

CORPORATE INFORMATION

Thirty Fourth Annual Report 2011-2012

Board of Directors

Mr. Devendra Prasad Jajodia	-	<i>Managing Director</i>
Mr. Sanjiv Jajodia	-	<i>Director</i>
Mr. Gourav Jajodia	-	<i>Director</i>
Mr. Anshuman Dalmia	-	<i>Director</i>
Mr. Vishal Bagri	-	<i>Director</i>
Mr. Mahesh Kumar Keyal	-	<i>Director</i>

Company Secretary

Ms. Purna Sharma

Auditors

Rashmi & Co.
Chartered Accountants
Kolkata - 700 001

Registered Office

3, Bentinck Street
Kolkata - 700 001

Factory

16, Belur Road
Liluah, Howrah

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NOTICE

NOTICE is hereby given that the Thirty Fourth Annual General Meeting of the Members of Chandi Steel Industries Limited will be held on Saturday, 29th September, 2012 at 2.00 P.M. at the Registered Office of the Company situated at 3, Bentinck Street, Kolkata - 700 001 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended March 31, 2012 and the Balance Sheet as at that date together with the Report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Sanjiv Jajodia who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Vishal Bagri who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Rashmi & Co., Chartered Accountants as Statutory Auditor of the Company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors 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 as per Para B of Section II of Part II of Schedule XIII of the Companies Act, 1956, the Remuneration of Shri Devendra Prasad Jajodia, Managing Director of the Company is be and hereby revised with effect from 1st April, 2012 on the terms and conditions and remuneration as set out in the agreement dated 11th August, 2012 entered into between the Company and Shri Devendra Prasad Jajodia."

"RESOLVED further that in accordance with the provisions of Sections 198, 269, 309 and 310 of the Companies Act, 1956 read with schedule XIII thereto and other applicable provisions, if any, and any amendment or modification thereof, and subject to such consent/approvals as necessary, the Company hereby approves the re-appointment of Shri Devendra Prasad Jajodia as the Managing Director of the Company for a period of five (5) years with effect from 1st April, 2013 on such terms and conditions and remuneration as set out in the agreement dated 11th August, 2012 entered into between the Company and Shri Devendra Prasad Jajodia."

"RESOLVED further that the Board of Directors be and is hereby authorized to alter and modify or agree to such change in the terms and conditions of the appointment including increase of the remuneration and perquisites as may be mutually agreed to between the Company and Shri Devendra Prasad Jajodia, subject to the limits contained in the Companies Act, 1956 and Schedule XIII of the said Act."

"RESOLVED further that in case of no profits or inadequacy of profits in any financial year , minimum remuneration as specified in Schedule XIII of the Companies Act, 1956 shall be paid to Shri Devendra Prasad Jajodia."

By Order of the Board

For **CHANDI STEEL INDUSTRIES LIMITED**

Purna Sharma

Company Secretary

Registered Office :

3, Bentinck Street

Kolkata - 700 001

Dated : 11th August, 2012

Notes :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF (ONLY ON POLL) AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Members are requested to bring their copy of Annual Report and attendance slip at the Meeting.
3. The Registers of Members and the Share Transfer Books of the Company will remain closed from Monday, 24th September, 2012 to Saturday, 29th September, 2012 (both days inclusive).
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 as to enable the Management to keep the information ready at the meeting.
5. All 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. up to the date of the Annual General Meeting.
6. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange brief profile of the Directors seeking re-appointment at the ensuing Annual General Meeting is annexed to this Notice.
7. Members / Proxy-holders are requested to bring the enclosed attendance slip duly completed and signed for attending the meeting.

Registered Office :
3, Bentinck Street
Kolkata - 700 001
Dated : 11th August, 2012

By Order of the Board
For **CHANDI STEEL INDUSTRIES LIMITED**

Prerna Sharma
Company Secretary

ANNEXURE TO THE NOTICE

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

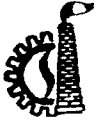
Item No. 5

The Board of Directors of the Company ("the Board") at its meeting held on 11th August, 2012 has approved

- i) the remuneration payable to Shri Devendra Prasad Jajodia, Managing Director of the Company w.e.f. 1st April, 2012 in accordance with the provisions of Sections 198, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 and any re-appointment thereof; and
- ii) the re-appointment of Shri Devendra Prasad Jajodia as the Managing Director of the company w.e.f. 1st April, 2013 in accordance with the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 for a further period of 5 (five) years

and other applicable provisions, if any, and subject to approval of such other authorities as may be required, and approved the terms and conditions of his re-appointment and remuneration.

Shri Devendra Prasad Jajodia is presently Managing Director of the Company, M/s. Chandi Steel Industries Limited. He is a graduate in B.E. (Mechanical) and expertise knowledge in manufacturing of steel of all grades. Shri Devendra Prasad Jajodia, son of Late Keshar Deo Jajodia is a director of Chandi Steel Industries Limited w.e.f. 17th September, 1993. He 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 1981		
3) Financial performance	(₹ in Lacs)		
	Particulars	2012	2011
	Turnover	8,867.92	7,338.32
	Profit before Tax	100.79	88.69
	Tax	33.13	34.38
	Profit after Tax	67.66	54.31
	EPS	0.64	0.52
4) Export performance and net foreign exchange collaborations	NIL		
5) Foreign investments or collaborators	NIL		
II. INFORMATION ABOUT THE APPOINTEE			
1) Background details	Shri Devendra Prasad Jajodia son of late Keshar Deo Jajodia aged about 64 years is B. E. (Hons.) Mechanical.		
2) Past Remuneration	Basic Salary : ₹ 25,000/- p.m.		
3) Recognition or awards	NIL		
4) Job profile and his suitability	Shri Devendra Prasad Jajodia has expertise knowledge in manufacturing of steel of all grades.		
5) Remuneration proposed	₹ 3,00,000/- 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	<p>Shri Devendra Prasad Jajodia holds 3,00,000 shares of the Company.</p> <p>Shri Gourav Jajodia, director of the Company is son of Shri Devendra Prasad Jajodia and Shri Sanjiv Jajodia director of the Company is brother of Shri Devendra Prasad Jajodia.</p>		

III. OTHER INFORMATION	
1) Reasons of inadequate profits	Price volatility of raw materials negatively affected the performance of the Company.
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 & demand would grow at a reasonable rate during the year.</p> <p>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.</p>

The principal terms and conditions of remuneration payable to Shri Devendra Prasad Jajodia :

1. Salary :

₹ 1,20,000/- (Rupees One Lac Twenty Thousand only) per month. (Annual increment of amount not exceeding ₹ 2,50,000 per month, subject to the approval of Board.)

2. 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) **Special Allowance**

The Company shall provide special allowance upto ₹ 1,32,000/- per month.

iii) **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.

iv) **Leave travel concession**

For self and family as per rules of the Company.

v) **Gratuity**

Payable as per rules of the Company.

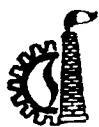
vi) **Leave**

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

vii) **Statutory obligations**

Payable as per rules of the Company.

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



3) **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.

4) **Other benefits :**

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

5) **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.

6) **Overall Remuneration :**

The aggregate of salary, commission and perquisites in any financial year shall not exceed the limits prescribed in the Companies Act, 1956 and other applicable provisions, if any.

The Board recommends the resolutions set out in the notice for your approval as a special resolution.

Shri Devendra Prasad Jajodia is concerned or interested in the said resolution. Shri Gourav Jajodia and Shri Sanjiv Jajodia being relative may be deemed to be concerned or interested in the said resolution.

Registered Office :

3, Bentinck Street
Kolkata - 700 001

Dated : 11th August, 2012

By Order of the Board
For **CHANDI STEEL INDUSTRIES LIMITED**

Prerna Sharma
Company Secretary

BRIEF PROFILE OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

Name of the Director	Shri Sanjiv Jajodia	Shri Vishal Bagri
Date of Birth	6th September, 1963	25th December, 1969
Date of Appointment	20th September, 1993	26th June, 2008
Qualification	B. Com	B. Com (H)
Expertise in Specific Functional Areas	He has over 3 decades of experience in Finance & Iron & Steel Industries.	He has more than 18 years of experience in marketing of Iron & Steels products.
List of other Public Companies in which Directorship held	<ol style="list-style-type: none"> 1) Jai Balaji Industries Ltd. 2) Enfield Suppliers Ltd. 3) Jai Balaji Shakti Cement Ltd. 4) Shri Sarvasarai Balaji Steels Ltd. 5) Hari Management Ltd. 6) Nilachal Iron & Power Ltd. 7) Jai Balaji Jyoti Steels Ltd. 8) Shri Marutaye Balaji Steels Ltd. 9) Shri Sumangalaya Balaji Steels Ltd. 10) Jai Balaji Energy (Purulia) Ltd. 11) Jai Balaji Steels (Purulia) Ltd. 	<ol style="list-style-type: none"> 1) Jai Balaji Jyoti Steels Ltd.
Chairman/Member of the Committee of Board of Directors of the Company		
a) Audit committee	-	Member
b) Shareholders' Committee	-	-
c) Remuneration Committee	-	Member
Chairman/Member of the Committee of Board of Directors of other Companies :		
a) Audit committee	Jai Balaji Jyoti Steels Ltd. - Chairman Nilachal Iron & Power Ltd.- Chairman	Jai Balaji Jyoti Steels Ltd. - Member
b) Shareholders' Committee	-	-
c) Remuneration Committee	Nilachal Iron & Power Ltd.- Chairman	Jai Balaji Jyoti Steels Ltd. - Member
No. of shares held	1,447,498	Nil



DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present their Thirty Fourth Annual Report on the business and operations of your Company together with Audited Accounts for the year ended 31st March, 2012.

