

Constructing a larger tomorrow everyday



Jai Balaji Industries Limited

12th Annual Report 2010-11



Forward looking statement

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



Contents

Notice	1	Directors' Report	5	Corporate Governance Report	11	Management Discussion and Analysis Report	27	Auditors' Report	31	Balance Sheet	34	Profit & Loss Account	35	Cash Flow Statement	36	Schedules	38	Balance Sheet Abstract	64	Statement Pursuant to Section 212	65	Consolidated Accounts	66	Subsidiary Accounts	94
--------	---	-------------------	---	-----------------------------	----	---	----	------------------	----	---------------	----	-----------------------	----	---------------------	----	-----------	----	------------------------	----	-----------------------------------	----	-----------------------	----	---------------------	----



Notice to the Shareholders

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of Jai Balaji Industries Limited will be held on Wednesday, the 21st day of September, 2011 at 11.00 a.m. at Rotary Sadan (Shripati Singhania Hall), 94/2 Chowringhee Road, Kolkata - 700 020 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended 31st March, 2011 and the Audited Balance Sheet as on that date, together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares for the year ended 31st March, 2011.
3. To appoint a director in place of Shri Angshuman Ghatak, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Shri Shyam Bahadur Singh, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Shri Krishnav S Dutt, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

By Order of the Board
For Jai Balaji Industries Limited

Ajay Kumar Tantia
Company Secretary

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

Place : Kolkata
Date: 12th August, 2011

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF (ONLY ON A POLL) AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE DULY COMPLETED INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING, I.E. ON OR BEFORE MONDAY, 19TH SEPTEMBER, 2011, 11.00 A.M.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, 17th September, 2011 to Wednesday, 21st September, 2011 (both days inclusive).
3. The dividend on equity shares of the Company for the financial year ending 31st March, 2011, if declared at this Meeting, will be paid on or after Wednesday, 21st September, 2011:
 - ★ to those Members, holding shares in physical form, whose names appear in the Register of Members of the Company on Wednesday, 21st September, 2011, after giving effect to all valid transfers in physical form lodged with the Company on or before Friday, 16th September, 2011.
 - ★ in respect of shares held in electronic form, on the basis of beneficial ownership, at the close of business hours on Friday, 16th September, 2011 as per details furnished by the Depositories for this purpose.
4. Members desirous of obtaining any information concerning the accounts of the Company are requested to send their queries to the Company at least seven days before the meeting so that the information required by the members may be made available at the meeting.
5. All documents referred to in the accompanying Notice are available for inspection by the members at the Registered Office of the Company on all working days (except Saturdays, Sundays and holidays) between 11.00 a.m. to 1.00 p.m. up to the conclusion of this Annual General Meeting.
6. Members holding shares in physical form can avail of the nomination facility by submitting Form no. 2B of the Companies (Central Government's) General Rules and Forms, 1956 with the Company or its Registrar & Share Transfer Agent. Blank forms will be made available on request. In case of shares held in demat form, the nomination has to be lodged with their Depository Participant.
7. Members are requested to bring their copy of Annual Report at the Meeting.
8. Members / Proxy-holders are requested to produce at the entrance, the attached Attendance Slip duly filled in, for admission to the meeting hall.
9. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, brief profile of the

Notice to the Shareholders

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

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

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

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

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

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

Ajay Kumar Tantia
Company Secretary

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

Place : Kolkata
Date: 12th August, 2011

Notice to the Shareholders

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

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

Shri Angshuman Ghatak

Date of Birth	:	15 th January, 1930
Date of Appointment	:	31 st July, 2009
Qualification	:	BE (Mechanical)
Expertise in Specific Functional area and brief profile	:	Wide experience in Power sector in both Thermal and Hydro power. He is the Ex-Chairman of Damodar Valley Corporation (DVC) and West Bengal Steel Electricity Board (W.B.S.E.B) and also has been the Executive Director of Bharat Heavy Electricals Limited.
List of other Public Companies in which Directorship held	:	None
Chairman/ Member of the Committee of Board of Directors of the Company	:	Audit Committee-Member
Chairman/ Member of the Committee of Board of Directors of other Companies		
a) Audit Committee	:	None
b) Shareholders' Grievance Committee	:	None
No. of Equity Shares held in the Company	:	Nil

Shri Shyam Bahadur Singh

Date of Birth	:	1 st April, 1941
Date of Appointment	:	17 th December, 2007
Qualification	:	B. Sc (Metallurgical Engineering)
Expertise in Specific Functional area and brief profile	:	Vast and rich experience in the field of Iron & Steel Industry. He is the Ex-Managing Director of Durgapur Steel Plant
List of other Public Companies in which Directorship held	:	Skipper Limited
Chairman/ Member of the Committee of Board of Directors of the Company	:	1) Audit Committee-Member 2) Remuneration Committee-Member
Chairman/ Member of the Committee of Board of Directors of other Companies		
a) Audit Committee	:	None
b) Shareholders' Grievance Committee	:	None
No. of Equity Shares held in the Company	:	Nil



