



Jayaswal Neco Industries Limited



**Annual Report
2009 - 2010**



BOARD OF DIRECTORS	: Shri Basant Lall Shaw	Chairman
	Shri B K Agrawal	Director
	Shri M M Vyas	Director
	Shri John Mathew	Director (Exim Nominee)
	Shri S K Sachdev	Director (IDBI Nominee)
	Shri Ramesh Jayaswal	Joint Managing Director
	Shri Arbind Jayaswal	Managing Director

COMPANY SECRETARY : Shri A D Karajgaonkar

CHIEF FINANCE OFFICER : Shri P K. Bhardwaj

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

AUDITORS : M/s Chaturvedi & Shah,
Chartered Accountants,
Mumbai

M/s Agrawal Chhallani & Co.
Chartered Accountants
Nagpur.

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

WORKS : 1. Steel Plant Division – Siltara Growth Centre, Raipur
2. Gare Palma IV/4 and IV/8 Coal Block, Mand Raigarh Coal Fields, Raigarh
3. Automotive Castings Division – Butibori, Nagpur.
4. Centricast Division – MIDC Area, Hingna Road, Nagpur
5. Engineering Castings Division – MIDC Area, Hingna Road, Nagpur
6. Construction Castings Division – L I Area, Bhilai & Anjora.



NOTICE

NOTICE is hereby given that THIRTY- SEVENTH Annual General Meeting of the Members of JAYASWAL NECO INDUSTRIES LIMITED will be held on Thursday, the 30th day of September, 2010, at 11.30 A.M. at the Registered Office of the Company at F-8 MIDC Industrial Area, Hingna Road, Nagpur – 440 016 to transact the following business:

- To receive, consider and adopt Balance Sheet of the Company as at 31st March, 2010, Profit and Loss Account for the year ended on that date and the reports of the Auditors and Directors thereon.
- To appoint Directors in place of the following Directors who retire by rotation and being eligible offer themselves for re-appointment.
 - Shri Basantlall Shaw
 - Shri Ramesh Jayaswal
- To appoint Auditors for the current year.

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

Date: 12th August, 2010.

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE SAID MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE LODGED WITH THE COMPANY AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM 27TH SEPTEMBER, 2010 TO 30TH SEPTEMBER, 2010 (BOTH DAYS INCLUSIVE).

Details of Directors seeking re-appointment at forthcoming Annual General Meeting.

Names of Directors	Shri Basant Lall Shaw	Shri Ramesh Jayaswal
Date of Birth	03.08.1933	02.02.1960
Designation	Chairman	Joint Managing Director
Date of Appointment	28.11.1972	05.03.1983
Qualification	B.Com.	B.Com.
Experience in Specific Functional Areas	Associated with Iron & Steel business operations for over 50 years. Instrumental in setting up 1 MTPA Integrated Steel Plant in Raipur and other industrial units in the Group in India and Abroad. Founder and Chairman of Neco Group of Industries.	Associated with Iron and Steel business for over 22 years. Looks after the implementation of new Projects and other allied matters.
Other Directorships	1. NSSL Ltd. 2. Maa Usha Urja Ltd. 3. Neco Heavy Engineering and Castings Ltd. 4. Neco Ceramics Ltd. 5. Raigarh Energy Ltd. 6. Neco Industries Ltd. 7. Deify Infraprojects Pvt. Ltd. 8. Jayaswal Holdings Pvt.Ltd.	1. Neco Industries Ltd. 2. Hyderabad Expressways Ltd 3. N S S L Ltd. 4. Maa Usha Urja Ltd. 5. Cyberabad Expressways Ltd. 6. Jayaswal Holdings Pvt. Ltd. 7. Terra Projects Ltd. 8. Deify Infrastructures Ltd. 9. Pondichery Tindivnam Tollway Ltd. 10. Neco Heavy Engineering and Castings Limited 11. Raigarh Energy Ltd.
Membership on Committees of other Companies.	Nil	Nil
No. of Equity Shares held	2433170	539150

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting their THIRTY SEVENTH Annual Report on the affairs of the Company together with Audited Balance Sheet as at 31st March, 2010, 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:

Particulars	31.03.2010	31.03.2009
Gross Turnover	193091	180553
Net Turnover	178740	161104
Other Income	3199	2031
Total Income	181939	163135
Total Expenditure	149719	142404
Profit before Interest	32220	20731
Depreciation & Tax		
Interest and Financial Charges	13828	11327
Profit before		
Depreciation and Tax	18392	9404
Depreciation	7890	6548
Profit before tax	10502	2857
Tax including Fringe Benefit Tax	3517	140
Profit after Tax for the year	6985	2717
Prior period items (Net)	(07)	(41)
Balance Brought forward and other adjustments	3076	465
Profit carried to Balance Sheet	10054	3141

With a view to conserve resources, the Directors do not recommend any dividend to the Members of the Company.

2. MANAGEMENT DISCUSSION AND ANALYSIS:

A] Share Capital:

i) Allotment of Shares pursuant to Schemes of Arrangement:

As reported last year, as a consequences of implementation of Scheme of Arrangement, the Company has allotted on 25th March 2010, 12,37,76,856 Equity Shares of Rs. 10/- each credited as fully paid up to the eligible shareholders of the Transferor Companies. Further, the Authorised Share Capital of the

Jayaswal Neco Industries Limited

Company stands raised by Rs.16 Crore on account of the merger of erstwhile Inertia Iron and Steel Industries Private Limited under the Scheme.

ii) Preferential Allotment of Equity Shares:

The Company has, with a view to augment its long term requirements of fund allotted on 18th May 2010, 1,42,00,000 further Equity shares of Rs. 10 each for a cash of Rs. 33.80 per share to Reliance Capital Trustee Co. Ltd. (A/c Reliance Infrastructure Fund, a Scheme of Reliance Mutual Fund).

iii) Redemption of Preference Share Capital:

Pursuant to the approval obtained from the Preference Shareholders of the Company at the meeting held on 26.02.2010, the terms and conditions of preference Share Capital have been altered. Accordingly, the Company redeemed on 28th February 2010, entire 20,63,385, 0.001% Cumulative Redeemable Preference Shares of Rs. 100/- each and 28,86,985, 10.00% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 100/- each at premium. The Amount of premium paid on redemption of the Preference Shares has been appropriated from out of the reserves of the Company pursuant to the provisions contained in the Scheme of Arrangement.

As a consequence of above, Authorised and Paid-up Share Capital of the Company as of date is Rs. 316 Crore and Rs. 250.86 Crore respectively.

B] Financial Performance:

The Members may be pleased to observe that the Company's performance for the year under review has significantly improved over the previous year. The Company's gross turnover for the year was Rs. 1930.91 Crore which is around 7% higher than the previous year's Rs. 1805.53 Crore. The Net Profit for the year at Rs. 69.85 Crore is around 157% higher than Rs. 27.17 Crore of the previous year. The important contributory to the Net Profit was higher production, higher sales realization, lower cost of coke and foreign Exchange gain as compared to foreign Exchange loss in the previous year.

Increased interest and Financial Charges for the Company as a whole at Rs. 138.92 Crore as compared to Rs. 113.27 Crore arising out of increased Working Capital requirements of the Company has made a dent in the profitability of the Company.



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

i) Steel Plant Division:

During the year under review the Steel Plant Division registered an overall increase in the Production and Sale of around 21% and 30% respectively over the previous year. The sales realisation also of the Pig Iron, Billets, 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 material made the day to day working of the Division a difficult task. There was however, a respite since the coke prices during the year showed a downward trend.

ii) Castings Division:

The Castings Division achieved a higher Production and Sale of around 8% and 9% respectively over the previous year; however as result of drop in the sales realisations the turnover has shown a negative growth of 5%. Despite this, the profitability was higher which has been achieved through reduced cost of production and various austerity measures. There is an impressive growth in Automotive, Steel, Real estate and Infrastructure sectors which in turn is generating a good demand for castings. 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] Outlook:

The fundamental drivers for growth in demand for steel in the country are major investments in infrastructure and increased urbanization which leads to growth in demand for Housing, Automobiles and White Goods. Timely availability of good quality materials especially Coal, Iron Ore and efficient logistics support play an important role in ensuring major investments in infrastructure and increased urbanization.

During the year under review, the Company has commenced production in its Wire Rod Mill as well as Bar Mill. The Company expects the performance of Bar Mill to further improve in the current year. The Wire Rod Mill is in the process of stabilization. Additional Wire Rod Block at the cost of Rs. 60 Crore is being set up to widen the product range in this Mill. This additional facility is expected to be ready by September 2011.

The Company is also implementing 6 MW Waste Heat Recovery Based Power Plant at Raipur at the cost of Rs. 33 Crore. The gases generated from the Coke Oven Batteries would be used for generation of Power at this proposed Plant which would be ready for operation by February 2012.

Blast Furnace performance during the last year has not been up to the high performance levels and standards set by the Company. During the current year the Company plans to set right some of the technical issues in the Blast Furnace and expects its productivity and performance to improve.

The Non Coking Coal Mine of the Company at Raigarh in Chhattisgarh is producing Coal to cater to the requirements for Sponge Iron Plants. The Company has Coking Coal Block at Moitra Coal Block near Hazaribagh in Jharkhand. On commencement of this Coking Coal Mine the Company's dependence on Import of this vital raw material would reduce considerably.

The Company has with a view to reap benefits of captive Coal and Iron Ore Mines, planned for further development of its Mines, setting up of Coal Washeries, enhancing capacities in Sponge Iron Plants and their associated Power Plants, Steel Melt Shop and Rolling Mill in its existing Steel Plant Complex. Necessary steps are being taken to for enhancement of the mining capacities also so as to cater future requirements of Coal for the proposed expansions.

The Company is in discussions with Lenders and Investors for achieving financial closures for the proposed expansions.

D] Concerns:

Statutory and Environmental clearances in respect of 2 Iron Ore Mines in Chhattisgarh are in hands. All efforts are being made to overcome the difficulties. However, the Company is as a consequence of serious law and order problems arising out of Naxalites Movement in the region, not in a position to operationize these Iron Ore mines. Other Mines are at different stages of clearances and development. The Board is confident that once the Iron Ore Mines get commissioned, it would give a good quality material with considerable savings on account of its cost and in turn significant addition to the bottom lines of the Company; considering the fact that the Company consumes more than 1 MTPA of Iron Ore and Fines.

E] 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.

F] 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 7500 approximately.

G] Labour and Community Welfare:

As a part of its social responsibility and as a good corporate citizen, the Company regularly undertakes programmes for health check-up, free distribution of medicines, granting educational support and scholarships and other measures for the welfare of the workers, their families and residents of the surrounding villages. Besides, sponsoring sports events in the nearby villages, activities of tree plantation, development of parks and gardens, are regularly undertaken with a view to promote and protect a congenial and eco friendly atmosphere in and around the plants.

The Company has adopted a few villages surrounding the plant for their all-round development and general up-liftment of the underprivileged children, women and the poor.

3. AUDITORS' REPORT:

With reference to para ix (b) under Annexure to Auditors' Report dated 28th May, 2010, it is clarified that the dues under environment cess has been contested by the Company and has referred the same to the Court for redressal. Other matters contained in the Report of the Auditors on the Financial Statements for the year ended 31st March, 2010 are self explanatory and do not call for any comments of the Directors.

4. DIRECTORS:

IDBI Bank Limited has withdrawn the nomination of Shri Rakesh Awasthi from the Board of Directors of the Company with effect from 5th April, 2010 and appointed Shri Sanjeev Kumar Sachdev in his place. The Board appreciates and takes on record the services rendered by Shri Rakesh Awasthi, during his tenure as Director of the Company.

Shri Basant Lall Shaw and Shri Ramesh Jayaswal Directors of the Company retire by rotation at the ensuing Annual General Meeting and offer themselves for re-appointment. Necessary information on the Director seeking re-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:

Particular in relation of the employees drawing remuneration

in excess of the prescribed limits and whose particulars need be given under Section 217 (2A) of The Companies Act, 1956, read with The Companies (Particulars of Employees) Rules, 1975, as amended, are enclosed as an annexure and forms a part of this report.

7. SUBSIDIARY COMPANY:

As reported last year Raigarh Energy Limited (REL), a Subsidiary Company has envisaged setting up 2x300 MW Thermal Power Plants at the pithead of the Company's Non-coking Coal Mines at Raigarh. Middlings, Rejects, Slurry generated by the Company in the process of washing of Coal would be supplied to REL for generation of Power. Necessary amendments as stipulated under Dispensation Guidelines issued by Ministry of Coal, Government of India in that behalf have been suitably incorporated in Memorandum and Articles of Association of the Company and the Subsidiary Company.

The Statement pursuant to section 212 of the Companies Act, 1956 containing the prescribed particulars in respect of the Subsidiary Company, 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:

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

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,

11. ACKNOWLEDGEMENTS:

The Directors place on record, their appreciation and

Place: Nagpur

Date: 12th August, 2010.

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, 2010.

I. CONSERVATION OF ENERGY:

- The Company recognises 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 stabilised power supply, minimum interruptions and smooth operations.
- 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, standardisation of processes and other steps have been taken wherever possible giving a considerable saving in consumption of energy.
- The Blast Furnace Gases are extensively utilised 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	16464.00 (14040.05)	1428.05 (1425.83)	8673 (10155)	480.62 (404.81)	2418.46 (1992.32)	5.03 (4.85)	- (-)	- (-)	- (-)
(b) Pig Iron and Steel Products & Sponge Iron	783722.64 (646644.31)	57722.74 (50774.97)	7365.20 (7852)	481.44 (95.57)	1829.47 (363.17)	3.80 (3.80)	1457.64 (852)	389.37 (251.42)	26712.28 (29525.46)
(2) Own Generation:									
Pig Iron & Steel Products & Sponge Iron	- (-)	- (-)	- (-)	1115.45 (920.31)	2955.95 (2438.81)	2.65 (2.65)	- (-)	- (-)	- (-)

(B) Consumption/Unit of Production.

PARTICULARS	COAL/COKE KGs.	ELECTRICITY KWHs	FURNACE OIL LTRs.
Iron & Steel Castings	226.40 (229)	660.92 (659.55)	- (-)
Pig Iron & Steel Products	587 (614)	237.950 (212.157)	1.779 (1.482)
Sponge Iron	2062 (2378)	72.00 (78.00)	- (-)

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.
- During the current year the Company has commenced 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. The total cost of this additional facility is estimated to be Rs. 60 Crore and the same is expected to be commissioned in September, 2011.
- The Company is also setting up Waste Heat Recovery Based 6 MW Power Plant based on hot gases generated from Coke oven Plant at Siltara Growth Centre, Raipur, at an estimated cost of Rs. 33 Crore and is expected to be commissioned in February, 2012.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

	(Rs. in Lacs)	
	2009-2010	2008-2009
i) Foreign Exchange earned:		
Export of goods on FOB basis	1608.95	1413.32
ii) Foreign Exchange used:		
Purchase of Raw Materials, Stores & Components, traded goods and capital goods	22043.79	39173.28
Interest & Financial Charges	232.09	1391.95
Traveling	9.40	9.32
Salary	25.37	27.08
Rent	7.06	-
Others	3.63	8.46
Total	22321.34	40610.09

Place : Nagpur
Date : 12th August, 2010.

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



PARTICULARS OF EMPLOYEES AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975, AS AMENDED.

Employed throughout the financial year under review and were in receipt of remuneration for the financial year in the aggregate of not less than Rs.24,00,000/-.

Names of Employee	Designation	Age/ Qualification	Exp.	Remuneration (Rs.)	Last Employment	Date of Appointment	Equity Holding Percent
Shri Arbind Jayaswal	Managing Director	56 B.Sc.	32	5034134	Managing Director, Jayaswals Neco Limited	01.01.98	0.21
Shri Ramesh Jayaswal	Jt. Managing Director	50 B.Com	25	5031644	Whole Time Director, Nagpur Alloy Castings Limited	01.01.98	0.21
Shri MP Singh	President	53 B. E. (Metallurgy)	28	3257640	Vice President (Blast Furnace), Ispat Industries Ltd., Mumbai	12.02.05	Nil
Shri S K Swain	President	43 B. E. (Metallurgy)	18	2495676	Shift Superintendent, Midwest Iron & Steel, Srikakulam	11.09.95	Nil

Note :

- Gross remuneration comprises of salary, allowance, monetary value of perquisites, Company's contribution to Provident Fund etc.
- The present terms of Shri Arbind Jayaswal, Managing Director and Shri Ramesh Jayaswal, Joint Managing Director and their remuneration are contractual for a period of 3 years from 1st January, 2008.
- Shri Arbind Jayaswal and Shri Ramesh Jayaswal are related to Shri Basant Lall Shaw, Chairman of the Company.

Place : Nagpur
Date : 12th August, 2010.

For and on behalf of Board of Directors,
Basant Lall 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. 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 7 (Seven) Directors; with the composition of Executive and Non-executive / Independent Directors.

