

Corporate Information

Chairman	P. K. Khaitan
Directors	B. Khaitan Naresh Chandra Jamshed J. Irani M. B. N. Rao S. Y. Rajagopalan
Managing Director	Umang Kejriwal
Joint Managing Director	Mayank Kejriwal
Wholetime Directors	Uddhav Kejriwal V. M. Ralli M. K. Jalan R. S. Singh
Company Secretary	Jyoti Jain
Auditors	Lodha & Co. Chartered Accountants
Solicitors	Khaitan & Co.
Bankers	Bank of Baroda Bank of India CITI Bank N.A. HSBC Limited HDFC Bank Limited ICICI Bank Ltd. IDBI Bank Ltd. Punjab National Bank Standard Chartered Bank State Bank of India
Works	Khardah, West Bengal Haldia, West Bengal Elavur, Tamil Nadu Parbatpur, Jharkhand
Corporate Office	G. K. Tower 19, Camac Street, Kolkata 700 017
Registered Office	Rathod Colony, P.O. Rajgangpur - 770 017 Dist. Sundargarh, Odisha

Contents

Notice	2
Directors' Report	8
Annexure : "A" to the Directors' Report	14
Management Discussion and Analysis	17
Risk Management	27
Corporate Governance	29
Auditors' Certificate on Corporate Governance	39
Ten-Year Financial Summary	40
Auditors' Report	41
Balance Sheet	46
Statement of Profit & Loss	47
Cash Flow Statement	48
Notes on Financial Statements	49
Auditors' Report on Consolidated Accounts	82
Consolidated Balance Sheet	83
Consolidated Statement of Profit & Loss	84
Consolidated Cash Flow Statement	85
Notes on Consolidated Financial Statements	86

Notice

Notice is hereby given that the Fifty Seventh Annual General Meeting of the Company will be held at the Registered Office of the Company at Rathod Colony, Rajgangpur, Dist. Sundergarh, Odisha on Friday, the September 07, 2012 at 10.30 A.M. to transact the following business :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2012, the Audited Balance Sheet as at that date and the Reports of the Board of Directors and Auditors thereon.
2. To consider declaration of dividend by the Company, as recommended by the Board of Directors for the year ended March 31, 2012.
3. To appoint a Director in place of Mr. S. Y. Rajagopalan, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. R. S. Singh, who retires by rotation and is eligible for re-appointment.
5. To Appoint a Director in place of Mr. M. K. Jalan, who retires by rotation and is eligible for re-appointment.
6. To appoint Statutory Auditors and to fix their remuneration.

Special Business :

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

"RESOLVED THAT pursuant to Sections 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 approval is hereby accorded to the re-appointment of Mr. Uddhav Kejriwal, Whole time Director for a further period of 5 years effective from 16th June 2013 on the remuneration namely; Rs. 5,00,000/- per month in addition to the commission and perquisites as set out in the explanatory statement annexed to this notice."

By Order of the Board of Directors
For **Electrosteel Castings Limited**

Jyoti Jain
Company Secretary
May 28, 2012
Kolkata

NOTES :

- (a) The relevant details in respect of item Nos. 3 to 5 and 7 above pursuant to Clause 49 of the Listing Agreement are annexed hereto.
- (b) Every shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her and such proxy need not be a shareholder. The Proxy forms should, however, be deposited at the Registered Office of the Company not later than 48 hours before commencement of the meeting.
- (c) Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- (d) The Register of Share Transfer of the Company will remain closed for accepting Share Transfer applications from September 01, 2012 to September 07, 2012 (both days inclusive).
- (e) The dividend on equity shares, if declared, shall be paid to those members whose names appear in the Register of Members of the Company as on September 07, 2012 with respect to shares held in electronic form the dividend will be payable to the beneficial owners of the shares as on the closing hours of business on August 31, 2012 as per details furnished by the Depositories for this purpose.
- (f) The Unclaimed dividend for the financial year 2003-04 has been transferred by the Company to the Investor Education & Protection Fund constituted by the Central Government under Section 205A & 205C of the Companies Act, 1956.
- (g) Members who have not received their dividend paid by the Company in respect of earlier years are requested to check with the Company's Registered Office at Rathod Colony, Rajgangpur-770017, Dist. Sundergarh, (Odisha). Members are requested to note that in terms of Section 205C of the Companies Act, 1956 any dividend unpaid / unclaimed for a period of 7 years from the date when it first became due for payment is required to be transferred to the Central Government to the credit of the Investor & Education Protection Fund. Thereafter, no claim shall be entertained in respect of the dividend transferred to the Fund.
- (h) Members desirous of getting any information in respect of the Accounts of the Company are requested to send their queries in writing to the Company at the Registered Office so as to reach at least 7 days before the date of the meeting so that the required information can be made available at the meeting. Members / Proxies attending the meeting are requested to bring their copy of the Annual Report for reference at the meeting as also the Attendance Slip duly filled in for attending the meeting.
- (i) Shareholders are requested to provide particulars of their bank account details for availing 'Electronic Clearing Service' (ECS) facility. Further, ECS facility is also available to the beneficial owners of shares in demat form. Those desirous of availing the facility may provide their mandate for physical holding to the Company and for demat holding to their DP in writing.
- (j) Equity Shares of the Company fall under the category of compulsory demat trading by all investors. Considering the advantages of scripless trading, shareholders are requested to consider dematerialisation of their shareholding so as to avoid inconvenience.
- (k) Shareholders are requested to give us their valuable suggestions for improvement of our investor services.

EXPLANATORY STATEMENT

(As required by Section 173 of the Companies Act, 1956)

Item 7

Mr. Uddhav Kejriwal was re-appointed as Whole time Director for a period of 5 years from June 16, 2008. The Board at its meeting held on May 28, 2012 re-appointed Mr. Uddhav Kejriwal for a further period of 5 years with effect from June 16, 2013 on the remuneration of Rs. 5,00,000/- per month in addition to the commission and perquisites as per the terms as mentioned herein subject to the approval of the shareholders at the Annual General Meeting of the Company.

Remuneration :

- (i) Salary : Rs. 5,00,000/- per month in the grade of Rs. 5,00,000-50,000-7,00,000
- (ii) Commission : Commission on net profits as may be decided by the Board of Directors for each financial year based on the net profits of that year and taking into account all other factors.
- (iii) Perquisites & Amenities
 - a) Medical Benefits :
Reimbursement of actual expenses incurred for self and family.
 - b) Leave :
As per applicable Staff Rules of the Company.
 - c) Housing :
Residential accommodation including electricity (or House Rent Allowance in lieu thereof not exceeding 60% of the salary)
 - d) Club Fees :
Fees of a maximum of two clubs excluding admission & life membership fees.
 - e) Car and Telephone :
Provision of a car for use on Company's business and telephone at residence. These will not be considered as perquisites. However, personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

f) Personal Accident and Term Insurance :
Premium not to exceed Rs. 15,000/- per annum.

g) Encashment of Leave :
In accordance with the Company's Rules & Regulations.

h) Contribution to Retiral Benefit Funds :
i. Company's contribution to Provident Fund as applicable to other employees.
ii. Gratuity in accordance with the Gratuity Fund Rules not exceeding half a month's salary for each completed year of service.

i) Leave Travel Concession :
Return passage for Mr. Uddhav Kejriwal and his family in accordance with the Rules specified by the Company.

For the purpose of calculation of such monetary value, the perquisites shall be valued as per Income Tax Rules, wherever

applicable and in the absence thereof, at cost.

Explanation :

For the purpose of eligibility of perquisites "family" means the spouse, the dependant children and dependant parents of the Whole time Director.

j) Minimum Remuneration :
In the event of absence or inadequacy of profits of the Company in any financial year, Mr. Uddhav Kejriwal will be entitled to receive such minimum remuneration as is permissible under Section II of Part II of Schedule XIII to the Act.

The Board of Directors commends the Resolution for your approval.

None of the Directors except Mr. Umang Kejriwal and Mr. Mayank Kejriwal is interested or concerned in this resolution.

ANNEXURE AS REFERRED TO IN THE NOTES ON NOTICE

Information pursuant to Clause 49 of the Listing Agreement regarding appointment of new Director or reappointment of a Director.

Mr. S.Y. Rajagopalan

Mr. S.Y. Rajagopalan, aged 77 years, is a Chartered Accountant and Company Secretary by profession. He worked as a Wholetime Director of your Company since November 25, 1988 and retired on August 09,2007. He has extensive experience in corporate and related Laws and finance affairs. Mr. Rajagopalan holds directorship in Company given below. He holds 5100 equity shares of the Company.

Sl. No.	Name of the Company	Nature of Interest	Chairmanship / Membership of Committee
1.	Lanco Industries Ltd.	Director	NIL

The Board of Directors commends the Resolution for your approval.

Mr. R. S. Singh

Mr. R. S. Singh, aged 64 years, has held Senior post in Tata Steel. He received a B-Tech degree in Mining Engineering from the Indian School of Mines, in July 1969. He is a registered member of professional societies /Institution in IMMA and MMGI. He is having over 44 years experience in the mining, design, procurement and construction of mines projects and also in the operation and maintenance of mines, road, water supply and buildings. Mr. Singh holds 26000 equity shares of the Company. Mr. Singh is also Director of several other companies as per details given below :

Sl. No.	Name of the Company	Nature of Interest	Chairmanship / Membership of Committee
1.	Rama Mining Consultants Pvt. Ltd.	Director	NIL
2.	Asian Informatics Pvt. Ltd.	Director	NIL
3.	Jhilmil Traders	Director	NIL

The Board of Directors commends the Resolution for your approval.

Mr. M. K. Jalan

Mr. M. K. Jalan, aged 59 years, joined your Company as Commercial Manager in 1981. In 1993, he was given the responsibility of setting up the Export Department for export of D.I. Pipes. After achieving this objective, he was given additional responsibility of looking after domestic sales and marketing in 2003. Currently Mr. Jalan looks after Company's Marketing Strategies. He holds 1100 equity shares of the Company. Mr. Jalan is also Director of several other companies as per details given below :

Sl. No.	Name of the Company	Nature of Interest	Chairmanship / Membership of Committee
1.	Kanchenjanga Trade & Finance Pvt. Ltd.	Director	NIL
2.	Pekon Properties & Enclave Pvt. Ltd.	Director	NIL
3.	Eeshwar Fiscal Services Pvt. Ltd.	Director	NIL
4.	Alkan Fiscal Services Pvt. Ltd.	Director	NIL

The Board of Directors commends the Resolution for your approval.

Mr. Uddhav Kejriwal

Mr. Uddhav Kejriwal is Wholetime Director of the Company. After joining in 2003 he has made a major contribution for the creation of the Haldia facility having 2.95 Lacs TPA Coke making capacity, 60,000 MT Sponge Iron capacity and 12 MW Power Plant. He oversees all financial affairs and commercial issues pertaining to the business of the Company. He holds 31,87,540 equity shares of the company. Mr. Kejriwal is also Director of several Limited Companies as per details given below :

Sl. No.	Name of the Company	Nature of Interest	Chairmanship / Membership of Committee
1.	Sri Gopal Investments Ventures Ltd.	Director	NIL
2.	Badrinath Industries Ltd.	Director	NIL
3.	Murari Investment & Trading Co. Ltd.	Director	NIL

The Board of Directors commends the Resolution for your approval.

By Order of the Board of Directors

For **Electrosteel Castings Limited**

Jyoti Jain

Company Secretary

May 28, 2012

Kolkata

Directors' Report

To The Shareholders

To,
The Members

Your Directors take pleasure in presenting their Fifty Seventh Annual Report and Audited Accounts of the Company for the year ended March 31, 2012.

Financial Results		Rs. in Crores	
Sl.no.	Particulars	FY 2011-12	FY 2010-11
i.	Revenue from operation	1916.66	1709.53
ii.	Other Income	70.77	101.75
iii.	Total Revenue	1987.43	1811.28
iv.	Profit before Taxation (PBT)	22.58	214.89
v.	Tax including Deferred Tax	(19.80)	60.25
vi.	Profit after Taxation (PAT)	42.38	154.64
vii.	Profit brought forward from previous year	86.19	101.02
viii.	Transfer from Debenture Redemption Reserve	25.00	-
ix.	Amount available for appropriation	153.57	255.66
	Appropriation		
	Transfer to Debenture Redemption Reserve	16.00	22.00
	Transfer to General Reserve	5.00	100.00
	Proposed Dividend including tax thereon	18.99	47.47
	Total	39.99	169.47
x.	Surplus carried to Balance Sheet	113.58	86.19

Your Company's Revenue from operation has increased from Rs. 1709.53 crores in 2010-11 to Rs. 1916.66 crores in 2011-12 representing an increase of 12.12 %.

Dividend

Your Directors recommend a dividend @ Rs 0.50 per share i.e.50% for the year ended March 31, 2012. The dividend, on approval by members, will absorb Rs. 18.99 crores, inclusive of tax of Rs 2.65 crores on distribution of dividend.

Operations

F.Y. 2011-12 was a challenging year with a moderate growth of business due to turbulent economic environment. There was a slowdown in global economy activities across major part of the world and India was also affected to a larger extent coupled with domestic factors such as inflation, decelerating growth and widening current account deficit. Despite these constraints and the challenging environment, the Company performed reasonably well and sustained its production and sales in quantitative terms. The Company's Revenue from operation has increased from Rs. 1709.53 crores in 2010-11 to Rs. 1916.66 crores in 2011-12 representing an increase of 12.12 %. Export sales showed an increase from Rs. 566.33 crores to Rs. 822.69 crores, an increase of 45.27 % due to higher proportion of sales in the export market. The Company's profit (PAT) for the year was Rs. 42.38 crores as against Rs. 154.64 crores. The decline was due to steep rise in raw materials prices mainly of iron ore & coal and sharp depreciation of INR against dollar.

During the year D.I.pipes production was 2,70,168 MT as against 2,70,327 MT in the previous year, showing marginally decreases. This year more product varieties have been added in the said production to satisfy our customers. Production of D.I.fittings was higher

by 23.34% over the previous year (from 5,038 MT to 6,214 MT).

The production of C.I. pipes at Elavur was 19,177 MT as against 30,199 MT in the previous year due to the customer's preference for DI Pipes over CI Pipes.

Credit Rating

Your Company continues to enjoy the rating for long-term/medium term debt and various Bank facilities as "CARE AA "(Double A) including the Non-Convertible Debentures (NCDs) of the Company (outstanding Rs. 200 crores as at 31.03.2012). "CARE AA" rating indicates high safety for timely servicing of debt obligations and very low credit risk.

The rating for the short-term debt/facilities sanctioned and/or availed by the Company has been assigned as "CARE A1+ (A One Plus)" which is the highest rating in the category and indicates a strong capacity for timely payment of short-term debt obligations and lowest credit risk.

Future Prospects

Government's thrust on the infrastructure facilities is already showing continuous increasing demand for D. I. pipes in the domestic market. However, additional capacity installed by new entrants and peer group companies may intensify the competition in the domestic market. There is constant endeavor by your Company for increasing the share in existing foreign markets and enter new countries. Your Company has opened a new office in Italy with two stockyards. There are plans to set up an office and stockyard in Germany this fiscal. A branch office is also being opened shortly in Morocco to service the West African market where we have already started getting projects. Approvals have been



Directors' Report (Contd.)

obtained in Brazil and other South American markets and initial businesses obtained. In short, we see an exciting year ahead.

Corporate Governance

Your Company has fully complied with the requirements of Clause 49 of the Listing Agreement regarding Corporate Governance.

A report on Corporate Governance Practices, the Auditors' Certificate on compliance of mandatory requirements thereof and Management Discussion and Analysis are given as annexure to this report.

Directors' responsibility statement

Your Directors hereby confirm :

- a) that in the preparation of annual accounts, containing financial statements for the year ended March 31, 2012 the applicable accounting standards have been followed.
- b) that the stated accounting policies have been consistently followed to give a true and fair view of the state of affairs of the Company and the profit for that period.
- c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) that the annual accounts have been prepared on a 'going concern' basis.

Cost Audit

The Central Government's directions vide their Order dated 2nd May,2011 & 30th June,2011 pursuant to Section 233B of the Companies Act, 1956, requires audit of the cost accounting records of the Company relating to Pig Iron, DI Pipe, DI Fittings, CI Pipe, Sponge Iron & Power Generating units for every financial year on & from 2011-12. The mines



Your Company continues to enjoy the rating for long-term/medium term debt and various Bank facilities as "CARE AA "(Double A) including the Non-Convertible Debentures (NCDs) of the Company (outstanding Rs. 200 crores as at 31.03.2012).

related activities will come under purview of this audit on & from when commercial production will start. Besides the audit, ECL has to submit a 'Compliance Report' for the Company as a whole including all its activities duly certified by a Cost Accountant. M/s. S. G. & Associates, a partnership firm of Cost Accountants in Kolkata, has been appointed as Statutory Cost Auditor for FY 2011-12. The Cost Audit report (by Cost Auditor) and Compliance Report (by the Company) shall be submitted within 180 days from the close of Company's financial year.

Energy, Technology and Foreign Exchange

Statement containing necessary information as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto as annexure 'A'.

Employees

The Board of Directors expresses its appreciation for the cordial relations and outstanding contribution made by the employees of the Company.

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975, as amended, form part of this report. However, pursuant to Section 219(1) (b) (iv) of the Companies Act, 1956, the Annual Report is being sent to all the shareholders of the Company, excluding the aforesaid information. Those members desirous to obtain such particulars may write to the Company Secretary at the registered office of the Company.

Subsidiary, Joint Venture and Associate Companies

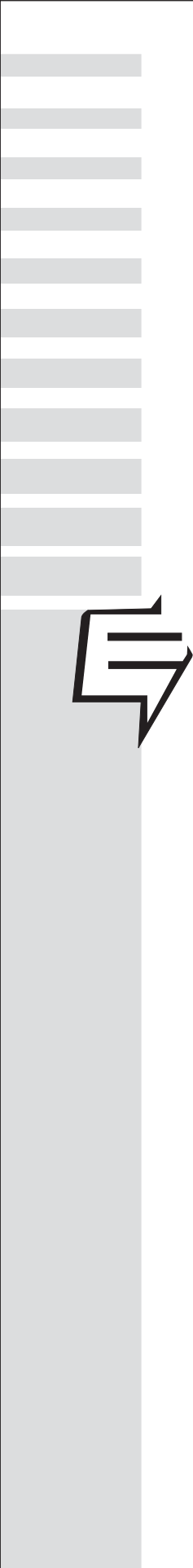
As on March 31 2012, your Company has the following Subsidiaries, Joint Ventures and Associate Companies.

S.No.	Name of the Company	STATUS
1.	Electrosteel Castings (UK) Limited	Subsidiary
2.	Electrosteel Europe S.A.	Subsidiary
3.	Electrosteel Algerie SPA	Subsidiary
4.	Singardo International Pte Limited	Subsidiary
5.	Electrosteel USA, LLC	Subsidiary
6.	Mahadev Vyapaar Private Limited	Subsidiary
7.	Electrosteel Trading S.A, Spain	Subsidiary
8.	WaterFab LLC	Subsidiary
9.	North Dhadhu Mining Company Pvt Ltd	Joint Venture
10.	Domco Private Limited	Joint Venture
11.	Lanco Industries Limited	Associate
12.	Electrosteel Steels Limited	Associate
13.	Electrosteel Thermal Power Limited	Associate

The statement pursuant to Section 212 of the Companies Act 1956, in respect of the above mentioned subsidiaries are attached in the Annual Report.

In terms of the general exemption granted by Government of India, Ministry of Corporate Affairs, vide General Circular No. 2/2011 dated February 08, 2011, the Board of Directors of your Company in its meeting held on May 28,

Directors' Report (Contd.)



2012 has given consent for not attaching the copies of the balance sheet, profit and loss account, reports of the Board of Directors and the Auditors' Reports of the subsidiary companies for the year ended March 31, 2012. However, a statement containing brief financial details of the Company's subsidiaries for the year ended March 31, 2012 is included in the Annual Report, as to comply with the terms of the exemption letter. The Company undertakes that annual accounts of the subsidiary companies and the related detailed information shall be made available to members of the Company and subsidiary companies seeking such information at any point of time. Moreover, the annual accounts of the subsidiary companies will also be kept for inspection for members at the Company's Corporate office and at the corporate office of the subsidiary companies concerned.

Greenfield Project by an Associate Company, M/s Electrosteel Steels Limited (ESL)

As you are aware, ESL is setting up a 2.2 MTPA integrated steel & Ductile Iron (DI) Pipe project, at Sijaljori village, in Bokaro District, in the state of Jharkhand, which is about 22 kms from Bokaro city, a well developed industrial town of Jharkhand.

During the project implementation process, some modifications were suggested by the technical experts to meet the technical superiority and efficiency improvement of the plant. Hence, for better balancing of the product with optimized product mix and better value addition, ESL is contemplating to enhance the plant capacity from 2.2 MTPA to 2.51 MTPA.

The ESL plant is at its advance stage of completion and its operations are currently in a nascent stage. Due to a variety of technical reasons, the plant has undergone improvements

EEPC INDIA, Eastern Region has given "AWARD FOR EXPORT EXCELLENCE" for star performers as large enterprise in the product group of sanitary and Industrial Castings for our outstanding contribution to engineering exports during the year 2009-10.

and changes, which will in turn benefit the operations in the long run.

Awards

EEPC INDIA, Eastern Region has given "AWARD FOR EXPORT EXCELLENCE" for star performers as large enterprise in the product group of sanitary and Industrial Castings for our outstanding contribution to engineering exports during the year 2009-10.

Consolidated Financial Statements

Pursuant to Clause 41 of the Listing Agreement entered into with the stock exchanges the Board of Directors has pleasure in attaching the Consolidated Financial Statement prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India.

Auditors and Auditor's Report

M/s. Lodha and Company, Chartered Accountants, statutory auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting of the Company. They have offered themselves for reappointment as statutory auditors and confirmed that their appointment, if made, will be within the prescribed limits under section 224(1B) of the Companies Act, 1956.

There are no qualifications or adverse remarks in the Auditors' Report which require any

clarification/explanation. The Notes to Accounts forming part of the financial statements are self explanatory and needs no further explanation.

The Schedule VI of the Companies Act, 1956 has been revised by the Ministry of Corporate Affairs vide its notification dated February 28, 2011. The notification is in force and is applicable for all Balance Sheets and Statement of Profit and Loss to be prepared for the financial year commencing on or after April 1, 2011. Therefore, the previous period figures have been regrouped/re-cast wherever necessary.

Directors

Mr. M.K.Jalan, Mr.R.S.Singh and Mr. S. Y. Rajagopalan, Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Acknowledgement

Your Directors take this opportunity to thank the Financial Institutions, Banks, Government Authorities, Customers, Shareholders, Investors, employees and other stakeholders for their continued trust and support to the Company.

May 28, 2012
Kolkata

On behalf of the Board

P. K. Khaitan
Chairman

Annexure 'A'

To Directors' Report



CONSERVATION OF ENERGY

(a) Energy conservation taken :

- Part replacement of overhead roof sheets in many areas by transparent sheets resulting in more light in the day time and switching off the lights.
- In Pipe Heat Treatment furnace, consumption of BF gas further increased by modification of main BF gas line resulting in reduction of Fossil fuel.
- Various actions in Induction furnaces resulted in reducing the heat losses.
- Modification of Water distribution system for canteens, drinking water facilities and other areas for maintaining uniform line pressure and control of water wastage etc. has resulted in stopping one water supply pump (operating earlier for 24 hours continuously).
- After installations of capacitors in various high electrical load areas, the overall power factor of the Khardah Plant 33KV incoming has improved to 94%.

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

- A 2000 KVA capacitor is being installed in the 33KV HT line and this will help us to achieve power factor by minimum 95%.

(c) Impact of measures of (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

Above have already resulted in improvement of energy consumption as is evident from the reflection thereof in Form A.

(d) Total energy consumption & energy consumption per unit of production

As per FORM - A attached.

Continuing efforts are made to increase the exports by exploring, creating and developing new markets, setting up Subsidiaries, Joint Ventures and Branches in foreign countries.

TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT (R & D)

To penetrate in new markets and to remain the leader in quality and delivery, your company is increasing its focus to innovate new ideas in product, process and environment improvement. Some of the developmental initiatives taken by your Company during the year are given below.

- In an effort to improve productivity and to maintain consistent Quality, in-house R&D activities resulted in development of new applicators for Zinc and Al alloy deposit on D.I. Pipes.
- Development of Special Pressure Class pipes as per new revised International Standards for all the sizes.
- Improvement of facilities for further improving the Quality of High Alumina Cement lining of D.I pipes.
- Unique Performance testing facilities have been established and tests have been successfully conducted in house to establish long term corrosion resistance ability of DI pipes with variety of Coatings.

- New products like Specialized Restrained Joint for High Pressure Snow Application is developed and certified by BSI, UK. This will start to sell in Europe shortly.

- Facilities for specialized coating under development.

FOREIGN EXCHANGE EARNINGS & OUTGO

- a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products & services and export plans :

Continuing efforts are made to increase the exports by exploring, creating and developing new markets, setting up Subsidiaries, Joint Ventures and Branches in foreign countries.

- b) Total foreign exchange used and earned :

Foreign exchange used	-	Rs 657.52 crores
Foreign exchange earned	-	Rs 752.40 crores

Form - A**Form for disclosure of particulars with respect to conservation of energy : 2011-2012****(a) Power & Fuel**

		Current Year ended 31.03.12	Previous Year ended 31.03.11
1. Electricity			
(a) Purchased			
Units	Kwh '000	139922.98	140915.80
Total Amount	Rs. Lakhs	8050.09	7169.69
Rate/Unit	Rs.	5.75	5.09
(b) Own Generation			
i) Though diesel Generator			
Units	Kwh '000	1578.88	2235.78
Unit/litre of Diesel Oil	Kwh	3.42	3.32
Cost/Unit Variable	Rs.	12.88	11.65
ii) Though Steam Turbine Generator*			
Units	Kwh '000	97474.98	95061.31
Unit/litre of Diesel Oil	Kwh	324.26	157.27
Cost/Unit Variable	Rs.	0.15	0.29
2. Furnace Oil incl. Diesel			
Quantity	K.L.	8142.26	9774.33
Total Amount	Rs. Lakhs	3810.45	3642.76
Average Rate	Rs./K.L.	46798.42	37268.70
3. Coke & Coal			
Quantity	M.T.	338062.88	294482.00
Total Amount	Rs. Lakhs	43340.86	29321.91
Average Rate	Rs./MT	12820.35	9957.12
4. Coal Gas			
Quantity	NM ³ '000	9229.08	9072.02
Total Amount	Rs. Lakhs	879.55	833.11
Average Rate	Rs./NM ³	9.53	9.18

*Includes 61870 (previous year 60532) kwh surplus power exported to Grid.

(b) Consumption per Unit of Production (MT)

	Pipes and Allied Products
Electricity (KWH)	536 (561)
Furnace Oil (Ltr.)	25 (31)
Coke & Coal (Kg.)	1022 (930)
Coal Gas (NM ³)	28 (29)

India, with approximately 16% of the world's population, is estimated to have access to only 4% of the world's water resources.

Management

Discussion and Analysis

OVERVIEW

Your Company is engaged in the business of manufacturing Ductile Iron Pipes, Fittings and Cast Iron Pipes. Additionally, your Company also undertakes turnkey solutions for water transportation and sewerage management, which includes manufacturing DI Pipes, supplying and laying various types of pipes, operating the system and transferring to the owners.

INDUSTRY OUTLOOK

To transport sufficient quantities of water from different sources to treatment plants with minimal loss and then transport it to the end users, a strong reliable transport medium is required. Earlier, the only major means available for the use in water transportation application (supply and sanitation) were the CI pipes. The DI pipes were first introduced in 1955, which has since been recognized as the industry standard for modern water and wastewater systems. DI pipes are preferred over CI pipes on account of being lighter, stronger, more durable and cost efficient these being corrosion resistant, ductile, etc. The DI pipes also have higher water carrying capacity. The DI pipes can also be laid out much faster and are virtually maintenance free. In addition, DI pipes require less support and provide greater flow area as compared to pipes made from other materials.

Ductile Iron pipes have a current demand of 800,000 tonnes p.a. in India out of which only 500,000 tonnes p.a. is produced locally. Most

of the pipes are consumed primarily by State and the Central government projects for distributing drinking water.

India, with approximately 16% of the world's population, is estimated to have access to only 4% of the world's water resources. Government of India has in recent years taken the drinking water supply as one of the main thrust area. The involvement of international and multilateral development finance institutions in funding and developing a comprehensive water transportation infrastructure in India, together with the successful implementation of water storage and distribution projects has resulted in the development of a comprehensive water resources management policy and the implementation of other related projects.

« Demand drivers for DI Pipes

The following factors would drive the demand for DI pipes :

1. Thrust of the government to provide drinking water and sanitation to 100% of the population and make funds available to achieve it.
2. The need to conserve water and reduce leakage. The need to focus on life cycle cost rather than initial cost; and to consider inconvenience to public in replacement of pipes.
3. The over reliance on ground water for rural water supply has resulted in twin problem of sustainability and water quality and suggested a shift to surface water source for tackling this issue. This will result in substantial increase in requirement of pipes.

Management Discussion (Contd.)

4. Expectations and assertions from people all over for a strong water supply and good drainage system.

« 2011-12 vs. 2010-11

F.Y. 2011-12 was a challenging year with a moderate growth of business due to turbulent economic environment. There was a slowdown in global economy activities across major part of the world and India was also affected to a larger extent coupled with domestic factors such as inflation, decelerating growth and widening current account deficit. Despite these constraints and the challenging environment, the Company performed reasonably well and sustained its production and sales in quantitative terms. The Company's Revenue from operation has increased from Rs. 1709.53 crores in 2010-11 to Rs. 1916.66 crores in 2011-12 representing an increase of 12.12 %. Export sales showed an increase from Rs. 566.33 crores to Rs. 822.69 crores, an increase of 45.27 % due to higher proportion of sales in the export market. The Company's profit (PAT) for the year was Rs. 42.38 crore as against Rs. 154.64 crore. The decline was due to steep rise in raw materials prices mainly of iron ore & coal and sharp depreciation of INR against dollar.

« Ductile Iron Pipes

The production of DI pipes during the year 2,70,168 MT against last year 2,70,327 MT.

Year	DI Pipe production
2009-10	2,35,463 MT
2010-11	2,70,327 MT
2011-12	2,70,168 MT

Over the years, your Company has realized that to remain cost competitive, the Company must have control over its basic raw material cost and accordingly your Company initiated the process to get Coal & Iron Ore Mine allocation.

More varieties and value added products were produced during the year to meet higher exports and in spite of that production was sustained mainly due to continual improvement in productivity and debottlenecking in the manufacturing facilities.

« **Cast Iron Pipes**

Production was lower at 19,177 MT against 30,199 MT in the previous year. This is due to reduction in demand as an effect of preference of DI Pipes over Cast iron pipes.

« **DI Fittings & Accessories**

Production of DI Fittings increased during the year from 5,038 MT last year to 6,214 MT. Company improved the performance of the division by targeting more value added products and higher exports to niche markets.

« **Raw Materials Management**

Your Company's manufacturing facilities are spread across four locations in India. Presently, the business model consists of fully integrated production facilities which include Coal Mines, Sinter Plant, Coke Oven Plant, Blast Furnace, Pig Iron Plant, Sponge Iron Plant and Captive Power Plant. The integrated manufacturing facility model helps your Company to minimize the production cost as your Company strongly believes that cost competitiveness is the key component of the success. Your Company continuously endeavors to improve the cost competitiveness by adopting various innovative,

cost saving measures in the operations.

Over the years, your Company has realized that to remain cost competitive, the Company must have control over its basic raw material cost and accordingly your Company initiated the process to get Coal & Iron Ore Mine allocation. In 2005, your Company has been allocated coking coal mine facilities in the State of Jharkhand and is in process of developing it, thus enabling the Company to source prime coking coal from this mine. As the Indian coal has a higher percentage of ash, your Company has also set up a Washery of 2 million TPA to reduce the ash from coking coal which will soon start yielding benefits to your Company.

Your Company has also been allocated an Iron Ore Mine at Kodoliband in the State of Jharkhand. The Company has already received 1st stage forest clearance and initiated processing for 2nd stage forest clearance & expects to receive the Environmental Clearance from MOEF and SPCB shortly and on receipt of these consents the mining lease would be executed by Jharkhand Government and mining operation would be started.

Once mining operation commence, the basic raw material cost of iron ore would drastically reduce. In addition, your Company is also planning to put iron ore beneficiation & pellet plant to utilize even low grade ore to get further cost benefit.

Management Discussion (Contd.)

The Company also has a Dolomite mine in Dist. Chandrapura, Maharashtra to ensure the consistent supply of low silica high grade Dolomite required for its operation.

To facilitate the raw-material movement, The Company is coming up with private railway sidings at following different locations viz.

1. Barajamda
2. Jaraikela
3. Haldia

⇒ At Barajamda, railway siding has already been commissioned and officially notified by Indian Railways on 30.04.12.

⇒ At Haldia, siding is in the final stage of commissioning and is likely to be operational soon.

⇒ At Jaraikela, Detail Project Report already approved by Railways & project is in early stages.

« Power Plant

12 MW Power Plant at Haldia has contributed 61.87 million units to SEB grid in place of 60.53 million units last year. Generation was higher due to availability of Boilers and improved operation of Coke Oven Battery nos.1 and 2, leading to improved temperature of the waste gases going into the boilers. Power plant is an ongoing CDM project registered with UNFCCC.

« Captive Coke Oven Plant

During the year, the Coke Oven Plant at Haldia produced 1, 82,682 MT of Metallurgical Coke against 1,64,428 MT last year for captive consumption in Blast Furnace at Khardah Works.

The Company has developed a New restrained Joint System (ELECTROLOCK). The Performance Tests of which is witnessed by BSI, UK. The product is going to be launched in Europe shortly.

«« **Export**

There is constant endeavor by your Company for increasing the share in existing foreign markets and enter new countries. Your Company has opened a new office in Italy with two stockyards. There are plans to set up an office and stockyard in Germany this fiscal. A branch office is also being opened shortly in Morocco to service the West African market where we have already started getting projects. Approvals have been obtained in Brazil and other South American markets and initial businesses obtained. In short, we see an exciting year ahead.

«« **Turnkey Projects**

Your Company also provides turnkey solutions to its customers in the areas of water infrastructure and sewerage management. It undertakes the activities of engineering, procurement, construction operations and management with respect to water distribution and sewerage systems, across the country. This turnkey activity also involves supply and laying of substantial quantities of the Company's pipes and fittings and thus adds to business opportunities for your Company.

«« **Quality and Approvals**

With continuous entry to the International Market in competition with Market leaders from Europe, the expectation of Customers are increasing with particular emphasis on issues like aesthetics, packaging etc. Your Company is well aware

about this increase in demand and more and more focus is given on these areas. Moreover the product is not considered as a mere entity but the processes through which it has been generated and impact of the process on social and environmental values are also becoming prime focus of the customers. Your Company is also aware of different national and international legal requirements like REACH (Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals) and fully complying with them.

Some of the achievements in the year are :

- a) Company has started it's new facility for Paint and Cement Testing. A number of new tests like artificial weathering, Specific Heat Resistance Tests have started.
- b) The Company has developed a New restrained Joint System (ELECTROLOCK). The Performance Tests of which is witnessed by BSI, UK. The product is going to be launched in Europe shortly.
- c) In addition to AWWA and ISO/EN Pipes the Restrained teeth Gasket Joint is approved by FM (Factory Mutual). This will help us to penetrate in fire fighting pipeline market.
- d) The different approval of its quality system and products and certification from the world premier certifying agencies like DVGW (Germany), BSI (UK), NSF, UL (Underwriter Laboratory), FM (Factory Mutual), and NF (France), Middle East, and approval from

Management Discussion (Contd.)

