

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
Chief Financial Officer	K. Ramanathan
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, Orissa

Contents

Notice	2
Directors' Report	10
Annexure : "A" to the Directors' Report	16
Management Discussion and Analysis	19
Risk Management	29
Corporate Governance	31
Auditors' Certificate on Corporate Governance	41
Ten-Year Financial Summary	42
Auditors' Report	43
Balance Sheet	48
Profit & Loss Account	49
Cash Flow Statement	50
Schedules	51
Auditors' Report on Consolidated Accounts	83
Consolidated Accounts	84
Consolidated Cash Flow	86
Consolidated Schedules	87



Notice

Notice is hereby given that the Fifty Sixth Annual General Meeting of the Company will be held at the Registered Office of the Company at Rathod Colony, Rajgangpur, Dist. Sundergarh, Orissa on Monday, the July 11, 2011 at 11.30 A.M. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 and the Profit and Loss Account for the year ended on that date together with the Report of the Board of Directors and the Auditors thereon.
2. To consider declaration of dividend by the Company, as recommended by the Board of Directors for the year ended March 31, 2011.
3. To appoint a Director in place of Mr. Pradip Kumar Khaitan, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Binod Khaitan, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. Uddhav Kejriwal, who retires by rotation and is eligible for re-appointment.
6. To appoint a Director in place of Mr. Vyas Mitre Ralli, who retires by rotation and is eligible for re-appointment.
7. To appoint Statutory Auditors and to fix their remuneration.

Special Business:

8. 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. Umang Kejriwal, Managing Director for a further period of 5 years effective from April 01, 2012 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."
9. 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. Mayank Kejriwal, Joint Managing Director for a further period of 5 years effective from April 01, 2012 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."
10. To consider and if thought fit, to pass with or without modifications, the following Resolution as Special Resolution:

"RESOLVED THAT in partial modification of the earlier Resolution passed by the Members of the Company in the Annual General Meeting held on August 01, 2008, the consent of the Company be and is hereby accorded, in terms of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company and/or a duly authorized Committee of the Board for the time being exercising the powers conferred by the Board of Directors ("the Board") for borrowing, from time to time, any sum or sums of moneys on such terms and conditions and with or without security, as the Board may think fit which, together with the moneys already borrowed by the Company (apart from the temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of money/moneys so borrowed by the Board shall not at any time exceed the limit of Rs. 2,500 Crores (Rupees Two Thousand Five Hundred Crores Only).

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things as may be necessary, desirable or expedient for the purpose of giving effect to this Resolution."

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

"RESOLVED THAT in terms of sections 255 and 256 of the Companies Act, 1956 and other applicable provisions of any laws, Mr. Umang Kejriwal, who is presently a director and is also Managing Director of the Company, shall, unless resolved otherwise, be a director, who will not be liable to retire by rotation, for life."

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

"RESOLVED THAT in terms of sections 255 and 256 of the Companies Act, 1956 and other applicable provisions of any laws, Mr. Mayank Kejriwal, who is presently a director and is also Joint Managing Director of the Company, shall, unless resolved otherwise, be a director, who will not be liable to retire by rotation, for life."

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

"RESOLVED THAT in terms of sections 255 and 256 of the Companies Act, 1956 and other applicable provisions of any laws, Mr. Uddhav Kejriwal, who is presently Wholetime Director of the Company, on being appointed as a Director at the meeting, he shall, unless resolved otherwise, be a director, who will not be liable to retire by rotation, for life."

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

"RESOLVED THAT in terms of sections 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 approval is hereby accorded to amend the present terms of appointment of Mr. Uddhav Kejriwal, Wholetime Director, relating to Basic Salary, Special Allowance and encashment of leave, 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 12, 2011
Kolkata

NOTES :

- (a) The relevant details in respect of item Nos. 3 to 6, 8 and 9 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 July 05, 2011 to July 11, 2011 (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 July 11, 2011. 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 July 04, 2011 as per details furnished by the Depositories for this purpose.
- (f) The Unclaimed dividend for the financial year 2002-2003 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 (Orissa). 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 No. 8 & 9 - Reappointment of Mr. Umang Kejriwal & Mr. Mayank Kejriwal as Managing Director and Joint Managing Director respectively.

Mr. Umang Kejriwal and Mr. Mayank Kejriwal were re-appointed as Managing Director and Jt. Managing Director respectively for a period of 5 years from April 01, 2007. The Board at its Meeting held on May 12, 2011 re-appointed Mr. Umang Kejriwal and Mr. Mayank Kejriwal for a further period of 5 years with effect from April 01, 2012 on the remuneration of Rs.5,00,000/- per month for each of them 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.
- (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 and Amenities:
 - a) Medical Benefits:

Reimbursement of actual expenses incurred for self and family.
 - b) Leave:

As per applicable Staff Rules of the Company.
 - c) Accommodation:

Furnished Residential accommodation including gas, electricity and water.
 - 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) The Personal Accident & 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. Umang Kejriwal and Mr. Mayank Kejriwal and their 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. Umang Kejriwal and Mr. Mayank Kejriwal will be entitled to receive such minimum remuneration as is permissible under Section II of Part II of Schedule XIII to the Act.

As per the provisions of Sections 198, 269 and 309 read with Schedule XIII to the Companies Act, 1956, the appointment of and remuneration to Wholetime Director requires the approval of the shareholders in General Meeting by way of a Special Resolution.

The Board of Directors recommends the resolutions for your approval as set out under item no. 8 & 9.

Mr. Umang Kejriwal, Mr. Mayank Kejriwal and Mr. Uddhav Kejriwal may be considered as interested in the above appointments. None of the Directors is concerned or interested in the above appointment.

The Explanatory Statement together with the accompanying notice may also be regarded as an abstract of the terms of re-appointment of Mr. Umang Kejriwal and Mr. Mayank Kejriwal and Memorandum of interest of Directors u/s. 302 of the Companies Act, 1956.

Item No.10 - Limit under Section 293(1)(d)

As per the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the permission of the Members in General Meeting, borrow moneys in excess of the aggregate of the paid-up capital of the Company and its free reserves.

The shareholders of the Company, vide Resolutions passed at the Annual General Meeting held on August 01, 2008 approved the borrowing limits of Rs.1,500 Crores in terms of Section 293(1)(d) of the Companies Act, 1956.