Financial Results		(₹ in Lacs)	
Particulars	2011-12	2010-11	
Income	8867.92	7338.32	
Less: Expenses	8317.75	6858.30	
Finance costs	365.26	308.54	
Depreciation and amortization expenses	84.12	82.79	
Total Expenses	8767.13	7249.63	
Profit / (Loss) before exceptional and extraordinary items and tax	100.79	88.69	
Less: Exceptional items	-	-	
Profit / (Loss) before extraordinary items and tax	100.79	88.69	
Less : Extraordinary items	-	-	
Profit / (Loss) before tax	100.79	88.69	
Less: Tax Expenses			
Current Tax	19.87	16.44	
MAT Credit	(2.28)	(11.12)	
Current Tax relating to prior years	-	(2.73)	
Deferred Tax	15.54	31.79	
Profit after Tax	67.66	54.31	
Earnings per share (excluding extraordinary items) (of ₹ 10/- each)			
Basic and Dilluted	0.64	0.52	

FINANCIAL CONDITION AND RESULTS OF OPERATION

During the year under review your Company's revenue, comprising of sales and other income increased by approximately 21% and was ₹ 8867.92 lacs as compared to ₹ 7338.32 lacs in the previous year. The Profit before Tax increased to ₹ 100.79 lacs as compared to ₹ 88.69 lacs of the previous financial year. The profit after tax for the year under review was ₹ 67.66 lacs, which is an increase of about 25% as compared to the financial year 2010-11 .

DIVIDEND

In view of the requirement of funds for business operations of the Company, your Directors have not recommended any dividend for the year under review.

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

Information required under the provisions of 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 relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo is given separately in the Annexure forming part of this Report.

CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to Clause 49 of the Listing Agreement with Stock Exchange a Report on Corporate Governance and

a Management Discussion and Analysis Report is annexed herewith forming part of the Report.

A certificate from the Auditors of the Company regarding compliance of mandatory requirements as per Clause 49 of the Listing Agreement is annexed to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217(2AA) of the Companies Act, 1956, your Board of Directors hereby confirms that:

- i) in the preparation of annual accounts, the applicable accounting standards have been followed;
- ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 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.

AUDITORS

M/s. Rashmi & Co., Chartered Accountants, Kolkata Auditors of your Company will retire at the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment. The Company has received a Certificate in accordance with subsection (1B) of Section 224 of the Companies Act, 1956, regarding their eligibility for re-appointment.

COST AUDITORS

Your Board of Directors has appointed M/s Mondal & Associates, Proprietor Mr. Amiya Mondal as Cost Auditor of the Company for the financial year 2012-13 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.

DIRECTORS

In accordance with the Articles of Association of the Company and other applicable provisions of the Companies Act, 1956, Shri Sanjiv Jajodia and Shri Vishal Bagri, Directors of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

In view of the considerable experience of the aforementioned persons your Board of Directors recommends their appointment.

PARTICULARS OF EMPLOYEES & INDUSTRIAL RELATIONS

The Company had no employee during the year ended 31st March, 2012 who was in receipt of remuneration in excess of the limit as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as annexed from time to time.

There have been cordial & harmonious industrial relations during the year.

ACKNOWLEDGEMENT

Your Directors would like to express their sincere appreciation for the valuable co-operation and support extended by the investors, banks, regulatory and government authorities, customers, suppliers and all other business associates.

Your Directors also take this opportunity to acknowledge the dedicated efforts made by the workers, staff and executives of the Company.

On behalf of the Board of Directors

Place : Kolkata
Date : 11th August, 2012

Devendra Prasad Jajodia
Managing Director

Sanjiv Jajodia
Director



ANNEXURE TO DIRECTORS' REPORT

Information as per 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 monitoring/optimization of energy conservation are undertaken at plant level.

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

No additional investment is being made for reduction of consumption of energy.

(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 :

On account of the above measures, energy cost is expected to be reduced.

(d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure is annexed.

B. Technology absorption :

(a) The details of efforts made towards absorption of technology is given separately in this 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 :-

The Company has been consistently endeavoring to increase its exports by exploring, creating and developing new market for the products.

(b) The foreign exchange earned and used during the year under review are as under :

(₹ in Lacs)

Particulars	2011-12	2010-11
(i) Earnings	498.39	852.02
(ii) Outgo	Nil	Nil

ANNEXURE

FORM A

Form for Disclosure of Particulars with respect to Conservation of Energy.

A. Power and fuel consumption :

Particulars	2011-12	2010-11
Electricity		
Units Purchased	1,091,096	1,865,242
Total amount (₹)	12,926,297	11,436,249
Rate / unit (₹)	6.80	6.13

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

(₹ in Lacs)

Particulars	2011-12	2010-11
Steel Flats, Rounds etc.	97	114

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 :-

To continue its efforts of energy conservation measures.

4. Expenditure on R & D :-

Not applicable.

Technology absorption, adaptation and innovation :-**a) Efforts, in brief, made towards technology absorption, adaptation and innovation :**

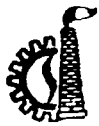
Continuous efforts are being made towards improvements in existing production process.

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

Due to above efforts there was improvement in quality of products.

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



CORPORATE GOVERNANCE REPORT

In compliance with the provisions of Clause 49 of the Listing Agreement your directors present the Company's report on Corporate Governance on the matters mentioned in the said Clause and the practice followed by your Company in this regard.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Our Company continuously strives for excellence through adoption of best governance and disclosure practices. The Company's philosophy is based on Accountability, Ethical conduct, Compliance with statutes, Interest of all stakeholders, transparency and timely disclosure.

The Company believes that value enhancement process is possible by efficient conduct of business and in making its obligation to shareholders. The Company also believes in the principles of transparency and openness in the effective working of the management and board. The objective is to institutionalize Corporate Governance practices to effectively fulfill its corporate responsibilities.

In accordance with Clause 49 of the Listing Agreement with the stock exchange on Corporate Governance, a report on the practices and compliances by the Company is given below :

1. BOARD OF DIRECTORS

The composition of Board of Directors is in accordance with Clause 49 of the Listing Agreement with stock exchange. Your Board consist 6 directors, out of which 3 directors are Non-executive independent directors. The Chairman is an executive director. During the year under review 7 meetings were held on the following dates :

7th April, 2011, 28th May, 2011, 20th June, 2011, 9th August, 2011, 12th August 2011, 11th November, 2011 and 6th February, 2012.

The details of composition of the board, attendance of each Director at the Board Meetings and also at the last Annual General Meeting and the number of other directorships and Board Committee Memberships/Chairmanships held by them during the financial year 2011-12 are as follows :

Name of Director	Category	Attendance Particulars		Number of other Directorships and Committee Membership/Chairmanships		
		Board Meetings	Last AGM	Other Directorships	Committee Membership	Committee Chairmanship
Shri Devendra Prasad Jajodia, Managing Director	Promoter Executive Director	7	Yes	2	-	-
Shri Sanjiv Jajodia	Promoter Non-Executive Director	7	Yes	11	1	1
Shri Gourav Jajodia	Promoter Non-Executive Director	7	Yes	4	-	-
Shri Vishal Bagri	Independent Non-Executive Director	5	No	1	-	1
Shri Anshuman Dalmia	Independent Non-Executive Director	7	Yes	-	-	-
Shri Mahesh Kumar Keyal	Independent Non-Executive Director	7	Yes	-	-	-

The details of directors seeking appointment/re-appointment in the 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 are related to each other or to the promoters in terms of the definition of the 'relative' given under the Companies Act, 1956. Shri Sanjiv Jajodia and Shri Devendra Prasad Jajodia are related as brother. Shri Gourav Jajodia is son of Shri Devendra Prasad Jajodia.

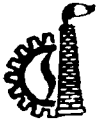
None of the Directors on the Board is a member of more than 10 Board-level committees and Chairman of more than 5 committees as specified in Clause 49 of the Listing Agreement across all the Companies in which he is a director. Membership/Chairmanship of only the Audit Committees' and Shareholders'/ Investors' Grievance Committees' of all Public Limited Companies (excluding Chandi Steel Industries Limited) have been considered.

Other directorship do not include alternate directorship, directorships of private companies, Section 25 Companies, Companies incorporated outside India and based on the latest declarations received from directors.

2. BOARD COMMITTEES

● Audit Committee

The Company has an Audit Committee at the Board level, which acts as a link between the management, the Statutory Auditors and the Board of Directors. The constitution of the Audit Committee is in compliance with the requirements of section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The Audit Committee comprises of three non-executive directors, all of whom are independent directors. Shri Anshuman Dalmia is the Chairman of the Audit Committee



who was present at the last Annual General Meeting held on Thursday, 29th September, 2011. All members of the committee are financially literate and have accounting or related financial management expertise. Ms. Prerna Sharma, Company Secretary of the Company, is the Secretary to the Audit Committee.

The terms and reference of the Committee are comprehensive and are in conformity with Listing Agreement and Section 292A of the Companies Act, 1956.

The primary objective of the Audit Committee is to monitor and effectively supervise the Company's financial reporting process with a view to provide accurate, timely and proper disclosures and the integrity and quality of the financial reporting.

During the year under review the Committee met 5 times on 7th April, 2011, 28th May, 2011, 9th August, 2011, 11th November, 2011 and 6th February, 2012.

