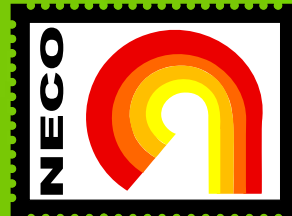


JAYASWAL NECO INDUSTRIES LIMITED

38th

ANNUAL REPORT 2010 - 2011



Dear Members

The Ministry of Corporate Affairs ("MCA") has come up with recent circulars bearing no. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 taking a step towards "Green Initiative in Corporate Governance" by allowing paperless compliances by companies in respect of servicing of documents through electronic mode. Consequently, companies can now send various notices / documents (including notice calling General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, etc.) to their Members through electronic mode, to the registered email addresses of the Members.

It is a welcome move for the Society at large, as it will reduce paper consumption significantly and allow Company and its Members to contribute towards greener and cleaner environment, besides facilitating prompt receipt of communication economically and avoiding possibilities of loss of documents in postal transit.

Keeping in view the underlying noble objective and the circulars issued by MCA, your Company proposes to send, in future, the aforementioned documents in electronic mode at the e-mail addresses to be provided by you at **gogreen@necoindia.com** and / or made available to us by the Depositories by quoting your Folio No. / client ID / Depository Participant ID.

The said communications shall also be available on Company's website **www.necoindia.com**

You are requested to update your e - mail IDs with the Company / your Depository Participant at the earliest.

Please note that as a Member of the Company, you will be entitled to be furnished, free of cost a copy of the Balance Sheet of the Company and all other documents required by law to be attached thereto including the Profit and Loss Account and Auditors' Report, upon receipt of a requisition from you, any time. In case you desire to receive the aforementioned documents in physical form you are requested to convey accordingly at our above e-mail ID **gogreen@necoindia.com** at the earliest by quoting your Folio No. / client ID / Depository Participant ID.

We, at Jayaswal Neco request you to support us in our endeavour to contribute towards a greener environment.



JAYASWAL NECO INDUSTRIES LIMITED

BOARD OF DIRECTORS	: Shri Basant Lall Shaw Shri B K Agrawal Shri M M Vyas Shri P K Bhardwaj Shri Nimit Ved Shri S K Sachdev Shri Manish Chourasia Shri Ramesh Jayaswal Shri Arbind Jayaswal	Chairman Director Director Executive Director and CFO Director (Exim Bank Nominee) Director (IDBI Bank Nominee) Director (ICICI Bank Nominee) Joint Managing Director Managing Director
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COMPANY SECRETARY : Shri A D Karajgaonkar

BANKERS : State Bank of India
Punjab National Bank
Union Bank of India
State Bank of Travancore
Oriental Bank of Commerce
ICICI Bank Limited
IDBI Bank Limited

AUDITORS	: M/s Chaturvedi & Shah, Chartered Accountants, Mumbai	M/s Agrawal Chhallani & Co Chartered Accountants Nagpur.
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REGISTERED OFFICE : F-8 MIDC Industrial Area,
Hingna Road, Nagpur – 440 016.
Tel No. : 07104 - 237276, 237471, 237472
Fax No. : 07104 - 237583, 236255
E-mail : contact@necoindia.com

PLANT LOCATIONS : 1. Steel Plant Division – Siltara Growth Centre, Raipur (CG)
2. Gare Palma IV/4 and IV/8 Coal Block, Mand Raigarh Coal Field, Raigarh (CG)
3. Centricast Division – MIDC Area, Hingna Road, Nagpur (MH)
4. Automotive Castings Division – MIDC Area, Hingna Road and Butibori,
Nagpur (MH)
5. Construction Castings Division – Light Industrial Area, Bhilai & Anjora (CG)



NOTICE

NOTICE is hereby given that, 38th Annual General Meeting of the Members of Jayaswal Neco Industries Limited will be held on Saturday, the 24th day of September, 2011 at 11.30 A.M. at the Registered office of the Company at F-8, MIDC Industrial Area, Hingna Road, Nagpur-440016 to transact the following business.

Ordinary Business

1. To receive, consider and adopt Balance Sheet of the Company as at 31st March, 2011, Profit and Loss Account for the year ended on that date and the Reports of the Auditors and Directors thereon.
2. To appoint Directors in place of the following Directors who retire by rotation and being eligible offer themselves for re-appointment.
 - a. Shri B. K. Agrawal
 - b. Shri M. M. Vyas
3. To appoint Auditors for the Current Year

Special Business

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

APPROVAL OF APPOINTMENT AND REMUNERATION PAID TO DIRECTOR:

"RESOLVED pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII to the Companies Act, 1956 and all other applicable provisions of the said Act (including any statutory modifications or re-enactment thereof for the time being in force) and further subject to the such statutory approvals and terms and conditions as may be stipulated by the them while granting approvals in that behalf THAT the appointment and remuneration of Rs. 1081760 (All inclusive) paid by the Company during the period 28.10.2010 to 10.02.2011 to Shri Meghpal Singh, who was appointed as Director of the Company on 28th October 2010; be and is hereby approved."

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

APPOINTMENT OF EXECUTIVE DIRECTOR AND CHIEF FINANCE OFFICER:

"RESOLVED pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII to the Companies Act, 1956 and all other applicable provisions of the said Act (including any statutory modifications or re-enactment thereof for the time being in force) and further subject to the such statutory approvals and terms and conditions as may be stipulated by the members while granting approvals in that behalf THAT the Consent of the Company, be and is hereby accorded for the appointment of SHRI PRAMOD KUMAR BHARDWAJ ("the Appointee") as a Executive Director and Chief Finance Officer of the Company for a period of 3 years from 25th February, 2011 to 24th February 2014 on the terms and conditions including remuneration as are set out in the Agreement to be entered into between the Company and the Appointee, a draft whereof is placed before this Meeting and initialed by the Chairman, for the purpose of identification and which draft is hereby approved with the authority to the Board of Directors to alter and vary the terms and conditions including remuneration of the said Appointment and / or Agreement so as not to exceed the limits specified in Part II of Schedule XIII to the Companies Act, 1956 including any statutory modifications or re-enactment thereof as the case may be."

"RESOLVED FURTHER THAT the Board of Directors, be and is hereby also authorized to take such steps, actions and do things, deeds, matters as may be required or are necessary so as to give effect to this Resolution."

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

INCREASE IN AUTHORISED SHARE CAPITAL:

"RESOLVED pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956 and Articles of Association of the Company, subject to such approvals and consents as are necessary under the provisions of governing laws in force for the time being; THAT the existing Authorised Share Capital of the Company of Rs.316,00,00,000/- (Rupees Three Hundred Sixteen Crores only) comprising of 31,60,00,000 (Thirty One Crores Sixty Lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each be and is hereby increased to Rs. 10,00,00,00,000/- (Rupees One Thousand Crores only) comprising of 100,00,00,000 (One Hundred Crores) Equity Shares of Rs. 10/- (Rupees Ten only) each by addition of 68,40,00,000 (Sixty Eight Crores Forty Lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each and that the new Equity Shares shall rank pari-passu with the existing Equity Shares of the Company."

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

ALTERATION OF MEMORANDUM OF ASSOCIATION:

"RESOLVED pursuant to the provisions of Section 16 and other applicable provisions of the Companies Act, 1956, if any, THAT the existing Clause V of the Memorandum of Association of the Company be deleted and the following new Clause V be and is hereby substituted in place thereof."

- V. (a) The Authorised Share Capital of the Company is Rs. 10,00,00,00,000/- (Rupees One Thousand Crores only) divided into 1,00,00,00,000 (One Hundred Crores) Equity Shares of Rs. 10/- (Rupees Ten only) each with the powers to increase or reduce the Capital and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges and conditions as may be determined by the Board of Directors and to vary, modify or abrogate any such rights, privileges and conditions in such manner as may for the time being be provided by the regulations of the Company and to consolidate or

sub-divide the shares and issue shares of higher or lower denominations.

(b) The minimum paid-up Share Capital of the Company shall be Rs. 5,00,000/- (Rupees Five Lacs only).

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

ALTERATION OF ARTICLES OF ASSOCIATION:

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions of the Companies Act, 1956, if any, THAT the existing Article 3 of the Articles of Association of the Company be deleted and the following new Article 3 be and is hereby substituted in place thereof."

3. (a) The Authorised Share Capital of the Company is Rs. 10,00,00,00,000/- (Rupees One Thousand Crores only) divided into 1,00,00,00,000 (One Hundred Crores) Equity Shares of Rs. 10/- (Rupees Ten only) each with the powers to increase or reduce the Capital and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges and conditions as may be determined by the Board of Directors and to vary, modify or abrogate any such rights, privileges and conditions in such manner as may for the time being be provided by the regulations of the Company and to consolidate or sub-divide the shares and issue shares of higher or lower denominations.

(b) The minimum paid-up Share Capital of the Company shall be Rs. 5,00,000/- (Rupees Five Lacs only).

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

FURTHER ISSUE OF SHARES ON PREFERENTIAL BASIS:

"RESOLVED pursuant to the provisions of Section 81(1A) and other applicable provisions if, any; of the Companies Act, 1956, read with The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, ("the Regulations") as amended and subject to the requisite approvals of The Bombay Stock Exchange Limited, National Stock Exchange of India Limited and other regulatory approvals as may be necessary, and subject to such conditions and modifications as may be prescribed by any or all of them while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors ("the Board") of the Company which includes a duly constituted committee thereof, THAT the consent of the Company be and is hereby accorded to the Board to issue and allot out of its un-issued Equity Share Capital, 69959559 (Six Crores Ninety Nine Lacs, Fifty Nine Thousand, Five Hundred and Fifty Nine) Equity Shares of Rs.10/- each at Premium of Rs. 30 per Share to select Group of Companies as per the following:

A) Promoter Group Entities:

Sr. No.	Name of the Allottees	No. of Shares
1.	Avon Sales and Services Private Limited	4250000
2.	Anurag Sales and Services Private Limited	5050000
3.	Apex Spinning Mills Private Limited	3375000
4.	Nine Star Plastic Packaging Services Private Limited	5950000
5.	Karamveer Impex Private Limited	3750000
6.	Jayaswal Neco Metallics Private Limited	4797500
7.	Jayaswal Neco Energy Private Limited	4775000
8.	Jayaswal Neco Power Private Limited	6375000
9.	Jayaswal Neco Steel and Mining Private Limited	6250000
10.	Jayaswal Neco Infrastructures Private Limited	3000000
Sub Total (A)		47572500

B) Non Promoter Group Entities:

11.	Rajvardhan Trade Zone Private Limited	7462353
12.	Costal Multitrading Private Limited	7462353
13.	Efficient Structures Private Limited	7462353
Sub Total (B)		22387059
Grand Total (A+B)		69959559



from whom the amount of Rs. 40 per share has been received/ is to be received by the Company for the shares proposed to be allotted, in such manner, form and number to such incorporated bodies whether or not such corporate bodies are members of the Company; upon such terms and conditions as the Board may in its absolute discretion deem fit."

"RESOLVED FURTHER THAT the issue and allotment of Equity Shares on preferential basis to the proposed allottees shall rank pari-passu with the existing Equity Shares of the Company in all respects and be subject to Memorandum and Articles of Association of the Company, the provisions prescribed under the Regulations and the Listing Agreements entered into by the Company with the Stock Exchanges."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to settle all questions and difficulties that may arise in regard to the offer, issue or allotment of Equity Shares as above and utilization of the proceeds of issue and to do all such acts, deeds, things, and matters and to take all such steps and actions as it may in its absolute discretion deem fit and necessary without being required to seek any further consent or approval of the Members."

By Order of the Board of Directors

A D Karajgaonkar
Company Secretary

Dated: 20th August, 2011
Registered Office:
F-8, MIDC Industrial Area
Hingna Road, Nagpur-440016

Notes:

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business above is attached herewith.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
3. Instruments appointing proxy or proxies duly filled in, stamped & signed should be deposited at the Registered Office of the Company not less than 48 hours
4. Register of Members and Share Transfer Books of the Company will remain closed from 19th September, 2011 to 24th September, 2011 (both days inclusive)

EXPLANATORY STATEMENT

(PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956)

Item No.: 4:

APPROVAL OF APPOINTMENT AND REMUNERATION PAID TO DIRECTOR:

The Members may note that, Shri Meghpal Singh, who was working as President in Steel Plant Division of the Company since 2005, was elevated to the position of Director of the Company w.e.f. 28.10.2010 to look after the entire day to day operations of Steel Plant Division of the Company.

Arising out of personal reasons Shri Meghpal Singh tendered his resignation from the services of the Company and eventually he ceased to be a Director w.e.f. 10.02.2011.

During his tenure as Director of the Company, the Company has paid him Rs. 1081760/- as remuneration (inclusive of all the perquisites). The terms of his appointment and remuneration paid to him is placed before the members for approval.

The Members are requested to consider and approve the same.

None of the Directors of the Company are interested or concerned in the proposed Resolution.

Item No.: 5:

APPOINTMENT OF EXECUTIVE DIRECTOR AND CHIEF FINANCE OFFICER:

As the Members are aware, Mr. Pramod Kumar Bhardwaj ("the Appointee") is working with the Company since Last 4 years as a Chief Finance Officer of the Company. He is a fellow member of Institute of Chartered Accountants of India and possesses a rich and varied experience in Accountancy, Finance and Management. Keeping in view the key role to be played by him in Steel Plant Division and upcoming projects of the Company the Board of Directors at its Meeting held on 28th May, 2011 has, subject to the approval of Members by Special Resolution in General Meeting, approved his Appointment as Executive Director and Chief Finance Officer for a period of 3 (Three) years from 25th February, 2011 to 24th February 2014. The Draft Agreement to be entered into by the Company with the appointee, inter-alia, contain the following terms and conditions and remuneration; for a period of 3 years w. e. f. 25th February, 2011.

A. Shri Pramod Kumar Bhardwaj Executive Director and Chief Finance Officer shall function as Whole Time Director within the meaning of Section 2 (24) of the Companies Act, 1956 and shall not be liable to retire by rotation. He shall be entrusted with substantial powers of Management in the day to day business and affairs of the Company. He shall devote his whole time attention to the business of the Company

and carry out his functions with utmost diligence and prudence.

B. Remuneration for the period of 3 years commencing from 25.02.2011 to him:

- | | | |
|-------------------------|---|---|
| a. Designation and | : | Executive Director and Chief Finance Officer |
| Period of Appointment | : | 3 years with effect from 25.02.2011 |
| b. Remuneration | : | Basic Pay of Rs. 63600 per month in the pay scale of 50000 – 3400 – 67000 – 4700 – 90500 – 6000 – 120500 – 7400 – 157500 |
| c. Allowances | : | House Rent allowance, Children's Education allowance, Conveyance allowance and Personal Pay allowance as admissible as per the rules of the Company. |
| d. Perquisite | : | Contribution to Provident Fund, Gratuity, Leave encashment, Leave Travel Allowance, Reimbursement of medical expenses for self and family, Telephone for office use, etc as per the rules applicable to senior cadre personnel of the Company |
| e. Minimum Remuneration | : | Salary and Perquisites as above. |
| f. Notice period | : | 3 months from either side. |

The remuneration as above shall be subject to review by the Remuneration Committee and Board of Directors from time to time and the same may be varied as the Board may deem fit and proper in such a manner that it may exceed the above but so however that it shall not exceed 5% of the net profit under section 349 of the Companies Act, 1956.

Item No.: 6 to 8:

INCREASE IN AUTHORISED SHARE CAPITAL AND ALTERATION OF MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE Company:

As the Members are aware, the Authorised Share Capital of the Company presently stands at Rs. 316,00,00,000/- (Rupees Three Hundred and Sixteen Crores Only) divided into 31,60,00,000 (Thirty One Crores Sixty Lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each. In view of the future capital requirements for the business of the Company, the Board of Directors at its meeting held on 29.07.2011 considered the necessity for the increase the Authorised Equity Share Capital to Rs. 10,00,00,00,000/- (Rupees One Thousand Crores Only) divided into 1,00,00,00,000 (One Hundred Crores) Equity Shares of Rs. 10/- (Rupees Ten only) each by addition of 68,40,00,000 (Sixty Eight Crores Forty Lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each, ranking pari-passu with the existing Equity Shares of the Company.

The proposed increase in the Authorised Share Capital of the Company requires approval of Members in General Meeting.

Consequent upon the increase in the Authorised Share Capital, Clause V of the Memorandum of Association and Article 3 of the Articles of Association of the Company needs to be suitably altered as proposed by passing the Special Resolutions, so as to reflect the increased Authorised Share Capital of the Company.

The Board of Directors recommend passing of the resolutions as proposed for increase in Authorised Capital of the Company and consequent alterations in the Memorandum of Association and Articles of Association of the Company.

None of the Directors of the Company are interested in or concerned with the proposed Resolutions.

Item No.: 9:

FURTHER ISSUE OF SHARES ON PREFERENTIAL BASIS

As the Members are aware, the Company has taken up ambitious expansion projects in the state of Chhattisgarh as and by way of development of its mines and expansion of its manufacturing capacities by setting up various additional Steel and Waste Heat Recovery Based Power Plants at a total estimated cost of Rs. 2765 Crores. On completion of the projects the Company would be in a position to increase its overall strength and competitiveness to withstand the ups and downs in the industry and add to its earning capacity at a later stage.

The Company has already received sanction of term loans of Rs. 1800 Crores from ICICI Bank led Consortium for the said projects.

The Company has already started the work on various projects as above. The entire work is expected to be completed by 2014-15

The Company has to infuse Rs. 965 Crores by way of Equity and internal accruals.

As a part of contribution towards the Equity, some of the promoters group companies and other corporate bodies have brought in/ shall bring in monies for part funding the said project. It is now proposed to issue Equity Shares on Preferential basis towards monies brought in/ to be brought in by them.

The Directors place before the Members the resolution as proposed and seek under section 81 (1A) of the Companies Act, 1956, their consent and authority to issue shares as contemplated.

In Compliance with the provisions of Regulation 72 and 73 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended, the following further details are being furnished:

(a) OBJECT OF THE ISSUE

The object of the present issue of Equity Shares is to Part finance cost of projects of the Company in Steel, Mining and Power sectors.



(b) INTENTION OF THE PROMOTERS / DIRECTORS / KEY MANAGEMENT PERSONS TO SUBSCRIBE TO THE PREFERENTIAL OFFER

Promoters through their existing bodies corporate have subscribed for 47572500 Equity Shares out of the total 69959559 Equity Shares being issued on preferential basis. Directors and Key management persons do not propose to subscribe to the offer in their personal capacities.

(c) SHARE HOLDING PATTERN OF THE COMPANY BEFORE AND AFTER THE ISSUE OF SHARES ON PREFERENTIAL BASIS

Category of Shareholders	Before Issue		After issue	
	No of Equity Shares	Percentage	No of Equity Shares	Percentage
Promoter Group	174519121	69.57	222091621	69.23
Financial Institution and Mutual Funds	18947263	7.55	18947263	5.90
NRIs	573227	0.23	573227	0.18
Other Bodies Corporate	19195003	7.65	41582062	12.96
Public	37626290	15.00	37626290	11.73
TOTAL	250860904	100.00	320820463	100.00

(d) PROPOSED TIME WITHIN WHICH THE ALLOTMENT WILL BE COMPLETED

The proposed issue will be completed within 15 days from the date of passing of the resolution. In the event any of the regulatory approvals sought by the Company does not come within the said 15 days, then as per the proviso to Regulation 74, the 15 days period shall stand postponed and will be reckoned from the date of receipt of such approval or permission, as the case may be from the regulatory authorities concerned.

(e) IDENTITY OF THE PROPOSED ALLOTTEES AND THE PERCENTAGE OF POST PREFERENTIAL ISSUE CAPITAL THAT MAY BE HELD BY THE ALLOTTEES

A) Promoter and Promoter Group Entities:

Sr. No.	Identity of the Allottees	Number of Equity Shares and % to Total Paid up Equity Capital (Pre- issue)	Number of Equity Shares to be allotted	Number of Equity Shares and % to Total Paid up Equity Capital (Post- issue)	Change in percentage After issue.
1.	Avon Sales and Services Pvt. Ltd. 422, Tulsiani Chamber, Nariman Point, Mumbai-400021	13120000	4250000	17370000	0.18%
		5.23%		5.41%	
2.	Anurag Sales and Services Pvt. Ltd. 422, Tulsiani Chamber, Nariman Point, Mumbai-400021	11296000	5050000	16346000	0.60%
		4.50%		5.10%	
3.	Apex Spinning Mills Pvt. Ltd. 422, Tulsiani Chamber, Nariman Point, Mumbai-400021	10089600	3375000	13464600	0.18%
		4.02%		4.20%	
4.	Nine Star Plastic Packaging Services Pvt. Ltd. 422, Tulsiani Chamber, Nariman Point, Mumbai-400021	17129600	5950000	23079600	0.36%
		6.83%		7.19%	
5.	Karamveer Impex Pvt. Ltd. Trust House, 5th Floor, 32-A, Chittaranjan Avenue, Kolkata- 700012	22224000	3750000	25974000	-0.76%
		8.86%		8.10%	

6.	Jayaswal Neco Metallica Pvt. Ltd. Trust House, 5th Floor, 32-A, Chittaranjan Avenue, Kolkata- 700012	14048000	4797500	18845500	0.27%
		5.60%		5.87%	
7.	Jayaswal Neco Energy Pvt. Ltd. Trust House, 5th Floor, 32-A, Chittaranjan Avenue, Kolkata- 700012	12992000	4775000	17767000	0.36%
		5.18%		5.54%	
8.	Jayaswal Neco Power Pvt. Ltd. F-8, MIDC Industrial Area, Hingna Road, Nagpur-440016	10000000	6375000	16375000	1.11%
		3.99%		5.10%	
9.	Jayaswal Neco Steel and Mining Pvt. Ltd. F-8, MIDC Industrial Area, Hingna Road, Nagpur-440016	7000000	6250000	13250000	1.34%
		2.79%		4.13%	
10.	Jayaswal Neco Infrastructures Pvt. Ltd. F-8, MIDC Industrial Area, Hingna Road, Nagpur-440016	8000000	3000000	11000000	0.24%
		3.19%		3.43%	
	Total (A)	125899200	47572500	173471700	3.88%
		50.19%		54.07%	

B) Non Promoter Group Entities:

11.	Rajvardhan Trade Zone Private Limited Plot No. 191,192, Trimurty Nagar, Nagpur- 440 022	Nil	7462353	7462353	2.33%
		0.00%		2.33%	
12.	Costal Multitrading Private Limited Plot No. 191,192, Trimurty Nagar, Nagpur- 440 022	Nil	7462353	7462353	2.33%
		0.00%		2.33%	
13.	Efficient Structures Private Limited Plot No. 191,192, Trimurty Nagar, Nagpur- 440 022	Nil	7462353	7462353	2.33%
		0.00%		2.33%	
	Total (B)	Nil	22387059	22387059	6.99%
		0.00%		6.99%	
	Total (A+B)	125899200	69959559	195858759	10.87%
		50.19%		61.06%	

The proposed Allottees are not in terms of the Regulations, disqualified to acquire the Equity Shares proposed to be offered to them. There will be no substantial change in the control of the Company subsequent to preferential issue and allotment of Equity Shares.

(f) RECOMPUTATION OF PRICE /AMOUNT PAYABLE

As the shares of the Company have been listed on the Stock Exchanges for more than six months, the conditions relating to re-computing the price and other matters connected therewith referred to in the Regulations are not applicable to the Company.

(g) LOCK-IN PERIOD

The Equity Shares to be issued as above shall in terms of the Regulations be subject to lock-in period of 3 years for the allottees under Group (A) i.e. Promoter Group entities and 1 year for allottees under Group (B) i.e. Non Promoter Group entities from the date of allotment.



The Board of Directors of the Company has been advised that the proposed issue will be in the larger interest of the Company and it has approved issue of shares on preferential basis to the proposed allottees at its Meeting held on 29th July, 2011.

M/s. Agrawal Chhallani & Co., Chartered Accountants, Statutory Auditors of the Company have verified the proposal and certified vide their certificate dated 18th August, 2011 that the issue of Equity Shares is being made in accordance with the Regulations.

The Board of Directors of the Company recommends the approval of the resolution by the Members as proposed.

The certificate of the Statutory Auditor of the Company certifying that the issue is being made in accordance with the Regulations, is available for inspection at the Registered Office of the Company on all working days during normal working hours upto the date of the Annual General Meeting.

S/Shri B L Shaw, Arbind Jayaswal and Ramesh Jayaswal, Directors, are interested in or concerned with the resolution to the extent of allotment of shares to the allottees belonging to the promoter group. No other Director is interested in or concerned with the resolution.

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT FORTHCOMING ANNUAL GENERAL MEETING

Names of Directors	Shri B. K. Agrawal	Shri M. M. Vyas	Shri P. K. Bhardwaj
Date of Birth	28.01.1949	07.10.1942	30.09.1954
Designation	Director	Director	Executive Director and Chief Finance Officer
Date of Appointment	10.08.1994	26.02.1998	25.02.2011
Qualifications	M. Com. FCA	B.Sc.	FCA
Experience in Specific functional Areas	Practicing Chartered Accountant for over 34 yrs. Possesses sound knowledge of Accounting, Auditing and Taxation & Corporate Advisory	Exp. in administration, Export, Marketing and liasoning with Govt. Agencies, Institutions and Banks over 32 yrs. Associated with Business in Iron and Steel Casting and their fittings over 22 yrs.	Associated with the Company since Last 4 years as President (Finance) and Chief Finance Officer
Other Directorships	NSSL Limited Agrawal Plantations Private Limited Bamhni Agro-Tech Private Limited Suraburdi Resorts Private Limited Surabardi Estate Private Limited	NSSL Limited Steel and Tube Exports Limited	Maa Usha Urja Limited
Membership on Committees of other Companies	Nil	Nil	Nil
No. of Equity Shares Held	7500	70993	Nil

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting their THIRTY EIGHTH Annual Report on the affairs of the Company together with Audited Balance Sheet as at 31st March, 2011, and the Profit and Loss Account for the year ended on that date. The summarized financial results for the year vis-à-vis the previous year are as follows:

	(Rs. in Lacs)	
Particulars	31.03.2011	31.03.2010
Gross Turnover	247529	193091
Net Turnover	226348	178740
Other Income	1975	3199
Total Income	228323	181939
Total Expenditure	190727	149719
Profit before Interest		
Depreciation & Tax	37596	32220
Interest and Financial Charges	14355	13828
Profit before Depreciation and Tax	23241	18392
Depreciation	8433	7890
Profit before tax	14808	10502
Tax including Fringe Benefit Tax	4993	3583
Profit after Tax for the year	9815	6919
Balance Brought forward and other Prior period items	10055	3135
Profit carried to Balance Sheet	19870	10054

With a view to conserve resources, for further expansion projects under execution, the Directors regret their inability to recommend any dividend to the Members of the Company.

2. MANAGEMENT DISCUSSION AND ANALYSIS:

A] Share Capital:

The Board of Directors has at its meeting held on 28th May, 2011 reclassified the Authorised Share Capital of the Company by converting its existing unissued 60 Lacs Preference Shares of Rs.100 each into 6 Crores Equity Shares of Rs. 10 each. Consequently, the Authorised Share Capital of the Company stands at Rs. 316 Crores divided into 31.60 Crores Equity Shares of Rs. 10 each.

The Company shall be increasing the Authorised Share Capital further up to Rs. 1000 Crores so as to be able to raise further capital for the ongoing expansion projects and to issue shares under the Scheme of Arrangement between the Company and Corporate Ispat Alloys Limited. Necessary resolutions for approval of Members are included in the Notice convening the forthcoming Annual General Meeting.

B] Financial Performance:

The Members may be pleased to note that Company's

performance for the year under review has significantly improved over the previous year. The Company's gross turnover for the year is Rs. 2475.29 Crores which is around 28% higher than the previous year's Rs. 1930.91 Crores. The Net Profit after tax for the year at Rs. 98.15 Crores is around 42% higher than Rs. 69.19 Crores of the previous year. The important contributory to the increased Turnover and higher profitability is larger volumes of production and sales of value added products (Rolled Products) in Steel Plant Division of the Company. The production of Rolled Products was 153205 MT as compared to 85206 MT per annum in the previous year. The production of Iron and Steel Casting from the Foundry Division of 79434 MT was also higher as compared to 72720 MT of the previous year. The Networth of the Company has increased by 25% to Rs. 740 Crores from to Rs. 593 Crores in the previous year, mainly on account of higher profitability and accretion to Share Premium account.

Segment wise performance for the year under review is as under.

i) Steel Plant Division:

As reported last year, the Blast Furnace needed Capital Repairs so as to set right the technical issues; the same was shut down during September-October for a period of 25 days. This resulted into reduction in production of Hot Metal as compared to previous year. The Hot Metal was predominantly used for production of value added Rolled Products. Sales realization of the Rolled Products and Sponge Iron improved significantly to contribute the higher turnover. However the rising prices of Iron Ore coupled with shortage of good quality of this vital material impacted the margins. There was however, a respite since the coke prices during the year remained steady.

ii) Castings Division:

The Castings Division achieved a higher Production and Sale of around 9% and 21% respectively over the previous year. Better sales realizations, about 12% higher than the previous year and various austerity measures to keep overheads under control, contributed to marginally increase the profitability of this segment over the previous year.

The Company continues to focus on higher productivity, cost optimization and high quality of castings which are the key drivers for maintaining the leadership in this business segment.

C] Scheme of Arrangement

During the year under review, the Board has approved the Scheme of Arrangement proposed to be made with Corporate Ispat Alloys Limited for demerger of its Steel Division at Raipur for the purpose of merger with the Company with effect from 1st April, 2008. The Company shall be issuing 114 Equity Shares of Rs. 10 each to the eligible members of Corporate Ispat Alloys Limited for every 10 Shares held by them as on the Appointed/Record date. The Company has made an



application to the Hon'ble High Court seeking directions for convening meetings of Shareholders and Creditors for obtaining their approvals to the Scheme.

D] Expansion Projects:

With a view to further consolidate and strengthen the Iron and Steel manufacturing facilities as also explore its potential in mining, the Company has taken up ambitious expansions in its Steel Plant Division as per the following:

- i) Augmentation of capacities to produce 3.50 Lacs MT Rolled Products, 4.50 Lacs MT Billets, 3.00 Lacs MT of Sponge Iron together with 50 MW Captive Power Plant and development of Iron Ore and Coal Mines of 7.20 Lacs MT and 3.00 Lacs MT capacities respectively and setting up of 30.00 Lacs MT Coal Washery in Chhattisgarh at the total cost of Rs 2765 Crores. ICICI Bank led consortium has granted facilities of Rupee Term Loan of Rs 1800 Crores including capex Letter of Credit facilities of Rs. 1400 Crores. The balance will be raised through Equity contribution and Internal accruals. These projects are expected to be completed by the year 2014-15.

Post execution, the enhanced installed capacities of the Steel Plant Division under the Integrated Steel Plant would be as under:

Rolled Products 7.50 Lacs MT, Billets 7.10 Lacs MT, Sponge Iron 5.55 Lacs MT, Captive Power generation 92.5 MW, Coal Washery 30 Lacs MT, and Non-Coking Coal Mining & Iron Ore Mining 30 Lacs MT and 7.20 Lacs MT respectively.

- ii) Augmentation of coke oven facilities by 1 Lac MT together with 6 MW Power Plant at the total cost of Rs. 134 Crores. State Bank of Travancore has sanctioned a Term Loan of Rs. 89 Crores for the same. The same is expected to be completed in May, 2012. Post execution, the total coke oven capacity will be 2 Lacs MT.