The increasing business operations and future growth plans of the Company would necessitate restructuring of the borrowing limits by authorizing the Board of Directors to borrow moneys which may exceed at any time the aggregate of the paid-up capital of the Company and its free reserves, but not exceeding Rs.2,500 Crores (in place of the existing limit of Rs.1,500 Crores). These upward revisions in the borrowing limits would require your approval under the provisions of Sections 293(1)(d) of the Companies Act, 1956.

The Board of Directors recommends the resolution for your approval.

None of the Directors is either interested or concerned (save and except to the extent of their shareholding in the Company, if any) in these resolutions.

Item No.11 to 13 - Directors not liable to Retirement by Rotation

At present there are Twelve Directors on the Board. As per the provisions of Section 255 of the Companies Act, 1956 atleast two-third of the total Directors shall be the Directors whose period of office is liable to determination by retirement by rotation. To comply with these provisions, since two-third of total number of Directors comes to eight who are required to retire by rotation, so long as the total number of director of the company is twelve, the company could have four directors who will not be required to retire by rotation. In view of this, it is now proposed that unless resolved otherwise, Mr. Umang Kejriwal, Mr. Mayank Kejriwal and Mr. Uddhav Kejriwal may be the Directors who will not be liable to retire by rotation, till their life.

The Board of Directors recommends the resolutions for your approval.

None of the Directors expect Mr. Umang Kejriwal, Mr. Mayank Kejriwal and Mr. Uddhav Kejriwal is interested or concerned in these resolutions.

Item No. 14 – Amendment of terms of appointment of Mr. Uddhav Kejriwal

The Board at its meeting held on May 7, 2007 re-appointed Mr. Uddhav



Kejriwal for a further period of 5 years with effect from June 16, 2008. Further, w.e.f. June 16, 2011, the Board at its meeting held on May 12, 2011 approved revision of existing terms of Salary from “Rs. 1,50,000 per month in the grade of 1,50,000-25,000-2,50,000” to “Rs. 2,50,000 per month in the grade of 2,50,000-50,000-3,00,000”. The Board w.e.f. June 16, 2011 also revised existing “Special Allowance of Rs. 44,500 per month in grade of 44,500-3250-57,500” to “Special Allowance of Rs. 75,000 per month in grade of 75,000-25,000-1,00,000”. Further, w.e.f. June 16, 2011, the Board revised the existing terms of Encashment of leave from “At the end of tenure of office in accordance with the Company’s Rules” to “In accordance with the Company’s Rules & Regulations.”

The Board of Directors recommends the resolutions for your approval.

None of the Directors except Mr. Umang Kejriwal, Mr. Mayank Kejriwal and Mr. Uddhav Kejriwal is interested or concerned in these resolutions.

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. Pradip Kumar Khaitan

Mr. Pradip Kumar Khaitan is Chairman of the Company and has been a director of the Company since 1972. He is a B.Com, LL.B and Attorney-at-Law (Gold Medalist) and has experience in the fields of commercial and corporate law, tax law, arbitration, foreign collaborations, mergers & acquisitions, restructuring and de-mergers. He is a member of the Bar Council of India, the Bar Council of West Bengal and the Indian Council of Arbitration. He is a senior most partner of Khaitan & Co., Advocates & Solicitors firm. Mr. Khaitan 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.	CESC Ltd.	Director	NIL
2.	Dalmia Bharat Enterprises Ltd.	Director	NIL
3.	Dhunseri Petrochem & Tea Ltd.	Director	NIL
4.	Emaar MGF Land Ltd.	Director	Member-Shareholders and Investors Grievance Committee
5.	Gillanders Arbuthnot & Co. Ltd.	Director	Member-Shareholders and Investors Grievance Committee
6.	Graphite India Ltd.	Director	NIL
7.	Hindustan Motors Ltd.	Director	Member-Investors Grievance Committee
8.	India Glycols Ltd.	Director	NIL
9.	OCL India Ltd.	Director	NIL
10.	Pilani Investment & Industries Corporation Ltd.	Director	Member- Audit Committee
11.	Suzlon Energy Ltd.	Director	Member- Audit Committee Member- Investor Relations Committee
12.	TCPL Packaging Ltd.	Director	NIL
13.	VISA Steel Ltd.	Director	NIL
14.	Woodlands Multispeciality Hospital Ltd.	Director	NIL

Mr. Pradip Kumar Khaitan holds 1,000 equity shares in the Company as Joint holder.

The Board of Directors commends the reappointment.

Mr. Binod Khaitan

Mr. Binod Khaitan is a qualified B.Com., M.B.A. (Geneva), a retired businessman with wide experience in industries such as plywood, tea, jute, tyre, tube etc. Presently he is associated with various charitable and social organisations like Rotary Club, Vivekanand Kendra etc. He has been on the Board of the Company as a non-executive director since 1975 and currently holds directorship of the following limited Company as per detail given below:

Sl. No.	Name of the Company	Nature of Interest	Chairmanship / Membership of Committee
1.	The Phosphate Co. Ltd	Director	NIL
2.	Electrosteel Steels Ltd.	Director	NIL

Mr. Binod Khaitan holds 2,000 equity shares in the Company.

The Board of Directors commends the reappointment.

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 Lakhs 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. 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.	Malay Commercial Enterprises Ltd.	Director	NIL
2.	Murari Investments & Trading Company Ltd.	Director	NIL
3.	Sri Gopal Investments Ventures Ltd.	Director	NIL
4.	Badrinath Industries Ltd	Director	NIL

The Board of Directors commends the reappointment.

Mr. Vyas Mitre Ralli

Mr. Vyas Mitre Ralli is Wholetime Director of the Company. He is a qualified B.Tech (Hons.) in Metallurgical Engineering from Indian Institute of Technology, Kharagpur. He joined the Company in April 1972 and currently is in-charge of Plants at Khardah and Haldia. He also oversees all the production and development at LIL. He has been appointed as a Wholetime Director on December 21, 2009. He does not hold directorship of any other Company.

The Board of Directors commends the reappointment.

