

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.

## Contents

Notice	1	Directors' Report	9	Corporate Governance Report	16	Management Discussion and Analysis Report	32	Auditors' Report	38	Balance Sheet	42
Statement of Profit & Loss	43	Cash Flow Statement	44	Notes to Financial Statements	46	Statement Pursuant to Section 212	79	Consolidated Accounts	80	Subsidiary Accounts	108

## 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 18<sup>th</sup> 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 30<sup>th</sup> 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 20<sup>th</sup> 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(s), 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
	<b>Total</b>	<b>1,00,00,000</b>

“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 20<sup>th</sup> 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 20<sup>th</sup> 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 1<sup>st</sup> 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. 23<sup>rd</sup> July, 2012 on the terms, conditions and remuneration

as mentioned in the agreement dated 20<sup>th</sup> 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 : 9<sup>th</sup> 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, 13<sup>th</sup> December, 2012 to Tuesday, 18<sup>th</sup> 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](mailto: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](http://www.jaibalajigroup.com)

Registered Office:  
5, Bentinck Street  
Kolkata - 700 001

Place : Kolkata  
Date : 9<sup>th</sup> 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 20<sup>th</sup> 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 20<sup>th</sup> 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	%
<b>A</b>	<b>Promoters and promoter group</b>				
	1. a) Indian Promoters	33,190,120	52.037	43,190,120	58.538
	b) Foreign Promoters	NIL	NIL	NIL	NIL
	<b>Sub Total</b>	<b>33,190,120</b>	<b>52.037</b>	<b>43,190,120</b>	<b>58.538</b>
<b>B</b>	<b>Non-promoter</b>				
	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
	<b>Sub total</b>	<b>3,288,512</b>	<b>5.156</b>	<b>3,288,512</b>	<b>4.457</b>
	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
	<b>Sub total</b>	<b>27,302,854</b>	<b>42.807</b>	<b>27,302,854</b>	<b>37.005</b>
	<b>Grand Total</b>	<b>63,781,486</b>	<b>100.00</b>	<b>73,781,486</b>	<b>100.000</b>

*\*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	%
<b>Promoter</b>				
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 17<sup>th</sup> 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 20<sup>th</sup> 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 23<sup>rd</sup> 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																						
	<table><tr><th>Particulars</th><th>2012</th><th>2011</th></tr><tr><td></td><td>(₹.)</td><td>(₹.)</td></tr><tr><td>Turnover</td><td>293,323.12</td><td>21,6575.46</td></tr><tr><td>Profit/(Loss) before Tax</td><td>(38,884.08)</td><td>11,301.09</td></tr><tr><td>Tax</td><td>(11,278.46)</td><td>3,906.00</td></tr><tr><td>Profit / (Loss) after Tax</td><td>(27,605.62)</td><td>7,395.09</td></tr><tr><td>EPS</td><td>(43.28)</td><td>11.60</td></tr></table>	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
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	<b>Shri Aditya Jajodia</b> , 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	<p>The management expects the demand to improve further and it is expected that the production &amp; demand would grow at a reasonable rate during the year.</p> <p>Note: The above expected demand &amp; 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.</p>																					

## 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 Jajodia, 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, Bantick 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 <sup>th</sup> Annual General Meeting		
Name	Shri Rajiv Jajodia	Shri Amit Kumar Majumdar
Date of Birth	3 <sup>rd</sup> April, 1965	16 <sup>th</sup> August, 1938
Date of Appointment	1 <sup>st</sup> July, 1999	10 <sup>th</sup> 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