- iii) The Company is also in the process of development of Coking Coal Block near Hazaribagh in Jharkhand and shall be setting up another 10 Lacs MT Coal Washery at a total cost of Rs. 199 Crores. UCO Bank led consortium has sanctioned a Rupee Term Loan of Rs. 133 Crores for this project. The coking coal extracted from this block will be blended with imported coal in the coke oven of the Company at Raipur for production of Metcoke for captive consumption.

The works on above projects have already commenced. As reported last year, the projects of Waste Heat Recovery Based 6 MW Power Plant costing Rs. 32 Crores and Wire Rod Block costing Rs. 60 Crores in the Rolling Mills are in the advanced stage of implementation and are expected to be ready for operation by December, 2011.

Under Iron and Steel Castings Division, modernization of the foundry engaged in the production of automotive components will shortly be taken up by way of replacement of the existing Moulding Line with a new high pressure Flaskless Moulding Line. Other balancing equipments will also be replaced to ensure smooth flow of operations, thereby; improving the operational

efficiency of the foundry.

E] Outlook:

The Indian economy in the recent years has performed well reflecting strong consumer demand in goods and services sector. The coming years would be challenging ones as the Government and Reserve Bank of India endeavor to curb inflationary growth. Fiscal policies to control inflation will affect access to credit and could slow down investment levels as also consumer demand. The anti-inflationary measures may induce slowdown of economic growth in India. However, Steel will continue to be an essential building block of national development in the coming years. Good fiscal and resource management with strict quality control will therefore be the need of the hour and definitely boost the performance of the Company.

The operations in the Blast Furnace have stabilized and the consumption of raw material especially Metcoke has come down significantly. The use of Sinter has also gone up considerably and thereby; the Coke and Iron Ore fines are being utilized profitably. Likewise, on the expansion projects becoming operational, the operations of Steel Plant Division will further improve significantly; adding to the top and bottom lines of the Company in the coming years. In the view of these encouraging developments, the Company is quite hopeful to perform better in the coming years.

F] Concerns:

There are some concerns about the availability of good quality Iron Ore and its rising cost. During the year the prices of this vital material have skyrocketed by more than 50%. The coking coal prices in the international market also are rising significantly in the recent times. The growing menace of Naxal movement in the Iron Ore Mining region is a recurring problem and there is hardly any positive development in the current scenario. The Governments are also gearing up to make headway in this area.

Apart from the statutory clearances in respect of commencement of Iron Ore and Coal Mines in Chhattisgarh, acquisition of land for the proposed plants and also for afforestation at the acceptable terms and conditions is another area of concern. However, the Company has made a progress on this front and has acquired sizable Land for the purpose. Directors are notwithstanding hurdles, confident of acquiring the land to meet its requirements, for the purpose as per the plans.

G] Internal Control Systems:

The Company has a risk focused, Internal Control System to analyze and report to the management on the day-to-day operations of the Company. Efforts are being made to continuously strengthen it further. The Company is in tune with the growing size of the business, in the process of strengthening systems that improve the MIS and controls in respect of day-to-day operations of the Company.

H] Industrial Relations:

Industrial Relations in all the Divisions of the Company remained cordial and peaceful. During the year, average number of persons working in the Company was about 8200 approximately.

1] Corporate Social Responsibility:

As a part of its social responsibility and as a good corporate citizen, the Company regularly undertakes various programmes with a view to promote and protect a congenial and eco-friendly atmosphere in and around the plants and to serve and contribute to the welfare of the society in general. The Company has taken up the following welfare measures during the year under review.

- i) Health check-up and blood donation camps, free medical counseling and distribution of medicines, providing training to people to serve as medical assistants in the remote and far flung areas,
- ii) Provision of drinking water through bore wells and tankers, renovation and beautification of ponds,
- iii) Granting educational support and scholarships, provision of books and study materials and other facilities for the welfare of the children, workers, their families and residents of the surrounding villages.
- iv) Giving priorities in providing training and employment to local residents,
- v) Development, beautification and maintenance of roads and prominent landmarks in the regions, Sponsoring sports, cultural and religious events in the nearby villages.
- vi) Activities of tree plantation, development of parks and gardens,
- vii) Adoption of some villages in the vicinity of plant for their all-round development and general up-liftment of the underprivileged children, women and the poor.
- viii) The Company has adopted 10 schools under the Scheme "Ekal Vidyalaya" (One Teacher) administered by NGO in the forest region where school does not exist and altogether 300 children are getting education regularly.

3. AUDITORS REPORT:

With respect to the observation of the Auditors under Clause xvii of the annexure to their Report, the Directors state that Short Term Loan of Rs. 250 Crores availed by the Company from one of its lenders is a part and parcel of the long term sources for the expansion project under execution. The same has since been appropriated/adjusted against the Long Term Loan sanctioned by the said lender. Other matters referred to in the Auditors Report on the financial statements of the Company for the year ended 31st March, 2011 are self explanatory and does not require any further comments from the Directors.

4. DIRECTORS:

EXIM Bank has withdrawn the nomination of Shri John Mathew from the Board of Directors of the Company with effect from 13th August, 2010 and appointed Shri Nimit N. Ved, Assistant General Manager in his place. The Board appreciates and takes on record the services rendered by Shri John Mathew, during his tenure as Director of the Company.

ICICI Bank Limited has appointed Shri Manish Chourasia, Joint General Manager as its Nominee on the Board of Directors of the Company with effect from 23rd March, 2011.

Shri M. P Singh, President, Steel Plant Division, was appointed as Additional Director on 28th October, 2010 by the Board. He resigned from the Directorship of the Company on 10th February, 2011.

Shri P K Bhardwaj, President (Finance) and CFO was appointed as Executive Director and CFO w.e.f. 25th February, 2011 for a period of three years. His appointment is subject to approval of Members at the ensuing Annual General Meeting.

Shri B K Agrawal and Shri M M Vyas, Directors of the Company retire by rotation at the ensuing Annual General Meeting and offer themselves for re-appointment. Necessary information on the Directors seeking appointment is being given separately in the Notice for the ensuing Annual General Meeting.

5. ADDITIONAL INFORMATION:

The information required to be furnished under Section 217(1) (e) of the Companies Act, 1956, and The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is attached and forms a part of this Report.

6. PARTICULARS OF EMPLOYEES:

There are no employees drawing remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956, and the Rules made thereunder. As such no particulars in that behalf need be given.

7. SUBSIDIARY COMPANY:

As reported last year, the Subsidiary Company i.e., Jayaswal Neco Urja Limited (JNUL) (Formerly known as: Raigarh Energy Limited) is in the process of setting up a 2 x 300 MW Thermal Power Plant in Raigarh District, Chhattisgarh State at an estimated project cost of Rs. 3311 Crores. The JNUL has already initiated steps with various lenders for the funding of the said power project. The total debt as appraised by the lenders is Rs. 2480.00 Crores. Power Finance Corporation Limited and Rural Electrification Corporation Limited, New Delhi have sanctioned Term Loans of Rs. 993.00 Crores and Rs. 890 Crores respectively. The balance loan is being arranged from other lenders.

Statement in respect of the Subsidiary Company under Section 212 of the Companies Act, 1956, is attached and forms a part of this report.

8. CORPORATE GOVERNANCE REPORT:

As required under the provisions of Clause 49 of the Listing Agreement with Stock Exchanges, the Report on prescribed matters under Corporate Governance together with a certificate from Auditors of the Company thereon is appended and forms a part of this Report.

9. DIRECTORS RESPONSIBILITY STATEMENT:

As required, under Section 217 (2AA) of The Companies Act, 1956, the Directors confirm and state that:

- a. All the applicable accounting standards have been followed along with proper explanations relating to material departures in the preparation of accounts enclosed herewith.
- b. Annual accounts are prepared on the principle of a Going Concern.



- c. Accounting policies selected, applied and Judgments and estimates made in that behalf to the extent necessary are reasonable and prudent so as to give true and fair view of the state of affairs at the end of the financial year and of the profit or loss of the Company for the year under review.
- d. Sufficient care has been taken for maintenance of the adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the Company and the procedures, practices and control systems in the day-to-day management are sound enough to prevent and detect the occurrence of frauds and irregularities.
10. AUDITORS:
M/s Chaturvedi & Shah, Chartered Accountants, Mumbai, and M/s Agrawal Chhallani & Co., Chartered Accountants, Nagpur, the Auditors of the Company retire at the ensuing Annual General Meeting. The Members are requested to appoint the Auditors and fix their remuneration for the current year.
11. COST AUDITOR:
The Central Government vide its order No. 52/26/CAB/2010 dated 03rd May 2011 has mandated appointment of Cost Auditor for the year 2011-12 and onwards for manufacturing units falling under the Industry "Steel Plant". Accordingly, the Company has appointed M/s. Manisha & Associates, Cost Accountants, Nagpur to carry out audit of the cost accounting records of the Steel Plant Division of the Company.
12. ACKNOWLEDGEMENTS:
The Directors place on record, their appreciation and gratitude for all the co-operation extended by Government Agencies, Bankers, Financial Institutions, Business Associates and Shareholders. The Directors also record their appreciation for the dedicated services rendered by all the Executive Staff and Workers of the Company at all levels in all units for their valuable contribution in the working of the Company.
- For and on behalf of Board of Directors,
Place: Nagpur
Date: 29th July, 2011. Basant Lall Shaw
Chairman

ANNEXURES TO THE DIRECTORS' REPORT

- (A) Particulars under the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, as amended for the year ended 31st March, 2011.

I CONSERVATION OF ENERGY:

- A) The Company recognizes the importance of savings in the cost of energy consumption. High efficiency, energy effective equipments for steam generation, water softening etc., have been installed at various manufacturing units which ensure stabilized power supply, minimum interruptions and smooth operations.
- B) Effective methods like, furnace cover, replacement of existing equipments with more energy saving devices, Installation of devices to plug the leakages and loss of energy, standardization of processes need based capital repairs to the facilities and other steps have been taken wherever possible giving a considerable saving in consumption of energy.
- C) The Blast Furnace Gases are extensively utilized for pre-heating of the hot blast stoves, blowing plant in the boilers and as a fuel for generation of Power for captive consumption and sale to others.

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.

- (A) Power and Fuel Consumption.

PARTICULARS	COAL/COKE			ELECTRICITY			FURNACE OIL		
	UNITS (MT)	AMOUNT (Rs. in Lacs)	RATE / Unit (Rs.)	UNITS (KWHs in Lacs)	AMOUNT (Rs. in Lacs)	RATE / Unit	UNITS (KL)	AMOUNT (Rs. in Lacs)	RATE / Unit (Rs.)
(1) Purchases:									
a) Iron & Steel Castings	16112.94 (16464.00)	1590.14 (1428.05)	9868.70 (8673)	495.65 (480.62)	2620.90 (2418.46)	5.29 (5.03)	---	---	---
b) Pig Iron and Steel Products & Sponge Iron	807904.43 (783722.64)	49621.20 (57722.74)	6141.96 (7365.20)	526.74 (481.44)	2001.62 (1829.47)	3.80 (3.80)	1620.37 (1457.64)	492.76 (389.37)	30410.31 (26712.28)
(2) Own Generation:									
Pig Iron & Steel products & Sponge Iron	---	---	---	1158.54 (1115.45)	3070.14 (2955.95)	2.65 (2.65)	---	---	---

(B) Consumption/Unit of Production.

PARTICULARS	COAL/COKE KGs.	ELECTRICITY KWHs	FURNACE OIL LTRs.
Iron & Steel Castings	202.85 (226.40)	623.94 (660.92)	--- (-)
Pig Iron & Steel Products	545 (587)	253.464 (237.950)	1.976 (1.779)
Sponge Iron	1788 (2062)	79 (72.00)	--- (-)

Note: Figures in brackets relate to previous year and are recast wherever necessary.

II. TECHNOLOGY ABSORPTION:

- The Company has adopted the Chinese Technology at its Steel Plant Division for its Blast Furnace, Pulverised Coal Dust Injection and Coke Oven and Rolling Mills.
- The work on setting up of additional Wire Rod Block at its Wire Rod Mill in technical collaboration with Morgan Shammard, a part of Dun and Lee, a Multinational Group from Sweden, and Waste Heat Recovery Based 6 MW Power Plant based on hot gases generated from Coke oven Plant at Siltara Growth Centre, Raipur, will be completed and commissioned in the current year.
- The Company is also setting up another 1 Lacs MT Coke Oven Plant with Waste Heat Recovery Based 6 MW Power Plant based on hot gases generated from this Coke oven Plant at Siltara Growth Centre, Raipur, at an estimated cost of Rs. 134 Crores and is expected to be commissioned in May, 2012.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

	(Rs. in Lacs)	
	2010-2011	2009-2010
i) Foreign Exchange earned:		
Export of goods on FOB basis	<u>1079.25</u>	<u>1608.95</u>
ii) Foreign Exchange used:		
Purchase of Raw Materials, Stores		
& Components, traded goods and capital goods	31538.28	22043.79
Interest & Financial Charges	15.93	232.09
Travelling	4.37	9.40
Salary	26.70	25.37
Rent	6.01	7.06
Others	1.18	3.63
TOTAL	<u>31592.47</u>	<u>22321.34</u>

Place : Nagpur
Date : 29th July, 2011.

For and on behalf of Board of Directors,
Basant Lal Shaw
Chairman



CORPORATE GOVERNANCE REPORT

I COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The core of Corporate Governance is based upon, inter-alia; the objective of maximising the wealth of all the Stakeholders of the Company by making optimum utilization of resources at its disposal and fulfilling its obligations towards Corporate Social Responsibility and contributing to Nationbuilding to the best of its might. It also advocates the principles of transparency to be followed by the Company in all its decisions and actions; apart from furnishing full disclosures to the Board, its Shareholders and other Stakeholders. The Company is committed to adhere to high standards of the Corporate Governance Code in words and spirit. It is also constantly taking review of systems and procedures to keep pace with changing corporate environment.

II BOARD OF DIRECTORS

As of date the Board of the Company comprises of 9 (Nine) Directors; with the composition of Executive and Non-executive / Independent Directors.

5 (Five) Board Meetings were held during the year ended 31.03.2011. The dates of the Meetings are given below:

28.05.2010, 12.08.2010, 28.10.2010, 30.12.2010, and 31.01.2011

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year under review and at the last Annual General Meeting as also the number of Directorships and Committee Memberships held by them in other companies are given below:

Sr. No	Names of Directors	Category	Board Meetings Attended	Attended last AGM held on 30.09.2010	No. of Directorships in other companies as on 31.03.2011 (Excluding Foreign & Private Ltd. Companies)	No. of Memberships in Committee of Directors in other Companies.	
						Director	Chairman
1	Shri Basant Lall Shaw Chairman	Promoter Non-Executive	5	No	12	-	-
2	Shri Arbind Jayaswal Managing Director	Promoter Executive	5	Yes	12	-	-
3	Shri Ramesh Jayaswal Joint Managing Director	Promoter Executive	5	Yes	14	-	-
4	Shri B K Agrawal Director	Independent Non-Executive	5	Yes	1	-	-
5	Shri M M Vyas Director	Independent Non-Executive	1	No	2	-	-
6	Shri John Mathew Director (upto 13.08.2010)	Independent Non-Executive (EXIM Bank Nominee)	1	No	-	-	-
7	Shri Nirmal Ved Director (since 13.08.2010)	Independent Non-Executive (EXIM Bank Nominee)	3	No	-	-	-
8	Shri Sanjeev Kumar Sachdev Director (since 05.04.2010)	Independent Non-Executive (IDBI Bank Ltd Nominee)	4	No	-	-	-
9	Shri M P Singh Director (28.10.2010 - 10.02.2011)	Independent Executive	1	-	-	-	-
10	Shri P K Bhardwaj Executive Director and CFO (since 25.02.2011)	Professional Executive	-	-	1	-	-
11	Shri Manish Chourasia Director (since 23.03.2011)	Independent Non-executive (ICICI Bank Nominee)	-	-	-	-	-

Shri Arbind Jayaswal and Shri Ramesh Jayaswal have been appointed as Managing Director and Joint Managing Director of the Company respectively for a period of 3 years with effect from 1st January, 2011.

Further Shri P K Bhardwaj has been appointed as Executive Director for a period of 3 years w.e.f. 25.02.2011. His Appointment and remuneration is subject to approval of the Members of the Company.

Details about Directors seeking Appointment / Re-appointments at the forthcoming Annual General Meeting are given separately along with Notice convening the said Meeting.

Shri Arbind Jayaswal, Managing Director and Shri P K Bhardwaj, Executive Director are designated as Chief Executive Officer (CEO) and Chief Finance Officer (CFO) respectively of the Company as per Clause 49 of Listing Agreement of the Company.

Shri A D Karajgaonkar, Company Secretary, is a Compliance Officer.

III AUDIT COMMITTEE

The Audit Committee of Directors in compliance with Clause 49 of the Listing Agreement with Stock Exchanges and Section 292A of the Companies Act, 1956 is in place.

During the year under review, the Committee met on 28.05.2010, 12.08.2010, 28.10.2010, and 31.01.2011. Generally, all the Members of the Committee attend the Meetings. Heads of the Internal Audit / Internal Control Units, Representatives of Statutory Auditors, Managing Director and other Finance Executives of the Company also attend the Meetings, on invitation.

Shri A D Karajgaonkar, Company Secretary, is acting as Secretary to the Committee.

The particulars of Members of the Committee, and the number of Meetings attended by them during the year are as follows.

Sr.No.	Names of Members	No of Meetings attended.
1)	Shri John Mathew (Upto 13.08.2010) Chairman	1
2)	Shri B K Agrawal Member/Chairman	4
3)	Shri S K Sachdev Member (Appointed w.e.f. 28.05.2010)	3
4)	Shri Nimit Ved Member (Appointed w.e.f. 28.10.2010)	1
5)	Shri Ramesh Jayaswal Member	4

The terms of reference are to

- review periodical Financial Statements of the Company,
- ensure compliance of internal control systems,
- investigating into any matters as may be referred to it by

the Board,

- seek information from employees, obtain outside legal / professional advice on the matters before it,
- review financial, and risk management policies of the Company,
- perform all other functions as are required under the Listing Agreement with Stock Exchanges.

IV REMUNERATION COMMITTEE

- During the year Remuneration Committee met on 30.12.2010.
- The composition of the Remuneration Committee and the attendance of Members at the said meeting is as per the following.

Sr.No.	Names of Members	Attendance
1.	Shri M M Vyas Chairman	-
2.	Shri B K Agrawal Member	1
3.	Shri John Mathew Member upto 13.08.2010	-
4.	Shri Nimit Ved Member w.e.f. 28.10.2010	1

The terms of reference include review and recommendation of the Directors' Remuneration, service contracts, performance linked incentives, and other perks, benefits etc. to be drawn by the Company's Directors.

At the meeting held on 30.12.2010, as above, the Committee has reviewed and recommended the proposals of appointment and Remuneration Shri Arbind Jayaswal and Shri Ramesh Jayaswal as Managing Director and Joint Managing Director for a period of 3 years w.e.f. 01.01.2011.

Remuneration Policy of the Company is as follows:

1. For Managing Director and Joint Managing Director and Executive Director

A fixed component consisting of salary, allowances and perquisites as per Rules of the Company (within the limits approved by the Board. and subject to requisite statutory approvals).

2. For other Directors

By way of sitting fees as under:

Board Meeting	Rs.5000/- per Meeting.
Audit Committee Meeting	Rs.2000/- per Meeting.
Remuneration Committee Meeting	Rs.1000/- per Meeting.

No sitting fees is payable to Managing Director, Joint Managing Director and Executive Director of the Company.

Other payments to Directors:

During the year the Company has paid an amount of Rs. 9.99 Lacs to Shri Basant Lall Shaw, Non-executive Director, Shri Arbind Jayaswal, Managing Director, and Shri Ramesh Jayaswal, Joint Managing Director as Rent for utilizing the Land and Structures and Buildings standing thereon owned by them, for the purpose of carrying on part of the operations of the Company. The details are as follows :



Sr. No.	Names of Directors	Amount (Rs in Lacs)
1	Shri B L Shaw, Non-Executive Director	1.13
2	Shri Arbind Jayaswal, Managing Director	4.43
3	Shri Ramesh Jayaswal, Joint Managing Director	4.43
	Total	9.99

The details of Remuneration to Directors during the year 01.04.2010 to 31.03.2011 and the number of Equity Shares held by them in the Capital of the Company are as follows:

Sr.No.	Names of Directors	Designation	Remuneration drawn (Rs. in Lacs)		No. of Equity Shares held
			Salary & Allowances & Perquisites	Sitting fees	
1	Shri Basant Lall Shaw	Chairman	-	0.25	2433170
2	Shri Arbind Jayaswal	Managing Director	51.60 (**)	-	539150
3	Shri Ramesh Jayaswal	Joint Managing Director	51.60 (**)	-	539150
4	Shri P K Bhardwaj	Executive Director	2.16 (**)	-	-
5	Shri B K Agrawal	Director	-	0.34	7500
6	Shri M M Vyas	Director	-	0.05	79034
7	Shri Nimit Ved *	Director (EXIM Bank Nominee)	-	0.18	-
8	Shri John Mathew *	Director (EXIM Bank Nominee)	-	0.07	-
9	Shri S K Sachdev *	Director (IDBI Bank Ltd. Nominee)	-	0.26	-
10	Shri Manish Chourasia*	Director (ICICI Bank Ltd Nominee)	-	-	-
11	Shri M P Singh	Director	10.77(**)	0.05	-

(*) Sitting Fees paid to the Institutions.

(**) Break up of Remuneration

(Rs. in Lacs)

Names of Directors	Salary and Allowance	Prov. Fund	Perks and other payments	Total
Shri Arbind Jayaswal	48.00	3.60	-	51.60
Shri Ramesh Jayaswal	48.00	3.60	-	51.60
Shri P K Bhardwaj (25.02.2011 to 31.03.2011)	2.08	0.08	-	2.16
Shri M P Singh (28.10.2010 to 10.02.2011)	5.44	0.37	5.01	10.82

V SHAREHOLDERS / INVESTORS GRIEVANCES COMMITTEE

The Company has constituted a Share Transfer-cum-Shareholders / Investor Grievances Committee. The terms of reference of the Committee are to consider and approve the transfer of shares, consolidation / split of share certificates, issue of duplicate share certificates and other allied matters. The said Committee is also empowered to look into and address Shareholders-cum-Investors Grievances in compliance with the Clause 49 of the Listing Agreement with Stock Exchanges. Investors' grievances are addressed within 15 days from the date of receipt.

Presently, Shri B K Agrawal, Non-Executive Director, is the Chairman of the Committee. While Shri Arbind Jayaswal, Managing Director, and Shri Ramesh Jayaswal, Joint Managing Director are the Members.

Shri AD Karajgaonkar, Company Secretary is the Compliance officer.

The Committee met on 21.04.2010, 12.08.2010, 27.08.2010, 31.08.2010, 08.12.2010, 18.12.2010, 20.01.2011, 10.02.2011 and 29.03.2011, approved and issue of Duplicate Share Certificates, for 2176 shares and disposed off all the 4 Complaints received during the year.

VI OTHER DISCLOSURES

1 Details on General Meetings:

1.1 Location and time where last three Annual General Meetings were held :

For the year ended	Location	Date	Time
31.03.10	Registered Office at F-8, MIDC Industrial Area, Hingna Road, Nagpur - 440 016.	30.09.10	11.30 A.M.
31.03.09	Registered Office at F-8, MIDC Industrial Area, Hingna Road, Nagpur - 440 016.	30.12.09	11.30 A.M.
31.03.08	Registered Office at F-8, MIDC Industrial Area, Hingna Road, Nagpur - 440 016.	30.09.08	11.30 A.M.

1.2 Details of Extra-ordinary General Meetings :

- General Meetings of Equity and Preference Shareholders and Secured Creditors were held on 8th and 9th June, 2009 respectively in compliance of the Orders of Hon'ble High Court for approval by requisite majority of Scheme of Arrangements.
- General Meeting of Equity Shareholders was held on 8th August, 2009 for approval by Special Resolution of increase in Authorised Share Capital of the Company and Alteration of Memorandum and Article of Association and authority to issue the shares on Amalgamation.
- General Meeting of Preference Shareholders was held on 26th February, 2010 for approval by Special Resolution of alteration of terms and conditions of Redemption of Preference Shares.
- General Meeting of Equity Shareholders was held on 19th April, 2010 for approval by Special Resolution of issue of further shares on Preferential Basis and Alteration of Articles of Association.
- General Meeting of Equity Shareholders was held on 7th February, 2011 for approval by Special Resolution under Section 293 (1)(a) and 293 (1)(d) of the proposal to enhance the Borrowing Powers and Authority to Mortgage of the Company and for approval by Special Resolution under Section 198, 269, 309 read with Schedule XIII of the Companies Act, 1956, of appointments of Shri Arbind Jayaswal, Managing Director and Shri Ramesh Jayaswal, Joint Managing Director of the Company.

1.3 Special Resolutions were passed at the last three Annual General Meetings

- Annual General Meeting held on 30.09.2008
 - Resolution under Section 224-A of the Companies Act, 1956, approving appointment of Auditors of the Company for year 2008-2009.
 - Resolution under Section 198, 269, 309 read with Schedule XIII of the Companies Act, 1956, approving appointment of Shri Arbind Jayaswal, Managing Director.
 - Resolution under Section 198, 269, 309 read with Schedule XIII of the Companies Act, 1956, approving appointment of Shri Ramesh Jayaswal, Joint Managing Director.

1.4 Special Resolution passed in the financial year 2010-11 through Postal Ballots

- 07.08.2010 – Approval of Alteration of Sub Clauses 3 and 13 of Clause III B of Memorandum of Association with respect to supply of materials to and Investments in Subsidiary Company – Jayaswal Neco Urja Limited (Formerly known as Raigarh Energy Limited) as per the following details.
 - Name of the Scrutinizer Adv. Atul Khadse, Nagpur
 - Date of dispatch of Notice 26.06.2010
 - Receipt of Postal Ballots 31.07.2010



4. Voting Pattern

- a) Resolution No. 1 for supply of Coal Middlings to Jayaswal Neco Urja Limited (Formerly known as Raigarh Energy Limited) a Subsidiary Company

No of Postal Ballots	Voting For			Voting Against			Abstained		
	No	Shares	(%)	No	Shares	(%)	No	Shares	(%)
279	258	64067384	99.98	13	7120	0.019	8	730	0.001

- b) Resolution No. 2 for Investment in the Share Capital of Raigarh Energy Limited (now known as Jayaswal Neco Urja Limited) a Subsidiary Company

No of Postal Ballots	Voting For			Voting Against			Abstained		
	No	Shares	(%)	No	Shares	(%)	No	Shares	(%)
279	244	64058785	99.98	14	8340	0.01	21	8109	0.01

5. Date of Declaration of Result: 07.08.2010

- During the year under review, no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large were entered into, except those stated in IV above.
- The Company has a Whistle Blower mechanism in place and no personnel has been denied access to the Management and/or Audit Committee to discuss issues, if any; with them. During the year under review, there was no instance of anybody bringing any matter before the Management and/or Committee for discussions.
- The Company has laid down Code of Conduct for Employees of the Company, and that the Directors and Senior Management Personnel have affirmed to the Board that they have adhered to the Code of Conduct during the year ended 31.03.2011.
- The matters required to be covered under Management Discussion and Analysis Report are already covered in Directors Report under relevant heads; hence not being given separately.
- Means of Communication

1	Half-yearly reports sent to each household of shareholders.	No.
2	Quarterly results. Which newspapers normally published in	Loksatta, Indian Express, Business Standard, Financial Express, Economic Times, Times of India.
3	Web site where quarterly results are displayed.	www.necoindia.com
4	Whether Management Discussion & Analysis is a part of Annual Report.	Yes.

- The Company has complied with all the mandatory requirements stipulated under Clause 49 of the Listing Agreement on Corporate Governance. The Company has complied with all the Non – mandatory requirements except maintaining Chairman's Office at the Company's expense, and having Whistle Blower mechanism and Remuneration Committee in place, as suggested thereunder.
- A certificate from CEO / CFO with respect to the matters required to be conveyed pursuant to the amended Clause 49 of the Listing Agreement with regard to the Annual Audited Accounts for the year ended 31st March, 2011, was placed before the Board at its Meeting held on 28th May, 2011 and the same was noted.
- During the year, the Company has disposed off its entire stake in Ferromax Mines and Minerals Private Limited, thus it has ceased to be an Associate Company of the Company. Consolidated Financial Statements of the Company for the year 31st March, 2011 considering its subsidiary Company Jayaswal Neco Urja Limited have been published separately.

VII GENERAL SHAREHOLDER INFORMATION

- 1 Annual General Meeting
Date and Time : 24th September, 2011 at 11.30 A.M.
Venue : Regd. Office at F-8, MIDC, Industrial Area, Hingna Road, Nagpur - 440 016.
- 2 Book Closure Date : 19th September, 2011 to 24th September, 2011 (both days inclusive)
- 3 Dividend Payment Date : Not Applicable since no dividend is proposed.
- 4 Financial Calendar For the Year ending : 31st March, 2012

Sr.No.	Particulars	Tentative Date
1	Unaudited Financial Results for the period of 3 months ended 30th June, 2011.	Last week of July, 2011.
2	Unaudited Financial Results for the period of 3 months ending 30th September, 2011.	Last week of October, 2011
3	Unaudited Financial Results for the Period of 3 months ending 31st December, 2011.	Last week of January, 2012
4	Audited Financial Results for the period of 12/3 months ending 31st March, 2012.	Last week of May, 2012
5	Annual General Meeting for the year 2012.	Last week of August, 2012.

5. Listing of Equity shares on :

- 1) Bombay Stock Exchange Limited
Phirozee Jeejeebhoy Towers,
Dalal Street,
MUMBAI – 400 001.
Stock Code – 522285.
- 2) National Stock Exchange of India Limited,
Exchange Plaza, 5th Floor, Plot No. 6/1,
Bandra Kurla Complex, 'G', Block, Bandra,
MUMBAI – 400 051.
Stock Code – JAYNECOIND

Annual Listing fees for the year 2011-2012 have been duly paid to both the above Stock Exchanges.

6. Stock Market Data:

A. Data on the closing share prices of the Company on Stock Exchanges during the year under review is as follows:

Month/Year	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
	Price		Price	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr. 10	49.80	43.50	49.75	43.50
May 10	45.65	37.15	45.50	37.20
June 10	44.40	36.75	44.35	36.90
July 10	44.35	39.00	44.20	38.90
Aug. 10	40.45	35.50	40.70	35.60
Sep. 10	40.45	36.45	40.45	36.45
Oct. 10	39.50	33.75	39.50	33.75
Nov. 10	42.05	31.40	41.95	31.30
Dec. 10	34.50	22.60	34.40	22.40
Jan. 11	34.95	27.35	34.85	27.25
Feb. 11	26.65	23.50	26.55	23.30
Mar. 11	26.00	22.35	25.90	22.45



- B. Equity Shares of the Company are regularly traded on both the Exchanges. During the year, approximately 1597.69 Lacs Equity Shares were traded.
- C. Share Price Performance relative to BSE Sensex and NSE Nifty

Financial Year 2010 –2011	Percentage Change		
	Company	BSE Sensex	NSE Nifty
	-44.43%	10.94%	11.14%

7. Registrars and Transfer Agents:

The Company has appointed the following as Registrar and Transfer Agent for shares held in both physical form and electronic form.