The composition of the Audit Committee and the attendance of the members at the meetings of the Committee during the Financial Year 2011-12 are given below :

Name of the Members	Position / Category	No. of Meetings attended
Shri Anshuman Dalmia	Chairman, Independent, Non-Executive	5
Shri Vishal Bagri	Member, Independent, Non-Executive	5
Shri Mahesh Kumar Keyal	Member, Independent, Non-Executive	5

Scope of the Audit committee :

The Audit Committee have such powers and perform such functions as mentioned under clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956 and also which are delegated to it by the Board. The terms of reference of the Audit Committee are as follows :

- Review of quarterly and annual accounts of the Company before submission to the Board for approval.
- Oversight of the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors & cost auditor and the fixation of audit fees.
- Review of the adequacy of internal control systems.
- Reviewing the Company's financial and risk management policies.
- Any related party transaction i.e., transaction with the Company of material nature, Key Managerial Personnel (KMP), relatives of KMP, enterprise over which the KMP possess significant influence etc. that may have potential conflicts with the interests of the Company at large.
- Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to :
 - 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;
 - Changes, if any, in accounting policies and practices and reasons for the same;

- Major accounting entries involving estimates based on the exercise of judgment by management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of any related party transactions; and,
 - Qualifications in the draft audit report.
- h) 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.
- i) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- j) Reviewing the adequacy of Internal Audit Function.
- k) Discussion with internal auditors any significant findings and follow up there on.
- l) 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.
- m) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- **Shareholders'/ Investors' Grievance Committee :**

The Shareholders'/ Investors' Grievance Committee of the Board caters to the need of the shareholders and provides the best possible service to them. It is empowered to oversee the redressal of shareholders'/ investor complaints / grievances pertaining to transfer of shares, non-receipt of Balance Sheet, non-receipt of dividend and other related complaints. The Committee is also empowered to review the performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services.

The Committee comprises of three Directors, one of them being executive and the others being non-executive Directors.

During the year under review the Committee met 4 times on 28th May, 2011, 9th August, 2011, 11th November, 2011 and 6th February, 2012.

The composition of the Committee and the attendance of the members at the meetings of the Committee during the Financial Year 2011-12 are given below :

Name of Members	Position / Category	No. of Meetings attended
Shri Gourav Jajodia	Chairman, Promoter, Non-Executive	4
Shri Devendra Prasad Jajodia	Member, Promoter, Executive	4
Shri Anshuman Dalmia	Member, Independent, Non-Executive	4

Ms. Prerna Sharma, Company Secretary, being the Compliance Officer of the Company, is entrusted with the responsibility to specifically look into the redressal of the shareholders and investors complaints and report the same to the Committee.



Investor Grievances :

No. of Complaints received from Investors from 01.04.11 to 31.03.12	:	Nil
No. of complaints pending/ unresolved	:	Nil
No. of pending share transfer	:	Nil

● Remuneration Committee :

The Remuneration Committee has roles, powers and duties as determined by the Board from time to time and as per clause 49 of the Listing Agreement. The Committee is also empowered to discuss, approve and recommend the appointment, re-appointment of Executive Directors and to fix remuneration payable to them.

The Remuneration Committee comprises entirely of three non-executive Independent directors. No meeting was held during the financial year ended 31st March, 2012.

The composition of the Remuneration Committee during the Financial Year 2011-12 are given below:

Name of Members	Position / Category
Shri Vishal Bagri	Chairman, Independent, Non-Executive
Shri Anshuman Dalmia	Member, Independent, Non-Executive
Shri Mahesh Kumar Keyal	Member, Independent, Non-Executive

The Company pays remuneration by way of salary and perquisites to its Managing Director. No sitting fees are paid to Non-Executive Directors.

The details of equity shares of the Company held by the Non-Executive Directors as on 31st March, 2012 are as follows :

Name	No. of shares held in the company
Shri Sanjiv Jajodia	1,447,498
Shri Gourav Jajodia	600,000

3. GENERAL BODY MEETING

Annual General Meeting :

The details of venue, date and time of the Annual General Meeting of the Company held during the preceding three financial year are as follows :

Financial Year	Venue	Date	Time	Nature & No. of Special Resolution passed
2010-2011	Regd. Office : 3, Bentinck Street Kolkata - 700 001	29.09.2011	11.30 a.m.	1*
2009-2010	Regd. Office : 3, Bentinck Street Kolkata - 700 001	29.09.2010	11.00 a.m.	NIL
2008-2009	Regd. Office : 3, Bentinck Street Kolkata - 700 001	19.09.2009	11.00 a.m.	NIL

* The said resolution was passed through Postal Ballot, the result of which was declared by the Chairman at the Annual General Meeting held on 29th September, 2011.

4. POSTAL BALLOT

A Special Resolution was passed through postal ballot in terms of section 192A of the Companies Act, 1956. The result of the same was declared at the Annual General Meeting held on 29th day of September, 2011. The said resolution was passed pursuant to section 372A of the Companies Act, 1956.

Shri Santosh Choraria, FCA, Room No. 222, 2nd Floor, P-41, Princep Street, Kolkata - 700 072, was appointed as the Scrutinizer by the Company for conducting the Postal Ballot in a fair and transparent manner.

Following results were announced by Shri Devendra Prasad Jajodia, Managing Director on voting on the special resolution exercised and casted by the shareholders through postal ballot as per the Scrutinizer's Report :-

Particulars	No. of Postal Ballot Forms	No. of Shares	% of total paid up Equity Capital
a) Total Postal Ballot Form received	76	57,95,298	54.98%
b) Less:Invalid Postal Ballot Forms (As per Register)	Nil	Nil	0.00%
c) Net valid Postal Ballot Forms (As per Register)	76	57,95,298	54.98%
d) Postal Ballot Forms with assent for the resolution	76	57,95,298	54.98%
e) Postal Ballot Forms with dissent for the resolution	Nil	Nil	0.00%

Shri Devendra Prasad Jajodia, Managing Director declared that the above resolution was "carried with requisite majority".

5. DISCLOSURE

Information regarding Related Party Transactions is given in annexed Audited Accounts under Note 35 relating to Notes on Accounts. There were no materially significant related party transactions, i.e. transactions of the Company of material nature, with its Promoters, Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

In pursuance to Clause 49 of the Listing Agreement, the Board has approved a "**Code of Conduct for Board Members and Senior Management Personnel**". The Board of Directors and the Senior Management Personnel have given their declarations confirming compliance of the provisions of the above Code of Conduct. A declaration to this effect signed by the Managing Director forms part of this Annual Report.

6. MEANS OF COMMUNICATION

The Company's quarterly, half-yearly and annual audited results are published in the format as prescribed in Clause 41 of the Listing Agreement entered into with Stock Exchange. Such financial results and the information relating to Annual General Meeting, Book Closures etc are published in Financial Express (English language) and in Dainik Statesman (Vernacular Language) newspaper and is also notified to the Stock Exchanges, as required under the Listing Agreement.

As per clause 47(f) of Listing Agreement and SEBI circular no. MRD/Dop/SE/DEP/CIR-22/06 the Company has created exclusive e-mail id for grievance redressal which is chandi@jaibalajigroup.com.

The Management Discussions and Analysis is a part of this Annual Report and is annexed separately.



7. CEO/CFO CERTIFICATION

Shri Devendra Prasad Jajodia, Managing Director of the Company has submitted a certificate to the Board as required under Clause 49(V) of the Listing Agreement pertaining to CEO / CFO certification for the financial year ended 31st March, 2012.

8. GENERAL SHAREHOLDER INFORMATION

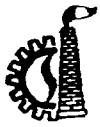
- Day, date and time of Annual General Meeting : Saturday, the 29th day of September, 2012 at 2.00 P.M.
 - Venue of Annual General Meeting : Registered Office :
3, Bentinck Street, Kolkata - 700 001
 - Financial Calendar (tentative) for the year 2012-13 : April, 2012 to March, 2013
 - First quarter ending 30th June, 2012 : 11th August, 2012
 - Second quarter ending 30th September, 2012 : On or before 14th November, 2012
 - Third quarter ending 31st December, 2012 : On or before 14th February, 2013
 - Fourth quarter ending 31st March, 2013 : On or before 30th May, 2013
 - Date of Book Closure : Monday, 24th September, 2012 to Saturday, 29th September, 2012 (both days inclusive)
 - Listing of Equity Shares on Stock Exchanges and Stock Codes : The Calcutta Stock Exchange Limited
7, Lyons Range, Kolkata - 700 001
 - Stock code for Equity Shares : 10013341
 - Demat ISIN Number in NSDL & CDSL : INE204G01017
- Note : The Company has duly paid Annual Listing Fees for the Finance year 2012-13 to the said stock exchange.
- Stock Market Price Data : There was no trading during the period April, 2011 to March, 2012.
 - Registrars and Share Transfer Agent : Maheswari Datamatics Pvt. Ltd.
6, Mangoe Lane, 2nd Floor
(Surendra Mohan Ghosh Sarani)
Kolkata - 700 001
 - Share Transfer System : Share Transfers in physical form 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 of the documents, if the documents are complete in all respects.

9. SHAREHOLDING PATTERN AS ON 31-03-2012

Category	No. of Shares held	Percentage of Share Holding
A. Promoters Holding		
1. Promoters		
a) Indian Promoters	50,40,698	47.83
b) Foreign Promoters	Nil	Nil
2. Person acting in concert	Nil	Nil
Sub-Total	50,40,698	47.83
B. Non Promoters Holding		
Institutional Investors		
a) Mutual Funds & UTI	Nil	Nil
b) Bank, Financial Institutions	Nil	Nil
Insurance Companies (Central / State Govt., Non-Govt. Inst.)		
c) F.I.I.	Nil	Nil
Sub Total	Nil	Nil
C. Others		
a) Bodies Corporate	5,232,400	49.64
b) Indian Public	2,66,902	2.53
c) N.R.I. / O.C.B	Nil	Nil
d) Any others (Please specify)	Nil	Nil
Sub Total	54,99,302	52.17
Grand-Total	1,05,40,000	100.00

10. DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2012

Range of Ordinary Shares Held	Shareholders %	Holding %
Upto to 5000	93.83	1.40
5001 to 10000	1.20	0.07
10001 to 20000	0.00	0.00
20001 to 30000	0.00	0.00
30001 to 40000	0.00	0.00
40001 to 50000	0.00	0.00
50001 to 100000	0.15	0.06
100001 to 500000	1.36	2.17
500001 to 1000000	0.15	0.55
1000001 and above	3.31	95.75
Total	100.00	100.00



11. DEMATERIALIZATION OF SHARES AS ON 31ST MARCH, 2012 AND LIQUIDITY

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the Depositories in India - National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). 1,02,89,900 Equity Shares of the Company representing 97.63% of the Company's Share Capital are dematerialized as on 31st March, 2012.

