hand

Balances with Scheduled Banks in Current Account

11,47,407

39,832

1,66,17,732

1,27,90,438

1,77,65,1391,28,30,270

(ii) Other Bank Balances

In Fixed Deposits (Pledged)

3,24,19,790

2,25,50,000

5,01,84,9293,53,80,270

16. SHORT-TERM LOANS AND ADVANCES

(Unsecured, considered good)

Advances recoverable in cash or in kind or for value to be received

Balances with Government Authorities

Subsidies Receivable

Orised Receivable

Taxation Advances and Refundable (Net of Provision)

8,32,26,605

6,41,71,329

1,22,28,548

2,33,89,976

3,52,45,369

10,94,80,077

-

30,52,728

26,09,984

(17,87,867)

13,33,10,50619,83,06,243

Notes to the Financial Statements (Contd.)

| | As at 31 st March, 2012 | (Amount in ₹) As at 31 st March, 2011 |
|-------------------------------------------------------------------------|---------------------------------------|--------------------------------------------------------|
| 17. REVENUE FROM OPERATIONS | | |
| Sale of Sponge Iron | 92,77,03,673 | 1,14,67,41,359 |
| Sale of Raw Materials | 6,10,00,000 | 12,34,91,796 |
| Sale of By-Products | 7,97,82,782 | 7,35,56,731 |
| Service Charges | — | 4,58,76,610 |
| | <u>1,06,84,86,455</u> | <u>1,38,96,66,496</u> |
| 17.1 SALE OF RAW MATERIAL | | |
| - Iron Ore | 6,10,00,000 | 2,18,78,060 |
| - Coal | — | 10,16,13,735 |
| | <u>6,10,00,000</u> | <u>12,34,91,795</u> |
| 17.2 SALE OF BY PRODUCTS | | |
| - Iron Ore fines | 2,51,26,719 | 5,42,14,891 |
| - Coal fines | 5,46,56,063 | 1,93,41,840 |
| | <u>7,97,82,782</u> | <u>7,35,56,731</u> |
| 18. OTHER INCOME | | |
| Interest on Fixed Deposit (Includes TDS ₹ 2,17,026/- P.Y. ₹ 1,81,421/-) | 19,24,265 | 16,56,503 |
| Liabilities written back | 22,37,507 | 44,07,954 |
| Miscellaneous Income | 30,73,176 | 27,48,639 |
| | <u>72,34,948</u> | <u>88,13,096</u> |
| 19. COST OF MATERIALS CONSUMED | | |
| Raw Material Consumed - Indigeneous | | |
| - Coal | 28,65,81,002 | 46,93,03,526 |
| - Iron Ore | 37,79,36,023 | 56,71,72,537 |
| - Dolomite | 36,33,140 | 22,58,809 |
| | <u>66,81,50,165</u> | <u>1,03,87,34,872</u> |
| 20. MANUFACTURING EXPENSES | | |
| Consumption of Stores and Spare parts | 76,61,895 | 1,01,45,547 |
| Power and Fuel | 3,52,96,605 | 3,29,67,629 |
| Repairs & Maintenance : | | |
| - For Plant & Machinery | 77,29,338 | 24,19,010 |
| - For Others | 7,90,061 | 4,90,509 |
| Machinery Hire Charges | 13,31,869 | 13,49,743 |
| Processing Charges | 1,21,30,961 | 91,86,916 |
| | <u>6,49,40,729</u> | <u>5,65,59,354</u> |
| 21. CHANGES IN INVENTORIES | | |
| Opening Stock : | | |
| - Finished Goods | 10,50,59,344 | 14,58,36,882 |
| - By products | 4,55,84,647 | — |
| | <u>15,06,43,991</u> | <u>14,58,36,882</u> |
| Less : Closing Stock : | | |
| - Finished Goods | 7,95,06,636 | 10,50,59,344 |
| - By products | 1,50,84,385 | 4,55,84,647 |
| | <u>5,60,52,970</u> | <u>(48,07,109)</u> |
| 22. EMPLOYEE BENEFITS EXPENSE | | |
| Salary, Wages, bonus and allowances | 3,83,84,387 | 2,86,62,548 |
| Contribution to Provident & Other Funds | 16,92,084 | 13,69,671 |
| Staff & Labour welfare expenses | 15,45,415 | 11,96,112 |
| | <u>4,16,21,886</u> | <u>3,12,28,331</u> |