6 (Six) Board Meetings were held during the year ended 31.03.2010. The Dates of the Meetings are given below:

30.04.2009, 29.07.2009, 31.10.2009, 24.11.2009, 28.01.2010 and 18.03.2010

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 30.12.2009	No.of Directorships in other companies as on 31.03.2010 (Excluding Foreign & Private Ltd. Companies)	No. of Memberships in Committee of Directors in other Companies.	
					Director	Member	Chairman
1	Shri Basant Lall Shaw Chairman	Promoter Non-Executive	5	Yes	9	-	-
2	Shri Arbind Jayaswal Managing Director	Promoter Executive	6	Yes	10	-	-
3	Shri Ramesh Jayaswal Joint Managing Director	Promoter Executive	4	Yes	15	-	-
4	Shri B K Agrawal Director	Independent Non-Executive	5	Yes	1	-	-
5	Shri M M Vyas Director	Independent Non-Executive	2	No	2	-	-
6	Shri John Mathew Director (EXIM Bank Nominee)	Independent Non-Executive	3	Yes	1	-	-
7	Shri D Singh Director (upto 09.05.2009)	Independent Non-Executive	1	No	2	-	-
8	Shri Rakesh Awasthi Director (IDBI Bank Ltd Nominee)	Independent Non-Executive	4	No	-	-	-



The terms the appointment of Shri Arbind Jayaswal and Shri Ramesh Jayaswal as Managing Director and Joint Managing Director respectively as approved by the Central Government is up to 31st December, 2010.

Details about Directors seeking 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, President (Finance) 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 30.04.2009, 29.07.2009, 31.10.2009, 24.11.2009 and 28.01.2010. 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 Chairman	3
2)	Shri Rakesh Awasthi Member (Appointed w.e.f. 30.04.2009)	4
3)	Shri B K Agrawal Member (Appointed w.e.f. 29.07.2009)	3
4)	Shri Ramesh Jayaswal Member (Appointed w.e.f. 29.07.2009)	4
5)	Shri D Singh Member (Upto 09.05.2009)	1

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

The composition of the Remuneration Committee as per the following.

Sr.No.	Names of Members
1.	Shri M M Vyas Chairman
2.	Shri D Singh Member (Up to 09.05.2009)
3.	Shri B K Agrawal Member
4.	Shri John Mathew Member Appointed (w.e.f. 30.04.2009)

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.

During the year the Committee did not meet as there was no business to transact for the time being.

Remuneration Policy of the Company is as follows:

1. For Managing and Joint Managing Directors

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 and Joint Managing Directors of the Company.	

Other payments to Directors:

During the year the Company has paid an amount of Rs. 2.25 Lac to each of 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 standing thereon owned by them, for the purpose of carrying on part of the operations of the Company.

The details of Remuneration to Directors during the year 01.04.2009 to 31.03.2010 and the number of Equity Shares held by them in the Capital of the Company are as follows:

The details of Remuneration to Directors during the year 01.04.2009 to 31.03.2010 and the number of Equity Shares held by them in the Capital of the Company are as follows:

Sr.No.	Name of Directors	Designation	Remuneration drawn (Rs)		No. of Equity Shares held
			Salary & Allowances & Perquisites	Sitting fees	
1	Shri Basant Lall Shaw	Chairman	-	25000	2433170
2	Shri Arbind Jayaswal	Managing Director	5034134 (**)	-	539150
3	Shri Ramesh Jayaswal	Joint Managing Director	5031644(**)	-	539150
4	Shri B K Agrawal	Director	-	31000	7500
6	Shri M M Vyas	Director	-	10000	70993
7	Shri D Singh	Director	-	7000	-
8	Shri John Mathew *	Director (EXIM Bank Nominee)	-	21000	-
9	Shri Rakesh Awasthi *	Director (IDBI Bank Ltd. Nominee)	-	28000	

(*) Sitting Fees paid to the Institutions.

(**) Break up of Remuneration

(Amt in Rs.)

Name of Directors	Salary and All.	Prov. Fund	Perks	Total
Shri Arbind Jayaswal	46,71,644	3,60,000	2,490	5034134
Shri Ramesh Jayaswal	46,71,644	3,60,000	-	5031644

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 07.04.2009, 20.06.2009, 10.09.2009, 02.11.2009, 26.12.2009, 12.01.2009, 29.01.2010, 05.03.2010 and 27.03.2010, approved and issue of Duplicate Share Certificates, Split Share Certificates for 1725 shares and disposed off all the 8 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
31.03.09	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.
31.03.07	Registered Office at F-8, MIDC Industrial Area, Hingna Road, Nagpur - 440 016.	29.09.07	11.30 A.M.



1.2 Details of Extra – Ordinary General Meetings :

1. General Meetings of Equity and Preference Shareholders and Secured Creditors were held on 8 and 9th June, 2009 respectively in compliance of the Orders of Hon'ble High Court for approval by requisite majority of Scheme of Arrangements.
2. 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.
3. 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.
4. 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.

1.3 Special Resolutions passed at the following Annual General Meetings.

a. Annual General Meeting held on 29.09.2007

1. Resolution under section 224-A of the Companies Act, 1956, approving appointment of Auditors of the Company for year 2007-2008.
2. Resolution under section 21 and other applicable provisions of the Companies Act, 1956, approving the Change of Name of the Company.
3. Resolution under section 16 and other applicable provisions of the Companies Act, 1956, approving the deletion of clause and insertion new clause substituted in its place of Memorandum of Association of the Company.
4. Resolution under section 31 and other applicable provisions of the Companies Act, 1956, approving the deletion of sub - clause and insertion new sub - clause substituted in its place of Articles of Association.

b. Annual General Meeting held on 30.09.2008

1. Resolution under section 224-A of the Companies Act, 1956, approving appointment of Auditors of the Company for year 2008-2009.
2. Resolution under section 198, 269, 309 read with Schedule XIII of the Companies Act, 1956, approving appointment of Shri Arbind Jayaswal, Managing Director.
3. 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 Postal Ballots

1. 17.07.2009 – Authority to Board of Directors for making Loan(s) and / or give any Guarantee(s) make Investment(s) under section 372 A up to Rs. 500 Crores in aggregate.
2. 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 – Raigarh Energy Limited.
2. 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.
3. 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.
4. 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 31.03.2010.
5. 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.

6. 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.

7. 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 some of the Non – mandatory requirements like maintaining Chairman's Office at the Company's expense, having Whistle Blower mechanism and Remuneration Committee in place, as suggested thereunder.
8. A certificate from CEO / CFO with respect to the matters required to be covered pursuant to the amended clause 49 of the Listing Agreement with regard to the annual audited accounts for the year ended 31st March, 2010, was placed before the Board at its Meeting held on 28th May, 2010 and the same was noted.
9. During the year, the Company has acquired Equity Stake in Raigarh Energy Limited and consequently, it has become a Subsidiary Company and significant stake in Ferromax Mines and Minerals Private Limited, thus making it an Associate of the Company. Consolidated Financial Statements for the year 31st March, 2010 as required have been published separately.
10. The Company has issued and allotted on 18th May, 2010 on preferential basis 1,42,00,000 Equity Shares of Rs. 10.00 each for cash at Rs. 33.80 per Share to Reliance Capital Trustee Company Limited (A/c Reliance Infrastructure Fund, a scheme of Reliance Mutual Fund). The proceeds thereof have been utilized for the purpose it was raised.

VII GENERAL SHAREHOLDER INFORMATION

1 Annual General Meeting

Date and Time	: 30th September, 2010 at 11.30 A.M.
Venue	: Regd. Office at F-8, MIDC Industrial Area, Hingna Road, Nagpur - 440 016.

- 2 Book Closure Date : 27th September, 2010 to 30th September, 2010 (both days inclusive)

- 3 Dividend Payment Date : Not Applicable since no dividend is proposed.

- 4 Financial Calendar For the Year ending : 31st March, 2011

Sr.No.	Particulars	Tentative Date
1	Unaudited Financial Results for the period of 3 months ended 30th June, 2010.	12th August, 2010.
2	Unaudited Financial Results for the period of 3 months ending 30th September, 2010.	Last week of October, 2010
3	Unaudited Financial Results for the Period of 3 months ending 31st December, 2010.	Last week of January, 2011
4	Audited Financial Results for the period of 12/3 months ending 31st March, 2011.	Last week of May, 2011
5	Annual General Meeting for the year 2011.	Last week of September, 2011.

5. Listing of Equity shares on : 1) Bombay Stock Exchange Limited
Phirojee 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 2010-2011 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 Mumbai	
	Price		Price	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr. 09	13.82	09.46	13.85	9.40
May 09	20.75	11.34	20.65	11.10
June 09	27.60	16.50	27.40	16.45
July 09	18.70	13.65	18.85	13.75
Aug. 09	25.60	17.40	25.50	17.25
Sep. 09	27.50	21.00	26.50	21.05
Oct. 09	24.95	18.95	25.40	18.15
Nov. 09	25.00	18.35	25.00	18.45
Dec. 09	35.30	22.90	35.75	22.85
Jan. 10	38.70	27.55	37.95	27.25
Feb. 10	32.55	26.65	33.40	26.65
Mar. 10	44.30	27.80	44.35	27.55

B. Equity Shares of the Company are regularly traded on both the Exchanges. During the year, approximately 1784 Lacs Equity Shares were traded.

C. Share Price Performance relative to BSE Sensex and NSE Nifty

Financial Year 2009–2010	Percentage Change		
	Company	BSE Sensex	NSE Nifty
	345.62%	80.54%	73.76%

7. Registrar 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**I) Equity Shares:****(a) Physical Form**

The Company has appointed Sharex Dynamic (India) Pvt. Ltd. a 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 8 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 dematerialization 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 dematerialized form. Requests received from Shareholders through their Depository Participants for dematerializing 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.

9. Distribution of Equity Shareholding as on 31st March, 2010:

Category	No. of Shares held	% of total share holding	No. of Share holders	%
Promoter Group	(*) 174519121	73.74	18	0.04
Financial Institutions / Insurance Companies / Banks / Mutual Funds	7538817	3.18	34	0.08
NRIs / OCBs / Other Foreign Shareholders	591004	0.25	149	0.36
Other Corporate Bodies	18597499	7.86	992	2.38
Public	35414463	14.97	40430	97.14
Total	236660904	100.00	41623	100.00

(*) Includes 18427000 Equity Shares being 10.56% of the Promoter Group shareholding, and 7.79% of the total Equity Shares Capital pledged in favour the Lenders to secure their Term Loans.

10. Dematerialization of Shares and Liquidity:

As of date, 222861995 Equity Shares i.e. 88.84 % of the total Equity Shares have been dematerialized.

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.

11. Plant Locations :**1) Steel Plant Division:**

1. Siltara Growth Centre, Raipur, Dist. 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

12. 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

For and on behalf of Board of Directors

Place: Nagpur
Date: 12th August, 2010

Basant Lall 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, 2010, 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 has been limited to a review of the 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 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

R Koria
Membership No. – 35629
Mumbai

Date: 12th August, 2010

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

S R Chhallani
Membership No. – 30154
Nagpur

CODE OF CONDUCT

It is hereby declared pursuant to clause 49 of the Listing Agreement with Stock Exchange that to the best of our knowledge and belief, all the Board Members and Senior Management personnel have, for the year ended 31.03.2010, adhered to the Code of Conduct laid down by the Company.

Arbind Jayaswal
Managing Director / CEO

Dated 12th August, 2010.

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 Practices 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, Shri Archit Jayaswal, Ritika Jayaswal, Pooja Agrawal, Neco Heavy Engineering and Castings Limited, Neco Ceramics Limited, A M R Iron and Steel Pvt. Ltd., NSSL Limited, Neco Leasing and Finance Pvt. Ltd., Neco Valves and Pumps Pvt. Ltd., Neco Defence Systems Pvt. Ltd., Neco Mining Company Pvt. Ltd., Terra Projects Ltd., Terra Infra Development Ltd, Deify Infrastructures Ltd., Deify Infraprojects Pvt. Ltd., Jayaswal Neco Infraprojects Pvt. Ltd. NSSL Italia SRL, Econo Valves Pvt. Ltd., Neco Holdings Pvt. Ltd., Jayaswal Holdings Pvt. Ltd., Neco Industries Ltd., 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., Nilhat Commodities Pvt. Ltd., Surya Sandhaya Mercantile Pvt. Ltd., Karamveer Impex Pvt. Ltd., Nine Star Plastic Packaging Services Pvt. Ltd., Baba Ramdeo Commercials Pvt. Ltd., Ramdeo Baba Impex 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 Vyapaar Pvt. Ltd., Ram Prakash Sales and Services Pvt. Ltd., Pecon Vinimay Pvt. Ltd., Aman Tradecom Pvt. Ltd., Amrita Vyapaar 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, 2010 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, 2010 and taken on records by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 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, 2010;
 - (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

Date: 28th May, 2010

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 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 needs 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 8,435.75 lacs and the year-end balance was Rs 6,319.16 lacs.
 - b. 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.
 - c. As per the information and explanations given to us, the above advances are repayable on demand. The interest is payable on demand.
 - d. In respect of the said loans, the same are repayable on demand and therefore the question of overdue amounts does not arise. In respect of interest there are no overdue amounts.
 - e. The Company has taken loans from two such parties in respect of which maximum amount involved during the year was Rs 2532.64 lacs and the year-end balance was Rs. 39.02 lacs.
 - f. In our opinion and according to the information and explanations given to us, the rate of interest, wherever paid and other terms and conditions are not prima facie prejudicial to the interest of the Company.
 - g. As per the information and explanations given to us, the above loans are repayable on demand and there is no repayment schedule.
- 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. According to the information and explanations given to us, these contracts or arrangements have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time, except for certain transactions for purchase of goods and services and sale of goods and services 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.
 - 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, 2010 for a period of more than six months from the date they became payable except for the Environmental Cess of Rs 85.16 Lacs.
 - The disputed statutory dues aggregating to Rs. 2433.74 lacs, that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

(Rs. in Lacs)

Sr No	Name of the Statute	Nature of dues	Year	Amounts	Forum where dispute is pending
1.	Central Excise Act, 1944	Excise Duty	2001-07	691.96	CESTAT
			1997-99 & 2002-07	26.83	Commissioner (A)
			2000-01	5.52	Supreme Court
	Customs Act, 1962	Cess	1998-99	636.01	CESTAT
		Custom Duty	2004-05	100.00	CESTAT
	Central Sales Tax	Sales Tax	1995-96 & 2001-06	165.28	Deputy Commissioner (A)
		Sales Tax	1995-Dec, 97 & 2001-03	807.27	Joint Commissioner
	Chattisgarh Entry Tax Act, 1976	Entry Tax	1990-91	0.32	Deputy Commissioner (A)
	Exit Tax	Nagar Nigam Cess	2004-05 & 2005-06	0.55	Deputy Commissioner (A)
		Total		2433.74	

- 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, 2010 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. 1181 lacs for loans taken by others 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, 2010, 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 have not prima facie 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, 2010

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

S. R. Chhallani
Membership No. 30154
Nagpur



BALANCE SHEET AS AT 31ST MARCH, 2010.

PARTICULARS	Schedule	As at 31.03.2010 Rs.in lacs	As at 31.03.2009 Rs.in lacs
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	23665.37	28615.74
Reserves and Surplus	2	35610.39	30229.08
		59275.76	58844.82
Loan Funds			
Secured Loans	3	99681.58	89231.80
Unsecured Loans	4	13455.04	11424.20
		113136.62	100656.00
Deferred tax Liability (Refer Note No 12 of Schedule 16)		7001.59	3,565.78
TOTAL		179413.97	163066.60
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		154903.66	138370.23
Less: Depreciation		42113.36	34227.65
Net Block		112790.30	104142.58
Capital Work-in-progress		3539.87	14983.01
		116330.17	119125.59
Investments	6	26.07	16.58
Current Assets, Loans and Advances	7		
Inventories		34694.07	27828.19
Sundry Debtors		15516.97	14603.74
Cash and Bank Balances		3433.20	3096.38
Loans and Advances		26444.92	28615.65
		80089.16	74143.96
Less : Current Liabilities and Provisions	8		
Liabilities		11834.66	27622.26
Provisions		5196.77	2597.27
		17031.43	30219.53
Net Current Assets		63057.73	43924.43
TOTAL		179413.97	163066.60
Notes to Accounts	16		
Significant Accounting Policies	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
Chief Finance Officer

Nagpur, 28th May, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010.

PARTICULARS	Schedule	Year ended 31.03.2010 Rs.in lacs	Year ended 31.03.2009 Rs.in lacs
INCOME			
Turnover		193091.46	180553.28
Less : Excise Duty Recovered on Sales		14351.22	19448.95
Net Turnover		178740.24	161104.33
Other Income	9	3199.30	2031.28
Increase/(Decrease) in Stock	10	3530.62	(149.45)
TOTAL		185470.16	162986.16
EXPENDITURE			
Purchases		3332.85	3263.52
Raw Materials Consumed	11	107735.09	97259.38
Manufacturing Expenses	12	27878.87	22836.74
Remuneration and Benefits to Employees	13	7726.73	6790.10
Administrative, Selling and Other Expenses	14	6576.82	12105.05
TOTAL		153250.36	142254.79
Profit before Interest, Depreciation and Taxation		32219.80	20731.37
Interest and Financial Charges	15	13828.23	11327.09
Profit before Depreciation and Taxation		18391.57	9404.28
Less: Depreciation		7889.96	6547.71
Profit before Tax		10501.61	2856.57
Provision for - Current Tax		1876.09	-
- MAT Credit Entitlement		(1795.08)	-
		81.01	-
- Deferred Tax Liability (Net)		3435.81	49.96
- Fringe Benefit Tax		-	89.79
Profit after Tax		6984.79	2716.82
Prior Period Items (Net)		(6.72)	(40.63)
Income-tax of earlier years		(65.89)	-
Transferred from Revaluation Reserve		0.76	0.78
Transferred from Debenture Redemption Reserve		-	464.09
Transferred from Amalgamation Reserve		-	590.17
Transferred from General Reserve		-	113.04
Balance brought forward		3,141.06	(703.21)
Amount Available for Appropriations		10054.00	3141.06
APPROPRIATIONS			
Balance carried to Balance Sheet		10054.00	3141.06
		10054.00	3141.06
Earnings per Equity share of Rs.10/- each			
Basic & Diluted (in Rs.)		2.92	1.01
(Refer Note No.13 of Schedule 16)			
Notes to Accounts	16		
Significant Accounting Policies	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
Chief Finance Officer

Nagpur, 28th May, 2010



SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010.