Mr. Umang Kejriwal

Mr. Umang Kejriwal is Managing Director of the Company and has 35 years' experience in the Pipe manufacturing industry. From 1972 to 1975 he was actively engaged in the sale of the Company's products through his role as an Executive Director of the Company's then sole selling agents, Electrocast Sales India Ltd. He was appointed an Executive Director of the Company in 1975 and was subsequently promoted to Deputy Managing Director in 1979. In 1981, he was appointed as Managing Director of the Company. He is visionary and contributed to the growth 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.	Electrosteel Thermal Power Ltd.	Director	NIL
2.	Electrosteel Thermal Coal Ltd.	Director	NIL
3.	Electrosteel Steels Ltd.	Director	NIL
4.	Uttam Commercial Co. Ltd.	Director	NIL
5.	G.K. Investments Ltd.	Director	NIL
6.	Electrocast Sales India Ltd.	Director	NIL
7.	Escal Finance Services Ltd.	Director	NIL
8.	Utkal Investments Ltd.	Director	NIL

The Board of Directors commends the reappointment.

Mr. Mayank Kejriwal

Mr. Mayank Kejriwal is Joint Managing Director of the Company. He was appointed as an Executive Director of the Company in 1977. In 1981, he was appointed as Joint Managing Director of the Company. Mr. Kejriwal has 35 years' experience in the Pipe manufacturing industry. 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.	Lanco Industries Ltd.	Managing Director	NIL
2.	Electrosteel Thermal Power Ltd.	Director	NIL
3.	Escal Finance Services Ltd.	Director	NIL
4.	Electrosteel Thermal Coal Ltd.	Director	NIL
5.	Murari Investment & Trading Co.Ltd.	Director	NIL
6.	Electrocast Sales India Ltd.	Director	NIL
7.	Malay Commercial Enterprises Ltd.	Director	NIL

The Board of Directors commends the reappointment.

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

Jyoti Jain
Company Secretary
May 12, 2011
Kolkata

Directors' Report

To The Shareholders

To,
The Members

Your Directors take pleasure in presenting their Fifty Sixth Annual Report and Audited Accounts of the Company for the year ended March 31, 2011.

Financial Results		Rs. in Crores	
Sl.no.	Particulars	FY 2010-11	FY 2009-10
i.	Gross Turnover	1749.67	1466.64
ii.	Net Turnover	1711.43	1428.77
iii.	Other Income	70.33	125.42
iv.	Total Revenue	1781.76	1554.19
v.	Earning Before Interest, Depreciation, Taxation and Amortisation (EBITDA)	316.98	404.29
vi.	Interest (Net)	47.68	44.07
vii.	Depreciation	54.41	52.30
viii.	Profit before Taxation (PBT)	214.89	307.92
ix.	Tax including Deferred Tax	60.25	101.63
x.	Profit after Taxation (PAT)	154.64	206.29
xi.	Profit brought forward from previous year	101.02	87.60
xii.	Amount available for appropriation	255.66	293.89
	Appropriation		
	Transfer to Debenture Redemption Reserve	22.00	27.00
	Transfer to General Reserve	100.00	118.24
	Proposed Dividend including tax thereon	47.47	47.63
	Total	169.47	192.87
xiii.	Surplus carried to Balance Sheet	86.19	101.02

The Company's turnover has increased from Rs. 1466.64 crores in 2009-10 to Rs. 1749.67 crores in 2010-11 representing an increase of 19.30 %.

Dividend

Your Directors recommend a dividend @ Rs.1.25 per share i.e.125% for the year ended March 31, 2011. The dividend, on approval by members, will absorb Rs. 47.47 crores, inclusive of tax of Rs. 6.62 crores on distribution of dividend.

Operations

The Company's turnover has increased from Rs. 1466.64 crores in 2009-10 to Rs. 1749.67 crores in 2010-11 representing an increase of 19.30 %. Export sales showed an increase from Rs. 507.15 crores to Rs. 623.06 crores, an increase of 22.86% owing to higher proportion of sales in the export market. The increase in turnover is mainly due to increase in sales quantity of DI Pipes by 13.46%. Successful commissioning of Blast Furnace has contributed to increase in availability of liquid metal by 15.78%. The Company's profit (PBT) for the year was Rs. 214.89 crores as against Rs. 307.92 crores. The decline was due to steep rise in raw materials prices mainly of iron ore & coal.

During the year D.I. Pipes production was 2,70,327 MT as against 2,35,463 MT in the previous year, showing an increase of 14.81%. This is highest ever exceeding the earlier best by about 7%. Production of D.I. fittings was higher by 7.58% over the previous year (from 4,683 MT to 5,038 MT).

The production of CI Pipes at Elavur was 30,199 MT as against 40,651 MT in the previous year due to the customer's preference for DI Pipes over CI Pipes.

Cost reduction and backward integration

Blast Furnace - Productivity of Blast Furnace has been improved after relining. Usage of Sintered product has been increased successfully

to reduce the dependency on Lump Ore. Coal injection system in the Blast Furnace has been improved to reduce Coke rate.

Coke oven plant -Production improved to meet the Blast Furnace requirement. Your Company is now self sufficient. Import of Coke is not required.

Pipe & Fittings - Apart from increase in Production and Productivity, special attention has been given to increase Energy efficiency. Further Product variety has been added to meet newer requirements from International and enlightened Indian customers.

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. 300 crores as at 31.03.2011). "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 "PR1 +" 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.



Directors' Report (Contd.)

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, 2011 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 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the annual accounts have been prepared on a going concern basis.

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.

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.

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, 2011, 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 Algeria SPA	Subsidiary
4.	Singardo International Pte Limited	Subsidiary
5.	Electrosteel USA, LLC	Subsidiary
6.	WaterFab LLC	Subsidiary
7.	North Dhadhu Mining Company Pvt Ltd	Joint Venture
8.	Domco Pvt Limited	Joint Venture
9.	Lanco Industries Limited	Associate
10.	Electrosteel Steels Limited (Formerly Electrosteel Integrated Ltd.)	Associate
11.	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 12, 2011 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, 2011. However, a statement containing brief financial details of the Company's subsidiaries for the year ended March 31, 2011 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.



Directors' Report (Contd.)