12. **OUTSTANDING GDRS / ADRS/ WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY** : N.A.

13. **DETAILS OF UNCLAIMED SHARES** : N.A.

14. **PLANT LOCATION** : 16, Belur Road, Liluah, Howrah

15. **ADDRESS FOR CORRESPONDENCE** : Ms. Purna Sharma
Company Secretary
3, Bentinck Street
Kolkata - 700 001
Tel : (033) 2248 8173 / 9808
Fax : (033) 2243 0021
E-mail : prerna.sharma@jaibalajigroup.com

16. COMPLIANCE OF NON- MANDATORY REQUIREMENT

● **Remuneration Committee**

The details pertaining to Remuneration Committee have been provided in item no. 2 of this Corporate Governance Report.

● **Audit Qualification**

Nil.

● **Shareholder Rights**

Half-yearly results including summary of the significant events are presently not being sent to Shareholders of the Company.

● **Whistle Blower Policy**

The Company does not have any Whistle Blower Policy as of now, but no personnel are being denied any access to the Audit committee.

● **Others**

The other non-mandatory requirements such as, Training of Board Members; Mechanism for evaluating non-executive Board Members, tenure of Independent Directors and Whistle Blower Policy will be implemented by the Company as and when required and/or deemed necessary by the Board.

On behalf of the Board of Directors

Place : Kolkata
Date : 11th August, 2012

Devendra Prasad Jajodia
Managing Director

Sanjiv Jajodia
Director

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, this is to confirm that a Code of Conduct has been laid down by the Board of Directors of Chandi Steel Industries Limited, which has been made applicable to all the Directors and the Senior Management Personnel of the Company.

The Code of Conduct has been affirmed to by all the members of the Board and the Senior Management Personnel of the Company.

Place : Kolkata
Date : 11th August, 2012

Devendra Prasad Jajodia
Managing Director

**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To the Members of
CHANDI STEEL INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by **Chandi Steel Industries Limited**, ("the Company") for the year ended on 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the 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 an opinion on the financial statements of the Company.

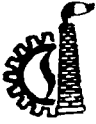
In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

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 and behalf of
RASHMI & CO.
Chartered Accountants
Reg. No. 309122E

Place : Kolkata
Date : 11th August, 2012

R K Agarwala
Partner
Membership No. : 16652



CERTIFICATION BY CHIEF EXECUTIVE OFFICER

I, Devendra Prasad Jajodia, Managing Director and Chief Executive Officer and discharging the duties of Chief Financial Officer of Chandi Steel Industries Limited, to the best of my knowledge and belief, certify that :-

1. We have reviewed the financial statements and all its schedules and notes on accounts as well as the cash flow statements, for the year ended 31st March, 2012;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for the period presented on this report, and are in compliance with the existing accounting standards and / or applicable laws and regulation;
4. To the best of our knowledge and belief, no transaction entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of Conduct;
5. That we accept responsibility for establishing and maintaining internal controls. We have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the step that we have taken or propose to take to rectify the identified deficiencies and;
6. That we have informed the auditors and the audit committee of :
 - i) significant changes in the internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Place : Kolkata

Date : 11th August, 2012

Devendra Prasad Jajodia

Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENTS

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 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.

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. At the same time, sight must not be lost of the fact that, by any cross country comparison, India remains among the front-runners.

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 Company expects the demand for its products to improve in future and prices of raw material to stabilize.

OPPORTUNITIES AND THREATS

The demand for Steel is expected to rise in India as a result of growing infrastructure project and rapid urbanisation. There is also unexplored rural market in India which will drive demand for steel in near future.

The Eleventh Five year plan (2007-12) has allocated investment of USD 490 Billion for core Infra sector such as power, road, railways, ports & airports.

RISK AND CONCERNS

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

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.

INTERNAL CONTROL AND THEIR ADEQUACY

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 system ensures that all transactions are authorized, recorded and reported correctly. The systems and



procedures are reviewed continuously to ensure timely preparation of financial information and safeguarding the assets of the Company. The Audit Committee of the Board of Directors reviews the adequacy of internal control systems and suggests the areas of improvement.

HUMAN RESOURCES

Chandi Steel recognizes people as the primary source of its competitiveness, and continues to focus on people development by leveraging technology and developing a continuously learning human resource base to unleash their potential and fulfill their aspirations. Human Resource Development is a critical organizational priority and considered as an imperative to growth.

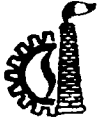
FINANCIAL PERFORMANCE

During the year under review the net turnover of the Company stood at ₹ 8867.92 lac which was an increase of about 21% as compared to the net turnover of ₹ 7338.31 lacs in the previous financial year. The Profit before tax was ₹ 100.79 lacs as compared to ₹ 88.69 lacs in the previous year. The Profit after Tax for the year under review was ₹ 67.66 lacs.

CAUTIONARY STATEMENT

Statements made in this report describing the Company's objectives, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable securities 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 economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

Statement of Accounts



AUDITORS' REPORT

To the Members of
Chandi Steel Industries Limited

We have audited the attached Balance Sheet of **CHANDI STEEL INDUSTRIES LIMITED** of 3, Bentinck Street Kolkata - 700 001 as at March 31st, 2012 and the Statement of Profit & Loss 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 misstatements. An audit also 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 of our opinion.

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

Further to our comments in the Annexure referred to 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 accounts as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Statement of Profit & Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
- d) In our opinion, the Balance Sheet, Statement of Profit & Loss and the Cash Flow Statement dealt with by this report comply with Accounting Standards as referred to in section 211(3C) of the Companies Act, 1956;
- e) On the basis of the written representation received from the directors and taken on record by the Board of Directors, we report that none of the directors of the Company 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 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 give a true and fair view:
 - i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - ii) in the case of Statement of Profit and Loss of the Profits for the year ended on that date and;
 - iii) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **RASHMI & COMPANY**
Chartered Accountants
Reg. No. 309122E

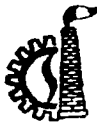
Per **R. K. Agarwala**
Partner

Membership No. 016652

Place : Kolkata
Dated : 30.05.2012

ANNEXURE TO THE AUDITORS REPORT TO THE MEMBERS OF CHANDI STEEL INDUSTRIES LIMITED REFERRED TO IN OUR REPORT OF EVEN DATE

1. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. Fixed assets have been physically verified by the management during the year based on a phased programme of verifying all the assets over three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on verification. There is no substantial disposal of fixed assets during the year.
2. The management has conducted physical verification of inventory at reasonable intervals. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of the business. The Company is making proper records of inventory and no material discrepancies were noticed on physical verification.
3. (a) The Company has granted loan to four parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 5,579 Lacs, and the year ended balance was ₹ 4,089 Lacs.
(b) In our opinion and according to the explanations given to us, terms and conditions of such loans are not, prima facie, prejudicial to the interest of the Company.
(c) There is no overdue amount of loan granted to the parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. (a) The Company has taken loan from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.3,988 Lacs, and year end balance of two loan was ₹ 2,847 Lacs.
(b) In our opinion and according to the explanations given to us, terms and conditions of such loans are not, prima facie, prejudicial to the interest of the Company.
(c) The principal amount is not due for payment and the Company has been regular in payment of interest.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures 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. During the course of our audit, no major weakness has been noticed in the internal controls.
6. Based on the information and explanation given to us, the transactions pertaining to contracts and arrangement that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956 have been so entered. The company undertakes transactions of purchase and sale of goods, material, and services with associate and group companies, which are required to be entered in the register maintained under section 301 of the Companies Act, 1956. As explained to us comparative rates are not always available for some of the transactions of purchase and sale relating to proprietary items manufactured by the associates and group Companies and used as raw material, however consideration of the selling price of such goods, in the market, and the relevant transfer pricing guidelines, prima facie indicate that transactions are at reasonable prices.
7. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956.



8. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business, which requires to be strengthened.
9. The Central Government has prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. As informed to us, the Company is implementing the required cost records prescribed by the Central Government under clause (d) of sub section (1) of section 209 of the Companies Act, 1956. However we have not made a detailed examination of the same.
10. According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Custom Duty, Excise Duty and Cess applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Custom Duty and Excise Duty were outstanding, at the year end for a period of more than six months from the date they became payable.

According to the information and explanations given to us, there is no disputed due on account of Income tax, Customs duty, Wealth tax, Service tax and Cess. Details of disputed Sales tax and Excise Duty, which have not been deposited as on 31st March, 2012 on account of any dispute are given below :

Nature of dues	Value (₹ in Lacs)	Period to which the amount relates	Forum where dispute is pending
Commercial Tax (VAT)	437.31	F.Y. (2005-06)	WBCT Appeleate & Prov Board
Commercial Tax (CST)	19.41	F.Y. (2005-06)	WBCT Appeleate & Prov Board
Commercial Tax (VAT)	58.43	F.Y. (2006-07)	WBCT Appeleate & Prov Board
Commercial Tax (CST)	1.92	F.Y. (2006-07)	WBCT Appeleate & Prov Board
Commercial Tax (VAT)	51.85	F.Y. (2008-09)	Joint Comm. of Sales Tax
Commercial Tax (CST)	57.19	F.Y. (2008-09)	Addl. Comm., Sales Tax
Central Excise	18.32	F.Y. (2008-09)	Addl. Comm., Central Excise

* The amount paid under protest have been reduced from the amount demanded in arriving at the aforesaid disclosures.

11. The company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
12. As per books and records maintained by the Company and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to banks or financial institutions. The company did not have any debentures holders.
13. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. In our opinion and according to the information and explanations, the nature of activities of the company does not attract any special statute applicable to chit fund/nidhi/mutual benefit fund/societies.
15. The Company is not dealing or trading in shares, securities, debentures and other investments.
16. The Company has given guarantee for loan of ₹ 6,750 lacs to SBI, Jamshedpur taken by associate company i.e. "Nilachal Iron and Power Ltd". According to informations and explanations given to us,

we are of the opinion that the terms and conditions thereof are not prima-facie prejudicial to the interest of the Company.