**SCHEDULE 1
SHARE CAPITAL**

PARTICULARS			As at 31.03.2010 Rs.in lacs	As at 31.03.2009 Rs.in lacs
Authorised				
25,60,00,000	(11,50,00,000)	Equity Shares of Rs.10/- each.	25600.00	11500.00
60,00,000	(60,00,000)	Preference Shares of Rs.100/- each.	6000.00	6000.00
			31600.00	17500.00
Issued & Subscribed				
23,66,60,904	(11,28,84,048)	Equity Shares of Rs.10/- each.	23666.09	11288.40
-	(20,63,385)	0.001 % Cumulative Redeemable Preference Shares of Rs.100/- each	-	2063.38
-	(28,86,985)	10 % Optionally Convertible Cumulative Redeemable Preference Shares of Rs.100/- each.	-	2886.99
			23666.09	16238.77
Paid Up				
23,66,60,904	(11,28,84,048)	Equity Shares of Rs.10/- each fully paid up.	23666.09	11288.40
		Less : Allotment Money Unpaid (from other than Directors)	0.72	0.72
			23665.37	11287.68
-	(20,63,385)	0.001 % Cumulative Redeemable Preference Shares of Rs.100/- each fully paid up	-	2063.38
-	(28,86,985)	10 % Optionally Convertible Cumulative Redeemable Preference Shares of Rs.100/- each fully paid up	-	2886.99
Share Capital Suspense			-	12377.69
TOTAL			23665.37	28615.74

Notes - Of the above Shares

- 41,17,500 Equity Shares were allotted as fully paid up bonus shares by capitalisation of General Reserve.
- 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.
 - 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.
 - 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 Ispal Alloys Limited and Jayaswal Neco Industries Limited without payments being received in cash.
 - 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.

**SCHEDULE 2
RESERVES AND SURPLUS**

PARTICULARS		As at 31.03.2010 Rs.in lacs	As at 31.03.2009 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	3147.13
Less : Premium on Redemption of Debentures		-	356.71
		2790.42	2790.42
Revaluation Reserve			
Balance as per last Balance Sheet		26.04	26.82
Less : Amount of Depreciation attributable on appreciated value transferred to Profit and Loss Account		0.76	0.78
		25.28	26.04
Amalgamation Reserve			
Balance as per last Balance Sheet		-	590.17
Less : Transferred to Profit and Loss Account		-	590.17
		-	-
Debenture Redemption Reserve			
Balance as per last Balance Sheet		-	464.09
Less : Transferred to Profit and Loss Account		-	464.09
		-	-
Capital Redemption Reserve			
Balance as per last Balance Sheet		150.00	150.00
Add: Transfer from General Reserve		4950.37	-
		5100.37	150.00
General Reserve			
Balance as per last Balance Sheet		24042.54	-
Add : Acquired pursuant to the Schemes of Arrangements		-	28258.50
Less : Transferred to Interest and financial charges		-	4102.92
Less : Premium on Redemption of Preference Shares *		1530.87	-
Less: Transferred to Capital Redemption reserve *		4950.37	-
Less : Transferred to Profit and Loss Account		-	113.04
		17561.30	24042.54
Profit and Loss Account		10054.00	3141.06
TOTAL		35610.39	30229.08

* Refer Note No 14 of Schedule 16

**SCHEDULE 3
SECURED LOANS**

PARTICULARS	As at	As at
	31.03.2010	31.03.2009
	Rs.in lacs	Rs.in lacs
1. Term Loans from Financial Institutions and Banks		
Rupee Term Loans	67896.70	70830.00
2. Vehicle Loans	165.31	46.12
3. Working Capital Loans from Banks		
i) Rupee Loans (net of Cheques-in-hand)	27676.01	18355.68
ii) Foreign Currency Loan	3874.30	-
	31550.31	
4. Interest Accrued and Due	69.26	-
TOTAL	99681.58	89231.80

NOTES:

- A. The Term Loans Referred to in (1) above includes:
- Rs.9500 Lacs secured by way of Hypothecation of moveable properties of Sinter Plant of the Company at Siltara Growth Centre Raipur.
 - Rs. 1983.88 lacs secured by way of mortgage of all immoveable properties of the Sponge Iron and 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.
 - Rs. 4528.44 lacs secured by way of mortgage of all immoveable properties of the Sponge Iron and Power Plant (II) of the Company and Hypothecation of the whole of moveable properties of the said plants except book debts, which is subject to the prior charge created on Book Debts in favour of Bankers to Corporate IspatAlloys Limited for its working capital requirements.
 - Rs.17521.65 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 both present and future, save and except book debts relating to Steel Melt Shop (SMS) and Rolling Mills at Siltara Growth Centre, Raipur.
 - Rs. 473.84 lacs secured by way of hypothecation of the specific Equipments financed.
 - Rs.33888.89 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 and assets specifically hypothecated, subject to the prior charge created and / or to be created on Book Debts in favour of Company 's Bankers for its Working Capital requirements.
- B Vehicle Loans from Banks referred to in (2) above are secured by hypothecation of the specific vehicles financed.
- C Working Capital Loans from Banks referred to in (3) 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.
- D. All the above Loans are guaranteed by some of the Directors and their relatives in their personal capacities.

**SCHEDULE 4
UNSECURED LOANS**

PARTICULARS	As at	As at
	31.03.2010	31.03.2009
	Rs.in lacs	Rs.in lacs
Sales Tax Deferral	1687.51	1354.32
(Under Package Scheme of Incentives)		
(Refer Note No.6 of Schedule 16)		
Lease Finance	1171.52	1424.93
Loans from Banks (Buyer's Credit)*	10083.73	7749.05
Inter Corporate Deposits	512.28	895.90
TOTAL	13455.04	11424.20

- * Towards purchases of Raw Material backed by Letters of Credit.
Amount repayable within one year is Rs.10838.53 lacs (Previous Year : Rs.8312.60 lacs)

**SCHEDULE 5
FIXED ASSETS****(Rs.in lacs)**

Particulars	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	As at 01.04.2009	Acquired in terms of schemes of Arrange- ments	Additions	Deduction/ Adjustment	As at 31.03.2010	Upto 31.03.2009	For the year	Deduction/ Adjustment	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Owned Assets :											
a) Tangible Assets											
Freehold Land	1446.07	-	263.19	-	1709.26	-	-	-	-	1709.26	1446.07
Leasehold Land	331.90	-	-	-	331.90	49.76	3.38	-	53.14	278.76	282.14
Building	16033.13	-	2615.45	-	18648.58	2430.22	549.85	-	2980.07	15668.51	13602.91
Railway Siding	3126.44	-	86.42	-	3212.86	1695.57	151.59	-	1847.16	1365.70	1430.87
Plant & Machinery	109299.77	-	13051.06	9.50	122341.33	25407.51	6442.64	0.57	31849.58	90491.75	83892.26
Developed Property	492.72	-	-	-	492.72	69.37	24.42	-	93.79	398.93	423.35
Office Equipment	263.36	-	35.32	-	298.68	119.24	13.54	-	132.78	165.90	144.12
Furniture & Fixture	396.51	-	8.39	-	404.90	227.85	23.72	-	251.57	153.33	168.66
Vehicles	437.45	-	186.36	7.29	616.52	294.39	35.65	3.68	326.36	290.16	143.06
Sub-total	131827.35	-	16246.19	16.79	148056.75	30293.91	7244.79	4.25	37534.45	110522.30	101533.44
b) Intangible Assets :											
Process Development*	3400.28	-	-	-	3400.28	2546.27	340.03	-	2886.30	513.98	854.01
Softwares**	8.14	-	9.85	-	17.99	3.68	6.52	-	10.20	7.79	4.46
Technical Know-How**	642.21	-	-	-	642.21	107.30	33.91	-	141.21	501.00	534.91
Indefeasible Right to Use**	167.32	-	294.18	-	461.50	1.43	11.59	-	13.02	448.48	165.89
Sub-total	4217.95	-	304.03	-	4521.98	2658.68	392.05	-	3050.73	1471.25	1559.27
Leased Assets:											
Plant & Machinery	2324.93	-	-	-	2324.93	1275.06	253.12	-	1528.18	796.75	1049.87
Sub-total	2324.93	-	-	-	2324.93	1275.06	253.12	-	1528.18	796.75	1049.87
Total	138370.23	-	16550.22	16.79	154903.66	34227.65	7889.96	4.25	42113.36	112790.30	104142.58
Previous Year	72493.33	44,640.96	23053.23	1817.29	138370.23	28770.90	6547.71	1090.96	34227.65	104142.58	
Capital Work-in-progress										3539.87	14983.01

* internally generated

** Other than internally generated

Notes :

1. **Capital Work-in-progress includes :**

	As at 31.03.2010	As at 31.03.2009
	Rs.in lacs	Rs.in lacs
Advances on Capital Account	684.04	1500.74
Material at site	76.05	156.14
Building under Construction	5.15	147.23
Plant & Machinery under installation	64.82	8,922.60
Mines under development	1947.54	1624.04
Pre-operative Expenses	762.27	2632.26
TOTAL :	3539.87	14983.01

2. During the year Softwares amounting to Rs. 3.53 lacs (Gross Block) have been regrouped from Plant & Machinery
3. Buildings include cost of building aggregating to Rs. 144.43 Lacs, constructed on land, ownership of which does not vest with the Company.
4. Factory Building and Shed situated at F-8, MIDC, Nagpur were revalued on 30th September 1985.



SCHEDULE 6 INVESTMENTS

PARTICULARS	As at			As at	
	31.03.2010	31.03.2009		31.03.2010	31.03.2009
	Rs.in lacs	Rs.in lacs			
Long Term					
Trade Investments (Unquoted)					
I) In Equity Shares of Subsidiary Company					
Raigarh Energy Limited	25500	-	10	2.55	-
II) In Equity Shares of Jointly Controlled Entity					
Ferromax Mines and Minerals Private Limited	65100	65100	10	6.51	6.51
III) In Equity Shares - Others					
Punjab & Maharashtra Co-operative Bank Ltd.	40	40	25	0.01	0.01
				9.07	6.52
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	800	10	0.08	0.08
Nova Steels India Limited	12500	12500	10	3.12	3.12
Enarai Finance Limited	3900	3900	10	0.78	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 Limited	50000	50000	10	5.00	5.00
Essar Steel Limited	60	60	10	0.03	0.03
Ispat Industries Limited	60	60	10	0.01	0.01
Jindal Steel & Power Limited	100	100	5	0.56	0.56
JSW Steel Limited	8	4	10	0.02	0.01
Kirloskar Ferrous Industries Limited	100	100	5	0.02	0.02
Southern Iron & Steel Company Limited	-	100	10	-	0.01
Tata Steel Limited	135	120	10	0.41	0.32
Usha Martin Limited	100	100	10	0.05	0.05
II) Other Investments - Unquoted					
In Preference Shares					
Ispat Industries Limited (Rs.400)	40	40	10	-	-
Tata Steel Limited	-	90	100	-	0.09
In Units					
SBI One India Fund	100000	100000	10	10.00	10.00
SBI Infrastructure Bond	50000	50000	10	5.00	5.00
				30.52	30.52
Less : Provision for diminution in the value				13.52	20.46
				17.00	10.06
TOTAL				26.07	16.58
Aggregate Value of Investments					
Quoted Investments :					
Book Value				2.00	1.67
Market Value				23.49	7.17
Unquoted Investments :					
Book Value				24.07	14.91

SCHEDULE 7 CURRENT ASSETS, LOANS AND ADVANCES

PARTICULARS	As at			As at	
	31.03.2010	31.03.2009		31.03.2010	31.03.2009
	Rs.in lacs	Rs.in lacs			
A) CURRENT ASSETS					
i) Inventories					
(As taken, valued and certified by the Management)					
Raw Materials	17049.40	15899.18			
Stores, Spares and Consumables	4937.29	2752.25			
Finished Goods	9959.27	6196.89			
Work-in-progress	2748.11	2979.87			
	34694.07	27828.19			
ii) Sundry Debtors (unsecured and subject to confirmation)					
Due for a period exceeding six months					
Considered Good	925.39	1378.14			
Considered Doubtful	599.01	548.89			
	1524.40	1927.03			
Less : Provision for Doubtful Debts	599.01	548.89			
	925.39	1378.14			
Others, considered good	14591.58	13225.60			
	15516.97	14603.74			
iii) Cash and Bank Balances					
Cash in hand	41.17	32.96			
Balances with Banks:					
In Current Accounts	958.11	530.16			
(including Cheques-in-hand)					
In Fixed Deposit Accounts	2433.92	2533.26			
(Pledged with bank as Margin money)	3433.20	3096.38			
	53644.24	45528.31			
B) LOANS AND ADVANCES					
(unsecured and subject to confirmation)					
Advances to Subsidiary *	585.78	-			
Advances recoverable in cash or					
in kind or for value to be received.					
Considered Good	20430.76	24990.54			
Considered Doubtful	711.50	715.93			
	21142.26	25706.47			
Less : Provision for Doubtful Advances	711.50	715.93			
	20430.76	24990.54			
Balance with Central Excise	178.88	1262.08			
Advance Payment of Income-tax (Net)	1916.80	809.25			
MAT Credit Entitlement	2388.60	593.53			
(Refer Note No.19 of Schedule 16)					
Advance Payment of Fringe Benefit Tax (Net)	67.16	86.45			
Deposits	892.79	873.80			
Less: Provision for Doubtful Deposits	15.85	-			
	876.94	873.80			
	26444.92	28615.65			
TOTAL	80089.16	74143.96			

* Includes Rs. 585 lacs, being Share Application Money given to Raigarh Energy Limited, the Subsidiary, Maximum Balance during the year Rs. 585.78 lacs (Previous Year : Nil).



**SCHEDULE 8
CURRENT LIABILITIES AND PROVISIONS**

PARTICULARS	As at 31.03.2010 Rs.in lacs	As at 31.03.2009 Rs. in lacs
A) CURRENT LIABILITIES		
Acceptances	185.69	3.15
Sundry Creditors - Micro, Small and Medium Enterprises @	-	-
- Others (subject to confirmation)	5791.20	20894.63
Advances from Customers	1850.30	1648.07
Other Liabilities	3449.13	4300.29
Interest Accrued but not due	558.34	776.12
	<u>11834.66</u>	<u>27622.26</u>
B) PROVISIONS		
Provision for Employee Benefits	1173.62	988.21
Other Provisions *	2145.99	1518.43
Provision for Income Tax	1876.09	-
Provision for Wealth tax	1.07	0.84
Provision for Fringe Benefit tax	-	89.79
	<u>5196.77</u>	<u>2597.27</u>
TOTAL	<u>17031.43</u>	<u>30219.53</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.