Sharex Dynamic (India) Pvt. Ltd.
Unit – 1, Luthra Ind. Premises,
Andheri Kurla Road, Safed Pool,
Andheri (E),
Mumbai – 400 072.

SEBI Reg. No. INR 000002102.

8. Share Transfer and Investors Grievances Redressal System

Equity Shares:

(a) Physical Form

The Company has appointed Sharex Dynamic (India) Pvt. Ltd. as its Registrar and Transfer Agent to look into various issues relating to the investors including share transfers. Share transfers in physical form are registered and returned within a period of 20-25 days from the date of receipt, subject to the documents being valid and complete in all respects. The Company gets report of the share transfers, etc. periodically from Registrar and Transfer Agent.

During the year, the Company has received 4 investor complaints and all the complaints have been resolved. There are no complaints pending at the end of the year.

Requests related to exchange of shares of erstwhile Nagpur Alloy Castings Limited and Jayaswals Neco Limited on account of amalgamation are processed by the Company only at its Registered Office.

(b) Electronic Form

The Company's Equity Shares are admitted into the Depository System of National Securities Depository Limited, and Central Depository Services (India) Limited, as an eligible security under the Depositories Act, 1996.

As such, facilities for dematerialisation of the Company's Equity Shares is already operational vide ISIN: INE 854B01010 at both the Depositories. Investors are required to establish an account with a Depository Participant to hold and trade in the dematerialised form. Requests received from Shareholders through their Depository Participants for dematerialising the Equity Shares of the Company are processed by the Registrar within a period of 15 days from the date of receipt of such requests, and are approved where requests are complete and in order in all respects.

Distribution of Equity Shareholding as on 31st March, 2011:

Category	No. of Shares held	% of total share holding	No. of Share holders	%
Promoter Group	(*) 174519121	69.57	18	0.04
Financial Institutions / Insurance Companies / Banks / Mutual Funds	18950938	7.55	34	0.07
NRIs / OCBs / Other Foreign Shareholders	469381	0.19	199	0.42
Other Corporate Bodies	19915217	7.94	1044	2.24
Public	37006247	14.75	45299	97.23
Total	250860904	100.00	46594	100.00

(*) Includes 29427000 Equity Shares being 16.86% of the Promoter and Promoter Group shareholding, and 11.73% of the total Equity Shares Capital pledged in favour the Lenders to secure their Term Loans.

9. Dematerialisation of Shares and Liquidity:

236235281 Equity Shares i.e. 94.17 % of the total Equity Shares have been dematerialized up to 30.06.2011.

Presently, trading in Equity Shares of the Company on Stock Exchanges is permitted only in dematerialised form as per the Directions issued by the Securities and Exchange Board of India in that behalf.

10. Plant Locations :

1) Steel Plant Division:

1. Siltara Growth Centre, Raipur, Chhattisgarh.
2. Gare Palma IV/4 and IV/8 Coal Block, Mand Raigarh Coal Field, Raigarh, Chhattisgarh.

2) Castings Divisions:

1. Plot No. F-8 and F-8/1, MIDC Industrial Area, Nagpur, Maharashtra.
2. Plot No. T-41/42, MIDC Industrial Area, Nagpur, Maharashtra.
3. Village Ruikhairi, Wardha Road, Butibori, Nagpur, Maharashtra.
4. 105, Light Industrial Area, Bhilai, Dist. Durg, Chhattisgarh.
5. Thanod Road, Anjora, Dist. Rajnandgaon, Chhattisgarh

11. Address for Investor Correspondence:

Registered Office:

Jayaswal Neco Industries Limited
F-8, MIDC, Industrial Area,
Hingna Road,
Nagpur - 440 016.
Ph. Nos. 7104-237276 / 236251.
Fax No. 7104-237583 / 236255.
Email: contact@necoindia.com

Registrar's Office:

Sharex Dynamics (India) Private Limited
Unit 1, Luthra Ind. Premises,
Andheri Kurla Road, Safed Pool,
Andheri (E), Mumbai – 400 072.
Ph. Nos. 022-28528087
Fax No. 022-2851285
Email: sharexindia@vsnl.com

Place: Nagpur
Date: 29th July, 2011

For and on behalf of Board of Directors
Basant Lal Shaw
Chairman



CERTIFICATE OF CORPORATE GOVERNANCE

To,
The Members,
Jayaswal Neco Industries Limited

We have examined the compliance of conditions of Corporate Governance by JAYASWAL NECO INDUSTRIES LIMITED, for the year ended on 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, We certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We 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 Chaturvedi & Shah
Chartered Accountants
Firm Reg. No. – 101720W

For Agrawal Chhallani & Co.
Chartered Accountants
Firm Reg. No. – 100125W

R Koria
Membership No. – 35629
Mumbai

S R Chhallani
Membership No. – 30154
Nagpur

Date: 29th July, 2011

CODE OF CONDUCT

It is hereby declared pursuant to Clause 49 of the Listing Agreement with Stock Exchanges that to the best of our knowledge and belief, all the Board Members and Senior Management personnel have, for the year ended 31.03.2011, adhered to the Code of Conduct laid down by the Company.

For Jayaswal Neco Industries Limited

Arbind Jayaswal
Managing Director / CEO

Dated : 29th July, 2011.

DISCLOSURE

Group coming within the definition of group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969).

The following persons constitute the Group coming within the definition of group as defined in the Monopolies and Restrictive Trade Practice Act, 1969 (54 of 1969) which exercises or is established to be in a position to exercise, control, directly or indirectly over the Company.

Shri Basant Lall Shaw, Shri Arbind Jayaswal, Shri Ramesh Jayaswal, Smt. Nisha Jayaswal, Smt. Rita Jayaswal, Shri Anand Jayaswal, Smt. Karishma Jayaswal, Master Ananmay Jayaswal, Shri Avneesh Jayaswal, Smt. Hargoon Jayaswal, Shri Archit Jayaswal, Neco Heavy Engineering and Castings Limited, Neco Ceramics Limited, A M R Iron and Steel Pvt. Ltd., N S S L Limited, Neco Leasing and Finance Pvt. Ltd., Neco Valves and Pumps Pvt. Ltd., Neco Defence Systems Ltd., Neco Mining Company Limited, Terra Projects Ltd., Terra Infra Development Ltd., Deify Infrastructures Ltd., Deify Infraprojects Pvt. Ltd., Jayaswal Neco Infraprojects Pvt. Ltd., NSSL Italia SRL, Econo Valves Ltd., Neco Holdings Pvt. Ltd., Jayaswal Holdings Pvt. Ltd., Jayaswal Neco Power Holding Company Limited, Nagpur Agro and Food Processors Ltd., Maa Usha Urja Ltd., Jayaswal Neco Power Pvt. Ltd., North Karanpura Coal Co. Ltd., North Karanpura Power Co. Ltd., Nagpur Scrap Suppliers Pvt. Ltd., Jayaswal Neco Steel and Mining Pvt. Ltd., Jayaswal Neco Infrastructures Pvt. Ltd., Raheja Exports Pvt. Ltd., Apex Spinning Mills Pvt. Ltd., Avon Sales & Services Pvt. Ltd., Anurag Sales & Services Pvt. Ltd., Jayaswal Neco Metallica Pvt. Ltd., Jayaswal Neco Energy Pvt. Ltd., Karamveer Impex Pvt. Ltd., Nine Star Plastic Packaging Services Pvt. Ltd., Ramdeobaba Impex Pvt. Ltd., Baba Ramdeo Comm. Pvt. Ltd., Micro Vehicles Pvt. Ltd., Green Gold Marketing Pvt. Ltd., Parivar Food Industries Pvt. Ltd., Vibrant Electronics Ltd., Jyotikant Investments Pvt. Ltd., Nabo Jagoran Trading Pvt. Ltd., Samadhan Traders Pvt. Ltd., Ghanshyam Vyapar Pvt. Ltd., Ram Prakash Sales and Services Pvt. Ltd. Pecon Vinimay Pvt. Ltd., Aman Tradecon Pvt. Ltd., Amrita Vypar Pvt, Ltd., Grace Tie Up Pvt, Ltd.

The above disclosure has been made, inter alia, for the purpose of Regulation 3(1) (e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and takeovers) Regulations, 1997.



AUDITORS' REPORT

To
The Members of
Jayaswal Neco Industries Limited

1. We have audited the attached Balance Sheet of JAYASWAL NECO INDUSTRIES LIMITED, as at 31st March, 2011 and also the Profit and Loss Account and Cash Flow Statement of the Company 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.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure hereto, a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of such books;
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v) On the basis of the written representations received from the directors as on 31st March, 2011 and taken on records by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956. As regards to Directors nominated by Financial Institutions / Banks, they are exempted from the provisions of Section 274 (1) (g) in view of general circular issued by the Department of Company Affairs.
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (ii) in the case of Profit and Loss Account, of the profits of the Company 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 Chaturvedi & Shah
Chartered Accountants
(Registration No. : 101720W)

R Koria
Membership No. 35629
Mumbai

For Agrawal Chhallani & Co.
Chartered Accountants
(Registration No. : 100125W)

S. R. Chhallani
Membership No. 30154
Nagpur

Date: 28th May, 2011

ANNEXURE TO AUDITOR'S REPORT

Referred to in paragraph 3 of our report of even date

As required by the Companies (Auditor's Report) Order, 2003 issued by Central Government of India in terms of Section 227 (4A) of the Companies Act 1956, and on the basis of such checks as we considered appropriate, we further report that:-

- i. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, the Company has physically verified certain assets, in accordance with a phased program of verification, which in our opinion is reasonable, having regard to the size of the Company.
 - c. In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- ii. In respect of its inventories:
 - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management need to be strengthened considering the size of the Company and the nature of its business.
 - c. According to the information and explanations given to us and on the basis of our examination of inventory records, we are of the opinion that the Company is maintaining proper records of inventory. As explained to us, discrepancies noticed on physical verification of the inventories between the physical inventories and book records were not material, having regard to the size of the operations of the Company, and the same have been properly dealt with.
- iii. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956:
 - a. The Company has given advances in the nature of loan to a party in respect of which maximum amount involved during the year was Rs 9,089.24 Lacs and the year-end balance was Rs Nil.
 - b. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions were not prima facie prejudicial to the interest of the Company.
 - c. Since there is no outstanding amount at the year end, the provisions of clause (iii) (c) and (d) are not applicable.
 - d. The Company has taken loans from two such parties in respect of which maximum amount involved during the year was Rs 6,113.45 Lacs and the year-end balance was Rs. 6,036.73 Lacs.
 - e. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the Company.
 - f. As per the information and explanations given to us, the above loans are not due for repayment, where repayment schedule exist and there is no overdue amount of principle and interest.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v. In respect of the contracts or arrangements referred to in section 301 of the Companies Act, 1956:
 - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs.5,00,000 in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company, except for certain transactions for purchase of services and sale of goods of specific nature for which alternative quotations are not available and hence we are unable to comment upon.
- vi. According to information and explanations given to us, the Company has not accepted any deposits from the public and hence directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable for the year under audit.



- vii. In our opinion the Company has an internal audit system, which needs further improvement to make it commensurate with the size and nature of the business of the Company.
- viii. 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. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- ix. According to the information and explanations given to us in respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities during the year except in few cases.
Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
 - According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable except for the Electricity Duty of Rs 78.99 Lacs.
 - The disputed statutory dues aggregating to Rs. 6,086.77 Lacs, that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

(Rs. in Lacs)

Name of the Statute	Nature of dues	Year	Amounts	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	1995-96, 1998-99 to 2009-10	2404.07	CESTAT
		1998-99 & 2002-03 to 2003-04	22.98	Commissioner (A)
		2007-08	22.24	High Court
		2000-01	5.52	Supreme Court
Finance Act	Service Tax	2005-06 & 2006-07	62.68	CESTAT
Customs Act, 1962	Cess	1998-99	661.65	CESTAT
	Custom Duty	2004-05	100.00	CESTAT
Central Sales Tax Act, 1956	Sales Tax	1996-97, 2002-03, 2004-05 & 2006-07	55.82	Deputy Commissioner (A)
	Sales Tax	2002-03	7.70	Additional Commissioner
	Sales Tax	1995-96, 2002-03 & 2004-05	1,256.17	Joint Commissioner
Chhattisgarh Entry Tax Act, 1976	Entry Tax	1990-91 & 2004-05	0.55	High Court
Electricity Act, 2003	Electricity Cess	2004-05 to 2010-11	1,333.95	Supreme Court
Mines & Minerals (Regulations & Infrastructure Development) Act, 1957	Environmental & 2010-11 Development Cess	2006-07 to	153.43	High Court
Total			6,086.77	

- x. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
- xi. Based on our audit procedures and information and explanations given by the management, we are of the opinion that as on 31st March, 2011 the Company has not defaulted in repayment of dues to banks and financial institutions.
- xii. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- xiv. The Company has maintained proper records of transactions and contracts in respect of trading in shares and other securities and timely entries have been made therein. The investments are held by the Company in its own name except for certain shares, which are lodged for transfer.
- xv. The Company has given corporate guarantees aggregating to Rs. 1,181 Lacs for loan taken by an associate Company from a bank. The management is of the opinion that the terms and conditions are not prejudicial to the interests of the Company. We are, however, unable to comment on the same.
- xvi. To the best of our knowledge and belief and according to information and explanations given to us, in our opinion, the term loans raised have prima facie been applied for the purpose for which they were raised.
- xvii. On the basis of review of utilization of funds, which is based on overall examination of the Balance Sheet of the Company as at 31st March, 2011, related information as made available to us and as represented to us, by the management, we are of the opinion, that funds raised on short term basis aggregating to Rs. 4,768.47 Lacs have been utilized for long term purposes.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xix. The Company has not issued any debentures and hence provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xx. During the year covered by our report the Company has not raised any money by public issue.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the course of our audit.

For Chaturvedi & Shah
Chartered Accountants
(Registration No. : 101720W)

R Koria
Membership No. 35629
Mumbai

Date: 28th May, 2011

For Agrawal Chhallani & Co.
Chartered Accountants
(Registration No. : 100125W)

S. R. Chhallani
Membership No. 30154
Nagpur



BALANCE SHEET AS AT 31ST MARCH, 2011.

PARTICULARS	Schedule	As at 31.03.2011 Rs.in Lacs	As at 31.03.2010 Rs.in Lacs
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	25085.37	23665.37
Reserves and Surplus	2	<u>48830.29</u>	<u>35610.39</u>
		73915.66	59275.76
Loan Funds			
Secured Loans	3	110851.70	99681.58
Unsecured Loans	4	<u>10493.58</u>	<u>13455.04</u>
		121345.28	113136.62
Advance received against Share Application (Refer Note No.5 of Schedule 17)		22029.00	-
Deferred Tax Liability (Refer Note No.14 of Schedule 17)		11912.92	7001.59
TOTAL		<u><u>229202.86</u></u>	<u><u>179413.97</u></u>
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		159761.79	154903.66
Less: Depreciation		50548.89	42113.36
Net Block		<u>109212.90</u>	<u>112790.30</u>
Capital Work-in-progress		<u>63059.64</u>	<u>3539.87</u>
		172272.54	116330.17
Investments	6	19.24	26.07
Current Assets, Loans and Advances	7		
Inventories		55777.15	34694.07
Sundry Debtors		25687.44	15516.97
Cash and Bank Balances		7263.82	3433.20
Loans and Advances		<u>18460.18</u>	<u>26444.92</u>
		<u>107188.59</u>	<u>80089.16</u>
Less : Current Liabilities and Provisions	8		
Liabilities		43070.65	11834.66
Provisions		<u>7206.86</u>	<u>5196.77</u>
		<u>50277.51</u>	<u>17031.43</u>
Net Current Assets		56911.08	63057.73
TOTAL		<u><u>229202.86</u></u>	<u><u>179413.97</u></u>
Significant Accounting Policies	16		
Notes to Accounts	17		

As per our Report of even date attached.
For CHATURVEDI & SHAH
Chartered Accountants

R. KORIA
Partner

For AGRAWAL CHHALLANI & CO.
Chartered Accountants

S. R. CHHALLANI
Partner

For and on behalf of Board of Directors

ARBIND JAYASWAL
Managing Director

RAMESH JAYASWAL
Joint Managing Director

A.D. KARAJGAONKAR
Company Secretary

P.K.BHARDWAJ
Executive Director and
Chief Finance Officer

Nagpur, 28th May, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011.

PARTICULARS	Schedule	Year ended 31.03.2011 Rs.in Lacs	Year ended 31.03.2010 Rs.in Lacs
INCOME			
Turnover		247528.51	193091.46
Less : Excise Duty Recovered on Sales		<u>21180.66</u>	<u>14351.22</u>
Net Turnover		226347.85	178740.24
Other Income	9	1975.14	3199.30
Increase/(Decrease) in Stock	10	3685.93	3530.62
TOTAL		<u>232008.92</u>	<u>185470.16</u>
EXPENDITURE			
Purchases		16107.91	3332.85
Raw Materials Consumed	11	126526.86	107735.09
Manufacturing Expenses	12	34231.90	27878.87
Remuneration and Benefits to Employees	13	9678.89	7726.73
Administrative, Selling and Other Expenses	14	7867.50	6576.82
		<u>194413.06</u>	<u>153250.36</u>
Profit before Interest, Depreciation and Taxation		37595.86	32219.80
Interest and Financial Charges	15	14354.42	13828.23
Profit before Depreciation and Taxation		<u>23241.44</u>	<u>18391.57</u>
Depreciation		8433.45	7889.96
Profit before Tax		<u>14807.99</u>	<u>10501.61</u>
Provision for - Current Tax		3116.48	1876.09
- MAT Credit Entitlement		<u>(2977.09)</u>	<u>(1795.08)</u>
		139.39	81.01
- Deferred Tax Liability (Net)		4911.33	3435.81
- Income Tax of earlier years		<u>(58.10)</u>	<u>65.89</u>
Profit after Tax		<u>9815.37</u>	<u>6918.90</u>
Prior Period Items (Net)		(0.25)	(6.72)
Transferred from Revaluation Reserve		0.76	0.76
Balance brought forward		10054.00	3141.06
Amount Available for Appropriations		<u>19869.88</u>	<u>10054.00</u>
APPROPRIATIONS		-	-
Balance carried to Balance Sheet		<u>19869.88</u>	<u>10054.00</u>
Earnings per Equity share of Rs.10/- each			
Basic & Diluted (in Rs.)		3.94	2.92
(Refer Note No.15 of Schedule 17)			
Significant Accounting Policies	16		
Notes to Accounts	17		

As per our Report of even date attached.
For CHATURVEDI & SHAH
Chartered Accountants

R. KORIA
Partner

For AGRAWAL CHHALLANI & CO.
Chartered Accountants

S. R. CHHALLANI
Partner

For and on behalf of Board of Directors

ARBIND JAYASWAL
Managing Director

RAMESH JAYASWAL
Joint Managing Director

A.D. KARAJGAONKAR
Company Secretary

P.K.BHARDWAJ
Executive Director and
Chief Finance Officer

Nagpur, 28th May, 2011



SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011.

SCHEDULE 1 SHARE CAPITAL

PARTICULARS	As at 31.03.2011 Rs.in Lacs	As at 31.03.2010 Rs.in Lacs
Authorised		
25,60,00,000 (25,60,00,000) Equity Shares of Rs.10/- each.	25600.00	25600.00
60,00,000 (60,00,000) Preference Shares of Rs.100/- each.	6000.00	6000.00
	<u>31600.00</u>	<u>31600.00</u>
Issued, Subscribed and Paid up		
25,08,60,904 (23,66,60,904) Equity Shares of Rs.10/- each.	25086.09	23666.09
Less : Allotment Money Unpaid (from other than Directors)	0.72	0.72
	<u>25085.37</u>	<u>23665.37</u>
TOTAL	<u>25085.37</u>	<u>23665.37</u>

Notes -

1. Of the above Shares:
 - (i) 41,17,500 Equity Shares were allotted as fully paid up bonus shares by capitalisation of General Reserve.
 - (ii) 1,39,88,162 Equity Shares of Rs.10/- each fully paid-up were issued pursuant to the Scheme of Amalgamation of Nagpur Alloy Castings Limited and Jayaswals Neco Limited without payments being received in cash.
 - (iii) 10,10,49,856 Equity Shares of Rs.10/- each fully paid-up were issued pursuant to the Scheme of Arrangement between Inertia Iron and Steel Industries Private Limited and Jayaswal Neco Industries Limited without payments being received in cash.
 - (iv) 85,92,000 Equity Shares of Rs.10/- each fully paid-up were issued pursuant to the Scheme of Arrangement of Sponge Iron Plant and Power Plant (Demerged Undertakings) of Corporate Ispat Alloys Limited and Jayaswal Neco Industries Limited without payments being received in cash.
 - (v) 1,41,35,000 Equity Shares of Rs.10/- each fully paid-up were issued pursuant to the Scheme of Arrangement of Sponge Iron Plant and Power Plant (Demerged Undertakings) of Abhijeet Infrastructure Limited and Jayaswal Neco Industries Limited without payments being received in cash.
2. During the Year, 1,42,00,000 Equity Shares of Rs. 10/- each were allotted on preferential basis at Rs. 33.80 per equity share.
3. For the shares to be issued pursuant to the Scheme of Arrangement between Corporate Ispat Alloys Limited and Jayaswal Neco Industries Limited, Refer Note No. 6 of Schedule 17.

SCHEDULE 2
RESERVES AND SURPLUS

PARTICULARS	As at 31.03.2011 Rs.in Lacs	As at 31.03.2010 Rs.in Lacs
Capital Reserve		
Balance as per last Balance Sheet	79.02	79.02
Share Premium Account		
Balance as per last Balance Sheet	2790.42	2790.42
Add: On allotment of Equity Shares	3379.60	-
	<u>6170.02</u>	<u>2790.42</u>
Revaluation Reserve		
Balance as per last Balance Sheet	25.28	26.04
Less : Amount of Depreciation attributable on appreciated value transferred to Profit and Loss Account	0.76	0.76
	<u>24.52</u>	<u>25.28</u>
Capital Redemption Reserve		
Balance as per last Balance Sheet	5100.37	150.00
Add: Transfer from General Reserve	-	4950.37
	<u>5100.37</u>	<u>5100.37</u>
General Reserve		
Balance as per last Balance Sheet	17561.30	24,042.54
Add : MAT Credit Entitlement pursuant to Scheme of Arrangement (Refer Note No.21 of Schedule 17)	25.18	-
Less : Premium on Redemption of Preference Shares	-	1530.87
Less : Transferred to Capital Redemption reserve	-	4950.37
	<u>17586.48</u>	<u>17561.30</u>
Profit and Loss Account	19869.88	10054.00
TOTAL	<u><u>48830.29</u></u>	<u><u>35610.39</u></u>

SCHEDULE 3
SECURED LOANS

PARTICULARS	As at 31.03.2011 Rs.in Lacs	As at 31.03.2010 Rs.in Lacs
1. Term Loans from Financial Institutions and Banks		
Rupee Term Loans	63767.15	67896.70
2. Short Term Loan from a Bank	25000.00	-
3. Vehicle Loans	185.90	165.31
4. Working Capital Loans from Banks		
i) Rupee Loans (net of Cheques-in-hand)	19633.26	27676.01
ii) Foreign Currency Loan	2246.00	3874.30
	<u>21879.26</u>	<u>31550.31</u>
5. Interest Accrued and Due	19.39	69.26
TOTAL	<u><u>110851.70</u></u>	<u><u>99681.58</u></u>



NOTES:

- A. The Term Loans Referred to in (1) above includes:
- Rs.8489.58 Lacs secured by way of Hypothecation of moveable properties of Sinter Plants of the Company at Siltara Growth Centre Raipur.
 - Rs. 793.15 Lacs secured by way of mortgage of all immoveable properties of the 350 TPD Sponge Iron and 15 MW Power Plant (I) of the Company and hypothecation of the whole of moveable properties both present and future of the said plants, save and except Book Debts, Store and Spares and Stocks.
 - Rs. 3378.74 Lacs secured by way of mortgage of all immoveable properties of the 500 TPD Sponge Iron and 12 MW Power Plant (II) of the Company and Hypothecation of the whole of moveable properties of the said plants except Book Debts, Store and Spares and Stocks, which is subject to the prior charge created on them in favour of the Working Capital Bankers of the Company for its working capital requirements.
 - Rs.18659.80 Lacs secured by way of Mortgage of land admeasuring 20.233 acres at Siltara Growth Centre at Raipur, the immovable and movable properties of a Company in which some of the Directors of the Company are interested and, hypothecation of the whole of moveable properties of the Steel Melt Shop and Rolling Mills divisions both present and future, save and except Book Debts, Store and Spares and Stocks relating to Steel Melt Shop and Rolling Mills at Siltara Growth Centre, Raipur.
 - Rs. 339.17 Lacs secured by way of hypothecation of the specific Equipments financed
 - Rs.27229.66 Lacs secured by way of mortgage of all immoveable / moveable properties of the Company other than those referred to in note (i) to (v) above, ranking pari passu inter-se and by hypothecation of the whole of moveable properties both present and future, save and except Book Debts, Store and Spares and Stocks and assets specifically hypothecated as referred to in note (i) to (iv) above, subject to the prior charge created and / or to be created on Current Assets in favour of Company's Bankers for its Working Capital requirements.
 - Rs.1398.50 Lacs secured by way of hypothecation of the whole of moveable properties both present and future, save and except Book Debts, Store and Spares and Stocks and are to be further secured by mortgage of all immoveable properties of the Company other than those referred to in note (ix) below and ranking pari passu with charges mentioned in (vi) above.
 - Rs.1690.55 Lacs secured by way of hypothecation of the whole of moveable properties both present and future, save and except Book Debts, Store and Spares and Stocks and are to be further secured by mortgage of all immoveable properties of the Company other than those referred to in note (ix) below and ranking pari passu with lenders secured as mentioned in (vi) above.
 - Rs.1788.00 Lacs secured by way of first charge on hypothecation of the whole of moveable properties, except Book Debts, Store and Spares and Stocks, both present and future relating to coking coal mines including proposed washery at Moitra coking coal block at North Karanpura Coalfields near Hazaribagh in Jharkhand and second charge on Current Assets of the Company and are to be further secured by mortgage of all immoveable properties at Moitra coking coal block including Proposed Washery at North Karanpura Coalfields near Hazaribagh in Jharkhand.
- B. Short Term Loan from a Bank referred to in (2) above is secured by way of hypothecation of the whole of moveable properties both present and future, related to the new Integrated Steel Plant project in Chhattisgarh to be undertaken under expansion programme, except Book Debts, Store and Spares and Stocks and are to be secured by mortgage of 90 acres of Coal Mines Land and 98 acres of the land proposed to be acquired for the upcoming Sponge Iron and Captive Power Plant of the Company in Chattisgarh and further secured by a corporate guarantee of other body corporate.
- C. Vehicle Loans from Banks referred to in (3) above are secured by hypothecation of the specific vehicles financed.
- D. Working Capital Loans from Banks referred to in (4) above are secured by the hypothecation of whole of movable properties including Stocks and Book Debts both present and future, and are further secured collaterally by mortgage of immovable properties of the Company ranking next to the mortgage charge of Financial Institutions and Banks for their Term Loans.
- E. All the above Loans are guaranteed by some of the Directors in their personal capacities.

SCHEDULE 4 UNSECURED LOANS

PARTICULARS	As at 31.03.2011 Rs.in Lacs	As at 31.03.2010 Rs.in Lacs
Sales Tax Deferral (Under Package Scheme of Incentives) (Refer Note No.8 of Schedule 17)	2124.96	1687.51
Lease Finance	968.64	1171.52
Loans from Banks (Buyer's Credit)	-	10083.73
Loan from Body Corporates	7399.98	512.28
TOTAL	10493.58	13455.04

Note : Amount repayable within one year is Rs. 1714.08 Lacs (Previous Year : Rs.8312.60 Lacs)

SCHEDULE 5
FIXED ASSETS

(Rs.in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions	Deduction/ Adjustment	As at 31.03.2011	Upto 31.03.2010	For the year	Deduction/ Adjustment	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Owned Assets :										
a) Tangible Assets										
Freehold Land	1709.26	296.55	-	2005.81	-	-	-	-	2005.81	1709.26
Leasehold Land	331.90	-	-	331.90	53.14	3.38	-	56.52	275.38	278.76
Building	18648.58	1.23	2.33	18647.48	2980.07	587.34	1.01	3566.40	15081.08	15668.51
Railway Siding	3212.86	-	-	3212.86	1847.16	152.61	-	1999.77	1213.09	1365.70
Plant & Machinery	122341.33	3033.26	0.40	125374.19	31849.58	6912.55	0.38	38761.75	86612.44	90491.75
Developed Property	492.72	888.28	-	1381.00	93.79	38.07	-	131.86	1249.14	398.93
Office Equipment	298.68	34.82	-	333.50	132.78	13.89	-	146.67	186.83	165.90
Furniture & Fixture	404.90	14.17	1.49	417.58	251.57	22.65	1.27	272.95	144.63	153.33
Vehicles	616.52	78.46	8.65	686.33	326.36	45.10	2.14	369.32	317.01	290.16
Sub-total	148056.75	4346.77	12.87	152390.65	37534.45	7775.59	4.80	45305.24	107085.41	110522.30
b) Intangible Assets :										
Process Development*	3400.28	-	-	3400.28	2886.30	335.29	-	3221.59	178.69	513.98
Softwares**	17.99	4.34	-	22.33	10.20	9.50	-	19.70	2.63	7.79
Technical Know-How**	642.21	-	-	642.21	141.21	33.91	-	175.12	467.09	501.00
Indefeasible Right to Use**	461.50	519.89	-	981.39	13.02	32.92	-	45.94	935.45	448.48
Sub-total	4521.98	524.23	-	5046.21	3050.73	411.62	-	3462.35	1583.86	1471.25
Leased Assets:										
Plant & Machinery	2324.93	-	-	2324.93	1528.18	253.12	-	1781.30	543.63	796.75
Sub-total	2324.93	-	-	2324.93	1528.18	253.12	-	1781.30	543.63	796.75
Total	154903.66	4871.00	12.87	159761.79	42113.36	8440.33	4.80	50548.89	109212.90	112790.30
Previous Year	138370.23	16550.22	16.79	154903.66	34227.65	7889.96	4.25	42113.36	112790.30	
Capital Work-in-progress									63059.64	3539.87

*internally generated

**Other than internally generated

Notes :

1. Capital Work-in-progress includes :

	As at 31.03.2011	As at 31.03.2010
	Rs.in Lacs	Rs.in Lacs
Advances on Capital Account	43791.00	684.04
Material at site	779.87	76.05
Building under Construction	1145.43	5.15
Plant & Machinery under installation	5549.86	64.82
Mines under development	4851.08	1947.54
Pre-operative Expenses	6942.40	762.27
TOTAL :	63059.64	3539.87

- Buildings include cost of building aggregating to Rs. 144.43 Lacs, constructed on land, ownership of which does not vest with the Company.
- Factory Building and Shed situated at F-8, MIDC, Nagpur were revalued on 30th September 1985.
- Indefeasible Right to Use represents the cost incurred by the Company for the exclusive right of usage of certain piece of lands during the contract period.