USA Certifying agencies. Continuously assures the customers about the world class quality of the Company's products.

- e) Your Company has received new approvals from Middle East countries like Kuwait, East European countries like Croatia, Serbia, Bulgaria, South American countries like Peru, Brazil etc.

« Safety, Health & Environment

Your Company believes that good safety, health and environment programmes not only reduce the risk, injury and environmental impact but also help to enhance the productivity. With this philosophy in mind the Company with its dedicated team is constantly endeavouring to reach the target zero accident, zero pollution and zero health impairment. Some of the steps taken on this account are as under :

- a) Your Company is effectively maintaining the Environmental Management System Standard ISO : 14001-2004 in the manufacturing plants i.e at Khardah, Elavur and Haldia.
- b) Use of JIPM - TPM methodology of KYT (Danger Prediction Drill) is being continuously enhanced to further improve the consciousness of workmen and supervisors. In addition, to avoid failure, mistake proof (Pokayoke) and Safety assurance perfect line (SAPL) have been introduced.
- c) Workmen involvement at all levels is continuously enhanced by creating safety volunteers in each shop. Safety related quiz competition among staff, workers

Your Company reiterates its commitment in respect of CSR activities. As a part of its policy for Corporate Social Responsibility, your Company undertakes a range of activities to improve quality of life and overall development in the neighborhood of all its plants.

and contractor's workmen is regularly organized to increase the knowledge.

- d) Active participation of Senior Managers, Staffs, Workmen, Contractors and Transporters in the safety management system continuously enhances the safe operating practices.

« **Corporate Social Responsibility (CSR)**

Your Company reiterates its commitment in respect of CSR activities. As a part of its policy for Corporate Social Responsibility, your Company undertakes a range of activities to improve quality of life and overall development in the neighborhood of all its plants. These activities include education, healthcare, sports and cultural events. Amongst a host of activities towards CSR, important events undertaken during the year are :

- a) Continuation of two charitable medical centres involving local people.
- b) Promoting sports activities in the district in the form of sponsorship of Football and Cricket tournament involving local schools and clubs.
- c) Rewards for good & bright students in the locality. Distribution of education kit to poor children.
- d) Creating environmental awareness amongst local school children /locality by sponsoring environmental quiz in collaboration with WBPCB and local NGO.

- e) Giving entrepreneurial opportunity to local un-employed youths to supply materials and through encouraging contract activities.
- f) Organising cultural programmes, Workers day for promoting recreational activities among workers, their families and locality.
- g) Setting up of Drinking water Kiosks in the local area.
- h) Distribution of cloths / shawl, etc to poor people of the nearby villages.

« **Information Technology**

ELECTROSTEEL appreciates value of Information Technology and consider it as one of the important business enabler in the current business perspective.

✓ **Business Application**

- ◆ SAP R3 as ERP system for all four manufacturing units.
- ◆ SAP B1 for international subsidiaries.
- ◆ Business Analytics for MIS and Decision support System.

✓ **Network and Communication**

- ◇ A Wide Area Network connecting 20 diverse geographic locations across India including manufacturing plants, Corporate Office, Coal Mines, and sales offices.

Management Discussion (Contd.)

- ❖ Conference room bound video conferencing facilities across eight locations helps in quick review and better decision.

- ✓ Data and Network Security

Data and network security is the key concern now for any corporate. Electrosteel is equally alert about the threats and have taken sufficient measures to protect data and to stay away from intrusion over web with facilities such as -

- ❖ Pointsec from Checkpoint for Data Loss prevention.
- ❖ Iron Port for E-mail security (spam filtering).
- ❖ Fire wall with active / passive redundancy.
- ❖ URL filtering as part of cyber security.

« Human Resources / Industrial Relations

The most important fact of any business is the people who make that business work. Your Company is about people and believes that one can achieve very little without an effective and engaged workforce. Your Company believes that to succeed continually in the domestic as well as in the global market under extreme competitive conditions, the Human Capital of the Company must be at the highest levels of motivation and knowledge. Not only the right people are selected at all levels but the Company also ensures that the human capital is up to date on cutting edge technology, managerial and leadership skills, financial management and logistics through developmental programmes in each of these areas.

After achieving the 'AWARD FOR EXCELLENCE IN CONSISTENT TPM COMMITMENT' in 2010, various activities are initiated in TPM to sustain and continual improvement.



Your Company continues to have harmonious and cordial relations with its employees, workmen and trade unions. These relations have been built over the years on a foundation of mutual trust which has resulted in an atmosphere of improved productivity, quality, enthusiasm and motivation.

To create a healthy competition, series of contests are arranged between different teams throughout the year and awards are given based on performance in the annual function. Apart from this focused teams are working to improve the performance in key areas like environment, energy, safety etc and the output is reviewed in monthly meetings.

Your Company believes in appreciating, recognizing and rewarding talent within the organization. Employees of your Company are a bunch of motivated professionals who are ever willing to take up greater challenges at all times. Your Company continues to have harmonious and cordial relations with its employees, workmen and trade unions despite the fact that there is a change in the political scenario and increase in inter / intra union rivalry. These relations have been built over the years on a foundation of mutual trust which has resulted in an atmosphere of improved productivity, quality, enthusiasm and motivation.

« Risks and Concerns

This has been dealt with separately in the Annual Report under "Risk Management".

« Internal Control Systems and their adequacy

Your Company has adequate internal control

system in all the areas. It ensures the efficiency of the operations, financial reporting and statutory compliances. Apart from the internal control system, an independent internal auditor also reviews all activities in a systematic and structured manner. The Audit Committee regularly reviews the observations and suggestions of the internal auditors and takes the necessary corrective actions.

« Threats

Increased cost of raw materials, shipping, logistics and bottleneck in the logistics, coupled with competitive market, have created pressure on margins. However, with backward integration, cost reduction measures including hedging of commodity prices etc, de-bottlenecking logistic constraints and long term planning for raw material availability, your Company is confident of achieving sustained growth both in turnover and profits.

« Outlook

Being the largest and low cost producer of quality Ductile Pipes in India, coupled with cost control measures, rising demand and focus on exports, your Company is very optimistic of its bright future.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's estimates,



predictions, expectations may be "forward-looking" within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed or implied in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods in which the Company operates, input availability and prices, changes in government regulations, tax laws and other statutes, economic developments within the country and the countries within which the Company conducts business and other factors such as litigation and industrial relations. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of subsequent developments, information or events.

Risk Management

The Company is fully committed to strengthen its risk management capability on continuous basis in order to protect and enhance shareholder value.

The Company is fully committed to strengthen its risk management capability on continuous basis in order to protect and enhance shareholder value. Further, the risk management framework ensures compliance with the requirements of amended Clause 49 of the Listing Agreement. The framework establishes risk management processes across all businesses and functions of the Company. These processes are periodically reviewed to ensure that the Management controls risks through properly defined framework.

The Company has already undertaken an extensive Risk Management effort that includes introducing Risk Management Manual, compiling a comprehensive profile of the key risks to the Company, identifying key gaps in managing those risks and developing preliminary action plans to address those risks. This effort accomplishes the following goals:

- responds to the Board's need for enhanced risk information and improved mitigation plan;
- provides the ability to prioritize, manage and monitor the risks in the business; and
- formalizes the explicit requirements for assessing risks on an ongoing basis, including an effective internal control and management reporting system.

Some of the key risks affecting your Company are illustrated below :

Economic Risk

Due to the increase in the cost of number of inputs and raw materials used by the Company, it is faced with the threat of pressure on margins on sales.

To counter this, the Company has taken various steps including backward integration which comprises own coal mines and iron ore mines and brown field expansions e.g. sinter plant, setting up sponge iron plant, coke oven plant, power plant from waste heat recovery, upgrading and expanding manufacturing capacities and increasing efforts on R&D. In addition, cost control measures are an ongoing process.

To avoid price volatility for critical items, the Company tries to enter into long term contracts as well as propose to foray into commodity exchanges for hedging the adverse price movements.

Competitor Risk

The Company is exposed to the risk of competition, as the market is highly competitive with the elimination of physical barriers and entry of new players.

The Company continues to focus on increasing its market share and taking marketing initiatives that help customers in taking better-informed decisions. The quality improvement efforts have established the brand image of the product as the most preferred brand with the customers. With the thrust given by Government of India on water and water related projects and with the estimated growth in water requirement, the demand of DI Pipes is expected to grow substantially and the Company is confident of retaining its market share.

Foreign Exchange Risk

Considering the large export and imports of raw material, the Company is exposed to the risk of fluctuation in the exchange rates.



The Company has adopted a comprehensive risk management review system wherein it actively hedges its foreign exchange exposures within defined parameters, through use of hedging instruments such as forward contracts, options and swaps. The Company periodically reviews and audits its risk management initiatives through an independent expert.

Industrial Risk

Every Company is exposed to labour unrest risk, which may lead to production slowdown ultimately resulting in plant shutdown. However due to various efforts from both Management and workmen, labour relations have been good throughout the year in spite of number of unions. It is the result of such cordial and harmonious relations that not a single man-day has been lost in the last 9 years. The Company hopes that labour relations will continue to remain under control.

Environment Risk

The Company is exposed to the risk of Environment and Pollution Controls, which is associated with such type of industries.

The Company is committed to the conservation of the environment and has adopted the latest technology for pollution control. The Company is ISO-14001-2004 certified and is adhering strictly to the emission norms applicable for the industry. It is continuously updating systems to keep abreast of latest expectations from the authorities and Society at large.

Payment Risk

The Company is exposed to the defaults by customers in payments.

Since major water infrastructure projects are government funded or foreign aided, the risk involved in payment default is minimum. Further, evaluating the credit worthiness of the customers has minimized the risk of default by other segment customer. Besides, the risk of export receivables is covered under Credit Insurance.

The Company is committed to achieve and maintain the highest standards of Corporate Governance.

Corporate Governance

for the year 2011-12

(as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

1. Company's philosophy on Corporate Governance

The philosophy of the Company in relation to Corporate Governance is to ensure fairness, transparency, integrity, equity, honesty and accountability in its dealings with its customers, dealers, employees, lenders, Government and other stakeholders including shareholders. The Company is committed to achieve and maintain the highest standards of Corporate Governance.

2. Board of Directors

Composition as on March 31, 2012

The Board of Directors of Company consists of Twelve-members which comprises of :

- Three Promoter Executive Directors
- Three Non-Promoter Executive Directors
- Four Independent Non-Executive Directors
- Two Non-Independent Non-Executive Directors

The composition of the Board during the financial year was in conformity with clause 49 of the Listing Agreement entered into with the stock exchanges. The Chairman of the Board is a Non-Executive Director.

Name of the Directors	Category	No. of other Directorship(s) in Public Limited Companies incorporated in India	No. of Membership(s) in other Board Committees	No. of Chairmanship(s) in Other Board Committees
Mr. Pradip Kumar Khaitan	Non-Independent, Non-Executive	14	4	NIL
Mr. Umang Kejriwal	Promoter, Executive	9	NIL	NIL
Mr. Mayank Kejriwal	---do---	8	NIL	NIL
Mr. Uddhav Kejriwal	---do---	3	NIL	NIL
Mr. V M Ralli	Non-Promoter, Executive	NIL	NIL	NIL
Mr. R S Singh	---do---	NIL	NIL	NIL
Mr. M K Jalan	---do---	NIL	NIL	NIL
Mr. Jamshed J Irani	Independent, Non-Executive	3	1	NIL
Mr. Binod Khaitan	---do---	2	NIL	NIL
Mr. Naresh Chandra	---do---	10	7	1
Mr. MBN Rao	---do---	14	5	4
Mr. S Y Rajagopalan	Non-Independent, Non-Executive	1	NIL	NIL

Corporate Governance (Contd.)

Attendance of Directors at the Board Meetings during the financial year ended March 31, 2012 and the last Annual General Meeting (AGM)

During the financial year ended March 31, 2012, four Board meetings were held on the following dates : May 12, 2011; July 18, 2011; October 29, 2011 and January 23, 2012 . The gap between any two consecutive meetings did not exceed four months. The attendance details of each Director at the Board meetings and at the last Annual General Meeting (AGM) is given below :

Name of the Directors	No. of Board meetings attended	Attendance at the last AGM held on July 11, 2011
Mr. Pradip Kumar Khaitan	3	No
Mr. Umang Kejriwal	4	No
Mr. Mayank Kejriwal	4	No
Mr. Uddhav Kejriwal	4	No
Mr. V M Ralli	4	No
Mr. R S Singh	1	No
Mr. M K Jalan	3	No
Mr. Jamshed J Irani	4	No
Mr. Binod Khaitan	3	Yes
Mr. Naresh Chandra	3	No
Mr. MBN Rao	3	No
Mr. S Y Rajagopalan	4	No

Code of Conduct

A code of conduct has been laid down for all Board Members and Senior Management of the company who have affirmed compliance with the same. A declaration signed by the Managing Director to this effect is enclosed at the end of this report. The Code is also posted on the Company's website.

The terms of reference of the Audit Committee are in line with requirements of Clause 49 of the Listing Agreement.

3. Audit Committee

The Audit Committee was constituted on January 30, 2001 with powers and role specifically laid out to comply with the requirements of Clause 49 of the Listing Agreements with the Stock Exchanges in India and the spirit of Corporate Governance. The Audit Committee also oversees compliance with Section 292A of the Companies Act, 1956.

Composition of Audit Committee

As on March 31, 2012 the Audit Committee comprised of three non-executive independent Directors and one executive Director, all being, having financial and accounting knowledge. The members of the Audit Committee are Mr. Binod Khaitan, Mr. Naresh Chandra, Mr. M.B.N.Rao and Mr. Umang Kejriwal. Mr. Binod Khaitan who is an independent, non-executive Director is the Chairman of the Committee. The Company's statutory auditor and the internal auditors are permanent invitees at committee meetings. Mr. Jyoti Jain, Company Secretary, acts as the Secretary to the Audit Committee.

Terms of reference

The audit committee reviews the adequacy of internal controls, reliability of financial statements, the Company's financial reporting process, accounting and financial policies and practices, monitors the risk management, reviews policies adopted by the Company and ensures compliance with regulatory guidelines, reviews reports furnished by the internal and statutory auditors and ensures that suitable corrective and follow-up actions are taken. The terms of reference of the Audit Committee are in line with requirements of

Clause 49 of the Listing Agreement. The Audit Committee also reviews such matters as considered appropriate by it or referred to it by the Board.

Meetings and Attendance

During the financial year ended March 31, 2012 four audit committee meetings were held on May 12, 2011; July 18, 2011; October 29, 2011 and January 23, 2012. The gap between any two consecutive meetings did not exceed four months.

Name of the Member Attended	No. of meetings
Mr. Binod Khaitan	3
Mr. Naresh Chandra	3
Mr. M.B.N. Rao	3
Mr. Umang Kejriwal	4

4. Remuneration Committee

The Company is yet to form a remuneration committee, though the compensation of the executive and non-executive Directors has the approval of the Board. The commission is paid to the Wholetime Directors as per terms of appointment with the Board's approval. The Commission payable to non Executive Directors are also approved by the Board of Directors. The total remuneration paid to Directors are within the overall limit of the Companies Act, 1956.

Corporate Governance (Contd.)

Details of remuneration paid to Directors in 2011-12

Name of the Directors	Salary* (Rs.)	Benefits (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Mr. Pradip Kumar Khaitan	-	-	2,50,000	60,000	3,10,000
Mr. Umang Kejriwal	24,00,000	19,94,731	90,00,000	-	1,33,94,731
Mr. Mayank Kejriwal	24,00,000	19,03,639	90,00,000	-	1,33,03,639
Mr. Uddhav Kejriwal	28,75,000	34,39,655	65,00,000	-	1,28,14,655
Mr. V. M. Ralli	27,60,000	87,66,853	-	-	1,15,26,853
Mr. R. S. Singh	27,60,000	84,79,820	-	-	1,12,39,820
Mr. M. K. Jalan	27,60,000	88,65,717	-	-	1,16,25,717
Mr. J. J. Irani	-	-	12,00,000	80,000	12,80,000
Mr. Naresh Chandra	-	-	12,00,000	1,20,000	13,20,000
Mr. Binod Khaitan	-	-	2,50,000	1,80,000	4,30,000
Mr. M.B.N. Rao	-	-	6,00,000	1,40,000	7,40,000
Mr. S. Y. Rajagopalan	-	-	4,00,000	80,000	4,80,000

*This represents the fixed component.

The above remuneration is within the limits prescribed under the provisions of the Companies Act, 1956.

The details of shares/convertible instruments held by the non-executive Directors of the Company as on March 31, 2012 are as follows :

Name	No. of shares held	No. of convertible instruments held
Mr. Pradip Kumar Khaitan	1000	Nil
Mr. Binod Khaitan	2000	Nil
Mr. Jamshed J Irani	1000	Nil
Mr. Naresh Chandra	1000	Nil
Mr. M.B.N. Rao	1000	Nil
Mr. S.Y. Rajagopalan	5100	Nil

5. Shareholder / Investor Grievances Committee

The company constituted a Shareholders' / Investors Grievances Committee on May 15, 2002 to oversee the redressal of grievances of shareholders and investors on

A Code of Conduct has been laid down for all Board Members and Senior Management of the Company who have affirmed compliance with the same.

issues like share transfer, non-receipt of annual report / declared dividends, among others.

In accordance with Clause 49 para VI (D) of the Listing Agreement of the stock exchanges the Board has delegated powers of share transfers to M/s. Maheshwari Datamatics Pvt. Ltd. (MDPL), 6, Mangoe Lane, Kolkata-700 001. MDPL reviews share transfers every fortnight.

During the financial year ended March 31, 2012, meeting of the Shareholders/ Investors Grievance Committee was held on January 23, 2012.

Composition as on March 31, 2012

As on March 31, 2012 the Committee comprised of Mr. Binod Khaitan (Chairman - Independent, Non-Executive and Mr. Uddhav Kejriwal (Promoter, Executive).

Compliance Officer

Mr. Jyoti Jain, Company Secretary of the Company was appointed as the Compliance Officer on behalf of the Company and is responsible for monitoring the Share Transfer process and report to the Shareholders'/Investors' Grievance Committee.

Shareholders' Complaints

At the beginning of the year under review there was no unresolved complaint. During the year, the company received 23 complaints and all 23 complaints were resolved. There was no complaint pending at the year-end.

Pending Share Transfers

No shares were pending for transfers as on March 31, 2012.

6. General Body Meetings

A. Location and time for last three Annual General Meetings :

Financial Year	Date of AGM	Venue	Time
2010 - 2011	July 11, 2011	Rathod Colony, Rajgangpur Dist. Sundergarh Odisha	11.30 a.m.
2009 - 2010	July 12, 2010	Rathod Colony, Rajgangpur Dist. Sundergarh Odisha	11.00 a.m.
2008 - 2009	August 18, 2009	Rathod Colony, Rajgangpur Dist. Sundergarh Odisha	09.30 a.m.

Corporate Governance (Contd.)


- B. Special Resolutions were passed at the AGM held on August 18, 2009, July 12, 2010 and July 11, 2011.
- C. Last year two special resolutions (i) under section 372A of the Companies Act, 1956 and (ii) under section 17 of the Companies Act, 1956 for amendment in the Memorandum of Association, through Postal Ballot were passed by the Company. Details of the aforesaid special resolutions passed through postal ballot are as under :
- D. Information about Directors proposed to be appointed and re-appointed as required under Clause 49 IV (G) (i) of the Listing Agreement with the stock exchanges forms part of the explanatory statement of the notice for Annual General Meeting annexed to the Annual Report.

7. Disclosures

None of the transactions with any of the related parties were in conflict with the interests of the Company. However, the details of related party relationships and transactions are disclosed in Notes on accounts no. 2.43. The Company complied with regulatory requirements on capital markets. No penalties / strictures have ever been imposed against it. All mandatory requirements of Clause 49 of the Listing Agreement have been complied with and the disclosure on adoption of non-mandatory requirements are dealt with at the end of the report.

8. Means of Communication

The Company's quarterly/yearly financial results are published in widely circulated national and local dailies like The Economic Times, Times of India, Business Line, Business Standard, Financial Express and Kalinga Mail. These financial results were not sent individually to shareholders. The Company's results and official news releases were displayed on the company's web site www.electrosteel.com. A comprehensive Management Discussion and Analysis report forms a part of this annual report.

- 
- i) **Person who conducted the postal ballot exercise :** The Board appointed Mr. Sushil Chhawchharia, Practising Chartered Accountant, as the Scrutinizer to conduct postal ballot voting process. Mr. Sushil Chhawchharia conducted the process and submitted his report to the Chairman.
- ii) **Procedure followed :** The Postal Ballot Notice and accompanying documents were dispatched to shareholders under certificate of posting. A calendar of events along with Board Resolution was submitted to the Registrar of Companies, Odisha.
- iii) **Details of voting pattern :** After scrutinizing all the ballot forms received, the Scrutinizer reported that the shareholders representing 99.93% and 99.91% of the total voting strength voted in favour of the resolutions respectively, based on which the results were declared and the resolution was carried by the requisite majority.

All mandatory requirements of Clause 49 of the Listing Agreement have been complied with and the disclosure on adoption of non-mandatory requirements are dealt with at the end of the report.

9. General Shareholder information

Date, time and venue of the Annual General Meeting	September 07, 2012, Friday at 10.30 A.M Rathod Colony, Rajgangpur, Dist. Sundergarh, Odisha.
Financial Year	April 1st to March 31st
Book Closure Period	September 01, 2012 to September 07, 2012 (both days inclusive)
Dividend Payment Date	Credit/despatch of Dividend Warrants between September 08, 2012 and September 14, 2012.
Outstanding ADRs / GDRs / warrants or any convertible instruments, conversion date and likely impact on equity.	<p>Warrants : 3,35,68,312 nos. (entitles the holder to receive 1 (one) Equity Share of Re.1/- each upon conversion at any time during normal business hours on and after three years from date of allotment i.e 08.02.2010 and upto sixty months from the date of allotment in no event thereafter)</p> <p>The paid-up equity capital will increase by Rs. 335.68 Lakhs on conversion of aforesaid warrants.</p> <p>Global Deposits Receipts (GDRs) : 27,70,000 nos.</p>
Listing at Stock Exchanges	
Equity and Warrants	<p>a) Bombay Stock Exchange Ltd P. J. Towers, Dalal Street, Mumbai 400 001</p> <p>b) National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor Bandra Kurla Complex, Bandra (East) Mumbai 400 051</p>
Global Depository Receipt (GDR)	London Stock Exchange Plc. 10, Patemoster Square London-EC4M7LS
Stock Code	Equity Shares & Warrants BSE - 500128 NSE – ELECTCAST GDR London Stock Exchange-B0K6M89
Listing Fee	Listing fees for 2012-13 have been paid to NSE and BSE.

Corporate Governance (Contd.)

Stock Market Price for the financial year

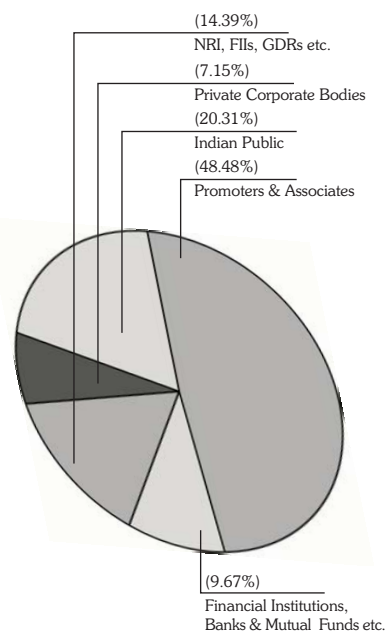
Month's	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	Month's High Price	Month's Low Price	Volume	Month's High Price	Month's Low Price	Volume
April-11	35.15	30.90	1997022	35.15	30.85	4493697
May-11	32.10	28.75	1387957	32.10	29.00	3047055
June-11	31.30	28.45	1243755	31.35	28.50	2654138
July-11	29.95	27.10	3119984	29.95	27.05	6005026
August-11	32.60	26.00	3579133	32.60	27.40	7280452
September-11	31.35	27.75	3686521	31.40	28.20	4977584
October-11	29.25	26.05	1129582	29.20	25.85	1991967
November-11	27.45	20.00	1139542	27.40	20.00	2051321
December-11	21.25	15.80	1257344	21.25	15.45	2918211
January-12	19.90	16.25	4106474	19.90	16.20	8367945
February-12	28.40	19.30	4720412	28.75	19.30	10425503
March-12	25.00	19.75	2035240	25.25	18.20	3000349

Share price performance in comparison to broad based indices - BSE Sensex and NSE Nifty for the Financial Year 2011-12

BSE Sensex		NSE Nifty	
% change in ECL share price	% change in sensex	% change in ECL share price	% change in index
-34.63	-10.57	-35.10	-9.24

Shareholding pattern as on March 31, 2012

Profile of shareholders	No. of shares	Percent of holding
Promoters & Associates	15,84,14,567	48.48
Financial Institutions, Banks, Mutual Funds and Insurance Companies	3,15,81,176	9.67
NRI, FIIs, GDRs etc.	4,70,30,343	14.39
Private corporate bodies	2,33,70,863	7.15
Indian public	6,63,55,756	20.31
Total	32,67,52,705	100.00



The International Securities Identification Number (ISIN) of the Company, as allotted by NSDL and CDSL, is INE086A01029.

Distribution of shareholding as on March 31, 2012

Equity Shares held	No. of Shareholders	% of Shareholders	Number of Shares held	% of Shares held
1-500	45879	68.99	9094359	2.78
501-1000	9156	13.77	8027996	2.46
1001-2000	5571	8.38	9218418	2.82
2001-3000	1795	2.70	4687103	1.44
3001-4000	1037	1.56	3828959	1.17
4001-5000	802	1.21	3824420	1.17
5001-10000	1176	1.77	8796363	2.69
Above 10000	1079	1.62	279275087	85.47
Total	66495	100.00	326752705	100.00

Share transfer system

Share transfers are registered and returned within the period of 30 days from the date of lodgment if the documents are complete in all respects. As per directives issued by the SEBI, it is compulsory to trade in the Company's equity shares in dematerialized form. The Company offers the facility of transfer cum dematerialization to its shareholders.

Registrars for physical & dematerialised shares

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, 2nd Floor, Kolkata-700 001.
Phone : 033-22482248/22435029, Fax : 033-22484787
E-mail : mdpl@cal.vsnl.net.in

Dematerialization of shares and liquidity

The Company's shares are tradable compulsorily in electronic form and are available for trading in the depository systems of both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The International Securities Identification Number (ISIN) of the Company, as allotted by NSDL and CDSL, is INE086A01029. As on March 31, 2012, 98.76% of the shares stand dematerialized.

Plant locations

Unit 1 : 30, B.T. Road
Sukchar, Khardah
24-Parganas (North)
West Bengal-700 115

Corporate Governance (Contd.)

Unit 2 : Gummodipoondi Taluk
P.O. Elavur
Dist. Chengal, MGR
Tamil Nadu-601 211

Unit 3 : Haldia
Kasberia, P.O.Khanjan Chawk
Haldia, Midnapore (East)
West Bengal

Unit 4 : Parbatpur Coal Mine
P.O. Batbinor
Dist : Bokaro -827013
Jharkhand

Address for Communication

Mr. Jyoti Jain
Electrosteel Castings Ltd.
G.K. Tower
19, Camac Street
Kolkata-700 017
Phone : (033) 2283 9990
Email : jjain@electrosteel.com

10. Status of non-mandatory requirements

Audit qualifications

There are no qualifications or adverse remarks in the Auditors' Report which require any clarification/explanation. The Notes to Accounts forming part of the financial statements are self explanatory and needs no further explanation.

Other Items

The non-mandatory requirements viz. Remuneration Committee, Shareholding Rights, Training of Board Members & Tenure of Independent Directors, Mechanism for performance evaluation of non-executive Board Members and Whistle Blower Policy will be implemented by the Company when required and/or deemed necessary by the Board.

For and on behalf of
Electrosteel Castings Limited

Place : Kolkata
Date : 28.05.2012

P. K. KHAITAN
Chairman

DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49 (I)(D)(ii) OF THE LISTING AGREEMENT

To,
The Members of
Electrosteel Castings Limited

I hereby declare that to the best of my knowledge and belief, all the Members of the Board and senior management personnel of the Company have affirmed their respective compliance with the Code of Conduct of the Company for the year ended March 31, 2012.

Place : Kolkata
Date : 28.05.2012

U. KEJRIWAL
Managing Director

Auditors'

Certificate

on Corporate Governance

**To The Members of
Electrosteel Castings Limited**

We have examined the compliance of conditions of corporate governance by Electrosteel Castings Limited, for the year ended on 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement. The company has established risk assessment/ minimization and internal control procedures which are being regularly updated/ formalized.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Lodha & Co.
Chartered Accountants
Firm ICAI Regn. No. : 301051E

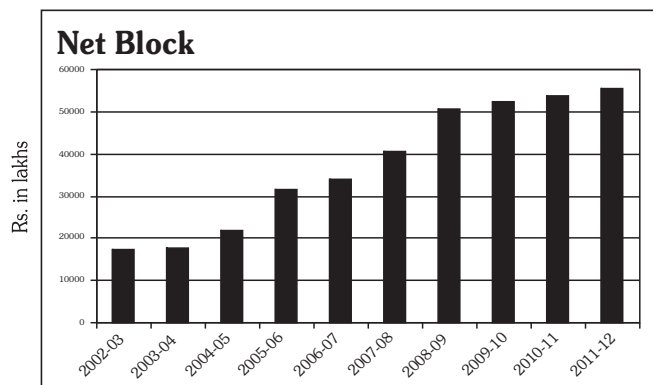
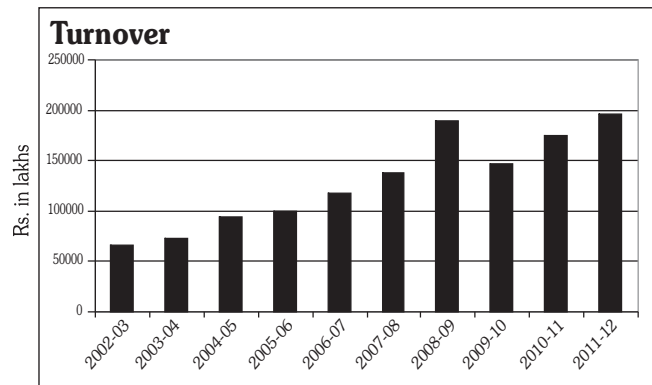
Place : Kolkata
Date : 28.05.2012

H. K. Verma
Partner
Membership no.: 55104

Ten Year Financial Summary

Rs. in lakhs

Year	Turnover	Gross Profit	Depreciation	Tax	Profit After Tax	Gross Block	Net Block	Capital Employed
2002-03	65686.62	13852.26	2039.05	2067.04	9746.17	27940.05	17507.85	71792.26
2003-04	72444.91	13130.02	2278.67	3483.14	7368.21	30204.37	17821.81	85358.26
2004-05	94198.00	14985.84	2518.02	3600.08	8867.74	35965.68	21690.40	100829.20
2005-06	100312.88	13643.90	2856.18	3142.94	7644.78	48295.10	31698.03	117140.97
2006-07	117621.51	19208.81	3366.78	5226.05	10615.98	53309.28	33863.80	150580.12
2007-08	138442.11	14726.11	3660.59	(156.16)	5201.58	62779.30	40479.08	190943.89
2008-09	189557.52	26117.43	5212.48	6865.54	14039.41	78184.12	50688.80	243673.62
2009-10	146664.11	36021.73	5230.06	10162.78	20628.89	84200.94	52462.54	287267.53
2010-11	174967.18	26930.00	5441.26	6025.00	15463.74	91435.90	53804.79	320054.39
2011-12	195671.85	7684.59	5426.03	-1979.72	4238.28	99166.78	55547.65	351714.07



Auditors' Report

The Members

Electrosteel Castings Limited

1. We have audited the attached Balance Sheet of Electrosteel Castings Limited (the Company) as at 31st March, 2012 and also the Statement of Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
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 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 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the "Order"), issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 ('the Act') and according to the information and explanations given to us and on the basis of such checks as we considered appropriate, we report that:
 - i. a) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets except in case of furniture and fixture.
 - b) During the year, fixed assets have been physically verified by the management according to a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verifications.
 - c) In our opinion, during the year, the Company has not disposed off substantial part of its fixed assets. In our opinion, the disposal of such assets has not affected the going concern status of the Company.
- ii. a) As informed, the inventory of the Company except for materials in transit and those lying with third parties have been physically verified by the management during the year. In our opinion and according to the information and explanations given to us, the frequency of such verification is reasonable.
- b) As the Company's inventory of raw materials comprises mostly of bulk materials such as coal, coke, iron ore, etc. requiring technical expertise for quantification, the Company has hired an independent agency for the physical verification of the stock of these materials. Considering the above, in our opinion, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation

Auditors' Report (Contd.)

to the size of the Company and the nature of its business.

- c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. The Company has not granted or taken loans secured or unsecured to /from companies, firms or parties covered in the register maintained under Section 301 of the Act. Accordingly, clause 4 (iii) of the Order is not applicable to the Company.
- iv. In our opinion and having regard to the explanations given to us that certain purchases of inventories and fixed assets and sale of goods being of special nature where suitable alternative sources do not exist/ were not available for obtaining comparable quotations, the internal control system for the purchase of inventory and fixed assets and for the sale of goods and services is commensurate with the size of the Company and nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- v. a) To the best of our knowledge and belief and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements as aforesaid and aggregating during the year to rupees five lakhs or more in respect of each party, have been made at the prices which are reasonable having regard to prevailing market prices.
- vi. The Company has not accepted any deposits from public covered under Sections 58A, 58AA or any other relevant provisions of the Act and rules framed thereunder.



- vii. Internal audit of the Company has been carried out by a firm of Chartered Accountants. In our opinion, the internal audit system is commensurate with the size and nature of the business of the Company.
- viii. We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Act in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been made and maintained. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- ix. a) According to the information and explanations given to us, during the

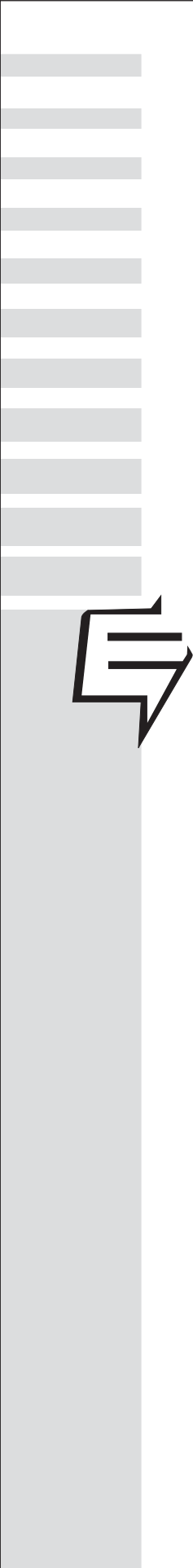
year, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, Cess and other statutory dues as applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues as aforesaid were outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us, the details of disputed dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax, and Cess, if any, as at 31st March, 2012, are as follows :

Name of the Statue	Nature of Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act	Excise Duty	333.53	1996-99 2004-11	Tribunal
		2.24	2005-06	Commissioner (Appeals)
The Central Excise Act	Service Tax	1212.94	2005-11	Tribunal
		6.86	2009-10	Commissioner (Appeals)
Sales Tax Act	Sales Tax	90.78	1974-78, 1985-87, 1992-95, 1997-98, 1999-2000, 2004-05, 2009-10	Tribunal
		247.21	2002-03	Special Commissioner
		16.48	2005-06	Jt. Commissioner
		2601.23	2007-08, 2008-09	Additional Commissioner

Auditors' Report (Contd.)