Notes to the Financial Statements (Contd.)

| | As at 31 st March, 2012 | As at 31 st March, 2011 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| (Amount in ₹) | | |
| 23. FINANCE COSTS | | |
| Interest : | | |
| On Term Loans | 4,50,674 | 12,26,181 |
| On Others | 4,32,27,422 | 4,13,57,360 |
| Loan Processing & other financial charges | 37,08,562 | 34,36,686 |
| | <u>4,73,86,658</u> | <u>4,60,20,227</u> |
| 24. OTHER EXPENSES | | |
| Rent | 19,85,787 | 21,53,740 |
| Rates and Taxes | 6,21,456 | 2,64,650 |
| Insurance | 6,87,103 | 7,46,282 |
| Travelling and Conveyance | 12,80,117 | 3,51,201 |
| Legal and Professional expenses | 12,36,324 | 12,51,470 |
| Advertisement and Business Promotion | 50,000 | 1,23,662 |
| Hire Charges | 42,57,081 | 16,38,033 |
| Security Guard Charges | 25,86,028 | 20,85,506 |
| Telephone, Telex & Fax | 5,15,712 | 3,13,022 |
| Printing & Stationary | 2,72,893 | 3,22,712 |
| Auditors' Remuneration : | | |
| For Statutory Audit | 2,50,000 | 2,50,000 |
| For Internal Audit | 50,000 | 50,000 |
| For Tax Audit | 75,000 | 75,000 |
| For Other Services | 10,000 | 10,000 |
| Miscellaneous expenses | 16,86,823 | 13,42,177 |
| Irrecoverable Subsidies written off | 4,59,54,699 | 1,98,86,194 |
| Irrecoverable debts and advances written off | 1,39,14,328 | 13,70,457 |
| | <u>7,54,33,351</u> | <u>3,22,34,106</u> |
| 25. CURRENT TAX EXPENSES | | |
| Income Tax | — | 1,18,20,500 |
| MAT Credit Entitlement | — | (1,16,35,875) |
| Income Tax Adjustments | 2,50,652 | 76 |
| | <u>2,50,652</u> | <u>1,84,701</u> |
| 26. NOTES ON ACCOUNTS | | |
| 1. SIGNIFICANT ACCOUNTING POLICIES | | |
| SYSTEM OF ACCOUNTING | | |
| The Company adopts accrual basis of accounting in the preparation of accounts | | |
| FIXED ASSETS : | | |
| Fixed Assets are stated at Cost less depreciation | | |
| DEPRECIATION : | | |
| Depreciation is provided on "Straight Line Method" in accordance with the provisions of Schedule XIV of the Companies Act, 1956. | | |
| CAPITAL WORK IN PROGRESS : | | |
| a) Capital work in progress is stated at cost. | | |
| b) Construction and other materials purchased for capital addition are treated as consumed. | | |
| c) Bills of Contractors are adjusted to the extent bills received and settled. | | |
| d) Direct expenses on expansion are capitalized and indirect expenses thereof are shown under "Preoperative Expenditure" which will be allocated to various items of fixed assets on completion of expansion. | | |

Notes to the Financial Statements (Contd.)

26. NOTES ON ACCOUNTS (Contd.)

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 ₹ 425.34 Lacs (₹ 45.38 Lacs); advance thereagainst ₹ 64.84 Lacs (₹ 195.72 Lacs).

Notes to the Financial Statements (Contd.)

26. NOTES ON ACCOUNTS (Contd.)

| | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|------------------|
| 3. Contingent Liability, not provided for, in respect of: | As at 31.03.2012 | As at 31.03.2011 |
| a) Contested demand of: | (₹) | (₹) |
| Excise Duty [₹ 20.00 Lacs (₹ 20.00 Lacs) paid under protest] | 439.13 lacs | 415.04 lacs |
| b) Service tax | 52.85 lacs | 52.85 lacs |
| 4. 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 : | | |

| | 2012 | 2011 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| a. Principal amount remaining unpaid as on 31st March | NIL | NIL |
| b. Interest due thereon as on 31st March | NIL | NIL |
| c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of payment made to the suppliers beyond the appointed day during the period | NIL | NIL |
| d. Interest due and payable for the period of delay in making payments (which have been paid but beyond the appointed day during the period) but without adding to the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 | NIL | NIL |
| e. Interest accrued and remaining unpaid as on 31st March | NIL | NIL |
| f. Further interest remaining due and payable even in the succeeding years, until such date when interest dues are actually paid to the Small Enterprises (As certified by the management) | NIL | NIL |
| 5. Company's plant was non-operational during the year from 18.05.2011 to 05.06.2011, 06.08.2011 to 14.10.2011 and 15.01.2012 to 31.03.2012 due to scarcity of raw material and ongoing major alignment works in the factory which affected the production | | |
| 6. 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 31.03.2012. | | |
| 7. 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 : | | |