SCHEDULE 6
INVESTMENTS

PARTICULARS

				As at 31.03.2011 Rs.in Lacs	As at 31.03.2010 Rs.in Lacs
Long Term		Number of shares	Face		
Trade Investments (Unquoted)		31.03.2011	31.03.2010	Value Rs.	
I) In Equity Shares of Subsidiary Company					
Jayaswal Neco Urja Limited (Formerly Raigarh Energy Limited)	25500	25500	10	2.55	2.55
II) In Equity Shares of Jointly Controlled Entity					
Ferromax Mines and Minerals Private Ltd	-	65100	10	-	6.51
III) In Equity Shares - Others					
Punjab & Maharashtra Co-operative Bank Ltd.	40	40	25	0.01	0.01
				<u>2.56</u>	<u>9.07</u>
Other than Trade					
I) In Equity Shares - Fully Paid Up (Quoted)					
Antarctica Graphics Limited	53000	53000	1	0.53	0.53
Elbee Services Limited	1400	1400	10	1.96	1.96
Indo French Biotech Limited *	-	800	10	-	0.08
Nova Steels India Limited *	-	12500	10	-	3.12
Enarai Finance Limited *	-	3900	10	-	0.78
Tourism Finance Limited	3000	3000	10	0.90	0.90
Triveni Sheet Glass Limited	1000	1000	10	1.00	1.00
Datar Switchgears Limited	2200	2200	10	1.05	1.05
Grapco Mining & Company Ltd *	-	50000	10	-	5.00
Ispat Industries Limited	60	60	10	0.01	0.01
Jindal Steel & Power Limited	3000	100	1	0.56	0.56
JSW Steel Limited	8	8	10	0.01	0.02
Kirloskar Ferrous Industries Ltd	100	100	5	0.02	0.02
Tata Steel Limited	135	135	10	0.41	0.41
Usha Martin Limited	500	100	1	0.05	0.05
II) Other Investments - Unquoted					
In Preference Shares					
Ispat Industries Limited (Rs.400)	40	40	10	0.00	0.00
Essar Steel Limited	60	60	10	0.03	0.03
In Units					
SBI One India Fund	100000	100000	10	10.00	10.00
SBI Infrastructure Bond	50000	50000	10	5.00	5.00
				<u>21.53</u>	<u>30.52</u>
Less : Provision for diminution in the value				<u>4.85</u>	<u>13.52</u>
				<u>16.68</u>	<u>17.00</u>
				<u>19.24</u>	<u>26.07</u>
TOTAL					
* Written off during the year					
Aggregate Value of Investments					
Quoted Investments :					
Book Value				1.97	2.00
Market Value				23.11	23.49
Unquoted Investments :					
Book Value				17.27	24.07

SCHEDULE 7
CURRENT ASSETS, LOANS AND ADVANCES

PARTICULARS	As at 31.03.2011 Rs.in Lacs	As at 31.03.2010 Rs.in Lacs
A) CURRENT ASSETS		
i) Inventories (As taken, valued and certified by the Management)		
Raw Materials	32493.88	17049.40
Stores, Spares and Consumables	6889.96	4937.29
Finished Goods	13835.11	9959.27
Work-in-progress	2558.20	2748.11
	<u>55777.15</u>	<u>34694.07</u>
ii) Sundry Debtors (unsecured and subject to confirmation) Due for a period exceeding six months		
Considered Good	1193.56	925.39
Considered Doubtful	622.84	599.01
	<u>1816.40</u>	<u>1524.40</u>
Less : Provision for Doubtful Debts	622.84	599.01
	<u>1193.56</u>	<u>925.39</u>
Others, considered good	24493.88	14591.58
	<u>25687.44</u>	<u>15516.97</u>
iii) Cash and Bank Balances		
Cash in hand	31.56	41.17
Balances with Banks:		
In Current Accounts	1724.05	958.11
(Including Cheques-in-hand)		
In Fixed Deposit Accounts	5508.21	2433.92
(Pledged with banks as Margin money)	7263.82	3433.20
	<u>88728.41</u>	<u>53644.24</u>
B) LOANS AND ADVANCES		
(unsecured and subject to confirmation)		
Advances to Subsidiary *	1375.92	585.78
Advances recoverable in cash or in kind or for value to be received.		
Considered Good	8332.29	20430.76
Considered Doubtful	771.41	711.50
	<u>9103.70</u>	<u>21142.26</u>
Less : Provision for Doubtful Advances	771.41	711.50
	<u>8332.29</u>	<u>20430.76</u>
Balance with Central Excise	384.69	178.88
Advance Payment of Income-tax (Net)	1981.48	1983.96
MAT Credit Entitlement	5390.88	2388.60
(Refer Note No.21 of Schedule 17)		
Deposits	1010.77	892.79
Less: Provision for Doubtful Deposits	15.85	15.85
	<u>994.92</u>	<u>876.94</u>
	<u>18460.18</u>	<u>26444.92</u>
TOTAL	<u>107188.59</u>	<u>80089.16</u>

*Includes Rs. 1368.00 Lacs (Previous Year Rs. 585 Lacs), being Advance against Share Application Money given to Jayaswal Neco Urja Limited, the Subsidiary Company, Maximum Balance at any time during the year Rs. 1,375.92 Lacs (Previous Year : Rs 585.78 Lacs).



SCHEDULE 8
CURRENT LIABILITIES AND PROVISIONS

PARTICULARS	As at 31.03.2011 Rs.in Lacs	As at 31.03.2010 Rs. in Lacs
A) CURRENT LIABILITIES		
Acceptances	22712.48	185.69
Sundry Creditors - Micro, Small and Medium Enterprises @	-	-
- Others #	14109.93	5791.20
(subject to confirmation)		
Advances from Customers	2335.08	1850.30
Other Liabilities	3615.88	3449.13
Interest Accrued but not due	297.28	558.34
	<u>43070.65</u>	<u>11834.66</u>
B) PROVISIONS		
Provision for Gratuity	774.28	623.61
Provision for Leave Encashment	509.19	400.47
Provision for Other Employee Benefits	185.11	149.54
Other Provisions *	2620.65	2145.99
Provision for Income Tax	3116.48	1,876.09
Provision for Wealth tax	1.15	1.07
	<u>7206.86</u>	<u>5196.77</u>
TOTAL	<u>50277.51</u>	<u>17031.43</u>

@ The Company has not received information from Creditors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure as required under the Companies Act, 1956 relating to amounts unpaid as at the year end together with Interest paid / payable have not been given.

Includes Rs 1042.39 Lacs related to Creditors for Capital Goods (Previous year: Rs 1305.15 Lacs)

* The Company has recognised liabilities based on substantial degree of estimation for Excise Duty payable on clearance of goods lying in stock, provision for Site Restoration expenses Entry Tax and Cess on Metallurgical Coke paid under dispute. The excise duty payable on clearance of goods lying in stock as at 31st March, 2010 was of Rs. 966.91 Lacs as per the estimated pattern of despatches. During the year Rs.966.91 Lacs was utilised for clearance of goods. Liability recognised under this clause for the year is Rs. 1441.57 Lacs which is outstanding as on 31st March, 2011. Actual outflow is expected in the next financial year. Any additional information in this regard can be expected to prejudice seriously the position of the Company.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE 9
OTHER INCOME

PARTICULARS	Year ended 31.03.2011 Rs.in Lacs	Year ended 31.03.2010 Rs.in Lacs
Interest Received	1118.45	1582.75
[Tax deducted at source Rs.146.31 Lacs (Previous year Rs.175.85 Lacs)]		
Dividend : From Long-term Investments	0.09	0.09
Export Incentives	35.44	48.31
Excess Provision written back (Net)	421.17	13.84
Gain on Foreign Exchange Fluctuation (Net)	309.42	1512.96
Other Miscellaneous Receipts	90.57	41.35
TOTAL	<u>1975.14</u>	<u>3199.30</u>

SCHEDULE 10
INCREASE /(DECREASE) IN STOCKS

PARTICULARS	Year ended 31.03.2011 Rs. in Lacs	Year ended 31.03.2010 Rs. in Lacs
Closing Stock		
Finished Goods	13835.11	9959.27
Work-in-progress	2558.20	2748.11
	<u>16393.31</u>	<u>12707.38</u>
Opening Stock		
Finished Goods	9959.27	6196.89
Work-in-progress	2748.11	2979.87
	<u>12707.38</u>	<u>9176.76</u>
Increase / (Decrease) in Stocks	<u>3685.93</u>	<u>3530.62</u>

SCHEDULE 11
RAW MATERIALS CONSUMED

PARTICULARS	Year ended 31.03.2011 Rs. in Lacs	Year ended 31.03.2010 Rs. in Lacs
Raw Materials Consumed		
Opening Stock of Raw Materials	17049.40	15899.18
Add : Purchases	141971.34	108885.31
	<u>159020.74</u>	<u>124784.49</u>
Less : Closing Stock of Raw Materials	32493.88	17049.40
TOTAL	<u>126526.86</u>	<u>107735.09</u>

SCHEDULE 12
MANUFACTURING EXPENSES

PARTICULARS	Year ended 31.03.2011 Rs. in Lacs	Year ended 31.03.2010 Rs. in Lacs
Consumables, Stores and Spares Consumed	16196.89	12237.97
Power and Fuel	7767.92	6132.33
Excise Duty	474.66	530.32
Repairs and Maintenance -		
Building	103.29	68.26
Plant and Machinery	5439.72	4480.56
Others	6.78	7.20
Royalty and Cess	751.90	568.47
Internal Material Movement	2059.32	2021.70
Other Manufacturing Expenses	1431.42	1832.06
TOTAL	<u>34231.90</u>	<u>27878.87</u>



SCHEDULE 13
REMUNERATION AND BENEFITS TO EMPLOYEES

PARTICULARS	Year Ended 31.03.2011	Year Ended 31.03.2010
	Rs.in Lacs	Rs.in Lacs
Salaries, Wages and Allowances	7354.02	5910.60
Contribution to P.F. and Other Funds	1025.52	787.40
Welfare and Other Amenities	1299.35	1028.73
TOTAL	9678.89	7726.73

SCHEDULE 14
ADMINISTRATIVE, SELLING AND OTHER EXPENSES

PARTICULARS	Year Ended 31.03.2011	Year Ended 31.03.2010
	Rs.in Lacs	Rs.in Lacs
A) ADMINISTRATIVE EXPENSES		
Rent	131.40	94.28
Rates and Taxes	93.55	63.62
Insurance	106.30	94.48
Printing and Stationery	56.24	51.01
Communication	134.78	133.73
Travelling and Conveyance	861.15	724.56
Vehicle Maintenance	178.32	153.95
Legal and Professional Charges	701.87	639.67
Payments to Auditors	51.31	49.88
Miscellaneous	583.52	560.83
	2898.44	2566.01
B) SELLING AND DISTRIBUTION EXPENSES		
Advertisement & Publicity	76.23	80.95
Commission	285.30	368.03
Sales Promotion Expenses	103.71	60.23
Freight and Forwarding	3567.77	2920.36
Sales Tax	239.28	64.34
	4272.29	3493.91
C) OTHER EXPENSES		
Cash Discount	4.00	31.82
Provision for Sales Tax Deferral	492.92	399.22
Bad Debts / Advances written off	52.34	8.50
Provision for Doubtful Debts/Advances	137.37	67.01
Loss on Sale of Fixed Assets	1.65	1.14
Donations	7.34	8.14
Wealth tax	1.15	1.07
	696.77	516.90
TOTAL	7867.50	6576.82

SCHEDULE 15
INTEREST AND FINANCIAL CHARGES

PARTICULARS	Year Ended 31.03.2011	Year Ended 31.03.2010
	Rs.in Lacs	Rs.in Lacs
Interest Paid		
On Fixed Loans	7604.92	6925.43
Others	5088.64	4979.13
	12693.56	11904.56
Lease Finance Charges	221.67	296.98
Financial Charges	1439.19	1626.69
TOTAL	14354.42	13828.23

SCHEDULE 16

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The Financial Statements are prepared under the historic cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

2. USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

3. FIXED ASSETS:

Fixed Assets are stated at cost less accumulated depreciation, net of Central Value Added Tax and Value Added Tax. All costs including financing cost till commencement of commercial production are capitalised. Expenses incurred relating to project, prior to commencement of commercial operation, are considered as pre-operative expenditure and shown under Capital Work-in-Progress.

4. DEPRECIATION:

- i) Depreciation on Fixed Assets has been provided on straight line basis at the rates and in the manner laid down in Schedule XIV of The Companies Act, 1956 or at the rates applicable at the time of acquisition, erection or installation of the assets.
- ii) Depreciation on adjustment to Fixed Assets on account of exchange differences is provided over the remaining useful life of such asset.
- iii) Assets acquired under finance lease on or after 1st April 2001 are depreciated on a straight line basis over the lease term.
- iv) The leasehold land has been amortised over the lease period.
- v) Development of Property and Mining Rights are depreciated over the useful life of the mine or lease period whichever is shorter.
- vi) In respect of Fixed Assets acquired pursuant to the Schemes of Arrangements, depreciation is provided for the balance period of economic useful life of those assets.

5. INTANGIBLE ASSETS:

Intangible Assets are stated at cost less accumulated amortisation. Process Development Cost is amortised over a period of ten years. Technical Know-how is amortised over the useful life of the underlying plant. Softwares are amortised over a period of three years and Indefeasible Right to Use has been amortised over the period of the agreement.

6. INVESTMENT:

Current investments are carried at the lower of cost or quoted / fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

7. INVENTORY:

The inventories i.e. Raw Materials, Stores and Spares, Finished Goods etc. have been valued at lower of cost or realisable market value. Cost of Inventories comprise of all costs of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. The cost of Raw Material and Stores & Spares is determined at First-In-First-Out Method and Weighted Average Method respectively. By-products are valued at Net Realisable Value. The cost of Work-in-progress and Finished Stock is determined on absorption costing method. The value of inventories of Finished Goods includes Excise Duty wherever applicable.

8. FOREIGN CURRENCY TRANSACTIONS:

- a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- b) Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts has been recognised over the life of the contract.
- c) Non monetary foreign currency items are carried at cost.
- d) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss Account.

9. FINANCIAL DERIVATIVES:

In respect of derivative contracts, premium paid, gains / losses on settlement and provision for losses, if any; are recognised in the Profit and Loss Account.

10. REVENUE RECOGNITION

Revenue from sale of goods and services is recognized when it is earned and no significant uncertainty exists as to its ultimate collection. Interest income is recognised on a time proportion basis. Dividend is considered when the right to receive is established.

11. TURNOVER:

Turnover includes income from sale of goods, trial run products, services, job work, excise duty, sales tax and freight and is net of rebates, discounts and value added tax recovered.

12. BORROWING COSTS:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such



assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

13. DEFERRED LIABILITIES:

Sales Tax payable under the Deferral Scheme of Incentives is provided for on the basis of Net Present Value.

14. EMPLOYEE BENEFITS:

- i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account/preoperative expenditure of the year in which the related service is rendered.
- ii) Post employment and other long term employee benefits are recognized as an expense in the Profit and Loss account/preoperative expenditure for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Profit and Loss account/project development expenditure.

15. LEASE:

- a) Operating Leases: Rentals are expensed with reference to lease terms and other considerations.
- b) In respect of Lease transactions entered into prior to 1st April 2001, lease rentals are expensed with reference to lease terms and other considerations, except for rentals pertaining to the period up to the dates of commissioning of the assets which are capitalised.
- c) In respect of Lease transactions entered into on or after 1st April 2001, the lower of the fair value of the assets and the present value of the minimum lease rentals is capitalized as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to the Profit and Loss Account.

16. PRELIMINARY AND ISSUE EXPENSES:

Preliminary and Issue Expenses are adjusted against the Share Premium Account.

17. PROVISION FOR DOUBTFUL DEBTS AND LOANS AND ADVANCES:

Provision is made in the accounts for doubtful debts and loans and advances in cases where the management considers the debts, loans and advances, to be doubtful of recovery.

18. SEGMENT ACCOUNTING:

i) Segment Accounting Policies :

Segment accounting policies are in line with the accounting policies of the Company. However, the following specific accounting policies have been followed for segment reporting:

- a) Segment Revenue includes Sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.
- b) Expenses that are directly identifiable with / allocable to segments are considered for determining the Segment Result. The expenses which relate to the Company as a whole and not allocable to segments, are included under "Unallocable expenditure".
- c) Income which relates to the Company as a whole and not allocable to segments is included in "Unallocable Corporate Income".
- d) Segment Assets and Liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment. Unallocable assets mainly comprise investments, unallocable loans and advances and, deferred revenue expenditure. Unallocable liabilities include mainly loan funds and interest liabilities.

ii) Inter-Segment Transfer Pricing :

Segment Revenue resulting from transactions with other business segments is accounted on the basis of market price.

19. IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the profit & loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

20. PREMIUM ON REDEMPTION OF DEBENTURES

Premium on redemption of debentures is adjusted against the Share Premium Account.

21. PROVISION FOR CURRENT AND DEFERRED TAX

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

22. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provision involving substantial degree of estimation in measurement is recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

SCHEDULE 17
NOTES TO ACCOUNTS

	31.03.2011 (Rs.in Lacs)	31.03.2010 (Rs.in Lacs)
1 Previous Year's figures have been reworked / regrouped / rearranged / reclassified wherever necessary.		
2 Contingent Liabilities :		
a. Guarantees given by the Company's Bankers. (Bank guarantees are provided under contractual/legal obligation. No cash outflow is expected.)	2739.35	2879.53
b. Corporate Guarantee (Given to Banks against the borrowings taken by one of the associate Company)	1181.00	457.83
c. Demands not acknowledged as debts		
i) Disputed Excise Duty and Service Tax (No cash outflow is expected in the near future.)	2527.31	734.88
ii) Disputed Sales Tax (No cash outflow is expected in the near future.)	1381.64	1044.09
iii) Disputed Customs Duty (Relating to cess on Metallurgical Coke)	761.65	736.01
iv) Other Disputed Demands (Mainly related to demand of Cess on Power, no cash outflow is expected in the near future.)	1723.26	51.33
v) Third Party Claims (Matters are pending before various forum. No cash outflow is expected.)	321.61	329.44
e. Liability in respect of Bills Discounted (No cash outflow is expected.)	8158.92	3141.78
f. Letters of credit opened in favour of suppliers (Cash flow is expected on receipt of material from suppliers)	9790.07	2949.31
3 Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (net of advances) (Cash flow is expected on execution of such capital contracts on progressive basis)	130277.93	86.47
4 In the opinion of the management, Current Assets, Loans and Advances are of the value stated, if realised in the ordinary course of business.		
5 a. The Company has undertaken Projects for enhancement of Capacities of its Intergrated Steel Plant in Chattisgarh by expanding its Steel Melt Shop, Rolling Mills, Sponge Iron Plant, Captive Power Plants, Coal Washeries and developing its Coal and Iron Ore Mines (the Project). A part of the cost of the Project is to be financed by the Equity Contribution. Accordingly the Promoters along with their Associates have contributed Rs.22029 Lacs which has been accounted as "Advance received against Share Application" pending necessary approvals and compliance of the legal requirements as required under the Companies Act, 1956 and SEBI Guidelines for issuance of shares on preferential basis.		
b. Since the projects are under construction stage, the expenditure incurred towards construction of projects have been considered as Pre-operative Expenditure, the details of which as under :		
Particulars	31.03.2011 (Rs.in Lacs)	31.03.2010 (Rs.in Lacs)
Remuneration and Benefits to Employees	248.80	124.11
Electricity	-	2.72
Repairs & Maintenance - Buildings	1.21	1.48
Repairs & Maintenance - Others	15.78	1.09
Rates, Taxes and Fees	2.86	0.50
Travelling and Conveyance	33.10	2.21
Power & Fuel	159.38	-
Wages	22.91	-
Legal & Professional	200.25	58.01
Insurance	-	2.52
Miscellaneous Expenses	79.30	12.28
Depreciation	6.88	-
Interest and Financial Charges	5409.69	701.31
	6180.16	906.23
Less : Miscellaneous Income	0.03	-
Preoperative Expenses during the year	6180.13	906.23
Add : Preoperative Expenses upto Previous Year	762.27	2632.26
	6942.40	3538.49
Less : Allocated during the year	-	2276.22
	6942.40	762.27
6 During the year, the Board of Directors has approved the Scheme of Arrangement ("the Scheme") under section 391-394 of the Companies Act, 1956, between the Company and Corporate Ispat Alloys Limited ("CIAL") providing for demerger of Steel Division of CIAL for the purpose of its merger with the Company with effect from 1st April, 2008. Necessary approvals from the Stock Exchanges under clause 24(f) of the Listing Agreement have been received. The Company is in the process of filing the application to the High Court seeking directions for convening meetings of Shareholders and Creditors of the Company.		



On obtaining the required statutory approvals and sanction of the High Court, and the Scheme coming into force, the Company shall pursuant to the Scheme issue as consideration for transfer of Assets and Liabilities of the Steel Division, 3,26,49,600 Equity Shares of Rs. 10/- each credited as fully paid up to the eligible shareholders of CIAL in the ratio of 114 Equity Shares of the Company for every 10 Equity Shares held by them in CIAL as on the record Date.

- | | | | |
|---|--|---------|----------|
| 7 | i) Derivative Contracts entered into by the Company and outstanding | 2246.00 | 3874.30 |
| | ii) Foreign Currency exposures that are not hedged by derivatives instruments are as under : | | |
| | a) Receivable : | 573.63 | 197.14 |
| | b) Payable : | 234.90 | 13182.28 |
| | iii) The expenditure on account of exchange difference on outstanding forward exchange to be recognised in the Profit and Loss account of subsequent period - Rs. 20.45 Lacs (Rs 26.10 Lacs) | | |
| 8 | The Company is entitled to defer its liability to pay Sales Tax (including a portion of Purchase Tax) in respect of its certain units. The liability under the Schemes as on 31st March, 2011 is Rs. 5096.14 Lacs (Previous Year : Rs.4147.55 Lacs) which is provided for on the basis of its Net Present Value of Rs. 2124.96 Lacs (Previous Year : Rs.1687.51 Lacs). | | |
| 9 | As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee Benefits as defined in the Accounting Standard are given below: | | |

	31.03.2011 (Rs.in Lacs)	31.03.2010 (Rs.in Lacs)
Defined Contribution Plan		
Employer's Contribution to Provident Fund, ESIC and Other Funds	720.31	525.14
Employer's Contribution to Superannuation Fund	115.12	74.90

Defined Benefit Plan

The employees Gratuity Fund Scheme, which is a defined benefit plan, is managed by a Trust maintained with Life Insurance Corporation of India (LIC). The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

	31.03.2011 (Funded)	31.03.2010 (Funded)
i. Reconciliation of Opening and Closing balance of Defined Benefit Obligation.		
Defined Benefit Obligation at the beginning of the year	1,096.04	805.31
Current Service Cost	176.97	153.62
Interest Cost	75.62	88.21
Benefit Paid	(49.76)	(39.61)
Actuarial Losses / (Gain)	31.08	88.51
Defined Benefit Obligation at year end.	1,329.95	1,096.04
ii. Reconciliation of Opening and Closing balance of Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	472.44	360.41
Expected Return on Plan Assets	46.40	33.16
Employer Contribution	89.92	114.38
Benefit paid	(49.76)	(39.61)
Actuarial gain /(loss) on Plan Assets	(3.33)	4.10
Fair Value of Plan Assets at year end.	555.67	472.44
iii. Reconciliation of Fair Value of assets and obligations		
Fair Value of Plan Assets	555.67	472.44
Present Value of Funded Obligations	1,329.95	1,096.04
Amount recognised in the Balance Sheet	774.28	623.60
iv. Expense recognized in Statement of Profit & Loss Account		
Current Service Cost	176.97	153.62
Interest on Defined Benefit Obligation	75.62	88.21
Expected return On Plan Assets	(46.40)	(33.16)
Net Actuarial Losses / (Gains) Recognised in year	34.41	84.41
Non Funded Liability of Earlier Years written back	-	(105.72)
Total included in "Remuneration and benefits to Employees "	240.60	187.36
v. Amounts for the current and previous periods are as follows :		
	31.03.2011	31.03.2010
Defined Benefit Obligation	1329.95	1096.04
Plan Assets	555.67	472.44
Surplus/(Deficit)	(774.28)	(623.60)
Experience adjustment on Plan Assets (Gain)/Loss	*	*
Experience adjustment on Plan Liabilities Gain/ (Loss)	*	*
vi. Actuarial Assumptions		
Mortality Table (LIC)	1994-96	1994-96
	(Ultimate)	(Ultimate)
Discount rate (per annum)	8.00%	8.00%
Expected Rate of escalation in Salary (per annum)	8.00%	5.00%
Expected rate of return on Plan Assets (per annum)	9.20%	9.20%

* The details are not furnished as the informations are not available with the Company.

10 Segment Reporting :

A. Segment information as per Accounting Standard - 17 on Segment Reporting :

Information provided in respect of revenue items for the year ended 31st March 2011 and in respect of assets / liabilities as at 31st March, 2011.

Information about Primary (Product wise) segments :

(Rs.in Lacs)

Sr. No.	Particulars	Steel	Iron & Steel Castings	Unallocated	Eliminations	Total
1.	REVENUE					
	External Sales	198723.97	48804.54	-		247528.51
		(152955.81)	(40135.65)	(-)		(193091.46)
	Inter-segment sales	4123.00	157.81	-	(4280.82)	-
		(5897.93)	(420.80)	(-)	(-6318.73)	(-)
	Total Revenue	202846.97	48962.35	-	(4280.82)	247528.51
		(158853.74)	(40556.45)	(-)	(-6318.73)	(193091.46)
2.	RESULTS					
	Segment Results	24910.60	3328.51	-		28239.11
		(19687.41)	(3207.08)	(-)		(22894.49)
	Unallocated Corporate Expenses	-	-	98.23		98.23
		(-)	(-)	(54.04)		(54.04)
	Managerial Remuneration	-	-	105.28		105.28
		(-)	(-)	(100.63)		(100.63)
	Operating Profit / (Loss)					28035.60
						(22739.82)
	Interest Expense and Financial Charges	-	-	14354.42		14354.42
		(-)	(-)	(13828.23)		(13828.23)
	Interest Income	-	-	1118.45		1118.45
		(-)	(-)	(1582.75)		(1582.75)
	Profit /(Loss) on Sale of Assets & Investments	-	-	(1.65)		(1.65)
		(-)	(-)	(-1.14)		(-1.14)
	Other Income	-	-	10.01		10.01
		(-)	(-)	(8.41)		(8.41)
	Income tax (Including Deferred Tax)	-	-	4992.62		4992.62
		(-)	(-)	(3,516.82)		(3516.82)
	Net Profit / (-) Loss					9815.37
						(6984.79)
3.	OTHER INFORMATION					
	Segment Assets	237524.33	32290.80	-		269815.13
		(154036.89)	(29449.71)	(-)		(183486.60)
	Unallocated Corporate Assets	-	-	9665.24		9665.24
		(-)	(-)	(12958.80)		(12958.80)
	Total Assets					279480.37
						(196445.40)
	Segment Liabilities	42476.10	7231.14	-		49707.24
		(22646.17)	(4542.90)	(-)		(27189.07)
	Unallocated Corporate Liabilities	-	-	155857.47		155857.47
		(-)	(-)	(109980.57)		(109980.57)
	Total Liabilities					205564.71
						(137169.64)
	Capital Expenditure *	63362.16	1028.61	-		64390.77
		(4323.48)	(783.60)	(-)		(5107.08)
	Depreciation	7327.23	1102.10	4.12		8433.45
		(6806.84)	(1079.00)	(4.12)		(7889.96)
	Non-cash Expenses other than Depreciation	-	-	-		-
		(-)	(-)	(-)		(-)

Note : Figures in brackets represent previous year's amounts.



B. Segment Identification, Reportable Segments and definition of each segment :

i. Primary / Secondary Segment Reporting Format :

- a) The risk-return profile of the Company's business is determined predominantly by the nature of its products. Accordingly, the business segments constitute the Primary Segments for disclosure of segment information.
- b) Since all the operations of the Company are predominantly conducted within India, there are no separate reportable geographical segments.

ii. Reportable Segments :

Segments have been identified and reported taking into account the differing risks and returns, nature of products, the organisational structure and the internal reporting system of the Company.

iii. Segment Composition :

- a) Steel Segment is engaged in manufacture and sale of Pig Iron, Billets, Rolled Products, Sponge Iron and includes its captive Power Plants at its unit located at Siltara, Raipur and Mining activities in the state of Chhattisgarh, Jharkhand and Maharashtra.
- b) Iron and Steel Castings Segment comprises of manufacture and sale of Engineering and Automotive Castings with production facilities at Nagpur, Bhilai and Anjora.

11 Related Party Disclosures :

A. List of related parties :

(As certified by the Company)

I. Subsidiary

Jayaswal Neco Urja Limited (formerly known as Raigarh Energy Limited)

II. Associate Companies

Maa Usha Urja Limited

Ferromax Mines and Minerals Private Limited (upto 02.02.2011)

III. Key Management Personnel

Shri B.L. Shaw

Shri Arbind Jayaswal

Shri Ramesh Jayaswal

Shri P.K.Bhardwaj

IV. Enterprises in which key managerial personnel and their relatives are able to exercise significant influence with whom transactions have taken place during the year:

(Other related parties)

Abhijeet Infrastructure Limited

Neco Heavy Engineering and Castings Limited

Neco Ceramics Limited

NSSL Limited

JLD Yavatmal Energy Limited

North Karnapura Coal Company Limited

Deify Infrastructures Limited

Nilhat Commodities Private Limited

Apex Spinning Mills Private Limited

Avon Sales & Services Private Limited

Jyotikant Investments Private Limited

Jayaswal Neco Infrastructures Private Limited

Jayaswal Neco Steel and Mining Private Limited

AMR Iron and Steel Private Limited

Neco Mining Company Limited

Steel & Tube Exports Limited

Corporate Ispat Alloys Limited

Neco Industries Limited

Jayaswal Holdings Private Limited

Anurag Sales & Services Private Limited

Karamveer Impex Private Limited

Nine Star Plastic Packaging Services Private Limited

Vibrant Electronics Limited

Jayaswal Neco Energy Private Limited

Jayaswal Neco Power Private Limited

B. Transactions with Related Parties :

(Rs. In Lacs)

Nature of transaction	Subsidiary	Associates	Other Related Parties	Key Management Personnel & Relatives	Total
Advance received against Share Application	-	-	21,029.00	-	21,029.00
	(-)	(-)	(-)	(-)	(-)
Investments - Purchased during the year	-	-	-	-	-
	(2.55)	(-)	(-)	(-)	(2.55)
Investments - Sold during the year	-	-	6.51	-	6.51
	(-)	(-)	(-)	(-)	-

Nature of transaction	Subsidiary	Associates	Other Related Parties	Key Management Personnel & Relatives	Total
Investment - as at 31st March, 2011	2.55	-	-	-	2.55
	(2.55)	(-)	(6.51)	(-)	(9.06)
Corporate Guarantees Given	-	1181.00	-	-	1181.00
	(-)	(450.00)	(-)	(-)	(450.00)
Unsecured Loans					
Taken during the year	-	-	6450.68	-	6450.68
	(-)	(-)	(3,406.00)	(-)	(3,406.00)
Repaid during the year	-	-	452.97	-	452.97
	(-)	(-)	(3,614.62)	(-)	(3,614.62)
Balance as on 31st March 2011	-	-	6,036.73	-	6,036.73
	(-)	(-)	(39.02)	(-)	(39.02)
Fixed Assets					
Purchase of Fixed Assets	-	-	4536.43	-	4536.43
	(-)	(-)	(11.18)	(-)	(11.18)
Sale of Fixed Assets	-	-	-	-	-
	(-)	(-)	(9.75)	(-)	(9.75)
Purchase of Goods & Services	-	-	-	-	-
Purchase of Goods	-	2001.62	10151.68	-	12153.30
	(-)	(1829.47)	(7420.45)	(-)	(9249.92)
Other Manufacturing Expenses	-	-	34.16	-	34.16
	(-)	(-)	(642.73)	(-)	(642.73)
Sale of Goods & Services	-	-	-	-	-
Sale of Goods & Services	-	0.31	20968.81	-	20969.12
	(-)	(219.70)	(13639.89)	(-)	(13859.59)
Sundry Creditors					
Balance as on 31st March 2011	-	-	631.67	-	631.67
	(-)	(441.31)	(1009.42)	(-)	(1450.73)
Deposit Received as on 31st March 2011	-	-	15.00	-	15.00
	(-)	(-)	(30.00)	(-)	(30.00)
Advances Recoverable in cash or in kind					
Balance as on 31st March 2011	1375.92	-	1312.76	-	2688.68
	(585.78)	(-)	-8,300.59	(-)	(8886.37)
Capital Advances					
Balance as on 31st March 2011	-	-	42915.91	-	42915.91
	(-)	(-)	(-)	(-)	(-)
Sundry Debtors					
Balance as on 31st March 2011	-	31.64	2836.06	-	2867.70
	(-)	(0.42)	(1792.74)	(-)	(1793.16)
Income					
Rent Received	-	-	1.14	-	1.14
	(-)	(-)	(1.14)	(-)	(1.14)
Interest Received	-	-	711.40	-	711.40
	(-)	(-)	(786.79)	(-)	(786.79)
Commission Received	-	5.91	0.95	-	6.86
	(-)	(5.91)	(6.36)	(-)	(12.27)
Reimbursement of Expenses to the Company	51.66	122.79	1,481.25	-	1655.70
	(114.97)	(46.03)	(452.47)	(-)	(613.47)
Expenditure					
Payment of Salaries / Perquisites	-	-	-	126.44	126.44
	(-)	(-)	(-)	(120.04)	(120.04)
Sitting Fees	-	-	-	0.25	0.25
	(-)	(-)	(-)	(0.25)	(0.25)
Service Charges	-	-	3.94	-	3.94
	(-)	(-)	(3.84)	(-)	(3.84)
Rent Paid	-	-	-	6.60	6.60
	(-)	(-)	(-)	(6.75)	(6.75)
Interest Paid	-	-	21.29	-	21.29
	(-)	(-)	(61.95)	(-)	(61.95)
Reimbursement of Expenses by the Company	0.01	1.60	76.32	-	77.93

Note : Figures in brackets represent previous year's amounts.