- 
- x. The Company does not have any accumulated losses as at the end of the year and the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
 - xi. In our opinion and on the basis of information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
 - xii. According to the information and explanations given and based on documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 - xiii. In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, clause 4(xiii) of the Order is not applicable to the Company.
 - xiv. Based on our examination of documents and records and evaluation of the related internal controls, in respect of dealings/trading in securities, in our opinion, proper records have been maintained of the transactions and contracts and timely entries have been made in those records. We also report that the Company has held the shares, securities, debentures and other investments in its own name.
 - xv. The Company has given guarantees for loans taken by others from banks and financial institutions. In our opinion and according to the information and explanations given to us, the terms and conditions of these guarantees are prima facie not prejudicial to the interest of the Company.
 - xvi. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised other than Rs. 13839.87 lakhs which have been temporarily invested in fixed deposits with banks pending utilization for the intended use.
 - xvii. According to the information and explanations given to us and based on an overall examination of the balance sheet of the Company, in our opinion, no funds raised on short term basis have been used for long term investment.
 - xviii. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
 - xix. The Company has not issued any secured debenture during the year. Accordingly, clause 4(xix) of the Order is not applicable to the Company.

- xx. The Company has not raised any money by public issue during the period under audit.
 - xxi. During the course of our examination of books of account carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such cases by the management.
4. Further to our comments made in above paragraphs, 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 purpose 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 those books;
 - iii. The above accounts incorporate the transactions relating to the Company's branch in Abu Dhabi, the transactions of which have been audited on the basis of returns, records, information and explanations received from such branch which we have not visited;
 - iv. The Balance Sheet, the Statement of Profit and Loss Account and the Cash Flow Statement referred to in this report are in agreement with the books of account;
 - v. In our opinion, the Balance Sheet, the Statement of Profit and Loss Account and the Cash Flow Statement of the Company dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Act;
 - vi. On the basis of written representation received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March, 2012 from being appointed as a director in terms of clause (g) of Sub-Section (1) of Section 274 of the Act;
- vii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes as give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012,
 - b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date and,
 - c) In the case of the Cash flow Statement, of the cash flows for the year ended on that date.

For Lodha & Co.
Chartered Accountants
Firm ICAI Regn. No.: 301051E

H. K. Verma

Place: Kolkata
Date : 28th May, 2012

Partner
Membership No. : 55104

Balance Sheet as at March 31, 2012

Amount Rs. in lakhs

Particulars	Note No.	As at 31.03.2012	As at 31.03.2011
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2.1	32,67.53	32,67.53
Reserves and Surplus	2.2	16,70,34.91	16,52,15.31
		17,03,02.44	16,84,82.84
NON-CURRENT LIABILITIES			
Long-term borrowings	2.3	8,56,82.64	7,84,84.96
Deferred tax liabilities (Net)	2.4	20,80.61	44,08.68
Other Long term liabilities	2.5	4,12.40	4,21.88
Long-term provisions	2.6	10,17.87	9,30.11
		8,91,93.52	8,42,45.63
CURRENT LIABILITIES			
Short-term borrowings	2.7	6,75,45.44	5,12,99.45
Trade payables	2.8	3,39,33.04	3,62,32.83
Other current liabilities	2.9	3,47,61.87	2,51,80.48
Short-term provisions	2.10	1,13,98.67	1,38,13.41
		14,76,39.02	12,65,26.17
TOTAL		40,71,34.98	37,92,54.64
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.11	5,53,70.47	5,35,48.42
Intangible assets	2.11	1,77.18	2,56.37
Capital work-in-progress		6,55,81.32	4,31,95.22
		12,11,28.97	9,70,00.01
Non-current investments	2.12	8,65,65.27	8,49,07.37
Long-term loans and advances	2.14	73,39.42	69,25.24
Other non-current assets	2.15	11,16.35	1,16.78
		21,61,50.01	18,89,49.40
CURRENT ASSETS			
Current investments	2.13	2,53,06.85	5,50,80.30
Inventories	2.16	5,52,94.32	5,19,79.58
Trade receivables	2.17	6,19,20.21	4,87,41.50
Cash and bank balances	2.18	1,56,46.92	1,89,66.96
Short-term loans and advances	2.19	2,38,71.91	1,03,90.01
Other current assets	2.20	89,44.76	51,46.89
		19,09,84.97	19,03,05.24
TOTAL		40,71,34.98	37,92,54.64
Summary of significant accounting policies	1		
Notes on financial statements	2.1 - 2.44		

The notes are an integral part of the financial statements

As per our report of even date.

For Lodha & Co.
Chartered Accountants

H. K. Verma
Partner
Kolkata
May 28, 2012

For and on behalf of the Board

Chairman P. K. Khaitan
Managing Director U. Kejriwal
Company Secretary Jyoti Jain

Statement of Profit & Loss for the year ended March 31, 2012

Amount Rs. in lakhs

Particulars	Note No.	For the year ended 31.03.2012	For the year ended 31.03.2011
Revenue from operations	2.21	19,16,66.15	17,09,53.32
Other income	2.22	70,77.24	1,01,74.79
Total Revenue		19,87,43.39	18,11,28.11
Expenses			
Cost of materials consumed	2.23	9,54,19.81	7,64,98.70
Purchases of Stock-in-Trade	2.24	97,33.67	1,09,65.95
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	2.25	-4,68.62	-20,22.73
Employee benefits expense	2.26	1,23,09.23	1,22,87.37
Finance costs	2.27	1,00,64.79	78,60.27
Depreciation and amortization expense	2.11	54,26.03	54,41.26
Other expenses	2.28	6,39,99.92	4,86,08.55
Total expenses		19,64,84.83	15,96,39.37
Profit before tax		22,58.56	2,14,88.74
Tax expense :			
Current tax	2.29	3,48.35	63,13.44
Deferred tax	2.4	-23,28.07	-2,88.44
Profit for the period		42,38.28	1,54,63.74
Earnings per equity share :	2.31		
Equity share of par value of Re 1/- each			
Basic		1.30	4.73
Diluted		1.30	4.43
Number of shares used in computing earning per share			
Basic		32,67,52,705	32,67,52,705
Diluted		32,67,52,705	34,83,59,176
Summary of significant accounting policies	1		
Notes on financial statements	2.1 - 2.44		

The notes are an integral part of the financial statements

As per our report of even date.

For Lodha & Co.
Chartered Accountants

H. K. Verma
Partner
Kolkata
May 28, 2012

For and on behalf of the Board

Chairman P. K. Khaitan
Managing Director U. Kejriwal
Company Secretary Jyoti Jain

Cash Flow Statement for the year ended March 31, 2012

Amount Rs. in lakhs

	Year ended March 31 2012	Year ended March 31 2012	Year ended March 31 2011	Year ended March 31 2011
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Taxes		22,58.56		2,14,88.74
Add : Depreciation/Amortisation	54,26.03		54,41.26	
Foreign Exchange (gain)/loss	9,91.10		-9,93.66	
Bad Debts & Pipe rectification LD charges (net of provision)	29.19		1,46.33	
Pipe mould written off	2,65.57		3,08.54	
Provision for others	-27,89.44		4,73.01	
Provision for losses on mark to market basis on derivative transactions	68,61.35		18.26	
Interest	1,00,64.79	2,08,48.59	78,60.27	1,32,54.01
		2,31,07.15		3,47,42.75
Less : Interest Received	30,16.54		4,47.69	
Income from Investments	33,30.26		30,58.91	
Provisions / Liabilities no longer required written back	6,10.68		3,92.18	
Profit/(Loss) on sale /discard of Fixed Assets (Net)	-14.70	69,42.78	0.68	38,99.46
Operating Profit before Working Capital changes		1,61,64.37		3,08,43.29
Less : Increase/(Decrease) in Inventories	33,14.74		1,63,06.45	
Increase/(Decrease) in Trade Receivables	1,44,06.84		90,33.69	
Increase/(Decrease) in Loans & Advances	1,71,21.50		20,46.52	
(Increase)/Decrease in Trade Payables	15,97.13	3,64,40.21	-2,46,56.30	27,30.36
Cash generation from Operations		-2,02,75.84		2,81,12.93
Less : Direct Taxes paid		15,74.95		60,02.61
Net cash flow from Operating activities		-2,18,50.79		2,21,10.32
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets/movements in Capital work in progress	-2,28,82.34		-1,18,93.17	
Share Application money paid	-1,73.61		-36.74	
Fixed Assets sold/discarded	10.40		3,64.96	
(Purchase)/Sale of Investment (net)	3,33,23.97		-2,89,79.54	
Investment in subsidiaries, associates and joint venture	-17,01.67		-57,88.14	
Advances and Loans to subsidiaries	11,05.30		17,01.99	
Interest Received	28,55.95		26,28.36	
Dividend received from subsidiary	—		10.30	
Dividend received	3,37.05		3,81.90	
Other bank balance : deposits within 3 to 12 months maturity	33,69.96	1,62,45.01	-38,34.38	-4,54,44.46
Net Cash flow from Investing activities		1,62,45.01		-4,54,44.46
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds/(Repayments) from borrowings (net)	1,50,96.40		2,61,36.69	
(Repayment) of ZCCB including redemption premium and withholding tax	-1,28,16.51		—	
Proceeds / (Redemption / Repayment) of Debentures/Term Loan	1,73,70.59		-28,12.50	
	1,96,50.48		2,33,24.19	
Interest Paid	-92,51.58		-81,98.78	
Dividend paid	-40,68.84		-40,71.61	
Tax on Dividend	-6,62.59	56,67.47	-678.37	1,03,75.43
Net cash flow from Financing activities		56,67.47		1,03,75.43
Cash and Cash equivalents (A+B+C)		61.69		-1,29,58.71
Cash and Cash equivalents as at 1st April		67,25.23		1,96,85.18
Add / (Less) : Unrealised exchange gain / (loss) on Bank balances, ECB Proceeds (net)		-11.77		-1.24
Cash and Cash equivalents as at 31st March (Refer note 2.18)		67,75.15		67,25.23
Note : 1) Cash and Cash equivalents represents cash in hand and deposits/balances with Banks		67,75.15		67,25.23
2) The Cash flow statement has been prepared under indirect method as per Accounting Standard 3 on Cash Flow Statement				

As per our report of even date.

For Lodha & Co.
Chartered AccountsH. K. Verma
Partner
Kolkata
May 28, 2012

For and on behalf of the Board

Chairman P. K. Khaitan
Managing Director U. Kejriwal
Company Secretary Jyoti Jain

Notes on Financial Statements

NOTES ON ACCOUNTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention in accordance with the provisions of the Companies Act, 1956 and accounting standards notified vide Companies (Accounting Standards) Rules, 2006. Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

1.2 USE OF ESTIMATES

The preparation of financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as at the Balance Sheet date and the reported amounts of revenue and expenses during the year.

Contingencies are recorded when it is probable that a liability will be incurred and the amounts can reasonably be estimated. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized.

1.3 FIXED ASSETS, DEPRECIATION AND AMORTIZATION

1) Tangible Assets

(i) Gross Block :

Fixed Assets are stated at cost of acquisition and subsequent improvements thereto. Cost of acquisition includes taxes, duties (net of cenvat availed), inward freight, installation expenses and adjustment for exchange differences wherever applicable. For major projects, interest and other costs incurred on / related to direct borrowings to finance projects / fixed assets during construction period and pre-operative expenses, if appropriate, are capitalized. Expenditure on Blast Furnace/Coke Oven Battery Relining is capitalized.

(ii) Depreciation & Amortization :

- (a) Depreciation on Fixed Assets (Tangible), except where otherwise stated, is provided as per Schedule XIV of the Companies Act, 1956 on straight line method in respect of Plant and Equipments of Ductile Iron Foundry Works, Coal Mine, Mini Blast Furnace Plant, Captive Power Plant, Sponge Iron Plant, Coke Oven Plant and Sinter Plant and on written down value method on other assets. Certain Plant and Equipments have been considered Continuous Process Plant on the basis of technical assessment. Depreciation on upgradation of fixed assets (tangible) is provided over the remaining useful life of the mother plant / fixed assets.
- (b) Assets costing Rs. five thousand or less are being depreciated fully in the year of addition/acquisition.
- (c) Pipe Moulds above 350 mm for Ductile Iron Foundry Works are depreciated over a period of 3 years. Pipe Moulds upto 350 mm are charged to consumption in the year of issue.
- (d) Blast Furnace and Coke Oven Battery relining are depreciated on straight line method over a period of 2 and 5 years respectively (average expected life) as per technical assessment. Wagons acquired under "Wagon Investment Scheme" are depreciated over a period of 10 years and Heavy Earth Moving Machinery used for coal mines are depreciated over a period of 5 years on straight line method. Railway siding constructed on government land is amortised over the period of ten years.
- (e) Leasehold land is amortised on straight line method over the period of the lease.
- (f) Machinery Spares which can be used only in connection with an item of tangible Fixed Asset and whose use is expected to be irregular are amortised over the useful life of the respective tangible fixed assets and the amount amortised is included under stores and spares consumed.

Notes on Financial Statements

NOTES ON ACCOUNTS (Contd.)

- (iii) Capital Work-in-progress includes preoperative expenses, equipments to be installed, construction and erection materials etc.
- (iv) Development Expenses net of revenue of the Projects / Mines under development are booked to Development Account and grouped under Capital Work in progress till the projects/ mines are brought to Revenue Account, except otherwise specifically stated in the Project Report to determine the commercial readiness of the project to yield production on a sustainable basis and completion of required development activity during the period of construction, projects and mines under development are brought to revenue: (a) From beginning of the financial year immediately after the year in which the project achieves physical output of 50% of rated capacity as per approved project report, or (b) One year of touching of coal, or (c) From the beginning of the financial year in which the value of production is more than total expenses, whichever event occurs first.

2) Intangible Assets

Intangible assets are stated at cost of acquisition less accumulated amortization. Computer software packages are amortised over a period of 5 years. Amortisation is done on straight line basis. Mining rights are amortised on straight line method over the available period of mining lease

1.4 INVESTMENTS

Non current investments are stated at cost less provision, if any, for diminution in value other than temporary. Current investments are carried at lower of cost or fair value, computed category wise.

1.5 INVENTORIES

- (i) Inventories are valued at lower of cost or net realisable value. Cost of inventories is ascertained on 'weighted average' basis. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- (ii) Cost in respect of raw materials and stores and spares includes expenses incidental to procurement of the same. Cost in respect of finished goods represents prime cost, and includes appropriate portion of overheads and excise duty.
- (iii) Cost in respect of process stock represents, cost incurred upto the stage of completion.
- (iv) Cost in respect of work-in-progress represents cost of materials remaining uncertified / incomplete under the Turnkey Contracts undertaken by the Company.

1.6 IMPAIRMENT

Fixed assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of fixed assets is determined. An impairment loss is recognized, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the greater of assets net selling price or its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there has been a change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss/reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, are allocated to its assets on a prorata basis. Subsequent to recognition of impairment loss/reversal thereof, depreciation is provided on the revised carrying amount of the asset, on a systematic basis, over its remaining useful life.

Notes on Financial Statements

NOTES ON ACCOUNTS (Contd.)

1.7 FOREIGN CURRENCY TRANSACTIONS AND DERIVATIVES

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the date of the transaction. Foreign currency monetary assets and liabilities at the year end are translated at the year end exchange rates. Non-monetary items other than fixed assets, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction. The loss or gain thereon and also on the exchange differences on settlement of the foreign currency transactions during the year are recognized as revenue or expense and are shown in the statement of profit and loss except in respect of non current liabilities related to fixed asset/capital work in progress in which case, these are adjusted to the cost of respective fixed assets/capital work in progress.

Revenue/expenditure earned/incurred by the overseas office is translated at the respective month end rate during which such revenue /expenditure is so earned / incurred. Branch monetary assets and liabilities are restated at the year end rates.

Exchange differences arising with respect to forward contracts other than those entered into, to hedge foreign currency risk on unexecuted firm commitments or of highly probable forecast transactions are recognized in the period in which they arise and the difference between the forwards rate and exchange rate at the date of transaction is recognized as revenue / expense over the life of the contract.

Keeping in view the announcement of Institute of Chartered Accountants of India dated March 29, 2008 regarding accounting for derivatives, mark to market losses on all other derivatives contracts (other than forward contracts dealt as above) outstanding as at the year end , are recognized in the financial statements.

1.8 REVENUE RECOGNITION

All expenses and revenue to the extent considered payable and receivable respectively unless specifically stated to be otherwise are accounted for on mercantile basis.

1.9 SALES

Sales include excise duty, wherever applicable and rebate, discounts, claims, expenses incurred on consignment sales etc. are excluded there from. Sales on consignment and expenses there against are being accounted for on receipt of sales account from the respective consignee. Revenue against Turnkey Contracts undertaken by the Company is recognized progressively on the basis of percentage of completion method. Stage of completion of contracts in progress is determined by reference to the physical proportion of the contract work completed.

1.10 EMPLOYEE BENEFITS

Employee benefits are accrued in the year services are rendered by the employees.

Contribution to defined contribution schemes such as Provident Fund, Superannuation Fund etc. are recognized as and when incurred.

Long-term employee benefits under defined benefit scheme such as contribution to gratuity, leave etc. are determined at close of the year at present value of the amount payable using actuarial valuation techniques.

Actuarial gain and losses are recognized in the year when they arise.

1.11 BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying asset are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to statement of Profit and Loss.

Notes on Financial Statements

NOTES ON ACCOUNTS (Contd.)

1.12 RESEARCH AND DEVELOPMENT

Research and development cost (other than cost of fixed assets acquired) are charged as an expense in the year in which they are incurred.

1.13 EXPORT BENEFITS

Export benefits arising on account of entitlement for duty free imports are accounted for through import of materials. Other export benefits are accounted for as and when the ultimate realisability of such benefits are established.

1.14 GOVERNMENT GRANTS

Revenue grants including subsidy/rebates are credited to Statement of Profit and Loss under "other operating income" or deducted from the related expenses. Grants relating to fixed assets are credited to Capital Reserve Account or adjusted in the cost of such assets as the case may be, as and when the ultimate realisability of such grants are established.

1.15 INCOME TAX

Provision for tax is made for current and deferred taxes. Current tax is provided on the taxable revenue using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing differences, which are capable of reversal in subsequent periods are recognized using tax rates and tax laws, which have been enacted or substantively enacted. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realized. In case of carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is "virtual certainty" that such deferred tax assets can be realized against future taxable profits.

1.16 PROVISIONS, CONTINGENCIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events, it is probable that there will be an outflow of resources and a reliable estimate can be made, of the amount of the obligation. Contingent assets are neither recognized nor disclosed in the financial statements. Contingent liabilities are not provided for and are disclosed by way of notes.

Notes on Financial Statements

2. NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Amount Rs. in lakhs

2.1 SHARE CAPITAL

Particulars

Authorised
Equity shares, Re 1/- par value
500000000 (500000000) equity shares

Issued, Subscribed and Paid-up
Equity shares, Re 1/- par value
326752705 (326752705) equity shares fully paid up

As at March 31, 2012	As at March 31, 2011
50,00.00	50,00.00
32,67.53	32,67.53
<u>32,67.53</u>	<u>32,67.53</u>

2.1.1 The Company has only one class of shares referred to as equity shares having a par value of Re 1/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amount, in proportion of their shareholding.

2.1.2 The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

2.1.3 During the year ended 31 March 2012, the amount of per share dividend recognized as distribution to equity shareholders was Re. 0.50

2.1.4 Reconciliation of the number of shares outstanding.

Particulars

Number of shares at the beginning
Number of shares at the end

As at March 31, 2012	As at March 31, 2011
32,67,52,705	32,67,52,705
32,67,52,705	32,67,52,705

2.1.5 Shareholders holding more than 5% shares

Name of share holders

Murari Investment & Trading Company
G. K. & Sons Private Ltd.
G. K. Investments Ltd.
Uttam Commercial Company Ltd.
Electrocast Sales India Limited
Stemcor Metals Limited

3,00,53,080	3,00,53,080
2,37,63,602	2,37,63,602
2,17,39,560	2,17,39,560
1,85,90,570	1,85,90,570
1,69,31,750	1,69,31,750
1,92,43,836	1,92,43,836

Notes on Financial Statements

		Amount Rs. in lakhs	
2.2 RESERVES AND SURPLUS			
Particulars	Ref. Note No.	As at March 31, 2012	As at March 31, 2011
Capital reserve			
Capital subsidy as per last Balance Sheet		46.52	46.52
Others			
Amount forfeited on warrants not exercised as per last Balance Sheet		30,94.71	30,94.71
Amount received on issue of warrants as per last Balance Sheet	2.2.1	10,07.05	10,07.05
		<u>41,48.28</u>	41,48.28
Securities Premium Account as per last Balance Sheet		6,15,48.56	6,21,59.85
Less : Provision for premium on redemption of ZCCB	2.2.2	5,19.88	6,11.29
		<u>6,10,28.68</u>	6,15,48.56
Debenture Redemption Reserve as per last Balance Sheet		59,00.00	37,00.00
Add : Transfer from Surplus		16,00.00	22,00.00
		<u>75,00.00</u>	59,00.00
Less : Transfer to Surplus		25,00.00	—
		<u>50,00.00</u>	59,00.00
General reserve as per last Balance Sheet		8,50,00.00	7,50,00.00
Add : Transfer from Surplus		5,00.00	1,00,00.00
		<u>8,55,00.00</u>	8,50,00.00
Surplus as per last Balance Sheet		8,618.47	1,01,01.73
Add : Net profit after tax transferred from Statement of Profit and Loss		42,38.28	1,54,63.74
Add : Transfer from debenture redemption reserve		25,00.00	—
Amount available for appropriation		<u>1,53,56.75</u>	2,55,65.47
Appropriations :			
Proposed dividend	2.1.2 & 2.1.3	16,33.76	40,84.41
Tax on dividend		2,65.04	6,62.59
Amount transferred to debenture redemption reserve		16,00.00	22,00.00
Amount transferred to general reserve		5,00.00	1,00,00.00
Balance in Surplus		<u>1,13,57.95</u>	86,18.47
		<u>16,70,34.91</u>	16,52,15.31

2.2.1 The Company through Qualified Institutional Placements had issued 33568312 warrants at a price of Rs. 3 each, entitling the holder to 1 (one) equity share. As per terms and conditions of the issue, the warrant holders have an option to convert, warrant into equity at any time on or after three years from the date of allotment (i.e. 08/02/2010) and upto five years from the date of allotment (i.e. 08/02/2010) at exercise price of Rs. 59.58 per share. The warrant issue price aggregating to Rs. 1,007.05 lakhs, being non adjustable/non refundable has been credited to Capital Reserve.

2.2.2 Premium on Zero Coupon Convertible Bond has been provided proportionately and accordingly Rs. 519.88 lakhs (out of total redemption premium amounting to Rs. 3,563.48 lakhs) (previous year Rs. 611.29 lakhs, out of total redemption premium amounting to Rs. 3,137.73 lakhs) on this account has been debited to Securities Premium Account.

Notes on Financial Statements

Amount Rs. in lakhs

2.3 LONG TERM BORROWING

Particulars	Ref. Note No.	As at March 31, 2012		As at March 31, 2011	
		Non Current	Current	Non Current	Current
SECURED LOANS					
9.15% Non Convertible Debentures	2.3.2	—	2,00,00.00	2,00,00.00	—
11.80% Non Convertible Debentures	2.3.1	—	—	66,66.67	33,33.33
Term loans -from banks		—	—	—	—
External Commercial Borrowing	2.3.4.1 & 2.3.4.2	7,45,24.55	—	3,45,57.26	—
Term loan from a financial institution	2.3.3.1 & 2.3.3.2	1,11,58.09	61,02.94	1,72,61.03	49,26.47
		8,56,82.64	2,61,02.94	7,84,84.96	82,59.80
UNSECURED LOANS					
Zero Coupon Convertible Bonds (ZCCB)		—	—	—	91,18.66
		—	—	—	91,18.66
		8,56,82.64	2,61,02.94	7,84,84.96	1,73,78.46

- 2.3.1 11.80% Non Convertible Debentures (privately placed) are secured by first pari-passu charge on company's fixed assets (immovable and movable) including land and buildings both present and future other than assets located at Chennai and Elavur. However the Company exercised the put option during the year and re-paid the outstanding amount.
- 2.3.2 9.15% Non Convertible Debentures (privately placed) are secured by second pari-passu charge on company's fixed assets (immovable and movable) including land and buildings both present and future other than assets located at Chennai and Elavur. These debentures were allotted on 8th February, 2010 and redeemable at par on 8th February, 2013.
- 2.3.3.1 Term loan from a financial institution are secured by way of first pari-passu charge over the movable fixed assets, lands and other immovable properties of the Company both present and future other than assets located at Chennai and Elavur.
- 2.3.3.2 Term loan of Rs. 1,50,00 lakhs is repayable in 16 quarterly equal Installments of Rs. 9,37.50 lakhs from 14th August 2010 and term loan of Rs. 1,00,00 lakhs is repayable in 17 quarterly equal installments of Rs. 5,88.23 lakhs from 30th December 2011. The interest rate ranges from 10% to 12%.
- 2.3.4.1 External Commercial Borrowing of Rs. 3,94,24.25 lakhs is secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than assets located at Chennai and Elavur, and External Commercial Borrowing of Rs. 3,51,00.30 lakhs is to be secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than assets located at Chennai and Elavur.
- 2.3.4.2 External Commercial Borrowings of Rs. 3,94,24.25 lakhs is repayable in 3 annual installments of 33.25% in July'2013, 33.25% in July'2014 & 33.50% in July'2015 and external commercial borrowings of Rs. 3,51,00.30 lakhs is repayable in 12 Semi annual installments from 29th August'2015. The interest rate ranges from 6M Libor + 200 to 500 bps.

Notes on Financial Statements

2.4 **DEFERRED TAX LIABILITIES (NET)** Amount Rs. in lakhs

The break up of deferred tax assets and deferred tax liabilities are as given below.

Particulars	Opening as on 01.04.2011	Charge or Credit during the Year	Closing as at 31.03.2012
Deferred Tax Assets :			
1. Expenses Allowable on payment Basis	3,12.47	65.12	3,77.59
2. Provision for doubtful debts and advances	2,48.90	-9.18	2,39.72
3. Provision for losses on Derivatives on Mark to Market basis	5.92	22,20.24	22,26.16
4. Others	13,07.23	-6,17.78	6,89.45
Deferred Tax Liabilities :			
1. Depreciation etc.	60,61.75	-7,95.24	52,66.51
2. Liquidated Damages and Retention money	2,21.45	1,25.57	3,47.02
Net Deferred Tax Liability	<u>44,08.68</u>	<u>-23,28.07</u>	<u>20,80.61</u>

2.5 **OTHER LONG TERM LIABILITIES**

Particulars	Ref. note no.	As at March 31, 2012	As at March 31, 2011
Trade payables		3,84.19	3,97.30
Others		28.21	24.58
		<u>4,12.40</u>	<u>4,21.88</u>

2.6 **LONG TERM PROVISION**

Provision for employee benefits		7,17.87	6,30.11
Others		3,00.00	3,00.00
		<u>10,17.87</u>	<u>9,30.11</u>

2.7 **SHORT TERM BORROWINGS**

SECURED

Working capital facilities from banks	2.7.1		
Indian Currency		2,39,16.91	2,08,84.12
Foreign Currency		1,88,84.56	1,64,28.33
		<u>4,28,01.47</u>	<u>3,73,12.45</u>

UNSECURED

Working capital facilities from banks			
Indian Currency		—	1,37,78.08
Foreign Currency		1,72,43.97	2,08.92
Commercial papers		75,00.00	—
		<u>2,47,43.97</u>	<u>1,39,87.00</u>
		<u>6,75,45.44</u>	<u>5,12,99.45</u>

2.7.1 Working Capital facilities from Banks (both fund based and non fund based) are secured by pari passu charge by way of joint hypothecation of inventories and book debts, both present and future.

Notes on Financial Statements

		Amount Rs. in lakhs	
2.8 TRADE PAYABLES		As at	As at
Particulars	Ref. Note No.	March 31, 2012	March 31, 2011
Trade payables	2.8.1 & 2.8.2	3,39,33.04	3,62,32.83
		3,39,33.04	3,62,32.83

2.8.1 Including acceptances of Rs. 1,05,62.71 lakhs (previous year Rs. 2,39,67.81 lakhs)

2.8.2 Disclosure of Trade payables is based on the information available with the company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" (the Act). There are no delays in payment made to such suppliers and there is no overdue amount outstanding as at the balance sheet date. Based on above the relevant disclosures u/s 22 of the Act are as follows :

1. Principal amount outstanding at the end of the year	Nil	0.05
2. Interest amount due at the end of the year	Nil	Nil
3. Interest paid to suppliers	Nil	Nil

2.9 OTHER CURRENT LIABILITIES

Current maturities of long-term debt	2.3		
Secured		2,61,02.94	82,59.80
Unsecured		—	91,18.66
Interest accrued but not due on borrowings		8,62.83	5,43.79
Advance from customers		31,19.66	39,07.96
Unclaimed dividends	2.9.1	1,41.59	1,26.02
Other payables			
Credit balances in current account with banks		87.65	2,02.33
Statutory payables		5,04.07	5,77.09
Excise duty on stock		9,61.05	6,16.71
Capital vendors		12,67.87	13,22.12
Others	2.9.2	17,14.21	5,06.00
		3,47,61.87	2,51,80.48

2.9.1 The same is not due for payment to investor education and protection fund.

2.9.2 Includes Rs. 15,68.33 lakhs (previous year Rs. 3,46.28 lakhs) payable to banks on account of derivative settlement.

2.10 SHORT TERM PROVISIONS

Provision for employee benefits		9,34.04	9,35.73
Others			
Provision for taxation (net of advance tax)		29.27	5,55.66
Provision for dividend	2.1.2 & 2.1.3	16,33.76	40,84.41
Provision for tax on dividend		2,65.04	6,62.59
Provision for redemption premium on ZCCB		—	30,43.60
Provision for losses on derivative transactions			
on mark to market basis	2.28.4	80,32.02	11,87.52
Other Provisions	2.10.1	5,04.54	33,43.90
		1,13,98.67	1,38,13.41

2.10.1 Other provisions include (a) provision relating to indirect taxes in respect of proceedings of various excise duty matters – carrying amount at the end of the year Rs. 5,00.00 lakhs and carrying amount at the beginning of the year Rs. 5,00.00 lakhs. No amount was used and reversed during the year. Outflows in these cases would depend on the final developments/outcomes; (b) Other class of provisions related to disputed customer claims/rebates/demands – carrying amount at the end of the year Rs. nil and at the beginning of the year Rs. 28,40.00 lakhs. Amount reversed during the year was Rs. 28,40.00 lakhs.

Notes on Financial Statements

Description		GROSS BLOCK						DEPRECIATION / AMORTISATION				NET BLOCK	
		Cost as on April 01, 2011	Additions	Sales/ Adjustments	Other Adjustments	Cost as on March 31, 2012	Up to March 31, 2011	For The Year	Sales/ Adjustments	Up to March 31, 2012	As on March 31, 2012	As on March 31, 2011	
1	2	3	4	5	6	7	8	9	10	11	12		
Tangible Assets													
LAND-FREEHOLD	41,43.69	3,16.48	—	—	44,60.17	—	—	—	—	44,60.17	41,43.69		
LAND-LEASEHOLD	13,45.62	—	—	—	13,45.62	79.72	14.93	—	94.65	12,50.97	12,65.90		
BUILDINGS	1,02,73.12	6,36.42	—	—	1,09,09.54	41,78.81	4,57.78	—	46,36.59	62,72.95	60,94.31		
RAILWAY SIDING	2,53.94	37,51.02	—	2,84.94	42,89.90	86.89	57.63	—	1,44.52	41,45.38	1,67.05		
PLANT AND EQUIPMENTS	7,27,96.64	28,01.99	7,78.62	5,48.86	7,53,68.87	3,18,42.90	58,04.07	511.78	3,71,35.19	3,82,33.68	4,09,53.74		
OFFICE EQUIPMENT	5,53.26	67.43	0.63	—	6,20.06	2,48.78	36.31	0.56	2,84.53	3,35.53	3,04.48		
FURNITURE AND FIXTURES	5,59.20	29.88	—	—	5,89.08	3,62.28	45.46	—	4,07.74	1,81.34	1,96.92		
VEHICLES	9,39.25	1,78.94	1,40.04	—	9,78.15	5,18.03	87.07	1,16.29	4,88.81	4,89.34	4,21.22		
LIVESTOCK	1.11	—	—	—	1.11	—	—	—	—	1.11	1.11		
Total	9,08,65.83	77,82.16	9,19.29	8,33.80	9,85,62.50	3,73,17.41	65,03.25	6,28.63	4,31,92.03	5,53,70.47	5,35,48.42		
Intangible Assets													
COMPUTERS SOFTWARES	5,54.75	34.21	—	—	5,88.96	3,12.64	1,11.87	—	4,24.51	1,64.45	2,42.11		
MINING RIGHTS	15.32	—	—	—	15.32	1.06	1.53	—	2.59	12.73	14.26		
Total	5,70.07	34.21	—	—	6,04.28	3,13.70	1,13.40	—	4,27.10	1,77.18	2,56.37		
Grand Total	9,14,35.90	78,16.37	9,19.29	8,33.80	9,91,66.78	3,76,31.11	66,16.65	6,28.63	4,36,19.13	5,55,47.65	5,38,04.79		
PREVIOUS YEAR	8,42,00.94	89,65.10	17,47.84	17.70	9,14,35.90	3,17,38.40	65,33.95	6,41.24	3,76,31.11	5,38,04.79			

Notes :

- 2.11.1. Plant and Equipments includes Rs.8,03,02,lakhs (Previous year Rs.3,40,87 lakhs) being contribution for laying the Power line, the ownership of which does not vest with the company.
- 2.11.2 Depreciation and amortization for the year includes Rs.11,90,62 lakhs (Previous year Rs. 10,92,69 lakhs) transferred to Pre-operative expenses.
- 2.11.3 Leasehold Land of Rs.2,04,00 lakhs(Previous Year Rs.2,04,00 lakhs) is pending execution of lease agreement and registration thereof.
- 2.11.4 Freehold land includes Rs. 1,31.39 lakhs (Previous year Rs.2,05,97 lakhs) in respect of which the execution of conveyance deeds is under process.
- 2.11.5 Plant and Equipments includes Rs. 24,98,72 lakhs (Previous year Rs. 24,98,72 lakhs) being cost of wagons procured under "Wagon Investment Scheme".
- 2.11.6 Other adjustment(net) includes Rs. 4,74,39 lakhs(Previous Year 17,70 lakhs) being interest capitalised during the year. Rs. 359,41 lakhs(Previous Year nil) representing foreign exchange fluctuation.
- 2.11.7. Railway siding includes Rs. 40,35,96 lakhs (Previous year Rs. nil) being amount incurred for construction, the ownership of which does not vest with the company.
- 2.11.8 Land with factory buildings (net block Rs. 61.02 lakhs) at Elavur plant of the Company are mortgaged in the favour of lender to Electrosteel Steel limited, an associate of the Company.
- 2.11.9 Refer note 2.3 and 2.7

Notes on Financial Statements

2.12 NON-CURRENT INVESTMENTS- AT COST

(Fully paid up except otherwise stated)

Amount Rs. in lakhs

Particulars	As at March 31, 2012		As at March 31, 2011	
	Holding	Value	Holding	Value
(A) Trade				
Equity Shares				
Quoted				
R.G. Ispat Limited (Face value of Rs.10/- each)	50	—	50	—
Unquoted				
Rainbow Steels Limited(Face value of Rs.10/- each)	100	0.01	100	0.01
Metal Scrap Trade Corporation Limited.(Face value of Rs. 10/- each)	1000	0.05	1000	0.05
		0.06		0.06
(B) Others				
Equity Shares				
Quoted				
Associates				
Lanco Industries Limited (Face value of Rs.10/- each)	19301218	63,33.53	19301218	63,33.53
Electrosteel Steels Ltd. (Formerly Electrosteel Integrated Ltd.) (Face value Rs. 10/-each)	708000000	7,28,97.65	700000000	7,24,88.47
Unquoted				
Subsidiaries				
Electrosteel Europe SA (Face value of Euro 10 each)	380000	23,23.41	380000	23,23.41
Electrosteel Algeria SPA (Face value of Algerian Dinar 1000 each)	82500	5,20.33	82500	5,20.33
Electrosteel Castings (UK) Ltd. (Face value of GBP 1 each)	1100000	10,59.26	1100000	10,59.26
Singardo International Pte. Ltd. (Face value of SGD 1 each)	1500000	4,39.89	1500000	4,39.89
Electrosteel USA, LLC	#	11,48.54	#	11,04.15
Electrosteel Trading S.A., Spain (Face value of Euro 10 each)	#	45.10	—	—
Mahadev Vyapaar Pvt. Ltd. (Face Value of Rs. 10/- each)	10000	12,03.00	—	—
Associate				
Electrosteel Thermal Power Ltd.(Face value of Rs.10/- each)	15000	1.50	15000	1.50
Joint Venture				
Domco Pvt. Ltd. (Face value of Rs. 100/- each)	30000	30.00	30000	30.00
North Dhadhu Mining Company Pvt. Ltd. (Face value of Rs.10/- each)	5880000	5,88.00	5880000	5,88.00
Other Companies				
N Marshall Hi-tech Engineers Pvt. Ltd.(Face value of Rs.10/- each)	50000	5.00	50000	5.00
Sky-B (Bangla) Pvt. Ltd.(Face value of Rs.10/- each)	—	—	4340000	4,34.50
Vishwa Utilities Pvt. Ltd. (Face value of Rs. 10/- each)	—	—	3708	0.37
		8,65,95.21		8,53,28.41
Quoted Preference share				
Mukand Limited (0.01% Cumulative Redeemable Preference Shares face value of Rs. 10/- each)	16	0.00	16	0.00
		8,65,95.21		8,53,28.41
Less : Provision		30.00		4,21.10
		8,65,65.21		8,49,07.31
Total-Non Current Investments		8,65,65.27		8,49,07.37
# Towards 100% Capital Contribution				
Aggregate amount of Quoted Investments				
- Other investments		7,92,31.18		7,88,22.00
Aggregate amount of Unquoted Investments				
- Other Investments		73,34.09		60,85.37
		8,65,65.27		8,49,07.37
Aggregate amount of Market value of Quoted Investments				
- Other investments		4,93,93.77		6,49,27.48
		4,93,93.77		6,49,27.48

Notes on Financial Statements

2.12.1 50000000 Equity shares of Rs 10/- each fully paid up of Electrosteel Steels Ltd. aggregating Rs. 5,00,00.00 lakhs held by the Company as Investment have been pledged in favour of Electrosteel Steels Ltd. lenders for securing financial assistance to Electrosteel Steels Ltd.