| | 2011-2012 | 2010-2011 |
|---------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|----------------------------|
| | (₹) | (₹) |
| a) Amount used as numerator in calculating basic and diluted EPS : Profit/(Loss) after tax (₹) | (24,23,723) | 3,99,28,153 |
| b) Weighted average no. of shares used as the denominator in calculating EPS (Nos.) For Basic and Diluted EPS Equity Shares - Opening | 3,49,48,727 3,49,48,727 | 3,49,48,727 3,49,48,727 |

8. 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.
9. 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.

| 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) : | 2011-2012 | 2010-2011 |
| | (₹) | (₹) |
| Holding Company : | | |
| (a) Jai Balaji Industries Limited | | |
| Purchases during the year | 6,34,239 | 11,20,39,296 |
| Sales during the year | 90,08,26,797 | 97,86,22,894 |
| Dividend Paid | - | 34,94,873 |
| Year end payable (Net) | 2,51,08,501 | 20,01,27,585 |
| (b) Associates : | | |
| Jai Balaji Jyoti Steels Limited | | |
| Sales during the year | 1,39,343 | - |

Notes to the Financial Statements (Contd.)

26. NOTES ON ACCOUNTS (Contd.)

(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 :

| | | | |
|-----------------------------|-----------------------------|-----------|-----------|
| Sri Aashish Jajodia | Whole time Director | 42,00,000 | 42,00,000 |
| Sri Aditya Jajodia | Director | — | — |
| Sri Sanjiv Jajodia | Director | — | — |
| Sri Rajiv Jajodia | Brother of Director | — | — |
| Sri Devendra Prasad Jajodia | Brother of Director | — | — |
| Sri Gourav Jajodia | Nephew of Director | — | — |
| Smt. Kanchan Jajodia | Sister-in-law of Director | — | — |
| Smt. Rina Jajodia | Wife of Whole Time Director | — | — |
| Smt. Sangeeta Jajodia | Wife of Director | — | — |
| Smt. Shashi Devi Jajodia | Sister-in-law of Director | — | — |
| Smt. Seema Jajodia | Wife of Director | — | — |

(e) Enterprises over which any person described in (c) or (d) is able to exercise significant influence :

| | |
|------------------------------------------------|---------------------------------------------|
| M/s. Chandi Steel Industries Limited | M/s. Jai Balaji Jyoti Steels Limited |
| M/s. Jai Salasar Balaji Industries (P) Limited | M/s. Balaji Ispat Udyog |
| M/s. Jai Balaji Shakti Cement Limited | M/s. Enfield Suppliers Limited |
| M/s. Hari Management Limited | M/s. Jajodia Estates Pvt. Limited |
| M/s. K. D. Jajodia Steel Industries (P) Ltd. | M/s. Shri Sumangalaya Balaji Steels Limited |
| M/s. Shri Marutaye Balaji Steels Ltd. | |

(f) Amount written off in respect of above parties : NIL

10. 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, 2012

| Particulars | Gratuity (₹ in lacs) | |
|--------------------------------------------------|----------------------|---------|
| | 2011-12 | 2010-11 |
| Current service cost | 7.38 | 6.27 |
| Interest cost on benefit obligation | 2.30 | 1.71 |
| Expected return on plan assets | 2.15 | (1.81) |
| Net actuarial loss/(gain) recognised in the year | (1.08) | (0.05) |
| Past Service cost | — | 0.31 |
| Total Expenses/(Income) | 6.45 | 6.43 |

II. Net Liability/(Assets) recognized in the Balance Sheet as at 31st March 2012

| Particulars | Gratuity (₹ in lacs) | |
|----------------------------------------------|------------------------------------|-----------------------------------|
| | As at 31 st March, 2012 | As at 31 st March 2011 |
| Present value of Defined Benefits Obligation | 35.69 | 28.04 |
| Fair value of plan assets | 26.99 | 22.64 |
| | 8.70 | 5.40 |
| Less : Unrecognised past service cost | — | — |
| Net liability | 8.70 | 5.40 |