* 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, 2009 was of Rs. 436.59 lacs as per the estimated pattern of despatches. During the year Rs.436.59 lacs was utilised for clearance of goods. Liability recognised under this clause for the year is Rs. 966.91 lacs which is outstanding as on 31st March, 2010. 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, 2010**

**SCHEDULE 9
OTHER INCOME**

PARTICULARS	Year ended 31.03.2010 Rs.in lacs	Year ended 31.03.2009 Rs.in lacs
Interest Received (Tax deducted at source Rs.175.85 lacs (Previous year Rs.249.10 lacs))	1582.75	1398.11
Dividend : From Long-term Investments	0.09	0.07
Export Incentives	48.31	41.08
Excess Provision written back	13.84	562.07
Gain on Foreign Exchange Fluctuation (Net)	1512.96	-
Other Miscellaneous Receipts	41.35	29.95
TOTAL	<u>3199.30</u>	<u>2031.28</u>

**SCHEDULE 10
INCREASE /(DECREASE) IN STOCKS**

PARTICULARS	Year ended 31.03.2010 Rs. in lacs	Year ended 31.03.2009 Rs. in lacs
Closing Stock		
Finished Goods	9959.27	6196.89
Work-in-progress	2748.11	2979.87
	<u>12707.38</u>	<u>9176.76</u>
Opening Stock		
Finished Goods	6196.89	8139.22
Work-in-progress	2979.87	1186.99
	<u>9176.76</u>	<u>9326.21</u>
Increase / (Decrease) in Stocks	<u>3530.62</u>	<u>(149.45)</u>

**SCHEDULE 11
RAW MATERIALS CONSUMED**

PARTICULARS	Year ended 31.03.2010 Rs. in lacs	Year ended 31.03.2009 Rs. in lacs
Opening Stock of Raw Materials	15899.18	9570.38
Add : Acquired pursuant to the Schemes of Arrangement	-	21.64
Add : Purchases	108885.31	103566.54
	<u>124784.49</u>	<u>113158.56</u>
Less : Closing Stock of Raw Materials	17049.40	15899.18
TOTAL	<u>107735.09</u>	<u>97259.38</u>

**SCHEDULE 12
MANUFACTURING EXPENSES**

PARTICULARS	Year ended 31.03.2010 Rs. in lacs	Year ended 31.03.2009 Rs. in lacs
Consumables, Stores and Spares Consumed	12237.97	9360.67
Power and Fuel	6132.33	5253.17
Excise Duty	530.32	(771.72)
Repairs and Maintenance -		
Building	68.26	108.39
Plant and Machinery	4480.56	4839.56
Others	7.20	19.53
Royalty and Cess	568.47	419.19
Internal Material Movement	2021.70	2016.76
Other Manufacturing Expenses	1832.06	1591.19
TOTAL	<u>27878.87</u>	<u>22836.74</u>



**SCHEDULE 13
REMUNERATION AND BENEFITS TO EMPLOYEES**

PARTICULARS	Year Ended 31.03.2010	Year Ended 31.03.2009
	Rs.in lacs	Rs.in lacs
Salaries, Wages and Allowances	5910.60	5200.16
Contribution to P.F. and Other Funds	787.40	779.23
Welfare and Other Amenities	1028.73	810.71
TOTAL	7726.73	6790.10

**SCHEDULE 14
ADMINISTRATIVE, SELLING AND OTHER EXPENSES**

PARTICULARS	Year Ended 31.03.2010	Year Ended 31.03.2009
	Rs.in lacs	Rs.in lacs
A) ADMINISTRATIVE EXPENSES		
Rent	94.28	110.01
Rates and Taxes	63.62	42.63
Insurance	94.48	65.80
Foreign Currency Fluctuation	-	6463.27
Printing and Stationery	51.01	48.02
Communication	133.73	149.39
Travelling and Conveyance	724.56	745.28
Vehicle Maintenance	153.95	159.59
Legal and Professional Charges	639.67	416.75
Payments to Auditors	49.88	33.94
Miscellaneous	560.83	451.35
	2566.01	8686.03
B) SELLING AND DISTRIBUTION EXPENSES		
Advertisement & Publicity	80.95	61.90
Commission	368.03	109.83
Sales Promotion Expenses	60.23	47.13
Freight and Forwarding	2920.36	1904.48
Sales Tax	64.34	151.10
	3493.91	2274.44
C) OTHER EXPENSES		
Cash Discount	31.82	30.64
Provision for Sales Tax Deferral	399.22	349.23
Bad Debts / Advances written off	8.50	2.56
Provision for Doubtful Debts/Advances	67.01	5.54
Provision for Diminution in value of Investments	-	7.30
Loss on Sale of Fixed Assets	1.14	726.32
Donations	8.14	22.15
Wealth tax	1.07	0.84
	516.90	1144.58
TOTAL	6576.82	12105.05

**SCHEDULE 15
INTEREST AND FINANCIAL CHARGES**

PARTICULARS	Year Ended 31.03.2010	Year Ended 31.03.2009
	Rs.in lacs	Rs.in lacs
Interest Paid		
On Fixed Loans	6925.43	5278.64
Others	4979.13	4212.99
	11904.56	9491.63
Lease Finance Charges	296.98	296.98
Financial Charges	1626.69	5641.40
	13828.23	15430.01
Less : Transferred from General Reserve	-	4,102.92
TOTAL	13828.23	11327.09

**SCHEDULE 16
NOTES TO ACCOUNTS**

	31.03.2010 (Rs.in lacs)	31.03.2009 (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.)	2879.53	4457.38
b. Corporate Guarantee (Given to Banks against the borrowings taken by one of the associate Company)	457.83	11.62
c. Demands not acknowledged as debts		
i) Disputed Excise Duty and Service Tax (No cash outflow is expected in the near future.)	734.88	1031.08
ii) Disputed Sales Tax (No cash outflow is expected in the near future.)	1044.09	169.68
iii) Disputed Customs Duty (Relating to cess on Metallurgical Coke)	736.01	97.24
iv) Other Disputed Demands (No cash outflow is expected in the near future.)	51.33	15.54
v) Third Party Claims (Matters are pending before various forum. No cash outflow is expected.)	329.44	302.73
e. Liability in respect of Bills Discounted (No cash outflow is expected.)	3141.78	1534.75
f. Letters of credit opened in favour of suppliers (Cash flow is expected on receipt of material from suppliers)	2949.31	418.89
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)	86.47	784.26
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 i) Derivative Contracts entered into by the Company and outstanding	NIL	NIL
ii) Foreign Currency exposures that are not hedged by derivatives instruments are as under :		
a) Receivable :	197.14	328.05
b) Payable :	13182.28	18569.61
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. 26.10 lacs (Previous Year Nil)		
6 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, 2010 is Rs. 4147.55 lacs (Previous Year : Rs.3590.16 lacs) which is provided for on the basis of its Net Present Value of Rs. 1687.51 lacs (Previous Year : Rs.1354.32 lacs).		
7 As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee Benefits as defined in the Accounting Standard are given below:		
Defined Contribution Plan	31.03.2010 (Rs.in lacs)	31.03.2009 (Rs.in lacs)
Employer's Contribution to Provident Fund, ESIC and Other Funds	525.14	458.82
Employer's Contribution to Superannuation Fund	74.90	55.59



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.

	31.03.2010 (Funded)	31.03.2009 (Funded)	31.03.2009 (Non-Funded)
i. Reconciliation of Opening and Closing balance of Defined Benefit Obligation.			
Defined Benefit Obligation at the beginning of the year	805.31	604.76	67.30
Current Service Cost	153.62	162.73	32.18
Interest Cost	88.21	57.63	1.40
Benefit Paid	(39.61)	(11.81)	-
Actuarial Losses / (Gain)	88.51	(8.00)	4.84
Defined Benefit Obligation at year end.	1096.04	805.31	105.72
ii. Reconciliation of Opening and Closing balance of Fair Value of Plan Assets			
Fair Value of Plan Assets at the beginning of the year	360.41	280.01	NA
Expected Return on Plan Assets	33.16	25.51	NA
Employer Contribution	114.38	106.25	NA
Benefit paid	(39.61)	(11.81)	NA
Actuarial gain /(loss) on Plan Assets	4.10	(39.55)	NA
Fair Value of Plan Assets at year end.	472.44	360.41	NA
iii. Reconciliation of Fair Value of assets and obligations			
Fair Value of Plan Assets	472.44	360.41	-
Present Value of Funded Obligations	1096.04	805.31	105.72
Amount recognised in the Balance Sheet	623.60	444.90	105.72
iv. Expense recognized in Statement of Profit & Loss Account			
Current Service Cost	153.62	162.73	32.18
Interest on Defined Benefit Obligation	88.21	57.63	1.40
Expected return On Plan Assets	(33.16)	(25.51)	-
Net Actuarial Losses / (Gains) Recognised in year	84.41	31.55	4.84
Non Funded Liability of Earlier Years written back	(105.72)		
Total included in "Remuneration and benefits to Employees "	187.36	226.40	38.42
v. Amounts for the current and previous periods are as follows :			
	31.03.2010	31.03.2009	31.03.2008
Defined Benefit Obligation	1096.04	911.03	577.41
Plan Assets	472.44	360.41	280.01
Surplus/(Deficit)	(623.60)	(550.62)	(297.40)
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)	1994-96 (Ultimate)
Discount rate (per annum)	8.00%	8.00%	8.00%
Expected Rate of escalation in Salary (per annum)	5.00%	7.00%	7.00%
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

8 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 2010 and in respect of assets / liabilities as at 31st March, 2010.

Information about Primary (Product wise) segments :

(Rs.in lacs)						
Sr. No.	Particulars	Steel	Iron & Steel Castings	Unallocated	Eliminations	Total
1. REVENUE						
	External Sales	152955.81 (137975.37)	40135.65 (42577.91)	- (-)		193091.46 (180553.28)
	Inter-segment sales	5897.93 (9066.40)	420.80 (258.18)	- (-)	(6318.73) (-9324.58)	- (-)
	Total Revenue	158853.74 (147041.77)	40556.45 (42836.09)	- (-)	(6318.73) (-9324.58)	193091.46 (180553.28)
2. RESULTS						
	Segment Results	19687.41 (11558.07)	3207.08 (1517.56)	- (-)		22894.49 (13075.63)
	Unallocated Corporate Expenses	- (-)	- (-)	54.04 (365.89)		54.04 (365.89)
	Managerial Remuneration	- (-)	- (-)	100.63 (98.82)		100.63 (98.82)
	Operating Profit / (Loss)					22739.82 (12610.92)
	Interest Expense and Financial Charges	- (-)	- (-)	13828.23 (11327.09)		13828.23 (11327.09)
	Interest Income	- (-)	- (-)	1582.75 (1398.10)		1582.75 (1398.10)
	Profit /(Loss) on Sale of Assets & Investments	- (-)	- (-)	(1.14) (-0.43)		(1.14) (-0.43)
	Other Income	- (-)	- (-)	8.41 (175.07)		8.41 (175.07)
	Income tax (Including Deferred Tax)	- (-)	- (-)	3516.82 (139.75)		3516.82 (139.75)
	Net Profit / (-) Loss					6984.79 (8619.66)
3. OTHER INFORMATION						
	Segment Assets	154036.89 (147443.61)	29449.71 (29485.80)			183486.60 (176929.41)
	Unallocated Corporate Assets	- (-)	- (-)	12958.80 (16356.72)		12958.80 (16356.72)
	Total Assets					196445.40 (193286.13)
	Segment Liabilities	22646.17 (27261.86)	4542.90 (3770.20)	- (-)		27189.07 (31032.06)
	Unallocated Corporate Liabilities	- (-)	- (-)	109980.57 (103409.25)		109980.57 (103409.25)
	Total Liabilities					137169.64 (134441.31)
	Capital Expenditure *	4323.48 (79807.69)	783.60 (563.35)	- (-)		5107.08 (80371.04)
	Depreciation	6806.84 (5481.24)	1079.00 (1064.71)	4.12 (1.76)		7889.96 (6547.71)
	Non-cash Expenses other than Depreciation	- (-)	- (-)	- (7.30)		- (7.30)

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.

9 Related Party Disclosures :

A. List of related parties :

(As certified by the Company)

I. Subsidiary

Raigarh Energy Limited (w.e.f. 3rd July 2009)

II. Associate Companies

Jayaswal Holdings Private Limited

Maa Usha Urja Limited

Ferromax Mines and Minerals Private Limited

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	AMR Iron and Steel Private Limited
Neco Heavy Engineering and Castings Limited	Paranjpe Minerals Private Limited
Neco Ceramics Limited	Steel & Tube Exports Limited
NSSL Limited	Corporate Ispat Alloys Limited
Jayaswals Ashoka Infrastructure Private Limited	Neco Industries Limited

B. Transactions with Related Parties :

(Rs. In lacs)

Nature of transaction	Subsidiary	Associates	Other Related Parties	Key Management Personnel & Relatives	Total
Investments - Purchased during the year	-	2.55	-	-	2.55
	(-)	(6.51)	(-)	(-)	(6.51)
Investment - as at 31st March, 2010	2.55	6.51	-	-	9.06
	(-)	(6.51)	(-)	(-)	(6.51)
Corporate Guarantees Given	-	450.00	-	-	450.00
	(-)	(-)	(-)	(-)	(-)
Unsecured Loans					
Taken during the year	-	-	3406.00	-	3406.00
	(-)	(-)	(515.00)	(-)	(515.00)
Repaid during the year	-	-	3614.62	-	3614.62
	(-)	(-)	(515.00)	(-)	(515.00)
Balance as on 31st March 2010	-	-	39.02	-	39.02
	(-)	(-)	(247.64)	(-)	(247.64)
Fixed Assets					
Purchase of Fixed Assets	-	-	11.18	-	11.18
	(-)	(-)	(395.55)	(-)	(395.55)
Sale of Fixed Assets	-	-	9.75	-	9.75
	(-)	(-)	(-)	(-)	(-)
Purchase of Goods & Services					
Purchase of Goods	-	1829.47	7420.45	-	9249.92
	(-)	(2109.02)	(5967.69)	(-)	(8076.71)
Other Manufacturing Expenses	-	-	642.73	-	642.73
	(-)	(-)	(125.84)	(-)	(125.84)
Sale of Goods & Services					
Sale of Goods	-	219.70	13639.89	-	13859.59
	(-)	(-)	(14138.54)	(-)	(14138.54)
Sundry Creditors					
Balance as on 31st March 2010	-	441.31	1009.42	-	1450.73
	(-)	(-)	(647.34)	(-)	(647.34)
Deposit Received as on 31st March 2010	-	-	30.00	-	30.00
	(-)	(-)	(30.00)	(-)	(30.00)
Advances Recoverable in cash or in kind					
Balance as on 31st March 2010	585.78	-	8300.59	-	8886.37
	(-)	(-)	(8,258.37)	(-)	(8258.37)
Sundry Debtors					
Balance as on 31st March 2010	-	0.42	1792.74	-	1793.16
	(-)	(-)	(2640.77)	(-)	(2640.77)
Income					
Rent Received	-	-	1.14	-	1.14
	(-)	(-)	(1.64)	(-)	(1.64)
Interest Received	-	-	786.79	-	786.79
	(-)	(-)	(523.84)	(-)	(523.84)
Commission Received	-	5.91	6.36	-	12.27
	(-)	(-)	(-)	(-)	(-)
Reimbursement of Expenses to the Company	114.97	46.03	452.47	-	613.47
	(-)	(121.44)	(530.92)	(-)	(652.36)
Expenditure					
Payment of Salaries / Perquisites	-	-	-	120.04	120.04
	(-)	(-)	(-)	(116.17)	(116.17)
Sitting Fees	-	-	-	0.25	0.25
	(-)	(-)	(-)	(0.68)	(0.68)
Service Charges	-	-	3.84	-	3.84
	(-)	(-)	(3.42)	(-)	(3.42)
Rent Paid	-	-	-	6.75	6.75
	(-)	(-)	(-)	(13.50)	(13.50)
Interest Paid	-	-	61.95	-	61.95
	(-)	(-)	(17.29)	(-)	(17.29)
Reimbursement of Expenses by the Company	-	6.50	107.23	-	113.73
	(-)	(-)	(249.01)	(-)	(249.01)

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



C. Details of major transactions with Related Parties :		31.03.2010 (Rs.in lacs)	31.03.2009 (Rs.in lacs)
Investments - Purchased	Jayaswal Holdings Pvt Ltd	2.55	-
Investments	Ferromax Mines and Minerals Private Limited	6.51	6.51
	Raigarh Energy Limited	2.55	-
Corporate Guarantee Given	Maa Usha Urja Limited	450.00	-
Unsecured Loans taken	AMR Iron and Steel Private Limited	3406.00	515.00
Unsecured Loans repaid	AMR Iron and Steel Private Limited	3366.98	515.00
Closing Balance	AMR Iron and Steel Private Limited	39.02	-
Purchase of Fixed Assets	Neco Heavy Engineering and Castings Limited	11.18	390.75
Sale of Fixed Assets	Neco Heavy Engineering and Castings Limited	9.75	-
Purchase of Goods	NSSL Limited	2161.80	3656.70
	Maa Usha Urja Limited	1829.47	2109.02
	Neco Heavy Engineering and Castings Limited	1096.58	1043.78
	Corporate Ispat Alloys Limited	2929.57	789.18
Processing Charges	Corporate Ispat Alloys Limited	638.30	-
Sale of Goods	NSSL Limited	6472.05	9601.63
	Corporate Ispat Alloys Limited	5531.14	1755.68
Sundry Creditors	Maa Usha Urja Limited	441.31	627.05
	Neco Heavy Engineering and Castings Limited	745.54	-
	Corporate Ispat Alloys Limited	226.25	-
Deposits Received	Neco Heavy Engineering and Castings Limited	15.00	15.00
	Corporate Ispat Alloys Limited	15.00	15.00
Advances - Closing Balance	Corporate Ispat Alloys Limited	6598.81	6561.18
	Abhijeet Infrastructure Limited	1250.49	1581.41
Sundry Debtors	NSSL Limited	1177.83	2194.55
	Neco Heavy Engineering and Castings Limited	614.91	445.41
Rent Received	Neco Heavy Engineering and Castings Limited	1.14	1.14
Interest Received	Corporate Ispat Alloys Limited	786.79	523.84
Commission Received	Corporate Ispat Alloys Limited	6.36	-
	Maa Usha Urja Limited	5.91	-
Payment of Salaries/Perquisites	Arbind Jayaswal	50.33	49.41
	Ramesh Jayaswal	50.32	49.41
	P.K.Bhardwaj	19.39	17.35
Sitting Fees	B. L. Shaw	0.25	0.30
Service Charges	Steel and Tube Exports Limited	3.84	3.42
Rent Paid	B. L. Shaw	2.25	4.50
	Arbind Jayaswal	2.25	4.50
	Ramesh Jayaswal	2.25	4.50
Interest Paid	AMR Iron and Steel Private Limited	61.95	17.29

10 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	
	31.03.2010 (Rs.in lacs)	31.03.2009 (Rs.in lacs)	31.03.2010 (Rs.in lacs)	31.03.2009 (Rs.in lacs)
Corporate Ispat and Alloys Limited *	6598.81	6561.18	8433.75	6561.18

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.

ii) Investment by the loanee in the shares of the Company

Sr. No.	Name of the Company	No. of Shares
1	Corporate Ispat Alloys Limited	2000
The above investment was made by the loanee in the earlier years.		