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

ESL is setting up a 2.2 MTPA Integrated Steel & D I Pipe project at Siyaljuri in Bokaro District in the State of Jharkhand. The project envisages production of 1.20 MTPA long steel products viz. bar & rods, 0.33 MTPA of D I pipes and balance 0.677 MTPA of other steel products. The project is appraised by the State Bank of India as the lead bank. The ESL plant will be based on Blast Furnace Route and would have various technological facilities including of Sinter Plant, Coke Oven Plant, Pellet Plant, Blast Furnace, Basic Oxygen Furnace, Billet Casters, Rebar & Wire Rod Mill.

Implementation of the project is progressing satisfactorily and ESL has acquired the required land, received all statutory clearances, and placed almost all the orders for supply of plant & machinery. One of the Blast Furnaces of the Company was commissioned in September, 2010, which was temporarily shut down for the purpose of synchronization with other units and has since restarted in March, 2011. The construction work of the other facilities at site is in full swing.

Awards

JIPM-Japan has given 'AWARD FOR EXCELLENCE IN CONSISTENT TPM COMMITMENT' for the year 2010 in recognition of your Company's outstanding achievement.

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 2008-09.

*JIPM-Japan has given
'AWARD FOR
EXCELLENCE IN
CONSISTENT TPM
COMMITMENT' for the
year 2010 in recognition
of your Company's
outstanding achievement.*

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.

Directors

Mr. Pradip Kumar Khaitan, Mr. Binod Khaitan, Mr. Uddhav Kejriwal and Mr. Vyas Mitre Ralli, 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.

Kolkata
May 12, 2011

On behalf of the Board
UMANG KEJRIWAL
Managing Director
UDDHAV KEJRIWAL
Wholetime Director



Annexure 'A'

To Directors' Report

CONSERVATION OF ENERGY

a) Energy conservation taken :

- In the major shut down, all in-effective transparent sheets were replaced and better quality sheets were placed in an effective way to get the advantage of full day light. This resulted in an energy saving benefit as now no overhead lamps are kept on during day time.
- Light sensors have been fitted to automatically switch off street lights in one section of the factory at the sense of day break or switches on just before night fall. After seeing the success of the same most of the plant will be covered.
- Upgradation of pulverized coal injection system has resulted in reducing the consumption of the coke.
- With continual focus in improving the energy utilization, work practice changes with some modifications in the Induction furnaces has resulted in substantial reduction in power consumption per metric ton of liquid metal processing.

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

- Capacitors are being installed in phases to improve the overall power factor of the plant which will lead to less power consumption. In beginning of the financial year the power factor was about 0.92 and after installation of few capacitors it is currently now 0.938. Projected that end of this financial year we will reach 0.95
- Online Maximum demand display system is being installed to monitor and control the same to achieve lower energy cost.

New approvals from East European countries like Czechoslovakia, Croatia and Middle East country Kuwait are helping the Company entering new marketing areas.

- Though we have already achieved substantial reduction in the LDO/fossil fuel usage, further improvement has been planned for more effective usage of Blast Furnace gas further reducing dependency on LDO/fossil fuel.

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

TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT (R & D)

To continue as the market leader, the Company is increasing its focus to innovate new ideas in product, process and environment improvement. Some of the R&D initiatives taken by the Company during the year to improve performance of the product and to increase the market share are given below.

- The Company has developed new linings of DI Pipes for US market for sewerage conveyance certified by the US applicator.
- Your Company is partnering with the Industrial Institute Partner Cell of Jadavpur University, to evaluate the performance of special coatings under high corrosive environment by simulating the condition in the laboratory.
- The Company has also developed it's own Corrosion Resistance Testing Laboratory to

evaluate the performance of the Coatings and Linings.

- New tests are being added at in house laboratory as well as at Jadavpur University.
- Development of different Restrained Pipe Joints for difficult laying conditions.
- Company has already developed Pipes and Fittings as per AWWA specification for USA market and presently expanding the size range.
- The different certification from the world premier certifying agencies like NSF, UL (Underwriter Laboratory), FM (Factory Mutual) continuously assures the customers about the world class quality of the Company's products.
- New approvals from East European countries like Czechoslovakia, Croatia and Middle East country Kuwait are helping the Company entering new marketing areas.

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. 541.68 crores
Foreign exchange earned	- Rs. 583.78 crores

Form - A**Form for disclosure of particulars with respect to conservation of energy : 2010-2011****(a) Power & Fuel**

		Current Year ended 31.03.11	Previous Year ended 31.03.10
1. Electricity			
(a) Purchased			
Units	Kwh '000	140915.80	129379.66
Total Amount	Rs. Lakhs	7169.69	5787.30
Rate/Unit	Rs.	5.09	4.47
(b) Own Generation			
i) Though diesel Generator			
Units	Kwh '000	2235.78	1835.74
Unit/litre of Diesel Oil	Kwh	3.32	3.32
Cost/Unit variable	Rs.	11.65	10.12
ii) Though Steam Turbine Generator*			
Units	Kwh '000	95061.31	59265.61
Unit/litre of Diesel Oil	Kwh	157.27	227.24
Cost/Unit Variable	Rs.	0.29	0.14
2. Furnace Oil incl. Diesel			
Quantity	K.L.	9774.33	9883.43
Total Amount	Rs. Lakhs	3642.76	3029.09
Average Rate	Rs./KL	37268.70	30648.14
3. Coke & Coal			
Quantity	M.T.	294482.00	284123.42
Total Amount	Rs. Lakhs	29321.91	27327.58
Average Rate	Rs./MT	9957.12	9618.21
4. Coal Gas			
Quantity	NM ³ '000	9072.02	8501.86
Total Amount	Rs. Lakhs	833.11	639.78
Average Rate	Rs./NM ³	9.18	7.53

*Includes 60532.00 (previous year 33139.60) kwh surplus power exported to Grid.

(b) Consumption per Unit of Production (MT)

	Pipes and Allied Products
Electricity (KWH)	561 (535)
Furnace Oil (Ltr.)	31 (34)
Coke & Coal (Kg.)	930 (966)
Coal Gas (NM ³)	29 (29)

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 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.

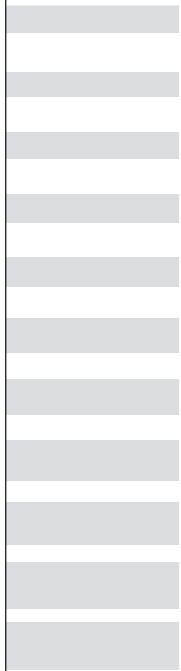
Ductile Iron pipes have a current demand of 800,000 tonnes p.a. in India out of which only 500,000 tonnes p.a. is produced locally. Most of the pipes are consumed primarily by State and the Central government projects for distributing drinking water.