III. Change in the present value of the defined benefit obligation during the year ended 31st March, 2012

| Particulars | Gratuity (₹ in lacs) | |
|---------------------------------------------------------------------------|----------------------|---------|
| | 2011-12 | 2010-11 |
| Present value of Defined Benefits Obligation at the beginning of the year | 28.04 | 21.06 |
| Current service cost | 7.38 | 6.27 |
| Interest cost on benefit obligation | 2.30 | 1.71 |
| Benefits Paid | (0.61) | (0.95) |
| Net actuarial loss/(gain) recognised in the year | (1.42) | (0.05) |
| Current service cost | — | — |
| Present value of Defined Benefits Obligation at the end of the year | 35.69 | 28.04 |

Notes to the Financial Statements (Contd.)

IV. Change in the Fair Value of Plan Assets during the year ended 31st March, 2012 :

| Particulars | Gratuity (₹ in lacs) | |
|------------------------------------------------------------------------|----------------------|---------|
| | 2011-12 | 2010-11 |
| Fair value of Defined Benefits Obligation at the beginning of the year | 22.64 | 19.77 |
| Expected return | 2.15 | 1.81 |
| Interest cost on benefit obligation | 3.15 | 2.32 |
| Contribution by Employer | (0.61) | (0.95) |
| Benefits paid | - | (0.31) |
| Actuarial Gains/(Losses) | (0.34) | - |
| Fair value of Defined Benefits Obligation at the end of the year | 26.99 | 22.64 |

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

| Particulars | Gratuity (₹ in lacs) | |
|-----------------------------|----------------------|---------|
| | 2011-12 | 2010-11 |
| Investment with the insurer | 100% | 100% |

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

| Particulars | Gratuity (₹ in lacs) | |
|------------------------------------------|------------------------|---------|
| | 2011-12 | 2010-11 |
| Discount Rate (per annum) compounded | 8.70% | 8.30% |
| 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 :

| Particulars | Gratuity (₹ in lacs) | |
|--------------------------------------------------------|----------------------|---------|
| | 2011-12 | 2010-11 |
| Defined Benefits Obligation | (35.69) | (28.04) |
| Plan Assets | 26.99 | 22.64 |
| Surplus/(Deficit) | (8.70) | (5.40) |
| Experience Gain/(Loss) Adjustments on plan liabilities | 1.42 | 0.05 |
| Experience Gain/(Loss) Adjustments on plan assets | - | - |

| Particulars | (₹ in lacs) | |
|--------------------------------|-------------|---------|
| | 2011-12 | 2010-11 |
| Contribution to Provident Fund | 13.77 | 11.38 |

11. 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 26

For B. Chhawchharia & Co.

Chartered Accountants
Firm Reg. No. 305123E

Per **Ketan Chhawchharia**
Partner

Membership No. 63422

Place : Kolkata
Date : 25th May, 2012

For and on behalf of the Board of Directors

Aashish Jajodia
Wholetime Director

Aditya Jajodia
Director

Sanjiv Jajodia
Director

Prerna Sharma
Company Secretary

Directors' Report

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

Your Directors have the pleasure in presenting the second Annual Report of your Company for the financial year ended 31st March, 2012.

Review of Operation

The Company was incorporated on the 1st day of November, 2010. It did not commence its commercial activities till 31st March, 2012 and hence the Statement of Profit & Loss was not prepared for the said period ending 31st March, 2012.

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 Sanjiv 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.
- ii) They have selected 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, 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

Sanjiv Jajodia
Director

Rajiv Jajodia
Director

Place : Kolkata

Date : 7th August, 2012

Auditors' Report

To the Members of
Jai Balaji Steels (Purulia) Limited

We have audited the attached Balance Sheet of Jai Balaji Steels (Purulia) Limited as at 31st March, 2012 for the period ended on that date annexed thereto. Profit & Loss Account has not been prepared since the Company has not commenced commercial production. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India.

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

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A)

of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.

2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:

a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

b) In our opinion, proper books of account, as required by the 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 are in agreement with the books of accounts.

d) In our opinion, the Balance Sheet dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

e) In our opinion, and based on information and explanation given to us, none of Directors are disqualified as on 31st

March, 2012 from being appointed as Directors in term of Section 274(1)(g) of the Companies Act, 1956.

f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view in conformity with the accounting principles generally accepted in India:

(i) In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.