C. Details of major transactions with Related Parties :

		31.03.2011 (Rs.in Lacs)	31.03.2010 (Rs.in Lacs)
Advance received against Share Application	Jayaswal Neco Steel and Mining Private Limited	2500.00	-
	Nine Star Plastic Packaging Services Private Limited	2380.00	-
	Jayaswal Neco Power Private Limited	2550.00	-
Investments - Sold	Ferromax Mines and Minerals Private Limited	6.51	-
Investments - Closing Balance	Jayaswal Neco Urja Limited	2.55	-
Corporate Guarantee Given	Maa Usha Urja Limited	1181.00	450.00
Unsecured Loans taken	Corporate Ispat Alloys Limited	5900.00	-
Unsecured Loans repaid	Corporate Ispat Alloys Limited	452.97	3366.98
Purchase of Fixed Assets	Deify Infrastructures Limited	4520.68	-
Purchase of Goods	NSSL Limited	3051.32	2161.8
	Maa Usha Urja Limited	2001.62	1829.47
	Neco Heavy Engineering and Castings Limited	1347.94	1096.58
	Corporate Ispat Alloys Limited	3625.54	2929.57
Sale of Goods	NSSL Limited	8541.05	6472.05
	Corporate Ispat Alloys Limited	10989.62	5531.14
Other Manufacturing Expenses	NSSL Limited	29.05	638.30
Sundry Creditors	Corporate Ispat Alloys Limited	361.51	226.25
	Neco Mining Company Limited	100.00	-
	Abhijeet Infrastructure Limited	109.97	-
Deposits Received	Neco Heavy Engineering and Castings Limited	15.00	15.00
Advances - Closing Balance	Corporate Ispat Alloys Limited	971.52	6598.81
	Neco Ceramics Limited	173.41	-
	Jayaswal Neco Urja Limited	1375.92	-
Capital Advances	Deify Infrastructures Limited	42915.91	-
Sundry Debtors	NSSL Limited	2668.55	1177.83
Rent Received	Neco Heavy Engineering and Castings Limited	1.14	1.14
Interest Received	Corporate Ispat Alloys Limited	711.40	786.79
Commission Received	Corporate Ispat Alloys Limited	0.95	6.36
	Maa Usha Urja Limited	5.91	5.91
Payment of Salaries/Perquisites	Arbind Jayaswal	51.60	50.33
	Ramesh Jayaswal	51.60	50.32
	P.K.Bhardwaj	23.24	19.39
Sitting Fees	B. L. Shaw	0.25	0.25
Service Charges	Steel & Tube Exports Limited	3.94	3.84
Rent Paid	B.L. Shaw	1.12	2.25
	Arbind Jayaswal	4.43	2.25
	Ramesh Jayaswal	4.43	2.25
Interest Paid	AMR Iron and Steel Private Limited	21.29	61.95

12 Disclosures of Loans and Advances

i) Loans and advances includes the following amounts due from the Companies in which directors are interested	Balance due as on		Maximum balance	
	31.03.2011 (Rs.in Lacs)	31.03.2010 (Rs.in Lacs)	31.03.2011 (Rs.in Lacs)	31.03.2010 (Rs.in Lacs)
Corporate Ispat and Alloys Limited *	-	6598.81	-	8433.75

Note: -

Loans to Employees as per Company's policy are not considered.

* Falls under the category of Loans & Advances in the nature of Loans where there is no repayment schedule and are repayable on demand.

13 During the year ended 31st March 2011, the Company disposed off its entire investment in Ferromax Mines and Minerals Private Limited (FMMPL). Resultantly, FMMPL has ceased to be an associate of the Company.

14 The breakup of Deferred Tax Assets and Deferred Tax Liabilities into major components of respective balances is as under :

	As at 31.03.2011 (Rs.in Lacs)	As at 31.03.2010 (Rs.in Lacs)
(i) Deferred Tax Liabilities		
Related to Fixed Assets	13682.51	13408.43
Sales Tax Deferred claimed as deduction for tax purposes but not debited to Profit & Loss Account	888.64	807.15
Total	14571.15	14215.58
(ii) Deferred Tax Assets		
Unabsorbed Depreciation	1444.70	6308.75
Items disallowed under section 43B of Income Tax Act, 1961	603.96	340.18
Provision for Doubtful Debtors & Advances	468.40	440.58
Leased Asset	141.17	124.48
Total	2658.23	7213.99
Net Deferred Tax Liability / (Asset)	11912.92	7001.59
Amount debited to Profit and Loss Account	4911.33	3435.81

15 Basic and Diluted Earning Per Share

For the purpose of calculation of Basic and Diluted Earning Per Share the following amounts are considered :

	Year ended 31.03.2011 (Rs.in Lacs)	Year ended 31.03.2010 (Rs.in Lacs)
Earnings Per Share		
Net Profit after tax	9815.37	6918.90
Less : Expenses for earlier years	(0.25)	(6.72)
Amount available for Equity Shareholders of Basic and Diluted Earnings Per Share (A)	9815.12	6912.18
Weighted average number of equity shares (Nos.) (B)	249032411	236660904
Basic and Diluted Earnings Per Share of face value of Rs.10/- each (A) / (B)	3.94	2.92

Note:

No effects have been given of advance against share application money received for the purpose of calculating Diluted Earning Per Share as the price at which the shares will be issued is not yet finalized.

16 Dividend accrued on Redeemable Preference Shares not provided for :

1 16% Redeemable Cumulative Preference Shares	1700.51	1700.51
2 0.0001% Cumulative Redeemable Preference Shares	0.01	0.01
Total	1700.52	1700.52

17 Balances with Banks include:

Balances with Scheduled Banks	7216.61	3373.29
Balance with Durg Rajnandgaon Gramin Bank Ltd., [Maximum balance outstanding during the year Rs.11.06 Lacs (Previous Year : Rs.22.48 Lacs)]	15.65	18.74

18 a. Managerial Remuneration :

i. Salaries	108.47	93.43
ii. Contribution to Provident Fund	7.65	7.20
iii. Perquisites	-	0.02
iv. Directors' Sitting Fees	1.20	1.22
Total	117.32	101.87

Liability for Gratuity and other long term benefits is provided on actuarial basis for the Company as a whole, the amount pertaining to directors is not ascertainable and, therefore, not included above.

b. Computation of Net Profit u/s 349 of the Companies Act, 1956.

Profit Before Taxation	14807.99	10501.61
Add : Depreciation as per accounts	8433.45	7889.96
Add : Directors' Remuneration*	116.12	100.65
Add: Loss on Sale of Assets (Net)	1.65	1.14
	23359.21	18493.36
Less : Depreciation under section 350 of the Companies Act, 1956.	8433.45	7889.96
Less : Prior Period Items (Net)	0.25	72.61
Less : Excess of Expenditure over Income in Earlier Years	6138.03	16668.82
Net Profit/(Loss) for the purpose of Commission	8787.48	(6138.03)
Commission Payable 3% of Net Profit	263.62	-
Commission Paid	-	-

* includes Rs. 12.92 Lacs paid to two Directors which is subject to Members approval.

19 Payment to Auditors :

Audit Fees	34.10	29.00
Tax Audit Fees	3.45	5.00
Certification Charges	6.00	6.00
Company Law Matters & Other Matters	2.75	5.00
Out of Pocket Expenses	5.01	4.88
Total	51.31	49.88

20 In accordance with the Accounting Standard (AS-28) on "Impairment of Assets", the Management during the year carried out an exercise of identifying the assets that may have been impaired in respect of each cash generating unit in accordance with the said Accounting Standard. On the basis of this review carried out by the management, there was no impairment loss on Fixed Assets during the year ended 31st March, 2011.

21 Presently the Company is liable to pay Minimum Alternate Tax (MAT) under section 115JB of the Income Tax Act, 1961 (The Act) and the amount paid as MAT is allowed to be carried forward for being set off against the future tax liabilities computed in accordance with the



provisions of the Act, other than Section 115JB, in next ten years. Based on the future projection of the performances, the Company will be liable to pay the income tax computed as per provisions, other than under section 115JB, of the Act. Accordingly as advised in Guidance note on "Accounting for Credit available in respect of Minimum Alternate Tax under the Income Tax Act 1961" issued by the Institute of Chartered Accountants of India, Rs. 2977.09 Lacs being the excess of tax payable u/s 115JB of the Act over tax payable as per the provisions other than section 115JB of the Act has been considered as MAT credit entitlement and credited to Profit and Loss Account. Further, during the year, pursuant to the Scheme of Arrangement between the Company and Inertia Iron and Steel Industries Private Limited (IISPL) for the Assessment Year: 2008-09, the Company has accounted for MAT Credit Entitlement which is relating to IISPL aggregating to Rs.25.18 Lacs by adjusting the General Reserves. The aggregate MAT Credit Entitlement available to the Company as on 31st March, 2011 is Rs. 5390.88 Lacs.

- 22 The Company has received various Show-cause Notices from the Office of the Commissioner of Central Excise which mainly relates to availment of Cenvat /Customs Duty /Service Tax Credit on Inputs/ Services taken under lease etc. The Company does not foresee any losses on this account and accordingly no provision has been made in the books of account.
- 23 a. The cost of assets taken on lease prior to 1st April, 2001 amounted to Rs. 665.16 Lacs (Previous Year Rs. 1270.66 Lacs). Future Obligations towards Lease Rentals under the lease agreements are Nil (Previous Year Nil).
- b. The Company has acquired certain items of Plant & Machinery on finance lease on or after 1st April, 2001, amounting to Rs.2324.93 Lacs (Previous year Rs. 2324.93 Lacs). The Minimum Lease Rentals outstanding as on 31st March, 2011 in respect of these assets are as follows :

	31.03.2011 (Rs.in Lacs)	31.03.2010 (Rs.in Lacs)
Minimum Lease Payments		
(i) Payable not later than 1 year	360.00	424.54
(ii) Payable later than 1 year and not later than 5 years	1080.00	1440.00
(iii) Payable later than 5 years	-	0.00
Total Minimum Lease Payments	1440.00	1864.54
Less : Future Finance Charges	471.36	693.02
Present Value of Minimum Lease Payments	968.64	1171.52
Present Value of Minimum Lease Payments		
(i) Payable not later than 1 year	172.47	202.87
(ii) Payable later than 1 year and not later than 5 years	796.17	968.65
(iii) Payable later than 5 years	-	-
Total Present Value of Minimum Lease Payments	968.64	1171.52

General description of Lease terms :

- (i) Lease Rentals are charged on the basis of agreed terms.
- (ii) Assets are taken on lease for a period of 5 to 10 years.

- 24 Particulars in respect of Licensed Capacity, Installed Capacity and Actual Production

- a. Licensed Capacity

Steel and Castings Divisions

Not applicable in terms of Govt. of India's Notification No.S.O. 477 (E) dated 25th July, 1991.

- b. Installed Capacity

(as certified by the management and relied upon by the Auditors, this being a technical matter)

		Year Ended 30.03.2011	Year Ended 31.03.2010
Iron & Steel Castings	M.T. per annum	205000	205000
Pig Iron	M.T. per annum	750000	750000
Billets	M.T. per annum	260000	260000
Sponge Iron	M.T. per annum	255000	255000
Rolled Products	M.T. per annum	400000	400000

- c. Actual Production

Iron & Steel Castings	*	M.T.	79434	72720
Pig Iron	**	M.T.	230980	313037
Billets	#	M.T.	39898	102761
Rolled Products	@	M.T.	153205	85206
Sponge Iron	\$	M.T.	190253	173184
Hot Metal	~	M.T.	449	10029
Power		KWH (000')	163829	166576

* Net of 325 MT (Previous Year : 432 MT) being captive consumption.

** Net of 16279 MT (Previous Year : 27257 MT) being captive consumption.

Net of 160135 MT (Previous Year : 89088 MT) being captive consumption and includes 6355 MT (Previous Year 6832 MT) produced on Jobwork basis.

@ Net of 567 MT (Previous Year : 156 MT) being captive consumption.

\$ Net of 34949 MT (Previous Year : 38807 MT) being captive consumption.

~ Net of 191117 MT (Previous Year : 185181 MT) being captive consumption.

25. Quantitative Information in respect of Opening Stock, Purchases, Closing Stock, Sales of Finished Goods and Consumption of Raw Materials (As certified by the management)

Description	M.T.	Year Ended 31.03.2011 (Rs.in Lacs)	M.T.	Year Ended 31.03.2010 (Rs.in Lacs)
a. Opening Stock				
Iron & Steel Castings	2104	935.87	2430	994.30
Pig Iron / Skull	6149	1128.22	6873	1291.20
Billets	9016	2361.10	5477	1415.75
Rolled Products	12979	3922.98	5025	1789.14
Sponge Iron	2691	350.76	2680	420.79
Others		1260.34		285.71
		<u>9959.27</u>		<u>6196.89</u>
b. Purchases				
Iron & Steel Castings	2249	1435.30	2752	2360.89
Pig Iron / Skull	2352	540.84	2236	467.20
Coal	-	-	3779	281.39
Steel	48955	13936.44	-	-
Others		195.33		223.37
		<u>16107.91</u>		<u>3332.85</u>
c. Closing Stock				
Iron & Steel Castings	2076	986.51	2104	935.87
Pig Iron / Skull	2869	639.86	6149	1128.22
Billets	8711	2815.77	9016	2361.10
Rolled Products	18589	6809.88	12979	3922.98
Sponge Iron	3614	638.01	2691	350.76
Others		1945.08		1260.34
		<u>13835.11</u>		<u>9959.27</u>
d. Turnover				
Iron & Steel Castings	81711	47943.09	75798	39498.53
Pig Iron / Skull	236612	60515.80	315997	63083.96
Billets	40203	13204.32	99222	27673.58
Rolled Products	147595	65008.27	77252	28980.15
Coal	-	-	3779	338.30
Steel	48955	14,103.79	-	-
Power	163829	4116.81	166576	3015.25
Sponge Iron	189330	38719.72	173173	26595.55
Hot Metal	449	104.00	10029	2,087.39
Others		3812.71		1818.75
		<u>247528.51</u>		<u>193091.46</u>
e. Raw Material Consumption				
Iron and Steel Scrap	70221	16673.59	52667	10228.87
Iron Ore	973521	53163.72	1114139	34335.47
Metallurgical Coke	253250	42542.61	335179	50716.66
Coal and Coke	18163	1704.92	16464	1428.05
Others		12442.02		11026.04
		<u>126526.86</u>		<u>107735.09</u>
f. Value of Raw Materials & Stores consumed, including Spares and Components				
	Percentage	31.03.2011 Value (Rs.in Lacs)	Percentage	31.03.2010 Value (Rs.in Lacs)
i) Raw Materials				
Indigenous	84.65%	107162.48	68.95%	74283.43
Imported	15.35%	19364.38	31.05%	33451.66
	<u>100.00%</u>	<u>126526.86</u>	<u>100.00%</u>	<u>107735.09</u>
ii) Stores & Components				
Indigenous	94.73%	15022.46	93.99%	11502.72
Imported	5.27%	1174.43	6.01%	735.25
	<u>100.00%</u>	<u>16196.89</u>	<u>100.00%</u>	<u>12237.97</u>



	31.03.2011 (Rs.in Lacs)	31.03.2010 (Rs.in Lacs)
g. Value of Imports calculated on C.I.F. basis		
i. Raw Materials	30576.44	21239.49
ii. Stores & Components	946.91	648.73
iii. Capital Goods	14.93	155.57
h. Expenditure in Foreign Currency		
i. Travelling	4.37	9.40
iii. Salary	26.70	25.37
iv. Interest and Financial Charges	15.93	232.09
v. Rent	6.01	7.06
vi. Others	1.18	3.63
i. Earnings in Foreign Currency		
F.O.B. Value of Exports	1063.78	1567.21
Recovery of Freight	15.47	41.74
26 Excise Duty includes :		
a) Excise duty shown as reduction from turnover	21180.66	14351.22
b) Excise duty charged to profit & loss account being the (i) Difference between Closing and Opening Stock	474.66	530.32
Balance Sheet Abstract and Company's General Business Profile	(Rs. in '000)	
I. Registration Details		
CIN	L28920MH1972PLC016154	
State Code	11	
Balance Sheet Date	31.03.2011	
II. Capital raised during the year		
Public Issue		NIL
Rights Issue		NIL
Bonus Issue		NIL
Private Placement (including Share Premium)		479960
III. Position of Mobilisation and Deployment of Funds		
Total Liabilities		22920286
Total Assets		22920286
Sources of Funds		
Paid up Capital		2508537
Advance against Share Application Money		2202900
Reserves and Surplus		4883029
Secured Loans		11085170
Unsecured Loans		1049358
Deferred Tax Liability		1191292
Application of Funds		
Net Fixed Assets		17227254
Investments		1924
Net Current Assets		5691108
Miscellaneous Expenditure		-
Accumulated Losses		-
IV. Performance of the Company		
Turnover		22832299
Total Expenditure		21351500
Profit / (Loss) Before Tax		1480799
Profit / (Loss) After Tax		981537
Earning per Share (in Rs.)		
Basic		3.94
Diluted		3.94
Dividend Rate % (Equity)		NIL
V. Generic Names of three Principal Products / Services of the Company (as per monetary terms)		
1. Item Code No. (ITC Code)		72011000
Product Description		Pig Iron & Skull
2. Item Code No. (ITC Code)		73251000
Product Description		Cast Iron Castings
3. Item Code No. (ITC Code)		72282000
Product Description		Billets & Rolled Products

CASH FLOW STATEMENT

	31.03.2011 (Rs.in Lacs)	31.03.2010 (Rs.in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax as per Profit and Loss Account	14807.99	10501.61
ADJUSTED FOR		
Depreciation	8433.45	7889.96
Loss/(Profit) on sale of fixed asset	1.65	1.14
Dividend Income	(0.09)	(0.09)
Interest Income	(1118.45)	(1356.44)
Interest and Financial Charges	14132.75	13531.25
Lease Rent	221.67	296.98
Foreign Exchange differences	50.53	419.50
Provision for Sales Tax Deferral	492.92	399.22
Bad Debts	52.34	8.50
Provision for Doubtful Debts/ Advances	137.37	67.01
Excess Provision Written Back	(421.17)	(13.84)
Provision for Wealth tax	1.15	1.07
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE	36792.11	31745.87
ADJUSTMENTS FOR		
Trade and Other Receivables	(5149.89)	(1653.17)
Inventories	(21083.08)	(6865.88)
Trade Payables	32743.98	(15001.67)
CASH GENERATED FROM OPERATIONS	43303.12	8225.15
Direct taxes paid / Refund	(1816.58)	(1154.15)
Prior Period Items (Net)	(0.25)	(6.72)
NET CASH FLOW FROM OPERATING ACTIVITIES	41486.29	7064.28
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Capital Work-in-progress	(59236.96)	(4592.21)
Sale of Fixed Assets	6.42	11.40
Investment in Subsidiary	-	(2.55)
Sale of Investments	6.51	0.00
Advances to Subsidiary	(790.14)	(585.78)
Dividend Income	0.09	0.09
Movement in Loans	6619.17	5978.67
Interest Income	1067.46	1681.97
CASH FLOW/ (USED) FROM/ IN INVESTING ACTIVITIES	(52327.45)	2491.59
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from Issue of Shares	4799.60	-
Proceed from advance received against share application	22029.00	-
Redemption of Preference Shares	-	(6,481.24)
Repayment of Lease Liability	(423.98)	(549.14)
Proceed from Long Term Borrowings	9920.26	8979.93
Repayment of Long Term Borrowings	(13932.64)	(11860.07)
Short Term Loans (Net)	12132.91	15072.55
Interest and Financial Charges Paid	(19853.37)	(14381.08)
NET CASH FLOW/ (USED) FROM/ IN FINANCING ACTIVITIES	14671.78	(9219.05)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	3830.62	336.82
Cash and Cash Equivalents (Opening Balance)	3433.20	3096.38
Cash and Cash Equivalents (Closing Balance)	7263.82	3433.20



- (i) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.
- (ii) Figures in brackets indicate Outflows.
- (iii) Cash and Cash Equivalents at the end of the year includes deposits with banks aggregating to Rs. 5508.21 Lacs (Previous Year Rs. 2433.92 Lacs) which are pledged with banks as margin for Bank Guarantee and Letters of Credit.
- (iv) Previous year's figures have been regrouped / rearranged wherever necessary to make them comparable with those of current year.

As per our Report of even date attached.

For CHATURVEDI & SHAH
Chartered Accountants

R. KORIA
Partner

For AGRAWAL CHHALLANI & CO.
Chartered Accountants

S. R. CHHALLANI
Partner

For and on behalf of Board of Directors

ARBIND JAYASWAL
Managing Director

RAMESH JAYASWAL
Joint Managing Director

A.D. KARAJGAONKAR
Company Secretary

P.K.BHARDWAJ
Executive Director and
Chief Finance Officer

Nagpur, 28th May, 2011

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH, 2011.

1.	Name of the Subsidiary Company	: Jayaswal Neco Urja Limited (Formerly: Raigarh Energy Limited)
2	Financial year of the Subsidiary Company	: 31st March, 2011
3	a. Number of Shares held by Jayaswal Neco Industries Ltd. at the end of the Financial year	: 25,500 Equity Shares of Rs.10/- each
	b. Extent of interest of holding Company at the end of the Financial Year of the Subsidiary Company.	: 51%
4.	The net aggregate amount of the Subsidiary Profit/(Loss) so far as it concerns the Members of the Holdings Company.	:
	a. Not dealt with in the Holding Company's accounts.	: NIL
	i) For the Financial year 31st March, 2011	: NIL
	ii) For the previous financial year of the Subsidiary Company since it became the Holding Company's subsidiary.	: NIL
	b. Dealt with in the Holding Company's accounts.	
	i) For the financial year ended 31st March 2011	: NIL
	ii) For the previous financial year of the subsidiary Company since it became the Holding Company's subsidiary	: NIL

Place : Nagpur
Date : 29th July, 2011.

For and on behalf of Board of Directors,
Basant Lal Shaw
Chairman

Jayaswal Neco Urja Limited

(Formerly known as Raigarh Energy Limited)

(Subsidiary Company)

Consolidated Financial Statements of Jayaswal Neco Industries Limited (and its Subsidiary Company)



DIRECTORS' REPORT

To,

The Members

The Directors have pleasure in presenting Fourth Annual Report on the business and operations of your Company together with audited accounts for the year ended on 31st March, 2011.

1. FINANCIAL REPORTING & OPERATIONAL HIGHLIGHTS

FINANCIALS :-

Your Company is yet to commence its commercial operations since the ongoing projects are under implementation stage.

Both the power projects of the Company, i.e. 2x300 MW Thermal Power Project at Raigarh, Chhattisgarh and 1x135 MW Thermal Power Project at Hazaribagh, Jharkhand, are under implementation stage therefore, there is no revenue from the operations of the Company. However, the Board is optimistic that the Company will be able to complete the installation and commissioning of the power projects within the scheduled time period.

OPERATIONS:-

Energy sector in India is one of the key enablers for achieving overall economic growth. Considering the current power deficit in the country, it seems that even after planned additions by the Government the problem subsists and therefore there is lot of scope for better performance in the sector, once the projects are commercialized. During the year under review, your Company has achieved significant milestones for the proposed power projects which are under implementation.

The Board of Directors is of the view that once the Company finalized the terms and conditions with the lenders and the Company receive disbursements from lenders, the Company will be able to complete the projects as scheduled.

The Progress of the above said power projects has been detailed as below:-

A. 2x300 MW THERMAL POWER PLANT AT RAIGARH, CHHATTISGARH :-

Your Company is in the process of setting up an independent thermal power plant (TPP) with an installed capacity of 2x300 i.e. 600 MW in Hamirpur and Jobra Villages, Raigarh District, Chhattisgarh State which will cater to the rapidly increasing requirement of power in the country. The Company had initially proposed to set up a 1x300 MW TPP. However, the Company has revised its plans and has now proposed to establish a 2x300 MW TPP at the same location. The Company proposes to implement the project through package-wise contract basis. The plant would be divided into various packages covering design, supply, erection, testing, commissioning. The Company has already initiated process of placing contract for BTG (Boiler Turbine Generator) supply and service and expects to finalise it shortly.

Jayaswal Neco Industries Limited (JNIL), the holding Company has been allotted two coal blocks in Gare-Palma (Blocks IV/4 and IV/8) block of Tamnar Tehsil of Raigarh District, Chhattisgarh State which is around 15 km away from the proposed site. JNIL will install a coal washery from which steel grade coal (washed) will be used in the Steel plant and rest would be used in the proposed power plant in the form of middlings and rejects. The Company has also made application to Ministry of Coal for recommendation of coal linkage for the balance coal requirement.

The Company has already initiated steps to make arrangements with various lenders for the funding of the said power project. The estimated project cost is Rs. 3310.80 Crores. The total debt appraised by the lenders is Rs. 2480.00 Crores. Power Finance Corporation Limited (PFC), New Delhi has already sanctioned credit facilities of Rs. 993.00 Crores in the form of Rupee Term Loan vide its sanction letter dated 10.02.2011 which your Company has duly accepted. Vide letter No. REC/GEN-I/JNUL/1946 dated 07/06/2011, Rural Electrification Corporation Limited has communicated sanction for Rs. 890.00 Crores. Based on the aforesaid sanction, the Directors of your Company are hopeful of achieving the financial closure shortly and thereafter the necessary loan documentations and disbursements shall be effected in due course of time.

Following are the reviews of developments in the said project:-

LAND PROCUREMENT DETAILS

The Company has already acquired major portion of land for the proposed project and is now in the process of acquiring the balance land required.

WATER ALLOCATION DETAILS

The concerned authorities have already recommended allocation of 10 MCM per year from River Kello to the Company for being utilized in the power project and the Company will construct water reservoirs for the balance water requirement.

OTHER DETAILS

The Company has received a no objection from Airport Authority of India Limited and Jindal Steel & Power Limited for stack height clearance for the proposed project.

The Company has also received a Grant of Connectivity (i.e. LTOA – Long Term Open Access) from Power Grid Corporation of India Limited (PGCIL) for long term connectivity for the project and the Company is in the process to comply with the other conditions stipulated by Power Grid Corporation of India Limited.

B. 1x135 MW THERMAL POWER PLANT AT HAZARIBAGH, JHARKHAND :-

Your Company has also initiated necessary steps for assessing techno-commercial viability for the proposed 1x135MW Thermal Power Project, near Moitra Coal Block, Hazaribagh District, Jharkhand which has been allotted to JNIL. Following is the review of developments in the said project:-

The Company has made an application to the Ministry of Coal for grant of Coal Linkage for the project for balance coal requirement.

The Holding Company i.e. Jayaswal Neco Industries Limited has issued a letter regarding deposit of Rs. 8.00 Crores as 80% Advance against application for acquisition of Land for Moitra Coal Mining Project and the matter is under consideration by the concerned authority.

Considering the land acquisition, various clearances from Government, water allocation and approval from Ministry of Environment & Forest, this 1X135 MW project is in the very preliminary stage. Your Directors are trying hard to crystallize this project also.

2. ALTERATION OF MEMORANDUM AND ARTICLES OF ASSOCIATION :

The Company has by passing requisite resolutions at the Extraordinary General Meeting held on 20th July, 2010 altered its Memorandum and Articles of Association so as to be compliant with dispensation guidelines issued by Ministry of Coal, Government of India.

In view of above, Jayaswal Neco Industries Limited (JNIL) will always hold minimum 51% of the Paid-up Capital of the Company. As on the date of balance sheet, Company has received Rs. 13.68 Crores from JNIL as advances against expenses against which Company will allot shares in due course of time after achieving the financial closure for the upcoming power project.

3. CHANGE OF NAME OF THE COMPANY :

The Shareholders of the Company approved to change the name of the Company as the operations of the Company are no more restricted to Raigarh. The name of the Company has been changed from Raigarh Energy Limited to Jayaswal Neco Urja Limited so as to reflect the main business activity of power generation in which Company is presently operating and that the Company is a subsidiary of Jayaswal Neco Industries Limited.

The current name does truly reflect the activities and nature of business of the Company, and the Company has also received a fresh Certificate of Incorporation consequent to change of name of the Company dated 21.10.2010 from Registrar of Companies.

4. DIRECTORS' RESPONSIBILITY STATEMENT :

As required, under Section 217 (2AA) of The Companies Act, 1956, the Directors confirm and state that:

- a. All the applicable accounting standards have been followed along with proper explanations relating to material departures in the preparation of accounts enclosed herewith.
- b. Annual accounts are prepared on the principle of a Going Concern.
- c. Accounting policies selected, applied and Judgements and estimates made in that behalf to the extent necessary are reasonable and prudent so as to give true and fair view of the state of affairs at the end of the financial year and of the profit or loss of the Company for the year under review.
- d. Sufficient care has been taken for maintenance of the adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and the procedures, practices and control systems in the day-to-day management are sound enough to prevent and detect the occurrence of frauds and irregularities.