2.12.2 The Company has investment in equity shares of Domco Private Limited (DPL), a Company incorporated in India, and has joint control (proportion of ownership interest of the Company being 50%) over DPL along with other venturers (the Venturers). The Venturers had filed a petition before the Company Law Board, Principal Bench, New Delhi (CLB) against the Company on various matters including for forfeiture of the Company's investment in equity shares of the DPL. The Company had inter alia filed petition before the Hon'ble High Court of Jharkhand at Ranchi. The Hon'ble High Court of Jharkhand at Ranchi upheld the Company's appeal and decided that the matter would have to be referred for Arbitration. The Venturer has challenged the aforesaid judgment in the Divisional Bench of the Hon'ble High Court of Jharkhand at Ranchi. Pending final outcome of the matter and since, the other Venturer are not providing the financial statements of DPL, disclosures as regards contingent liability and capital commitments, if any, aggregate amounts of each of the assets, liabilities, income and expenses related to the Company's interest in DPL has not been made in these financial statements.

2.12.3 The Company's investment in Electrosteel Steels Limited being strategic and long term in nature, no provision has been considered necessary with regard to diminution in market value of these investment.

2.12.4 Information on other joint venture

Sl. No. Name of the Joint Venture

(i) North Dhadhu Mining Private Limited

(ii) Contingent liabilities in respect of Joint Ventures.

A) Guarantee given by banks on behalf of the Company

(iii) Interest in assets, liabilities, income and expenses with respect to jointly controlled entities.

A) **Assets :**

a) Fixed Assets (Net Block) :

Capital Work-in-Progress

b) Current Assets

Cash & Bank Balances

Long term loans & advances

Short term loans & advances

B) **Current liabilities :**

a) Other current liabilities

Country of Incorporation Percentage of ownership interest

India 48.98

Amount Rs. in lakhs

2011-12 **2010-11**

27,45.47 **27,45.47**

0.40 **0.45**

6,58.81 **6,25.48**

1,00.97 **13.16**

14.91 **3.41**

6.43 **0.04**

1,93.77 **0.91**

2.13 CURRENT INVESTMENTS- AT COST

(Fully paid up except otherwise stated)

Others Non-trade

(Equity Shares (Quoted))

Coal India Limited (Face value of Rs 10/-each)

Jindal Drilling & Industries Ltd (Face value of Rs 5/- each)

Manganese Ore India Ltd (Face value of Rs 10/- each)

Reliance Industries Ltd (Face value of Rs 10/- each)

Rural Electrification Corporation Ltd (Face value of Rs 10/- each)

Hero Honda Ltd (Face value of Rs 2/- each)

Andhra Bank (Face value of Rs 10/- each)

Container Corporation of India Ltd. (Face value of Rs 10/- each)

3I Infotech Ltd. (Face value of Rs 10/- each)

BGR Energy Systems Ltd. (Face value of Rs 10/- each)

Bharat Heavy Electricals Ltd. (Face value of Rs 2/- each)

Fortis Healthcare (India) Ltd. (Face value of Rs 10/- each)

GTL Infrastructure Ltd. (Face value of Rs 10/- each)

Gujarat Fluorochemicals Ltd. (Face value of Rs 1/- each)

Garden Silk Mills Ltd. (Face value of Rs 10/- each)

Himatsingka Seide Ltd. (Face value of Rs 5/- each)

Jyoti Structures Ltd. (Face value of Rs 2/- each)

Larsen & Tubro Ltd. (Face value of Rs 2/- each)

L&T Finance Holdings Ltd. (Face value of Rs 10/- each)

Navin Fluorine International Ltd. (Face value of Rs 10/- each)

National Aluminium Company Ltd. (Face value of Rs 5/- each)

Oil India Ltd. (Face value of Rs 10/- each)

Oil & Natural Gas Corporation Ltd. (Face value of Rs 5/- each)

PTC India Ltd. (Face value of Rs 10/- each)

Punjab National Bank (Face value of Rs 10/- each)

Pilani Investment and Industries Corporation Ltd. (Face value of Rs 10/- each)

Sterlite Industries (India) Ltd. (Face value of Rs 1/- each)

Taj GVK Hotels & Resorts Ltd. (Face value of Rs 2/- each)

Timex Group India Ltd. (Face value of Rs 1/- each)

Tata Teleservices (Maharashtra) Ltd. (Face value of Rs 10/- each)

Zee News Ltd. (Face value of Rs 1/- each)

As at March 31, 2012

Holding Value

As at March 31, 2011

Holding Value

24000 **63.13** 25000 61.25

176500 **5,19.99** 176500 10,09.66

3794 **14.23** 3794 14.23

18000 **1,60.19** 13000 1,21.83

— — 2000 5.08

— — 1000 16.11

5000 **7.87** — —

500 **6.48** — —

60000 **18.01** — —

1500 **5.48** — —

12500 **41.94** — —

4000 **5.75** — —

60000 **8.25** — —

500 **2.36** — —

1000 **0.80** — —

5000 **1.88** — —

5000 **3.59** — —

1000 **13.31** — —

2500 **1.31** — —

2304 **9.06** — —

2500 **1.95** — —

1250 **16.74** — —

2000 **5.54** — —

2000 **1.46** — —

2000 **19.85** — —

700 **17.17** — —

5000 **6.27** — —

5000 **4.93** — —

1000 **0.28** — —

25000 **4.91** — —

25000 **3.55** — —

9,66.28 **12,28.16**

50.56 **1,73.01**

9,15.72 **10,55.15**

Less : Provision

Total -Equity Shares

Notes on Financial Statements

2.13 CURRENT INVESTMENTS- AT COST (Contd.)

(Fully paid up except otherwise stated)

Amount Rs. in lakhs

Others Non-trade	As at March 31, 2012		As at March 31, 2011	
	Holding	Value	Holding	Value
Bonds (Quoted)				
8.80% SBI Tier II 2021 of Rs. 100000 each	—	—	2	19.50
9.35% ILFS 2035 of Rs. 1000 each	—	—	10000	99.50
0.00% RRVPNL 14/01/2028 of Rs. 500000 each	—	—	190	1,91.81
0.00% RRVPNL 31/12/2023 of Rs. 500000 each	—	—	132	1,94.18
9.33% IDFC 2026 of Rs. 1000000 each	—	—	22	2,20.29
0.00% RRVPNL 14/01/2027 of Rs. 500000 each	—	—	206	2,28.47
0.00% RRVPNL 14/01/2025 of Rs. 500000 each	—	—	206	2,75.77
0.00% RRVPNL 14/01/2023 of Rs. 500000 each	—	—	180	2,90.90
0.00% RRVPNL 14/01/2024 of Rs. 500000 each	—	—	206	3,03.03
9.75% IFCI 2030 of Rs. 1000000 each	—	—	37	3,78.41
8.65% L&T Ltd. 26/05/2020 of Rs. 100000 each	—	—	400	4,00.00
9.70% GE Shipping 2023 of Rs. 1000000 each	—	—	42	4,20.00
9.70% GE Shipping 2021 of Rs. 1000000 each	—	—	53	5,30.06
9.98% IFCI 2030 of Rs. 1000000 each	—	—	91	9,26.30
9.95% SBI 2026 of Rs. 10000 each	—	—	10136	10,53.64
7.50% WSPF 2020 of Rs. 100000 each	—	—	2204	22,32.70
11.80% TISCO Perpetual of Rs. 1000000 each	—	—	247	24,95.67
10% DHFL 2017 of Rs. 100000 each	—	—	2690	27,23.91
9.70% IFCI 04/05/2030 of Rs. 1000000 each	—	—	333	33,30.76
10.40% DHFL 2020 of Rs. 100000 each	—	—	4022	40,39.30
10.75% Reliance Capital Limited 30.09.2021 of Rs 1000000 each	55	5,50.00	—	—
10.40% TISCO 15 MAY 2019 of Rs 1000000 each	8	81.82	—	—
9.35% NABARD Bonds 29/01/2016 of Rs 1000000 each	6	60.00	—	—
9.83% BAJAJ Finance 18 May 2021 of Rs 1000000 each	3	30.00	—	—
11.75% SREI Infrastructure Finance Ltd 2016 of Rs1000000 each	57	5,75.70	—	—
11.75% SREI Infrastructure Finance Ltd 2017 of Rs 1000000 each	38	3,82.00	—	—
11.90% SREI Infrastructure Finance Ltd of Rs 100000 each	1480	14,97.34	—	—
11.90% SREI Infrastructure Finance Ltd 2022 of Rs 100000 each	344	3,44.11	—	—
11.40% SREI Infrastructure Finance Ltd of Rs 1000000 each	35	3,50.00	—	—
12.60% SREI Equip NCD JULY2017 of Rs 1000000 each	84	8,40.08	—	—
10.05% AIR INDIA 27 SEPT2031	104	10,80.08	—	—
Total -Bonds		57,91.13		2,03,54.20
Commercial Paper - (Quoted)				
OBC 21/12/2011 of Rs. 100000 each	—	—	560	5,18.67
AIRCEL CP 30/05/2011 of Rs. 500000 each	—	—	222	10,52.15
Total -Commercial Paper				15,70.82
Units of Mutual Funds				
Quoted				
ICICI Prudential FMP 51-13 months Plan C	—	—	10000000.000	10,00.00
ICICI Prudential FMP 52-1year Plan A- Cumulative	—	—	10000000.000	10,00.00
ICICI Prudential FMP 51-14 months Plan D	—	—	30000000.000	30,00.00
Kotak 18 M Series 4-Growth	—	—	20000000.000	20,00.00
Reliance Fixed Horizon XIV-Series 2-Growth Plan	—	—	20000000.000	20,00.00
Reliance Fixed Horizon XIV-Series 7-Growth Plan	20000000.000	20,00.00	20000000.000	20,00.00
BSL Fixed Term Plan - Series CF - Growth	—	—	10000000.000	10,00.00
Birla Sun Life Fixed Term Plan Series CL Growth	—	—	10000000.000	10,00.00
Birla Sun Life Fixed Term Plan Series CP Growth	—	—	10000000.000	10,00.00
Birla Sun Life Fixed Term Plan Series CQ Growth	—	—	10000000.000	10,00.00
Kotak FMP Series 28 - Growth	—	—	5000000.000	5,00.00
Kotak FMP Series 30 - Growth	—	—	10000000.000	10,00.00
Kotak FMP 370 Days Series 9 - Growth	—	—	10000000.000	10,00.00
HDFC FMP 370D February (1) - Growth - Series XVI	—	—	10000000.000	10,00.00
HDFC FMP 370D March (1) - Growth - Series XVI	—	—	10000000.000	10,00.00
Canara Robeco Fixed Maturity Plan -Series 6 -13 Months (Plan A) - Growth Plan	—	—	10000000.000	10,00.00
Reliance Fixed Horizon Fund Xiv- Series 9-Growth Plan	10000000.000	10,00.00	10000000.000	10,00.00
Reliance Fixed Horizon Fund - Xv Series 8-Growth Plan	—	—	10000000.000	10,00.00
Reliance Fixed Horizon Fund - Xvi - Series 1-Growth Plan	—	—	5000000.000	5,00.00
Reliance Fixed Horizon Fund - Xvi Series 5-Growth Plan	—	—	5000000.000	5,00.00
Reliance Fixed Horizon Fund - Xvii Series 1-Growth Plan	—	—	5000000.000	5,00.00
DSP FMP 12M Series 10 - Growth	—	—	5000000.000	5,00.00
IDBI FMP - 367 Days Series - 1 (February 2011) - A - Growth	—	—	10000000.000	10,00.00
Religare Fixed Maturity Plan - Series VI - Plan B (370 Days) - Growth	—	—	10000000.000	10,00.00
SBI Debt Fund Series - 370 Days - 10 - Growth	—	—	10000000.000	10,00.00
IDFC Fixed Maturity Yearly Series 38 Growth	—	—	10000000.000	10,00.00

Notes on Financial Statements

2.13 CURRENT INVESTMENTS- AT COST (Contd.)

(Fully paid up except otherwise stated)

Amount Rs. in lakhs

	As at March 31, 2012		As at March 31, 2011	
	Holding	Value	Holding	Value
Others Non-trade				
ICICI Prudential FMP Series 53 - 1 Year Plan A Cumulative	—	—	5000000.000	5,00.00
ICICI Prudential FMP Series 55 - 1 Year Plan D Cumulative	—	—	15000000.000	15,00.00
ICICI Prudential FMP – Series 55-1Year Plan E – Growth option	—	—	10000000.000	10,00.00
Reliance Fixed Horizon xiv-series 7-26 months -growth option				
Kotak FMP 370 days series-66	20000000.000	20,00.00	—	—
Reliance Fixed Horizon xxi-series 16-368 days -Growth Option	50000000.000	5,00.00	—	—
ICICI Pru FMP Series 59+1 yr plan F -Growth	50000000.000	5,00.00	—	—
Reliance Fixed Horizon -xxi series 2-Growth	50000000.000	5,00.00	—	—
DSP BlackRock -12M-Series 23-Growth Option	50000000.000	5,00.00	—	—
BSL FTP Series EB-Growth	50000000.000	5,00.00	—	—
Reliance Fixed Horizon Fund-XX1-Series 4	50000000.000	5,00.00	—	—
BSL FTP Series EF-Growth	75000000.000	7,50.00	—	—
KOTAK FMP Series 72	75000000.000	7,50.00	—	—
TATA FMP-Series 39-Scheme A	100000000.000	10,00.00	—	—
ICICI FMP Series 61-1 Year PLAN E	50000000.000	5,00.00	—	—
HDFC FMP 370D JAN12(4)-Growth	50000000.000	5,00.00	—	—
ICICI FMP Series 61-1 Year PLAN A	40000000.000	4,00.00	—	—
IDFC FMP Yearly Series -48 Growth	40000000.000	4,00.00	—	—
UTI FTP Series X-V11(368 days)-Growth	40000000.000	4,00.00	—	—
BSL FTP-Series E1	40000000.000	4,00.00	—	—
KOTAK FMP SERIES -74	40000000.000	4,00.00	—	—
TATA FMP-Series 39-Scheme D-Growth	40000000.000	4,00.00	—	—
UTI-Y-FMP-01/12	20000000.000	2,00.00	—	—
AXIS FIXED TERM PLAN-SERIES 21 (394 Days)	50000000.000	5,00.00	—	—
IDBI FMP -SERIES 11-370 DAYS (MARCH 2012)-D	50000000.000	5,00.00	—	—
HDFC Fixed Maturity Plans-Series XX1	50000000.000	5,00.00	—	—
Reliance Fixed Horizon Fund-XX1-Series 18	50000000.000	5,00.00	—	—
HDFC FMP 370D MAR12(1)-Growth	100000000.000	10,00.00	—	—
Kotak FMP Series 84 -Growth	50000000.000	5,00.00	—	—
Principal PNB FMP Series A4-Growth	50000000.000	5,00.00	—	—
BSL-Dynamic Bond Fund	1834520.597	3,25.00	—	—
IDFC-SSIF-ST-Plan A	806663.501	1,75.00	—	—
Unquoted				
Peerless Liquid Fund-Super Institutional Daily Dividend	—	—	6000368.580	6,00.13
Total -Units of Mutual Funds		1,86,00.00		3,21,00.13
Total- Current Investments		2,53,06.85		5,50,80.30
Aggregate amount of Quoted Investments				
- In Mutual Funds	1,86,00.00		3,15,00.00	
- In Bonds and Commercial Papers	57,91.13		2,19,25.02	
- Other investments	9,15.72	2,53,06.85	10,55.15	5,44,80.17
Aggregate amount of Unquoted Investments				
- In Mutual Funds		—		6,00.13
		2,53,06.85		5,50,80.30
Aggregate amount of Market value of Quoted Investments				
- In Mutual Funds		1,92,96.25		3,26,41.06
- In Bonds and Commercial Papers		61,00.93		2,27,33.58
- Other investments		9,15.72		10,55.14
		2,63,12.90		5,64,29.78
Aggregate amount of Market value of Unquoted Investments in Mutual Funds		—		6,00.13

2.13.1 Quoted Investments for which quotations are not available have been included in the market value at the face value/paid up value, whichever is lower except in case of debenture, bonds and government securities where the net present value at current yield to maturity have been considered.

Notes on Financial Statements

		Amount Rs. in lakhs	
2.14 LONG TERM LOANS AND ADVANCES		As at	As at
Particulars	Ref. Note No.	March 31, 2012	March 31, 2011
UNSECURED, CONSIDERED GOOD			
Capital Advances		15,56.31	15,22.70
Security Deposits	2.14.4 & 2.18.2	55,22.58	53,17.95
Others			
Prepaid expenses		17.08	11.77
Others	2.14.1 & 2.14.2	2,43.45	72.82
		73,39.42	69,25.24
2.14.1 Includes loans and advances to employees.			
2.14.2 Includes Rs. 2,34.59 lakhs (previous year Rs. 60.98 lakhs) paid towards share application money.			
2.14.3 In the opinion of the Board of Directors, current assets and loans and advances have the value at which these are stated in the Balance Sheet, unless otherwise stated and adequate provisions for all known liabilities have been made and are not in excess of the amount reasonably required.			
2.14.4 Security deposits include Rs. 5,57.50 lakhs (previous year Rs. 5,57.50 lakhs) with Private Limited Companies in which directors are interested as a member / director.			
2.15 OTHER NON-CURRENT ASSETS			
Trade Receivables - unsecured, considered good		11,16.15	1,14.56
Others		0.20	2.22
		11,16.35	1,16.78
2.16 INVENTORIES			
Raw materials		2,39,36.22	2,57,55.46
Raw materials (goods in transit)		1,00,55.10	56,53.49
Finished goods	2.16.2	1,22,06.75	1,19,90.02
Process stock	2.16.2	34,54.15	27,63.05
Stock-in-trade (in respect of goods acquired for trading)	2.16.2	—	0.37
Stores and spares		46,99.35	40,88.70
Stores and spares (goods in transit)		—	2,29.29
		5,43,51.57	5,04,80.38
Work-in-progress		11,60.55	15,99.39
Less : Progress payment received	2.16.2	2,17.80	1,00.19
		9,42.75	14,99.20
		5,52,94.32	5,19,79.58
2.16.1. Refer note no. 2.3, 2.7 and 2.17.1			

Notes on Financial Statements

Particulars	Amount Rs. in lakhs	
	As at March 31, 2012	As at March 31, 2011
2.16.2 Details of Inventories		
Finished goods		
D.I. Spun pipes	70,33.98	46,35.75
C.I. Spun pipes	6,63.40	5,17.93
Metallurgical Coke	24,78.03	51,28.15
Others	20,31.34	17,08.19
	<u>1,22,06.75</u>	<u>1,19,90.02</u>
Stock-in-trade		
D.I. Spun pipes	—	0.37
	<u>—</u>	<u>0.37</u>
Process stock		
D.I. Spun pipes	26,62.89	22,77.81
Others	7,91.26	4,85.24
	<u>34,54.15</u>	<u>27,63.05</u>
Work-in-progress		
Pipes	6,79.20	9,89.89
Others	4,81.35	6,09.50
	<u>11,60.55</u>	<u>15,99.39</u>
2.17 TRADE RECEIVABLES		
CURRENT		
Unsecured - considered good		
Trade outstanding for period exceeding six months from the date they become due for payment	66,79.47	24,05.17
Others	5,52,40.74	4,63,36.33
	<u>6,19,20.21</u>	<u>4,87,41.50</u>
2.17.1 Balances of Trade receivables including for Turnkey Contracts, Work-in-progress, Creditors and advances are subject to confirmation/reconciliation and adjustments in this respect are carried out as and when amounts thereof, if any are ascertained.		
2.18 CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Cash on hand	5.10	10.13
Balances with banks		
In current accounts	16,12.23	13,67.34
In Fixed Deposit accounts (including interest accrued thereon)	50,16.23	52,21.74
In dividend accounts	1,41.59	1,26.02
	<u>67,75.15</u>	<u>67,25.23</u>
Other balances with banks		
Margin money/Fixed deposits(having original maturity of more than 3 months)	88,71.77	1,22,41.73
	<u>1,56,46.92</u>	<u>1,89,66.96</u>
2.18.1 Fixed Deposits with Banks include Fixed Deposit of Rs. 4,96.70 lakhs (previous year Rs. 4,08.28 lakhs) lodged with Government Departments, Customers and Banks.		

Notes on Financial Statements

2.19 SHORT TERM LOANS AND ADVANCES

Amount Rs. in lakhs

Particulars	Ref. Note No.	As at March 31, 2012	As at March 31, 2011
UNSECURED, CONSIDERED GOOD			
Loans and advances to related parties		85,12.55	16,17.85
Other loans and advances			
Security Deposits	2.18.1	4,84.93	3,01.44
Inter corporate deposits		32,00.00	19,00.00
For supply of goods and rendering of services		40,08.17	20,31.27
Balance with Government authorities		55,42.44	41,93.06
MAT credit entitlement		7,00.21	—
Prepaid expenses		2,09.84	88.31
Others	2.19.1	12,13.77	2,58.08
		2,38,71.91	1,03,90.01
DOUBTFUL ADVANCES			
Loans and advances to related parties		7,00.00	7,00.00
Others		28.26	67.16
		7,28.26	7,67.16
Less : Provision for doubtful advances		7,28.26	7,67.16
		—	—
		2,38,71.91	1,03,90.01

2.19.1 Includes Rs. 9,97.93 lakhs (previous year Rs. nil) receivable from banks on account of derivative settlement.

2.19.2 Disclosure of Loans and Advances as per the requirement of clause 32 of the listing agreement with the stock exchanges in India.

	Amount Outstanding at the year end 2011-12 (Rs. in lakhs)	Maximum Amount Outstanding during the year 2011-12 (Rs. in lakhs)	Amount Outstanding at the year end 2010-11 (Rs. in lakhs)	Maximum Amount Outstanding during the year 2010-11 (Rs. in lakhs)
Loans and advances in the nature of loans to Subsidiaries and Associates :				
(a) Electrosteel Europe SA	81.07	81.07	57.20	18,70.94
(b) Electrosteel Algeria SPA	—	18,27.00	15,60.65	16,68.96
(c) Mahadev Vyapaar Private Limited	4,31.49	4,39.99	—	—
Loans and advances in the nature of loans to Employees where there is :				
(a) Repayment beyond seven years			—	—
(b) No interest or Interest below section 372A of the Companies Act, 1956 - To employees as per general rules of the Company.	53.49	54.26	53.00	53.00
Loans and advances in the nature of loans to Firms/Companies in which directors are interested				
Loans and advance in the nature of loans and loanee has invested in :	—	—	—	—
(a) Shares of Parent Company	—	—	—	—
(b) Shares of a Subsidiary (including sub/fellow subsidiary)	—	—	—	—

Notes on Financial Statements

		Amount Rs. in lakhs	
2.20 OTHER CURRENT ASSETS		As at	As at
Particulars	Ref. Note No.	March 31, 2012	March 31, 2011
Interest receivable		3,04.01	1,65.79
Incentive/Subsidy receivable		29,49.49	14,99.80
Export incentive receivable		52,66.87	34,66.91
Others		4,24.39	14.39
		<u>89,44.76</u>	<u>51,46.89</u>
2.21 REVENUE FROM OPERATIONS			
Particulars		For the year ended	For the year ended
		31.03.2012	31.03.2011
Sale of products	2.21.1	18,43,07.64	16,76,35.57
Sale of services (Turnkey contracts)		31,33.52	16,58.59
Other operating revenues			
Incentive on exports		59,46.52	34,22.92
Others		22,84.17	20,59.96
		<u>19,56,71.85</u>	<u>17,47,77.04</u>
Less : Excise duty		40,05.70	38,23.72
		<u>19,16,66.15</u>	<u>17,09,53.32</u>
2.21.1 Details of products sold			
Finished goods sold			
D.I. Spun pipes		13,00,41.91	12,50,82.90
C.I. Spun pipes		74,32.01	1,24,99.05
Others		4,01,18.06	2,15,25.86
		<u>17,75,91.98</u>	<u>15,91,07.81</u>
Traded goods sold			
Coke and Coal		32,50.65	59,22.80
D.I. Spun pipe		23,53.85	20,53.74
Others		11,11.16	5,51.22
		<u>67,15.66</u>	<u>85,27.76</u>
2.22 OTHER INCOME			
Interest income on			
Current investments		24,55.36	22,98.22
Interest on loans, deposits, overdue debts etc.		5,61.18	4,47.69
Dividend income			
Investment in subsidiaries		—	10.30
Current investments		46.63	91.60
Non current investments		2,90.42	2,90.30
Net gain or loss on sale / redemption of investments			
Current investments (net)		29,93.21	3,46.29
Non current investments		—	22.21
Net gain or loss on foreign currency transaction and translation		—	61,87.92
Provision no longer required written back		5,92.42	2,52.90
Miscellaneous Income	2.22.1	1,38.02	2,27.36
		<u>70,77.24</u>	<u>1,01,74.79</u>
2.22.1 Includes Rs. Nil (previous year Rs. 0.68 lakhs) for profit on sale of fixed assets (net).			

Notes on Financial Statements

		Amount Rs. in lakhs	
2.23 COST OF MATERIALS CONSUMED		For the year ended 31.03.2012	For the year ended 31.03.2011
Particulars	Ref. note no.		
Raw materials consumed	2.23.1	9,54,19.81	7,64,98.70
2.23.1 Details of materials consumed			
Iron ore		2,62,71.29	2,04,57.17
Coal		3,81,19.56	2,85,38.17
Others		3,10,28.96	2,75,03.36
		9,54,19.81	7,64,98.70
2.24 PURCHASES OF STOCK IN TRADE			
D.I. Pipes		20,64.18	17,14.61
Coke and coal		32,50.65	59,22.80
Others		44,18.84	33,28.54
		97,33.67	1,09,65.95
2.25 (INCREASE)/DECREASE IN INVENTORIES			
Closing Stock :			
Finished		1,22,06.75	1,19,90.02
Stock-in-trade		—	0.37
Process		34,54.15	27,63.05
Work in Progress		11,60.55	15,99.39
		1,68,21.45	1,63,52.83
Less : Opening stock			
Finished		1,19,90.02	99,34.81
Stock-in-trade		0.37	2,76.97
Process		27,63.05	16,25.72
Work in Progress		15,99.39	24,92.60
		1,63,52.83	1,43,30.10
		-4,68.62	-20,22.73
2.26 EMPLOYEE BENEFITS EXPENSE			
Salaries and wages		1,12,56.27	1,11,24.45
Contribution to provident and other funds		4,72.46	6,22.15
Staff welfare expenses		5,80.50	5,40.77
		1,23,09.23	1,22,87.37
2.27 FINANCE COSTS			
Interest expense		92,85.88	77,26.86
Net gain/loss on foreign currency transactions and translation		5,34.05	0.55
Other borrowing cost		2,44.86	1,32.86
		1,00,64.79	78,60.27

Notes on Financial Statements

		Amount Rs. in lakhs	
2.28 OTHER EXPENSES		For the year ended	For the year ended
Particulars	Ref. note no.	31.03.2012	31.03.2011
Consumption of stores and spare parts	2.28.2	1,16,60.68	1,10,07.60
Power and fuel		1,42,11.58	1,26,40.72
Rent	2.28.5	5,61.03	5,15.86
Repairs to buildings		1,27.95	1,22.17
Repairs to machinery		2,96.88	3,38.19
Insurance		2,37.37	2,84.57
Rates and taxes		5,18.16	9,94.95
Directors fees and commission		45.60	48.20
Packing and forwarding charges (net of realisation Rs. 31,00.25 lakhs (previous year Rs. 57,19.99 lakhs))		76,32.89	65,64.58
Commission to selling agents		40,95.93	65,45.71
Job charges		20,47.21	13,94.07
Excise duty on stock		1,91.76	3,43.95
Bad debts		29.19	38.09
Loss on sale of fixed assets (net)		14.70	—
Net loss on foreign currency translation		83,61.48	—
Provision for diminution in value of investments		50.56	173.01
Provision for losses on mark to market basis on derivative transactions	2.28.4	68,61.35	18.26
Miscellaneous expenses	2.28.1 & 2.28.3	70,55.60	75,78.62
		<u>6,39,99.92</u>	<u>4,86,08.55</u>
2.28.1 Miscellaneous expenses includes auditors remuneration.			
(a) Audit Fees		13.00	11.50
(b) Other services- Certificates, etc.		5.20	4.20
Management Services		—	10.50
2.28.2 Stores and spares consumption include pipe moulds written off		2,65.57	3,08.54
2.28.3 Miscellaneous expenses include Charity and Donation of Rs. 15.78 lakhs (previous year Rs. 63.97 lakhs), Rs. nil (previous year Rs. 3,00.00 lakhs) towards relocation of certain assets of Elavur unit.			
2.28.4 The Marked-to-Market losses on derivative contract for the year stood at Rs. 68,61.35 lakhs (previous year Rs. 18.26 lakhs). Even though such losses have not been determined and accrued during the year, keeping in view the announcement of Institute of Chartered Accountants of India dated March 29, 2008 regarding Accounting for Derivatives, the Company has recognized losses in the Statement of Profit and Loss for the year.			
2.28.5 The Company has certain operating lease arrangements for office accommodations etc. with tenure extending upto 9 yrs. Term of certain lease arrangements include escalation clause for rent on expiry of 36 months from the commencement date of such lease and deposit / refund of security deposit etc. Expenditure incurred on account of rent during the year and recognized in the Statement of Profit and Loss amounts to Rs. 5,61.03 lakhs (previous year Rs. 5,15.86 lakhs).			
2.28.6 During the year, the Company has incurred Rs. 91.44 lakhs (previous year Rs 83.26 lakhs) on account of research and development expenses which has been charged to Statement of Profit and Loss.			

Notes on Financial Statements

		Amount Rs. in lakhs	
2.29 TAX EXPENSES		For the year ended 31.03.2012	For the year ended 31.03.2011
Particulars	Ref. note no.		
Provision for current tax		—	63,13.44
Minimum Alternate Tax		10,48.56	—
Less : MAT Credit Entitlement	2.29.1	<u>700.21</u>	—
		3,48.35	—
		3,48.35	<u>63,13.44</u>

2.29.1 The Company has provided for Minimum Alternate Tax (MAT). The Company is entitled to MAT credit and accordingly based on evidences MAT credit of Rs. 7,00.21 lakhs (previous year Rs. Nil) has been recognised in this financial statements.

2.30 Employee Benefits

The disclosures required under Accounting Standard 15 on "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below :

Defined Contribution Scheme

Contribution to Defined Contribution Plan, recognized for the year are as under :

	For the year ended 31.03.2012	For the year ended 31.03.2011
Employer's Contribution to Provident Fund	2,57.54	2,26.47
Employer's Contribution to Pension Fund	1,07.90	99.65
Employer's Contribution to Superannuation Fund	67.70	66.16

Defined Benefit Scheme

The employee's gratuity fund scheme managed by Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Ltd. is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes 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.

a) **Change in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows :**

	Gratuity (Funded)				
	2011-12	2010-11	2009-10	2008-09	2007-08
Liability at the beginning of the year	11,80.69	10,64.79	8,85.88	7,82.44	6,76.49
Interest Cost	97.39	89.82	78.03	66.74	54.71
Current Service Cost	95.21	1,06.44	1,00.53	87.92	75.25
Actuarial (gain) / loss on obligations	-23.58	88.44	39.06	32.31	39.99
Benefits paid	-95.53	-1,68.80	-38.71	-83.53	-64.00
Liability at the end of the year	12,54.18	11,80.69	10,64.79	8,85.88	7,82.44

Notes on Financial Statements

NOTES ON ACCOUNTS (Contd.)