For **Rashmi & Company**
Chartered Accountants
FRN: 309122E

Per **(R. K. Agarwala)**
Partner
Membership No. 016652

Place : Kolkata

Date : 7th August, 2012

Annexure to the Auditors' Report

(Referred to in Paragraph 1 of our Report of even date of

Jai Balaji Steels (Purulia) Limited for the period ended 31st March, 2012)

- | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <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 the public to which the provision of section 58A & 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under. Hence provision of clause 4(vi) of the Order is not applicable.</p> <p>7) Since the company has not started the commercial production and profit & loss account has not been</p> | <p>prepared, the provision of the clause 4 (x) of the Order is not applicable.</p> <p>8) According to the information and explanation given to us, the company does not have any dues payable to any financial institution, banks and debenture holders. Accordingly provision of the clause 4(xi) of the order is not applicable.</p> <p>9) According to the information and explanation given to us, the company has not granted any loan and advances on the basis of security by way of pledge of shares, debentures and others securities.</p> <p>10) The company is not a chit fund or a nidhi / mutual benefit fund/ society, therefore the provisions of clause 4 (xiii) of the said Order are not applicable to the company.</p> <p>11) The company does not deal or trade in shares, securities, debentures and other investments, hence, the provision of clause 4(xiv) is not applicable.</p> <p>12) According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.</p> <p>13) On the basis of information and explanations given to us, no term loans were raised during the year by the Company.</p> <p>14) According to the information and explanation given to us and on overall examination of the Balance 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 other matters specified in the Order are applicable to the Company.</p> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

For **Rashmi & Company**
Chartered Accountants
FRN: 309122E

Per **(R. K. Agarwala)**
Partner
Membership No. 016652

Place : Kolkata

Date : 7th August, 2012

Balance Sheet as at 31st March 2012

(in ₹)

| | Note No. | As at 31 st March, 2012 | As at 31 st March, 2011 |
|-------------------------------|----------|---------------------------------------|---------------------------------------|
| 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 | 18,143.00 | 19,300.00 |
| | | <u>18,143.00</u> | <u>19,300.00</u> |
| TOTAL | | <u>518,143.00</u> | <u>519,300.00</u> |
| ASSETS | | | |
| Non Current Assets | | | |
| Capital Work In Progress | 4 | 37,458.00 | 8,315.00 |
| Other Non - Current Assets | 5 | 220,149.00 | 220,149.00 |
| | | <u>257,607.00</u> | <u>228,464.00</u> |
| Current Assets | | | |
| Cash and Bank Balance | 6 | 260,536.00 | 290,836.00 |
| | | <u>260,536.00</u> | <u>290,836.00</u> |
| TOTAL | | <u>518,143.00</u> | <u>519,300.00</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 & Company**
Chartered Accountants
FRN: 309122E

Per (Ravindra Kumar Agarwala)
Partner
Membership No. 016652

Place : Kolkata
Date : 7th August, 2012

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, 2012

The previous year figures have been regrouped/ reclassified, wherever necessary to conform to the current year presentation. (in ₹)

Note No. 2: Share Capital

| Particulars | As at | |
|----------------------------------------------------|------------------------------|------------------------------|
| | 31 st March, 2012 | 31 st March, 2011 |
| 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 | 500,000.00 | 500,000.00 |

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

(in ₹)

Equity Shares

| Particulars | As at 31 st March, 2012 | | As at 31 st March, 2011 | |
|-------------------------------------------------------------|------------------------------------|------------|------------------------------------|------------|
| | 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 2012 | | As at 31 st March 2011 | |
|----------------------------------|-----------------|-----------------------------------|------------|-----------------------------------|------------|
| | | 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 |

Note No. 3: Other Current Liabilities

(in ₹)

| Particulars | As at 31 st March, 2012 | | As at 31 st March, 2011 | |
|--------------------|------------------------------------|------------------|------------------------------------|------------------|
| | | | | |
| Professional Tax | | – | | 2,500.00 |
| Audit Fees Payable | | 5,618.00 | | 5,515.00 |
| Other Liabilities | | 12,525.00 | | 11,285.00 |
| Total | | 18,143.00 | | 19,300.00 |

Notes to Financial Statements (Contd.)