Notice to the Shareholders

Shri Krishnava S Dutt

Date of Birth	:	16 th October, 1973
Date of Appointment	:	11 th August, 2009
Qualification	:	Bachelor of Socio-Legal Sciences & Bachelor of Law
Expertise in Specific Functional area and brief profile	:	Legal Practitioner, Partner of Argus Partners, Advocates
List of other Public Companies in which Directorship held	:	None
Chairman/ Member of the Committee of Board of Directors of the Company	:	Audit Committee- Member
Chairman/ Member of the Committee of Board of Directors of other Companies		
a) Audit Committee	:	None
b) Shareholders' Grievance Committee	:	None
No. of Equity Shares held in the Company	:	Nil

Directors' Report

Dear Members

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

■ Result of Operations

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

■ Financial Review

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

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

in material availability and slow growth in core sector.

■ Dividend

Your Directors recommend for approval of the Members, a dividend of 4% on equity shares of the Company, i.e., Re. 0.40 per Equity Share of Rs. 10 each, for the financial year 2010-11.

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

such plans through internal accruals to the maximum.

■ Expansion & Projects

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

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



Directors' Report (Contd.)

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

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

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

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

■ Subsidiaries

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

The Audited Balance Sheet and Profit & Loss account along with the respective Reports of the Board of Directors' and the Auditors' Report thereon of the said subsidiaries for the financial year ended 31st March, 2011 are attached in terms of Section 212 of the Companies Act, 1956.

■ Joint Ventures

● Andol East Coal Company Private Limited

A joint venture company 'M/s Andol 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 Andol Non-Coking Coal Block in the State of West Bengal by Ministry of Coal, Government of India. Your Company has 32.79% stake in the coal block.

● Rohne Coal Company Private Limited

A Joint Venture Company 'Rohne Coal Company Private Limited' was formed in 2008-09 with the Registrar of Companies, NCT of Delhi & Haryana, in which the company along with M/s JSW Steel Limited & M/s Bhushan Power & Steel Limited are venture partners. The said Joint Venture Company was formed in terms of allocation of Rohne-Coking Coal Block in the State of Jharkhand by Ministry of Coal, Government of India. Your Company has 6.90% stake in the coal block.

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

■ Listing

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

■ Future Prospects

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

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

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

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

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

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

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

■ Directors' Responsibility Statement

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

Directors' Report

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

■ Particulars of Employees

The Company does not have any employee whose particulars are required to be furnished under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended from time to time.

■ Corporate Governance and Management Discussion and Analysis

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

To that end the Company is committed to follow the best of the Corporate Governance practices. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the Corporate Governance Report, the Management Discussion and Analysis Report and Auditor's Certificate regarding compliance of the conditions of Corporate Governance are annexed to this report.

■ Consolidated Financial Statements

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

■ Auditors

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

■ Auditors' Report

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

- The Auditors have pointed out in the Annexure to the Auditors' Report at para vii that even though the scope and coverage of Internal Audit system has improved as compared to previous year, however in their opinion the same requires to be enlarged to be commensurate with the size and nature of its business.

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

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

The management takes due care

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

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

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

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

■ Cost Auditors

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

■ Directors

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

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



Directors' Report (Contd.)

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

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

■ Human Resource Management

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

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

■ Corporate Social Responsibility (CSR)

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

As part of its policy for corporate social responsibility, the Company undertakes

a range of activities to improve living conditions of people in the neighbourhood of all its plants. These activities include environment protection, healthcare, education, rural development and some of the activities undertaken during the year are as under :

☛ Environment

- Plantation of trees in and around the manufacturing plants and in the adjoining villages
- Adoption of 3R's (reduce, reuse and recycle) concept for water and waste water management that includes rain water harvesting.
- Development of Green Belt inside factory and also in nearby villages.
- Setting up of fencing to restrict fugitive emission from plant to surrounding villages.

☛ Healthcare

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

☛ Education

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

☛ Rural development

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

Mandir etc. in Banskopa Village, Durgapur.

☛ Social

- Provided monetary support to the organising committee of the village for organising local festivals, pujas, cultural programmes and also for marriage ceremony to the villagers.
- Provided traffic assistance to the volunteers by distribution of helmets and shoes for safety purpose.
- Distribution of blankets, organisation of mass marriage ceremony among the weaker section of the society in Banskopa Village.
- Formation of Self Help Groups for women empowerment at Ranigunj, West Bengal.
- Organised sports tournament and development of sports playground.

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

■ Acknowledgement

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

On behalf of the Board of Directors

Aditya Jajodia

Chairman & Managing Director

Place : Kolkata

Date : 12th August, 2011