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



« 2010-11 vs. 2009-10

The Company's turnover has increased from Rs. 1466.64 crores in 2009-10 to Rs. 1749.67 crores in 2010-11 representing an increase of 19.30 %. Export sales showed an increase from Rs. 507.15 crores to Rs. 623.06 crores, an increase of 22.86% owing to higher proportion of sales in the export market. The increase in turnover is mainly due to increase in sales quantity of DI Pipes by 13.46%. Successful commissioning of Blast Furnace has contributed to increase in availability of liquid metal by 15.78%. The Company's profit (PBT) for the year was Rs. 214.89 crores as against Rs. 307.92 crores. The decline was due to steep rise in raw materials prices mainly of iron ore & coal.

« Ductile Iron Pipes

The production of DI pipes increased during the year from 2,35,463 MT last year to 2,70,327 MT i.e. by 14.81%.

Year	DI Pipe production
2008-09	2,51,823 MT
2009-10	2,35,463 MT
2010-11	2,70,327 MT

The increase in production was mainly due to improved productivity and debottlenecking in the manufacturing facilities.

« Cast Iron Pipes

Production was lower at 30,199 MT against 40,651 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 4,683 MT last year to 5,038 MT. Company improved the

The focus on exports is clearly established by receiving once again the Engineering Export Promotion Council, Eastern Region's Export Excellency Award for 2008-09, for the 7th year running.

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 Kodoliba in the State of Jharkhand. The Company expects to receive the consent

from MOEF and on receipt of this consent the mining lease would be signed and mine would be developed. Once this mine is developed, it would help your Company in reducing the production cost further.

Your Company is also developing the Dolomite mine at Chandrapura, which will supply low silica high grade Dolomite for its operation.

To facilitate the raw-material movement, private railway sidings of your Company are in the final stage of commissioning and are likely to be operational soon.

« Power Plant

12 MW Power Plant at Haldia has contributed 60.53 million units to SEB grid in place of 33.14 million units last year. Generation was higher due to improved operation of Coke Oven Battery nos. 1 and 2 after completion of their capital repair, 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 1,64,428 MT of Metallurgical Coke against 1,40,922 MT last year for captive consumption in Blast Furnace at Khardah Works.

« Export

This year again your Company maintained its thrust in exports by entering new markets like South America as well as consolidated its dominant position in the existing markets. The Company is strengthening its position in export



Management Discussion (Contd.)

market inspite of strong competition from new players and the ongoing crisis in the European markets, which resulted in increase in exports by approx. 16% in volume compared to last year.

A new approval like FM (for "mm" pipes and fittings) was obtained to add to the existing range of approvals, to establish the quality of the products.

The focus on exports is clearly established by receiving once again the Engineering Export Promotion Council, Eastern Region's Export Excellency Award for 2008-09, for the 7th year running.

« 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

Customers are becoming more and more conscious not only regarding the value of the product but also demanding compliance of social and environmental issues prevailing at the premises of the manufacturer. They emphasize on continual improvement, rather than on maintaining the standard. Your Company is well aware of this and continuously updating their activities. Some of the steps taken and achievements obtained during the year are given below:

- a) Regular practice of TPM activities has brought about remarkable results in productivity, product quality, cost

Your Company has achieved FM (Factory Mutual) Certification for both AWWA and ISO/EN Pipes. This will give your Company a competitive edge to market the products for Fire Fighting.

reduction and Company culture improvement. TPM and the Kaizen Culture have percolated, both upward and downward and continue to be maintained with all the enthusiasm involving and motivating personnel at all levels. JIPM-Japan has given 'AWARD FOR EXCELLENCE IN CONSISTENT TPM COMMITMENT' for the year 2010 to honour your Company's outstanding achievement.

- b) Company's NABL accredited laboratory has further added on its capabilities. One more test has been added in the scope of accreditation last year.
- c) Your Company has achieved FM (Factory Mutual) Certification for both AWWA and ISO/EN Pipes. This will give your Company a competitive edge to market the products for Fire Fighting.
- 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 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 East European countries like Czechoslovakia, Croatia and Kuwait.

◀ **Safety, Health & Environment**

Your Company is committed to the safety and health of its employees. The Safety Management

Systems are constantly being monitored for improvement and upgradation to compete with the best in the industry. Mechanisms for monitoring activities related to health, hygiene and safety have been set up at every plant. Your Company conducts regular training programmes to create awareness of the above, among employees. 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 plants.
- b) In addition to normal periodical medical check ups for the employees, special tests like Pulmonary functions, audiometric tests, chest X-rays are regularly done for concerned areas.
- c) 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.
- d) Workmen involvement at all levels is continuously enhanced by creating safety volunteers in each shop. Safety related quiz competition among staff, workers and contractor's workmen is regularly organized to increase the knowledge.
- e) Observations of Senior Managers in the 'Planned Visit' of the plants are paid due attention and also form one of the basis of



Management Discussion (Contd.)

improving 'Safe Operating Practices'.

- f) Safety audits by experts from other similar industries are a regular practice.
- g) There is a regular thrust on Involvement of the associate agencies like transporters, contractors etc by way of training and monitoring ensuring implementation of safe operating procedures in their area of work.
- h) Ambient air quality (SPM) around the Factory is regularly monitored to ensure compliance to the standards.
- i) Continuous SPM monitoring systems has been installed in the relevant chimneys at Khardah and Haldia.
- j) Your Company also focuses on the development of the eco-system and improvement of the green belt in and around its manufacturing plants.

« Corporate Social Responsibility (CSR)

Social welfare, community development, economic and environmental responsibilities are at the core of the CSR of your Company. As part of its policy for corporate social responsibility, your Company undertakes a range of activities to improve living conditions of people in the neighbourhood of all its plants. These activities include education, healthcare, sports, cultural events, vocational training such as:

- a) Your Company continues to operate two nos. charitable medical Institutions involving local people.
- b) Free Medical checkup and Blood donation camps in the Neighbourhood.
- c) Organising sports activities involving local schools and clubs at district level with an aim to promote sports activities in the district. Distributed volleyball & kit to Kashberia village.
- d) Rewards for good & bright students in the locality.