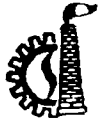
17. The Company did not have any term loans outstanding during the year.
18. We have been informed by the management that the funds raised on short-term basis have not been used for long-term investment and vice-versa.
19. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
20. The Company did not have any outstanding debentures during the year.
21. The Company has not raised money through a public issue during the year.
22. Based on information and explanations furnished by the management, which have been relied upon by us, there were no frauds on or by the Company noticed or reported during the year.

For **RASHMI & COMPANY**
Chartered Accountants
Reg. No. 309122E

Per **R. K. Agarwala**
Partner

Membership No. 016652

Place : Kolkata
Dated : 30.05.2012



BALANCE SHEET AS AT 31ST MARCH, 2012

(₹ in Lacs)

	Note No.	As at 31st March, 2012	As at 31st March, 2011
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	1,053.62	1,053.61
(b) Reserves and surplus	4	432.93	365.27
(c) Money received against share warrants		—	—
		1,486.55	1,418.88
2 Share application money pending allotment			
		—	—
3 Non-current liabilities			
(a) Long-term borrowings	5	1,999.25	1,763.99
(b) Deferred tax liabilities (net)	6	96.76	81.22
(c) Long-term provisions	7	22.45	18.89
		2,118.46	1,864.10
4 Current liabilities			
(a) Short-term borrowings	8	1,793.54	3,832.59
(b) Trade payables		5,321.74	2,593.08
(c) Other current liabilities	9	291.55	315.12
(d) Short-term provisions	10	8.30	3.29
		7,415.13	6,744.08
TOTAL		11,020.14	10,027.07
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	1,447.14	1,382.54
(ii) Intangible assets		—	—
(iii) Capital work-in-progress	12	2,356.79	1,923.95
		3,803.93	3,306.49
(b) Long-term loans and advances	13	79.10	63.52
(c) Other non-current assets	14	10.63	7.83
		89.72	71.35
2 Current assets			
(a) Inventories	15	1,077.16	1,351.54
(b) Trade receivables	16	799.10	1,224.62
(c) Cash and cash equivalents	17	326.40	304.04
(d) Short-term loans and advances	18	4,923.82	3,769.03
(e) Other current assets		—	—
		7,126.48	6,649.23
TOTAL		11,020.14	10,027.07

See accompanying notes forming part of the financial statements.

In terms of our report attached
For **RASHMI & CO.**
Firm Registration No. 309122E
Chartered Accountants
Per **R. K. Agarwala**
Partner
Membership No. 16652
Place : Kolkata
Date : 30th May, 2012

Tarun Kumar Srivastava
Company Secretary

For and on behalf of the Board of Directors

Devendra Prasad Jajodia
Managing Director

Sanjiv Jajodia
Director

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lacs)

	Note No.	For the year ended 31st March, 2012	For the year ended 31st March, 2011
A CONTINUING OPERATIONS			
1 Revenue from operations (gross)	19	9,686.72	7,895.40
Less: Excise duty		855.26	566.82
Revenue from operations (net)		8,831.46	7,328.58
2 Other income	20	36.46	9.74
3 Total revenue (1+2)		8,867.92	7,338.32
4 Expenses			
(a) Cost of materials consumed	21	6,926.23	5,193.68
(b) Purchases of stock-in-trade		–	500.75
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	239.98	(37.12)
(d) Employee benefits expense	23	127.76	132.54
(e) Finance costs	24	365.26	308.54
(f) Depreciation and amortisation expense	11	84.12	82.79
(g) Other expenses	25	1,023.78	1,068.45
Total expenses		8,767.13	7,249.63
5 Profit/(Loss) before exceptional and extraordinary items and tax (3 - 4)		100.79	88.69
6 Exceptional items		–	–
7 Profit/(Loss) before extraordinary items and tax (5 + 6)		100.79	88.69
8 Extraordinary items		–	–
9 Profit/(Loss) before tax (7 + 8)		100.79	88.69
10 Tax expense :			
(a) Current tax expense for current year		19.87	16.44
(b) (Less): MAT credit (where applicable)		(2.28)	(11.12)
(c) Current tax expense relating to prior years		–	(2.73)
(d) Net current tax expense		17.59	2.59
(e) Deferred tax		15.54	31.79
		33.13	34.38
11 Profit for the year (9 + 10)		67.66	54.31
12 Earnings per share (excluding extraordinary items) (of ₹ 10/- each) :			
(a) Basic		0.64	0.52
(b) Diluted			

Significant Accounting Policies and Notes on Financial Statement

In terms of our report attached
For **RASHMI & CO.**

Firm Registration No. 309122E
Chartered Accountants

Per **R. K. Agarwala**

Partner

Membership No. 16652

Place : Kolkata

Date : 30th May, 2012

For and on behalf of the Board of Directors

Tarun Kumar Srivastava
Company Secretary

Devendra Prasad Jajodia
Managing Director

Sanjiv Jajodia
Director



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lacs)

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
A. Cash flow from operating activities		
Net Profit Before Tax & Exceptional Items	100.79	88.69
Depreciation and amortisation	84.12	82.79
Interest Income	(26.29)	(8.92)
Loss on Forward Exchange Contracts /Exchange Fluctuations	12.95	0.56
Finance Costs	365.26	308.54
Provision For Gratuity	3.67	4.60
Operating Profit Before Working Capital Changes	540.50	476.26
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	274.37	(82.20)
Trade receivables	425.52	(22.32)
Short-term loans and advances	(1,154.79)	(2,872.20)
Long-term loans and advances	(15.58)	(45.81)
Other non-current assets	(2.80)	0.01
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	2,728.66	1,287.34
Other current liabilities	(23.56)	(167.43)
Short-term provisions	5.01	3.29
Long-term provisions	(0.11)	1.42
Cash Generated from operation	2,236.73	(1,897.90)
Taxes Paid	17.59	2.59
Net cash flow from/(used in) operating activities (A)	2,759.64	(1,424.23)
B. Cash flow from investing activities		
Capital expenditure on Fixed Assets	(581.56)	(1,361.83)
Interest Income	26.29	8.92
Net cash flow from/(used in) investing activities (B)	(555.27)	(1,352.91)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(Amount in ₹)

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
C. Cash flow from financing activities		
Share Calls in Arrear money received/(refunded)	0.01	—
Proceeds from long-term borrowings	235.25	545.48
Proceeds from other short-term borrowings	(2039.05)	2653.74
Finance cost	(365.26)	(308.54)
Net cash flow from/(used in) financing activities (C)	(2,169.05)	2,890.68
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	35.31	113.54
Cash and cash equivalents at the beginning of the year	304.04	191.06
Effect of exchange differences on restatement of foreign currency	(12.95)	(0.56)
Cash and cash equivalents at the end of the year	326.40	304.04
Cash and cash equivalents at the end of the year *		
* Comprises :		
(a) Cash on hand	8.79	2.29
(b) Cheques, drafts on hand	—	—
(c) Balances with banks		
(i) In current accounts	34.62	25.03
(d) Current investments considered as part of Cash and cash equivalents		
	282.99	276.72

Notes :

- (i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.
- (ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.

See accompanying notes forming part of the financial statements

In terms of our report attached

For **RASHMI & CO.**
 Firm Registration No. 309122E
 Chartered Accountants
 Per **R. K. Agarwala**
 Partner
 Membership No. 16652
 Place : Kolkata
 Date : 30th May, 2012

For and on behalf of the Board of Directors

Tarun Kumar Srivastava
 Company Secretary

Devendra Prasad Jajodia
 Managing Director

Sanjiv Jajodia
 Director



NOTES ON FINANCIAL STATEMENTS

NOTE 1 & 2 : CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

1 CORPORATE INFORMATION :-

Company engaged in Manufacturing/ Trading of Steel Rolled Products & Coal mining operation. Plant Located in 16, Belure Road, Liluah, Howrah, West Bengal.

2 SIGNIFICANT ACCOUNTING POLICIES:

2.1 BASIS OF ACCOUNTING

The accounts are prepared on accrual basis under the historical cost conventions in accordance with Indian Generally Accepted Accounting Policies (GAAP) comprising of mandatory Accounting Standard issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 except otherwise stated. The Preparation/Presentation of financial statements requires estimates & assumptions to be made that affect the reported amounts of Assets & Liabilities as well as revenues & expenses reported therein. Difference between the actual results and estimates are recognized and adjusted in the period in which results are known/ materialised.

2.2 REVENUE RECOGNITION

Revenue is recognized to the extent it is probable that economic benefits will pass on to the company and can be reliably measured. Sales is recognized when significant risk and rewards of ownership are transferred which is at the point of despatch of goods to the customers and includes excise duty and sales tax thereon net of rebates and discounts. Interest Income is accounted on time proportion basis.

2.3 FIXED ASSETS

Fixed Assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost is inclusive of duties (net of CENVAT), taxes, incidental expenses and erection/ commissioning expenses incurred upto the date the asset is ready for its intended use. Expenditure on addition, improvement and renewal of Fixed Assets are Capitalised at cost less Credit of Excise Duty and VAT on purchase of the relevant assets and impairment losses, if any. Expenditure for repairs and maintenance are charged to revenue account. Subsequent expense is capitalized only if such expenses result in an increase in the future benefits from the assets beyond its pre assessed standard of performance.

The carrying amounts are reviewed at each balance date when required to assets whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

2.4 DEPRECIATION

Depreciation has been provided upto 95% of the value of assets and on prorata basis for the period of use of the assets on straight-line method at the rates and in the manner prescribed under Schedule - XIV to the Companies Act, 1956. No depreciation is provided on Cenvat Credit of Excise Duty on purchase of capital goods.