5. BORROWING POWERS AND POWERS TO MAKE INVESTMENTS :

The Members of the Company in their extra ordinary general meeting held on 29.09.2010 have authorised the Board of Directors to borrow u/s. 293 (1)(d) upto a limit of Rs. 3000.00 Crores and u/s. 293 (1)(a) to create charge or mortgage over the assets of the Company upto the limit of Rs. 3000.00 Crores.

Further, the members in the meeting also authorised the Board of Directors to invest, make loans, give guarantees u/s. 372A of the Companies Act, 1956 upto a limit of Rs. 3000.00 Crores.

6. DIVIDEND :

The strength of your Company lies in execution and successful implementation of the proposed power projects. It is important for the smooth working of your Company to manage the activities in the dynamic business verticals in which the Company operates. As the Company has not yet commissioned its power projects, no revenue from the operations of the Company was generated and thus, there was no profits in the Company in the current financial year. Keeping in view of the above, the Board of Directors do not recommend any dividend for the year under review.

7. LIQUIDITY :

Your Company's ability in raising finance for proposed projects of the Company is not a concern as the Company is tying up the required financial assistance for the projects under operations from the various lending institutions. Further, the Company has taken necessary funds from its holding, associate, group companies and affiliates to meet the initial expenses in relation to the projects.

• SHAREHOLDERS' CONTRIBUTION :-

To incur the initial expenses in relation to the power projects, the Company has taken advances from its holding Company i.e. Jayaswal Neco Industries Limited of Rs. 7.83 Crores in addition to the Rs. 5.85 Crores taken in previous financial year. The



aggregate amount taken as advance against share application money for the year ended 31st March, 2011 amounts to Rs. 13.68 Crores which forms part of the Audited Financial Statements of the Company. The Board of Directors of the Company have agreed that once the financial closure is done and the terms and conditions of the allotment/issue are finalized with the lenders, the Company will adjust the same against allotment of equity shares.

• **UNSECURED LOAN :-**

During the year under review, the Company has received Rs. 32.24 Crores from Maa Usha Urja Limited (MUUL) in the form of unsecured loan. The funds received from MUUL (one of the companies of the promoters group) are in the nature of long term funding and the same may be considered as contribution towards initial expenditure required for the upcoming power project of the Company. The Company will convert the aforesaid funds into Equity capital in due course of time, once the financial closure is achieved and the terms & conditions of the financial assistance along with allotment/issue of shares are crystallized with the lenders.

8. **TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT, FOREIGN EXCHANGE EARNINGS AND OUTGO :**

Since there are no manufacturing activities in the Company, the disclosures required in terms of section 217 (1) (e) of the Companies Act, 1956 are not necessary. There is no foreign exchange earning or outgo for the year ended 31st March, 2011 except expenses of Rs. 2.20 Lacs towards foreign travel.

9. **DEPOSITS :**

The Company has not accepted any deposits covered u/s 58A and 58AA of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 during the financial year under scrutiny.

10. **DIRECTORS :**

Shri Anand Jayaswal and Shri Avneesh Jayaswal were appointed as Additional Directors on the Board of the Company on 10th October 2010. In accordance with the Provisions of the Companies Act, 1956 Shri Anand Jayaswal and Shri Avneesh Jayaswal will hold office of Directors up to the date of the ensuing Annual General Meeting of the Company. The Company has duly received the notice pursuant to Section 257 of the Companies Act, 1956 proposing their appointment as Directors, liable to retire by rotation, at the ensuing Annual General Meeting.

Shri Ramesh Jayaswal, Director is liable to retire by rotation at the ensuing Annual General Meeting, being eligible, offers himself for re-appointment.

11. **AUDITORS & AUDITORS REPORT :**

M/s. Chaturvedi & Shah, Chartered Accountants were appointed by the members of the Company on 29.09.2010 to act as Statutory Auditors of the Company jointly with M/s Agrawal Chhallani & Co., Chartered Accountants, Nagpur.

M/s Agrawal Chhallani & Co., Chartered Accountants, Nagpur and M/s. Chaturvedi & Shah, Chartered Accountants, Mumbai, the statutory auditors of the Company who retire at the ensuing Annual General Meeting and being eligible, offers themselves for appointment. The members are requested to appoint auditors for the current year and to fix their remuneration.

The Report of Auditors of the Company and the notes forming part of the financial statements are self explanatory and hence requires no explanation from the Board of Directors.

12. **PARTICULARS OF EMPLOYEES :**

During the year under review, there are no employees drawing remuneration in excess of the prescribed limits and whose particulars need to be given under Section 217 (2A) of the Companies Act, 1956, and the Rules made thereunder. As such, no particulars are being furnished.

13. **ACKNOWLEDGEMENT :**

Your Directors take this opportunity to place on record their great appreciation and gratitude for the whole-hearted support, assistance, co-operation and valuable guidance that has been forthcoming from all those who are associated with the operations of the Company during the period under review.

For and on behalf of the Board of Directors

Basant Lall Shaw
Chairman

Place : Nagpur
Date : 28th May, 2011

AUDITORS' REPORT

To
The Members of
Jayaswal Neco Urja Limited
(Formerly Known as Raigarh Energy Limited)

1. We have audited the attached Balance Sheet of JAYASWAL NECO URJA LIMITED, as at 31st March, 2011 and also the Profit and Loss Account and Cash Flow Statement of the Company 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.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure hereto, a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of such books;
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v) On the basis of the written representations received from the directors as on 31st March, 2011 and taken on records by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956.
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (ii) in the case of Profit and Loss Account, of the losses of the Company 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 Chaturvedi & Shah
Chartered Accountants
(Registration No. : 101720W)

R. Koria
Membership No. – 35629
Mumbai

Date: 28th May, 2011

For Agrawal Chhallani & Co.
Chartered Accountants
(Registration No. : 100125W)

S.R.Chhallani
Membership No. – 30154
Nagpur



ANNEXURE TO AUDITOR'S REPORT

Referred to in paragraph 3 of our report of even date

As required by the Companies (Auditor's Report) Order, 2003 issued by Central Government of India in terms of Section 227 (4A) of the Companies Act 1956, and on the basis of such checks as we considered appropriate, we further report that:-

- i. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, the Company has physically verified fixed assets, which in our opinion is reasonable, having regard to the size of the Company. No material discrepancies were noticed on such physical verification.
 - c. In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- ii. According to the information and explanations given to us, the Company has no inventories during the year, therefore the provisions of clause (ii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable.
- iii. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956:
 - a. The Company has not given any advances in the nature of loan during the year to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, the provisions of the clause (a) to (d) are not applicable for the year.
 - b. The Company has taken loan from a party in respect of which maximum amount involved during the year was Rs 32,24,00,000 and the year-end balance was Rs. 32,24,00,000.
 - c. In our opinion and according to the information and explanations given to us, the above loan is interest-free and other terms and conditions are not prima facie prejudicial to the interest of the Company.
 - d. As per the information and explanations given to us, the above loan is not due for repayment.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs.5,00,000 in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company, except for purchase of services for which alternative quotations are not available and hence we are unable to comment upon.
- vi. According to information and explanations given to us, the Company has not accepted any deposits from the public and hence directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable for the year under audit.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. The Company is in project stage and has not started power generation as yet and hence the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 is not applicable for the year under audit.
- ix. According to the information and explanations given to us in respect of statutory dues:
 - a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees'

State Insurance, Income tax and any other material statutory dues to the extent applicable, with the appropriate authorities except in few cases.

Further, since the Central Government has, till date, not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

- b. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable.
- c. According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess which have not been deposited on account of any dispute.
- x. The Company has been registered for a period of less than five years and accordingly the provisions of Clause (x) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xi. The Company has not borrowed any money from financial institutions or banks and has not issued any debentures. Therefore, the provisions of clause 4(xi) of Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xii. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- xv. According to the information and explanations given by the management, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. According to the information and explanations given to us, the Company has not taken any term loans during the year.
- xvii. On the basis of review of utilization of funds, which is based on overall examination of the balance sheet of the Company as at 31st March, 2011, related information as made available to us and as represented to us by the management, we are of the opinion that no funds raised on short term basis have been utilized for long term purposes.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xix. The Company has not issued any debentures and hence provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xx. During the year covered by our report the Company has not raised any money by public issue.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the course of our audit.

For Chaturvedi & Shah
Chartered Accountants
(Registration No. : 101720W)

R. Koria
Membership No. – 35629
Mumbai

Date: 28th May, 2011

For Agrawal Chhallani & Co.
Chartered Accountants
(Registration No. : 100125W)

S.R.Chhallani
Membership No. – 30154
Nagpur



BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	Schedule	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SOURCES OF FUNDS			
Shareholders' Funds :			
Share Capital	1	5,00,000	5,00,000
Advance against Share Application Money (Refer Note No. 6 of Schedule 10)		13,68,00,000	5,85,00,000
Unsecured Loan	2	32,24,00,000	-
Total		<u>45,97,00,000</u>	<u>5,90,00,000</u>
APPLICATION OF FUNDS			
Fixed Assets	3		
Gross Block		6,05,30,587	1,68,04,170
Less: Depreciation		-	-
Net Block		6,05,30,587	1,68,04,170
Capital Work-in-progress		39,85,60,129	3,71,05,284
		<u>45,90,90,716</u>	<u>5,39,09,454</u>
Current Assets, Loans and Advances	4		
Cash and Bank Balances		43,09,270	57,86,238
Loans and Advances		3,88,909	6,21,984
		<u>46,98,179</u>	<u>64,08,222</u>
Less: Current Liabilities and Provisions	5		
Liabilities		37,31,635	15,10,109
Provisions		8,85,175	-
		<u>46,16,810</u>	<u>15,10,109</u>
Net Current Assets		81,369	48,98,113
Profit and Loss Account		5,27,915	1,92,433
Total		<u>45,97,00,000</u>	<u>5,90,00,000</u>
Significant Accounting Policies	9		
Notes on Accounts	10		

As per our Report of even date attached

For CHATURVEDI & SHAH
Chartered Accountants
R. KORIA
Partner

For AGRAWAL CHHALLANI & CO.
Chartered Accountants
S.R.CHHALLANI
Partner

Nagpur

For and behalf of Board of Directors

ARBIND JAYASWAL
Director

RAMESH JAYASWAL
Director

Date : 28th May, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011.

PARTICULARS	Schedule	Year ended 31.03.2011 Rs.	Year ended 31.03.2010 Rs.
INCOME			
Other Income	6	51,175	-
Total		<u>51,175</u>	<u>-</u>
EXPENDITURE			
Administrative Expenses	7	3,37,725	1,92,433
Interest & Financial Charges	8	48,932	-
Total		<u>3,86,657</u>	<u>1,92,433</u>
Profit /(Loss) before tax		(3,35,482)	(1,92,433)
Less: Provision for Taxation		-	-
Profit /(Loss) after Tax		<u>(3,35,482)</u>	<u>(1,92,433)</u>
Balance brought forward		(1,92,433)	-
Balance Carried to Balance Sheet		<u>(5,27,915)</u>	<u>(1,92,433)</u>
Earning Per Equity Share of Rs. 10/- each			
- Basic & Diluted (in Rs.)		(6.71)	(3.85)
(Refer Note No.10 of Schedule 10)			
Significant Accounting Policies	9		
Notes on Accounts	10		

As per our Report of even date attached

For CHATURVEDI & SHAH
Chartered Accountants
R. KORIA
Partner

For AGRAWAL CHHALLANI & CO.
Chartered Accountants
S.R.CHHALLANI
Partner

Nagpur

For and behalf of Board of Directors

ARBIND JAYASWAL
Director

RAMESH JAYASWAL
Director

Date : 28th May, 2011



SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011.

**SCHEDULE 1
SHARE CAPITAL**

PARTICULARS	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
Authorised :		
1,000,000 (1,000,000) Equity Shares of Rs.10/- each	1,00,00,000	1,00,00,000
Issued, Subscribed and Paid Up:		
50,000 (50,000) Equity Shares of Rs.10/- each, fully paid up	5,00,000	5,00,000
Total	5,00,000	5,00,000

Note :- Of the above 25,500 Shares are held by Jayaswal Neco Industries Limited, the Holding Company.

**SCHEDULE 2
UNSECURED LOAN**

PARTICULARS	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
Loan from a Body Corporate	32,24,00,000	-
Total	32,24,00,000	-

**SCHEDULE 3
FIXED ASSETS**

(Amt. in Rs.)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening Balance 01.04.2010	Additions	Deductions	Total 31.03.2011	Opening Balance 31.03.2010	For the year	Deductions	Total 31.03.2011	As on 31.03.2011	As on 31.03.2010
Freehold Land	1,68,04,170	4,37,26,417	-	6,05,30,587	-	-	-	-	6,05,30,587	1,68,04,170
Total	1,68,04,170	4,37,26,417	-	6,05,30,587	-	-	-	-	6,05,30,587	1,68,04,170
Previous Year	-	1,68,04,170	-	1,68,04,170	-	-	-	-	1,68,04,170	
Capital Work in Progress									39,85,60,129	3,71,05,284

Notes :

CAPITAL WORK IN PROGRESS

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
Advances on Capital account	33,75,59,198	1,88,29,960
Pre- Operative Expenses	6,10,00,931	1,82,75,324
Total	39,85,60,129	3,71,05,284

**SCHEDULE 4
CURRENT ASSETS, LOANS AND ADVANCES**

PARTICULARS	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
A) CURRENT ASSETS		
Cash and Bank Balances:		
Cash on hand	13,910	87,663
Balance with Scheduled Banks:		
- In Current Accounts	36,82,812	56,98,575
- In Fixed Deposit Accounts	6,12,548	-
(includes Rs.6,02,548 pledged with bank as Margin Money)	43,09,270	57,86,238
B) LOANS AND ADVANCES:		
(Unsecured, Considered Good and subject to confirmation)		
Advances Recoverable in cash or in kind or for value to be received	3,88,909	6,21,984
Total	46,98,179	64,08,222

SCHEDULE 5
CURRENT LIABILITIES AND PROVISIONS

PARTICULARS	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
A) CURRENT LIABILITIES		
Sundry Creditors		
- Micro, Small and Medium Enterprises @	-	-
- Others	10,04,171	1,45,710
(Subject to confirmation)		
Other Liabilities	27,27,464	13,64,399
	<u>37,31,635</u>	<u>15,10,109</u>
B) PROVISIONS		
Provision for Leave Encashment	8,85,175	-
	<u>8,85,175</u>	<u>-</u>
Total	<u>46,16,810</u>	<u>15,10,109</u>

@ The Company has not received information from Creditors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures as required under the Companies Act, 1956 relating to amounts unpaid as at the year end together with interest paid / payable have not been given.

SCHEDULE 6
OTHER INCOME

PARTICULARS	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.
Tender Fees	51,175	-
Total	<u>51,175</u>	<u>-</u>

SCHEDULE 7
ADMINISTRATIVE EXPENSES

PARTICULARS	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.
Communication Expenses	31,158	-
Legal Expenses	19,640	-
Office Expenses	53,313	-
Donations	5,000	-
Payments to Auditors	2,26,119	-
Miscellaneous Expenses	2,495	-
Preliminary Expenses	-	1,92,433
Total	<u>3,37,725</u>	<u>1,92,433</u>

SCHEDULE 8
INTEREST AND FINANCIAL CHARGES

PARTICULARS	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.
Interest Others	2,421	-
Bank Charges & Commission	46,511	-
Total	<u>48,932</u>	<u>-</u>



SCHEDULE 9
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. **BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**
The Financial Statements are prepared under the historic cost convention in accordance with the Generally Accepted Accounting Principles in India and the provisions of the Companies Act, 1956.
2. **USE OF ESTIMATES**
The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual result and estimate are recognized in the period in which the results are known /materialized.
3. **FIXED ASSETS**
 - i. Fixed Assets are stated at cost less accumulated depreciation. All costs including financial cost till commencement of commercial production are capitalized.
 - ii. Expenses incurred relating to project, prior to commencement of commercial operation, are considered pre-operative expenditure and disclosed under Capital Work-in-Progress.
4. **BORROWING COSTS**
Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.
5. **EMPLOYEE BENEFITS**
 - i. Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account/preoperative expenditure of the year in which the related service is rendered.
 - ii. Post employment and other long term employee benefits are recognized as an expense in the Profit & Loss Account / Project Development expenditure for the year in which the employee has rendered service. The expenses are recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gain and losses in respect of post-employment and other long term benefits are charged to the Profit & Loss Account / Project Development expenditure.
6. **PRELIMINARY EXPENSES**
Preliminary Expenses are charged to the Profit & Loss Account in the year in which they are incurred.
7. **IMPAIRMENT OF ASSETS**
An Asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is impaired. The impairment loss recognized in prior accounting period is reversed if there has been change in the estimate of recoverable amount.
8. **PROVISION FOR CURRENT AND DEFERRED TAX**
Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rate and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be realized in future.
9. **PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**
Provision involving substantial degree of estimation in measurement is recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

SCHEDULE 10
NOTES TO ACCOUNTS
PARTICULARS

	31.03.2011	31.03.2010
	Rs.	Rs.
1 Previous year's figures have been reworked/ regrouped/rearranged/reclassified wherever necessary.		
2 Contingent Liabilities		
Guarantees given by the Company's Bankers.	60,00,000	-
(Bank guarantees are provided under contractual/legal obligation. No cash outflow is expected.)		
3 Estimated amount of contracts remaining to be excuted on capital account and not provided for (Net of Advance)	1,84,98,30,554	5,35,00,000
(Cash flow is expected on execution of such capital contracts on progressive basis)		
4 In the opinion of the management, Current Assets, Loans and Advances are of the value stated, if realised in the ordinary course of business.		
5 Payment to Auditors:-		
Audit Fees (Including Service Tax)	2,20,600	1,10,300
Out of Pocket Expenses	5,519	-
	<u>2,26,119</u>	<u>1,10,300</u>
6 (a) The Company has received Advance against Share Application Money from its holding Company "Jayaswal Neco Industries Limited" to part finance the upcoming Power Project at Raigarh, Chhattisgarh.		
(b) During the year the Company was engaged in setting up of the power plant project at Raigarh, Chhattisgarh. The expenditure incurred during the construction period is classified as "Pre-operative Expenditure" pending capitalization and will be apportioned to the assets on the completion of the project. Necessary details as per Part II of Schedule VI to the Companies Act, 1956 have been stated below:		
Particulars	31.03.2011	31.03.2010
	(Rs.)	(Rs.)
Salaries & Wages	88,08,164	1,10,49,786
Staff & Labour Welfare	674	37,463
Office Rent	12,000	4,000
Rates, Taxes & Fees	15,24,430	6,55,008
Travelling & Conveyance Expenses	14,89,299	9,88,888
Consultancy Charges	94,08,317	24,48,152
Payment to Auditors	-	1,10,300
Miscellaneous Expenses	6,92,872	64,025
Financial Charges	<u>2,07,92,399</u>	<u>29,04,575</u>
Pre-operative Expenses for the year	<u>4,27,28,155</u>	<u>1,82,62,197</u>
Less : Interest Income	<u>2,548</u>	<u>-</u>
	<u>4,27,25,607</u>	<u>1,82,62,197</u>
Add : Expenditure incurred up to Previous Year	<u>1,82,75,324</u>	<u>13,127</u>
Balance at the year end	<u>6,10,00,931</u>	<u>1,82,75,324</u>
7 The Company's activities during the year revolve around setting up of the power plant project at Raigarh, Chhattisgarh. Considering the nature of the Company's business and operations, there is only one reportable segment (business and/or geographical) in accordance with the requirements of Accounting Standard - 17 "Segment Reporting" notified in the Companies (Accounting Standards) Rules, 2006.		
8 Related Party Disclosures:		
A. List of Related Parties		
(As certified by the Company)		
I. Holding Company		
Jayaswal Neco Industries Limited		
II. Associate Company		
Jayaswal Holdings Private Limited		
III. Enterprises in which key managerial personnel and their relatives are able to exercise significant influence with whom transactions have taken place during the year:		
(Other related Parties)		



Steel & Tubes Export Limited
JLD Yavatmal Energy limited

Deify Infrastructures Limited
Maa Usha Urja Limited

B. Transactions with Related Parties

(Amount in Rs.)

Nature of Transaction	Holding	Associate	Other Related Parties	Total
Advance Against Share Application Money -	7,83,00,000	-		7,83,00,000
Received during the year	(5,85,00,000)	(-)	(-)	(5,85,00,000)
Closing balance as at 31st March 2011	13,68,00,000	-		13,68,00,000
	(5,85,00,000)	(-)	(-)	(5,85,00,000)
Unsecured Loan - Received during the year	-	-	32,24,00,000	32,24,00,000
	(-)	(-)	(-)	(-)
Closing balance as at 31st March 2011	-	-	32,24,00,000	32,24,00,000
	(-)	(-)	(-)	(-)
Capital Advance paid - during the year	-	-	30,98,25,200	30,98,25,200
	(-)	(-)	(-)	(-)
Closing balance as at 31st March 2011	-	-	30,98,39,446	30,98,39,446
	(-)	(-)	(-)	(-)
Advance Recoverable in Cash or in Kind -	-	-	70,400	70,400
Paid during the year	(-)	(-)	(-)	(-)
Closing balance as at 31st March 2011	-	-	2,26,072	2,26,072
	(-)	(-)	(7,167)	(7,167)
Sundry Creditors:				
Balance as at 31st March 2011	7,91,974	2,500	-	7,94,474
	(78,256)	(2,500)	(-)	(80,756)
Reimbursement of Expenditures to the Company	-	-	1,63,151	1,63,151
	(-)	(-)	(-)	(-)
Reimbursement of Expenditures by the Company	49,40,270	-	-	49,40,270
	(-)	(-)	(-)	(-)

Note : Figures in brackets represent previous year's figures.

Details of major transactions with Related Parties

Particulars		31.3.2011 (Rs.)	31.3.2010 (Rs.)
Advance Against Share Application Money			
- received during the year	Jayaswal Neco Industries Limited	7,83,00,000	5,85,00,000
- Balance as at 31st March 2011	Jayaswal Neco Industries Limited	13,68,00,000	5,85,00,000
Unsecured Loan			
- received during the year	Maa Usha Urja Limited	32,24,00,000	-
- Balance as at 31st March 2011	Maa Usha Urja Limited	32,24,00,000	-
Capital Advance			
- Paid during the year	Deify Infrastructures Limited	30,98,25,200	-
- Balance as at 31st March 2011	Deify Infrastructures Limited	30,98,39,446	-
Advance Recoverable in Cash or in Kind			
- Paid during the year	JLD Yavatmal Energy Limited	70,400	-
- Balance as at 31st March 2011	JLD Yavatmal Energy Limited	2,19,305	-
Sundry Creditors			
- Balance as at 31st March 2011	Jayaswal Neco Industries Limited	7,91,974	78,256

9 Disclosures of Loans & Advances

Loans and advances includes the following amounts due from a Company under the same management

	Balance due as on		Maximum balance	
	31.3.2011	31.3.2010	31.3.2011	31.3.2010
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
JLD Yavatmal Energy limited	2,19,305	-	2,19,305	-

10 Basic and Diluted Earning per Share

For the purpose of calculating of Basic and Diluted Earning per Share the following amount are considered :

		Year Ended 31.3.2011 (Rs.)	Year Ended 31.3.2010 (Rs.)
Earning per Share			
Net Profit/ (Loss) after tax	(A)	(3,35,482)	(1,92,433)
Weighted Average number of Equity Shares (Nos.)	(B)	50,000	50,000
Basic and Diluted Earning per Share of face value of Rs. 10/- each (A)/(B)		(6.71)	(3.85)

Note:

No effects have been given for the purpose of Diluted Earning Per Share in respect of Advance against Share Application Money received as the price at which the shares will be issued is not yet finalized.

11 Details of Deferred Tax Assets and Deferred Tax Liabilities

		As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
i) Deferred Tax Liabilities		-	-
	Total	-	-
ii) Deferred Tax Assets			
Preliminary Expenditures		38,864	47,569
	Total	38,864	47,569
Net Deferred Tax Liability / (Assets)		(38,864)	(47,569)

As at 31st March, 2011, the Company has Net Deferred Tax Assets of Rs.38,864/-. In the absence of virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized, the same has not been recognized in the books of account in line with Accounting Standard 22 dealing with "Accounting for Taxes on Income".

12 The Company has not formulated any policies in respect of any retirement benefits to its employees in relation to gratuity etc and hence it has no such liabilities as at 31st March 2011.

13 Expenditure in Foreign Currency	31.03.2011 (Rs.)	31.03.2010 (Rs.)
Travelling Expenses	2,19,991	-

As per our Report of even date attached

For CHATURVEDI & SHAH
Chartered Accountants
R. KORIA
Partner

For AGRAWAL CHHALLANI & CO.
Chartered Accountants
S.R.CHHALLANI
Partner

Nagpur

For and behalf of Board of Directors

ARBIND JAYASWAL
Director

RAMESH JAYASWAL
Director

Date : 28th May, 2011



Balance Sheet Abstract and Company's general Business Profile

I Registration Details

Registration No.:-	U40102MH2007PLC169762
State Code	11
Balance Sheet Date	31.03.2011

(Rs. in '000s)

II Capital raised during the Year

Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

III Position of Mobilisation and deployment of funds

Total Liabilities	4,59,700
Total Assets	4,59,700

Source of Funds

Paid-up Capital	500
Advance against Share Application Money	1,36,800
Unsecured Loan	3,22,400

Application of Funds

Net Fixed Assets	4,59,091
Net Current Assets	81
Profit & Loss Account	528

IV Performance of the Company

Sales & Services	51
Total Expenditure	387
Profit / (Loss) before Tax	(336)
Profit / (Loss) after Tax	(336)
Earning per Share (in Rs.) (Basic & Diluted)	(6.71)
Dividend Rate %	Nil

V Generic Names of three Principal Products/Services of the Company (As per monetary Items)

1. Item Code No. (ITC Code)	N.A.
2. Item Code No. (ITC Code)	N.A.
3. Item Code No. (ITC Code)	N.A.

Cash Flow Statement for The Year Ended 31st March 2011

	31.03.2011 (Rs.)	31.03.2010 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(-)Loss before tax as per Profit and Loss Account	(3,35,482)	(1,92,433)
ADJUSTED FOR		
Interest Income	(2,548)	-
Preliminary Expenses	-	1,92,433
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE	<u>(3,38,030)</u>	<u>-</u>
ADJUSTMENT FOR		
Trade and Other Receivables	2,33,075	(6,14,417)
Trade Payables	31,06,701	12,96,982
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>30,01,746</u>	<u>6,82,565</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Capital Work-in-progress	(40,51,81,262)	(5,38,96,327)
Interest Income	2,548	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(40,51,78,714)</u>	<u>(5,38,96,327)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Advance against Share Application Money Received during the year	7,83,00,000	5,85,00,000
Proceed from Long Term Borrowings	32,24,00,000	-
NET CASH FLOW FROM FINANCING ACTIVITIES	<u>40,07,00,000</u>	<u>5,85,00,000</u>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(14,76,968)	52,86,238
Cash and Cash Equivalents (Opening Balance)	57,86,238	5,00,000
Cash and Cash Equivalents (Closing Balance)	<u>43,09,270</u>	<u>57,86,238</u>
i The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard -3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.		
ii Figures in brackets indicate Outflows.		
iii Cash and Cash Equivalents at the end of the year includes deposits with banks aggregating to Rs. 6,02,548/- (Previous Year Rs.Nil) which are pledged with bank as margin for Bank Guarantee.		