11 Sundry Debtors includes the following amounts due from the Companies under the same management

	Balance due as on	
	31.03.2010 (Rs.in lacs)	31.03.2009 (Rs.in lacs)
Neco Heavy Engineering and Castings Limited**	**	445.41
NSSL Limited	**	2194.55

** The companies cease to be companies under the same management. Hence balance as on 31st March, 2010 not given.

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

	As at 31.03.2010 (Rs.in lacs)	As at 31.03.2009 (Rs.in lacs)
(i) Deferred Tax Liabilities		
Related to Fixed Assets	13408.43	11762.12
Sales Tax Deferred claimed as deduction for tax purposes but not debited to Profit And Loss Account	807.15	759.96
TOTAL	14215.58	12522.08
(ii) Deferred Tax Assets		
Unabsorbed Depreciation	6308.75	8018.05
Items disallowed under section 43B of Income Tax Act, 1961	340.18	380.86
Provision for Doubtful Debtors And Advances	440.58	429.91
Leased Asset	124.48	127.48
TOTAL	7213.99	8956.30
Net Deferred Tax Liability / (Asset)	7001.59	3565.78
Less : Acquired on Amalgamation debited to General Reserve	-	3515.82
Amount debited to Profit and Loss Account	3435.81	49.96

13 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 31.03.2010 (Rs.in lacs)	Year ended 31.03.2009 (Rs.in lacs)
Earnings Per Share		
Net Profit after tax	6984.79	2716.82
Less : Dividend on Preference Shares	-	288.72
Less : Expenses for earlier years	72.61	40.63
Amount available for Equity Shareholders of Basic and Diluted Earnings Per Share (A)	6912.18	2387.47
Weighted average number of equity shares (Nos.) (B)	236660904	236660904
Basic and Diluted Earnings Per Share of face value of Rs.10/- each (A) / (B)	2.92	1.01

14 a Dividend accrued on Redeemable Preference Shares not provided for :
Particulars

	31.03.2010 (Rs.in lacs)	31.03.2009 (Rs.in lacs)
1 16% Redeemable Cumulative Preference Shares	1700.51	1700.51
2 0.0001% Cumulative Redeemable Preference Shares	0.01	0.01
3 10% Optionally Convertible Cumulative Redeemable Preference Shares	-	1189.29
4 0.001% Cumulative Redeemable Preference Shares	-	0.09
Total	1700.52	2889.90

b During the year the Company has redeemed 10% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) at a premium of Rs. 53.0224 per OCCRPS and 0.001% Cumulative Redeemable Preference Shares (CRPS) at a premium of Rs. 0.0062 per CRPS. The total amount payable on redemption of the Preference Shares aggregating to Rs. 4950.37 lacs and premium payable on redemption amounting to Rs. 1530.87 lacs is drawn out of the General Reserve of the Company in terms of the scheme of arrangement sanctioned by the Hon'ble High Court of Mumbai judicature at Nagpur vide order dated 13th November 2009

	31.03.2010 (Rs.in lacs)	31.03.2009 (Rs.in lacs)
15 Balances with Banks include:		
Balances with Scheduled Banks	3373.29	3041.74
Balance with Durg Rajnandgaon Gramin Bank Ltd., [Maximum balance outstanding during the year Rs.22.48 lacs (Previous Year : Rs.23.94 lacs)]	18.74	21.68
16 Managerial Remuneration :		
a. i. Salaries	93.43	91.71
ii. Contribution to Provident Fund	7.20	7.10
iii. Perquisites	0.02	0.01
iv. Directors' Sitting Fees	1.22	2.09
Total	101.87	100.91

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	10501.61	2856.57
Add : Depreciation as per accounts	7889.96	6547.71
Add : Directors' Remuneration	100.65	98.82
Add: Loss on Sale of Assets (Net)	1.14	726.32
Add: Provision for Diminution in value of Investments	-	7.30
	18493.36	10236.72
Less : Depreciation under section 350 of the Companies Act, 1956.	7889.96	6547.71
Less : Prior Period Items (Net)	72.61	40.63
Less : Excess of Expenditure over Income in Earlier Years	16668.82	20317.20
Net Profit/(Loss) for the purpose of Commission	(6138.03)	(16668.82)
Commission Payable 3% of Net Profit	-	-
Commission Paid	-	-

17 Payment to Auditors :

Audit Fees	29.00	20.50
Tax Audit Fees	5.00	1.70
Certification Charges	6.00	4.00
Company Law Matters	5.00	-
Out of Pocket Expenses	4.88	7.74
Total	49.88	33.94

18 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, 2010.

19 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. 1795.08 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. The aggregate MAT Credit Entitlement available to the Company as on 31st March, 2010 is Rs. 2388.60 lacs.

20 Details of Pre-operative Expenses :

	As at 31.03.2010 (Rs.in lacs)	As at 31.03.2009 (Rs.in lacs)
Remuneration and Benefits to Employees	124.11	412.27
Electricity	2.72	-
Repairs And Maintenance - Buildings	1.48	-
Repairs And Maintenance - Others	1.09	-
Rates, Taxes and Fees	0.50	0.54
Travelling and Conveyance	2.21	5.65
Legal And Professional	58.01	145.66
Insurance	2.52	17.22
Communication	-	0.01
Miscellaneous Expenses	12.28	10.04
Interest and Financial Charges	701.31	2265.67
Preoperative Expenses during the year	906.23	2857.06
Add : Preoperative Expenses upto Previous Year	2632.26	719.55
Add : Acquired pursuant to the Schemes of Arrangement	-	1300.97
	3538.49	4877.58
Less : Allocated during the year	2776.22	2245.32
	762.27	2632.26

- 21 a.** The cost of assets taken on lease prior to 1st April, 2001 amounted to Rs. 1270.66 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, 2010 in respect of these assets are as follows :

	31.03.2010 (Rs.in lacs)	31.03.2009 (Rs.in lacs)
Minimum Lease Payments		
(i) Payable not later than 1 year	424.54	502.56
(ii) Payable later than 1 year and not later than 5 years	1440.00	1516.77
(iii) Payable later than 5 years	-	360.00
Total Minimum Lease Payments	1864.54	2379.33
Less : Future Finance Charges	693.02	954.40
Present Value of Minimum Lease Payments	1171.52	1424.93

Present Value of Minimum Lease Payments

(i) Payable not later than 1 year	202.87	241.19
(ii) Payable later than 1 year and not later than 5 years	968.65	861.58
(iii) Payable later than 5 years	-	322.16
Total Present Value of Minimum Lease Payments	1171.52	1424.93

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.

22 Particulars in respect of Licensed Capacity, Installed Capacity and Actual Production

		31.03.2010	31.03.2009
a. Licensed Capacity	Not applicable in terms of Govt. of India's Notification No.S.O. 477 (E) dated 25th July, 1991.		
Steel and Castings Divisions			
b. Installed Capacity	(as certified by the management and relied upon by the Auditors, this being a technical matter)		
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	125000
		Year Ended	Year Ended
c. Actual Production		31.03.2010	31.03.2009
Iron & Steel Castings *	M.T.	72720	61377
Pig Iron **	M.T.	313037	276585
Billets #	M.T.	102761	73926
Rolled Products	M.T.	85206	27178
Sponge Iron @	M.T.	173184	132167
Hot Metal	M.T.	10029	-
Power	KWH (000')	166576	164533

* Net of 432 MT (Previous Year : 6467 MT) being captive consumption.

** Net of 27257 MT (Previous Year : 30802 MT) being captive consumption and 185181 MT (Previous Year : 101990 MT) being hot metal consumed for production of Billets

Net of 89088 MT (Previous Year : 29412 MT) being captive consumption and includes 6832 MT (Previous Year Nil) produced on Jobwork basis.

@ Net of 38807 MT (Previous Year : 19021 MT) being captive consumption.



23 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 31.03.2010 (Rs.in lacs)	M.T.	Year Ended 31.03.2009 (Rs.in lacs)
a. Opening Stock				
Iron & Steel Castings	2430	994.30	7760	3369.71
Pig Iron / Skull	6873	1291.20	6548	1123.10
Billets	5477	1415.75	5257	1484.01
Rolled Products	5025	1789.14	2539	869.52
Sponge Iron	2680	420.79	6593	1003.28
Others		285.71		289.60
		<u>6196.89</u>		<u>8139.22</u>
b. Purchases				
Iron & Steel Castings	2752	2360.89	2518	2716.89
Pig Iron / Skull	2236	467.20	470	138.52
Coal	3779	281.39	-	-
Others		223.37		408.11
		<u>3332.85</u>		<u>3263.52</u>
c. Closing 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>
d. Turnover				
Iron & Steel Castings	75798	39498.53	69225	42070.92
Pig Iron / Skull	315997	63083.96	276730	68259.08
Billets	99222	27673.58	73706	25764.68
Rolled Products	77252	28980.15	24692	11324.12
Coal	3779	338.30	0	0.00
Power	166576	3015.25	164533	4170.89
Sponge Iron	173173	26595.55	136080	27603.26
Hot Metal	10029	2087.39	0	-
Jobwork Charges	-	10.00	-	4.70
Others		1808.75		1355.63
		<u>193091.46</u>		<u>180553.28</u>
e. Raw Material Consumption				
Iron and Steel Scrap	52667	10228.87	39577	10107.03
Iron Ore	1114139	34335.47	835945	31181.11
Metallurgical Coke	335179	50716.66	253424	41205.36
Coal and Coke	16464	1428.05	14040	1884.00
Others		11026.04		12881.88
		<u>107735.09</u>		<u>97259.38</u>
f. Value of Raw Materials & Stores consumed, including Spares and Components				
	Percentage	31.03.2010 Value (Rs.in lacs)	Percentage	31.03.2009 Value (Rs.in lacs)
i) Raw Materials				
Indigenous	68.95%	74283.43	60.84%	59168.78
Imported	31.05%	33451.66	39.16%	38090.60
	<u>100.00%</u>	<u>107735.09</u>	<u>100.00%</u>	<u>97259.38</u>
ii) Stores & Components				
Indigenous	93.99%	11502.72	81.65%	7643.02
Imported	6.01%	735.25	18.35%	1717.65
	<u>100.00%</u>	<u>12237.97</u>	<u>100.00%</u>	<u>9360.67</u>

	31.03.2010 (Rs.in lacs)	31.03.2009 (Rs.in lacs)
g. Value of Imports calculated on C.I.F. basis		
i. Raw Materials	21239.49	36423.35
ii. Stores & Components	648.73	1311.00
iii. Capital Goods	155.57	1438.93
h. Expenditure in Foreign Currency		
i. Travelling	9.40	9.32
ii. Salary	25.37	27.08
iii. Interest and Financial Charges	232.09	1391.95
iv. Rent	7.06	-
v. Others	3.63	8.46
i. Earnings in Foreign Currency		
F.O.B. Value of Exports	1567.21	1367.08
Recovery of Freight	41.74	46.24
	31.03.2010 (Rs.in lacs)	31.03.2009 (Rs.in lacs)
24 Excise Duty includes :		
a) Excise duty shown as reduction from turnover	14351.22	19448.95
b) Excise duty charged to profit & loss account		
(i) Difference between Closing and Opening Stock	530.32	(771.72)
(ii) On account of excise duty on Captive Consumption of Finished Goods & Sample Sales	-	-

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details	
CIN	L28920MH1972PLC016154
State Code	11
Balance Sheet Date	31.03.2010
II. Capital raised during the year	
Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
III. Position of Mobilisation and Deployment of Funds	
Total Liabilities	17941397
Total Assets	17941397
Sources of Funds	
Paid up Capital	2366537
Reserves and Surplus	3561039
Secured Loans	9968158
Unsecured Loans	1345504
Deferred Tax Liability	700159
Application of Funds	
Net Fixed Assets	11633017
Investments	2607
Net Current Assets	6305773
Miscellaneous Expenditure	-
Accumulated Losses	-



IV. Performance of the Company

Turnover	18193954
Total Expenditure	17143793
Profit / (Loss) Before Tax	1050161
Profit / (Loss) After Tax	698479
Earning per Share (in Rs.)	
Basic	2.92
Diluted	2.92
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

SCHEDULE 17

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:

- 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.
- Depreciation on adjustment to Fixed Assets on account of exchange differences is provided over the remaining useful life of such asset.
- Assets acquired under finance lease on or after 1st April 2001 are depreciated on a straight line basis over the lease term.
- The leasehold land has been amortised over the lease period.
- Development of Property and Mining Rights are depreciated over the useful life of the mine or lease period whichever is shorter.
- 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:

- Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- 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.
- Non monetary foreign currency items are carried at cost.
- 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:

- 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.
- Post employment and other long term employee benefits are recognized as an expense in the Profit and Loss account/project development 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:

- Operating Leases: Rentals are expensed with reference to lease terms and other considerations.
- 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.
- 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:

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:

Segment Revenue includes Sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.

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".

Income which relates to the Company as a whole and not allocable to segments is included in "Unallocable Corporate Income".

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.

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.

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

A.D. KARAJGAONKAR
Company Secretary

Nagpur, 28th May, 2010

RAMESH JAYASWAL
Joint Managing Director

P.K.BHARDWAJ
Chief Finance Officer

CASH FLOW STATEMENT

	31.03.2010 (Rs.in lacs)	31.03.2009 (Rs.in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax as per Profit and Loss Account	10501.61	2856.57
ADJUSTED FOR		
Depreciation	7889.96	6547.71
Loss/(Profit) on sale of fixed asset	1.14	726.32
Dividend Income	(0.09)	(0.07)
Interest Income	(1356.44)	(849.37)
Interest and Financial Charges	13531.25	11030.11
Lease Rent	296.98	296.98
Foreign Exchange differences	419.50	2764.02
Extraordinary Items	461.96	(196.60)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE	31745.67	23175.67
ADJUSTMENTS FOR		
Trade and Other Receivables	(1653.17)	(3195.05)
Inventories	(6865.88)	(5580.27)
Trade Payables	(13696.52)	4476.23
CASH GENERATED FROM OPERATIONS	9530.30	18876.58
Direct taxes paid / Refund	(1154.15)	(754.76)
Extraordinary Items	(6.72)	(40.63)
NET CASH FLOW FROM OPERATING ACTIVITIES	8369.43	18081.19
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Capital Work-in-progress	(5897.36)	(3049.59)
Sale of Fixed Assets	11.40	0.01
Investment in Subsidiary	(2.55)	
Purchase of Investments	-	(6.51)
Advances to Subsidiary	(585.78)	-
Dividend Income	0.09	0.07
Movement in Loans	5978.67	(12597.84)
Interest Income	1681.97	523.84
CASH FLOW FROM INVESTING ACTIVITIES	1186.44	(15130.02)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Redemption of Preference Shares	(6,481.24)	-
Repayment of Lease Liability	(549.14)	(513.53)
Long Term Borrowings	8979.93	46617.06
Repayment of Long Term Borrowings	(11860.07)	(32133.64)
Short Term Loans	15072.55	(2914.99)
Interest and Financial Charges Paid	(14381.08)	(17137.64)
NET CASH USED IN FINANCING ACTIVITIES	(9219.05)	(6082.74)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	336.82	(3131.57)
Cash and Cash Equivalents (Opening Balance)	3096.38	5569.17
Acquired pursuant to the Schemes of Arrangement	-	658.78
Cash and Cash Equivalents (Closing Balance)	3433.20	3096.38

(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. 2433.92 lacs (Previous Year Rs. 2533.26 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
Chief Finance Officer

Nagpur, 28th May , 2010

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH, 2010.

1.	Name of the Subsidiary Company	: Raigarh Energy Limited
2.	Financial year of the Subsidiary Company.	: 31st March, 2010
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 Company's 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, 2010	: 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 2010	: NIL
	ii) For the previous financial year of the subsidiary Company since it became the Holding Company's subsidiary	: NIL

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
Chief Finance Officer

Place : Nagpur
Date : 28th May , 2010

Raigarh Energy Limited

(Subsidiary Company)

Consolidated Financial Statements

Jayaswal Neco Industries Limited



DIRECTORS' REPORT

Dear Members,

The Directors are pleased to present their Third Annual Report on the business affairs of the Company and the Audited Balance Sheet as at 31st March, 2010. The Company is in the initial stages of setting up the Power Plant. Total pre-operative expenses amounting to Rs 18,275,324 upto 31.03.2010 have been carried to Balance Sheet as Capital Work-in-progress. Total Preliminary expenses have been written off during the financial year under review and the loss amounting to Rs. 192433 has been carried to Balance Sheet.

BUSINESS AFFAIRS:

As the members are aware that the Company has made an arrangement with Jayaswal Neco Industries Limited (JNIL), by forming holding-subsidiary relationship for setting up Power Plant by utilizing the middlings and rejects generated in the process of washing of Coal near Raigarh in Chhattisgarh. The process of acquisition of land and arrangement with financial institutions for the necessary financing has already started. The Company is also having talks with JNIL for setting up Power Plant at Moitra Coal Block at North Karanpura Coal field near Hazaribagh in Jharkhand. The Management is hopeful for the positive results from the talks in the coming months.