2.5 INVENTORIES

Inventories of raw materials are valued at cost on Weighted Average basis and net realizable value whichever lower. Finished goods are valued at cost on Weighted Average basis or estimated net

NOTES ON FINANCIAL STATEMENTS

realizable value whichever is lower. The value of finished goods inside factory is inclusive of excise duty thereon. The Stock of Store is valued at cost on FIFO basis or estimated market value whichever is lower. The Stock of scrap is valued at net realizable value. Work-in-Process is valued at cost and net realizable value whichever lower. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

2.6 EXCISE DUTY

Cenvat Credit on input is adjusted with the cost of materials. Cenvat Credit on purchase of Capital Goods is reduced from the cost of such assets and no depreciation is charged thereon. Excise duty on manufactured goods is accounted for at the point of manufacture of goods and accordingly, is considered for valuation of finished goods stock lying in the factories as on the Balance sheet date.

2.7 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition or construction of Fixed Assets are capitalised until the time all substantial activities necessary to prepare such assets for their intended use are complete and are charged to Profit & Loss when active development activity is interrupted. Other Borrowing costs are recognized as an expense in the year in which they are incurred.

2.8 MISCELLANEOUS EXPENDITURE

Preliminary Expenses, if any, have been amortised equally as per prevailing Income Tax Law.

2.9 RETIREMENT BENEFITS

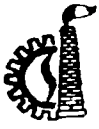
Company's Contribution to Provident Fund is accounted at cost on accrual basis. Accrued liability towards Leave Encashment benefits, covering eligible employees, evaluated on the basis of year-end actuarial valuation is recognized as a charge. The provision for gratuity to employee is made as per Actuarial Valuation, on the basis of the Payment of Gratuity Act, 1972.

2.10 TAXES ON INCOME

Income Tax for the current year is determined on the basis of taxable income and current tax rate in accordance with the provisions of Income Tax Act, 1961.

Deferred taxes is measured based on applicable tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax assets are recognized only to the extent there is reasonable certainty the sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has carry forward unabsorbed depreciation or tax losses, deferred tax assets are recognized for timing difference of other items, only if there is virtual certainty backed by convincing evidence that such deferred tax assets can be realized against future taxable profits.

Minimum Alternate Tax (MAT) credit is recognized 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 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.



NOTES ON FINANCIAL STATEMENTS

2.11 CONTINGENCIES AND EVENTS AFTER BALANCE SHEET DATE

Contingent liabilities are not provided in the accounts but are separately disclosed by way of notes on accounts. Contingent Assets are neither recognized nor disclosed in the Audited Accounts.

2.12 FOREIGN CURRENCY TRANSCATIONS

Transactions denominated in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary asset and liabilities are translated at year end exchange rates. Any income or expense on account of exchange differences either on settlement or on translation of transactions other than those related to fixed assets is recognized in the profit & loss account.

2.13 IMPAIRMENT OF ASSETS

The carrying cost of cash generating units is reviewed for impairment when events or changes in circumstances indicate that the carrying cost may not be recoverable. Provision for impairment loss will be made and adjusted with the cost of assets on prorata basis only when the carrying cost of assets exceeds the expected recoverable amount.

2.14 The company has entered into a long term contract for coal mining operation with West Bengal Mineral Development and Trading Corporation Limited (WBMDTC) for a period 30 years. The amount of ₹ 2,356.79 Lacs has been incurred on the said project till 31/03/2012 which is shown under Capital Work-In-Progress under Notes -"12".

NOTES ON FINANCIAL STATEMENTS

(₹ in Lacs)

	As at 31st March, 2012		As at 31st March, 2011	
	No of Share	Amount	No of Share	Amount
NOTES - 3				
SHARE CAPITAL				
Authorised:				
Equity Share of Rs.10/- each	12,000,000	1,200.00	12,000,000	1,200.00
	12,000,000	1,200.00	12,000,000	1,200.00
Issued, Subscribed & Paid up :				
1,05,40,000 Equity Shares of Rs. 10/- each fully paid up (Previous Year 1,05,40,000 equity shares of Rs. 10/-each)	10,540,000	1,054.00	10,540,000	1,054.00
Less: Calls in Arrear (Other than from Director's) [On 5000 share(Previous Year 5200 shares) @ Rs. 7.50/-]	5,000	0.38	5,200	0.39
Total	10,535,000	1,053.62	10,534,800	1,053.61

- a) There are No (Previous year – No) rights, preference and restriction attaching to each class of shares including restriction on the distribution of dividend and the repayment of capital.
- b) The company does not have any Holding Company /ultimate Holding Company.
- c) Shares in the company held by each shareholders holding more than 5% shares.

Name of the Shareholder	No. of Share Held	Percentage (%)	No. of Share Held	Percentage (%)
Sanjiv Jajodia	1,447,498	13.73%	1,447,498	13.73%
Gaurav Jajodia	600,000	5.69%	600,000	5.69%
Sangeeta Jajodia	600,000	5.69%	600,000	5.69%
Aashish Jajodia	556,500	5.28%	556,500	5.28%
Tapan Kumar Agarwal	–		1,300,700	12.34%
Seema Keyal	–		1,127,700	10.70%
Santosh Kumar shah	–		1,118,800	10.61%
Anup Kumar Agarwal	–		712,500	6.76%
Hari Management Ltd.	–		695,200	6.60%

- d) There are nil number of shares (Previous year Nil) reserved for issue under option and contracts/commitment for the sale of shares/disinvestment including the terms and amounts.
- e) For the period of five years immediately preceding the date as at which the balance sheet is prepared.

Particulars	No of Shares
Aggregate number and class of shares allotted fully paidup pursuant to contract(s) without payment being received in cash.	Nil
Aggregate number and class of shares allotted fully paidup by way of bonus shares.	Nil
Aggregate number and class of shares bought back.	Nil

- f) There are no securities (Previous year Nil) convertible into Equity/ Preferential Shares.



NOTES ON FINANCIAL STATEMENTS

(₹ in Lacs)

Particulars	As at 31.03.2012	As at 31.03. 2011
NOTES - 4		
RESERVE & SURPLUS		
a) Capital Redemption Reserve		
As per last Balance Sheet	34.92	34.92
b) General Reserve		
As per last Balance Sheet	10.00	10.00
c) Surplus in the statement of Profit and Loss		
As per Last Balance Sheet	320.35	266.04
Add: Net Profit for the Year	67.66	54.31
Total	432.93	365.27

Particulars	As at 31.03.2012	As at 31.03. 2011
NOTES - 5		
LONG TERM BORROWINGS		
Loans and Advances from related Parties(unsecured)	1,999.25	1,763.99
Total	1,999.25	1,763.99

5.1 Long Term Unsecured Loan taken from Jai Balaji Jyoti Steel Limited with interest for Capital Work In Progress of the coal block development and will be repaid /adjusted on implementation of the project. The maximum amount outstanding at any time during the year ₹ 1,999.24 Lacs (Previous Year ₹ 1,763.99 Lacs)

Particulars	As at 31.03.2012	As at 31.03. 2011
NOTES - 6		
DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability		
Timing Difference of Depreciable Assets	99.85	84.04
Deferred Tax Assets		
Provision/Expenses allowable in future Under Income Tax Act.	3.09	2.82
Net Deferred Tax Liabilities /(Asset)	96.76	81.22

Particulars	As at 31.03.2012	As at 31.03. 2011
NOTES - 7		
LONG -TERM PROVISION		
Provision for employees benefits		
i) Provision for Gratuity	20.63	16.96
ii) Provision for Leave Salary	1.82	1.93
Total	22.45	18.89

NOTES ON FINANCIAL STATEMENTS

(₹ in Lacs)

Particulars	As at 31.03.2012	As at 31.03. 2011
NOTES - 8		
SHORT-TERM BORROWINGS		
Secured		
Working Capital Loans		
From Banks	945.72	986.12
Unsecured		
Loans & advances from related parties	847.82	2,846.47
Total	1,793.54	3,832.59

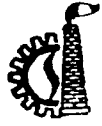
8.1 Working capital loans are secured by i) Primary: First charges on movable fixed assets, ii) Collateral: Factory building and shed iii) Additional: Extension charges on entire current assets of the company. Name of the guarantor a) Shri D.P.Jajodia b) Shri Sanjiv Jajodia c) Shri Gaurav Jajodia

8.2 Loan & advance from related parties include: i) ₹ 847.81 Lacs (Previous Year ₹ 2,101.34 Lacs) from Jai Balaji Jyoti Steel Ltd, The maximum amount outstanding at any time during the year ₹ 2,161.34 Lacs(Previous year ₹ 2,101.34 Lacs) and ii) ₹ Nil (Previous year ₹ 745.13 Lacs) from Balaji Ispat udyog.