Amount Rs. in lakhs

		Gratuity (Funded)				
		2011-12	2010-11	2009-10	2008-09	2007-08
b)	Changes in the Fair Value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows :					
	Fair value of Plan Assets at the beginning of the year	6,72.05	7,04.89	5,85.66	5,49.44	4,95.76
	Expected Return on Plan Assets	56.44	55.08	51.63	45.40	39.20
	Contributions by the Company	1,08.43	81.52	73.35	81.75	68.32
	Benefits paid	-95.54	-1,68.80	-38.71	-83.53	-64.00
	Actuarial gain / (loss) on Plan Assets	-2.34	-0.63	32.96	-7.40	10.16
	Fair value of Plan Assets at the end of the year	7,39.04	6,72.05	7,04.89	5,85.66	5,49.44
	Total actuarial gain / (loss) to be recognised	21.24	89.07	6.10	39.71	29.83
c)	Actual return on Plan Asset :					
	Expected return on Plan assets	56.44	55.08	51.63	45.40	39.20
	Actuarial gain / (loss) on Plan Assets	-2.34	-0.63	32.96	-7.40	10.16
	Actual Return on Plan Assets	54.10	54.45	84.59	38.00	49.36
d)	Amount Recognized in Balance Sheet :					
	Liability at the end of the year	12,54.18	11,80.68	10,64.79	8,85.88	7,82.44
	Fair value of Plan Assets at the end of the year	7,39.04	6,72.05	7,04.89	5,85.66	5,49.44
		5,15.14	5,08.63	3,59.90	3,00.22	2,33.00
e)	Expenses Recognized in the Revenue Statement :					
	Current Service Cost	95.21	1,06.44	1,00.53	87.92	75.25
	Interest Cost	97.39	89.82	78.03	66.74	54.71
	Expected Return on Plan Assets	-56.44	-55.08	-51.63	-45.40	-39.20
	Net Actuarial (gain) / loss to be Recognized	-21.24	89.07	6.10	39.71	29.83
	Expenses Recognized in Statement of Profit and Loss	1,14.92	2,30.25	1,33.03	1,48.97	1,20.59
f)	Balance Sheet Reconciliation :					
	Opening Net Liability	5,08.63	3,59.90	3,00.22	2,33.00	1,80.73
	Expenses as above	1,14.92	2,30.25	1,33.03	1,48.97	1,20.59
	Employers Contribution	-1,08.43	-81.52	-73.35	-81.75	-68.32
	Amount Recognized in Balance Sheet	5,15.12	5,08.63	3,59.90	3,00.22	2,33.00

Notes on Financial Statements

NOTES ON ACCOUNTS (Contd.)

Amount Rs. in lakhs

Compensated Absences

The obligation for compensated absences is recognized in the same manner as gratuity. The actuarial liability of Compensated Absences (unfunded) of accumulated privileged and sick leaves of the employees of the Company as at 31.03.2012 is given below :

Particulars

Privileged Leave

Sick Leave

As at 31.03.2012	As at 31.03.2011
7,38.69	6,97.31
3,88.99	3,51.46

g) Principal Actuarial assumptions as at the Balance Sheet date :

Discount Rate

Rate of Return on Plan Assets

8.00%	8.00%
8.00%	8.00%

Notes :

- Assumptions relating to future salary increases, attrition, interest rate for discount & overall expected rate of return on Assets have been considered based on relevant economic factors such as inflation, market growth & other factors applicable to the period over which the obligation is expected to be settled.
- The Company expects to contribute Rs 1,30.00 lakhs (previous year Rs 1,00.00 lakhs) to Gratuity fund in 2012-13.

2.31 Calculation of Earning Per Share is as follows :

Particulars

Net profit/(loss) for basic earnings per share as per
Statement of Profit and Loss

(a) Adjustment for the purpose of diluted earnings per share
Exchange gain/(loss) on realignment of ZCCB and
conversion rate difference

Net profit for diluted earnings per share

(b) Weighted average number of equity shares for calculation of basic
and diluted earnings per share (Face value Re. 1/- per share)

i) Basic earnings per share

ii) Diluted earnings per share

(c) Weighted average number of equity shares outstanding

Add : Weighted average number of potential equity shares that
could arise on conversion of ZCCB warrants

d) Earnings per share :

a) Basic

b) Diluted

For the year ended 31.03.2012	For the year ended 31.03.2011
42,38.28	1,54,63.74
—	-34.14
42,38.28	1,54,29.60
32,67,52,705	32,67,52,705
32,67,52,705	34,83,59,176
32,67,52,705	32,67,52,705
—	2,16,06,471
1.30	4.73
1.30	4.43

Notes on Financial Statements

NOTES ON ACCOUNTS (Contd.)

Amount Rs. in lakhs

2.32 The expenses incurred for projects/assets during the construction/mine development period are classified as “Pre-operative Expenses” pending capitalization and are included under capital work in progress and will be allocated to the assets on completion of the project/assets. Consequently expenses disclosed under the respective head are net of amount classified as preoperative expenses by the Company. The details of these expenses are as follows :

Particulars	As at 31.03.2012	As at 31.03.2011
Preoperative expenses brought forward	1,52,83.86	1,19,09.68
Add : Relating to earlier years	48,41.81	—
Salaries and Wages	9,09.06	7,01.22
Contribution to Provident and Other Funds	31.89	26.47
Staff welfare expenses	2.49	5.26
Stores and Spares Consumption	76.59	86.93
Handling and Transportation	5.65	1.96
Power and Fuel	2,20.21	2,37.66
Repairs to machinery	0.25	0.32
Rent	19.45	17.45
Insurance	33.41	32.98
Miscellaneous Expenses	12,42.57	11,84.14
Interest Paid	22,44.20	15,63.51
Finance charges	28,76.68	2.20
Depreciation and amortisation expense	11,90.62	10,92.69
Excise duty on coal Stock	2,38.09	66.36
Loss on exchange fluctuation	65,92.20	—
Mark to market loss on derivatives	5,61.06	—
Total preoperative/development expenses	3,63,70.09	1,69,28.83
Less :		
Allocated/Transferred during the year to completed assets	15,54.52	60.34
Coal transferred for Captive Consumption [37119.440 mt (previous year 22304.220 mt)]	5,94.59	2,56.50
Stock of Coal [108218.060 mt (previous year 39503.580 mt)]	13,67.02	4,54.29
Interest on deposit is net of provision for current tax Rs. Nil (previous year Rs. 5,05.47 lakhs)	2,14.63	8,73.84
Total preoperative expenses carried forward pending allocation	3,26,39.33	1,52,83.86

Notes on Financial Statements

NOTES ON ACCOUNTS (Contd.)

Amount Rs. in lakhs

2.33 (a) Category wise outstanding derivatives contracts entered for hedging as on March 31, 2012 are as follows :-

Sl. No.	Category	Currency	2011-12	2011-12	2010-11	2010-11
			No. of Deals	Amount in Foreign Currency	No. of Deals	Amount in Foreign Currency
1	Sell Forward	USD/INR	66	14,41,70,366	35	9,45,88,325
2	Sell Forward	SGD/USD	8	18,39,851	9	25,77,986
3	Sell Forward	GBP/USD	11	63,44,523	10	62,03,268
4	Sell Forward	EURO/USD	18	2,00,00,000	38	3,66,66,545
5	Sell Forward	EURO/INR	15	2,23,04,015	—	—
6	Buy Forward	USD/EURO	1	26,83,250	—	—
7	Buy Forward	USD/INR	24	2,67,50,000	9	3,83,34,118
8	Option	EURO	0	—	3	1,00,00,000
9	Option	USD	5	1,00,00,000	5	2,10,00,000
10	Option	USD	2	1,60,00,000	2	1,60,00,000
11	Swap	USD	3	3,50,00,000	3	3,50,00,000

(b) Unhedged Foreign Currency exposures of the Company as on March 31, 2012 are as follows :-

Nature	Currency	2011-12	2010-11
		Amount in Foreign Currency	Amount in Foreign Currency
Payables			
Imports	USD	24,19,684	1,40,02,744
ZCCB* (include proportionate premium)	USD	—	37,75,740
ECB Payable (include accrued interest)	USD	13,91,98,169	7,04,91,548
Buyer's Credit /Acceptances (include accrued interest)	USD	4,03,57,436	6,46,56,157
Imports	EURO	1,70,063	2,49,595
Imports	GBP	7,576	7,576
Imports	AED	1,01,791	50,923
Imports	HKD	24,459	24,729
Imports	JPY	90,709	9,20,055
Imports	AUD	21,710	—
Receivables			
Exports	GBP	21,41,146	—
Exports	SGD	8,09,385	—
Others	USD	4,491	—
Others	AED	1,10,997	—

* ZCCB : Zero Coupon Convertible Bond

Notes on Financial Statements

NOTES ON ACCOUNTS (Contd.)

Amount Rs. in lakhs

2.34 As regards construction contracts in progress as on 31.03.2012, aggregate amount of costs incurred and recognised profit (less recognized losses) upto the year end (to the extent ascertained by the management), aggregate amount of advances received and aggregate amount of retentions are Rs. 1,79,61.59 lakhs, Rs. 5,96.34 lakhs and Rs. 10,10.09 lakhs respectively. (previous year Rs. 2,87,81.12 lakhs, Rs. 8,23.69 lakhs and Rs.7,90.41 lakhs respectively).

	2011-12		2010-11	
	in million	Rs. in lakhs	in million	Rs. in lakhs
2.35 (a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) :		33,00.28		89,34.18
(b) Other commitments				
i) Forward contract outstanding				
In USD	173.60	8,83,12.16	132.92	5,92,70.12
In EURO	42.3	2,87,14.19	36.67	2,31,65.77
In GBP	6.34	51,67.16	6.20	44,34.23
In SGD	1.84	7,44.46	2.58	9,12.10
2.36 Contingent Liabilities not provided for in respect of :				
a) Various show cause notices/demands issued/ raised, which in the opinion of the management are not tenable and are pending with various forum / authorities :				
i) Sales Tax		29,89.35		8,12.80
ii) Excise, Custom Duty and Service tax [net of provision of Rs. 5,00.00 lakhs (previous year Rs. 5,00.00 lakhs)]		98,47.05		68,51.18
b) Employees State Insurance Corporation has raised demand for contribution in respect of Gross Job Charges for the year 2001-02, 2003-04 and March'08 to January'10. In the opinion of the management demand is adhoc and arbitrary and is not sustainable legally.		98.76		96.11
c) Demand of Tamilnadu Electricity Board disputed by the Company.		8.20		8.20
d) During the year 1994 UPSEB had raised demand for electricity charges by revising the power tariff schedule applicable to the Company retrospectively from Feb'86. In the opinion of the management the revised power tariff is not applicable to the Company and accordingly the Company disputed the demand and the matter is pending before Hon'ble High Court at Allahabad.		2,61.74		2,61.74
e) Corporate guarantee issued to banks by the Company on behalf of :				
(i) Subsidiary Companies		24,32.62		14,15.22
(ii) Associate Company (loan drawn Rs. 1,38,00.00 lakhs)		2,50,00.00		—
f) Standby Letter of Credit issued by banks on behalf of the company in favour of :				
(i) Subsidiary Companies		3,25,95.99		2,08,10.53
g) Guarantees given by banks on behalf of the Company		1,60,31.09		1,85,33.31
h) Bills Discounted with Banks		32,47.28		88,94.72
i) The Company has disputed downward revision in the prices effected by the purchaser subsequent to sale of certain specified materials. In the opinion of the management and also on the merit of the case, as advised legally no liability is likely to arise. The matter is subjudice and pending final judgement the amount payable, if any is not ascertainable presently.				

Note : Future cash outflows, if any, in respect of (a) to (d), and (i) above is dependent upon the outcome of judgments / decisions.

Notes on Financial Statements

NOTES ON ACCOUNTS (Contd.)

2.37 Related party disclosure as identified by the management in accordance with the Accounting Standard (AS) 18 on "Related Party Disclosures" are as follows :

A) Names of related parties and description of relationship

- | | |
|---|---|
| 1) Subsidiary Company | Electrosteel Europe SA
Electrosteel Algeria SPA
Electrosteel Castings (UK) Limited
Electrosteel USA LLC
WaterFab, LLC (100% subsidiary of Electrosteel USA, LLC)
Mahadev Vyapaar Private Limited
Electrosteel Trading S.A, Spain
Singardo International Pte Ltd. |
| 2) Associate Company | Lanco Industries Ltd.
Electrosteel Steels Limited (Formerly Electrosteel Integrated Limited)
Electrosteel Thermal Power Ltd. |
| 3) Joint Venture | North Dhadhu Mining Company Pvt. Ltd.
Domco Private Limited |
| 4) (a) Key Management Personnel (KMP) | Mr. Umang Kejriwal (Managing Director)
Mr. Mayank Kejriwal (Joint Managing Director)
Mr. Uddhav Kejriwal (Wholetime Director)
Mr. Vyas Mitre Ralli (Wholetime Director)
Mr. Mahendra Kumar Jalan (Wholetime Director)
Mr. Rama Shankar Singh (Wholetime Director)
Mr. S Y Rajagopalan (Director) |
| 4) (b) Relatives of Key Management Personnel (KMP) | Smt. Uma Kejriwal-mother of Mr. Umang Kejriwal-Managing Director
Mr. S. Y Ganapathy - brother of Mr. S Y Rajagopalan, Director
Umang Kejriwal(H.U.F) |
| 5) Enterprise where KMP/Relatives of KMP have significant influence or control | Global Exports Ltd.
G. K. & Sons Private Limited
Badrinath Industries Ltd.
Akshay Ispat & Ferro Alloys Pvt. Ltd.
Electrocast Sales India Ltd
Tulsi Highrise Pvt. Ltd.
Wilcox Merchants Pvt. Ltd.
Murari Investment & Trading Company Ltd.
Electrosteel Thermal Coal Ltd. |

Notes on Financial Statements

B) Related Party Transaction

Amount Rs. in lakhs

	Subsidiary	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.12	Outstanding as on 31.03.11
Sale								
Electrosteel USA, LLC	9,37.59	—	—	—	—	9,37.59	9,78.31	—
Electrosteel Europe SA	2,76,96.58	—	—	—	—	2,76,96.58	1,72,31.69	—
Electrosteel Algeria SPA	73,04.89	—	—	—	—	73,04.89	10,69.59	—
Electrosteel Castings (UK) Limited	1,01,36.72	—	—	—	—	1,01,36.72	69,94.47	—
Singardo International Pte Ltd.	22,04.81	—	—	—	—	22,04.81	10,71.96	—
Electrosteel Steels Limited	—	54,74.17	—	—	—	54,74.17	54,35.14	—
Akshay Ispat & Ferro Alloys Pvt. Ltd.	—	—	—	—	—	—	4.61	—
Lanco Industries Ltd.	—	32,79.41	—	—	—	32,79.41	14.30	—
Total	4,82,80.59	87,53.58	—	—	—	5,70,34.17	3,28,00.07	—
Previous Year								
Electrosteel USA, LLC	4,43.77	—	—	—	—	4,43.77	—	3,37.80
Electrosteel Europe SA	2,09,21.43	—	—	—	—	2,09,21.43	—	1,42,71.15
Electrosteel Algeria SPA	1,10,46.93	—	—	—	—	1,10,46.93	—	35,05.75
Electrosteel Castings (UK) Limited	63,35.61	—	—	—	—	63,35.61	—	53,38.20
Singardo International Pte Ltd.	12,89.00	—	—	—	—	12,89.00	—	7,91.02
Electrosteel Steels Limited	—	17,10.12	—	—	—	17,10.12	—	2,52.93
Akshay Ispat & Ferro Alloys Pvt. Ltd.	—	—	—	—	—	—	—	4.61
Lanco Industries Ltd.	—	65,76.37	—	—	—	65,76.37	—	14,66.34
Purchase								
Electrosteel USA, LLC	—	—	—	—	—	—	—	—
Singardo International Pte Ltd.	1,08.34	—	—	—	—	1,08.34	—	—
Lanco Industries Ltd.	—	54,34.30	—	—	—	54,34.30	3,62.17	—
Akshay Ispat & Ferro Alloys Pvt. Ltd.	—	—	—	—	—	—	—	—
Electrosteel Steels Limited	—	3,85.68	—	—	—	3,85.68	24.55	—
Total	1,08.34	58,19.98	—	—	—	59,28.32	3,86.72	—
Previous Year								
Electrosteel USA, LLC	0.23	—	—	—	—	0.23	—	0.74
Singardo International Pte Ltd.	—	—	—	—	—	—	—	—
Lanco Industries Ltd.	—	81,69.83	—	—	—	81,69.83	—	80.90
Akshay Ispat & Ferro Alloys Pvt. Ltd.	—	—	—	—	—	—	—	—
Electrosteel Steels Limited	—	1,21.33	—	—	—	1,21.33	—	52.56
Job Charges Received								
Electrosteel Steels Limited	—	25,90.28	—	—	—	25,90.28	12,91.07	—
Lanco Industries Ltd.	—	—	—	—	—	—	—	—
Total	—	25,90.28	—	—	—	25,90.28	12,91.07	—
Previous Year								
Electrosteel Steels Limited	—	17,99.66	—	—	—	17,99.66	—	90.02
Lanco Industries Ltd.	—	—	—	—	—	—	—	—
Remuneration								
Mr. Umang Kejriwal (MD)	—	—	—	1,33.95	—	1,33.95	90.00	—
Mr. Mayank Kejriwal (JMD)	—	—	—	1,33.04	—	1,33.04	90.00	—
Mr. Uddhav Kejriwal (Wholetime Director)	—	—	—	1,28.15	—	1,28.15	65.00	—
Mr. Vyas Mitre Ralli (Wholetime Director)	—	—	—	1,15.27	—	1,15.27	—	—
Mr. Mahendra Kumar Jalan (Wholetime Director)	—	—	—	1,16.26	—	1,16.26	—	—
Mr. Rama Shankar Singh (Wholetime Director)	—	—	—	1,12.40	—	1,12.40	—	—
Others	—	—	—	26.34	—	26.34	—	—
Total	—	—	—	7,65.41	—	7,65.41	2,45.00	—
Previous Year								
Mr. Umang Kejriwal (MD)	—	—	—	244.76	—	244.76	—	2,00.00
Mr. Mayank Kejriwal (JMD)	—	—	—	242.41	—	242.41	—	2,00.00
Mr. Uddhav Kejriwal (Wholetime Director)	—	—	—	224.76	—	224.76	—	1,70.00
Mr. Vyas Mitre Ralli (Wholetime Director)	—	—	—	1,11.11	—	1,11.11	—	—
Mr. Mahendra Kumar Jalan (Wholetime Director)	—	—	—	1,10.59	—	1,10.59	—	—
Mr. Rama Shankar Singh (Wholetime Director)	—	—	—	1,06.07	—	1,06.07	—	—
Others	—	—	—	25.89	—	25.89	—	—
Rent Paid								
Global Exports Ltd.	—	—	—	—	15.00	15.00	—	—
Badrinath Industries Ltd.	—	—	—	—	15.00	15.00	—	—

Notes on Financial Statements

B) Related Party Transaction (Contd.)

Amount Rs. in lakhs

	Subsidiary	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.12	Outstanding as on 31.03.11
Mahadev Vyapaar Private Limited	9.45	—	—	—	—	9.45	8.51	—
Others	—	—	—	—	1,13.00	1,13.00	—	—
Total	9.45	—	—	—	1,43.00	1,52.45	8.51	—
Previous Year								
Global Exports Ltd.	—	—	—	—	15.00	15.00	—	—
Badrinath Industries Ltd.	—	—	—	—	15.00	15.00	—	—
Mahadev Vyapaar Private Limited	—	—	—	—	—	—	—	—
Others	—	—	—	—	1,04.43	1,04.43	—	—
Service Charges Paid								
Global Exports Ltd.	—	—	—	—	49.00	49.00	—	—
Previous Year								
Global Exports Ltd.	—	—	—	—	38.00	38.00	—	—
Loan								
Electrosteel Algeria SPA	—	—	—	—	—	—	—	—
Total	—	—	—	—	—	—	—	—
Previous Year								
Electrosteel Algeria SPA	—	—	—	—	—	—	—	15,60.65
Reimbursements								
Electrosteel USA, LLC	2,09.92	—	—	—	—	2,09.92	—	—
Electrosteel Castings (UK) Limited	21.16	—	—	—	—	21.16	—	—
Electrosteel Europe SA	81.07	—	—	—	—	81.07	81.07	—
Singardo International Pte Ltd.	3.86	—	—	—	—	3.86	—	—
Lanco Industries Ltd.	—	13.38	—	—	—	13.38	0.44	—
Total	3,16.01	13.38	—	—	—	3,29.39	81.51	—
Previous Year								
Electrosteel USA, LLC	1,68.53	—	—	—	—	1,68.53	—	—
Electrosteel Castings (UK) Limited	12.21	—	—	—	—	12.21	—	—
Electrosteel Europe SA	57.20	—	—	—	—	57.20	—	57.20
Singardo International Pte Ltd.	2.87	—	—	—	—	2.87	—	—
Lanco Industries Ltd.	—	—	—	—	—	—	—	—
Share Application Money Paid								
Electrosteel Steels Limited	—	—	—	—	—	—	—	—
North Dhadhu Mining Company Pvt. Ltd.	—	—	1,73.61	—	—	1,73.61	234.60	—
Total	—	—	1,73.61	—	—	1,73.61	234.60	—
Previous Year								
Electrosteel Steels Limited	—	—	—	—	—	—	—	—
North Dhadhu Mining Company Pvt. Ltd.	—	—	36.74	—	—	36.74	—	60.99
Corporate Guarantee and Standby Letter of Credit								
Electrosteel Europe SA	—	—	—	—	—	—	48,19.18	—
Electrosteel Algeria SPA	1,01,74.00	—	—	—	—	1,01,74.00	2,59,43.70	—
Electrosteel Castings (UK) Limited	—	—	—	—	—	—	28,50.50	—
Singardo International Pte Ltd.	—	—	—	—	—	—	14,15.22	—
Electrosteel Steels Limited	—	2,50,00.00	—	—	—	2,50,00.00	2,50,00.00	—
Total	1,01,74.00	2,50,00.00	—	—	—	3,51,74.00	6,00,28.60	—
Previous Year								
Electrosteel Europe SA	—	—	—	—	—	—	—	44,85.75
Electrosteel Algeria SPA	93,63.90	—	—	—	—	93,63.90	—	1,38,22.90
Electrosteel Castings (UK) Limited	25,01.88	—	—	—	—	25,01.88	—	2,501.88
Singardo International Pte Ltd.	—	—	—	—	—	—	—	14,15.22
Bank Guarantee								
North Dhadhu Mining Company Pvt. Ltd.	—	—	—	—	—	—	27,45.47	—
Total	—	—	—	—	—	—	27,45.47	—
Previous Year								
North Dhadhu Mining Company Pvt. Ltd.	—	—	—	—	—	—	—	27,45.47
Investment								
Electrosteel USA, LLC	44.40	—	—	—	—	44.40	11,48.54	—
Electrosteel Europe SA	—	—	—	—	—	—	23,23.41	—
Electrosteel Algeria SPA	—	—	—	—	—	—	5,20.33	—
Electrosteel Castings (UK) Limited	—	—	—	—	—	—	10,59.26	—
Electrosteel Trading S.A, Spain	45.10	—	—	—	—	45.10	45.10	—

Notes on Financial Statements

B) Related Party Transaction (Contd.)

Amount Rs. in lakhs

	Subsidiary	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.12	Outstanding as on 31.03.11
Mahadev Vyapaar Private Limited	12,03.00	—	—	—	—	12,03.00	12,03.00	—
Singardo International Pte Ltd.	—	—	—	—	—	—	4,39.89	—
Lanco Industries Ltd.	—	—	—	—	—	—	63,33.53	—
Electrosteel Steels Limited	—	4,09.17	—	—	—	4,09.17	7,28,97.65	—
North Dhadhu Mining Company Pvt. Ltd.	—	—	—	—	—	—	5,88.00	—
Domco Private Limited	—	—	—	—	—	—	30.00	—
Electrosteel Thermal Power Ltd.	—	—	—	—	—	—	1.50	—
Total	12,92.50	4,09.17	—	—	—	17,01.67	8,65,90.21	—
Previous Year								
Electrosteel USA, LLC	7,25.46	—	—	—	—	7,25.46	—	11,04.15
Electrosteel Europe SA	18,70.04	—	—	—	—	18,70.04	—	23,23.41
Electrosteel Algeria SPA	—	—	—	—	—	—	—	5,20.33
Electrosteel Castings (UK) Limited	7,03.80	—	—	—	—	7,03.80	—	10,59.26
Electrosteel Trading S.A, Spain	—	—	—	—	—	—	—	—
Mahadev Vyapaar Private Limited	—	—	—	—	—	—	—	—
Singardo International Pte Ltd.	—	—	—	—	—	—	—	4,39.89
Lanco Industries Ltd.	—	—	—	—	—	—	—	63,33.53
Electrosteel Steels Limited	—	24,88.47	—	—	—	24,88.47	—	7,24,88.47
North Dhadhu Mining Company Pvt. Ltd.	—	—	—	—	—	—	—	5,88.00
Domco Private Limited	—	—	—	—	—	—	—	30.00
Electrosteel Thermal Power Ltd.	—	—	—	—	—	—	—	1.50
Commission								
Electrosteel Europe SA	49.60	—	—	—	—	49.60	41.61	—
Electrosteel Algeria SPA	54.18	—	—	—	—	54.18	8.73	—
Electrosteel USA, LLC	8.04	—	—	—	—	8.04	—	—
Singardo International Pte Ltd.	20.70	—	—	—	—	20.70	—	—
Total	1,32.52	—	—	—	—	1,32.52	50.34	—
Previous Year								
Electrosteel Europe SA	34.89	—	—	—	—	34.89	—	18.48
Electrosteel Algeria SPA	—	—	—	—	—	—	—	—
Electrosteel USA, LLC	—	—	—	—	—	—	—	—
Singardo International Pte Ltd.	—	—	—	—	—	—	—	—
Security Deposits								
Lanco Industries Ltd.	—	—	—	—	—	—	40,57.00	—
Electrosteel Thermal Coal Ltd.	—	—	—	—	4.68	4.68	1,89.68	—
Others	—	—	—	—	—	—	—	—
Total	—	—	—	—	4.68	4.68	42,46.68	—
Previous Year								
Lanco Industries Ltd.	—	—	—	—	—	—	—	40,81.00
Electrosteel Thermal Coal Ltd.	—	—	—	—	—	—	—	1,85.00
Others	—	—	—	—	—	—	—	—
Dividend Received								
Singardo International Pte Ltd.	—	—	—	—	—	—	—	—
Lanco Industries Ltd.	—	2,89.52	—	—	—	2,89.52	—	—
Total	—	2,89.52	—	—	—	2,89.52	—	—
Previous Year								
Lanco Industries Ltd.	—	2,89.52	—	—	—	2,89.52	—	—
Singardo International Pte Ltd.	10.30	—	—	—	—	10.30	—	—
Rent Receipts								
Electrosteel Steels Limited	—	1,01.70	—	—	—	1,01.70	—	—
Murari Investment & Trading Company Ltd.	—	—	—	—	—	—	—	—
G. K. & Sons Private Limited	—	—	—	—	3.60	3.60	0.90	—
Electrocast Sales India Ltd.	—	—	—	—	3.60	3.60	0.90	—

Notes on Financial Statements

B) Related Party Transaction (Contd.)

Amount Rs. in lakhs

	Subsidiary	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.12	Outstanding as on 31.03.11
Lanco Industries Ltd.	—	0.36	—	—	—	0.36	0.36	—
Total	—	1,02.06	—	—	7.20	1,09.26	2.16	—
Previous Year								
Electrosteel Steels Limited	—	85.29	—	—	—	85.29	—	—
Murari Investment & Trading Company Ltd.	—	—	—	—	4.05	4.05	—	—
G. K. & Sons Private Limited	—	—	—	—	0.90	0.90	—	0.60
Electrocast Sales India Ltd.	—	—	—	—	0.90	0.90	—	0.60
Lanco Industries Ltd.	—	0.36	—	—	—	0.36	—	—
Service Charges Received								
Electrosteel Steels Limited	—	39.81	—	—	—	39.81	31.46	—
Total	—	39.81	—	—	—	39.81	31.46	—
Previous Year								
Electrosteel Steels Limited	—	11.40	—	—	—	11.40	—	0.92
Sale of DEPB								
Electrosteel Steels Limited	—	45.56	—	—	—	45.56	5.02	—
Total	—	45.56	—	—	—	45.56	5.02	—
Previous Year								
Electrosteel Steels Limited	—	11.25	—	—	—	11.25	—	—
Advances Given								
Electrosteel Steels Limited	—	80,00.00	—	—	—	80,00.00	80,00.00	—
Lanco Industries Ltd.	—	—	—	—	—	—	—	—
Mahadev Vyapaar Private Limited	4,39.99	—	—	—	—	4,39.99	4,39.99	—
Total	4,39.99	80,00.00	—	—	—	84,39.99	84,39.99	—
Previous Year								
Electrosteel Steels Limited	—	—	—	—	—	—	—	—
Lanco Industries Ltd.	—	53.73	—	—	—	53.73	—	53.73
Mahadev Vyapaar Private Limited	—	—	—	—	—	—	—	—

2.37.1 The Company has given Corporate Guarantee amounting to Rs. 2,50,00.00 lakhs on behalf of Electrosteel Steels Limited. Out of the aforesaid amount, Electrosteel Steels Limited has drawn Rs. 1,38,00.00 lakhs.

2.38 The company operates mainly in one business segment viz Pipes being primary segment and all other activities revolve around the main activity. The secondary segment is geographical, information related to which is given as under :

(Rs. in lakhs)

Particulars	2011-12			2010-11		
	Within India	Outside India	Total	Within India	Outside India	Total
Sales (gross)	1,05,171.82	8,22,69.34	18,74,41.16	11,26,60.86	5,66,33.30	16,92,94.16
Trade receivables and other assets	37,24,83.16	3,46,51.82	40,71,34.98	35,16,61.55	2,75,93.09	37,92,54.64

2.39 C.I.F. value of imports

	2011-12	2010-11
(a) Raw Materials	4,40,06.84	4,33,88.79
(b) Stores	29,42.58	23,04.54
(c) Capital Goods	40,33.52	16,94.51

Notes on Financial Statements

NOTES ON ACCOUNTS (Contd.)

2.40 Expenditure in Foreign Currency

Amount Rs. in lakhs

	2011-12	2010-11
(a) Travelling Expenses	2,31.34	1,08.43
(b) Journals & Periodicals	3.78	3.37
(c) Technical/Consultancy Fees	5,22.47	2,25.37
(d) Interest Paid	33,76.85	5,89.98
(e) Commission	15,11.78	5,86.98
(f) Others	87,79.06	49,22.66
(g) Payment of Dividend on Equity Shares in foreign currency		
- No. of Non-Resident holders	2	2
- No. of shares held	27480414	27480414
- Dividend	3,43.51	3,43.51

2.41 Value of Imported & Indigenous Raw Materials, Stores and Spare Parts Consumed :

	2011-12		2010-11	
	Amount Rs. in lakhs	%	Amount Rs. in lakhs	%
Raw materials				
Imported	4,22,50.00	44%	3,02,40.62	40%
Indigenous	5,31,69.81	56%	4,62,58.08	60%
	9,54,19.81	100%	7,64,98.70	100%
Stores and spare parts				
Imported	29,59.08	25%	26,72.45	24%
Indigenous	87,01.60	75%	83,35.15	76%
	1,16,60.68	100%	1,10,07.60	100%

2.42 Earnings in Foreign Exchange

	2011-12	2010-11
(a) FOB Value of Exports	7,52,39.89	5,72,40.97
(b) Others	—	11,36.90

2.43 The Ministry of Corporate Affairs (MCA) has issued the amendment dated 29th December 2011 to AS-11. The effect of changes in foreign exchange rates, to allow companies deferral / capitalisation of exchange differences arising on long term foreign currency monetary items. In accordance with the amendment to AS-11, the Company has capitalised / decapitalised exchange loss/gain respectively arising on long term foreign currency loans, amounting to Rs. 69,51.67 lakhs (previous year Rs. Nil) to Capital work in progress and Fixed assets. The Company does not have any other long term foreign currency monetary items. Hence, the amount of exchange loss deferred in the "Foreign Currency Monetary Item Translation Difference Account" is Rs. Nil (previous year Rs. Nil).

2.44 Till the year ended March 31, 2011, the company was using pre-revised Schedule VI to the Companies Act 1956, for the preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification.

As per our report of even date.

For Lodha & Co.
Chartered Accountants

H. K. Verma
Partner
Kolkata
May 28, 2012

For and on behalf of the Board

Chairman P. K. Khaitan
Managing Director U. Kejriwal
Company Secretary Jyoti Jain

Section 212

Statement pursuant to section 212 of the Companies Act, 1956 relating to Subsidiary Companies

	Electrosteel Castings (UK) Limited	Singardo International Pte. Limited	Electrosteel Europe S.A.	Electrosteel Algeria SPA	Electrosteel USA, LLC	Electrosteel Trading S.A. Spain	Mahadev Vyapaar Private Limited
1. Financial Year of Subsidiary	Twelve months ended 31st March 2012	Twelve months ended 31st March 2012	Twelve months ended 31st March 2012	Twelve months ended 31st March 2012	Twelve months ended 31st March 2012	Twelve months ended 31st March 2012	Twelve months ended 31st March 2012
2. Holding Company's Interest : Fully paid up equity shares : Face value of each :	£1	\$S1	€10	DZD 1,000	\$1	€1	Rs. 10
(a) Number of shares	11,00,000	15,00,000	3,80,000	82,500	*	65,000	10,000
(b) Extent of Holding	100%	46.15%	100%	100%	100%	100%	100%
3. Net aggregate amount of profit/(Loss) of the Subsidiary, so far as they concern members of the Holding Company.	GBP	\$S	EURO	Algerian Dinars	\$	EURO	Rs.
(a) Dealt with in the accounts of Holding Company							
(i) For the said financial year of the Subsidiary	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(ii) For the previous financial years of the Subsidiary since it became the Holding Company's Subsidiary.	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) Not dealt with in the Accounts of Holding Company							
(i) For the said financial year of the Subsidiary	2,28,852	2,75,890	7,09,763	-7,11,68,072	-3,64,214	Nil	-3,07,086
(ii) For the previous financial years of the Subsidiary since it became the Holding Company's Subsidiary	-3,99,802	40,185	3,10,088	2,41,09,268	-6,67,743	Nil	Nil
4. Material changes, if any, between the end of the financial year of the subsidiary company and that of the Holding Company.	NA	NA	NA	NA	NA	NA	NA

Notes :

- * Towards 100% Capital Contribution.

Kolkata
May 28, 2012

For and on behalf of the Board

Chairman

P. K. Khaitan

Managing Director

U. Kejriwal

Company Secretary

Jyoti Jain

Auditors' Report

TO THE BOARD OF DIRECTORS OF ELECTROSTEEL CASTINGS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ELECTROSTEEL CASTINGS LIMITED, ITS SUBSIDIARIES, JOINT VENTURE AND ASSOCIATES.

- 1 We have audited the attached Consolidated Balance Sheet of Electrosteel Castings Limited (the Company), its subsidiaries, joint ventures and associates as at 31st March 2012 and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Consolidated 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 prepared, in all material respect, in accordance with an identified financial reporting framework and are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall Financial Statement Presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.
- 3 We did not audit the financial statements of any of the subsidiary companies whose financial statements reflect total assets of Rs. 59,625.46 Lakhs as at 31st March 2012, total revenue of Rs 68,131.88 Lakhs and Net cash flows of Rs. 96.84 Lakhs for the year ended as on that date. Except in case of Electrosteel Trading SA, the financial statements of these subsidiaries were audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors.
- 4 We did not audit the financial statements of associates of the Company, which were audited by the other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of such associates, is based solely on the reports of the other auditors.
- 5 We did not audit the financial statements of North Dhadhu Mining Company Pvt Limited, a jointly controlled entity whose financial statements reflect the Company's proportionate share of total assets of Rs. 781.53 Lakhs as at 31st March 2012, total revenue of Rs. NIL and net cash flows of Rs.4.25 Lakhs for the year ended as on that date. The financial statements of the said jointly controlled entity was not audited by their auditors and our opinion, in so far as it relates to the amounts included in respect of the said jointly controlled entity, is based solely on the management accounts.