Note No. 4: Capital Work In Progress

| Particulars | (in ₹) | |
|-----------------------------------|---------------------------|---------------------------|
| | As at 31st March, 2012 | As at 31st March, 2011 |
| Opening Balance | 8,315.00 | – |
| Addition | | |
| Audit Fees | 5,618.00 | 5,515.00 |
| Bank Charges | – | 300.00 |
| Filing Fees | 13,500.00 | – |
| General Expenses | 610.00 | – |
| Interest on Professional Tax (Co) | 150.00 | – |
| Professional Charges | 6,765.00 | – |
| Professional Tax | 2,500.00 | 2,500.00 |
| Total | 37,458.00 | 8,315.00 |

Note No. 5: Other Non Current Assets

| Particulars | (in ₹) | |
|----------------------|---------------------------|---------------------------|
| | As at 31st March, 2012 | As at 31st March, 2011 |
| Unamortized Expenses | 220,149.00 | 220,149.00 |
| Total | 220,149.00 | 220,149.00 |

Note No. 6: Cash and Bank Balance

| Particulars | (in ₹) | |
|----------------------------------|---------------------------|---------------------------|
| | As at 31st March, 2012 | As at 31st March, 2011 |
| Cash and Cash equivalents | | |
| Cash in hand | 4,506.00 | 4,506.00 |
| Balance with Banks | | |
| On Current Account | 256,030.00 | 286,330.00 |
| Total | 260,536.00 | 290,836.00 |

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. Related Party Disclosure as required by Accounting Standard-18 issued by Institute of Chartered Accounts of India:****a) List of Related Parties & Relationships (As identified and certified by the Management)**

Holding Company : Jai Balaji Industries Limited

b) Transactions with Related Parties:**(in ₹)**

| Related Party | As at March 31 st 2012 | As at March 31 st 2011 |
|---------------------------|-----------------------------------|-----------------------------------|
| Share Capital | — | 500,000.00 |
| Reimbursement of Expenses | — | 208,370.00 |

5. Payment to Auditors

| Auditors Remuneration | 2011-2012 (₹) | 2010-2011 (₹) |
|-----------------------|------------------|------------------|
| Audit Fees | 5618.00 | 5515.00 |

6. 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 & Company**

Chartered Accountants

FRN: 309122E

Per **(Ravindra Kumar Agarwala)**

Partner

Membership No. 016652

Place : Kolkata

Date : 7th August, 2012

For and on behalf of the Board of Directors

Sanjiv Jajodia

Director

Rajiv Jajodia

Director

Directors' Report

To the Members of
Jai Balaji Energy (Purulia) Limited

Your Directors are pleased to present the second Annual Report of your Company for the financial year ended 31st March, 2012.

Review of Operation

The Company was incorporated on the 1st day of November, 2010. It did not commence its commercial production till 31st March, 2012 and hence the Statement of Profit & Loss was not prepared for the said period ending 31st March, 2012.

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 Sanjiv 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.
- ii) They have selected 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, 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 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 : 7th August, 2012

Sanjiv Jajodia
Director

Rajiv Jajodia
Director

Auditors' Report

To the Members of
Jai Balaji Energy (Purulia) Limited

We have audited the attached Balance Sheet of Jai Balaji Energy (Purulia) Limited as at 31st March, 2012 for the period ended on that date annexed thereto. Profit & Loss Account has not been prepared since the company has not commenced commercial production. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India.

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

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A)

of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.

2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:

a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

b) In our opinion, proper books of account, as required by the 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 are in agreement with the books of accounts.

d) In our opinion, the Balance Sheet dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

e) In our opinion, and based on information and explanation given to us, none of Directors are disqualified as on 31st March, 2012 from being

appointed as Directors in term of section 274(1)(g) of the Companies Act, 1956.

f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view in conformity with the accounting principles generally accepted in India:

(i) In so far as it relates to Balance Sheet, of the state of affairs of the company as at 31st March, 2012.