As per our Report of even date attached

For CHATURVEDI & SHAH
Chartered Accountants
R. KORIA
Partner

For AGRAWAL CHHALLANI & CO.
Chartered Accountants
S.R.CHHALLANI
Partner

Nagpur
Date : 28th May, 2011

For and behalf of Board of Directors

ARBIND JAYASWAL
Director

RAMESH JAYASWAL
Director



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AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors
Jayaswal Neco Industries Limited

1. We have audited the attached Consolidated Balance Sheet of JAYASWAL NECO INDUSTRIES LIMITED (the Company) and its Subsidiary (collectively referred to as "the Group") as at 31st March, 2011, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, as notified by Companies (Accounting Standards) Rules, 2006.
4. Based on our audit as aforesaid and on consideration of reports of other auditors on the separate financial statement and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, read with significant accounting policies and notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at 31st March, 2011;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the Profit of the Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For Chaturvedi & Shah
Chartered Accountants
(Registration No. : 101720W)

R. Koria
Membership No. – 35629
Mumbai

Date: 28th May, 2011

For Agrawal Chhallani & Co.
Chartered Accountants
(Registration No. : 100125W)

S.R.Chhallani
Membership No. – 30154
Nagpur



CONSOLIDATED BALANCE SHEET AS AT 31 ST MARCH, 2011

PARTICULARS	Schedule	As at 31.03.2011 Rs.in Lacs	As at 31.03.2010 Rs.in Lacs
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	25085.37	23665.37
Reserves and Surplus	2	<u>48828.44</u>	<u>35610.13</u>
		73913.81	59275.50
Minority Interest		-	1.51
Loan Funds			
Secured Loans	3	110851.70	99681.58
Unsecured Loans	4	<u>13717.58</u>	<u>13455.04</u>
		124569.28	113136.62
Advance received against Share Application (Refer Note No.7 of Schedule 16)		22029.00	-
Deferred tax Liability (Refer Note No.17 of Schedule 16)		11912.92	7,001.59
TOTAL		<u>232425.01</u>	<u>179415.22</u>
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		160368.08	155072.68
Less: Depreciation		<u>50548.89</u>	<u>42113.36</u>
Net Block		109819.19	112959.32
Capital Work-in-progress		<u>67045.23</u>	<u>3910.92</u>
		176864.42	116870.24
Investments			
In associates		-	6.25
In other than associates (Refer Note No.16 of Schedule 16)		<u>16.69</u>	<u>17.01</u>
		16.69	23.26
Current Assets, Loans and Advances	6		
Inventories		55777.15	34694.07
Sundry Debtors		25687.44	15516.97
Cash and Bank Balances		7306.91	3491.06
Loans and Advances		<u>17088.15</u>	<u>25865.37</u>
		105859.65	79567.47
Less : Current Liabilities and Provisions	7		
Liabilities		43100.04	11848.98
Provisions		<u>7215.71</u>	<u>5196.77</u>
		50315.75	17045.75
Net Current Assets		55543.90	62521.72
TOTAL		<u>232425.01</u>	<u>179415.22</u>
Significant Accounting Policies	15		
Notes to Accounts	16		

As per our Report of even date attached.
For CHATURVEDI & SHAH
Chartered Accountants

R. KORIA
Partner

For AGRAWAL CHHALLANI & CO.
Chartered Accountants

S. R. CHHALLANI
Partner

For and on behalf of Board of Directors

ARBIND JAYASWAL
Managing Director

RAMESH JAYASWAL
Joint Managing Director

A.D. KARAJGAONKAR
Company Secretary

P.K.BHARDWAJ
Executive Director and
Chief Finance Officer

Nagpur, 28th May , 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 ST MARCH, 2011

PARTICULARS	Schedule	Year ended 31.03.2011 Rs.in Lacs	Year ended 31.03.2010 Rs.in Lacs
INCOME			
Turnover		247528.51	193091.46
Less : Excise Duty Recovered on Sales		<u>21180.66</u>	<u>14351.22</u>
Net Turnover		226347.85	178740.24
Other Income	8	1975.91	3199.30
Increase/(Decrease) in Stock	9	3685.93	3530.62
TOTAL		<u>232009.69</u>	<u>185470.16</u>
EXPENDITURE			
Purchases		16107.91	3332.85
Raw Materials Consumed	10	126526.86	107735.09
Manufacturing Expenses	11	34231.90	27878.87
Remuneration and Benefits to Employees	12	9678.89	7726.73
Administrative, Selling and Other Expenses	13	<u>7870.88</u>	<u>6576.82</u>
		<u>194416.44</u>	<u>153250.36</u>
Profit before Interest, Depreciation and Taxation		37593.25	32219.80
Interest and Financial Charges	14	<u>14354.91</u>	<u>13828.23</u>
Profit before Depreciation and Taxation		23238.34	18391.57
Depreciation		<u>8433.45</u>	<u>7889.96</u>
Profit before Tax		14804.89	10501.61
Provision for - Current Tax		3116.48	1876.09
- MAT Credit Entitlement		<u>(2977.09)</u>	<u>(1795.08)</u>
		139.39	81.01
- Deferred Tax Liability (Net)		4911.33	3435.81
- Income Tax of earlier years		(58.10)	65.89
Profit after tax before prior period adjustments, minority interest and consolidated share in the Profit/(Loss) of associate		9812.27	6918.90
Share in Profit/ (Loss) of Associates		-	(0.26)
Share in Profit/ (Loss) of Minorities Interest (Refer Note No.26 of Schedule 16)		1.51	-
Prior Period Items (Net)		<u>(0.25)</u>	<u>(6.72)</u>
Profit after tax		9813.53	6911.92
Transferred from Revaluation Reserve		<u>0.76</u>	<u>0.76</u>
Profit after tax before appropriation		9814.29	6912.68
Balance brought forward		<u>10053.74</u>	<u>3141.06</u>
Balance carried to Balance Sheet		<u>19868.03</u>	<u>10053.74</u>
Earnings per Equity share of Rs.10/- each Basic & Diluted (in Rs.) (Refer Note No.18 of Schedule 16)		3.94	2.91
Significant Accounting Policies	15		
Notes to Accounts	16		

As per our Report of even date attached.
For CHATURVEDI & SHAH
Chartered Accountants

R. KORIA
Partner

For AGRAWAL CHHALLANI & CO.
Chartered Accountants

S. R. CHHALLANI
Partner

For and on behalf of Board of Directors

ARBIND JAYASWAL
Managing Director

RAMESH JAYASWAL
Joint Managing Director

A.D. KARAJGAONKAR
Company Secretary

P.K.BHARDWAJ
Executive Director and
Chief Finance Officer

Nagpur, 28th May , 2011



SCHEDULE 1
SHARE CAPITAL

PARTICULARS			As at 31.03.2011	As at 31.03.2010
			Rs.in Lacs	Rs.in Lacs
Authorised				
25,60,00,000	(25,60,00,000)	Equity Shares of Rs.10/- each.	25600.00	25600.00
60,00,000	(60,00,000)	Preference Shares of Rs.100/- each.	6000.00	6000.00
			<u>31600.00</u>	<u>31600.00</u>
Issued, Subscribed and Paid Up				
25,08,60,904	(23,66,60,904)	Equity Shares of Rs.10/- each fully paid up.	25086.09	23666.09
		Less : Allotment Money Unpaid (from other than Directors)	0.72	0.72
			<u>25085.37</u>	<u>23665.37</u>
TOTAL			<u><u>25085.37</u></u>	<u><u>23665.37</u></u>

Notes - Of the above Shares

1. Of the above Shares:
 - (i) 41,17,500 Equity Shares were allotted as fully paid up bonus shares by capitalisation of General Reserve.
 - (ii) 1,39,88,162 Equity Shares of Rs.10/- each fully paid-up were issued pursuant to the Scheme of Amalgamation of Nagpur Alloy Castings Limited and Jayaswals Neco Limited without payments being received in cash.
 - (iii) 10,10,49,856 Equity Shares of Rs.10/- each fully paid-up were issued pursuant to the Scheme of Arrangement between Inertia Iron and Steel Industries Private Limited and Jayaswal Neco Industries Limited without payments being received in cash.
 - (iv) 85,92,000 Equity Shares of Rs.10/- each fully paid-up were issued pursuant to the Scheme of Arrangement of Sponge Iron Plant and Power Plant (Demerged Undertakings) of Corporate Ispat Alloys Limited and Jayaswal Neco Industries Limited without payments being received in cash.
 - (v) 1,41,35,000 Equity Shares of Rs.10/- each fully paid-up were issued pursuant to the Scheme of Arrangement of Sponge Iron Plant and Power Plant (Demerged Undertakings) of Abhijeet Infrastructure Limited and Jayaswal Neco Industries Limited without payments being received in cash.
2. During the Year, 1,42,00,000 Equity Shares of Rs. 10/- each were allotted on preferential basis at Rs. 33.80 per equity shares.
3. For the shares to be issued pursuant to the Scheme of Arrangement between Corporate Ispat Alloys Limited and Jayaswal Neco Industries Limited, Refer Note No.8 of Schedule 16.

SCHEDULE 2
RESERVES AND SURPLUS

PARTICULARS	As at 31.03.2011	As at 31.03.2010
	Rs.in Lacs	Rs.in Lacs
Capital Reserve		
Balance as per last Balance Sheet	79.02	79.02
Share Premium Account		
Balance as per last Balance Sheet	2790.42	2790.42
Add: On allotment of Equity Shares	3379.60	-
	<u>6170.02</u>	<u>2790.42</u>
Revaluation Reserve		
Balance as per last Balance Sheet	25.28	26.04
Less : Amount of Depreciation attributable on appreciated value transferred to Profit and Loss Account	0.76	0.76
	<u>24.52</u>	<u>25.28</u>
Capital Redemption Reserve		
Balance as per last Balance Sheet	5100.37	150.00
Add: Transfer from General Reserve	-	4950.37
	<u>5100.37</u>	<u>5100.37</u>
General Reserve		
Balance as per last Balance Sheet	17561.30	24042.54
Add : MAT Credit Entitlement pursuant to Scheme of Arrangement (Refer Note No.23 of Schedule 16)	25.18	-
Less : Premium on Redemption of Preference Shares	-	1530.87
Less: Transferred to Capital Redemption reserve	-	4950.37
	<u>17586.48</u>	<u>17561.30</u>
Profit and Loss Account	19868.03	10053.74
TOTAL	<u><u>48828.44</u></u>	<u><u>35610.13</u></u>



SCHEDULE 3
SECURED LOANS

PARTICULARS	As at 31.03.2011 Rs. in Lacs	As at 31.03.2010 Rs. in Lacs
1. Term Loans from Financial Institutions and Banks		
Rupee Term Loans	63767.15	67896.70
2. Short Term Loan from a Bank	25000.00	-
3. Vehicle Loans	185.90	165.31
4. Working Capital Loans from Banks		
i) Rupee Loans (net of Cheques-in-hand)	19633.26	27676.01
ii) Foreign Currency Loan	2246.00	3874.30
	<u>21879.26</u>	<u>31550.31</u>
5. Interest Accrued and Due	19.39	69.26
TOTAL	<u>110851.70</u>	<u>99681.58</u>

NOTES:

- A. The Term Loans Referred to in (1) above includes:
- Rs.8489.58 Lacs secured by way of Hypothecation of moveable properties of Sinter Plants of the Company at Siltara Growth Centre Raipur.
 - Rs. 793.15 Lacs secured by way of mortgage of all immoveable properties of the 350 TPD Sponge Iron and 15 MW Power Plant (I) of the Company and hypothecation of the whole of moveable properties both present and future of the said plants, save and except Book Debts, Store and Spares and Stocks.
 - Rs. 3378.74 Lacs secured by way of mortgage of all immoveable properties of the 500 TPD Sponge Iron and 12 MW Power Plant (II) of the Company and Hypothecation of the whole of moveable properties of the said plants except Book Debts, Store and Spares and Stocks, which is subject to the prior charge created on them in favour of the Working Capital Bankers of the Company for its working capital requirements.
 - Rs.18659.80 Lacs secured by way of Mortgage of land admeasuring 20.233 acres at Siltara Growth Centre at Raipur, the immovable and movable properties of a Company in which some of the Directors of the Company are interested and, hypothecation of the whole of moveable properties of the Steel Melt Shop and Rolling Mills divisions both present and future, save and except Book Debts, Store and Spares and Stocks relating to Steel Melt Shop and Rolling Mills at Siltara Growth Centre, Raipur.
 - Rs. 339.17 Lacs secured by way of hypothecation of the specific Equipments financed
 - Rs.27229.66 Lacs secured by way of mortgage of all immoveable / moveable properties of the Company other than those referred to in note (i) to (v) above, ranking pari passu inter-se and by hypothecation of the whole of moveable properties both present and future, save and except Book Debts, Store and Spares and Stocks and assets specifically hypothecated as referred to in note (i) to (iv) above, subject to the prior charge created and / or to be created on Current Assets in favour of Company's Bankers for its Working Capital requirements.
 - Rs.1398.50 Lacs secured by way of hypothecation of the whole of moveable properties both present and future, save and except Book Debts, Store and Spares and Stocks and are to be further secured by mortgage of all immoveable properties of the Company other than those referred to in note (ix) below and ranking pari passu with charges mentioned in (vi) above.
 - Rs.1690.55 Lacs secured by way of hypothecation of the whole of moveable properties both present and future, save and except Book Debts, Store and Spares and Stocks and are to be further secured by mortgage of all immoveable properties of the Company other than those referred to in note (ix) below and ranking pari passu with lenders secured as mentioned in (vi) above.
 - Rs.1788.00 Lacs secured by way of first charge on hypothecation of the whole of moveable properties, except Book Debts, Store and Spares and Stocks, both present and future relating to coking coal mines including proposed washery at Moitra coking coal block at North Karanpura Coalfields near Hazaribagh in Jharkhand and second charge on Current Assets of the Company and are to be further secured by mortgage of all immoveable properties at Moitra coking coal block including Proposed Washery at North Karanpura Coalfields near Hazaribagh in Jharkhand.
- B. Short Term Loan from a Bank referred to in (2) above is secured by way of hypothecation of the whole of moveable properties both present and future, related to the new Integrated Steel Plant project in Chhattisgarh to be undertaken under expansion programme, except Book Debts, Store and Spares and Stocks and are to be secured by mortgage of 90 acres of Coal Mines Land and 98 acres of the land proposed to be acquired for the upcoming Sponge Iron and Captive Power Plant of the Company in Chattisgarh and further secured by a corporate guarantee of other body corporate.
- C. Vehicle Loans from Banks referred to in (3) above are secured by hypothecation of the specific vehicles financed.
- D. Working Capital Loans from Banks referred to in (4) above are secured by the hypothecation of whole of movable properties including Stocks and Book Debts both present and future, and are further secured collaterally by mortgage of immovable properties of the Company ranking next to the mortgage charge of Financial Institutions and Banks for their Term Loans.
- E. All the above Loans are guaranteed by some of the Directors in their personal capacities.

SCHEDULE 4
UNSECURED LOANS

PARTICULARS	As at 31.03.2011 Rs.in Lacs	As at 31.03.2010 Rs.in Lacs
Sales Tax Deferral (Under Package Scheme of Incentives) (Refer Note No.10 of Schedule 16)	2124.96	1687.51
Lease Finance	968.64	1171.52
Loans from Banks (Buyer's Credit)*	-	10083.73
Loan from Body Corporates	10623.98	512.28
TOTAL	<u>13717.58</u>	<u>13455.04</u>

Note: Amount repayable within one year is Rs. 4,938.08 Lacs (Previous Year : Rs.8312.60 Lacs)

SCHEDULE 5
FIXED ASSETS

(Rs.in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions	Deduction/ Adjustment	As at 31.03.2011	Upto 31.03.2010	For the year	Deduction/ Adjustment	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Owned Assets :										
a) Tangible Assets										
Freehold Land	1877.30	733.81	-	2611.11	-	-	-	-	2611.11	1877.30
Leasehold Land	331.90	-	-	331.90	53.14	3.38	-	56.52	275.38	278.76
Building	18648.58	1.23	2.32	18647.49	2980.07	587.34	1.01	3566.40	15081.09	15668.51
Railway Siding	3212.86	-	-	3212.86	1847.16	152.61	-	1999.77	1213.09	1365.70
Plant & Machinery	122341.33	3033.26	0.40	125374.19	31849.58	6912.55	0.38	38761.75	86612.44	90491.75
Developed Property	492.72	888.28	-	1381.00	93.79	38.07	-	131.86	1249.14	398.93
Office Equipment	298.68	34.82	-	333.50	132.78	13.89	-	146.67	186.83	165.90
Furniture & Fixture	404.90	14.17	1.49	417.58	251.57	22.65	1.27	272.95	144.63	153.33
Vehicles	616.52	78.46	8.65	686.33	326.36	45.10	2.14	369.32	317.01	290.16
Sub-total	148224.79	4784.03	12.86	152995.96	37534.45	7775.59	4.80	45305.24	107690.72	110690.34
b) Intangible Assets :										
Process Development*	3400.28	-	-	3400.28	2886.30	335.29	-	3221.59	178.69	513.98
Softwares**	17.99	4.34	-	22.33	10.20	9.50	-	19.70	2.63	7.79
Technical Know-How**	642.21	-	-	642.21	141.21	33.91	-	175.12	467.09	501.00
Indefeasible Right to Use**	461.50	519.89	-	981.39	13.02	32.92	-	45.94	935.45	448.48
Goodwill (on Consolidation)	0.98	-	-	0.98	-	-	-	0.00	0.98	0.98
Sub-total	4522.96	524.23	0.00	5047.19	3050.73	411.62	0.00	3462.35	1584.84	1472.23
Leased Assets:										
Plant & Machinery	2324.93	-	-	2324.93	1528.18	253.12	-	1781.30	543.63	796.75
Sub-total	2324.93	-	-	2324.93	1528.18	253.12	-	1781.30	543.63	796.75
Total	155072.68	5308.26	12.86	160368.08	42113.36	8440.33	4.80	50548.89	109819.19	112959.32
Previous Year	138370.23	16719.24	16.79	155072.68	34227.65	7889.96	4.25	42113.36	112959.32	
Capital Work-in-progress									67045.23	3910.92

*Internally generated

**Other than internally generated

Notes :

1. Capital Work-in-progress includes :

	As at 31.03.2011 Rs.in Lacs	As at 31.03.2010 Rs.in Lacs
Advances on Capital Account	47166.58	872.34
Material at site	779.87	76.05
Building under Construction	1145.43	5.15
Plant & Machinery under installation	5549.86	64.82
Mines under development	4851.08	1947.54
Pre-operative Expenses	7552.41	945.02
TOTAL :	<u>67045.23</u>	<u>3910.92</u>

- Buildings include cost of building aggregating to Rs. 144.43 Lacs, constructed on land, ownership of which does not vest with the Company.
- Factory Building and Shed situated at F-8, MIDC, Nagpur were revalued on 30th September 1985.
- Indefeasible Right to Use represents the cost incurred by the Company for the exclusive right of usage of certain piece of lands during the contract period.



SCHEDULE 6
CURRENT ASSETS, LOANS AND ADVANCES

PARTICULARS	As at 31.03.2011 Rs.in Lacs	As at 31.03.2010 Rs.in Lacs
A) CURRENT ASSETS		
i) Inventories (As taken, valued and certified by the Management)		
Raw Materials	32493.88	17049.40
Stores, Spares and Consumables	6889.96	4937.29
Finished Goods	13835.11	9959.27
Work-in-progress	2558.20	2748.11
	<u>55777.15</u>	<u>34694.07</u>
ii) Sundry Debtors (unsecured and subject to confirmation)		
Due for a period exceeding six months		
Considered Good	1193.56	925.39
Considered Doubtful	622.84	599.01
	<u>1816.40</u>	<u>1524.40</u>
Less : Provision for Doubtful Debts	622.84	599.01
	<u>1193.56</u>	<u>925.39</u>
Others, considered good	24493.88	14591.58
	<u>25687.44</u>	<u>15516.97</u>
iii) Cash and Bank Balances		
Cash in hand	31.70	42.05
Balances with Banks:		
In Current Accounts	1760.88	1015.09
(including Cheques-in-hand)		
In Fixed Deposit Accounts	5514.33	2433.92
(Pledged with banks as Margin money)	7306.91	3491.06
	<u>88771.50</u>	<u>53702.10</u>
B) LOANS AND ADVANCES		
(unsecured and subject to confirmation)		
Advances recoverable in cash or in kind or for value to be received.		
Considered Good	8336.18	20436.99
Considered Doubtful	771.41	711.50
	<u>9107.59</u>	<u>21148.49</u>
Less : Provision for Doubtful Advances	771.41	711.50
	<u>8336.18</u>	<u>20436.99</u>
Balance with Central Excise	384.69	178.88
Advance Payment of Income-tax (Net)	1981.48	1983.96
MAT Credit Entitlement (Refer Note No.23 of Schedule 16)	5390.88	2388.60
Deposits	1010.77	892.79
Less: Provision for Doubtful Deposits	15.85	15.85
	<u>994.92</u>	<u>876.94</u>
	<u>17088.15</u>	<u>25865.37</u>
TOTAL	<u>105859.65</u>	<u>79567.47</u>

SCHEDULE 7
CURRENT LIABILITIES AND PROVISIONS
PARTICULARS

	As at 31.03.2011 Rs.in Lacs	As at 31.03.2010 Rs.in Lacs
A) CURRENT LIABILITIES		
Acceptances	22712.48	185.69
Sundry Creditors - Micro, Small and Medium Enterprises	-	-
- Others # (subject to confirmation)	14119.97	5791.88
Advances from Customers	2335.08	1850.30
Other Liabilities	3635.23	3462.77
Interest Accrued but not due	297.28	558.34
	<u>43100.04</u>	<u>11848.98</u>
B) PROVISIONS		
Provision for Gratuity	774.28	623.61
Provision for Leave Encashment	518.04	400.47
Provision for Other Employee Benefits	185.11	149.54
Other Provisions *	2620.65	2145.99
Provision for Income Tax	3116.48	1876.09
Provision for Wealth tax	1.15	1.07
	<u>7215.71</u>	<u>5196.77</u>
TOTAL	<u>50315.75</u>	<u>17045.75</u>

@ The Company has not received information from Creditors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure as required under the Companies Act, 1956 relating to amounts unpaid as at the year end together with Interest paid / payable have not been given.

Includes Rs 1051.03 Lacs related to Creditors for Capital Goods (Previous year: Rs.1305.15)

* The Company has recognised liabilities based on substantial degree of estimation for Excise Duty payable on clearance of goods lying in stock, provision for Site Restoration expenses Entry Tax and Cess on Metallurgical Coke paid under dispute. The excise duty payable on clearance of goods lying in stock as at 31st March, 2010 was of Rs. 966.91 Lacs as per the estimated pattern of despatches. During the year Rs.966.91 Lacs was utilised for clearance of goods. Liability recognised under this clause for the year is Rs. 1441.57 Lacs which is outstanding as on 31st March, 2011. Actual outflow is expected in the next financial year. Any additional information in this regard can be expected to prejudice seriously the position of the Company.

SCHEDULE 8
OTHER INCOME

	Year ended 31.03.2011 Rs.in Lacs	Year ended 31.03.2010 Rs.in Lacs
Interest Received (Tax deducted at source Rs.146.31 Lacs (Previous year Rs.175.85 Lacs))	1118.45	1582.75
Dividend : From Long-term Investments	0.09	0.09
Export Incentives	35.44	48.31
Excess Provision/ Creditors written back (Net)	421.17	13.84
Gain on Foreign Exchange Fluctuation (Net)	309.42	1512.96
Other Miscellaneous Receipts	91.34	41.35
TOTAL	<u>1975.91</u>	<u>3199.30</u>



SCHEDULE 9
INCREASE/(DECREASE) IN STOCKS

PARTICULARS	Year ended 31.03.2011	Year ended 31.03.2010
	Rs.in Lacs	Rs.in Lacs
Closing Stock		
Finished Goods	13835.11	9959.27
Work-in-progress	2558.20	2748.11
	<u>16393.31</u>	<u>12707.38</u>
Opening Stock		
Finished Goods	9959.27	6196.89
Work-in-progress	2748.11	2979.87
	<u>12707.38</u>	<u>9176.76</u>
Increase / (Decrease) in Stocks	<u>3685.93</u>	<u>3530.62</u>

SCHEDULE 10
RAW MATERIALS CONSUMED

PARTICULARS	Year ended 31.03.2011	Year ended 31.03.2010
	Rs.in Lacs	Rs.in Lacs
Raw Materials Consumed		
Opening Stock of Raw Materials	17049.40	15899.18
Add : Purchases	141971.34	108885.31
	<u>159020.74</u>	<u>124784.49</u>
Less : Closing Stock of Raw Materials	32493.88	17049.40
TOTAL	<u>126526.86</u>	<u>107735.09</u>

SCHEDULE 11
MANUFACTURING EXPENSES

PARTICULARS	Year ended 31.03.2011	Year ended 31.03.2010
	Rs.in Lacs	Rs.in Lacs
Consumables, Stores and Spares Consumed	16196.89	12237.97
Power and Fuel	7767.92	6132.33
Excise Duty	474.66	530.32
Repairs and Maintenance -		
Building	103.29	68.26
Plant and Machinery	5439.72	4480.56
Others	6.78	7.20
Royalty and Cess	751.90	568.47
Internal Material Movement	2059.32	2021.70
Other Manufacturing Expenses	1431.42	1832.06
TOTAL	<u>34231.90</u>	<u>27878.87</u>

SCHEDULE 12
REMUNERATION AND BENEFITS TO EMPLOYEES

PARTICULARS	Year ended 31.03.2011 Rs.in Lacs	Year ended 31.03.2010 Rs.in Lacs
Salaries, Wages and Allowances	7354.02	5910.60
Contribution to P.F. and Other Funds	1025.52	787.40
Welfare and Other Amenities	1299.35	1028.73
TOTAL	<u>9678.89</u>	<u>7726.73</u>

SCHEDULE 13
ADMINISTRATIVE, SELLING AND OTHER EXPENSES

PARTICULARS	Year ended 31.03.2010 Rs.in Lacs	Year ended 31.03.2010 Rs.in Lacs
A) ADMINISTRATIVE EXPENSES		
Rent	131.40	94.28
Rates and Taxes	93.55	63.62
Insurance	106.30	94.48
Printing and Stationery	56.24	51.01
Communication	135.09	133.73
Travelling and Conveyance	861.15	724.56
Vehicle Maintenance	178.32	153.95
Legal and Professional Charges	703.32	639.67
Payments to Auditors	53.57	49.88
Miscellaneous	582.84	560.83
	<u>2901.78</u>	<u>2566.01</u>
B) SELLING AND DISTRIBUTION EXPENSES		
Advertisement & Publicity	76.22	80.95
Commission	285.30	368.03
Sales Promotion Expenses	103.71	60.23
Freight and Forwarding	3567.77	2920.36
Sales Tax	239.28	64.34
	<u>4272.28</u>	<u>3493.91</u>
C) OTHER EXPENSES		
Cash Discount	4.00	31.82
Provision for Sales Tax Deferral	492.92	399.22
Bad Debts / Advances written off	52.34	8.50
Provision for Doubtful Debts/Advances	137.37	67.01
Loss on Sale of Fixed Assets	1.65	1.14
Donations	7.39	8.14
Wealth tax	1.15	1.07
	<u>696.82</u>	<u>516.90</u>
TOTAL	<u>7870.88</u>	<u>6576.82</u>



SCHEDULE 14
INTEREST AND FINANCIAL CHARGES

PARTICULARS	Year ended	Year ended
	31.03.2011	31.03.2010
	Rs.in Lacs	Rs.in Lacs
Interest Paid		
On Fixed Loans	7604.92	6925.43
Others	<u>5088.64</u>	<u>4979.13</u>
	12693.56	11904.56
Lease Finance Charges	221.66	296.98
Financial Charges	<u>1439.20</u>	<u>1626.69</u>
TOTAL	<u>14354.42</u>	<u>13828.23</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

SCHEDULE 15: SIGNIFICANT ACCOUNTING POLICIES

1. Principles of Consolidation :

The consolidated financial statements relate to the Jayaswal Neco Industries Limited ('the Company') and its subsidiary Company. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary Company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements".
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- The difference between the cost of investments in the subsidiary over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill, which is not being amortised.
- Minority Interest's share of net profit of consolidated financial statements for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- Minority Interest in share of net assets of consolidated subsidiary is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- In case of associate where the Company holds more than 20% of equity Investments in associate are accounted for using equity method in accordance with Accounting Standard (AS) 23 – "Accounting for Investments in associates in Consolidated Financial Statements".
- The Company accounts for its share in the change in the net assets of the associate, post acquisition, after eliminating unrealized profits and losses resulting from transaction between the Company and its associate to the extent of its share, through its profit and loss account to the extent such change is attributable to the associates' profit and loss account and through its reserves for the balance, based on available information.

2. Other significant accounting policies :

These are set out under "Significant Accounting Policies" as given in the Company's separate financial statements.

SCHEDULE - 16

NOTES TO ACCOUNTS

1 Previous Year's figures have been reworked / regrouped / rearranged / reclassified wherever necessary.

2 Following Subsidiary Company has been considered in the preparation of Consolidated Financial Statements:

Sr. No.	Name of the Company	Nature of Interest	Country of Incorporation	Proportion of ownership Interest
1	Jayaswal Neco Urja Limited (Formerly known as Raigarh Energy Limited)	Subsidiary	India	51%

3 The Consolidated Accounts have been prepared in accordance with accounting standard (AS) 21 on Consolidated Financial statements in Consolidated Financial Statements notified in the Companies (Accounting Standards) Rules 2006.

	31.03.2011 (Rs.in Lacs)	31.03.2010 (Rs.in Lacs)
4 Contingent Liabilities :		
a. Guarantees given by the Company's Bankers. (Bank guarantees are provided under contractual/legal obligation. No cash outflow is expected.)	2799.35	2879.53
b. Corporate Guarantee (Given to Banks against the borrowings taken by one of the associate Company)	1181.00	457.83
c. Demands not acknowledged as debts		
i) Disputed Excise Duty and Service Tax (No cash outflow is expected in the near future.)	2527.31	734.88
ii) Disputed Sales Tax (No cash outflow is expected in the near future.)	1381.64	1044.09
iii) Disputed Customs Duty (Relating to cess on Metallurgical Coke)	761.65	736.01
iv) Other Disputed Demands (Mainly related to demand of cess on Power, No cash outflow is expected in the near future.)	1723.26	51.33
v) Third Party Claims (Matters are pending before various forum. No cash outflow is expected.)	321.61	329.44
d. Liability in respect of Bills Discounted (No cash outflow is expected.)	8158.92	3141.78
e. Letters of credit opened in favour of suppliers (Cash flow is expected on receipt of material from suppliers)	9790.07	2949.31
5 Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (net of advances) (Cash flow is expected on execution of such capital contracts on progressive basis)	148776.24	621.47
6 In the opinion of the management, Current Assets, Loans and Advances are of the value stated, if realised in the ordinary course of business.		
7 a. The Company has undertaken Projects for enhancement of Capacities of its Intergrated Steel Plant in Chattisgarh by expanding its Steel Melt Shop, Rolling Mills, Sponge Iron Plant, Captive Power Plants, Coal Washeries and developing its Coal and Iron Ore Mines (the Project). A part of the cost of the Project is to be financed by the Equity Contribution. Accordingly the Promoters along with their Associates have contributed Rs.22029 Lacs which has been accounted as "Advance received against Share Application" pending necessary approvals and compliance of the legal requirements as required under the Companies Act, 1956 and SEBI Guidelines for issuance of shares on preferential basis. Further, the subsidiary is also engaged in setting up the Power Plant Project at Raigarh, Chhattisgarh.		
b. The expenditures incurred towards construction of projects have been considered as a pre-operative expenditure, the details of which is as under:		
Particulars	31.03.2011 (Rs.in Lacs)	31.03.2010 (Rs.in Lacs)
Remuneration and Benefits to Employees	336.89	234.98
Electricity	-	2.72
Repairs & Maintenance - Buildings	1.21	1.48
Repairs & Maintenance - Others	15.78	1.09
Rates, Taxes and Fees	18.10	0.54
Travelling and Conveyance	47.99	12.10
Power & Fuel	159.38	-
Wages	22.91	-
Legal & Professional	294.33	89.04
Payment to Auditors	-	1.10
Insurance	-	2.52
Miscellaneous Expenses	86.36	12.92
Depreciation	6.88	-
Interest and Financial Charges	5617.61	730.36
	6607.44	1088.85
Less: Miscellaneous Income	0.05	0.00
Preoperative Expenses for the year	6607.39	1088.85
Add : Preoperative Expenses upto Previous Year	945.02	2632.39
	7552.41	3721.24
Less : Allocated during the year	-	2776.22
Balance at the year end	7552.41	945.02



- 8 During the year, the Board of Directors has approved the Scheme of Arrangement ("the Scheme") under section 391-394 of the Companies Act, 1956, between the Company and Corporate Ispat Alloys Limited ("CIAL") providing for demerger of Steel Division of CIAL for the purpose of its merger with the Company with effect from 1st April, 2008. Necessary approvals from the Stock Exchanges under Clause 24(f) of the Listing Agreement have been received. The Company is in the process of filing the application to the High Court seeking directions for convening meetings of Shareholders and Creditors of the Company.

On obtaining the required statutory approvals and sanction of the High Court, and the Scheme coming into force, the Company shall pursuant to the Scheme issue as consideration for transfer of Assets and Liabilities of the Steel Division, 3,26,49,600 Equity Shares of Rs. 10/- each credited as fully paid up to the eligible shareholders of CIAL in the ratio of 114 Equity Shares of the Company for every 10 Equity Shares held by them in CIAL as on the record Date.