- 6 As stated in Note No.2.41 to the Consolidated Financial Statements, the financial Statements of following subsidiary and joint venture i.e. Electrosteel Trading SA and North Dhadhu Mining Company Pvt Limited respectively for the year ended 31st March,2012 as compiled for consolidation purposes, have been prepared by the management, and have not been subjected to audits by their auditors. The financial statements of the subsidiary and joint venture reflects total assets of Rs. 491.87 Lakhs and Rs. 781.53 Lakhs respectively as at March 2012, total revenue of Rs. 9.45 Lakhs and Rs. Nil respectively and net cash flow of Rs. 31.85 Lakhs and Rs. 4.25 Lakhs respectively for the year ended as on that date.
- 7 We report that :
 - i) the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS)-21 on "Consolidated Financial Statements",AS-23 on "Accounting for Investments in Associates in Consolidated Financial Statement" and AS-27 on "Financial Reporting of Interests In Joint Ventures", on the basis of the individual financial statements of Electrosteel Castings Limited, its subsidiary companies, associates and joint venture included in the aforesaid consolidation and,
 - ii) in our opinion, based on our audit and the report of other auditors on separate financial statements, the Consolidated Financial Statements referred to above subject to Para 6 above and read together with the notes on the consolidated financial statements give a true and fair view of the financial position of Electrosteel Castings Limited, its subsidiary companies, associates and joint venture as at 31st March, 2012 and of the results of their operations for the year then ended in conformity with generally accepted accounting principles in India :
 - a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs as at 31st March, 2012;
 - b) In the case of the Consolidated Statement of Profit and Loss, of the consolidated results of operations for the year ended on that date, and
 - c) In the case of Consolidated Cash Flow Statement, of the Cash Flows for the year ended on that date.

For Lodha & Co.
Chartered Accountants
ICAI Regn. No. : 301051E

Place: Kolkata
Date : 28th May, 2012

14, Government Place East
Kolkata- 700 069

H. K. Verma
Partner
Membership No : 55104

Consolidated Balance Sheet as at March 31, 2012

Amount Rs. in lakhs

Particulars	Note No.	As at 31.03.2012	As at 31.03.2011
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2.1	32,67.53	32,67.53
Reserves and Surplus	2.2	16,62,80.69	17,13,97.05
		16,95,48.22	17,46,64.58
Minority Interest		10,65.50	5,17.37
NON-CURRENT LIABILITIES			
Long-term borrowings	2.3	8,65,70.65	7,85,39.09
Deferred tax liabilities (Net)	2.4	20,65.63	43,92.10
Other Long term liabilities	2.5	4,14.06	4,32.56
Long-term provisions	2.6	10,17.87	9,30.12
		9,00,68.21	8,42,93.87
CURRENT LIABILITIES			
Short-term borrowings	2.7	6,93,35.95	6,07,96.69
Trade payables	2.8	3,95,19.80	3,84,00.15
Other current liabilities	2.9	5,19,96.57	3,42,71.89
Short-term provisions	2.10	1,14,65.23	1,39,04.00
		17,23,17.55	14,73,72.73
TOTAL		43,29,99.48	40,68,48.55
ASSETS			
NON-CURRENT ASSETS			
Goodwill		14,30.49	2,26.81
Fixed assets			
Tangible assets	2.11	5,83,91.08	5,47,85.02
Intangible assets	2.11	2,78.79	3,12.43
Capital work-in-progress	2.11	6,64,23.84	4,38,20.69
		12,50,93.71	9,89,18.14
Non-current investments	2.12	8,20,83.70	8,74,24.59
Long-term loans and advances	2.14	75,08.72	72,28.06
Other non-current assets	2.15	11,16.35	1,16.78
		21,72,32.97	19,39,14.38
CURRENT ASSETS			
Current investments	2.13	2,53,06.85	5,50,80.30
Inventories	2.16	7,95,61.22	7,03,57.85
Trade receivables	2.17	5,75,47.29	4,78,92.13
Cash and bank balances	2.18	1,69,41.88	2,04,78.56
Short-term loans and advances	2.19	2,74,22.50	1,39,47.54
Other current assets	2.20	89,86.77	51,77.79
		21,57,66.51	21,29,34.17
TOTAL		43,29,99.48	40,68,48.55
Summary of significant accounting policies	1		
Notes on consolidated financial statements	2.1 - 2.45		

The notes are an integral part of the consolidated financial statements

As per our report of even date.

For Lodha & Co.

Chartered Accountants

H. K. Verma

Partner

Kolkata

May 28, 2012

For and on behalf of the Board

Chairman

P. K. Khaitan

Managing Director

U. Kejriwal

Company Secretary

Jyoti Jain

Consolidated Statement of Profit & Loss for the year ended March 31, 2012

Amount Rs. in lakhs

Particulars	Note No.	For the year ended 31.03.2012	For the year ended 31.03.2011
Revenue from operations	2.21	21,01,74.73	18,70,65.83
Other income	2.22	74,16.83	95,36.95
Total Revenue		21,75,91.56	19,66,02.78
Expenses			
Cost of materials consumed	2.23	9,54,19.81	7,64,98.70
Purchases of Stock-in-Trade	2.24	2,00,61.56	1,94,36.42
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	2.25	-63,57.26	-64,82.71
Employee benefits expense	2.26	1,58,98.57	1,49,23.79
Finance costs	2.27	1,10,80.33	86,02.45
Depreciation and amortization expense	2.11	56,57.63	55,88.12
Other expenses	2.28	7,46,83.51	5,56,99.25
Total expenses		21,64,44.15	17,42,66.02
Profit before tax		11,47.41	2,23,36.76
Tax expense :			
Current tax	2.29	6,20.95	64,04.86
Deferred tax	2.4	-23,26.47	-2,95.00
Profit/(Loss) for the period		28,52.93	1,62,26.90
Add : Share of Profit/(loss) in Associates		-54,36.17	18,00.21
Add/(Less) : Share of Unrealised Profit		19.40	-38.20
Net Profit/(Loss) before Minority Interest		-25,63.84	1,79,88.91
Minority Interest		1,33.84	30.64
Net Profit/(Loss) for the period		-26,97.68	1,79,58.27
Earnings per equity share :	2.31		
Equity share of par value of Re 1/- each			
Basic		-0.83	5.50
Diluted		-0.83	5.16
Number of shares used in computing earning per share			
Basic		32,67,52,705	32,67,52,705
Diluted		32,67,52,705	34,83,59,176
Summary of significant accounting policies	1		
Notes on consolidated financial statements	2.1 - 2.45		

The notes are an integral part of the consolidated financial statements
As per our report of even date.

For Lodha & Co.
Chartered Accountants

H. K. Verma
Partner
Kolkata
May 28, 2012

For and on behalf of the Board

Chairman P. K. Khaitan
Managing Director U. Kejriwal
Company Secretary Jyoti Jain

Consolidated Cash Flow Statement for the year ended March 31, 2012

	(Rs. in lakhs)			
	Year ended March 31 2012	Year ended March 31 2012	Year ended March 31 2011	Year ended March 31 2011
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Taxes		11,47.41		2,23,36.76
Add : Depreciation/Amortisation	56,57.63		55,88.12	
Foreign Exchange (gain)/loss	9,91.10		-10,90.51	
Bad Debts & Pipe rectification LD charges	2,17.71		1,67.66	
Pipe mould written off	2,65.57		3,08.54	
Provision for others	-26,64.13		6,32.62	
Provision for losses on mark to market basis on derivative transactions	68,61.42		18.96	
Interest	1,10,80.33	2,24,09.63	86,02.45	1,42,27.84
		2,35,57.04		3,65,64.60
Less : Interest Received	30,23.76		4,48.17	
Income from Investments	30,30.43		27,69.41	
Provisions / Liabilities no longer required written back	6,21.14		3,92.18	
Profit/(Loss) on sale /discard of Fixed Assets (Net)	-18.39	66,56.94	8.48	36,18.24
Operating Profit before Working Capital changes		1,69,00.10		3,29,46.36
Less : Increase/(Decrease) in Inventories	91,92.92		2,07,85.44	
Increase/(Decrease) in Trade Receivables	4,69,61.44		-37,41.50	
Increase/(Decrease) in Loans & Advances	1,46,46.08		12,09.12	
(Increase)/Decrease in Trade Payables	-3,08,95.92	3,99,04.52	-82,60.42	99,92.64
Cash generation from Operations		-2,30,04.42		2,29,53.72
Less : Direct Taxes paid		24,93.29		59,11.84
Net cash flow from Operating activities		-2,54,97.71		1,70,41.88
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets/movements in Capital work in progress	-2,49,08.13		-1,23,09.66	
Share Application money paid	-34.65		-36.74	
Fixed Assets sold/discarded	11.36		3,91.92	
(Purchase)/Sale of Investment (net)	3,33,23.97		-2,56,80.25	
Investment in associate and joint venture	-16,12.18		-57,88.14	
Interest Received	28,63.17		26,28.85	
Other bank balance : deposits within 3 to 12 months maturity	33,69.96		-38,34.38	
Dividend received	3,37.06	1,33,50.56	3,92.22	-4,42,36.18
Net Cash flow from Investing activities		1,33,50.56		-4,42,36.18
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital	4,14.28		—	
Proceeds/(Repayments) from borrowings (net)	3,93,92.98		2,76,43.05	
(Repayment) of ZCCB including redemption premium and withholding tax	-1,28,16.51		—	
Proceeds from share application money	—		34.29	
	2,69,90.75		2,76,77.34	
Interest Paid	-1,02,67.12		-89,40.95	
Dividend paid	-40,68.84		-40,78.46	
Tax on Dividend	-6,62.59	1,19,92.20	-6,78.37	1,39,79.56
Net cash flow from Financing activities		1,19,92.20		1,39,79.56
Cash and Cash equivalents (A+B+C)		-1,54.95		-1,32,14.74
Cash and Cash equivalents as at 1st April		82,36.83		2,14,52.81
Add / (Less) : Unrealised exchange gain / (loss) on Bank balances, ECB Proceeds (net)		-11.77		-1.24
Cash and Cash equivalents as at 31st March (Refer note 2.18)		80,70.11		82,36.83
Note : 1) Cash and Cash equivalents represents cash in hand and deposits/balances with Banks		80,70.11		82,36.83
2) The Cash flow statement has been prepared under indirect method as per Accounting Standard 3 on Cash Flow Statement				

As per our report of even date.

For Lodha & Co.
Chartered Accounts

H. K. Verma
Partner
Kolkata
May 28, 2012

For and on behalf of the Board

Chairman P. K. Khaitan
Managing Director U. Kejriwal
Company Secretary Jyoti Jain

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 1.1 The Consolidated Financial Statements have been prepared in accordance with the Accounting Standard (AS) - 21 on "Consolidated Financial Statements", AS - 23 on "Accounting for Investments in Associates in Consolidated Financial Statements" and AS - 27 on "Financial Reporting of Interest in Joint Ventures" notified vide Companies (Accounting Standards) Rules, 2006.
- 1.2 The Consolidated Financial Statements relate to Electrosteel Castings Limited (the Company), its subsidiaries, joint venture and associate (Group). The details are as given below :

Name of the subsidiaries	Country of Incorporation	Proportion of ownership interest
Electrosteel Europe SA	France	100%
Electrosteel Algeria SPA	Algeria	100%
Electrosteel Castings (UK) Limited	United Kingdom	100%
Electrosteel USA, LLC	USA	100%
WaterFab LLC (acquired 100% share capital through wholly owned subsidiary Electrosteel USA, LLC)	USA	100%
Electrosteel Trading S.A, Spain*	Spain	100%
Mahadev Vyapaar Private Limited**	India	100%
Singardo International Pte Limited	Singapore	46.15%
Name of the Associate Companies	Country of Incorporation	Proportion of ownership interest
Lanco Industries Limited	India	48.54%
Electrosteel Steels Limited	India	34.80%
Electrosteel Thermal Power Limited	India	30.00%
Name of the Joint Venture Companies	Country of Incorporation	Proportion of ownership interest
Domco Private Limited	India	50.00%
North Dhadhu Mining Company Pvt Ltd	India	48.98%

* Incorporated during the year ** Acquired during the year

1.3 CONSOLIDATION PROCEDURE :

- The financial statements of the parent Company and its subsidiaries have been prepared based on a line-by-line consolidation by adding together the book value of like items of assets and liabilities, revenue and expenses as per the respective financial statements. Intra group balances, intra group transactions and the unrealised profits on stocks arising out of intra group transaction have been eliminated.
- For the purpose of consolidation of these accounts, Singardo International Pte Limited, a joint venture of the Company, has been consolidated as a subsidiary of the Company in terms of AS-21 read with AS-27 as aforesaid.
- As far as possible, the consolidated financial statements are prepared using uniform accounting policies for similar material transactions and other events in similar circumstances otherwise as stated elsewhere.
- The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the consolidated financial statements as Goodwill or Capital reserve as the case may be.
- Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the revenue of the Group in order to arrive at the net revenue attributable to the shareholders of the Company. The excess of loss over the minority interest in the equity is adjusted in majority interest.
- Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders.
- In terms of AS - 11 on "The Effects of Changes in Foreign Exchange Rates", foreign subsidiaries of the Company are integral to the operations of the Company. Financial statements of these subsidiaries have been translated at following exchange rates :
 - Revenue and expenses : At the average exchange rates during the year.
 - Fixed Assets and Investment : At Average exchange rates in the year of purchase.
 - All other assets and liabilities : Closing rates prevailing at the year end.
 Any exchange difference arising on consolidation is recognised in the statement of profit and loss.
- Investments in Associates are accounted in accordance with AS-23 on "Accounting for Investments in Associates in Consolidated Financial Statements", under "equity method". Unrealised profit/loss are eliminated other than in respect of transactions pertaining to non depreciable assets.
- The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the consolidated financial statements as Goodwill or Capital reserve as the case may be.
- The group's interest in the jointly controlled entity is accounted using proportionate consolidation.

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

1.4 Investments other than in subsidiaries, joint ventures and associates have been accounted as per AS-13 on "Accounting for Investments".

1.5 OTHER SIGNIFICANT ACCOUNTING POLICIES :

1.5.1 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared under the historical cost convention in accordance with the provisions of the Companies Act, 1956 and accounting standards notified vide Companies (Accounting Standards) Rules, 2006. Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

1.5.2 USE OF ESTIMATES

The preparation of consolidated financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as at the Balance Sheet date and the reported amounts of revenue and expenses during the year.

Contingencies are recorded when it is probable that a liability will be incurred and the amounts can reasonably be estimated. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized.

1.5.3 FIXED ASSETS, DEPRECIATION AND AMORTIZATION

1) Tangible Assets

(i) Gross Block :

Fixed Assets are stated at cost of acquisition and subsequent improvements thereto. Cost of acquisition includes taxes, duties (net of cenvat availed), inward freight, installation expenses and adjustment for exchange differences wherever applicable. For major projects, interest and other costs incurred on / related to direct borrowings to finance fixed assets during construction period and pre-operative expenses, if appropriate, are capitalized. Expenditure on Blast Furnace/Coke Oven Battery Relining is capitalized.

(ii) Depreciation and Amortisation :

[A] In case of the Company :

(a) Depreciation on Fixed Assets, except where otherwise stated, is provided as per Schedule XIV of the Companies Act, 1956 on straight line method in respect of Plant and Equipment of Ductile Iron Foundry Works, Coal Mine, Mini Blast Furnace Plant, Captive Power Plant, Sponge Iron Plant, Coke Oven Plant and Sinter Plant and on written down value method on other assets. Certain Plant and Equipment have been considered Continuous Process Plant on the basis of technical assessment. Depreciation on upgradation of fixed assets is provided over the remaining useful life of the mother plant / fixed assets.

(b) Assets costing Rs. Five Thousand or less are being depreciated fully in the year of addition/acquisition.

(c) Pipe Moulds above 350 mm for Ductile Iron Foundry Works are depreciated over a period of 3 years. Pipe Moulds upto 350 mm are charged to consumption in the year of issue.

(d) Blast Furnace and Coke Oven Battery relining are depreciated on straight line method over a period of 2 and 5 years respectively (average expected life) as per technical assessment. Wagons acquired under "Wagon Investment Scheme" are depreciated over a period of 10 years and Heavy Earth Moving Machinery used for coal mines are depreciated over a period of 5 years on straight line method. Railway siding constructed on government land is amortised over the period of ten years.

(e) Leasehold land is amortised on straight line method over the period of the lease.

(f) Machinery Spares which can be used only in connection with an item of Fixed Asset and whose use is expected to be irregular are amortised over the useful life of the respective fixed assets and the amount amortised is included under stores and spares consumed.

[B] In case of the subsidiaries, depreciation is provided on straight line method on the basis of estimated useful life of the assets applying the depreciation rates ranging from 3.03% to 35% per annum. In case of Singardo International Pte. Ltd., and Electrosteel Castings (UK) Ltd. assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

(iii) Capital Work-in-progress includes preoperative expenses, equipment to be installed, Construction and Erection Materials etc.

(iv) Development Expenses net of revenue of the Projects / Mines under development are booked to Development Account and grouped under Capital Work in progress till the projects/ mines are brought to Revenue Account, except otherwise specially stated in the Project Report to determine the commercial readiness of the project to yield production on a sustainable basis and completion of required development activity during the period of construction, projects and mines under development are brought to revenue: (a) From beginning of the financial year immediately after the year in which the project achieves physical output of 50% of rated capacity as per approved project report, or (b) One year of touching of coal, or (c) From the beginning of the financial year in which the value of production is more than total expenses, whichever event occurs first.

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

2) Intangible Assets

Intangible assets are stated at cost of acquisition less accumulated amortization. Computer software packages are amortised over a period of 5 years. Amortisation is done on straight line basis. Mining rights are amortised on straight line method over the available period of mining lease

1.5.4 INVESTMENTS

Non current investments are stated at cost less provision, if any, for diminution in value other than temporary. Current investments are carried at lower of cost or fair value, computed category wise.

1.5.5 INVENTORIES

(i) Inventories are valued at lower of the cost or net realisable value. Cost of inventories is ascertained on 'weighted average' basis. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

(ii) In case of subsidiaries

(a) Inventories of Electrosteel Algeria SPA are valued at weighted average price method

(b) Inventories of USA is valued at lower of cost or market, with cost determined on the basis of the average cost of all similar item.

(iii) Cost in respect of raw materials and stores and spares include expenses incidental to procurement of the same. Cost in respect of manufactured finished goods represents prime cost, and includes appropriate portion of overheads and excise duty wherever applicable. Cost in respect of purchased finished goods comprises of procurement cost and other expenses incurred in bringing such goods to the present location and condition.

(iv) Cost in respect of process stock represents, cost incurred upto the stage of completion.

(v) Cost in respect of Work-in-progress represents cost of materials remaining uncertified / incomplete under the Turnkey Contracts undertaken by the Company.

1.5.6 IMPAIRMENT

Fixed assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of fixed assets is determined. An impairment loss is recognized, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the greater of assets net selling price or its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss/reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, are allocated to its assets on a prorata basis. Subsequent to recognition of impairment loss/reversal thereof, depreciation is provided on the revised carrying amount of the asset, on a systematic basis, over its remaining useful life.

1.5.7 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the date of the transaction. Foreign currency monetary assets and liabilities at the year end are translated at the year end exchange rates. Non-monetary items other than fixed assets, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction. The loss or gain thereon and also on the exchange differences on settlement of the foreign currency transactions during the year are recognized as revenue or expense and are adjusted in the statement of profit and loss except in respect of non current liabilities related to fixed asset/capital work in progress in which case, these are adjusted to the cost of respective fixed assets/capital work in progress.

Revenue/expenditure earned/incurred by the Overseas Office is translated at the respective month end rate during which such revenue /expenditure is so earned/incurred. Branch monetary assets and liabilities are restated at the year end rates.

Exchange differences arising with respect to forward contracts other than those entered into, to hedge foreign currency risk on unexecuted firm commitments or of highly probable forecast transactions are recognized in the period in which they arise and the difference between the forwards rate and exchange rate at the date of transaction is recognized as revenue / expense over the life of the contract.

Keeping in view the announcement of Institute of Chartered Accountants of India dated March 29, 2008 regarding accounting for derivatives, mark to market losses on all other derivatives contracts (other than forward contracts dealt as above) outstanding as at the year end , are recognized in the consolidated financial statements.

1.5.8 REVENUE RECOGNITION

All expenses and revenue to the extent considered payable and receivable respectively unless specifically stated to be otherwise are accounted for on mercantile basis.

1.5.9 SALES

Sales include excise duty, wherever applicable and rebate, discounts, claims, expenses incurred on consignment sales etc. are excluded there from. Sales on consignment and expenses there against are being accounted for on receipt of sales account from the respective consignee. Revenue against Turnkey Contracts undertaken by the Company is recognised

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

progressively on the basis of percentage of completion method. Stage of completion of contracts in progress is determined by reference to the physical proportion of the contract work completed.

1.5.10 DIVIDEND POLICY

In case of Singardo International Pte. Ltd. dividends to the company's shareholders are recognised when the dividends are approved for payment.

1.5.11 EMPLOYEE BENEFITS

Employee benefits are accrued in the year services are rendered by the employees.

Contribution to defined contribution schemes such as Provident Fund, Superannuation Fund etc. are recognized as and when incurred.

In case of the company, long-term employee benefits under defined benefit scheme such as contribution to gratuity, leave etc. are determined at close of the year at present value of the amount payable using actuarial valuation techniques.

In case of Singardo International Pte. Ltd, employee entitlements to annual leave are recognized when they accrue to employees. An accrual is made of the estimated liability for leave as a result of services rendered by employees upto the balance sheet date

Actuarial gain and losses are recognized in the year when they arise.

1.5.12 BORROWING COSTS

Borrowing cost that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to statement of profit and loss.

1.5.13 RESEARCH AND DEVELOPMENT

Research and development cost (other than cost of fixed assets acquired) are charged as an expense in the year in which they are incurred.

1.5.14 EXPORT BENEFITS

Export benefits arising to the Company on account of entitlement for duty free imports are accounted for through import of materials. Other export benefits are accounted for as and when the ultimate realisability of such benefits is established.

1.5.15 GOVERNMENT GRANTS

Revenue grants including subsidy/rebates are credited to statement of profit and loss under "other operating revenue" or deducted from the related expenses. Grants relating to fixed assets are credited to Capital Reserve Account or adjusted in the cost of such assets as the case may be, as and when the ultimate realisability of such grants is established.

1.5.16 INCOME TAX

In case of the Company, provision for tax is made for current and deferred taxes. Current tax is provided on the taxable revenue using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing differences, which are capable of reversal in subsequent periods are recognized using tax rates and tax laws, which have been enacted or substantively enacted. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable revenue will be available against which such deferred tax assets will be realized. In case of carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is "virtual certainty" that such deferred tax assets can be realized against future taxable profits.

In case of foreign companies, tax liabilities and assets are recognized in accordance with the local laws.

1.5.17 LEASES

In case of Electrosteel Castings (UK) Ltd., rentals paid under operating leases are charged to statement of profit and loss as incurred which in case of Singardo International Pte. Ltd. are charged to statement of profit and loss on a straight line basis over the term of the relevant lease.

In case of Singardo International Pte. Ltd., Electrosteel Castings (UK) Ltd., Electrosteel Europe S.A. and Electrosteel USA, LLC, leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to revenue statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

1.5.18 PROVISIONS, CONTINGENCIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events, it is probable that there will be an outflow of resources and a reliable estimate can be made, of the amount of the obligation. Contingent assets are neither recognized nor disclosed in the financial statement. Contingent liabilities are not provided for and are disclosed by way of notes.

Notes on Consolidated Financial Statements

2. NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

		Amount Rs. in lakhs	
2.1 SHARE CAPITAL		As at March 31, 2012	As at March 31, 2011
Particulars			
Authorised			
Equity shares, Re 1/- par value			
500000000 (500000000) equity shares		50,00.00	50,00.00
Issued, Subscribed and Paid-up			
Equity shares, Re 1/- par value			
326752705 (326752705) equity shares fully paid up		32,67.53	32,67.53
		32,67.53	32,67.53

2.1.1 The Company has only one class of shares referred to as equity shares having a par value of Re 1/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amount, in proportion of their shareholding.

2.1.2 The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

2.1.3 During the year ended 31 March 2012, the amount of per share dividend recognized as distribution to equity shareholders was Re. 0.50

2.1.4 Reconciliation of the number of shares outstanding.

		No. of shares	
Particulars	Ref. note no.	As at March 31, 2012	As at March 31, 2011
Number of shares at the beginning		32,67,52,705	32,67,52,705
Number of shares at the end		32,67,52,705	32,67,52,705
2.2 RESERVES AND SURPLUS			
Capital reserve			
Capital subsidy as per last Balance Sheet		66.01	66.01
Others			
Amount forfeited on warrants not exercised as per last Balance Sheet		30,94.71	30,94.71
Amount received on issue of warrants as per last Balance Sheet	2.2.1	10,07.05	10,07.05
		41,67.77	41,67.77
Securities Premium Account as per last Balance Sheet		6,15,48.56	6,21,59.85
Less: Provision for premium on redemption of ZCCB	2.2.2	5,19.88	6,11.29
		6,10,28.68	6,15,48.56

Notes on Consolidated Financial Statements

Particulars	Ref. Note No.	Amount Rs. in lakhs	
		As at March 31, 2012	As at March 31, 2011
Debenture Redemption Reserve as per last Balance Sheet		59,00.00	37,00.00
Add : Transfer from Surplus		16,00.00	22,00.00
		<u>75,00.00</u>	<u>59,00.00</u>
Less : Transfer to Surplus		25,00.00	—
		<u>50,00.00</u>	<u>59,00.00</u>
Legal reserve as per last Balance Sheet		33.82	33.82
		<u>33.82</u>	<u>33.82</u>
General reserve as per last Balance Sheet		8,45,58.73	7,62,62.57
Add : Transfer from Surplus		5,00.00	1,00,00.00
		<u>8,50,58.73</u>	<u>8,62,62.57</u>
Less : Transfer to Surplus in respect of Retained Earnings of Subsidiary		0.25	17,03.84
		<u>8,50,58.48</u>	<u>8,45,58.73</u>
Surplus as per last Balance Sheet		1,51,88.17	1,24,73.06
Add : Net profit after tax transferred from Statement of Profit and Loss		-26,97.68	1,79,58.27
Add : Transfer from debenture redemption reserve		25,00.00	—
Amount available for appropriation		<u>1,49,90.49</u>	<u>3,04,31.33</u>
Appropriations :			
Proposed dividend	2.1.2 & 2.1.3	16,33.76	40,84.41
Tax on dividend		2,65.04	6,62.59
Amount transferred to debenture redemption reserve		16,00.00	22,00.00
Amount transferred from retained earnings of subsidiaries		-0.25	-17,03.84
Amount transferred to general reserve		5,00.00	1,00,00.00
Balance in Surplus		<u>1,09,91.94</u>	<u>1,51,88.17</u>
		<u>16,62,80.69</u>	<u>17,13,97.05</u>

2.2.1 The Company through Qualified Institutional Placements had issued 33568312 warrants at a price of Rs. 3 each, entitling the holder to 1 (one) equity share. As per terms and conditions of the issue, the warrant holders have an option to convert, warrant into equity at any time on or after three years from the date of allotment (i.e. 08/02/2010) and upto five years from the date of allotment (i.e. 08/02/2010) at exercise price of Rs. 59.58 per share. The warrant issue price aggregating to Rs. 10,07.05 lakhs, being non adjustable/non refundable has been credited to Capital Reserve.

2.2.2 Premium on Zero Coupon Convertible Bond has been provided proportionately and accordingly Rs. 5,19.88 lakhs (out of total redemption premium amounting to Rs. 35,63.48 lakhs) (previous year Rs. 6,11.29 lakhs, out of total redemption premium amounting to Rs. 31,37.73 lakhs) on this account has been debited to Securities Premium Account.

Notes on Consolidated Financial Statements

Amount Rs. in lakhs

2.3 LONG TERM BORROWING

Particulars	Ref. Note No.	As at March 31, 2012		As at March 31, 2011	
		Non Current	Current	Non Current	Current
SECURED LOANS					
9.15% Non Convertible Debentures	2.3.2	—	2,00,00.00	2,00,00.00	—
11.80% Non Convertible Debentures	2.3.1	—	—	66,66.67	33,33.33
Term loans -from banks		—	—	—	—
External Commercial Borrowing	2.3.4.1 & 2.3.4.2	7,45,24.55	—	3,45,57.26	—
Term loan from a financial institution	2.3.3.1 & 2.3.3.2	1,11,58.09	61,02.94	1,72,61.03	49,26.47
Finance Lease	2.3.5	41.79	20.12	54.13	17.59
Others	2.3.6	8,46.22	88.24	—	—
		8,65,70.65	26211.30	7,85,39.09	82,77.39
UNSECURED LOANS					
Zero Coupon Convertible Bonds (ZCCB)		—	—	—	91,18.66
		—	—	—	91,18.66
		8,65,70.65	2,62,11.30	7,85,39.09	1,73,96.05

- 2.3.1 11.80% Non Convertible Debentures (privately placed) are secured by first pari-passu charge on company's fixed assets (immovable and movable) including land and buildings both present and future other than assets located at Chennai and Elavur. However the Company exercised the put option during the year and re-paid the outstanding amount.
- 2.3.2 9.15% Non Convertible Debentures (privately placed) are secured by second pari-passu charge on company's fixed assets (immovable and movable) including land and buildings both present and future other than assets located at Chennai and Elavur. These debentures were allotted on 8th February, 2010 and redeemable at par on 8th February, 2013.
- 2.3.3.1 Term loan from a financial institution are secured by way of first pari-passu charge over the movable fixed assets, lands and other immovable properties of the Company both present and future other than assets located at Chennai and Elavur.
- 2.3.3.2 Term Loan of Rs. 1,50,00 lakhs is repayable in 16 quarterly equal Installments of Rs. 9,37.50 lakhs from 14th August 2010 and term loan of Rs. 1,00,00 lakhs is repayable in 17 quarterly equal installments of Rs. 5,88.23 lakhs from 30th December 2011. The interest rate ranges from 10% to 12%.
- 2.3.4.1 External Commercial Borrowing of Rs. 3,94,24.25 lakhs is secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than assets located at Chennai and Elavur, and External Commercial Borrowing of Rs. 3,51,00.30 lakhs is to be secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than assets located at Chennai and Elavur.
- 2.3.4.2 External Commercial Borrowings of Rs. 3,94,24.25 lakhs is repayable in 3 annual installments of 33.25% in July'2013, 33.25% in July'2014 & 33.50% in July'2015 and external commercial borrowings of Rs. 3,51,00.30 lakhs is repayable in 12 Semi annual installments from 29th August'2015. The interest rate ranges from 6M Libor + 200 to 500 bps.
- 2.3.5 The carrying amounts of financial lease represent their fair values. The flat interest rate is 2.2% (Previous year 2.2%) per annum. The company's obligation under finance lease is secured by lessor's title to the leased asset.
- 2.3.6 In one of the subsidiary there is a legal mortgage on building under CWIP and is secured by personal guarantee of one of its director.

Notes on Consolidated Financial Statements

2.4 DEFERRED TAX LIABILITIES (NET)

Amount Rs. in lakhs

The break up of deferred tax assets and deferred tax liabilities are as given below.

Particulars	Opening as on 01.04.2011	Charge or Credit during the Year	Closing as at 31.03.2012
Deferred Tax Assets :			
1. Expenses Allowable on payment Basis	3,12.47	65.12	3,77.59
2. Provision for doubtful debts and advances	2,48.90	-9.18	2,39.72
3. Provision for losses on Derivatives on Mark to Market basis	5.92	22,20.24	22,26.16
4. Others	13,25.38	-617.78	7,07.60
Deferred Tax Liabilities :			
1. Depreciation etc.	60,63.32	-7,93.64	52,69.68
2. Liquidated Damages and Retention money	2,21.45	1,25.57	3,47.02
Net Deferred Tax Liability	43,92.10	-23,26.47	20,65.63

2.5 OTHER LONG TERM LIABILITIES

Particulars	Ref. Note No.	As at March 31, 2012	As at March 31, 2011
Trade payables		3,84.19	3,97.30
Others	2.5.1	29.87	35.26
		4,14.06	4,32.56
2.5.1 Includes Hire Purchase creditors Rs 1.66 lakhs (previous year Rs 6.11 lakhs)			
2.6 LONG TERM PROVISION			
Provision for employee benefits		7,17.87	6,30.12
Others		3,00.00	3,00.00
		10,17.87	9,30.12
2.7 SHORT TERM BORROWINGS			
SECURED			
Working capital facilities from banks	2.7.1		
Indian Currency		2,39,16.90	2,08,84.12
Foreign Currency	2.3.6	2,06,16.83	2,09,42.23
		4,45,33.73	4,18,26.35
UNSECURED			
Working capital facilities from banks			
Indian Currency		—	1,37,78.08
Foreign Currency		1,72,43.97	2,08.92
Commercial papers		75,00.00	—
Others	2.7.2	58.25	49,83.34
		2,48,02.22	1,89,70.34
		6,93,35.95	6,07,96.69

2.7.1 Working Capital facilities from Banks (both fund based and non fund based) are secured by pari passu charge by way of joint hypothecation of inventories and book debts, both present and future.

2.7.2 Includes loan from a share holder amounting to Rs. 48.25 lakhs (Previous year Rs. nil)

Notes on Consolidated Financial Statements

		Amount Rs. in lakhs	
2.8 TRADE PAYABLES		As at	As at
Particulars	Ref. Note No.	March 31, 2012	March 31, 2011
Trade payables	2.8.1	3,95,19.80	3,84,00.15
		3,95,19.80	3,84,00.15
2.8.1 Including acceptances of Rs. 1,07,91.16 lakhs (previous year Rs. 2,39,67.81 lakhs)			
2.9 OTHER CURRENT LIABILITIES			
Current maturities of long-term debt	2.3		
Secured		2,61,91.18	82,59.80
Unsecured		—	91,18.66
Current maturities of long-term finance lease	2.3		
Secured		20.12	17.59
Unsecured			
Interest accrued but not due on borrowings		8,62.83	5,43.79
Advance from customers		31,89.34	42,04.07
Unclaimed dividends	2.9.1	1,41.59	1,26.02
Other payables			
Credit balances in current account with banks		1,68,16.86	82,31.06
Statutory payables		8,16.97	8,51.70
Excise duty on stock		9,61.05	6,16.71
Capital vendors		12,79.55	13,34.26
Others	2.9.2	17,16.15	9,67.32
		5,19,95.64	3,42,70.98
Share of Joint venture	2.12.4	0.93	0.91
		5,19,96.57	3,42,71.89
2.9.1 The same is not due for payment to investor education and protection fund.			
2.9.2 Includes Rs. 15,68.33 lakhs (previous year Rs. 3,46.28 lakhs) payable to banks on account of derivative settlement			
2.10 SHORT TERM PROVISIONS			
Provision for employee benefits		9,87.38	9,64.33
Others			
Provision for taxation (net of advance tax)		—	5,61.51
Provision for dividend	2.1.2 & 2.1.3	16,33.76	40,84.41
Provision for tax on dividend		2,65.04	6,62.59
Provision for redemption premium on ZCCB		—	30,43.60
Provision for losses on derivative transactions on mark to market basis	2.28.4	80,69.52	12,19.14
Other Provisions	2.10.1	5,09.53	33,68.42
		1,14,65.23	1,39,04.00
2.10.1 Other provisions include (a) provision relating to indirect taxes in respect of proceedings of various excise duty matters – carrying amount at the end of the year Rs. 5,00.00 lakhs and carrying amount at the beginning of the year Rs. 5,00.00 lakhs. No amount was used and reversed during the year. Outflows in these cases would depend on the final developments/outcomes; (b) Other class of provisions related to disputed customer claims/rebates/demands – carrying amount at the end of the year Rs. Nil and at the the beginning of the year Rs. 28,40.00 lakhs. Amount reversed during the year was Rs. 28,40.00 lakhs.			