ALTERATION OF MEMORANDUM AND ARTICLES OF ASSOCIATION:

At the request of JNIL, the Company has by passing requisite resolutions at the Extraordinary General Meeting held on 8th February, 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, JNIL will always hold minimum 51% of the Paid-up Capital of the Company. Pending allotment of shares the amount of Rs.58,500,000 received from JNIL has for the time been held as Share Application money.

PUBLIC DEPOSITS:

During the year under review, the Company has neither invited nor accepted any Public Deposits within the meaning of Section 58-A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975; as amended.

DIRECTORS:

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

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

Since there are no manufacturing activities, 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, 2009.

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.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

AUDITORS:

M/s Agrawal Chhallani & Co., Chartered Accountants, Nagpur, Auditors of the Company retiring at the ensuing Annual General Meeting, being eligible, they offer themselves for Re-appointment. The Members are requested to appoint the Auditors and fix their remuneration.

For and on behalf of the Board of Directors

Basant Lal Shaw
Chairman

Place : Nagpur
Date : 5th May, 2010

AUDITORS' REPORT

We have audited the attached Balance Sheet of Raigarh Energy Limited as at 31st March, 2010 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.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit also includes examining, on the 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.

- 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 annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
- On the basis of written representations received from Directors as on 31st March, 2010 and taken on record by Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of Companies Act, 1956.
- 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 3(C) of section 211 of the Companies Act, 1956.
- We further report that :
 - 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;
 - 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 the books;
 - the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - 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:
 - in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
 - In the case of the Profit and Loss Account, of the losses of the Company for the year ended on that date; and
 - In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For AGRAWAL CHHALLANI & CO.
Chartered Accountants
(Registration No.: 100125W)

S. R. CHHALLANI
Partner
Membership No. 30154

Place : Nagpur
Date : 5th May , 2010

ANNEXURE TO AUDITOR'S REPORT

Referred to in paragraph 3 of our report of even date

- (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.
 - (b) According to the information and explanations given to us, the fixed assets have been physically verified by the Management during the year and no discrepancies were noticed on such verification, as compared with the available records. In our opinion, the frequency of such verification is reasonable, having regard to the size of the Company and the nature of its assets.
 - (c) As per the information and explanations given to us, the Company has not disposed off substantial part of fixed assets during the year that would affect the going concern status of the Company.
- (ii) The Company does not have any Inventory, hence clause 4(ii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (iii) The Company has neither granted nor taken any loans to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal controls.
- (v) According to the information and explanations given to us, there are no transactions in pursuance of contracts or arrangements required to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (vi) According to information and explanation given to us, the Company has not accepted deposits from public and hence directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under are not applicable for the year under audit.
- (vii) The Company does not have a paid-up capital in excess of Rs. 50 lacs and does not have any turnover, hence it is not required to have an internal audit system and clause 4(vii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (viii) The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the Company.
- (ix) In respect of statutory dues :
 - (a) According to the records of the Company, undisputed statutory dues including Income-tax and other statutory dues have been generally regularly deposited with the appropriate authorities.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2010 for a period of more than six months from the date of becoming payable.
 - (c) According to the information and explanation 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 incurred cash loss during the current financial year. The Company had not incurred cash loss during the immediately preceding financial year since it had not commenced operations.
- (xi) The Company has not borrowed any money from financial institution or bank or debenture holders. Therefore, the provisions of clause 4(xi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiii) In our opinion, the Company is not a chit fund, a nidhi or a mutual benefit 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 are 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 explanation given to us, the Company has not taken any term loans during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company as at 31st March, 2010, we report that no funds raised on short term basis have been used for long-term investment.
- (xviii) During the year, 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) During the year the Company has not issued any debentures and hence clause 4(xix) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (xx) During the year the Company has not raised any money by way of public issue.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For AGRAWAL CHHALLANI & CO.
Chartered Accountants
(Registration No.: 100125W)

S. R. CHHALLANI
Partner
Membership No. 30154

Place : Nagpur
Date : 5th May, 2010

**BALANCE SHEET AS AT 31ST MARCH, 2010**

PARTICULARS	Schedule	As at 31.03.2010 Rs. Ps.	As at 31.03.2009 Rs. Ps.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	500000.00	500000.00
Share Application Money		58500000.00	-
TOTAL		<u>59000000.00</u>	<u>500000.00</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		16804170.00	-
Less: Depreciation		-	-
Net Block		16804170.00	-
Capital Work-in-progress	2	37105284.00	13127.00
		53909454.00	13127.00
Current Assets, Loans and Advances	3		
Cash and Bank Balances		5786238.00	500000.00
Loans and Advances		621984.00	7567.00
		6408222.00	507567.00
Less :Current Liabilities and Provisions	4		
Liabilities		1510109.00	213127.00
Provisions		-	-
		1510109.00	213127.00
Net Current Assets		4898113.00	294440.00
Preliminary Expenditure (To the extent not written off or adjusted)	5	-	192433.00
Profit & Loss Account		192433.00	-
TOTAL		<u>59000000.00</u>	<u>500000.00</u>
Notes to Accounts	6		
Significant Accounting Policies	7		

As per our report of even date attached.
For AGRAWAL CHHALLANI & CO.
Chartered Accountants

S. R. CHHALLANI
Partner

Place : Nagpur
Date : 05th May , 2010

For and on behalf of the Board of Directors

ARBIND JAYASWAL
Director

RAMESH JAYASWAL
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010.

PARTICULARS	Schedule	Year ended 31.03.2010 Rs. Ps.	Year ended 31.03.2009 Rs.in lacs
INCOME		-	-
TOTAL		<u>-</u>	<u>-</u>
EXPENDITURE :			
Preliminary Expenses		192433.00	-
TOTAL		<u>192433.00</u>	<u>-</u>
Profit / (Loss) for the year		(192433.00)	-
Less : Provision for Taxation		-	-
Profit / (Loss) after Tax		(192433.00)	-
Balance brought forward from last year.		-	-
Balance carried to Balance Sheet		<u>(192433.00)</u>	<u>-</u>
Notes to Accounts	6		
Significant Accounting Policies	7		

As per our report of even date attached.
For AGRAWAL CHHALLANI & CO.
Chartered Accountants

S. R. CHHALLANI
Partner

Place : Nagpur
Date : 05th May , 2010

For and on behalf of the Board of Directors

ARBIND JAYASWAL
Director

RAMESH JAYASWAL
Director



SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010.

**SCHEDULE 1
SHARE CAPITAL**

PARTICULARS	As at 31.03.2010 Rs. Ps.	As at 31.03.2009 Rs. Ps.
Authorised :		
1000000 (1000000) Equity Shares of Rs.10/- each	10000000.00	10000000.00
Issued, Subscribed and Paid Up :		
50000 (50000) Equity Shares of Rs.10/- each, fully paid up.	500000.00	500000.00
TOTAL	500000.00	500000.00

**SCHEDULE 2
FIXED ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening Balance 01.04.2009	Additions	Deductions	Total 31.03.2010	Opening Balance 31.03.2009	For the year	Deductions	Total 31.03.2010	As on 31.03.2010	As on 31.03.2009
Freehold Land	-	16804170.00	-	16804170.00	-	-	-	-	16804170.00	-
Office Equipment	-	-	-	-	-	-	-	-	-	-
Furniture & Fixture	-	-	-	-	-	-	-	-	-	-
Total	-	16804170.00	-	16804170.00	-	-	-	-	16804170.00	-
Previous Year	-	-	-	-	-	-	-	-	-	-

CAPITAL WORK IN PROGRESS

	As at 31.03.2010 Rs. Ps.	As at 31.03.2009 Rs. Ps.
Capital Advances	18829960.00	-
Pre Operative Expenses	18275324.00	13127.00
TOTAL	37105284.00	13127.00

**SCHEDULE 3
CURRENT ASSETS, LOANS AND ADVANCES**

PARTICULARS	As at 31.03.2010 Rs. Ps.	As at 31.03.2009 Rs. Ps.
CURRENT ASSETS :		
Cash and Bank Balances :		
Cash - in - hand	87663.00	500000.00
Balances with banks in Current Accounts	5698575.00	-
	5786238.00	500000.00
LOANS AND ADVANCES :		
(unsecured and subject to confirmation)		
Advances Recoverable in cash or in kind or for value to be received	621984.00	7567.00
TOTAL	6408222.00	507567.00

**SCHEDULE 4
CURRENT LIABILITIES AND PROVISIONS**

PARTICULARS	As at 31.03.2010 Rs. Ps.	As at 31.03.2009 Rs. Ps.
CURRENT LIABILITIES		
Sundry Creditors	145710.00	201500.00
Other Liabilities	1364399.00	11627.00
	1510109.00	213127.00
PROVISIONS	-	-
TOTAL	1510109.00	213127.00

**SCHEDULE 5
PRELIMINARY EXPENSES
(To the extent not written off or adjusted)**

PARTICULARS	As at 31.03.2010 Rs. Ps.	As at 31.03.2009 Rs. Ps.
Preliminary Expenditure		
Expenditure incurred during the Year	192433.00	192433.00
Less : Written off during the year	192433.00	-
	-	192433.00

**SCHEDULE 6
NOTES TO ACCOUNTS**

	31.03.2010 Rs. Ps.	31.03.2009 Rs. Ps.
1. Contingent Liabilities	-	-
2. 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)	53500000.00	-
3. In the opinion of the management, Current Assets, Loans and Advances are of the value stated, if realised in the ordinary course of business.		
4. There are no amounts due to Micro, Small and Medium Enterprises as on 31st March, 2010.		
5. The Paid-up Share Capital of the company includes 25500 Equity shares of Rs. 10/- each held by the Holding Company Jayaswal Neco Industries Limited.		
6. Payment to Auditors :		
Audit Fees	100000.00	5000.00
Out of Pocket Expenses and Service Tax	10300.00	515.00
Total	110300.00	5515.00
7. Balances with Banks include :		
Balances with Scheduled Banks	5698575.00	-



8. **Details of Pre-Operative Expenses**

	As at 31.03.2010 Rs. Ps.	As at 31.03.2009 Rs. Ps.
Wages to Security	103755.00	2000.00
Salaries & Wages	10946031.00	-
Staff & Labour Welfare	37463.00	-
Office Rent	4000.00	-
Printing & Stationery	2330.00	-
Travelling and Conveyance	988888.00	-
Communication Expenses	6052.00	-
Consultancy Charges	2448152.00	-
Legal Expenses	655008.00	-
Payment to Auditors	110300.00	5515.00
Miscellaneous Expenses	55643.00	-
Financial Charges	2903000.00	-
Bank Charges & Commission	1575.00	-
	18262197.00	7515.00
Add : Expenditure incurred upto Previous Year	13127.00	5612.00
Total	18275324.00	13127.00

9. The Company mainly operates in a single business segment viz.Power. As such there are no separate reportable segments.

10. **Related Party Disclosures :**

A. List of related parties

(as certified by the management)

Holding Company

Jayaswal Neco Industries Limited

(w.e.f. 3rd July, 2009)

Other Related Parties

Jayaswal Holdings Private Limited

Steel & Tube Exports Limited

B. Transactions with Related Parties

Nature of Transaction	Holding	Other Related Parties	Key Management Personnel	Total (Rs. Ps.)
Share Application Money Received Jayaswal Neco Industries Limited	58500000.00	-	-	58500000.00
Advances Recoverable in cash or in kind Balance as on 31st March, 2010 Steel & Exports Limited	-	7167.00	-	7167.00
Sundry Creditors Balance as on 31st March, 2010 Jayaswal Neco Industries Limited Jayaswal Holdings Private Limited	78256.00 -	- 2500.00	- -	78256.00 2500.00

Accounting Standard 18 is applicable to the Company from the current year. Hence previous year's figures have not been given.

11. **Basic and Diluted Earning Per Share**

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

Basic and Diluted Earning Per Share

Amounts used as the numerators

Net Profit / (Loss) after tax	Rs Ps.	(A)	(192433.00)	-
Weighted Average number of shares	Nos.	(B)	50000	50000
Earning Per Share (Basic and Diluted)	Rs Ps.	(A)/(B)	(3.85)	-

12. **Details of Deferred Tax Asset**

31.03.2010 31.03.2009

Rs. Ps. Rs. Ps.

Expenditure disallowed under Income-tax Act 47569.00 -

As at 31st March 2010 the Company has Deferred Tax Asset of Rs.47569/- which has not been recognised in the accounts based on the principle of prudence and conservatism.

13. Since the number of employees in the company are less than the minimum number of employees required as per the Payment of Gratuity Act, in the opinion of the management no provision for Gratuity has been made during the year.

14. Figures for the previous year have been regrouped and rearranged wherever necessary.

15. **Balance Sheet Abstract and Company's General Business Profile**

I Registration Details

CIN U40102MH2007PLC169762
State Code 11
Balance Sheet Date 31.03.2010

II Capital raised during the year

(Amount in Rs.000s)

Public Issue Nil
Rights Issue Nil
Bonus Issue Nil
Private Placement Nil

III Position of Mobilisation and Deployment of Funds

Total Liabilities 59000
Total Assets 59000

Sources of Funds

Paid up Capital 500
Share Application Money 58500

Application of Funds

Net Fixed Assets 53909
Net Current Assets 4898
Profit & Loss Account 192

IV Performance of the Company

Sales and Services Nil
Total Expenditure 192
Profit Before Tax (+) -192
Profit After Tax (+) -192
Earnings per Share (in Rs) (Basic and Diluted) (3.85)
Dividend Rate % Nil

V Generic Names of three Principal Products / Services

of the Company (as per monetary terms)

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



SCHEDULE 7

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 recognized 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.

4 DEPRECIATION

Depreciation on Fixed Assets will be 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.

5 PRELIMINARY EXPENSES

Preliminary Expenses are charged to the Profit and Loss Account.

6. 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.

7. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provision involving substantial degree of estimation in measurement is recognised 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 recognised nor disclosed in the financial statements.

As per our report of even date attached.
For AGRAWAL CHHALLANI & CO.
Chartered Accountants

S. R. CHHALLANI
Partner

Place : Nagpur
Date : 05th May , 2010

For and on behalf of the Board of Directors

ARBIND JAYASWAL
Director

RAMESH JAYASWAL
Director

CASH FLOW STATEMENT

31.03.2010
(Rs. Ps.)

A. CASH FLOW FROM OPERATING ACTIVITIES

Net Profit/(-) Loss before tax as per Profit and Loss Account

-192433

ADJUSTED FOR

Depreciation
Loss/(Profit) on sale of fixed asset / Investments
Interest Income
Interest Expenses / Lease Rent
Foreign Exchange differences
Extraordinary Items

-
-
-
-
-
192433.00

OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE

-

ADJUSTMENT FOR

Trade and Other Receivables
Inventories
Trade Payables

(614417.00)
-
1296982.00

CASH GENERATED FROM OPERATIONS

682565.00

Direct taxes paid / Refund

-

Extraordinary Items

-

NET CASH FLOW FROM OPERATING ACTIVITIES

682565.00

B. CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Fixed Assets and Capital Work-in-progress

(53896327.00)

Sale of Fixed Asstes

-

Purchase of Investments

-

Sale of Investments

-

Interest Income

-

CASH FROM INVESTING ACTIVITIES

(53896327.00)

C. CASH FLOW FROM FINANCING ACTIVITIES

Share Application Money

58500000.00

Long Term Borrowings

-

Short Term Loans

-

Repayment of Loans

-

Interest Paid

-

NET CASH USED IN FINANCING ACTIVITIES

58500000.00

NET INCREASE IN CASH AND CASH EQUIVALENTS

5286238.00

Cash and Cash Equivalents (Opening Balance)

500000.00

Cash and Cash Equivalents (Closing Balance)

5786238.00

Net Increase / (Decrease)

5286238.00

- 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 Since the Accounting Standard-3 "Cash Flow Statements" has become applicable from the current year, previous year's figures have not been given.