For **Rashmi & Company**
Chartered Accountants
FRN: 309122E

Per **(R. K. Agarwala)**
Partner
Membership No. 016652

Place : Kolkata

Date : 7th August, 2012

Annexure to the Auditor's Report

(Referred to in Paragraph 1 of our Report of even date of Jai Balaji Energy (Purulia) Limited for the period ended 31st March, 2012)

- | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <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 the public to which the provision of section 58A & 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under. Hence provision of clause 4(vi) of the Order is not applicable.</p> <p>7) Since the company has not started the commercial production and profit & loss account has not been prepared, the provision of the</p> | <p>clause 4(x) of the Order is not applicable.</p> <p>8) According to the information and explanation given to us, the company does not have any dues payable to any financial institution, banks and debenture holders. Accordingly provision of the clause 4(xi) of the order is not applicable.</p> <p>9) According to the information and explanation given to us, the company has not granted any loan and advances on the basis of security by way of pledge of shares, debentures and others securities.</p> <p>10) The company is not a chit fund or a nidhi / mutual benefit fund/ society, therefore the provisions of clause 4 (xiii) of the said Order are not applicable to the company.</p> <p>11) The company does not deal or trade in shares, securities, debentures and other investments, hence, the provision of clause 4(xiv) is not applicable.</p> <p>12) According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.</p> <p>13) On the basis of information and explanations given to us, no term loans were raised during the year by the Company.</p> <p>14) According to the information and explanation given to us and on overall examination of the Balance 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 other matters specified in the Order are applicable to the Company.</p> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

For **Rashmi & Company**
Chartered Accountants
FRN: 309122E

Per **(Ravindra Kumar Agarwala)**
Partner
Membership No. 016652

Place : Kolkata
Date : 7th August, 2012

Balance Sheet as at 31st March 2012

(in ₹)

| | Note No. | As at 31 st March, 2012 | As at 31 st March, 2011 |
|-------------------------------|----------|---------------------------------------|---------------------------------------|
| 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 | 18,143.00 | 19,300.00 |
| | | <u>18,143.00</u> | <u>19,300.00</u> |
| TOTAL | | <u>518,143.00</u> | <u>519,300.00</u> |
| ASSETS | | | |
| Non Current Assets | | | |
| Capital Work In Progress | 4 | 37,308.00 | 8,315.00 |
| Other Non - Current Assets | 5 | 220,149.00 | 220,149.00 |
| | | <u>257,457.00</u> | <u>228,464.00</u> |
| Current Assets | | | |
| Cash and Bank Balance | 6 | 260,686.00 | 290,836.00 |
| | | <u>260,686.00</u> | <u>290,836.00</u> |
| TOTAL | | <u>518,143.00</u> | <u>519,300.00</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 & Company**
Chartered Accountants
FRN: 309122E

Per **(Ravindra Kumar Agarwala)**
Partner
Membership No. 016652

Place : Kolkata
Date : 7th August, 2012

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, 2012

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

(in ₹)

Note No. 2: Share Capital

| Particulars | As at | |
|----------------------------------------------------|------------------------------|------------------------------|
| | 31 st March, 2012 | 31 st March, 2011 |
| 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 | 500,000.00 | 500,000.00 |

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

(in ₹)

Equity Shares

| Particulars | As at 31 st March, 2012 | | As at 31 st March, 2011 | |
|-------------------------------------------------------------|------------------------------------|------------|------------------------------------|------------|
| | 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

| Name | Relation | As at 31 st March 2012 | | As at 31 st March 2011 | |
|----------------------------------|-----------------|-----------------------------------|------------|-----------------------------------|------------|
| | | 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 |

Note No. 3: Other Current Liabilities

(in ₹)

| Particulars | As at | |
|--------------------|------------------------------|------------------------------|
| | 31 st March, 2012 | 31 st March, 2011 |
| Professional Tax | -- | 2,500.00 |
| Audit Fees Payable | 5,618.00 | 5,515.00 |
| Other Liabilities | 12,525.00 | 11,285.00 |
| Total | 18,143.00 | 19,300.00 |

Notes to Financial Statements for the year ended 31st March, 2012**Note No. 4: Capital Work In Progress**

| Particulars | (in ₹) | |
|-----------------------------------|---------------------------------------|---------------------------------------|
| | As at 31 st March, 2012 | As at 31 st March, 2011 |
| Opening Balance | 8,315.00 | -- |
| Addition | | |
| Audit Fees | 5,618.00 | 5,515.00 |
| Bank Charges | 100.00 | 300.00 |
| Filing Fees | 13,500.00 | -- |
| General Expenses | 610.00 | -- |
| Interest on Professional Tax (Co) | 150.00 | -- |
| Professional Charges | 6,515.00 | -- |
| Professional Tax | 2,500.00 | 2,500.00 |
| Total | <u>37,308.00</u> | <u>8,315.00</u> |