Particulars	As at 31.03.2012	As at 31.03. 2011
NOTES - 9		
OTHER CURRENT LIABILITIES		
Creditors for Capital Expenditure	101.51	121.99
Other Liabilities	48.77	29.05
Statutory Liability	141.26	117.99
Advance received from Customers	0.01	46.09
Total	291.55	315.12

9.1 There are no reported Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act 2006", To Whom the Company Owe dues.

Particulars	As at 31.03.2012	As at 31.03. 2011
NOTES - 10		
SHORT-TERM PROVISIONS		
Provision for Income Tax (Net of Advance Tax)	8.30	3.29
Total	8.30	3.29



NOTES ON FINANCIAL STATEMENTS

NOTE - 11 : FIXED ASSETS

(₹ in Lacs)

Description	GROSS COST		DEPRECIATION		NET BLOCK	
	1/04/2011	Addition	31/03/2012	For The Year	31/03/2012	31/03/2011
Tangible Assets:						
Land	481.51	-	481.51	-	481.51	481.51
Factory Shed	131.16	113.96	245.12	4.27	212.26	102.58
Plant & Equipment	640.83	-	640.83	28.46	416.65	445.12
Furnace	45.27	-	45.27	1.30	23.66	24.96
Furniture	1.30	-	1.30	0.06	0.37	0.43
Air Conditioner	1.79	-	1.79	0.08	0.90	0.96
Generator	7.27	-	7.27	0.27	5.03	5.30
Computer	3.87	0.12	3.99	0.14	0.04	0.06
Fax Machine	0.41	0.05	0.46	0.07	0.14	0.16
Forging Machine	3.91	-	3.91	0.19	1.07	1.25
Steel Roll	580.96	28.85	609.81	33.79	10.55	15.49
Office Equipment	1.08	-	1.08	0.05	0.70	0.75
Crane	24.19	-	24.19	1.15	21.92	23.06
Electrical Equipment	9.07	5.74	14.82	0.54	13.22	8.01
Producer Gas Plant	289.62	-	289.62	13.75	259.13	272.89
Sub-Total ==>>	2,222.26	148.72	2,370.98	84.12	1,447.14	1,382.54
Intangible Assets:						
Total ==>>	2,222.26	148.72	2,370.98	84.12	1,447.14	1,382.54
Previous Year	2,030.62	191.64	2,222.26	82.79	1,382.54	1,273.69

NOTE - 12 : CAPITAL WORK-IN-PROGRESS

Description	Amount	Amount
Factory Shed & Building		
Opening	92.39	
Addition	21.57	
Transfer to Gross Block	113.96	
Coal Block		
Opening	1,831.56	
Addition	525.23	2,356.79
Total		2,356.79

NOTES ON FINANCIAL STATEMENTS

(₹ in Lacs)

Particulars	As at 31.03.2012	As at 31.03. 2011
NOTES - 13		
LONG TERM LOANS AND ADVANCES		
a) Security Deposits	62.94	49.64
b) Other Loans & Advances		
Mat Credit Entitlement	16.16	13.88
Total	79.10	63.52

Particulars	As at 31.03.2012	As at 31.03. 2011
NOTES - 14		
OTHER NON-CURRENT ASSETS		
Employee Gratuity Fund Account	10.63	7.83
Total	10.63	7.83

Particulars	As at 31.03.2012	As at 31.03. 2011
NOTES - 15		
INVENTORIES		
a) Raw Material & Packing Materials	459.35	489.47
b) Stock of Finished Goods	600.26	840.24
c) Stock of Stores & Spares	17.55	21.83
Total	1,077.16	1,351.54

(Stock-in-trade as per Inventories taken valued & Certified by the Management)

The cost of various categories of inventory is determined as follows :

- 1) Stock of Raw Materials and Packing Material: At cost Including Local Taxes (Net of Setoff) or net realisable value whichever is lower
- 2) Stock of Finished Goods: At cost or net realisable value, whichever is lower

Items	Amount	Amount
Non Alloys Steel Round, Bar & Flat	502.44	490.42
Alloys Steels Round, Bar & Flat	94.84	345.61
Non Alloys Steel Scrap	2.57	4.13
Alloys Steel Scrap	0.41	0.08

- 3) Stock of Stores and Spares: At cost or net realisable value, whichever is lower



NOTES ON FINANCIAL STATEMENTS

(₹ in Lacs)

Particulars	As at 31.03.2012	As at 31.03. 2011
NOTES - 16		
TRADE RECEIVABLES (Unsecured, Considered Good)		
Debts Outstanding for a period exceeding Six Months	137.54	429.14
Other Receivable	661.56	795.48
Total	799.10	1,224.62

Particulars	As at 31.03.2012	As at 31.03. 2011
NOTES - 17		
CASH & CASH EQUIVALENTS		
a) Balances with Banks		
i) In Current Accounts	34.62	25.03
ii) In Fixed Deposit with Banks with maturity period for more than 12 months	282.99	276.72
b) Cash-in-hand	8.79	2.29
Total	326.40	304.04

17.1 Fixed Deposit are pledged with Banks as margin money against letter of credit and other commitments.

Particulars	As at 31.03.2012	As at 31.03. 2011
NOTES - 18		
SHORT -TERM LOANS & ADVANCES		
a) Loans & Advances to related parties(Unsecured)	4,089.30	2,748.65
b) Others		
Balances with Government & Statutory Authorities	809.63	855.01
Prepaid Expenses	6.03	6.61
Staff Advance	6.13	5.09
Advances against supply off Goods and Service	12.73	153.67
Total	4,923.82	3,769.03

18.1 LOAN & ADVANCES TO RELATED PARTIES INCLUDE:

- i) ₹ 3,875.55 Lacs (Previous year ₹ 2,748.64 Lacs) to Jai Salasar Balaji Industries Pvt. Ltd, The maximum amount outstanding at any time during the year ₹ 5,234.86 Lacs (Previous year ₹ 3,248.29 Lacs).
- ii) ₹ 176.02 Lacs (Previous Year ₹ Nil) to Balaji Ispat Udyog, The maximum amount outstanding at any time during the year ₹ 300.72 Lacs (Previous year ₹ Nil).
- iii) ₹ 22.60 Lacs (previous year ₹ Nil) to Enfield Suppliers Ltd, The maximum amount outstanding at any time during the year ₹ 22.60 Lacs
- (iv) ₹ 15.12 Lacs (Previous year ₹ Nil) to Hari Management Limited, The maximum amount outstanding at any time during the ₹ 15.12 Lacs.

NOTES ON FINANCIAL STATEMENTS

(₹ in Lacs)

Particulars	Current year ended 31.03.2012	Previous year ended 31.03. 2011
NOTES - 19		
REVENUE FROM OPERATION		
a) Sale of Products	9,626.48	7,858.13
b) Sale of Services	—	—
c) Other Operating Revenues	60.24	37.27
	9,686.72	7,895.40
Less : Excise Duty	855.26	566.82
Total	8,831.46	7,328.58
19.1 Product Details		
Non Alloys Steel Round, Bar & Flat	7,903.58	5,582.44
Alloys Steel Round, Bar & Flat	590.62	959.74
Non Alloys Steel Scrap	264.75	154.56
Alloys Steel Scrap	12.27	32.82
Iron Ore Fines (Export)	—	561.75
Others	60.24	37.27
Total	8,831.46	7,328.58

Particulars	Current year ended 31.03.2012	Previous year ended 31.03. 2011
NOTES - 20		
OTHER INCOME		
a) Interest Income	26.29	8.92
b) DEPB duty credit	8.71	0.53
c) Discount Received	1.35	0.25
d) Other non Operating Income	0.11	0.04
Total	36.46	9.74



NOTES ON FINANCIAL STATEMENTS

(₹ in Lacs)

Particulars	Current year ended 31.03.2012	Previous year ended 31.03. 2011
NOTES - 21		
COST OF MATERIALS CONSUMED		
Raw Materials Consumed		
Opening Stock	489.47	386.78
Add : Purchases	6,896.12	5,296.37
	7,385.59	5,683.15
Less : Closing Stock	459.36	489.47
Total	6,926.23	5,193.68
21.1 Details of Raw Materials Consumed		
Non Alloys Steel (Billet & Ingot)	6,645.93	4,286.27
Alloys Steel (Billet & Ingot)	280.31	907.42
Total	6,926.23	5,193.68

Particulars	Current year ended 31.03.2012	Previous year ended 31.03. 2011
NOTES - 22		
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS & STOCK IN TRADE		
Opening Stock		
- Finished Goods	836.42	799.80
- Scrap	3.82	3.32
	840.24	803.12
Less : Closing Stock		
- Finished Goods	597.61	836.42
- Scrap	2.65	3.82
	600.26	840.24
Total	239.98	(37.12)

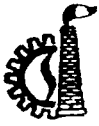
NOTES ON FINANCIAL STATEMENTS

(₹ in Lacs)

Particulars	Current year ended 31.03.2012	Previous year ended 31.03. 2011
NOTES - 23		
EMPLOYEE BENEFIT EXPENSES		
Salaries & Wages	106.86	111.06
Bonus to Staff & Workers	7.42	7.31
Contribution to Provident & other Funds	11.83	8.59
Employees Welfare	1.65	5.58
Total	127.76	132.54

Particulars	Current year ended 31.03.2012	Previous year ended 31.03. 2011
NOTES - 24		
FINANCE COSTS		
Interest on Term Loan / Overdraft from Banks	136.37	90.38
Bank Interest and Charges	11.89	12.26
Other Interest and Financial Charges	217.00	205.90
Total	365.26	308.54

Particulars	Current year ended 31.03.2012	Previous year ended 31.03. 2011
NOTES - 25		
OTHER EXPENSES		
Manufacturing Expenses		
- Store Consumed	602.80	515.01
- Power and fuel	163.12	148.06
- Labour Charges	26.57	14.71
- Increase / (decrease) of excise duty on inventory	(7.56)	24.36
Repair & Maintenance		
- Plant & Machinery	62.65	19.66
- Building	4.23	-
- Others	3.75	0.75
	855.56	722.56



NOTES ON FINANCIAL STATEMENTS

(₹ in Lacs)

Particulars	Current year ended 31.03.2012	Previous year ended 31.03. 2011
NOTES - 25 (Contd.)		
Selling and Administration Expenses		
Advertisement & Publicity	8.65	7.27
Auditors Remuneration		
-Audit Fees	0.45	0.45
-Tax Audit Fees	0.15	0.15
- Certification Fees	0.11	—
Freight Outwards	60.42	188.02
Legal & Professional Charges	11.38	5.84
Miscellaneous Expenses	7.77	3.14
Discount Allowed	5.58	9.66
Brokerage & Commission	28.52	18.85
Cost Auditor's Remuneration	0.20	—
Insurance Expenses	3.36	4.82
Director Remuneration	1.80	1.80
Postage, Telegram & Telephone	0.71	0.69
Printing & Stationery	1.71	1.25
Subscription	0.14	0.14
Filing Fees	0.04	0.03
Custom Duty	—	34.72
Loss on Exchange Fluctuation (Net)	12.95	0.56
Testing and inspection	0.18	0.97
Rent	4.56	4.56
Rates & Taxes	1.89	1.43
Excise Duty Paid	0.06	0.58
Safety & Security Charges	13.21	12.39
Register, Demat Depository etc. Charges	0.65	0.65
Prior period expenses (Net)	3.72	47.92
	168.22	345.88
Total	1,023.78	1,068.45

NOTES ON FINANCIAL STATEMENTS

(₹ in Lacs)

Particulars	Current year ended 31.03.2012	Previous year ended 31.03. 2011
NOTES - 26		
CONTINGENT LIABILITIES NOT PROVIDED FOR		
a) Corporate Guarantee given by way of collateral Security in favour of a group company	6750.00	6010.00
b) Sales Tax & Excise Duty matters under dispute/appeal	644.43	492.94
c) Letters of Credit, Bill discounted and Bank Guarantees outstanding	1707.93	1743.16

NOTE - 27**CAPITAL COMMITMENT**

Total Capital Commitment outstanding at the year ended 31st March 2012 is Rs14.99 Lacs for Coal Mining.