As per our report of even date attached.
For AGRAWAL CHHALLANI & CO.
Chartered Accountants

S. R. CHHALLANI
Partner

Place : Nagpur
Date : 05th May , 2010

For and on behalf of the Board of Directors

ARBIND JAYASWAL
Director

RAMESH JAYASWAL
Director



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, 2010, 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. Financial statement of subsidiary which reflects total assets of Rs. 603.18 Lacs as at 31st March, 2010 total revenue of Rs. Nil and net cash flows amounting to Rs. 52.86 Lacs for the year then ended, have been audited by one of us.
4. We did not audit the financial statements of an associate in which the share of loss of the Group is Rs. 0.26 Lacs. These financial statements and other informations have been audited by other auditors whose report has been furnished to us and our opinion is based solely on the report of other auditors.
5. 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) 23, Accounting for Investments in Associates in Consolidated Financial Statements, as notified by Companies (Accounting Standards) Rules, 2006.
6. 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, 2010;
 - (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)
Mumbai

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

R Koria
Membership No. – 35629

S. R. Challani
Membership No. – 30154

Place : Nagpur
Date : 28th May, 2010



CONSOLIDATED BALANCE SHEET AS AT 31 ST MARCH, 2010

PARTICULARS	Schedule	As at 31.03.2010 Rs.in lacs
SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital	1	23665.37
Reserves and Surplus	2	35610.13
		59275.50
Minority Interest		1.51
Loan Funds		
Secured Loans	3	99681.58
Unsecured Loans	4	13455.04
		113136.62
Deffered Tax Liability (Refer Note No 10 of Schedule 16)		7001.59
TOTAL		<u>179415.22</u>
APPLICATION OF FUNDS		
Fixed Assets	5	
Gross Block		155072.68
Less: Depreciation		42113.36
Net Block		112959.32
Capital Work-in-progress		3910.92
		116870.24
Investments	6	23.26
Current Assets, Loans and Advances	7	
Inventories		34694.07
Sundry Debtors		15516.97
Cash and Bank Balances		3491.06
Loans and Advances		25865.37
		79567.47
Less : Current Liabilities and Provisions	8	
Liabilities		11848.98
Provisions		5196.77
		17045.75
Net Current Assets		62521.72
TOTAL		<u>179415.22</u>
Notes to Accounts	16	
Significant Accounting Policies	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
Chief Finance Officer

Nagpur, 28th May , 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 ST MARCH, 2010

PARTICULARS	Schedule	year ended 31.03.2010 Rs.in lacs
INCOME		
Turnover		193091.46
Less : Excise Duty Recovered on Sales		14351.22
Net Turnover		178740.24
Other Income	9	3199.30
Increase/(Decrease) in Stock	10	3530.62
TOTAL		<u>185470.16</u>
EXPENDITURE		
Purchases		3332.85
Raw Materials Consumed	11	107735.09
Manufacturing Expenses	12	27878.87
Remuneration and Benefits to Employees	13	7726.73
Administrative, Selling and Other Expenses	14	6576.82
		153250.36
Profit before Interest, Depreciation and Taxation		32219.80
Interest and Financial Charges	15	13828.23
Profit before Depreciation and Taxation		18391.57
Less: Depreciation		7889.96
Profit before Tax		10501.61
Provision for - Current Tax		1876.09
- MAT Credit Entitlement		(1795.08)
- Deferred Tax Liability (Net)		81.01
Profit after Tax		3435.81
Share in Loss of Associates		6984.79
Profit for the Year		(0.26)
Prior Period Items (Net)		6984.53
Income-tax of earlier years		(6.72)
Transferred from Revaluation Reserve		(65.89)
Balance brought forward		0.76
Amount Available for Appropriations		3141.06
APPROPRIATIONS		<u>10053.74</u>
Balance carried to Balance Sheet		10053.74
Earnings per Equity share of Rs.10/- each Basic & Diluted	(in Rs.)	2.91
(Refer Note No.11 of Schedule 16)		
Notes to Accounts	16	
Significant Accounting Policies	17	

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

R. KORIA
Partner

For AGRAWAL CHHALLANI & CO.
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ARBIND JAYASWAL
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Joint Managing Director

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Company Secretary

P.K.BHARDWAJ
Chief Finance Officer

Nagpur, 28th May , 2010



SCHEDULE 1 SHARE CAPITAL

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

Notes - Of the above Shares

- 41,17,500 Equity Shares were allotted as fully paid up bonus shares by capitalisation of General Reserve.
- (i) 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.
(ii) 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.
(iii) 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.
(iv) 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.

SCHEDULE 2 RESERVES AND SURPLUS

PARTICULARS		As at 31.03.2010 Rs.in lacs
Capital Reserve		
Balance as per last Balance Sheet		79.02
Share Premium Account		
Balance as per last Balance Sheet		2790.42
Revaluation Reserve		
Balance as per last Balance Sheet	26.04	
Less : Amount of Depreciation attributable on appreciated value transferred to Profit and Loss Account	<u>0.76</u>	<u>25.28</u>
Capital Redemption Reserve		
Balance as per last Balance Sheet	150.00	
Add: Transfer from General Reserve	<u>4950.37</u>	<u>5100.37</u>
General Reserve		
Balance as per last Balance Sheet	24,042.54	
Less : Premium on Redemption of Preference Shares *	1530.87	
Less: Transferred to Capital Redemption reserve *	<u>4,950.37</u>	<u>17561.30</u>
Profit and Loss Account		10053.74
TOTAL		<u><u>35610.13</u></u>

* Refer Note No 12 of Schedule 16

SCHEDULE 3 SECURED LOANS

PARTICULARS		As at 31.03.2010 Rs. in lacs
1. Term Loans from Financial Institutions and Banks		
	Rupee Term Loans	67896.70
2. Vehicle Loans		165.31
3. Working Capital Loans from Banks		
i) Rupee Loans (net of Cheques-in-hand)	27676.01	
ii) Foreign Currency Loan	<u>3874.30</u>	<u>31550.31</u>
4. Interest Accrued and Due		69.26
TOTAL		<u><u>99681.58</u></u>

NOTES:

- The Term Loans Referred to in (1) above includes:
 - Rs.9500 Lacs secured by way of Hypothecation of moveable properties of Sinter Plant of the Company at Siltara Growth Centre Raipur.
 - Rs. 1983.88 lacs secured by way of mortgage of all immoveable properties of the Sponge Iron and 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.
 - Rs. 4528.44 lacs secured by way of mortgage of all immoveable properties of the Sponge Iron and Power Plant (II) of the Company and hypothecation of the whole of moveable properties of the said plants except book debts, which is subject to the prior charge created on Book Debts in favour of Bankers to Corporate Ispat Alloys Limited for its working capital requirements.
 - Rs.17521.65 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 both present and future, save and except book debts relating to Steel Melt Shop (SMS) and Rolling Mills at Siltara Growth Centre, Raipur.
 - Rs. 473.84 lacs secured by way of hypothecation of the specific Equipments financed.
 - Rs.33888.89 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 and assets specifically hypothecated, subject to the prior charge created and / or to be created on Book Debts in favour of Company's Bankers for its Working Capital requirements.
- Vehicle Loans from Banks referred to in (2) above are secured by hypothecation of the specific vehicles financed.
- Working Capital Loans from Banks referred to in (3) 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.
- All the above Loans are guaranteed by some of the Directors and their relatives in their personal capacities.

SCHEDULE 4 UNSECURED LOANS

PARTICULARS		As at 31.03.2010 Rs.in lacs
Sales Tax Deferral		1687.51
(Under Package Scheme of Incentives)		
(Refer Note No.6 of Schedule 16)		
Lease Finance		1171.52
Loans from Banks (Buyer's Credit) *		10083.73
Inter Corporate Deposits		<u>512.28</u>
TOTAL		<u><u>13455.04</u></u>

* Towards purchases of Raw Material backed by Letters of Credit.
Amount repayable within one year is Rs.10838.53 lacs



**SCHEDULE 5
FIXED ASSETS**

(Rs.in lacs)

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK
	As at 01.04.2009	Additions	Deduction/ Adjustment	As at 31.03.2010	Upto 31.03.2009	Deduction/ Adjustment	Upto 31.03.2010	As at 31.03.2010
Owned Assets :								
a) Tangible Assets								
Freehold Land	1446.07	431.23	-	1877.30	-	-	-	1877.30
Leasehold Land	331.90	-	-	331.90	49.76	-	53.14	278.76
Building	16033.13	2615.45	-	18648.58	2430.22	-	2980.07	15668.51
Railway Siding	3126.44	86.42	-	3212.86	1695.57	-	1847.16	1365.70
Plant & Machinery	109299.77	13051.06	9.50	122341.33	25407.51	0.57	31849.58	90491.75
Developed Property	492.72	-	-	492.72	69.37	-	93.79	398.93
Office Equipment	263.36	35.32	-	298.68	119.24	-	132.78	165.90
Furniture & Fixture	396.51	8.39	-	404.90	227.85	-	251.57	153.33
Vehicles	437.45	186.36	7.29	616.52	294.39	3.68	326.36	290.16
Sub-total	131827.35	16414.23	16.79	148224.79	30293.91	4.25	37534.45	110690.34
b) Intangible Assets :								
Process Development *	3400.28	-	-	3400.28	2546.27	-	2886.30	513.98
Softwares **	8.14	9.85	-	17.99	3.68	-	10.20	7.79
Technical Know-How **	642.21	-	-	642.21	107.30	-	141.21	501.00
Indefeasible Right to Use **	167.32	294.18	-	461.50	1.43	-	13.02	448.48
Goodwill (On Consolidation)	-	0.98	-	0.98	-	-	-	0.98
Sub-total	4217.95	305.01	-	4522.96	2658.68	-	3050.73	1471.25
Leased Assets:								
Plant & Machinery	2324.93	-	-	2324.93	1275.06	-	1528.18	796.75
Sub-total	2324.93	-	-	2324.93	1275.06	-	1528.18	796.75
Total	138370.23	16719.24	16.79	155072.68	34227.65	4.25	42113.36	112959.32
Capital Work-in-progress								3910.92

* internally generated

**Other than internally generated

Notes :

1. Capital Work-in-progress includes :

**As at
31.03.2010
Rs.in lacs**

Advances on Capital Account	872.34
Material at site	76.05
Building under Construction	5.15
Plant & Machinery under installation	64.82
Mines under development	1947.54
Pre-operative Expenses	945.02

TOTAL :

3910.92

- During the year Softwares amounting to Rs. 3.53 lacs (Gross Block) have been regrouped from Plant & Machinery
- 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.

**SCHEDULE 6
INVESTMENTS**

PARTICULARS

**As at
31.03.2010
Rs.in lacs**

	Number of Shares 31.03.2010	Rs. Face Value	
Long Term Trade Investments (Unquoted)			
I) In Equity Shares of Jointly Controlled Entity			
Ferromax Mines and Minerals Private Ltd	65100	10	6.25
II) In Equity Shares - Others			
Punjab & Maharashtra Co-operative Bank Ltd.	40	25	0.01
			<u>6.26</u>
Other than Trade			
I) In Equity Shares - Fully Paid Up (Quoted)			
Antarctica Graphics Limited	53000	1	0.53
Elbee Services Limited	1400	10	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	10	0.90
Triveni Sheet Glass Limited	1000	10	1.00
Datar Switchgears Limited	2200	10	1.05
Grapco Mining & Company Limited	50000	10	5.00
Essar Steel Limited	60	10	0.03
Ispat Industries Limited	60	10	0.01
Jindal Steel & Power Limited	100	5	0.56
JSW Steel Limited	8	10	0.02
Kirloskar Ferrous Industries Limited	100	5	0.02
Southern Iron & Steel Company Limited	-	10	-
Tata Steel Limited	135	10	0.41
Usha Martin Limited	100	10	0.05
II) Other Investments - Unquoted			
In Preference Shares			
Ispat Industries Limited (Rs.400)	40	10	-
Tata Steel Limited	-	100	-
In Units			
SBI One India Fund	100000	10	10.00
SBI Infrastructure Bond	50000	10	5.00
			<u>30.52</u>
Less : Provision for diminution in the value			<u>13.52</u>
			<u>17.00</u>
TOTAL			<u><u>23.26</u></u>
Aggregate Value of Investments			
Quoted Investments :			
Book Value			2.00
Market Value			23.49
Unquoted Investments:			
Book Value			21.26



SCHEDULE 7
CURRENT ASSETS, LOANS AND ADVANCES

PARTICULARS	As at 31.03.2010 Rs.in lacs
A) CURRENT ASSETS	
i) Inventories (As taken, valued and certified by the Management)	
Raw Materials	17049.40
Stores, Spares and Consumables	4937.29
Finished Goods	9959.27
Work-in-progress	2748.11
	34694.07
ii) Sundry Debtors (unsecured and subject to confirmation) Due for a period exceeding six months	
Considered Good	925.39
Considered Doubtful	599.01
	1524.40
Less : Provision for Doubtful Debts	599.01
	925.39
Others, considered good	14591.58
	15516.97
iii) Cash and Bank Balances	
Cash in hand	42.05
Balances with Banks:	
In Current Accounts (including Cheques-in-hand)	1015.09
In Fixed Deposit Accounts (Pledged with bank as Margin money)	2433.92
	3491.06
	53702.10
B) LOANS AND ADVANCES (unsecured and subject to confirmation)	
Advances recoverable in cash or in kind or for value to be received.	
Considered Good	20436.99
Considered Doubtful	711.50
	21148.49
Less : Provision for Doubtful Advances	711.50
	20436.99
Balance with Central Excise	178.88
Advance Payment of Income-tax (Net)	1916.80
MAT Credit Entitlement (Refer Note No.14 of Schedule 16)	2388.60
Advance Payment of Fringe Benefit Tax (Net)	67.16
Deposits	892.79
Less: Provision for Doubtful Deposits	15.85
	876.94
	25865.37
TOTAL	79567.47

SCHEDULE 8
CURRENT LIABILITIES AND PROVISIONS

PARTICULARS	As at 31.03.2010 Rs.in lacs
A) CURRENT LIABILITIES	
Acceptances	185.69
Sundry Creditors - Micro, Small and Medium Enterprises @	-
- Others (subject to confirmation)	5791.88
Advances from Customers	1850.30
Other Liabilities	3462.77
Interest Accrued but not due on loans	558.34
	11848.98
B) PROVISIONS	
Provision for Employee Benefits	1173.62
Other Provisions *	2145.99
Provision for Income Tax	1876.09
Provision for Wealth tax	1.07
	5196.77
TOTAL	17045.75

@ 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.

* 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 and Entry Tax & Cess paid under dispute. The excise duty payable on clearance of goods lying in stock as at 31st March, 2009 was of Rs. 436.59 lacs as per the estimated pattern of despatches. During the year Rs.436.59 lacs was utilised for clearance of goods. Liability recognised under this clause for the year is Rs. 966.91 lacs which is outstanding as on 31st March, 2010. 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 9
OTHER INCOME

PARTICULARS	Year ended 31.03.2010 Rs.in lacs
Interest Received (Tax deducted at source Rs.175.85 lacs (Previous year Rs.249.10 lacs))	1582.75
Dividend : From Long-term Investments	0.09
Export Incentives	48.31
Excess Provision written back	13.84
Gain on Foreign Exchange Fluctuation (Net)	1512.96
Other Miscellaneous Receipts	41.35
TOTAL	3199.30



SCHEDULE 10
INCREASE/(DECREASE) IN STOCKS

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

SCHEDULE 11
RAW MATERIALS CONSUMED

PARTICULARS	Year ended 31.03.2010
	Rs.in lacs
Opening Stock of Raw Materials	15899.18
Add : Purchases	<u>108885.31</u>
	124784.49
Less : Closing Stock of Raw Materials	17049.40
TOTAL	<u><u>107735.09</u></u>

SCHEDULE 12
MANUFACTURING EXPENSES

PARTICULARS	Year ended 31.03.2010
	Rs.in lacs
Consumables, Stores and Spares Consumed	12237.97
Power and Fuel	6132.33
Excise Duty	530.32
Repairs and Maintenance -	
Building	68.26
Plant and Machinery	4480.56
Others	7.20
Royalty and Cess	568.47
Internal Material Movement	2021.70
Other Manufacturing Expenses	1832.06
TOTAL	<u><u>27878.87</u></u>

SCHEDULE 13
REMUNERATION AND BENEFITS TO EMPLOYEES

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

SCHEDULE 14
ADMINISTRATIVE, SELLING AND OTHER EXPENSES

PARTICULARS	Year ended 31.03.2010
	Rs.in lacs
A) ADMINISTRATIVE EXPENSES	
Rent	94.28
Rates and Taxes	63.62
Insurance	94.48
Printing and Stationery	51.01
Communication	133.73
Travelling and Conveyance	724.56
Vehicle Maintenance	153.95
Legal and Professional Charges	639.67
Payments to Auditors	49.88
Miscellaneous	560.83
	<u>2566.01</u>
B) SELLING AND DISTRIBUTION EXPENSES	
Advertisement & Publicity	80.95
Commission	368.03
Sales Promotion Expenses	60.23
Freight and Forwarding	2920.36
Sales Tax	64.34
	<u>3493.91</u>
C) OTHER EXPENSES	
Cash Discount	31.82
Provision for Sales Tax Deferral	399.22
Bad Debts / Advances written off	8.50
Provision for Doubtful Debts/Advances	67.01
Loss on Sale of Fixed Assets	1.14
Donations	8.14
Wealth tax	1.07
	<u>516.90</u>
TOTAL	<u><u>6576.82</u></u>



SCHEDULE 15
INTEREST AND FINANCIAL CHARGES

PARTICULARS	Year ended 31.03.2010 Rs.in lacs
Interest Paid	
On Fixed Loans	6925.43
Others	<u>4979.13</u>
	11904.56
Lease Finance Charges	296.98
Financial Charges	1626.69
TOTAL	<u>13828.23</u>

SCHEDULE - 16
NOTES TO ACCOUNTS

- 1 Following Subsidiary Company and Associate Company have 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 | Raigarh Energy Limited | Subsidiary | India | 51% |
| 2 | Ferromax Mines and Minerals Pvt Ltd | Associate | India | 31% |
- 2 The Consolidated Accounts have been prepared in accordance with accounting standard (AS) 21 on Consolidated Financial statements and Accounting Standard (AS) 23 on Accounting for Investment in Associates in Consolidated Financial Statements notified in the Companies (Accounting Standards) Rules 2006. The Consolidated financial statements are prepared for the first time as the subsidiary was acquired in the current year, accordingly the previous year figures are not given.
- 31.03.2010**
(Rs.in lacs)
- 3 **Contingent Liabilities :**
- | | |
|--|---------|
| a. Guarantees given by the Company's Bankers.
(Bank guarantees are provided under contractual/legal obligation. No cash outflow is expected.) | 2879.53 |
| b. Corporate Guarantee
(Given to Banks against the borrowings taken by one of the associate Company) | 457.83 |
| c. Demands not acknowledged as debts | |
| i) Disputed Excise Duty and Service Tax
(No cash outflow is expected in the near future.) | 734.88 |
| ii) Disputed Sales Tax
(No cash outflow is expected in the near future.) | 1044.09 |
| iii) Disputed Customs Duty
(Relating to cess on Metallurgical Coke) | 736.01 |
| iv) Other Disputed Demands
(No cash outflow is expected in the near future.) | 51.33 |
| v) Third Party Claims
(Matters are pending before various forum. No cash outflow is expected.) | 329.44 |
| e. Liability in respect of Bills Discounted
(No cash outflow is expected.) | 3141.78 |
| f. Letters of credit opened in favour of suppliers
(Cash flow is expected on receipt of material from suppliers) | 2949.31 |
| 4 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) | 621.47 |

- 5 i) Derivative Contracts entered into by the Company and outstanding NIL
ii) Foreign Currency exposures that are not hedged by derivatives instruments are as under :
 a) Receivable : 197.14
 b) Payable : 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. 26.10 lacs.
- 6 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, 2010 is Rs. 4147.55 lacs which is provided for on the basis of its net present value of Rs. 1687.51 lacs.
- 7 As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee Benefits as defined in the Accounting Standard are given below:

	31.03.2010 (Rs.in lacs)
Defined Contribution Plan	
Employer's Contribution to Provident Fund, ESIC and Other Funds	525.14
Employer's Contribution to Superannuation Fund	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.