Note No. 5: Other Non Current Assets

| Particulars | (in ₹) | |
|----------------------|---------------------------------------|---------------------------------------|
| | As at 31 st March, 2012 | As at 31 st March, 2011 |
| Unamortized Expenses | 220,149.00 | 220,149.00 |
| Total | <u>220,149.00</u> | <u>220,149.00</u> |

Note No. 6: Cash and Bank Balance

| Particulars | (in ₹) | |
|----------------------------------|---------------------------------------|---------------------------------------|
| | As at 31 st March, 2012 | As at 31 st March, 2011 |
| Cash and Cash equivalents | | |
| Cash in hand | 4,506.00 | 4,506.00 |
| Balance with Banks | | |
| On Current Account | 256,180.00 | 286,330.00 |
| Total | <u>260,686.00</u> | <u>290,836.00</u> |

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. Related Party Disclosure as required by Accounting Standard-18 issued by Institute of Chartered Accounts of India:

a) List of Related Parties & Relationships (As identified and certified by the Management)

Holding Company : Jai Balaji Industries Limited

b) Transactions with Related Parties:

(in ₹)

| Related Party | As at March 31 st 2012 | As at March 31 st 2011 |
|---------------------------|-----------------------------------|-----------------------------------|
| Share Capital | – | 500,000.00 |
| Reimbursement of Expenses | – | 208,370.00 |

5. Payment to Auditors

Auditors Remuneration

| | 2011-2012 (₹) | 2010-2011 (₹) |
|------------|------------------|------------------|
| Audit Fees | 5618.00 | 5515.00 |

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

Signature to Note 1 to 6

Audit Report as on even date attached.

For **Rashmi & Company**

Chartered Accountants

FRN: 309122E

Per **(Ravindra Kumar Agarwala)**

Partner

Membership No. 016652

Place : Kolkata

Date : 7th August, 2012

For and on behalf of the Board of Directors

Sanjiv Jajodia
Director

Rajiv Jajodia
Director



Jai Balaji Industries Limited

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

ATTENDANCE SLIP

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

| |
|------------------|
| DP ID |
| Regd. Folio No.* |

| |
|---------------|
| Client ID |
| No. of shares |

NAME AND ADDRESS OF THE SHAREHOLDER : _____

I hereby record my presence at the Thirteenth Annual General Meeting of the Company being held on Tuesday, the 18th December, 2012 at 11:00 a.m. at Rotary Sadan (Shripati Singhanian 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 of in the district of being a member/members of Jai Balaji Industries Limited, hereby appoint of in the district of or failing him/her of in the district of as my/our Proxy to attend and vote for me/us on my/our behalf at the Thirteenth Annual General Meeting of the Company being held on Tuesday, the 18th December, 2012 at 11:00 a.m. and at any adjournment thereof.

Signed this day of 2012.

Affix
Revenue
Stamp

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
Wholesale Director

Shri Rajiv Jajodia
Shri Gourav Jajodia
Shri Ashim Kumar Mukherjee
Shri Shyam Bahadur Singh
Shri Satish Chander Gupta
Shri Krishnavi S Dutt
Shri Amit Kumar Majumdar

Chief Financial Officer

Shri Raj Kumar Sharma

Company Secretary

Shri Ajay Kumar Tantia

Joint Statutory Auditors

M/s. U. Narain & Co.
Chartered Accountants
Room No. 303, 5th floor,
Narayani Building,
27, Brabourne Road,
Kolkata – 700 001

M/s. Rashmi & Co.
Chartered Accountants
213, Tuli Chamber,
2, Lal Bazar Street,
Kolkata – 700 001

Internal Auditor

M/s. S. K. Agrawal & Co.
Chartered Accountants
4A, Council House Street
Kolkata – 700 001

Cost Auditor

M/s. Mondal & Associates
Mr. Amiya Mondal, Proprietor
Cost Auditor
45, Akhil Mistry Lane
Kolkata – 700 009

Registered Office

5, Bentinck Street
Kolkata – 700 001
West Bengal, India
Phone: 91-33-2248 9808/8173
Fax: 91-33-2243 0021
E-mail: info@jaibalajigroup.com
Website: www.jaibalajigroup.com

Registrar and Share Transfer Agent

M/s. Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Street,
(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– Baktamagar
Dist.: Burdwan
West Bengal – 713 321, India

Durgapur
Lenin Sarani,
Dist.: Burdwan
West Bengal – 713 210, India

Durgapur
Vill: Banslopa,
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

Inspired by
S T E E L



Jai Balaji Industries Limited

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