Notes on Consolidated Financial Statements

Amount Rs. In Lakhs

Description	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK			
	Cost as on April 01, 2011	Additions	Acquisition	Sales/ Adjustments	Other Adjustments	Cost as on March 31, 2012	Upto March 31, 2011	For The Year	Acquisition	Sales/ Adjustments	Other Adjustments	Upto March 31, 2012	As on March 31, 2012	As on March 31, 2011
	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Tangible Assets														
Land-Freehold	41,43,70	3,21,25	2,90,66	—	—	47,55,61	—	—	—	—	—	—	47,55,61	41,43,70
Land-leasehold	17,52,23	13,16,81	—	—	—	30,69,04	79,72	14,93	—	—	—	94,65	29,74,39	16,72,51
Buildings	1,04,46,09	7,05,57	1,01,82	—	—	1,12,53,48	42,14,27	4,71,79	—	—	—	46,86,06	65,67,42	62,31,82
Railway Siding	2,53,94	37,51,02	—	—	2,84,94	42,89,90	86,89	57,63	—	—	—	1,44,52	4145,38	1,67,05
Plant And Equipments	7,36,41,43	28,55,19	—	7,88,62	5,48,85	7,62,56,85	3,21,91,65	99,12,82	—	5,17,66	—	3,75,86,81	3,86,70,04	4,14,49,78
Office Equipment	6,48,77	69,66	—	2,89	—	7,15,54	3,07,90	46,74	—	2,28	—	3,52,36	3,63,18	3,40,87
Furniture And Fixtures	7,22,41	1,11,55	—	—	—	8,33,96	4,75,71	71,03	—	—	—	5,46,74	2,87,22	2,46,70
Vehicles	10,86,09	2,42,56	—	1,40,04	—	11,88,61	5,55,06	1,23,51	—	1,16,29	—	5,62,28	6,26,33	5,31,03
Livestock	1,11	—	—	—	—	1,11	—	—	—	—	—	—	1,11	1,11
Total	9,26,95,77	93,73,61	3,92,48	9,31,55	8,33,79	10,23,64,10	3,79,11,20	66,98,45	—	6,36,23	—	4,39,73,42	5,83,90,68	5,47,84,57
Share of Joint Venture	0,59	—	—	—	—	0,59	0,14	0,05	—	—	—	0,19	0,40	0,45
Total	9,26,96,36	93,73,61	3,92,48	9,31,55	8,33,79	10,23,64,69	3,79,11,34	66,98,50	—	6,36,23	—	4,39,73,61	5,83,91,08	5,47,85,02
Intangible Assets														
Computers Softwares	6,32,63	1,16,11	—	—	—	7,48,74	3,34,46	1,48,22	—	—	—	4,82,68	2,66,06	2,98,17
Mining Rights	15,32	—	—	—	—	15,32	1,06	1,53	—	—	—	2,59	12,73	14,26
Total	6,47,95	1,16,11	—	—	—	7,64,06	3,35,52	1,49,75	—	—	—	4,85,27	2,78,79	312,43
Grand Total	9,33,44,31	94,89,72	3,92,48	9,31,55	8,33,79	10,31,28,75	3,82,46,86	68,48,25	—	6,36,23	—	4,44,58,88	5,86,69,87	55,09,45
Previous Year	8,57,92,91	89,77,52	—	17,78,30	3,52,18	9,33,44,31	3,22,36,22	66,80,88	—	6,70,24	—	3,82,46,86	5,50,97,45	—

Notes :

- 2.11.1 Plant and Equipments includes Rs. 8,03,02lakhs (Previous year Rs. 3,40,87 lakhs) being contribution for laying the Power line, the ownership of which does not vest with the company.
- 2.11.2 Depreciation and Amortisation for the year includes Rs.11,90,62 lakhs (Previous year Rs. 10,92,69 lakhs) transferred to Pre-operative expenses.
- 2.11.3 Leasehold Land of Rs. 2,04,00 lakhs(Previous Year Rs.2,04,00 lakhs) is pending execution of lease agreement and registration thereof.
- 2.11.4 Freehold land includes Rs. 1,31,39 lakhs (Previous year Rs.2,05,97 lakhs) in respect of which the execution of conveyance deeds is under process.
- 2.11.5 Plant and Equipments includes Rs. 24,98,72 lakhs (Previous year Rs. 24,98,72 lakhs) being cost of wagons procured under "Wagon Investment Scheme".
- 2.11.6 Other adjustment includes Rs. 4,74,39 lakhs(Previous year Rs. nil) being interest capitalised during the year. Rs. 3,59,41 lakhs(Previous Year-Nil) representing foreign exchange fluctuation.
- 2.11.7 Railway siding includes Rs. 40,35,96 lakhs (Previous year Rs. nil) being amount incurred for construction, the ownership of which does not vest with the company.
- 2.11.8 Land with factory buildings (net block Rs. 61,02 lakhs) at Elaur plant of the Company are mortgaged in the favour of lender to Electrosteel Steel limited, an associate of the Company.
- 2.11.9 Classification of Assets into Leasehold and Freehold is as per the respective subsidiaries.
- 2.11.10 Acquisition represents assets of Mahadev Vyapaar Private Limited which has become subsidiary of the company during the year.
- 2.11.11 Refer Note No. 2.3 and 2.7
- 2.11.12 **Capital Work-in-progress**

Particulars

As at	As at
March 31, 2012	March 31, 2011
6,57,65.03	4,31,95.21
6,58.81	6,25.48
6,64,23.84	4,38,20.69

Capital Work-in-progress

Share of Joint Venture (Note 2.12.4)
 (Includes depreciation for the year Rs. 0.05 lakhs (previous year Rs. 0.09 lakhs))

Notes on Consolidated Financial Statements

2.12 NON-CURRENT INVESTMENTS- AT COST

(Fully paid up except otherwise stated)

Amount Rs. in lakhs

Particulars	Rs. in lakhs	As at March 31, 2012		As at March 31, 2011	
		Holding	Value	Holding	Value
(A) Trade					
Equity Shares					
Quoted					
R.G. Ispat Limited (Face value of Rs.10/- each)		50	—	50	—
Saint Gobin- PAM (Face Value of Euro 4/- each)		14	0.26	14	0.26
Van Roll (Face Value of Euro 0.071 each)		10	0.05	10	0.05
Unquoted					
Rainbow Steels Limited(Face value of Rs. 10/- each)		100	0.01	100	0.01
Metal Scrap Trade Corporation Limited.(Face value of Rs. 10/- each)		1000	0.05	1000	0.05
			<u>0.37</u>		<u>0.37</u>
(B) Others					
Equity Shares					
Quoted					
Associates					
Lanco Industries Limited (Face value of Rs.10/- each)	15,130.42	19301218	1,45,77.84	19301218	1,51,30.42
[Cost of acquisition includes goodwill of Rs.44,91.37 Lakhs (Previous Year Rs. 44,91.37 lakhs)]					
Add : Share of Profit/(Loss) for the year(Net)	-2,63.06				
Less : Dividend Received	2,89.52				
Electrosteel Steels Ltd. (Face value Rs. 10/-each)	7,22,43.61	708000000	6,74,99.13	700000000	7,22,43.61
[Cost of acquisition includes goodwill of Rs.7,54.90 lakhs (Previous Year Rs.24,90.24 lakhs)]					
Add : Addition during the year	4,09.17				
Add : Share of Profit/(Loss) for the year(Net)	-51,53.65				
Unquoted					
Associate					
Electrosteel Thermal Power Ltd.(Face value of Rs.10/- each)	1.42	15000	1.36	15000	1.42
[Cost of acquisition including goodwill of rs. 0.70 lakhs (Previous Year Rs. .70 lakhs)]					
Add : Share of Profit/(Losses) for the year	-0.06				
Joint Venture					
Domco Pvt Ltd (Face value of Rs 100/- each)		30000	30.00	30000	30.00
North Dhadhu Mining Company Pvt Ltd (Face value of Rs10/- each)	5,88.00	5880000	—	5880000	—
[Cost of acquisition including goodwill of Rs. 0.24 lakhs (Previous Year Rs. 0.24 lakhs)]					
Less : Proportionate Consolidation	5,88.00				
Other Companies					
N Marshall Hi-tech Engineers Pvt. Ltd.(Face value of Rs.10/- each)		50000	5.00	50000	5.00
Sky-B (Bangla) Pvt. Ltd.(Face value of Rs.10/- each)		—	—	4340000	4,34.50
Vishwa Utilities Pvt. Ltd. (Face value of Rs. 10/- each)		—	—	3708	0.37
			<u>8,21,13.33</u>		<u>8,78,45.32</u>
Quoted Preference share					
Mukand Limited (0.01% Cumulative Redeemable Preference Shares face value of Rs10/-each)		16	—	16	—
			<u>8,21,13.33</u>		<u>8,78,45.32</u>
Less : Provision			30.00		4,21.10
			<u>8,20,83.33</u>		<u>8,74,24.22</u>
Total-Non Current Investments			<u>8,20,83.70</u>		<u>8,74,24.59</u>
Aggregate amount of Quoted Investments					
- Other investments			8,20,77.28		8,73,74.34
Aggregate amount of Unquoted Investments					
- Other Investments			6.42		50.25
			<u>8,20,83.70</u>		<u>8,74,24.59</u>
Aggregate amount of Market value of Quoted Investments					
- Other investments			4,93,93.77		6,49,27.48
			<u>4,93,93.77</u>		<u>6,49,27.48</u>

Notes on Consolidated Financial Statements

- 2.12.1 500000000 Equity shares of Rs 10/- each fully paid up of Electrosteel Steels Ltd. aggregating Rs. 5,00,00.00 lakhs held by the Company as Investment have been pledged in favour of Electrosteel Steels Ltd. lenders for securing financial assistance to Electrosteel Steels Ltd.
- 2.12.2 The Company has investment in equity shares of Domco Private Limited (DPL), a Company incorporated in India, and has joint control (proportion of ownership interest of the Company being 50%) over DPL along with other venturers (the Venturers). The Venturers had filed a petition before the Company Law Board, Principal Bench, New Delhi (CLB) against the Company on various matters including for forfeiture of the Company's investment in equity shares of the DPL. The Company had inter alia filed petition before the Hon'ble High Court of Jharkhand at Ranchi. The Hon'ble High Court of Jharkhand at Ranchi upheld the Company's appeal and decided that the matter would have to be referred for Arbitration. The Venturer has challenged the aforesaid judgment in the Divisional Bench of the Hon'ble High Court of Jharkhand at Ranchi. Pending final outcome of the matter and since, the other Venturer are not providing the financial statements of DPL, disclosures as regards contingent liability and capital commitments, if any, aggregate amounts of each of the assets, liabilities, income and expenses related to the Company's interest in DPL has not been made in these financial statements.
- 2.12.3 The Company's investment in Electrosteel Steels Limited being strategic and long term in nature, no provision has been considered necessary with regard to diminution in market value of these investment.

2.12.4 Information on other joint venture

Sl. No. Name of the Joint Venture

(i) North Dhadhu Mining Private Limited

(ii) Contingent liabilities in respect of Joint Ventures.

A) Guarantee given by banks on behalf of the Company

(iii) Interest in assets, liabilities, income and expenses with respect to jointly controlled entities.

A) Assets :

a) Fixed Assets (Net Block) :

Capital Work-in-Progress

b) Current Assets

Cash & Bank Balances

Long term loans & advances

Short term loans & advances

B) Current liabilities :

a) Other current liabilities

Country of Incorporation	Percentage of ownership interest
--------------------------	----------------------------------

India 48.98

Amount Rs. in lakhs

2011-12 2010-11

27,45.47 27,45.47

0.40 0.45

6,58.81 6,25.48

1,00.97 13.16

14.91 3.41

6.43 0.04

0.93 0.91

2.13 CURRENT INVESTMENTS- AT COST

(Fully paid up except otherwise stated)

Others Non-trade

(Equity Shares (Quoted))

	As at March 31, 2012		As at March 31, 2011	
	Holding	Value	Holding	Value
Coal India Limited (Face value of Rs 10/- each)	24000	63.13	25000	61.25
Jindal Drilling & Industries Ltd (Face value of Rs 5/- each)	176500	5,19.99	176500	10,09.66
Manganese Ore India Ltd (Face value of Rs 10/- each)	3794	14.23	3794	14.23
Reliance Industries Ltd (Face value of Rs 10/- each)	18000	1,60.19	13000	1,21.83
Rural Electrification Corporation Ltd (Face value of Rs 10/- each)	—	—	2000	5.08
Hero Honda Ltd (Face value of Rs 2/- each)	—	—	1000	16.11
Andhra Bank (Face value of Rs 10/- each)	5000	7.87	—	—
Container Corporation of India Ltd. (Face value of Rs 10/- each)	500	6.48	—	—
3I Infotech Ltd. (Face value of Rs 10/- each)	60000	18.01	—	—
BGR Energy Systems Ltd. (Face value of Rs 10/- each)	1500	5.48	—	—
Bharat Heavy Electricals Ltd. (Face value of Rs 2/- each)	12500	41.94	—	—
Fortis Healthcare (India) Ltd. (Face value of Rs 10/- each)	4000	5.75	—	—
GTL Infrastructure Ltd. (Face value of Rs 10/- each)	60000	8.25	—	—
Gujarat Fluorochemicals Ltd. (Face value of Rs 1/- each)	500	2.36	—	—
Garden Silk Mills Ltd. (Face value of Rs 10/- each)	1000	0.80	—	—
Himatsingka Seide Ltd. (Face value of Rs 5/- each)	5000	1.88	—	—
Jyoti Structures Ltd. (Face value of Rs 2/- each)	5000	3.59	—	—
Larsen & Tubro Ltd. (Face value of Rs 2/- each)	1000	13.31	—	—
L&T Finance Holdings Ltd. (Face value of Rs 10/- each)	2500	1.31	—	—
Navin Fluorine International Ltd. (Face value of Rs 10/- each)	2304	9.06	—	—
National Aluminium Company Ltd. (Face value of Rs 5/- each)	2500	1.95	—	—
Oil India Ltd. (Face value of Rs 10/- each)	1250	16.74	—	—
Oil & Natural Gas Corporation Ltd. (Face value of Rs 5/- each)	2000	5.54	—	—
PTC India Ltd. (Face value of Rs 10/- each)	2000	1.46	—	—
Punjab National Bank (Face value of Rs 10/- each)	2000	19.85	—	—
Pilani Investment and Industries Corporation Ltd. (Face value of Rs 10/- each)	700	17.17	—	—
Sterlite Industries (India) Ltd. (Face value of Rs 1/- each)	5000	6.27	—	—
Taj GVK Hotels & Resorts Ltd. (Face value of Rs 2/- each)	5000	4.93	—	—
Timex Group India Ltd. (Face value of Rs 1/- each)	1000	0.28	—	—
Tata Teleservices (Maharashtra) Ltd. (Face value of Rs 10/- each)	25000	4.91	—	—
Zee News Ltd. (Face value of Rs 1/- each)	25000	3.55	—	—
		9,66.28		12,28.16
Less : Provision		50.56		1,73.01
Total -Equity Shares		9,15.72		10,55.15

Less : Provision

Total -Equity Shares

Notes on Consolidated Financial Statements

2.13 CURRENT INVESTMENTS- AT COST (Contd.)

(Fully paid up except otherwise stated)

Amount Rs. in lakhs

Others Non-trade	As at March 31, 2012		As at March 31, 2011	
	Holding	Value	Holding	Value
Bonds (Quoted)				
8.80% SBI Tier II 2021 of Rs. 100000 each	—	—	2	19.50
9.35% ILFS 2035 of Rs. 1000 each	—	—	10000	99.50
0.00% RRVPNL 14/01/2028 of Rs. 500000 each	—	—	190	1,91.81
0.00% RRVPNL 31/12/2023 of Rs. 500000 each	—	—	132	1,94.18
9.33% IDFC 2026 of Rs. 1000000 each	—	—	22	2,20.29
0.00% RRVPNL 14/01/2027 of Rs. 500000 each	—	—	206	2,28.47
0.00% RRVPNL 14/01/2025 of Rs. 500000 each	—	—	206	2,75.77
0.00% RRVPNL 14/01/2023 of Rs. 500000 each	—	—	180	2,90.90
0.00% RRVPNL 14/01/2024 of Rs. 500000 each	—	—	206	3,03.03
9.75% IFCI 2030 of Rs. 1000000 each	—	—	37	3,78.41
8.65% L&T Ltd. 26/05/2020 of Rs. 100000 each	—	—	400	4,00.00
9.70% GE Shipping 2023 of Rs. 1000000 each	—	—	42	4,20.00
9.70% GE Shipping 2021 of Rs. 1000000 each	—	—	53	5,30.06
9.98% IFCI 2030 of Rs. 1000000 each	—	—	91	9,26.30
9.95% SBI 2026 of Rs. 10000 each	—	—	10136	10,53.64
7.50% WSPF 2020 of Rs. 100000 each	—	—	2204	22,32.70
11.80% TISCO Perpetual of Rs. 1000000 each	—	—	247	24,95.67
10% DHFL 2017 of Rs. 100000 each	—	—	2690	27,23.91
9.70% IFCI 04/05/2030 of Rs. 1000000 each	—	—	333	33,30.76
10.40% DHFL 2020 of Rs. 100000 each	—	—	4022	40,39.30
10.75% Reliance Capital Limited 30.09.2021 of Rs 1000000 each	55	5,50.00	—	—
10.40% TISCO 15 MAY 2019 of Rs 1000000 each	8	81.82	—	—
9.35% NABARD Bonds 29/01/2016 of Rs 1000000 each	6	60.00	—	—
9.83% BAJAJ Finance 18 May 2021 of Rs 1000000 each	3	30.00	—	—
11.75% SREI Infrastructure Finance Ltd 2016 of Rs1000000 each	57	5,75.70	—	—
11.75% SREI Infrastructure Finance Ltd 2017 of Rs 1000000 each	38	3,82.00	—	—
11.90% SREI Infrastructure Finance Ltd of Rs 100000 each	1480	14,97.34	—	—
11.90% SREI Infrastructure Finance Ltd 2022 of Rs 100000 each	344	3,44.11	—	—
11.40% SREI Infrastructure Finance Ltd of Rs 1000000 each	35	3,50.00	—	—
12.60% SREI Equip NCD JULY2017 of Rs 1000000 each	84	8,40.08	—	—
10.05% AIR INDIA 27 SEPT2031	104	10,80.08	—	—
Total -Bonds		57,91.13		2,03,54.20
Commercial Paper - (Quoted)				
OBC 21/12/2011 of Rs. 100000 each	—	—	560	5,18.67
AIRCEL CP 30/05/2011 of Rs. 500000 each	—	—	222	10,52.15
Total -Commercial Paper				15,70.82
Units of Mutual Funds				
Quoted				
ICICI Prudential FMP 51-13 months Plan C	—	—	10000000.000	10,00.00
ICICI Prudential FMP 52-1year Plan A- Cumulative	—	—	10000000.000	10,00.00
ICICI Prudential FMP 51-14 months Plan D	—	—	30000000.000	30,00.00
Kotak 18 M Series 4-Growth	—	—	20000000.000	20,00.00
Reliance Fixed Horizon XIV-Series 2-Growth Plan	—	—	20000000.000	20,00.00
Reliance Fixed Horizon XIV-Series 7-Growth Plan	20000000.000	20,00.00	20000000.000	20,00.00
BSL Fixed Term Plan - Series CF - Growth	—	—	10000000.000	10,00.00
Birla Sun Life Fixed Term Plan Series CL Growth	—	—	10000000.000	10,00.00
Birla Sun Life Fixed Term Plan Series CP Growth	—	—	10000000.000	10,00.00
Birla Sun Life Fixed Term Plan Series CQ Growth	—	—	10000000.000	10,00.00
Kotak FMP Series 28 - Growth	—	—	5000000.000	5,00.00
Kotak FMP Series 30 - Growth	—	—	10000000.000	10,00.00
Kotak FMP 370 Days Series 9 - Growth	—	—	10000000.000	10,00.00
HDFC FMP 370D February (1) - Growth - Series XVI	—	—	10000000.000	10,00.00
HDFC FMP 370D March (1) - Growth - Series XVI	—	—	10000000.000	10,00.00
Canara Robeco Fixed Maturity Plan -Series 6 -13 Months (Plan A) - Growth Plan	—	—	10000000.000	10,00.00
Reliance Fixed Horizon Fund Xiv- Series 9-Growth Plan	10000000.000	10,00.00	10000000.000	10,00.00
Reliance Fixed Horizon Fund - Xv Series 8-Growth Plan	—	—	10000000.000	10,00.00
Reliance Fixed Horizon Fund - Xvi - Series 1-Growth Plan	—	—	5000000.000	5,00.00
Reliance Fixed Horizon Fund - Xvi Series 5-Growth Plan	—	—	5000000.000	5,00.00
Reliance Fixed Horizon Fund - Xvii Series 1-Growth Plan	—	—	5000000.000	5,00.00
DSP FMP 12M Series 10 - Growth	—	—	5000000.000	5,00.00
IDBI FMP - 367 Days Series - 1 (February 2011) - A - Growth	—	—	10000000.000	10,00.00
Religare Fixed Maturity Plan - Series VI - Plan B (370 Days) - Growth	—	—	10000000.000	10,00.00
SBI Debt Fund Series - 370 Days - 10 - Growth	—	—	10000000.000	10,00.00
IDFC Fixed Maturity Yearly Series 38 Growth	—	—	10000000.000	10,00.00

Notes on Consolidated Financial Statements

2.13 CURRENT INVESTMENTS- AT COST (Contd.)

(Fully paid up except otherwise stated)

Amount Rs. in lakhs

Others Non-trade	As at March 31, 2012		As at March 31, 2011	
	Holding	Value	Holding	Value
ICICI Prudential FMP Series 53 - 1 Year Plan A Cumulative	—	—	5000000.000	5,00.00
ICICI Prudential FMP Series 55 - 1 Year Plan D Cumulative	—	—	15000000.000	15,00.00
ICICI Prudential FMP – Series 55-1Year Plan E – Growth option	—	—	10000000.000	10,00.00
Reliance Fixed Horizon xiv-series 7-26 months -growth option				
Kotak FMP 370 days series-66	20000000.000	20,00.00	—	—
Reliance Fixed Horizon xxi-series 16-368 days -Growth Option	5000000.000	5,00.00	—	—
ICICI Pru FMP Series 59+1 yr plan F -Growth	5000000.000	5,00.00	—	—
Reliance Fixed Horizon -xxi series 2-Growth	5000000.000	5,00.00	—	—
DSP BlackRock -12M-Series 23-Growth Option	5000000.000	5,00.00	—	—
BSL FTP Series EB-Growth	5000000.000	5,00.00	—	—
Reliance Fixed Horizon Fund-XX1-Series 4	5000000.000	5,00.00	—	—
BSL FTP Series EF-Growth	7500000.000	7,50.00	—	—
KOTAK FMP Series 72	7500000.000	7,50.00	—	—
TATA FMP-Series 39-Scheme A	10000000.000	10,00.00	—	—
ICICI FMP Series 61-1 Year PLAN E	5000000.000	5,00.00	—	—
HDFC FMP 370D JAN12(4)-Growth	5000000.000	5,00.00	—	—
ICICI FMP Series 61-1 Year PLAN A	4000000.000	4,00.00	—	—
IDFC FMP Yearly Series -48 Growth	4000000.000	4,00.00	—	—
UTI FTP Series X-V11(368 days)-Growth	4000000.000	4,00.00	—	—
BSL FTP-Series E1	4000000.000	4,00.00	—	—
KOTAK FMP SERIES -74	4000000.000	4,00.00	—	—
TATA FMP-Series 39-Scheme D-Growth	4000000.000	4,00.00	—	—
UTI-Y-FMP-01/12	2000000.000	2,00.00	—	—
AXIS FIXED TERM PLAN-SERIES 21 (394 Days)	5000000.000	5,00.00	—	—
IDBI FMP -SERIES 11-370 DAYS (MARCH 2012)-D	5000000.000	5,00.00	—	—
HDFC Fixed Maturity Plans-Series XX1	5000000.000	5,00.00	—	—
Reliance Fixed Horizon Fund-XX1-Series 18	5000000.000	5,00.00	—	—
HDFC FMP 370D MAR12(1)-Growth	10000000.000	10,00.00	—	—
Kotak FMP Series 84 -Growth	5000000.000	5,00.00	—	—
Principal PNB FMP Series A4-Growth	5000000.000	5,00.00	—	—
BSL-Dynamic Bond Fund	1834520.597	3,25.00	—	—
IDFC-SSIF-ST-Plan A	806663.501	1,75.00	—	—
Unquoted				
Peerless Liquid Fund-Super Institutional Daily Dividend	—	—	6000368.580	6,00.13
Total -Units of Mutual Funds		1,86,00.00		3,21,00.13
Total- Current Investments		2,53,06.85		5,50,80.30
Aggregate amount of Quoted Investments				
- In Mutual Funds	1,86,00.00		3,15,00.00	
- In Bonds and Commercial Papers	57,91.13		2,19,25.02	
- Other investments	9,15.72	2,53,06.85	10,55.15	5,44,80.17
Aggregate amount of Unquoted Investments				
- In Mutual Funds		—		6,00.13
		2,53,06.85		5,50,80.30
Aggregate amount of Market value of Quoted Investments				
- In Mutual Funds		1,92,96.25		3,26,41.06
- In Bonds and Commercial Papers		61,00.93		2,27,33.58
- Other investments		9,15.72		10,55.14
		2,63,12.90		5,64,29.78
Aggregate amount of Market value of Unquoted Investments in Mutual Funds		—		6,00.13

2.13.1 Quoted Investments for which quotations are not available have been included in the market value at the face value/paid up value, whichever is lower except in case of debenture, bonds and government securities where the net present value at current yield to maturity have been considered.

Notes on Consolidated Financial Statements

		Amount Rs. in lakhs	
2.14 LONG TERM LOANS AND ADVANCES		As at	As at
Particulars	Ref. note no.	March 31, 2012	March 31, 2011
UNSECURED, CONSIDERED GOOD			
Capital Advances	2.14.5	18,78.03	15,46.58
Security Deposits	2.14.4 & 2.18.2	55,22.58	56,07.33
Others			
Prepaid expenses		42.59	34.60
Others	2.14.1 & 2.14.2	50.61	36.14
		74,93.81	72,24.65
Share of Joint Venture	2.12.4	14.91	3.41
		75,08.72	72,28.06
2.14.1 Includes loans and advances to employees			
2.14.2 Includes Rs. 2,34.59 lakhs (previous year Rs. 60.98 lakhs) paid towards share application money			
2.14.3 In the opinion of the Board of Directors, current assets and loans and advances have the value at which these are stated in the Balance Sheet, unless otherwise stated and adequate provisions for all known liabilities have been made and are not in excess of the amount reasonably required.			
2.14.4 Security deposits include Rs. 5,57.50 lakhs (previous year Rs. 5,57.50 lakhs) with Private Limited companies in which directors are interested as a member / director.			
2.14.5 Capital advance includes payment to a related company with regards to an agreement entered into by the subsidiary and its related company for the purchase of an aircraft.			
2.15 OTHER NON-CURRENT ASSETS			
Trade Receivables - unsecured, considered good		11,16.15	1,14.56
Others		0.20	2.22
		11,16.35	1,16.78
2.16 INVENTORIES			
Raw materials		2,39,36.22	2,57,55.46
Raw materials (goods in transit)		1,00,55.10	56,53.49
Finished goods		3,64,73.65	3,03,63.15
Process stock		34,54.15	27,63.05
Stock-in-trade (in respect of goods acquired for trading)		—	5.50
Stores and spares		46,99.35	40,88.70
Stores and spares (goods in transit)		—	229.30
		7,86,18.47	6,88,58.65
Work-in-progress		11,60.55	15,99.39
Less : Progress payment received		2,17.80	1,00.19
		9,42.75	14,99.20
		7,95,61.22	7,03,57.85
2.16.1. Refer note no. 2.3, 2.7 and 2.17.1			

Notes on Consolidated Financial Statements

		Amount Rs. in lakhs	
2.17 TRADE RECEIVABLES		As at	As at
Particulars	Ref. note no.	March 31, 2012	March 31, 2011
CURRENT			
Unsecured - considered good			
Trade outstanding for period exceeding six months			
from the date they become due for payment		83,85.88	11,59.32
Others		4,91,61.41	4,67,32.81
		5,75,47.29	4,78,92.13
Unsecured - considered doubtful		2,54.71	2,19.82
Less : Provision for doubtful debts		2,54.71	2,19.82
		—	—
		5,75,47.29	4,78,92.13

2.17.1 Balances of Trade receivables including for Turnkey Contracts, Work-in-progress, Creditors and advances are subject to confirmation/reconciliation and adjustments in this respect are carried out as and when amounts thereof, if any are ascertained.

2.18 CASH AND BANK BALANCES

Cash and Cash Equivalents			
Cash on hand	2.18.2	18.44	18.70
Balances with banks			
In current accounts		27,92.88	28,57.22
In Fixed Deposit accounts (including interest accrued thereon)		50,16.23	52,21.73
In dividend accounts		1,41.59	1,26.02
TOTAL		79,69.14	82,23.67
Share of Joint Venture	2.12.4	1,00.97	13.16
		80,70.11	82,36.83
Other balances with banks			
Margin money/Fixed deposits(having original maturity of more than 3 months)		88,71.77	1,22,41.73
		1,69,41.88	2,04,78.56

2.18.1 Fixed Deposits with Banks include Fixed Deposit of Rs. 4,96.70 lakhs (previous year Rs. 4,08.28 lakhs) lodged with Government Departments, Customers and Bank.

2.18.2 Includes cash held in Trust amounting to Rs. 0.06 lakhs (Previous year Rs. nil)

Notes on Consolidated Financial Statements

		Amount Rs. in lakhs	
2.19 SHORT TERM LOANS AND ADVANCES		As at	As at
Particulars	Ref. note no.	March 31, 2012	March 31, 2011
UNSECURED, CONSIDERED GOOD			
Loans and advances to related parties		80,32.55	14.96
Other loans and advances			
Security Deposits	2.18.1	5,10.78	3,01.44
Inter corporate deposits		32,00.00	19,00.00
For supply of goods and rendering of services		40,20.03	20,31.27
Balance with Government authorities		66,42.79	45,41.50
Advance tax (net of provision)		7,21.77	—
MAT credit entitlement		7,00.21	—
Prepaid expenses		3,86.24	2,97.01
Others	2.19.1	32,01.70	48,61.32
		2,74,16.07	1,39,47.50
Share of Joint Venture	2.12.4	6.43	0.04
		2,74,22.50	1,39,47.54
DOUBTFUL ADVANCES			
Loans and advances to related parties		7,00.00	7,00.00
Others		28.26	67.16
		7,28.26	7,67.16
Less : Provision for doubtful advances		7,28.26	7,67.16
		—	—
		2,74,22.50	1,39,47.54

2.19.1 Includes Rs. 10,35.36 lakhs (previous year Rs. Nil) receivable from banks on account of derivative settlement.

2.20 OTHER CURRENT ASSETS			
Interest receivable		3,04.01	1,65.79
Incentive/Subsidy receivable		29,49.49	14,99.80
Export incentive receivable		52,66.87	34,66.91
Others		4,66.40	45.29
		89,86.77	51,77.79

2.21 REVENUE FROM OPERATIONS			
Particulars		For the year ended	For the year ended
		31.03.2012	31.03.2011
Sale of products		20,28,05.77	18,37,48.08
Sale of services (Turnkey contracts)		31,33.52	16,58.59
Other operating revenues			
Incentive on exports		59,46.52	34,22.92
Others	2.21.1	22,94.62	20,59.96
		21,41,80.43	19,08,89.55
Less : Excise duty		40,05.70	38,23.72
		21,01,74.73	18,70,65.83

2.21.1 Includes Rs. 10.45 lakhs (previous year Rs. Nil) on account of Provision for inventories written back.

Notes on Consolidated Financial Statements

		Amount Rs. in lakhs	
2.22 OTHER INCOME		For the year ended 31.03.2012	For the year ended 31.03.2011
Particulars	Ref. note no.		
Interest income on			
Current investments		24,55.36	22,98.22
Interest on loans, deposits, overdue debts etc.		5,68.40	4,47.69
Dividend income			
Current investments		46.64	92.09
Non current investments		0.90	0.78
Net gain or loss on sale / redemption of investments			
Current investments (net)		29,93.21	3,46.29
Non current investments		—	22.21
Net gain or loss on foreign currency transaction and translation		—	56,45.67
Provision no longer required written back		5,92.43	2,52.90
Miscellaneous Income		7,59.89	4,31.10
		74,16.83	95,36.95
2.23 COST OF MATERIALS CONSUMED			
Raw materials consumed		9,54,19.81	7,64,98.70
2.24 PURCHASES OF STOCK IN TRADE			
D.I. Pipes		1,23,92.08	1,01,85.08
Coke and coal		32,50.65	60,02.09
Others		44,18.83	32,49.25
		2,00,61.56	1,94,36.42
2.25 (INCREASE)/DECREASE IN INVENTORIES			
Closing Stock :			
Finished		3,64,73.65	3,03,63.15
Stock-in-trade		—	5.50
Process		34,54.15	27,63.05
Work in Progress		11,60.55	15,99.39
		4,10,88.35	3,47,31.09
Less : Opening stock			
Finished		3,03,63.15	2,38,53.08
Stock-in-trade		5.50	276.98
Process		27,63.05	16,25.72
Work in Progress		15,99.39	24,92.60
		34731.09	2,82,48.38
		-6357.26	-64,82.71
2.26 EMPLOYEE BENEFITS EXPENSE			
Salaries and wages		1,42,92.79	1,33,81.28
Contribution to provident and other funds		9,51.56	9,40.46
Staff welfare expenses		6,54.22	6,02.05
		1,58,98.57	1,49,23.79

Notes on Consolidated Financial Statements

		Amount Rs. in lakhs	
2.27 FINANCE COSTS		For the year ended 31.03.2012	For the year ended 31.03.2011
Particulars	Ref. note no.		
Interest expense		1,03,01.43	84,69.04
Net gain/loss on foreign currency transactions and translation		5,34.04	0.55
Other borrowing cost		2,44.86	1,32.86
		1,10,80.33	86,02.45
2.28 OTHER EXPENSES			
Consumption of stores and spare parts	2.28.2	1,16,60.68	1,10,07.60
Power and fuel		1,43,50.11	1,27,35.73
Rent	2.28.5	15,64.77	11,97.72
Repairs to buildings		1,27.95	1,22.17
Repairs to machinery		3,69.92	3,68.39
Insurance		6,37.71	6,83.53
Rates and taxes		7,75.73	13,66.92
Directors fees and commission		46.55	58.48
Packing and forwarding charges (net of realisation Rs. 31,00.25 lakhs (previous year Rs. 57,19.99 lakhs))		1,09,13.09	87,00.30
Commission to selling agents		43,31.01	68,86.36
Job charges		20,47.21	13,94.07
Excise duty on stock		1,91.76	3,43.95
Bad debts		217.71	76.42
Loss on sale of fixed assets (net)		18.39	0.86
Provision for bad and doubtful debts		1,44.85	1,29.70
Net loss on foreign currency translation		1,02,51.36	—
Provision for diminution in value of investments		50.56	173.01
Provision for losses on mark to market basis on derivative transactions	2.28.4	68,61.42	18.96
Miscellaneous expenses	2.28.1 & 2.28.3	1,01,22.73	1,04,35.08
		7,46,83.51	5,56,99.25
2.28.1 Miscellaneous expenses includes auditors remuneration.			
(a) Audit Fees		61.24	65.52
(b) Other services- Certificates, etc.		6.73	4.20
Management Services		—	10.50
2.28.2 Stores and spares consumption include pipe moulds written off		2,65.57	3,08.54
2.28.3 Miscellaneous expenses include Charity and Donation of Rs. 15.78 lakhs (previous year Rs. 63.97 lakhs), Rs. Nil (previous year Rs. 3,00.00 lakhs) towards relocation of certain assets of Elavur unit.			
2.28.4 The Marked-to-Market losses on derivative contract for the year stood at Rs. 68,61.42 lakhs (previous year Rs. 18.96 lakhs). Even though such losses have not been determined and accrued during the year, keeping in view the announcement of Institute of Chartered Accountants of India dated March 29, 2008 regarding Accounting for Derivatives, the Company has recognized losses in the Statement of Profit and Loss for the year.			
2.28.5 The Company has certain operating lease arrangements for office accommodations etc. with tenure extending upto 9 yrs. Term of certain lease arrangements include escalation clause for rent on expiry of 36 months from the commencement date of such lease and deposit / refund of security deposit etc. Expenditure incurred on account of rent during the year and recognized in the Statement of Profit and Loss amounts to Rs. 15,64.77 lakhs (previous year Rs. 11,97.72 lakhs).			
2.28.6 During the year, the Company has incurred Rs. 91.44 lakhs (previous year Rs 83.26 lakhs) on account of research and development expenses which has been charged to Statement of Profit and Loss.			