To bring performance improvement in the areas of Treasury operation, SAP FSCM (Treasury and Risk Management) has been implemented and successfully rolled out. Also the SAP system has been kept ready / aligned with forthcoming IFRS.

Distribution of Education Kit to poor children. Supplying study benches to one of the local school.

- 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 cultural activities among workers, their families and locality.
- g) Development, repair and renovation of local Kali Temple.
- h) Setting up of Drinking water Kiosks in the local area.
- i) Distribution of free saris and blankets during Puja.
- j) Awareness programme on "ORGANIC FARMING" was conducted at Elavur Housing Colony. Organic farming has been started at EW housing colony. Employees of ECL Elavur and Chennai Office are benefitted with Organic vegetables and fruits, which are provided, at a subsidized rate.

« Information Technology

As a constant endeavor, Information Technology (IT) has always been a thrust area for your Company. To maximize business performance in each area of operations a dedicated and energized team is constantly keeping close watch over IT opportunities in the organization. The internal IT support service is constantly evaluating best fit value adding technology solutions to accelerate performance per business function maintaining the data center with sufficient security measures.

In order to establish a smart analytical reporting system, SAP Business Intelligence has been taken up as regular practice in the organization. It is being intensively used by the key decision makers while analyzing various business performances to spot improvement areas. Proactive measures are taken right in time based on the analytic feedback received from the Business Intelligence system.

Your Company is continuously striving to make the organisation well connected. In view of the same, necessary strengthening in the area of WAN and LAN has been done. To maximize the link availability across locations, necessary backup arrangement has been implemented. This would help your Company to ensure seamless business working and bringing all processes across the organization under common umbrella called SAP. All employees have been given secured access to SAP over Employee Self Services (ESS) available through Enterprise Portal (EP). Access to core business functions per process area is allowed to select people through secured login password.

To bring performance improvement in the areas of Treasury operation, SAP FSCM (Treasury and Risk Management) has been implemented and successfully rolled out. Also the SAP system has been kept ready / aligned with forthcoming IFRS.

Upgradation has been done in basic IT infrastructure by revising configuration of MS Exchange server (Email), Internet proxy server and Root Domain Controller / Active directory. This upgradation has ensured performance



Management Discussion (Contd.)

improvement and smooth functioning of the facilities. Necessary technology Upgradation has been done in SAP landscape to accommodate IFRS alignment and upgraded the SAP database storage capacity. We have introduced biometric attendance system for all the employees to maintain right discipline and integrated to back end ERP system.

We have also brought our subsidiary operations out of Spain, France and UK under the umbrella of ERP and implemented SAP. This has helped us to strengthen our routine transaction system and achieved smart accounting practices out of those country operations. This SAP implementation would enable us to consolidate data management at corporate to create single window view of our business at macro level. It would assist us to keep ourselves informed about our performances at various areas of our business.

In order to strengthen data and network security we have implemented various measures by introducing data leak prevention tool and upgraded the fire walls. We have implemented IT policy outlining various standard operating procedures as an imperative to be followed by all. We have taken all steps and implemented necessary technologies to ensure full compliance to IT policy.

As part of continuous improvement, we have revamped our website **www.electrosteel.com** with latest updates of our performance and achievements. We have made it more visitor friendly loaded with more product information and coordinates for better reach ability for the prospective and potential customers.

« Human Resources / Industrial Relations

Your Company is about people and we believe that we can achieve very little without an engaged workforce. Other assets can be easily replicated, but people are unique, each with their unique talent. We believe that to succeed

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.

sustainably 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 do we select the right people at all levels, we also ensure that the human capital at Electrosteel is up to date on cutting edge technology, managerial and leadership skills, financial management and logistics through developmental programmes in each of these areas. Your Company continues to invest in improving the human capital through continuous in-house and external development programmes. We ensure that we are always on a rising learning curve.

We believe 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. 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

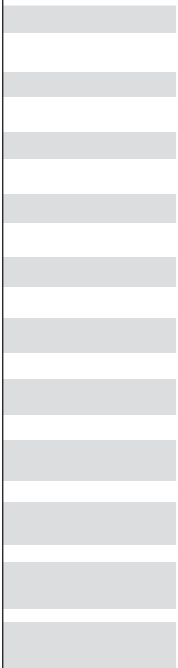
Increased cost of raw materials, shipping, logistics and bottleneck in the logistics, coupled with competitive market, have created pressure on margins. However, with backward integration, cost reduction measures including hedging of commodity prices etc, de-bottlenecking logistic constraints and long 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 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.

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.

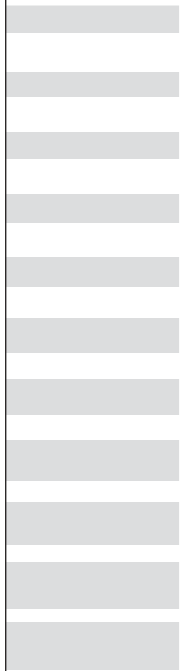
Competitor Risk

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

The Company is exposed to labour unrest risk, which may lead to production slowdown ultimately resulting in plant shutdown.

Labour relations have been excellent 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 believes that labour relations will continue to remain excellent.

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.

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 2010-11

(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, 2011

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	6	NIL
Mr. Umang Kejriwal	Promoter, Executive	8	NIL	NIL
Mr. Mayank Kejriwal	---do---	7	NIL	NIL
Mr. Uddhav Kejriwal	---do---	4	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	10	2	NIL
Mr. Binod Khaitan	---do---	1	NIL	NIL
Mr. Naresh Chandra	---do---	11	9	1
Mr. MBN Rao	---do---	10	10	4
Mr. S Y Rajagopalan	Non-Independent, Non-Executive	NIL	NIL	NIL



Corporate Governance (Contd.)