NOTE - 28**DEFERRED TAXATION**

As per Accounting Standard - 22 issued by The Institute of Chartered Accountants of India, deferred tax expenses and income has been recognized and adjusted by providing deferred tax liability as under :

(₹ in Lacs)

Particulars	31.03.2012 Deferred Tax Liabilities/(Assets)	31.03.2011 Deferred Tax Liabilities/(Assets)
Deferred Tax Liability		
Timing difference on depreciable asset	99.85	84.04
	99.85	84.04
Deferred Tax Assets		
Provision/Expenses allowable in future under Income Tax Act.	3.09	2.82
	3.09	2.82
Net Deferred Tax Liabilities /(Asset)	96.76	81.22
Less : Provided till last year	81.22	49.43
Increased in Deferred Tax Liability/(Assets)	15.54	31.79

Note - 29**DILUTED & BASIC EARNING PER SHARE OF ₹ 10**

(₹ in Lacs)

Particulars	31.03.2012	31.03.2011
Profit After Tax (₹)	67.66	54.31
Weighted average number of equity share	105.35	105.35
Basic/Diluted Earning per Share	0.64	0.52



NOTES ON FINANCIAL STATEMENTS

NOTE - 30

CONFIRMATION OF DEBTORS, CREDITORS AND DUES OF SMALL SCALE UNITS

In the absence of balance confirmation from Sundry Debtors, Creditors, Loans, Advances and Deposits which are on selective basis, the balances appearing in the books of accounts have been taken as correct. There are no amounts outstanding to Small Scale Industrial undertaking as on 31.03.2012.

NOTE - 31

(a) DEFINED BENEFIT PLAN

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 for the year ended 31st March 2012:

Particulars	(₹ in lacs)	
	2011-12	2010-11
Current service cost	4.34	1.80
Interest cost on benefit obligation	1.39	0.90
Expected return on plan assets	(0.67)	(0.60)
Net actuarial loss / (gain) recognized in the year	(2.13)	4.48
Past Service cost	-	-
Total Expenses / (Income)	2.93	6.58
Actual Benefits Payment	0.00	(2.66)
Actual Contribution	2.79	-

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

Particulars	(₹ in lacs)	
	As at 31st March, 2012	As at 31st March, 2011
Present value of Defined Benefits Obligation	20.63	16.96
Fair value of plan assets	9.54	6.01
Funded Status {Surplus/(Deficit)}	(11.09)	(10.95)
Less: Unrecognised past service cost	-	-
Net Assets /(liability)	(11.09)	(10.95)

NOTES ON FINANCIAL STATEMENTS

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

Particulars	(₹ in lacs)	
	2011-12	2010-11
Present Value of Defined Benefit Obligation at the beginning of the year	16.96	12.36
Current Service Cost	4.34	1.80
Interest Cost	1.39	0.90
Benefits Paid	0.00	0.00
Actuarial Loss / (Gain)	(2.06)	4.56
Benefit Payment	0.00	(2.66)
Present Value of Defined Benefits Obligation at the year end	20.63	16.96

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

Particulars	(₹ in lacs)	
	2011-12	2010-11
Fair Value of Plan Assets at the beginning of the year	6.01	7.99
Expected Return on Plan Asset	0.67	0.60
Contribution by Employer	2.79	0.00
Benefits paid	0.00	(2.66)
Actuarial Gains/ (Losses)	0.07	0.08
Fair Value of Plan Assets at the year end	9.54	6.01

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

Particulars	(₹ in lacs)	
	2011-12	2010-11
Investment with the insurer	100.00%	100.00%

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

Particulars	(₹ in lacs)	
	2011-12	2010-11
Discount Rate	8.60%	8.20%
Expected Rate of return on assets	9.00%	9.00%
Rate of increase in salaries	10.00%	10.00%
Mortality Table	LIC (1994-95)	



NOTES ON FINANCIAL STATEMENTS

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

Particulars	(₹ in lacs)	
	As at 31st March, 2012	As at 31st March, 2011
Defined benefit obligation	(20.63)	(16.96)
Plan Assets	9.54	6.01
Surplus / (Deficit)	(11.09)	(10.95)
Experience Gain/ (Loss) Adjustments on plan liabilities	1.01	(4.56)
Experience Gain/ (Loss) Adjustments on plan assets	0.07	0.08
Actuarial Gain / (Loss) due to change on assumptions	1.05	0.00

* AS -15 (Revised) on Employee Benefits was adopted by the Company from 1st April 2007 and hence, the above disclosures have been made accordingly.

Note :

- i. The Company expects to contribute ₹ 11.09 lacs (₹ 10.95 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.

(b) DEFINED CONTRIBUTION PLAN

The Company makes provident fund contribution to defined contribution plans for qualifying employees. Under the schemes the company is required to contribute a specific percentage of the payroll cost to fund the benefits. The company recognized ₹ 4.60 lacs (for 2010-11 ₹ 4.97 lacs) for provident fund contribution in the Statement of Profit & Loss. The Contribution payable to these plans by the company are at the rates specified in the rule of the scheme.

NOTE - 32

VALUE OF INDIGENOUS MATERIAL CONSUMED

Class of Goods	2011-12	2010-11
Indigenous	Value (₹ in Lacs)	Value (₹ in Lacs)
STORES & SPARES CONSUMED	602.79	515.01

NOTE - 33

SEGMENT REPORTING (AS - 17)

The Company is predominantly engaged in production and sale of Iron & Steel and other connected products, which are subject to similar risks and returns. Moreover, there is no separate geographical segment. Hence, segment reporting is not applicable as prescribed by AS - 17.

NOTE - 34

RESEARCH AND DEVELOPMENT EXPENDITURE

No amount has been incurred in Account of research and development expenditure.

NOTES ON FINANCIAL STATEMENTS

Note - 35

RELATED PARTY TRANSACTIONS (AS - 18)

(A) List of related parties over which control of the company exist - None

(B) Name of the related Parties with whom the transaction were carried out during the year

Name of the Related Parties	Relationship
Jai Balaji Industries Limited	Associates
Jai Salasar Balaji Industries Pvt. Ltd.	Associates
Balaji Ispat Udyog	Associates
Jai Balaji Jyoti Steels Ltd.	Associates
Enfield Suppliers Limited.	Associates
Hari Management Limited.	Associates
Sri Devendra Prasad Jajodia	KMP*
Sri Varun Jajodia	KMP*
Smt Kanchan Jajodia	KMP*
Smt Sangeeta Jajodia	KMP*
Sri Harsh Jajodia	KMP*

*KMP = Key Managerial Person

(C) Transaction during the Financial Year 2011-12 with Related Parties

Nature of Transaction	(` /Lacs)		
	Associates	KMP	Total Amount
Purchases during the year	7,459.27 (6,266.90)	----	7,459.27 (6,266.90)
Sales during the year	505.25 (453.08)	----	505.25 (453.08)
Interest Paid	878.42 (388.12)	----	878.42 (388.12)
Rent Paid	----- (10.71)	4.56 (4.56)	4.56 (15.27)
Interest Received	413.78 (----	----	413.78 (----
Remuneration/Salary Paid	---- (----	16.60 (18.60)	16.60 (18.60)
Advances Given	3,811.51 (2,748.65)	----	3,811.51 (2,748.65)
Advances Received	2,485.29 (4,298.44)	----	2,485.29 (4,298.44)



NOTES ON FINANCIAL STATEMENTS

Note : Out of above Interest ₹ 247.63 Lacs and Remuneration charges ₹ 6.42 Lacs has been transfer to preoperative expenses.

(D) Outstanding Balance as on 31 03.2012

Nature of Transaction	(₹ /Lacs)		
	Associates	KMP	Previous Year
Creditor	4,951.88	----	2,327.87
Advance Receivable	4,089.30	----	2,748.65
Advance Payable	2,847.06	----	4,610.46

NOTE - 36

Earnings & expenditure in foreign currency transactions for the year 2011-2012

F.O.B Value of Exports (in Lacs) ₹ 498.39 {Previous Year (in Lacs) ₹ 852.02}.

NOTE - 37

Details of Borrowing cost Capitalized

Borrowing cost capitalized during the year ₹ 247.63 lacs (Previous year ₹ 182.21 lacs)

NOTE - 38

The figures for the previous periods are re-classified/re-arranged/re-grouped, wherever necessary as per the format revised by SEBI in conformity with the amended schedule VI of the Companies Act, 1956.

In terms of our report of even date

For **RASHMI & CO.**

Firm Registration No. 309122E

Chartered Accountants

Per **R. K. Agarwala**

Partner

Membership No. 016652

Place : Kolkata

Date : 30th May, 2012

For and on behalf of the Board of Directors

Tarun Kumar Srivastava
Company Secretary

Devendra Prasad Jajodia
Managing Director

Sanjiv Jajodia
Director