	31.03.2010 (Funded)
i. Reconciliation of Opening and Closing balance of Defined Benefit Obligation.	
Defined Benefit Obligation at the beginning of the year	805.31
Current Service Cost	153.62
Interest Cost	88.21
Benefit Paid	(39.61)
Actuarial Losses / (Gain)	88.51
Defined Benefit Obligation at year end.	1096.04
ii. Reconciliation of Opening and Closing balance of Fair Value of Plan Assets	
Fair Value of Plan Assets at the beginning of the year	360.41
Expected Return on Plan Assets	33.16
Employer Contribution	114.38
Benefit paid	(39.61)
Actuarial gain /(loss) on Plan Assets	4.10
Fair Value of Plan Assets at year end.	472.44
iii. Reconciliation of Fair Value of assets and obligations	
Fair Value of Plan Assets	472.44
Present Value of Funded Obligations	1096.04
Amount recognised in the Balance Sheet	623.60
iv. Expense recognized in Statement of Profit & Loss Account	
Current Service Cost	153.62
Interest on Defined Benefit Obligation	88.21
Expected return On Plan Assets	(33.16)
Net Actuarial Losses / (Gains) Recognised in year	84.41
Non Funded Liability of Earlier Years written back	(105.72)
Total, included in "Remuneration and benefits to Employees "	187.36



v Amount for the current periods are as follows

Defined Benefit Obligation	1096.04
Plan Assets	472.44
Surplus / (Deficit)	(623.60)
Experience adjustment on plan Assets (Gain) /Loss	*
Experience adjustment on plan Liabilities (Gain) /Loss	*

vi. Actuarial Assumptions

Mortality Table (LIC) (Ultimate)	1994-96
Discount rate (per annum)	8.00%
Expected Rate of escalation in Salary (per annum)	5.00%
Expected rate of return on Plan Assets (per annum)	9.20%

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

8 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 2010 and in respect of assets / liabilities as at 31st March, 2010.

Information about Primary (Product wise) segments :

(Rs.in lacs)

Sr. No.	Particulars	Steel	Iron & Steel Castings	Others	Unallocated	Eliminations	Total
1.	REVENUE						
	External Sales	152955.81	40135.65	-	-		193091.46
	Inter-segment sales	5897.93	420.80	-	-	(6318.73)	-
	Total Revenue	158853.74	40556.45	-	-	(6318.73)	193091.46
2.	RESULTS						
	Segment Results	19687.41	3207.08	-	-		22894.49
	Unallocated Corporate Expenses	-	-	-	54.04		54.04
	Managerial Remuneration	-	-	-	100.63		100.63
	Operating Profit/ (Loss)	19687.41	3207.08	-	(154.67)		22739.82
	Interest Expense and Financial Charges	-	-	-	13828.24		13828.24
	Interest Income	-	-	-	1582.75		1582.75
	Profit/(Loss) on Sale of Assets and Investments	-	-	-	(1.14)		(1.14)
	Other Income	-	-	-	8.41		8.41
	Income tax (Including Deferred Tax)	-	-	-	3,516.82		3516.82
	Net Profit / (-) Loss						6984.78
3.	OTHER INFORMATION						
	Segment Assets	154036.89	29449.71	603.18			184089.78
	Unallocated Corporate Assets	-	-	-	12371.19		12371.19
	Total Assets						196460.97
	Segment Liabilities	22646.17	4542.90	14.32	-		27203.39
	Unallocated Corporate Liabilities	-	-	-	109982.08		109982.08
	Total Liabilities						137185.47
	Capital Expenditure	4323.48	783.60	539.09	-		5646.17
	Depreciation	6806.84	1079.00	-	4.12		7889.96
	Non-cash Expenses other than Depreciation	-	-	-	-		-

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 Plant Projects at Raigarh, Chhattisgarh.

9 Related Party Disclosures :

A. List of related parties :

(As certified by the Company)

I Associate Companies

Jayaswal Holdings Private Limited
Maa Usha Urja Limited
Ferromax Mines and Minerals Private Limited

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 & Steel Private Limited
Neco Heavy Engineering & Castings Limited	Paranjpe Minerals Private Limited
Neco Ceramics Limited	Steel & Tube Exports Limited
NSSL Limited	Corporate Ispat Alloys Limited
Jayaswals Ashoka Infrastructure Private Limited	Neco Industries Limited
North Karanpura Coal Company Limited	



B. Transactions with Related Parties :

(Rs. in lacs)				
Nature of transaction	Associates	Other Related Parties	Key Management Personnel & Relatives	Total
Investments - Purchased during the year	2.55	-	-	2.55
Investment - as at 31st March, 2010	6.51	-	-	6.51
Corporate Guarantees Given	450.00	-	-	450.00
Unsecured Loans				
Taken during the year	-	3,406.00	-	3406.00
Repaid during the year	-	3,614.62	-	3614.62
Balance as on 31st March 2010	-	39.02	-	39.02
Fixed Assets				
Purchase of Fixed Assets	-	11.18	-	11.18
Sale of Fixed Assets	-	9.75	-	9.75
Purchase of Goods & Services				
Purchase of Goods	1829.47	7420.44	-	9249.92
Other Manufacturing Expenses	-	642.73	-	642.73
Sale of Goods & Services				
Sale of Goods	219.70	13639.89	-	13859.59
Sundry Creditors	441.31	1009.42	-	1450.73
Deposit Received as on 31st March 2010	-	30.00	-	30.00
Advances Recoverable in cash or in kind				
Balance as on 31st March 2010	-	8300.59	-	8300.59
Sundry Debtors				
Balance as on 31st March 2010	0.42	1792.74	-	1793.16
Income				
Rent Received	-	1.14	-	1.14
Interest Received	-	786.79	-	786.79
Commission Received	5.91	6.36	-	12.27
Reimbursement of Expenses to the Company	46.03	452.45	-	498.48
Expenditure				
Payment of Salaries / Perquisites	-	-	120.04	120.04
Sitting Fees	-	-	0.25	0.25
Service Charges	-	3.84	-	3.84
Rent Paid	-	-	6.75	6.75
Interest Paid	-	61.95	-	61.95
Reimbursement of Expenses by the Company	6.50	107.23	-	113.73

C. Details of major transactions with Related Parties :

		31.03.2010
Investments - Purchased	Jayaswal Holdings Pvt Ltd	2.55
Investments	Ferromax Mines and Minerals Private Limited	6.51
Corporate Guarantee Given	Maa Usha Urja Limited	450.00
Unsecured Loans taken	AMR Iron and Steel Private Limited	3406.00
Unsecured Loans repaid	AMR Iron and Steel Private Limited	3366.98
Closing Balance	AMR Iron and Steel Private Limited	39.02
Purchase of Fixed Assets	Neco Heavy Engineering and Castings Limited	11.18
Sale of Fixed Assets	Neco Heavy Engineering and Castings Limited	9.75
Purchase of Goods	NSSL Limited	2161.80
	Maa Usha Urja Limited	1829.47
	Neco Heavy Engineering and Castings Limited	1096.58
	Corporate Ispat Alloys Limited	2929.57
Processing Charges	Corporate Ispat Alloys Limited	638.30
Sale of Goods	NSSL Limited	6472.05
	Corporate Ispat Alloys Limited	5531.14
Sundry Creditors	Maa Usha Urja Limited	441.31
	Neco Heavy Engineering and Castings Limited	745.54
	Corporate Ispat Alloys Limited	226.25
Deposits Received	Neco Heavy Engineering and Castings Limited	15.00
	Corporate Ispat Alloys Limited	15.00
Advances - Closing Balance	Corporate Ispat Alloys Limited	6598.81
	Abhijeet Infrastructure Limited	1250.49
Sundry Debtors	NSSL Limited	1177.83
	Neco Heavy Engineering and Castings Limited	614.91
Rent Received	Neco Heavy Engineering and Castings Limited	1.14
Interest Received	Corporate Ispat Alloys Limited	786.79
Commission Received	Corporate Ispat Alloys Limited	6.36
	Maa Usha Urja Limited	5.91
Payment of Salaries/Perquisites	Arbind Jayaswal	50.33
	Ramesh Jayaswal	50.32
	P.K.Bhardwaj	19.39
Sitting Fees	B. L. Shaw	0.25
Service Charges	Steel and Tube Exports Limited	3.84
Rent Paid	B. L. Shaw	2.25
	Arbind Jayaswal	2.25
	Ramesh Jayaswal	2.25
Interest Paid	AMR Iron and Steel Private Limited	61.95

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

		As at 31.03.2010 (Rs.in lacs)
(i) Deferred Tax Liabilities		
Related to Fixed Assets		13408.43
Sales Tax Deferred claimed as deduction for tax purposes but not debited to Profit and Loss Account		807.15
Total		14215.58

**(ii) Deferred Tax Assets**

Unabsorbed Depreciation	6308.75
Items disallowed under section 43B of Income Tax Act, 1961	340.18
Provision for Doubtful Debtors & Advances	440.58
Leased Asset	124.48
TOTAL	7213.99

Net Deferred Tax Liability / (Asset)

7001.59

The above does not include Deferred Tax Assets of 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. 0.48 lacs in the subsidiary can not be setoff with the above Deferred Tax liability

11 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
	31.03.2010
	(Rs.in lacs)
Earnings Per Share	
Net Profit for the year	6984.53
Less : Expenses for earlier years	72.61
Amount available for Equity Shareholders of Basic and Diluted Earnings Per Share	(A) 6911.92
Weighted average number of equity shares (Nos.)	(B) 236660904
Basic and Diluted Earnings Per Share of face value of Rs.10/- each	(A) / (B) 2.91

12 a Dividend accrued on Redeemable Preference Shares not provided for :**Particulars**

1 16% Redeemable Cumulative Preference Shares	1700.51
2 0.0001% Cumulative Redeemable Preference Shares	0.01
3 10% Optionally Convertible Cumulative Redeemable Preference Shares	0
4 0.001% Cumulative Redeemable Preference Shares	0
TOTAL	1700.52

b During the year the company has redeemed 10% Optionally Convertible Cumulative Redeemable preference Shares (OCCRPS) at a Premium of Rs.53.0224 Per OCCRPS and 001% Cumulative Redeemable Preference Shares (CRPS) at a Premium of Rs.0.0062 per CRPS .The Total amount payable on redemption of preference share aggregating to Rs.4950.37 lacs and premium payable on redemption amounting to Rs.1530.87 lacs is drawn out of the general reserve of the Company in terms of the scheme of arrangement sanctioned by the Hon'ble High court of Mumbai Judicature at Nagpur vide order dated 13th November 2009.

13 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, 2010.

14 Presently the company is liable to pay 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. 1795.08 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 & loss account. The aggregate MAT Credit Entitlement available to the Company as on 31st March, 2010 is Rs. 2388.60 lacs

15 Details of Pre-operative Expenses :**As at**
31.03.2010**(Rs.in lacs)**

Remuneration and Benefits to Employees	234.98
Electricity	2.72
Repairs & Maintenance - Buildings	1.48
Repairs & Maintenance - Others	1.09
Rates, Taxes and Fees	0.54
Travelling and Conveyance	12.10
Legal & Professional	89.04
Payment to Auditors	1.10
Insurance	2.52
Communication	0.06
Miscellaneous Expenses	12.86
Interest and Financial Charges	730.36
Preoperative Expenses during the year	1088.85
Add : Preoperative Expenses upto Previous Year	2632.39
	3721.24
Less : Allocated during the year	2776.22
	945.02

- 16** a. The cost of assets taken on lease prior to 1st April, 2001 amounted to Rs. 1270.66 lacs. Future Obligations towards Lease Rentals under the lease agreements are 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, 2010 in respect of these asset

31.03.2010
(Rs.in lacs)**Minimum Lease Payments**

(I) Payable not later than 1 year	424.54
(ii) Payable later than 1 year and not later than 5 years	1440.00
(iii) Payable later than 5 years	-
Total Minimum Lease Payments	1864.54
Less : Future Finance Charges	693.02
	1171.52
Present Value of Minimum Lease Payments	1171.52

Present Value of Minimum Lease Payments

(I) Payable not later than 1 year	202.87
(ii) Payable later than 1 year and not later than 5 years	968.65
(iii) Payable later than 5 years	-
	1171.52
Total Present Value of Minimum Lease Payments	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.

17 Excise Duty includes :

a) Excise duty shown as reduction from turnover	14351.22
b) Excise duty charged to profit & loss account	
(i) Difference between Closing and Opening Stock	530.32
(ii) On account of excise duty on Captive Consumption of Finished Goods & Sample Sales	-

**Balance Sheet Abstract and Company's General Business Profile****I. Registration Details**

CIN	L28920MH1972PLC016154
State Code	11
Balance Sheet Date	31.03.2010

II. Capital raised during the year

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds

Total Liabilities	17941522
Total Assets	17941522

Sources of Funds

Paid up Capital	2366537
Reserves and Surplus	3561013
Secured Loans	9968158
Unsecured Loans	1345504
Deferred Tax Liability	700159

Application of Funds

Net Fixed Assets	11687024
Investments	2326
Net Current Assets	6252172
Miscellaneous Expenditure	-
Accumulated Losses	-

IV. Performance of the Company

Turnover	18193954
Total Expenditure	17143793
Profit / (Loss) Before Tax	1050161
Profit / (Loss) After Tax	698479
Earning per Share (in Rs.)	
Basic	2.92
Diluted	2.92
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

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010**SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES****1. Principles of Consolidation :**

The consolidated financial statements relate to 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 Standalone Jayaswal Neco Industries Limited.

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
Chief Finance Officer

Nagpur, 28th May , 2010

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010.**31.03.2010
(Rs.in lacs)**A. CASH FLOW FROM OPERATING ACTIVITIES**

Net Profit / (Loss) before tax as per Profit and Loss Account	10501.61
ADJUSTED FOR	
Depreciation	7889.96
Loss/(Profit) on sale of fixed asset	1.14
Dividend Income	(0.09)
Interest Income	(1356.44)
Interest and Financial Charges	13531.25
Lease Rent	296.98
Foreign Exchange differences	419.50
Extraordinary Items	461.96
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE	31745.87
ADJUSTMENTS FOR	
Trade and Other Receivables	(1659.40)
Inventories	(6865.88)
Trade Payables	(13682.20)
CASH GENERATED FROM OPERATIONS	9538.39
Direct taxes paid / Refund	(1154.15)
Extraordinary Items	(6.72)
NET CASH FLOW FROM OPERATING ACTIVITIES	8377.52

B. CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Fixed Assets and Capital Work-in-progress	(6437.43)
Sale of Fixed Assets	11.40
Dividend Income	0.09
Movement in Loans	5978.67
Interest Income	1681.97
Minority Interest	1.51
CASH FLOW FROM INVESTING ACTIVITIES	1236.21

C. CASH FLOW FROM FINANCING ACTIVITIES

Redemption of Preference Shares	(6,481.24)
Repayment of Lease Liability	(549.14)
Long Term Borrowings	8979.93
Repayment of Long Term Borrowings	(11860.07)
Short Term Loans	15072.55
Interest and Financial Charges Paid	(14381.08)
NET CASH USED IN FINANCING ACTIVITIES	(9219.05)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	394.68
Cash and Cash Equivalents (Opening Balance)	3096.38
Cash and Cash Equivalents (Closing Balance)	3491.06

- (i) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statements".
- (ii) Figures in brackets indicate Outflows.
- (iii) Cash and Cash Equivalents at the end of the year includes deposits with banks aggregating to Rs. 2433.92 lacs which are pledged with banks as margin for Bank Guarantee and Letters of Credit.

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
Chief Finance Officer

Nagpur, 28th May, 2010

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 Seventh Annual General Meeting of the company to be held on Thursday, the 30th September, 2010 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 SEVENTH ANNUAL GENERAL MEETING to be held on Thursday, the 30th September, 2010 and at any adjournment thereof.

Signed at this Day of 2010.

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.

BOOK POST

To,

If undelivered please return to :
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