Attendance of Directors at the Board Meetings during the financial year ended March 31, 2011 and the last Annual General Meeting (AGM)

During the financial year ended March 31, 2011, five Board meetings were held on the following dates: May 14, 2010, July 09, 2010, August 09, 2010, November 02, 2010 and January 25, 2011. 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 12, 2010
Mr. Pradip Kumar Khaitan	5	No
Mr. Umang Kejriwal	5	No
Mr. Mayank Kejriwal	5	No
Mr. Uddhav Kejriwal	5	No
Mr. V M Ralli	5	No
Mr. R S Singh	2	No
Mr. M K Jalan	4	No
Mr. Jamshed J Irani	5	No
Mr. Binod Khaitan	5	No
Mr. Naresh Chandra	4	No
Mr. MBN Rao	4	No
Mr. S Y Rajagopalan	5	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. The Audit Committee also reviews such matters as considered appropriate by it or referred to it by the Board.

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, 2011 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 auditors 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, 2011 four audit committee meetings were held on May 14, 2010, August 09, 2010, November 02, 2010 and January 25, 2011. The gap between any two consecutive meetings did not exceed four months.

Name of the Member Attended	No. of meetings
Mr. Binod Khaitan	4
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 2010-11

Name of the Directors	Salary* (Rs.)	Benefits (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Mr. Pradip Kumar Khaitan	-	-	2,50,000	1,00,000	3,50,000
Mr. Umang Kejriwal	24,00,000	20,75,656	2,00,00,000	-	2,44,75,656
Mr. Mayank Kejriwal	24,00,000	18,41,454	2,00,00,000	-	2,42,41,454
Mr. Uddhav Kejriwal	23,37,500	31,38,572	1,70,00,000	-	2,24,76,072
Mr. V. M. Ralli	24,60,000	86,50,846	-	-	1,11,10,846
Mr. R. S. Singh	24,60,000	81,46,770	-	-	1,06,06,770
Mr. M. K. Jalan	24,60,000	85,99,051	-	-	1,10,59,051
Mr. J. J. Irani	-	-	12,00,000	1,00,000	13,00,000
Mr. Naresh Chandra	-	-	12,00,000	1,40,000	13,40,000
Mr. Binod Khaitan	-	-	2,50,000	3,20,000	5,70,000
Mr. M.B.N. Rao	-	-	6,00,000	1,60,000	7,60,000
Mr. S. Y. Rajagopalan	-	-	4,00,000	1,00,000	5,00,000

*This represents the fixed component.

The above remuneration is within the limits prescribed under the provisions of the Companies Act, 1956. The remuneration of the Directors appointed during the year are given from the respective date of their appointment and are also subject to approval of shareholders in the forthcoming Annual General Meeting.

The details of shares/convertible instruments held by the non-executive Directors of the Company as on March 31, 2011 are as follows :

Name	No. of shares held	No. of convertible instruments held
Mr. Pradip Kumar Khaitan	Nil	Nil
Mr. Binod Khaitan	2000	Nil
Mr. Jamshed J Irani	Nil	Nil
Mr. Naresh Chandra	Nil	Nil
Mr. M.B.N. Rao	Nil	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, 2011, meeting of the Shareholders/Investors Grievance Committee was held on January 25, 2011.

Composition as on March 31, 2011

As on March 31, 2011 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 40 complaints and 40 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, 2011.

6. General Body Meetings

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

Financial Year	Date of AGM	Venue	Time
2009 - 2010	July 12, 2010	Rathod Colony, Rajgangpur Dist. Sundergarh Orissa	11.00 a.m.
2008 - 2009	August 18, 2009	Rathod Colony, Rajgangpur Dist. Sundergarh Orissa	09.30 a.m.
2007 - 2008	August 01, 2008	Rathod Colony, Rajgangpur Dist. Sundergarh Orissa	09.30 a.m.



Corporate Governance (Contd.)

- B. Special Resolutions were passed at the AGM held on August 01, 2008, August 18, 2009 and July 12, 2010.
- C. Last year no resolution through Postal Ballot was passed by the Company. Further no resolution is proposed to be passed through Postal Ballot during the current year.
- 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 Note 30 in Schedule 17 to the Accounts. 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 Sambad. 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.

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 Sambad.

9. General Shareholder information

Date, time and venue of the Annual General Meeting	July 11, 2011, Monday at 11.30 A.M Rathod Colony, Rajgangpur, Dist. Sundergarh, Orissa.
Financial Year	April 1st to March 31st
Book Closure Period	July 05, 2011 to July 11, 2011 (both days inclusive)
Interim Dividend Payment Date	Not Applicable
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> <p>Zero Coupon Convertible Bond (ZCCBs) : US \$ 20.45 million</p> <p>ZCCB holders have an option to convert the ZCCBs into equity shares at a conversion price of Rs 42.44 per share (subject to certain adjustments under specified circumstances) as per the offer document at a fixed exchange rate of US \$ 1.00 = Rs 44.84 at any time on or after July 04, 2006 and prior to the close of business on May 16, 2011. Upon such conversion the equity share capital and share premium will increase by Rs.216.06 Lakhs and Rs.8953.72 Lakhs respectively.</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
Zero Coupon Convertible Bonds (ZCCB)	Singapore Exchange Securities Trading Limited 2, Shenton Way, 19-00 SGX Centre 1 Singapore-068804
Stock Code	Equity Shares & Warrants BSE - 500128 NSE – ELECTCAST GDR London Stock Exchange-B0K6M89 ZCCB Singapore Exchange Securities Trading Limited-7MKB
Listing Fee	Listing fees for 2011-12 have been paid to NSE and BSE.

Corporate Governance (Contd.)

Stock Market Price for the financial year

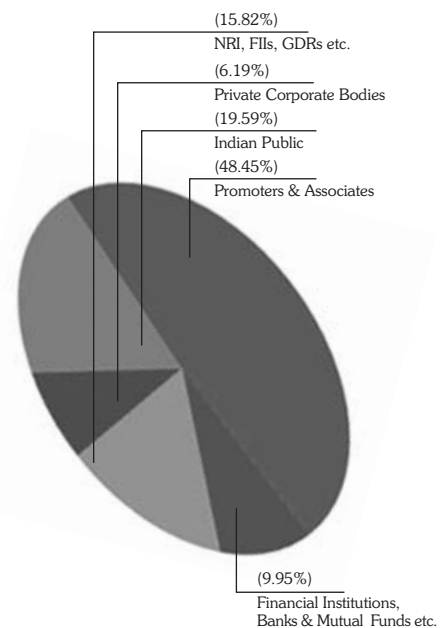
Month's	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	Month's High Price	Month's Low Price	Volume	Month's High Price	Month's Low Price	Volume
April-10	56.15	44.80	9082449	56.10	48.25	16063547
May-10	51.90	43.80	4189739	51.65	38.00	8371331
June-10	50.30	44.50	4803535	50.40	40.80	8188581
July-10	51.20	46.50	4543407	51.25	46.40	8158827
August-10	55.70	47.10	11905268	54.55	46.90	17063275
September-10	56.00	45.65	8447081	56.00	45.55	13661654
October-10	49.00	40.10	5483231	49.00	39.50	10060911
November-10	44.25	35.40	3251395	44.30	35.50	5451021
December-10	40.85	35.00	1495319	41.00	35.00	2604492
January-11	43.40	34.20	2657531	43.35	34.05	3794052
February-11	35.50	29.00	1497539	35.35	29.50	2181443
March-11	33.30	28.50	3868533	33.35	29.90	3125413