	31.03.2011 (Rs.in Lacs)	31.03.2010 (Rs.in Lacs)
9 i) Derivative Contracts entered into by the Company and outstanding	2,246.00	3,874.30
ii) Foreign Currency exposures that are not hedged by derivatives instruments are as under :		
a) Receivable :	573.63	197.14
b) Payable :	234.90	13182.28
iii) The expenditure on account of exchange difference on outstanding forward exchange contracts to be recognised in the Profit and Loss account of subsequent period - Rs. 20.45 Lacs (Rs 26.10 Lacs)		
10 The Company is entitled to defer its liability to pay Sales Tax (including a portion of Purchase Tax) in respect of its certain units. The liability under the Schemes as on 31st March, 2011 is Rs. 5096.14 Lacs (Previous Year : Rs.4147.55 Lacs) which is provided for on the basis of its Net Present Value of Rs. 2124.96 Lacs (Previous Year : Rs.1687.51 Lacs).		
11 As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee Benefits as defined in the Accounting Standard are given below:		

Defined Contribution Plan

Employer's Contribution to Provident Fund, ESIC and Other Funds	720.31	525.14
Employer's Contribution to Superannuation Fund	115.12	74.90

Defined Benefit Plan

The employees Gratuity Fund Scheme, which is a defined benefit plan, is managed by a Trust maintained with Life Insurance Corporation of India (LIC). The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

	31.03.2011 (Funded)	31.03.2010 (Funded)
i. Reconciliation of Opening and Closing balance of Defined Benefit Obligation.		
Defined Benefit Obligation at the beginning of the year	1,096.04	805.31
Current Service Cost	176.97	153.62
Interest Cost	75.62	88.21
Benefit Paid	(49.76)	(39.61)
Actuarial Losses / (Gain)	31.08	88.51
Defined Benefit Obligation at year end.	1,329.95	1,096.04
ii. Reconciliation of Opening and Closing balance of Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	472.44	360.41
Expected Return on Plan Assets	46.40	33.16
Employer Contribution	89.92	114.38
Benefit paid	(49.76)	(39.61)
Actuarial gain /(loss) on Plan Assets	(3.33)	4.10
Fair Value of Plan Assets at year end.	555.67	472.44
iii. Reconciliation of Fair Value of assets and obligations		
Fair Value of Plan Assets	555.67	472.44
Present Value of Funded Obligations	1,329.95	1,096.04
Amount recognised in the Balance Sheet	774.28	623.60

iv. Expense recognized in Statement of Profit & Loss Account			
Current Service Cost		176.97	153.62
Interest on Defined Benefit Obligation		75.62	88.21
Expected return On Plan Assets		(46.40)	(33.16)
Net Actuarial Losses / (Gains) Recognised in year		34.41	84.41
Non Funded Liability of Earlier Years written back		-	(105.72)
Total included in "Remuneration and benefits to Employees "		240.60	187.36
v. Amounts for the current and previous periods are as follows :			
	31.03.2011	31.03.2010	31.03.2009
Defined Benefit Obligation	1329.95	1096.04	911.03
Plan Assets	555.67	472.44	360.41
Surplus/(Deficit)	(774.28)	(623.60)	(550.62)
Experience adjustment on Plan Assets (Gain)/Loss	*	*	*
Experience adjustment on Plan Liabilities Gain/ (Loss)	*	*	*
vi. Actuarial Assumptions			
Mortality Table (LIC)		1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)		8.00%	8.00%
Expected Rate of escalation in Salary (per annum)		8.00%	5.00%
Expected rate of return on Plan Assets (per annum)		9.20%	9.20%

* The details are not furnished as the informations are not available with the Company

The Subsidiary Company has not formulated any policies in respect of any retirement benefits to its employees in relation to gratuity etc and hence it has no such liabilities as at 31st March 2011.

12 Segment Reporting :

- a. Segment information as per Accounting Standard - 17 on Segment Reporting :
Information provided in respect of revenue items for the year ended 31st March 2011 and in respect of assets / liabilities as at 31st March, 2011.
Information about Primary (Product wise) segments :

(Rs.in Lacs)

Sr. No.	Particulars	Steel	Iron & Steel Castings	Others	Unallocated	Eliminations	Total
1.	REVENUE						
	External Sales	198723.97 (152955.81)	48804.54 (40135.65)	- (-)	- (-)		247528.51 (193091.46)
	Inter-segment sales	4123.00 (5897.93)	157.81 (420.80)	- (-)	- (-)	(4280.82) (-6318.73)	- (-)
	Total Revenue	202846.97 (158853.74)	48962.35 (40556.45)	- (-)	- (-)	(4280.82) (-6318.73)	247528.51 (193091.46)
2.	RESULTS						
	Segment Results	24910.60 (19687.41)	3328.77 (3207.08)	- (-)	- (-)		28239.37 (22894.49)
	Unallocated Corporate Expenses	- (-)	- (-)	3.38 (-)	98.23 (54.04)		101.61 (54.04)
	Managerial Remuneration	- (-)	- (-)	- (-)	105.28 (100.63)		105.28 (100.63)
	Operating Profit / (Loss)	24910.60 (19687.41)	3328.77 (3,207.08)	(3.38) (-)	(203.51) (-154.67)		28032.48 (22739.82)
	Interest Expense and Financial Charges	- (-)	- (-)	0.49 (-)	14354.42 (13828.24)		14354.91 (13828.24)
	Interest Income	- (-)	- (-)	- (-)	1118.45 (1582.75)		1118.45 (1582.75)
	Profit /(Loss) on Sale of Assets & Investments	- (-)	- (-)	- (-)	(1.65) (-1.14)		(1.65) (-1.14)



	Other Income	-	-	0.51	10.01		10.52
		(-)	(-)	(-)	(8.41)		(8.41)
	Income tax (Including Deferred Tax)	-	-	-	4992.62		4992.62
		(-)	(-)	(-)	(3,516.82)		(3516.82)
	Net Profit / (-) Loss						9812.27
							(6,984.78)
3.	OTHER INFORMATION						
	Segment Assets	237524.33	30913.30	4637.89	-		273075.52
		(154036.89)	(29449.71)	(603.18)	(-)		(184089.78)
	Unallocated Corporate Assets	-	-	-	9665.24		9665.24
		(-)	(-)	(-)	(12371.19)		(12371.19)
	Total Assets						282740.76
							(196460.97)
	Segment Liabilities	42476.10	7231.14	3262.24	-		52969.48
		(22646.17)	(4542.90)	(14.32)	(-)		(27203.39)
	Unallocated Corporate Liabilities	-	-	-	155857.47		155857.47
		(-)	(-)	(-)	(109982.08)		(109982.08)
	Total Liabilities						208826.95
							(137185.47)
	Capital Expenditure	63362.16	1028.61	4051.80	-		68442.57
		(4323.48)	(783.60)	(539.09)	(-)		(5646.17)
	Depreciation	7327.23	1102.10	-	4.12		8433.45
		(6806.84)	(1079.00)	(-)	(4.12)		(7889.96)
	Non-cash Expenses other than Depreciation	-	-	-	-		-
		(-)	(-)	(-)	(-)		(-)

Note : Figures in brackets represent previous year's amounts.

b. Segment Identification, Reportable Segments and definition of each segment :

i. Primary / Secondary Segment Reporting Format :

- The risk-return profile of the Company's business is determined predominantly by the nature of its products. Accordingly, the business segments constitute the Primary Segments for disclosure of segment information.
- Since all the operations of the Company are predominantly conducted within India, there are no separate reportable geographical segments.

ii. Reportable Segments :

Segments have been identified and reported taking into account the differing risks and returns, nature of products, the organisational structure and the internal reporting system of the Company.

iii. Segment Composition :

- Steel Segment is engaged in manufacture and sale of Pig Iron, Billets, Rolled Products, Sponge Iron and includes its captive Power Plants at its unit located at Siltara, Raipur and Mining activities in the state of Chhattisgarh, Jharkhand and Maharashtra.
- Iron and Steel Castings Segment comprises of manufacture and sale of Engineering and Automotive Castings with production facilities at Nagpur, Bhilai and Anjora.
- "Others" represents the upcoming power projects at Raigarh, Chhattisgarh

13 Related Party Disclosures :

a. List of related parties :

(As certified by the Company)

I. Associate Companies

Maa Usha Urja Limited
Ferromax Mines and Minerals Private Limited (upto 02.02.2011)

II. Key Management Personnel

Shri B.L. Shaw
Shri Arbind Jayaswal
Shri Ramesh Jayaswal
Shri P.K. Bhardwaj

III. Enterprises in which key managerial personnel and their relatives are able to exercise significant influence with whom transactions have taken place during the year:

(Other related parties)

Abhijeet Infrastructure Limited	AMR Iron and Steel Private Limited
Neco Heavy Engineering and Castings Limited	Neco Mining Company Limited
Neco Ceramics Limited	Steel & Tube Exports Limited
NSSL Limited	Corporate Ispat Alloys Limited
JLD Yavatmal Energy Limited	Neco Industries Limited
North Karnapura Coal Company Limited	Jayaswal Holdings Private Limited
Deify Infrastructures Limited	Anurag Sales & Services Private Limited
Nilhat Commodities Private Limited	Karamveer Impex Private Limited
Apex Spinning Mills Private Limited	Nine Star Plastic Packaging Services Private Limited
Avon Sales & Services Private Limited	Vibrant Electronics Limited
Jyotikant Investments Private Limited	Jayaswal Neco Energy Private Limited
Jayaswal Neco Infrastructures Private Limited	Jayaswal Neco Power Private Limited
Jayaswal Neco Steel and Mining Private Limited	

b. Transactions with Related Parties :

(Rs. in Lacs)

Nature of transaction	Associates	Other Related Parties	Key Management Personnel & Relatives	Total
Advance received against Share Application	-	21,029.00	-	21,029.00
	(-)	(-)	(-)	(-)
Investments - Purchased during the year	-	-	-	-
	(-)	(2.55)	(-)	(2.55)
Investments - Sold during the year	-	6.51	-	6.51
	(-)	(-)	(-)	-
Investment - as at 31st March, 2011	-	-	-	-
	(-)	(6.51)	(-)	(6.51)
Corporate Guarantees Given	1181.00	-	-	1181.00
	(450.00)	(-)	(-)	(450.00)
Unsecured Loans				
Taken during the year	3,224.00	6450.68	-	9674.68
	(-)	(3,406.00)	(-)	(3,406.00)
Repaid during the year	-	452.97	-	452.97
	(-)	(3,614.62)	(-)	(3,614.62)
Balance as on 31st March 2011	3,224.00	6,036.73	-	9,260.73
	(-)	(39.02)	(-)	(39.02)
Fixed Assets				
Purchase of Fixed Assets	-	4536.43	-	4536.43
	(-)	(11.18)	(-)	(11.18)
Sale of Fixed Assets	-	-	-	-
	(-)	(9.75)	(-)	(9.75)
Purchase of Goods & Services				
Purchase of Goods	2001.62	10151.68	-	12153.30
	(1829.47)	(7420.45)	(-)	(9249.92)
Other Manufacturing Expenses	-	34.16	-	34.16
	(-)	(642.73)	(-)	(642.73)
Sale of Goods & Services				
Sale of Goods & Services	0.31	20968.81	-	20969.12
	(219.70)	(13639.89)	(-)	(13859.59)
Sundry Creditors				
Balance as on 31st March 2011	-	631.69	-	631.69



Deposit Received as on 31st March 2011	(441.31)	(1009.44)	(-)	(1450.75)
	-	15.00	-	15.00
	(-)	(30.00)	(-)	(30.00)
Advances Recoverable in cash or in kind				
Paid during the year	-	0.70	-	0.70
	(-)	(-)	(-)	(-)
Balance as on 31st March 2011	-	1315.02	-	1315.02
	(-)	-8,300.66	(-)	(8300.66)
Capital Advances				
Balance as on 31st March 2011	-	46014.30	-	46014.30
	(-)	(-)	(-)	(-)
Sundry Debtors				
Balance as on 31st March 2011	31.64	2836.06	-	2867.70
	(0.42)	(1792.74)	(-)	(1793.16)
Income				
Rent Received	-	1.14	-	1.14
	(-)	(1.14)	(-)	(1.14)
Interest Received	-	711.40	-	711.40
	(-)	(786.79)	(-)	(786.79)
Commission Received	5.91	0.95	-	6.86
	(5.91)	(6.36)	(-)	(12.27)
Reimbursement of Expenses to the Company	122.79	1,482.88	-	1605.67
	(46.03)	(452.47)	(-)	(498.50)
Expenditure				
Payment of Salaries / Perquisites	-	-	126.44	126.44
	(-)	(-)	(120.04)	(120.04)
Sitting Fees	-	-	0.25	0.25
	(-)	(-)	(0.25)	(0.25)
Service Charges	-	3.94	-	3.94
	(-)	(3.84)	(-)	(3.84)
Rent Paid	-	-	9.98	9.98
	(-)	(-)	(6.75)	(6.75)
Interest Paid	-	21.29	-	21.29
	(-)	(61.95)	(-)	(61.95)
Reimbursement of Expenses by the Company	1.60	76.32	-	77.92
	(6.50)	(107.23)	(-)	(113.73)

c. Details of major transactions with Related Parties :

		31.03.2011 (Rs.in Lacs)	31.03.2010 (Rs.in Lacs)
Advance received against Share Application	Jayaswal Neco Steel and Mining Private Limited	2500.00	-
	Nine Star Plastic Packaging Services Private Limited	2380.00	-
	Jayaswal Neco Power Private Limited	2550.00	-
Investments - Sold	Ferromax Mines and Minerals Private Limited	6.51	-
Corporate Guarantee Given	Maa Usha Urja Limited	1181.00	450.00
Unsecured Loans taken	Corporate Ispat Alloys Limited	5900.00	-
	Maa Usha Urja Limited	3224.00	-
Unsecured Loans repaid	AMR Iron and Steel Private Limited	452.97	3366.98
Purchase of Fixed Assets	Deify Infrastructures Limited	4520.68	-
Purchase of Goods	NSSL Limited	3051.32	2161.8
	Maa Usha Urja Limited	2001.62	1829.47
	Neco Heavy Engineering and Castings Limited	1347.94	1096.58
	Corporate Ispat Alloys Limited	3625.54	2929.57
Sale of Goods	NSSL Limited	8541.05	6472.05
	Corporate Ispat Alloys Limited	10989.62	5531.14
Other Manufacturing Expenses	NSSL Limited	29.05	638.30
Sundry Creditors	Corporate Ispat Alloys Limited	361.51	226.25
	Neco Mining Company Limited	100.00	-

Deposits Received	Abhijeet Infrastructure Limited	109.97	-
Advances - Closing Balance	Neco Heavy Engineering and Castings Limited	15.00	15.00
Capital Advances - Closing Balance	Corporate Ispat Alloys Limited	971.52	6598.81
Sundry Debtors	Deify Infrastructures Limited	46014.30	-
Rent Received	NSSL Limited	2668.55	1177.83
Interest Received	Neco Heavy Engineering and Castings Limited	1.14	1.14
Commission Received	Corporate Ispat Alloys Limited	711.40	786.79
	Corporate Ispat Alloys Limited	0.95	6.36
	Maa Usha Urja Limited	5.91	5.91
Payment of Salaries/Perquisites	Arbind Jayaswal	51.60	50.33
	Ramesh Jayaswal	51.60	50.32
	P.K.Bhardwaj	23.24	19.39
Sitting Fees	B. L. Shaw	0.25	0.25
Service Charges	Steel & Tube Exports Limited	3.94	3.84
Rent Paid	B. L. Shaw	1.12	2.25
	Arbind Jayaswal	4.43	2.25
	Ramesh Jayaswal	4.43	2.25
Interest Paid	AMR Iron and Steel Private Limited	21.29	61.95

14 Disclosures of Loans and Advances

Loans and advances includes the following amounts due from the Companies in which directors are interested

	Balance due as onMaximum balance			
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	(Rs.in Lacs)	(Rs.in Lacs)	(Rs.in Lacs)	(Rs.in Lacs)
Corporate Ispat and Alloys Limited *	-	6598.81	9,089.24	8433.75

Note: -

Loans to Employees as per Company's policy are not considered.

* Falls under the category of Loans & Advances in the nature of Loans where there is no repayment schedule and are repayable on demand.

- 15 During the year ended 31st March 2011, the Company disposed off its entire investment in Ferromax Mines and Minerals Private Limited (FMMPL). Resultantly, FMMPL has ceased to be an associate of the Company.

16 Investments

Particulars	As at		As at	
	31.03.2011		31.03.2010	
	Rs.in Lacs		Rs.in Lacs	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	Number of shares	Face		
	31.03.2011	31.03.2010	Value (Rs.)	
Long Term				
Trade Investments (Unquoted)				
I) In Equity Shares of Associate				
Ferromax Mines and Minerals Private Limited	-	65100	10	-
				6.25
				6.25
II) In Equity Shares - Others				
Punjab & Maharashtra Co-operative Bank Ltd.	40	40	25	0.01
				0.01
				0.01
Other than Trade				
I) In Equity Shares - Fully Paid Up (Quoted)				
Antarctica Graphics Limited	53000	53000	1	0.53
Elbee Services Limited	1400	1400	10	1.96
Indo French Biotech Limited *	-	800	10	-
Nova Steels India Limited *	-	12500	10	-
Enarai Finance Limited *	-	3900	10	-
Tourism Finance Limited	3000	3000	10	0.90
Triveni Sheet Glass Limited	1000	1000	10	1.00
Datar Switchgears Limited	2200	2200	10	1.05



Grapco Mining & Company Ltd *	-	50000	10	-	5.00
Ispat Industries Limited	60	60	10	0.01	0.01
Jindal Steel & Power Limited	3000	100	1	0.56	0.56
JSW Steel Limited	8	8	10	0.01	0.02
Kirloskar Ferrous Industries Ltd	100	100	5	0.02	0.02
Tata Steel Limited	135	135	10	0.41	0.41
Usha Martin Limited	500	100	1	0.05	0.05
II) Other Investments - Unquoted					
In Preference Shares					
Ispat Industries Limited (Rs.400)	40	40	10	-	-
Essar Steel Limited	60	60	10	0.03	0.03
In Units					
SBI One India Fund	100000	100000	10	10.00	10.00
SBI Infrastructure Bond	50000	50000	10	5.00	5.00
				<u>21.53</u>	<u>30.52</u>
Less : Provision for diminution in the value				<u>4.85</u>	<u>13.52</u>
				<u>16.68</u>	<u>17.00</u>
				<u>16.69</u>	<u>23.26</u>
TOTAL					
* Written off during the year					
Aggregate Value of Investments					
Quoted Investments :					
Book Value				1.97	2.00
Market Value				23.11	23.49
Unquoted Investments :					
Book Value				14.69	21.26
17 The breakup of Deferred Tax Assets and Deferred Tax Liabilities into major components of respective balances is as under :					
				As at	As at
				31.3.2011	31.3.2010
				(Rs.in Lacs)	(Rs.in Lacs)
i Deferred Tax Liabilities					
Related to Fixed Assets				13682.51	13408.43
Sales Tax Deferred claimed as deduction for tax purposes but not debited to Profit & Loss Account				888.64	807.15
Total				<u>14571.15</u>	<u>14215.58</u>
ii Deferred Tax Assets					
Unabsorbed Depreciation				1444.70	6308.75
Items disallowed under Income Tax Act, 1961				604.35	340.18
Provision for Doubtful Debtors & Advances				468.40	440.58
Leased Asset				141.17	124.48
Total				<u>2658.62</u>	<u>7213.99</u>
Net Deferred Tax Liability / (Asset)				11912.53	7001.59

The above includes Deferred Tax Assets of Rs. 0.39 Lacs (PY Rs 0.48 Lacs) pertaining to the Subsidiary which, in the absence of virtual certainty that sufficient future Taxable Income will be available against which Deferred Tax Assets can be realized, has not been recognised in the books of accounts of the Subsidiary in line with Accounting Standard 22 dealing with accounting for Taxes on Income. In view of the above Deferred Tax Assets of Rs. 0.39 Lacs in the subsidiary can not be setoff with the Deferred Tax liability.

18 Basic and Diluted Earning Per Share

For the purpose of calculation of Basic and Diluted Earning Per Share the following amounts are considered :

		Year ended 31.3.2011 (Rs.in Lacs)	Year ended 31.3.2010 (Rs.in Lacs)
Earnings Per Share			
Net Profit after tax		9813.53	6911.92
Amount available for Equity Shareholders of Basic and Diluted Earnings Per Share	(A)	9813.53	6911.92
Weighted average number of equity shares (Nos.)	(B)	249032411	236660904
Basic and Diluted Earnings Per Share of face value of Rs.10/- each	(A) / (B)	3.94	2.91

Note:

No effects have been given of advance against share application money received for the purpose of calculating Diluted Earning Per Share as the price at which the shares will be issued is not yet finalized and for the shares to be issued pursuant to the scheme of arrangement as referred in Note No.8 above.

19 Dividend accrued on Redeemable Preference Shares not provided for :

Particulars	31.3.2011 (Rs.in Lacs)	31.3.2010 (Rs.in Lacs)
i 16% Redeemable Cumulative Preference Shares	1700.51	1700.51
ii 0.0001% Cumulative Redeemable Preference Shares	0.01	0.01
Total	1700.52	1700.52

	31.3.2011 (Rs.in Lacs)	31.3.2010 (Rs.in Lacs)
20 Balances with Banks include:		
Balances with Scheduled Banks	7259.56	3430.27
Balance with Durg Rajnandgaon Gramin Bank Ltd., [Maximum balance outstanding during the year Rs.11.06 Lacs (Previous Year : Rs.22.48 Lacs)]	15.65	18.74
21 Payment to Auditors :		
Audit Fees	36.31	30.10
Tax Audit Fees	3.45	5.00
Certification Charges	6.00	6.00
Company Law Matters & Other Matters	2.75	5.00
Out of Pocket Expenses	5.06	4.88
Total	53.57	50.98

- 22 In accordance with the Accounting Standard (AS-28) on "Impairment of Assets", the Management during the year carried out an exercise of identifying the assets that may have been impaired in respect of each cash generating unit in accordance with the said Accounting Standard. On the basis of this review carried out by the management, there was no impairment loss on Fixed Assets during the year ended 31st March, 2011.
- 23 Presently the Company is liable to pay Minimum Alternate Tax (MAT) under section 115JB of the Income Tax Act, 1961 (The Act) and the amount paid as MAT is allowed to be carried forward for being set off against the future tax liabilities computed in accordance with the provisions of the Act, other than Section 115JB, in next ten years. Based on the future projection of the performances, the Company will be liable to pay the income tax computed as per provisions, other than under section 115JB, of the Act. Accordingly as advised in Guidance note on " Accounting for Credit available in respect of Minimum Alternate Tax under the Income Tax Act 1961 " issued by the Institute of Chartered Accountants of India, Rs. 2977.09 Lacs being the excess of tax payable u/s 115JB of the Act over tax payable as per the provisions other than section 115JB of the Act has been considered as MAT credit entitlement and credited to Profit and Loss Account. Further, during the year, Pursunt to the scheme of



Arrangement between the Company and Inertia Steel & Ispat Private Limited (IISPL) for the Assessment Year: 2008-09, Company has accounted for Mat Credit Entitlement which is relating to IISPL aggregating to Rs.25.18 Lacs by adjusting General Reserve. The aggregate MAT Credit Entitlement available to the Company as on 31st March, 2011 is Rs. 5390.88 Lacs.

- 24 The Company has received various show cause notices aggregating to Rs.5500 Lacs from the office of the Commissioner of Central Excise which mainly relates to availment of Cenvat/ Custom duty/ Service Tax credit on inputs/ services taken under lease; etc. The Company does not anticipate any losses on this account and accordingly no provision have been made in the books of account.
- 25 a. The cost of assets taken on lease prior to 1st April, 2001 amounted to Rs. 665.16 Lacs (Previous Year Rs. 1270.66 Lacs). Future Obligations towards Lease Rentals under the lease agreements are Nil (Previous Year Nil).
- b. The Company has acquired certain items of Plant & Machinery on finance lease on or after 1st April, 2001, amounting to Rs.2324.93 Lacs (Previous year Rs. 2324.93 Lacs). The Minimum Lease Rentals outstanding as on 31st March, 2011 in respect of these assets are as follows :

	31.03.2011 (Rs.in Lacs)	31.03.2010 (Rs.in Lacs)
Minimum Lease Payments		
(i) Payable not later than 1 year	360.00	424.54
(ii) Payable later than 1 year and not later than 5 years	1080.00	1440.00
(iii) Payable later than 5 years	-	0.00
Total Minimum Lease Payments	1440.00	1864.54
Less : Future Finance Charges	471.36	693.02
Present Value of Minimum Lease Payments	968.64	1171.52
Present Value of Minimum Lease Payments		
(i) Payable not later than 1 year	172.47	202.87
(ii) Payable later than 1 year and not later than 5 years	796.17	968.65
(iii) Payable later than 5 years	-	0.00
Total Present Value of Minimum Lease Payments	968.64	1171.52

General description of Lease terms :

- (i) Lease Rentals are charged on the basis of agreed terms.
- (ii) Assets are taken on lease for a period of 5 to 10 years.
- 26 During the year the subsidiary has incurred losses and the losses applicable to the Minority in a Consolidated Financial Statement is more than the Minority Interest in the equity of the Subsidiary and accordingly the minority interest in the losses of the subsidiary is restricted to the extent of opening minority interest in the equity.

	(Rs.in Lacs)	(Rs.in Lacs)
27 Excise Duty includes :		
a) Excise duty shown as reduction from turnover	21180.66	14351.22
b) Excise duty charged to profit & loss account being the		
(i) Difference between Closing and Opening Stock	474.66	530.32

As per our Report of even date attached.

For CHATURVEDI & SHAH
Chartered Accountants

R. KORIA
Partner

For AGRAWAL CHHALLANI & CO.
Chartered Accountants

S. R. CHHALLANI
Partner

For and on behalf of Board of Directors

ARBIND JAYASWAL
Managing Director

RAMESH JAYASWAL
Joint Managing Director

A.D. KARAJGAONKAR
Company Secretary

P.K.BHARDWAJ
Executive Director and
Chief Finance Officer

Nagpur, 28th May , 2011

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details	(Rs. in '000)
CIN	L28920MH1972PLC016154
State Code	11
Balance Sheet Date	31.03.2011
II. Capital raised during the year	
Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement (including share premium)	479960
III. Position of Mobilisation and Deployment of Funds	
Total Liabilities	23242501
Total Assets	23242501
Sources of Funds	
Paid up Capital	2508537
Advance against Share Application Money	2202900
Reserves and Surplus	4882844
Secured Loans	11085170
Unsecured Loans	1371758
Deferred Tax Liability	1191292
Application of Funds	
Net Fixed Assets	17686442
Investments	1669
Net Current Assets	5554390
Miscellaneous Expenditure	-
Accumulated Losses	-
IV. Performance of the Company	
Turnover	22832376
Total Expenditure	21351887
Profit / (Loss) Before Tax	1480489
Profit / (Loss) After Tax	981227
Earning per Share (in Rs.)	
Basic	3.94
Diluted	3.94
Dividend Rate % (Equity)	NIL
V. Generic Names of three Principal Products / Services of the Company (as per monetary terms)	
1. Item Code No. (ITC Code)	72011000
Product Description	Pig Iron & Skull
2. Item Code No. (ITC Code)	73251000
Product Description	Cast Iron Castings
3. Item Code No. (ITC Code)	72282000
Product Description	Billets & Rolled Products



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

	31.03.2011 (Rs.in Lacs)	31.03.2010 (Rs.in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax as per Profit and Loss Account	14804.89	10501.61
ADJUSTED FOR		
Depreciation	8433.45	7889.96
Loss/(Profit) on sale of fixed asset	1.65	1.14
Dividend Income	(0.09)	(0.09)
Interest Income	(1118.45)	(1356.44)
Other Income	(0.26)	-
Interest and Financial Charges	14132.76	13531.25
Lease Rent	221.66	296.98
Foreign Exchange differences	50.53	419.50
Provision for Sales Tax Deferral	492.92	399.22
Bad Debts	52.34	8.50
Provision for Doubtful Debts/ Advances	137.37	67.01
Excess Provision/ Creditors written back (Net)	(421.17)	(13.84)
Provision for Wealth tax	1.15	1.07
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE	<u>36788.75</u>	<u>31745.87</u>
ADJUSTMENTS FOR		
Trade and Other Receivables	(5147.56)	(1659.40)
Inventories	(21083.08)	(6865.88)
Trade Payables	32759.58	(14987.35)
CASH GENERATED FROM OPERATIONS	43317.37	8233.24
Direct taxes paid / Refund	(1816.58)	(1154.15)
Prior Period Items (Net)	(0.25)	(6.72)
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>41500.54</u>	<u>7072.37</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Capital Work-in-progress	(63072.20)	(5132.28)
Sale of Fixed Assets	6.41	11.40
Sale of Investments	6.51	-
Dividend Income	0.09	0.09
Movement in Loans	6619.17	5978.67
Interest Income	1067.46	1681.97
Minority Interest	-	1.51
NET CASH FLOW/ (USED) FROM/ IN INVESTING ACTIVITIES	<u>(55372.56)</u>	<u>2541.36</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from Issue of Shares including	4799.60	-
Proceed from advance received against share application	22029.00	-
Redemption of Preference Shares	-	(6481.24)
Repayment of Lease Liability	(423.97)	(549.14)
Proceed from Long Term Borrowings	9920.26	8979.93
Repayment of Long Term Borrowings	(13932.64)	(11860.07)
Short Term Loans (Net)	15356.92	15072.55
Interest and Financial Charges Paid	(20061.30)	(14381.08)
NET CASH FLOW/ (USED) FROM/ IN FINANCING ACTIVITIES	<u>17687.87</u>	<u>(9219.05)</u>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	3815.85	394.68

Cash and Cash Equivalents (Opening Balance)	3491.06	3096.38
Cash and Cash Equivalents (Closing Balance)	<u>7306.91</u>	<u>3491.06</u>

- (i) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.
- (ii) Figures in brackets indicate Outflows.
- (iii) Cash and Cash Equivalents at the end of the year includes deposits with banks aggregating to Rs. 5514.33 Lacs (Previous Year Rs. 2433.92 Lacs) which are pledged with banks as margin for Bank Guarantee and Letters of Credit.
- (iv) Previous year's figures have been regrouped / rearranged wherever necessary to make them comparable with those of current year.

As per our Report of even date attached.
For CHATURVEDI & SHAH
Chartered Accountants

For and on behalf of Board of Directors

R. KORIA
Partner

ARBIND JAYASWAL
Managing Director

RAMESH JAYASWAL
Joint Managing Director

For AGRAWAL CHHALLANI & CO.
Chartered Accountants

A.D. KARAJGAONKAR
Company Secretary

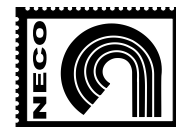
P.K.BHARDWAJ
Executive Director and
Chief Finance Officer

S. R. CHHALLANI
Partner

Nagpur, 28th May, 2011

JAYASWAL NECO INDUSTRIES LIMITED

Registered Office : F-8, MIDC Industrial Area, Hingna Road, Nagpur - 440 016.



ATTENDANCE SLIP

(Shareholders attending the meeting in person or by Proxy are requested to fill in and sign the Attendance Slip and hand it over at the entrance of the Meeting Hall).

I hereby record my presence at the Thirty Eighth Annual General Meeting of the Company to be held on Saturday, the 24th day of September, 2011 at 11.30 A.M. at the Registered Office of the Company situated at F-8 MIDC Industrial Area, Hingna Road, Nagpur - 440 016.

Folio No. / Client ID No.

Full name of the shareholder/Proxy
(in block letters)

Signature



JAYASWAL NECO INDUSTRIES LIMITED

Registered Office : F-8, MIDC Industrial Area, Hingna Road, Nagpur - 440 016.



Register Folio No. / Client ID No.

I/We of

being a Member/Members of JAYASWAL NECO INDUSTRIES LIMITED hereby appoint

..... of in the

District of or failing him of

..... in the District of

as my/our proxy attend and to vote for me/us on my/our behalf at the THIRTY EIGHTH ANNUAL GENERAL MEETING to be held on Saturday, the 24th day of September, 2011 and at any adjournment thereof.

Signed at this Day of 2011.

Affix
Re. 1/-
Revenue
Stamp

Note : The Proxy in order to be effective should be duly stamped, completed, signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid Meeting. The Proxy need not be a Member of the Company.



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To,



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Jayaswal Neco Industries Limited

F-8, MIDC Industrial Area, Hingna Road, Nagpur - 440 016.

Tel. No. : (07104) 237276, 237471, 237472, Fax No. : (07104) 237583, 236255

E-mail : contact@necoindia.com, Web Site : www.necoindia.com