Notes on Consolidated Financial Statements

2.29 TAX EXPENSES		Amount Rs. in lakhs	
Particulars	Ref. note no.	For the year ended 31.03.2012	For the year ended 31.03.2011
Provision for current tax		2,72.60	64,04.86
Minimum Alternate Tax	10,48.56		—
Less : MAT Credit Entitlement	2.29.1	3,48.35	—
		6,20.95	64,04.86

2.29.1 The Company has provided for Minimum Alternate Tax (MAT). The Company is entitled to MAT credit and accordingly based on evidences MAT credit of Rs. 7,00.21 lakhs (previous year Rs. Nil) has been recognised in this financial statements.

2.30 Employee Benefits

The disclosures required under Accounting Standard 15 on "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below :

Defined Contribution Scheme

Contribution to Defined Contribution Plan recognized for the year are as under :

	For the year ended 31.03.2012	For the year ended 31.03.2011
Employer's Contribution to Provident Fund	2,57.54	2,26.47
Employer's Contribution to Pension Fund	1,07.90	99.65
Employer's Contribution to Superannuation Fund	67.70	66.16

Defined Benefit Scheme

The employee's gratuity fund scheme managed by Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Ltd. is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes 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.

a) **Change in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows :**

	Gratuity (Funded)				
	2011-12	2010-11	2009-10	2008-09	2007-08
Liability at the beginning of the year	11,80.69	10,64.79	8,85.88	7,82.44	6,76.49
Interest Cost	97.39	89.82	78.03	66.74	54.71
Current Service Cost	95.21	1,06.44	1,00.53	87.92	75.25
Actuarial (gain) / loss on obligations	-23.58	88.44	39.06	32.31	39.99
Benefits paid	-95.53	-1,68.80	-38.71	-83.53	-64.00
Liability at the end of the year	12,54.18	11,80.69	10,64.79	8,85.88	7,82.44

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

Amount Rs. in lakhs

		Gratuity (Funded)				
		2011-12	2010-11	2009-10	2008-09	2007-08
b)	Changes in the Fair Value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows :					
	Fair value of Plan Assets at the beginning of the year	6,72.05	7,04.89	5,85.66	5,49.44	4,95.76
	Expected Return on Plan Assets	56.44	55.08	51.63	45.40	39.20
	Contributions by the Company	1,08.43	81.52	73.35	81.75	68.32
	Benefits paid	-95.54	-1,68.80	-38.71	-83.53	-64.00
	Actuarial gain / (loss) on Plan Assets	-2.34	-0.63	32.96	-7.40	10.16
	Fair value of Plan Assets at the end of the year	7,39.04	6,72.05	7,04.89	5,85.66	5,49.44
	Total actuarial gain / (loss) to be recognised	21.24	89.07	6.10	39.71	29.83
c)	Actual return on Plan Asset :					
	Expected return on Plan assets	56.44	55.08	51.63	45.40	39.20
	Actuarial gain / (loss) on Plan Assets	-2.34	-0.63	32.96	-7.40	10.16
	Actual Return on Plan Assets	54.10	54.45	84.59	38.00	49.36
d)	Amount Recognized in Balance Sheet :					
	Liability at the end of the year	12,54.18	11,80.68	10,64.79	8,85.88	7,82.44
	Fair value of Plan Assets at the end of the year	7,39.04	6,72.05	7,04.89	5,85.66	5,49.44
		5,15.14	5,08.63	3,59.90	3,00.22	2,33.00
e)	Expenses Recognized in the Revenue Statement :					
	Current Service Cost	95.21	1,06.44	1,00.53	87.92	75.25
	Interest Cost	97.39	89.82	78.03	66.74	54.71
	Expected Return on Plan Assets	-56.44	-55.08	-51.63	-45.40	-39.20
	Net Actuarial (gain) / loss to be Recognized	-21.24	89.07	6.10	39.71	29.83
	Expenses Recognized in Statement of Profit and Loss	1,14.92	2,30.25	1,33.03	1,48.97	1,20.59
f)	Balance Sheet Reconciliation :					
	Opening Net Liability	5,08.63	3,59.90	3,00.22	2,33.00	1,80.73
	Expenses as above	1,14.92	2,30.25	1,33.03	1,48.97	1,20.59
	Employers Contribution	-1,08.43	-81.52	-73.35	-81.75	-68.32
	Amount Recognized in Balance Sheet	5,15.12	5,08.63	3,59.90	3,00.22	2,33.00

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

Amount Rs. in lakhs

Compensated Absences

The obligation for compensated absences is recognized in the same manner as gratuity. The actuarial liability of Compensated Absences (unfunded) of accumulated privileged and sick leaves of the employees of the Company as at 31.03.2012 is given below :

Particulars

Privileged Leave

Sick Leave

As at 31.03.2012	As at 31.03.2011
7,38.69	6,97.31
3,88.99	3,51.46

g) Principal Actuarial assumptions as at the Balance Sheet date :

Discount Rate

Rate of Return on Plan Assets

8.00%	8.00%
8.00%	8.00%

Notes :

- Assumptions relating to future salary increases, attrition, interest rate for discount & overall expected rate of return on Assets have been considered based on relevant economic factors such as inflation, market growth & other factors applicable to the period over which the obligation is expected to be settled.
- The Company expects to contribute Rs 1,30.00 lakhs (previous year Rs 1,00.00 lakhs) to Gratuity fund in 2012-13.

2.31 Calculation of Earning Per Share is as follows :

Particulars

Net profit/(loss) for basic earnings per share as per
Statement of Profit and Loss

(a) Adjustment for the purpose of diluted earnings per share
Exchange gain/(loss) on realignment of ZCCB and
conversion rate difference

Net profit for diluted earnings per share

(b) Weighted average number of equity shares for calculation of basic
and diluted earnings per share (Face value Re. 1/- per share)

i) Basic earnings per share

ii) Diluted earnings per share

(c) Weighted average number of equity shares outstanding

Add : Weighted average number of potential equity shares that
could arise on conversion of ZCCB warrants

d) Earnings per share :

a) Basic

b) Diluted

For the year ended 31.03.2012	For the year ended 31.03.2011
-26,97.68	1,79,58.27
—	-34.14
-26,97.68	1,79,24.13
32,67,52,705	32,67,52,705
32,67,52,705	34,83,59,176
32,67,52,705	32,67,52,705
—	2,16,06,471
-0.83	5.50
-0.83	5.16

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

Amount Rs. in lakhs

2.32 The expenses incurred for projects/assets during the construction/mine development period are classified as "Pre-operative Expenses" pending capitalization and are included under capital work in progress and will be allocated to the assets on completion of the project/assets. Consequently expenses disclosed under the respective head are net of amount classified as preoperative expenses by the Company. The details of these expenses are as follows :

Particulars	As at 31.03.2012	As at 31.03.2011
Preoperative expenses brought forward	1,52,83.86	1,19,09.68
Add : Relating to earlier years	48,41.81	—
Salaries and Wages	9,09.06	7,01.22
Contribution to Provident and Other Funds	31.89	26.47
Staff welfare expenses	2.49	5.26
Stores and Spares Consumption	76.59	86.93
Handling and Transportation	5.65	1.96
Power and Fuel	2,20.21	2,37.66
Repairs to machinery	0.25	0.32
Rent	19.45	17.45
Insurance	33.41	32.98
Miscellaneous Expenses	12,42.57	11,84.14
Interest Paid	22,44.20	15,63.51
Finance charges	28,76.68	2.20
Depreciation and amortisation expense	11,90.62	10,92.69
Excise duty on coal Stock	2,38.09	66.36
Loss on exchange fluctuation	65,92.20	—
Mark to market loss on derivatives	5,61.06	—
Total preoperative/development expenses	3,63,70.09	1,69,28.83
Less :		
Allocated/Transferred during the year to completed assets	15,54.52	60.34
Coal transferred for Captive Consumption [37119.440 mt (previous year 22304.220 mt)]	5,94.59	2,56.50
Stock of Coal [108218.060 mt (previous year 39503.580 mt)]	13,67.02	4,54.29
Interest on deposit is net of provision of for current tax Rs. nil (previous year Rs. 5,05.47 lakhs)	2,14.63	8,73.84
Total preoperative expenses carried forward pending allocation	3,26,39.33	1,52,83.86

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

Amount Rs. in lakhs

2.33 (a) Category wise outstanding derivatives contracts entered for hedging as on March 31, 2012 are as follows :-

Sl. No.	Category	Currency	2011-12	2011-12	2010-11	2010-11
			No. of Deals	Amount in Foreign Currency	No. of Deals	Amount in Foreign Currency
1	Sell Forward	USD/INR	66	14,41,70,366	35	9,45,88,325
2	Sell Forward	SGD/USD	8	18,39,851	9	25,77,986
3	Sell Forward	GBP/USD	11	63,44,523	10	62,03,268
4	Sell Forward	EURO/USD	18	2,00,00,000	38	3,66,66,545
5	Sell Forward	EURO/INR	15	2,23,04,015	—	—
6	Buy Forward	USD/EURO	1	26,83,250	—	—
5	Buy Forward	USD/INR	24	2,67,50,000	9	3,83,34,118
6	Option	EURO	0	—	3	1,00,00,000
7	Option	USD	5	1,00,00,000	5	2,10,00,000
8	Option	USD	2	1,60,00,000	2	1,60,00,000
9	Swap	USD	3	3,50,00,000	3	3,50,00,000

(b) Unhedged Foreign Currency exposures of the Company as on March 31, 2012 are as follows :-

Nature	Currency	2011-12	2010-11
		Amount in Foreign Currency	Amount in Foreign Currency
Payables			
Imports	USD	24,19,684	1,40,02,744
ZCCB* (include proportionate premium)	USD	—	37,75,740
ECB Payable (include accrued interest)	USD	13,91,98,169	7,04,91,548
Buyer's Credit /Acceptances (include accrued interest)	USD	4,03,57,436	6,46,56,157
Imports	EURO	1,70,063	2,49,595
Imports	GBP	7,576	7,576
Imports	AED	1,01,791	50,923
Imports	HKD	24,459	24,729
Imports	JPY	90,709	9,20,055
Imports	AUD	21,710	—
Receivables			
Exports	GBP	21,41,146	—
Exports	SGD	8,09,385	—
Others	USD	4,491	—
Others	AED	1,10,997	—
Others	SGD	92,499	87,325

* ZCCB : Zero Coupon Convertible Bond

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

Amount Rs. in lakhs

2.34 As regards construction contracts in progress as on 31.03.2012, aggregate amount of costs incurred and recognised profit (less recognized losses) upto the year end (to the extent ascertained by the management), aggregate amount of advances received and aggregate amount of retentions are Rs. 1,79,61.59 lakhs, Rs. 5,96.34 lakhs and Rs. 10,10.09 lakhs respectively. (previous year Rs. 2,87,81.12 lakhs, Rs. 8,23.69 lakhs and Rs.7,90.41 lakhs respectively).

	2011-12		2010-11	
	in million	Rs. in lakhs	in million	Rs. in lakhs
2.35 (a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) :		33,00.28		8949.91
(b) Other commitments				
i) Forward contract outstanding				
In USD	173.60	88,312.16	132.92	59,270.12
In EURO	42.3	28,714.19	36.67	23,165.77
In GBP	6.34	51,67.16	6.20	44,34.23
In SGD	1.84	7,44.46	2.58	9,12.10
2.36 Contingent Liabilities not provided for in respect of :				
a) Various show cause notices/demands issued/ raised, which in the opinion of the management are not tenable and are pending with various forum / authorities :				
i) Sales Tax		29,89.35		8,12.80
ii) Excise, Custom Duty and Service tax [net of provision of Rs. 5,00.00 lakhs (previous year Rs. 5,00.00 lakhs)]		98,47.05		68,51.18
b) Employees State Insurance Corporation has raised demand for contribution in respect of Gross Job Charges for the year 2001-02, 2003-04 and March'08 to January'10. In the opinion of the management demand is adhoc and arbitrary and is not sustainable legally.		98.76		96.11
c) Demand of Tamilnadu Electricity Board disputed by the Company.		8.20		8.20
d) During the year 1994 UPSEB had raised demand for electricity charges by revising the power tariff schedule applicable to the Company retrospectively from Feb'86. In the opinion of the management the revised power tariff is not applicable to the Company and accordingly the Company disputed the demand and the matter is pending before Hon'ble High Court at Allahabad.		2,61.74		2,61.74
e) Corporate guarantee issued to banks by the Company on behalf of :				
(i) Subsidiary Companies		24,32.62		14,15.22
(ii) Associate Company (loan drawn Rs. 1,38,00.00 lakhs)		2,50,00.00		
f) Standby Letter of Credit issued by banks on behalf of the company in favour of :				
(i) Subsidiary Companies		3,25,95.99		2,08,10.53
g) Guarantees given by banks on behalf of the Company				
(i) The company		1,60,31.09		1,85,33.31
(ii) The subsidiary		1,98.23		0.71
h) Letter of credit		52.04		74.01
i) Receivables factored		22,07.46		37,37.29

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

Amount Rs. in lakhs

- J) The Company has disputed downward revision in the prices affected by the purchaser subsequent to sale of certain specified materials. In the opinion of the management and also on the merit of the case, as advised legally no liability is likely to arise. The matter is subjudice and pending final judgement the amount payable, if any is not ascertainable presently.

Note : Future cash outflows, if any, in respect of (a) to (d), and (J) above is dependent upon the outcome of judgments / decisions.

2.37 At the Balance Sheet Date, the following are the commitments in respect of

Name of the companies	Due within one year		Due between two and five years	
	2011-12	2010-11	2011-12	2010-11
(a) Operating lease				
1. Singardo International Pte. Ltd.	64.45	28.22	—	7.11
2. Electrosteel Castings (UK) Limited	7.33	6.43	72.48	52.90
3. Electrosteel USA LLC.	38.66	—	1,65.33	—
(b) Finance Lease				
1. Singardo International Pte. Ltd.	23.17	20.26	42.47	57.39
2. Electrosteel Europe S.A	20.66	—	30.68	—

- 2.38 The company operates mainly in one business segment viz Pipes being primary segment and all other activities revolve around the main activity. The secondary segment is geographical, information related to which is given as under :

Particulars	2011-12			2010-11		
	Within India	Outside India	Total	Within India	Outside India	Total
Sales (gross)	1,05,171.82	1,00,767.47	2,05,939.29	1,12,660.86	72,745.81	18,5406.67
Trade receivables and other assets	3,76,219.49	56,779.99	4,32,999.48	3,61,948.03	44,900.52	4,06,848.55
Cost incurred for acquisition of Tangible and Intangible assets	31,036.27	22,82.90	33,319.17	13,081.99	3,57.51	13,439.50

- 2.39 In respect of unrealised profits resulting from intragroup transactions that are included in the carrying amount of inventory are eliminated in full. The aforesaid inventory is as certified by the respective management.
- 2.40 The Ministry of Corporate Affairs (MCA) has issued the amendment dated 29th December, 2011 to AS-11. The effect of changes in foreign exchange rates, to allow companies deferral / capitalisation of exchange differences arising on long term foreign currency monetary items. In accordance with the amendment to AS-11, the Company has capitalised / decapitalised exchange loss/gain respectively arising on long term foreign currency loans, amounting to Rs. 69,51.67 lakhs (previous year Rs. nil) to Capital work in progress and Fixed Assets. The Company does not have any other long term foreign currency monetary items. Hence, the amount of exchange loss deferred in the "Foreign Currency Monetary Item Translation Difference Account" is Rs. Nil (previous year Rs. Nil).
- 2.41 The Financial Statement of Electrosteel Trading S.A, Spain and North Dhadhu Mining Company Private Limited for the year ended 31st March, 2012 has not been subjected to audit by their Auditors.
- 2.42 Goodwill on consolidation as at the year end includes Rs. 12,03.68 lakhs arising during the year on acquisition of shares in a subsidiary, Mahadev Vyapaar Private Limited.

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

2.43 Related party disclosure as identified by the management in accordance with the Accounting Standard (AS) 18 on “Related Party Disclosures” are as follows :

A) Names of related parties and description of relationship

- | | |
|---|---|
| 1) Associate Company | Lanco Industries Ltd.
Electrosteel Steels Limited (Formerly Electrosteel Integrated Limited)
Electrosteel Thermal Power Ltd. |
| 2) Joint Venture | North Dhadhu Mining Company Pvt. Ltd.
Domco Private Limited |
| 3) (a) Key Management Personnel (KMP) and their relative | Mr. Umang Kejriwal (Managing Director)
Mr. Mayank Kejriwal (Joint Managing Director)
Mr. Uddhav Kejriwal (Wholetime Director)
Mr. Vyas Mitre Ralli (Wholetime Director)
Mr. Mahendra Kumar Jalan (Wholetime Director)
Mr. Rama Shankar Singh (Wholetime Director)
Mr. S Y Rajagopalan (Director) |
| (b) Relatives of Key Management Personnel (KMP) | Smt. Uma Kejriwal-mother of Mr. Umang Kejriwal-Managing Director
Mr. S.Y. Ganapathy-brother of Mr. S.Y. Rajagopalan-Director
Umang Kejriwal (H.U.F.) |
| 4) Enterprise where KMP/Relatives of KMP have significant influence or control | Global Exports Ltd.
G. K. & Sons Private Limited
Badrinath Industries Ltd.
Akshay Ispat & Ferro Alloys Pvt. Ltd.
Electrocast Sales India Ltd
Tulsi Highrise Pvt. Ltd.
Wilcox Merchants Pvt. Ltd.
Murari Investment & Trading Company Ltd.
Electrosteel Thermal Coal Ltd. |

Notes on Consolidated Financial Statements

B) Related Party Transaction

Amount Rs. in lakhs

	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.12	Outstanding as on 31.03.11
Sale							
Electrosteel Steels Limited	54,74.17	—	—	—	54,74.17	54,35.14	
Akshay Ispat & Ferro Alloys Pvt. Ltd.	—	—	—	—	—	4.61	
Lanco Industries Ltd.	32,79.41	—	—	—	32,79.41	14.30	
Total	87,53.58	—	—	—	87,53.58	54,54.05	—
Previous Year							
Electrosteel Steels Limited	17,10.12	—	—	—	17,10.12		2,52.93
Akshay Ispat & Ferro Alloys Pvt. Ltd.	—	—	—	—	—		4.61
Lanco Industries Ltd.	65,76.37	—	—	—	65,76.37		14,66.34
Purchase							
Lanco Industries Ltd.	54,34.30	—	—	—	54,34.30	3,62.17	
Electrosteel Steels Limited	3,85.68	—	—	—	3,85.68	24.55	
Total	58,19.98	—	—	—	58,19.98	3,86.72	—
Previous Year							
Lanco Industries Ltd.	81,69.83	—	—	—	81,69.83		80.90
Electrosteel Steels Limited	1,21.33	—	—	—	1,21.33		52.56
Job Charges Received							
Electrosteel Steels Limited	25,90.28	—	—	—	25,90.28	12,91.07	
Total	25,90.28	—	—	—	25,90.28	12,91.07	—
Previous Year							
Electrosteel Steels Limited	17,99.66	—	—	—	17,99.66		90.02
Remuneration							
Mr. Umang Kejriwal (MD)	—	—	1,33.95	—	1,33.95	90.00	
Mr. Mayank Kejriwal (JMD)	—	—	1,33.04	—	1,33.04	90.00	
Mr. Uddhav Kejriwal (Wholetime Director)	—	—	1,28.15	—	1,28.15	65.00	
Mr. Vyas Mitre Ralli (Wholetime Director)	—	—	1,15.27	—	1,15.27		
Mr. Mahendra Kumar Jalan (Wholetime Director)	—	—	1,16.26	—	1,16.26		
Mr. Rama Shankar Singh (Wholetime Director)	—	—	1,12.40	—	1,12.40		
Others	—	—	26.34	—	26.34	—	
Total			7,65.41	—	7,65.41	2,45.00	
Previous Year							
Mr. Umang Kejriwal (MD)	—	—	2,44.76	—	2,44.76		2,00.00
Mr. Mayank Kejriwal (JMD)	—	—	2,42.41	—	2,42.41		2,00.00
Mr. Uddhav Kejriwal (Wholetime Director)	—	—	2,24.76	—	2,24.76		1,70.00
Mr. Vyas Mitre Ralli (Wholetime Director)	—	—	1,11.11	—	1,11.11		—
Mr. Mahendra Kumar Jalan (Wholetime Director)	—	—	1,10.59	—	1,10.59		—
Mr. Rama Shankar Singh (Wholetime Director)	—	—	1,06.07	—	1,06.07		—
Others	—	—	25.89	—	25.89		—
Rent Paid							
Global Exports Ltd.	—	—	—	15.00	15.00	—	—
Badrinath Industries Ltd.	—	—	—	15.00	15.00	—	—
Others	—	—	—	1,13.00	1,13.00	—	—
Total	—	—	—	1,43.00	1,43.00	—	—
Previous Year							
Global Exports Ltd.	—	—	—	15.00	15.00	—	—
Badrinath Industries Ltd.	—	—	—	15.00	15.00	—	—
Others	—	—	—	1,04.43	1,04.43	—	—
Service Charges Paid							
Global Exports Ltd.	—	—	—	49.00	49.00	—	—
Previous Year							
Global Exports Ltd.	—	—	—	38.00	38.00	—	—

Notes on Consolidated Financial Statements

	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Amount Rs. in lakhs	
						Outstanding as on 31.03.12	Outstanding as on 31.03.11
Reimbursements							
Lanco Industries Ltd.	13.38	—	—	—	13.38	0.44	—
Total	13.38	—	—	—	13.38	0.44	—
Previous Year							
Lanco Industries Ltd.	—	—	—	—	—	—	—
Share Application Money Paid							
North Dhadhu Mining Company Pvt. Ltd.	—	1,73.61	—	—	1,73.61	2,34.60	—
Total	—	1,73.61	—	—	1,73.61	2,34.60	—
Previous Year							
North Dhadhu Mining Company Pvt. Ltd.	—	36.74	—	—	36.74	—	60.99
Corporate Guarantee and Standby Letter of Credit							
Electrosteel Steels Limited	2,50,00.00	—	—	—	2,50,00.00	2,50,00.00	—
Total	2,50,00.00	—	—	—	2,50,00.00	2,50,00.00	—
Previous Year							
Electrosteel Steels Limited	—	—	—	—	—	—	—
Bank Guarantee							
North Dhadhu Mining Company Pvt. Ltd.	—	—	—	—	—	27,45.47	—
Total	—	—	—	—	—	27,45.47	—
Previous Year							
North Dhadhu Mining Company Pvt. Ltd.	—	—	—	—	—	—	27,45.47
Investment							
Lanco Industries Ltd.	—	—	—	—	—	63,33.53	—
Electrosteel Steels Limited	4,09.17	—	—	—	4,09.17	7,28,97.65	—
North Dhadhu Mining Company Pvt. Ltd.	—	—	—	—	—	5,88.00	—
Domco Private Limited	—	—	—	—	—	30.00	—
Electrosteel Thermal Power Ltd.	—	—	—	—	—	1.50	—
Total	4,09.17	—	—	—	4,09.17	7,98,50.68	—
Previous Year							
Lanco Industries Ltd.	—	—	—	—	—	—	63,33.53
Electrosteel Steels Limited	24,88.47	—	—	—	24,88.47	—	7,24,88.47
North Dhadhu Mining Company Pvt. Ltd.	—	—	—	—	—	—	5,88.00
Domco Private Limited	—	—	—	—	—	—	30.00
Electrosteel Thermal Power Ltd.	—	—	—	—	—	—	1.50
Security Deposits							
Lanco Industries Ltd.	—	—	—	—	—	40,57.00	—
Electrosteel Thermal Coal Ltd.	—	—	—	4.68	4.68	1,89.68	—
Others	—	—	—	—	—	—	—
Total	—	—	—	4.68	4.68	42,46.68	—
Previous Year							
Lanco Industries Ltd.	—	—	—	—	—	—	40,81.00
Electrosteel Thermal Coal Ltd.	—	—	—	—	—	—	1,85.00
Others	—	—	—	—	—	—	—
Dividend Received							
Lanco Industries Ltd.	2,89.52	—	—	—	2,89.52	—	—
Total	2,89.52	—	—	—	2,89.52	—	—
Previous Year							
Lanco Industries Ltd.	2,89.52	—	—	—	2,89.52	—	—
Rent Receipts							
Electrosteel Steels Limited	1,01.70	—	—	—	1,01.70	—	—
Murari Investment & Trading Company Ltd.	—	—	—	—	—	—	—

Notes on Consolidated Financial Statements

Amount Rs. in lakhs

	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.12	Outstanding as on 31.03.11
G. K. & Sons Private Limited	—	—	—	3.60	3.60	0.90	—
Electrocast Sales India Ltd.	—	—	—	3.60	3.60	0.90	—
Lanco Industries Ltd.	0.36	—	—	—	0.36	0.36	—
Total	1,02.06	—	—	7.20	1,09.26	2.16	—
Previous Year							
Electrosteel Steels Limited	85.29	—	—	—	85.29	—	—
Murari Investment & Trading Company Ltd.	—	—	—	4.05	4.05	—	—
G. K. & Sons Private Limited	—	—	—	0.90	0.90	—	0.60
Electrocast Sales India Ltd.	—	—	—	0.90	0.90	—	0.60
Lanco Industries Ltd.	0.36	—	—	—	0.36	—	—
Service Charges Received							
Electrosteel Steels Limited	39.81	—	—	—	39.81	31.46	—
Total	39.81	—	—	—	39.81	31.46	—
Previous Year							
Electrosteel Steels Limited	11.40	—	—	—	11.40	—	0.92
Sale of DEPB							
Electrosteel Steels Limited	45.56	—	—	—	45.56	5.02	—
Total	45.56	—	—	—	45.56	5.02	—
Previous Year							
Electrosteel Steels Limited	11.25	—	—	—	11.25	—	—
Advances Given							
Electrosteel Steels Limited	80,00.00	—	—	—	80,00.00	80,00.00	—
Lanco Industries Ltd.	—	—	—	—	—	—	—
Total	80,00.00	—	—	—	80,00.00	80,00.00	—
Previous Year							
Electrosteel Steels Limited	—	—	—	—	—	—	—
Lanco Industries Ltd.	53.73	—	—	—	53.73	—	53.73

2.43.1 The Company has given Corporate Guarantee amounting to Rs. 2,50,00.00 lakhs on behalf of Electrosteel Steels Limited. Out of the aforesaid amount, Electrosteel Steels Limited has drawn Rs. 1,38,00.00 lakhs.

2.44 Till the year ended March 31, 2011, the company was using pre-revised Schedule VI to the Companies Act 1956, for the preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification.

2.45 Figures pertaining to the subsidiary companies have been reclassified, wherever necessary to bring them in line with the parents company's financial statements.

As per our report of even date.

For Lodha & Co.
Chartered Accountants

H. K. Verma
Partner

Kolkata
May 28, 2012

For and on behalf of the Board

Chairman
Managing Director
Company Secretary

P. K. Khaitan
U. Kejriwal
Jyoti Jain

Statement Pursuant to Exemption received under Section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies

(Rs in lakhs.)

Sl. No.	Name of the Subsidiary	Reporting Currency	Year	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment other than investment in subsidiary	Turnover	Profit before Tax	Provision for Taxation	Profit after Taxation	Proposed dividend	Country
1	Electrosteel Algérie SPA*	DZD	2011-12	0.69	5,70.83	(4,24.97)	1,27,35.92	1,27,35.92	-	1,01,75.55	(4,92.43)	-	(4,92.43)	-	Algeria
			2010-11	0.62	5,10.93	60.38	1,18,02.70	1,18,02.70	-	1,81,37.32	1,49.31	-	1,49.31	-	Algeria
2	Electrosteel Castings (UK) Limited	GBP	2011-12	81.44	8,95.87	1,16.56	1,45,73.22	1,45,73.22	-	1,60,05.06	1,86.38	-	1,86.38	-	United Kingdom
			2010-11	71.48	7,86.30	(61.29)	99,08.75	99,08.75	-	95,98.46	(3,12.46)	(26.67)	(2,85.79)	-	United Kingdom
3	Electrosteel Europe S.A.	EURO	2011-12	67.88	25,79.28	15,45.98	2,85,22.24	2,85,22.24	0.38	3,79,37.55	7,38.31	2,56.55	481.76	-	France
			2010-11	63.16	24,00.14	9,90.31	2,30,91.00	2,30,91.00	0.35	2,66,60.39	2,84.47	88.62	1,95.85	-	France
4	Singardo International Pte. Limited	SGD	2011-12	40.46	14,51.61	6,42.97	37,13.08	37,13.08	-	40,08.89	1,29.28	17.65	1,11.63	-	Singapore
			2010-11	35.38	8,84.51	4,64.60	28,81.76	28,81.76	-	35,05.35	18.13	3.92	14.21	17.69	Singapore
5	Electrosteel USA, LLC	USD	2011-12	50.87	12,71.75	(6,48.90)	16,42.04	16,42.04	-	11,12.52	(1,85.28)	-	(1,85.28)	-	USA
			2010-11	44.59	10,70.16	(4,06.39)	10,38.18	10,38.18	-	3,51.67	(2,79.14)	18.60	(2,97.74)	-	USA
6	Electrosteel Trading S. A., Spain	EURO	2011-12	67.88	44.12	(0.98)	44.12	44.12	-	-	0.98	-	0.98	-	Spain
			2010-11	63.16	-	-	-	-	-	-	-	-	-	-	Spain
7	Mahadev Vyapaar Private Limited	RS.	2011-12	-	1.00	(4.75)	4,47.75	4,47.75	-	9.45	(3.07)	-	(3.07)	-	India
			2010-11	-	1.00	(1.68)	2,97.99	2,97.99	-	-	(1.81)	0.01	(1.82)	-	India

Notes : 1. Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on 31.03.2012

2. * The financial year of the company ends on December 31st. However, the results given are as of March 31, 2012

Dear Shareholders,

Green Initiative in Corporate Governance : Go Paperless

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices / documents to its shareholders through electronic mode to the registered email addresses of shareholders.

SEBI vide its circular ref. no. CIR/CFD/DIL/2011 dated 5th October 2011, has directed the listed companies to send the soft copies of full Annual Reports to all those shareholders who have registered their e-mail addresses for the purpose.

This move by the Ministry has been welcomed by all since it will benefit the society and the Company at large through reduction in paper consumption, saving cost on paper and postage and avoid loss of document in postal transit.

This is also a golden opportunity for every shareholder to contribute to the Corporate Social Responsibility initiative of the Company. In view of this, the Company proposes to send all notices and documents like General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report, Auditors' Report, Postal Ballot Papers etc. henceforth to the shareholders in the electronic mode, at the designated/registered e-mail addresses furnished by them.

You are therefore requested to register your email address with your depositories or by signing and returning the enclosed slip to the Company or by way of an email to jitendrap.singh@electrosteel.com /mdpl@cal.vsnl.net.in at the earliest.

Please note that these documents will also be available on the Company's website <http://www.electrosteel.com> for download by the shareholders. The physical copies of the Annual Report will also be available at our Registered Office at Rajgangpur for inspection during office hours.

Please note that even if you opt for electronic mode, you shall be entitled to be furnished free of cost, with a copy of the Balance Sheet of the Company and all other documents required by statute to be attached thereto including the Profit & Loss Account and Auditors' Report etc., upon receipt of a requisition from you, any time, as a shareholder of the Company.

We are sure that as a responsible citizen, you would appreciate and cooperate with the "Green Initiative" taken by your Company and in implementation of the same.

Thanking you,

Yours faithfully,

For **Electrosteel Castings Limited**

Sd/-

Jyoti Jain
Company Secretary

----- TEAR HERE -----

DP ID CLIENT ID FOLIO NO

To,
The Company Secretary
Electrosteel Castings Limited
Regd. Office : Rathod Colony, P.O. Rajgangpur-770017
Dist. Sundergarh (Odisha)

Dear Sir,

I hereby give my consent to receive all future communications from Electrosteel Castings Limited at my below email id and/or at my e-mail registered with my/our depository:-

E-mail id

Alternative email id

Thanking you,

Yours faithfully,

.....
Signature of Sole / 1st Holder

.....
Name

.....
Date

TEAR HERE

ECS MANDATE FORM

Maheswari Datamatics Pvt. Ltd.
Unit : Electrosteel Castings Ltd.
6, Mangoe Lane, 2nd Floor
(Surendra Mohan Ghosh Sarani)
Kolkata - 700 001

← For Shares held in Physical Mode
Please complete the form and mail to

Shares held in Electronic Mode
Should inform respective DPs

Dear Sirs,

Change in mode of payment to ECS

I hereby consent to have the amount of dividend on my equity shares credited through the Electronic Clearing Service (ECS). The particulars are:

1. Folio No. / Client ID No. / DPID No. _____
(Folio No. given in equity share certificate(s)/Customer ID Nos. given by your DPs)

2. Shareholder's Name _____

3. Shareholder's Address _____

4. Income Tax Permanent Account Nos:- 10 Digits (for issue of TDS certificate) _____
(PAN should be latest and correct)

5. Particulars of the Bank

- Bank Name _____
- Bank Name and Address _____
- Mention the 9 digit-code number of the Bank and branch appearing on the MICR cheque issued by the bank.

(Please attach the photocopy of a cheque or a cancelled bank cheque issued by your bank for verifying the accuracy of the code number)

● Account type (Please ✓) Savings Current Cash Credit

● Account number (as appearing on the MICR cheque book)

6. Date from which the mandate should be effective

I hereby, declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information or non availability of ECS facility with Company's banks at my place/city, I would not hold the Company/Registrar & Share Transfer Agents of the Company responsible. I also undertake to advice any change in the particulars of my account to facilitate updation of records for purpose of credit of dividend amount through ECS

Signature of the first/sole shareholder



ELECTROSTEEL CASTINGS LIMITED

Registered Office: Rathod Colony, Rajgangpur, Dist. Sundergarh, Odisha-770017
57th Annual General Meeting - September 07, 2012, Friday at 10-30 A.M.

ADMISSION SLIP

Full Name of the member in Block Letters.....

Folio No..... DP ID No.*..... Client ID No.*.....

*Applicable for member holding shares in electronic form.

I certify that I am a registered shareholder of the Company and hold..... shares
please ✓ in the box

MEMBER PROXY

Member's Signature

Name of the Proxy in Block Letters

Proxy's Signature

Note: 1. Shareholder/Proxyholder wishing to attend the meeting must bring the Admission Slip to the meeting and hand it over at the entrance duly signed.

TEAR HERE

ELECTROSTEEL CASTINGS LIMITED

PROXY FORM

I/We.....

of.....

being a member/members of Electrosteel Castings Limited hereby appoint

.....of.....

or failing him.....of.....

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Friday, the September 07, 2012

as witness my/our hand(s) this day of..... 2012

signed by the said

Folio No.....

No. of Shares held.....

Affix
Rupee 1/-
Revenue
Stamp

Note: The Proxy Form must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.