Share price performance in comparison to broad based indices - BSE Sensex and NSE Nifty for the Financial Year 2010-11

BSE Sensex		NSE Nifty	
% change in ECL share price	% change in sensex	% change in ECL share price	% change in index
-41.50	10.77	-42.28	11.14

Shareholding pattern as on March 31, 2011

Profile of shareholders	No. of shares	Percent of holding
Promoters & Associates	15,83,13,939	48.45
Financial Institutions, Banks, Mutual Funds and Insurance Companies	3,25,13,478	9.95
NRI, FIIs, GDRs etc.	5,16,87,513	15.82
Private corporate bodies	2,02,08,278	6.19
Indian public	6,40,29,497	19.59
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, 2011

Equity Shares held	No. of Shareholders	% of Shareholders	Number of Shares held	% of Shares held
1-500	46757	70.16	9140204	2.80
501-1000	8865	13.30	7770693	2.38
1001-2000	5286	7.93	8769689	2.68
2001-3000	1745	2.62	4555196	1.39
3001-4000	964	1.45	3559374	1.09
4001-5000	760	1.14	3621258	1.11
5001-10000	1197	1.80	8933392	2.73
Above 10000	1069	1.60	280402899	85.82
Total	66643	100.00	326752705	100.00

Share transfer system

Share transfers are registered and returned within the period of 30 days from the date of lodgement 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, 2011, 96.48% of the shares stand dematerialized.

Plant locations

Unit 1 : 30, B.T. Road
Sukchar, Khardah
24-Parganas (North)
West Bengal-743 179

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.

Place : Kolkata
Date : 12.05.2011

UMANG KEJRIWAL
Managing Director
UDDHAV KEJRIWAL
Wholetime Director

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, 2011.

Place : Kolkata
Date : 12.05.2011

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 March 31, 2011, 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.

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 : 12.05.2011

H. K. Verma
Partner
Membership no.: 55104

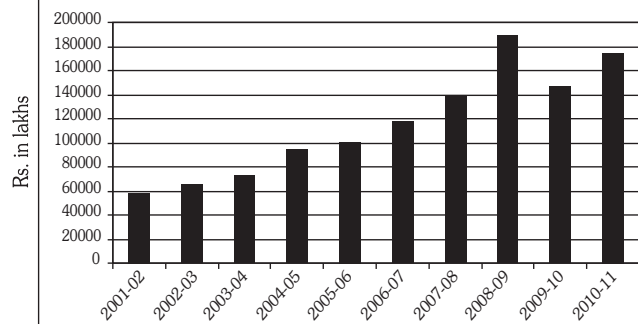
Ten Year Financial Summary

Rs. in lakhs

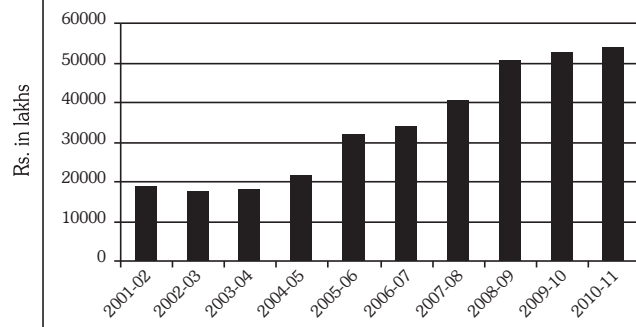
Year	Turnover	Gross Profit	Depreciation	Tax	Profit After Tax	Gross Block	Net Block	Capital Employed
2001-02	57916.03	12756.62	1826.76	2469.01	8460.84	27432.43	18652.09	64488.17
2002-03	65686.62	13852.26	2039.05	2067.04	9746.17	27940.05	17507.85	71792.26
2003-04	72444.91	13130.02	2278.67	3483.14	7368.21	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



Turnover



Net Block



Auditors' Report

The Members

Electrosteel Castings Limited

1. We have audited the attached Balance Sheet of Electrosteel Castings Limited (the Company) as at March 31, 2011 and also the 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
- 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



Auditors' Report (Contd.)

opinion, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation 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. According to the information and explanations given to us, the Central Government has not prescribed for maintenance of cost records under Section 209(1)(d) of the Act in respect of any of the product of the Company.
- 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 March 31, 2011 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 March 31, 2011, are as follows:

Name of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act	Excise Duty	165.98	1996-99 2004-07	Tribunal
		30.72	2005-06, 2007-09, 2009-10	Commissioner (Appeals)
		16.42	2007-09	Additional Commissioner
		11.63	1995-98	High Court
The Central Excise Act	Service Tax	1154.17	2005-10	Tribunal
		6.86	2009-10	Commissioner (Appeals)
Sales Tax Act	Sales Tax	90.61	1974-78, 1985-87, 1992-95 1997-98, 1999-2000, 2004-05	Tribunal
		247.21	2002-03	Special Commissioner
		16.48	2005-06	Jt. Commissioner
		404.17	2007-08	Additional Commissioner
		22.50	2008-09	High Court
		9.8	2004-09	Dy. 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.16493.09 lakhs which have been temporarily invested in fixed deposits with banks pending utilisation 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 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 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, 2011 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 given in Schedule 17 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 March 31, 2011,
 - b. In the case of the Profit and Loss Account, 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
Partner
Membership No.: 55104

Place: Kolkata
Date : 12.05.2011

Balance Sheet as at March 31, 2011

	Schedule	As at March 31, 2011 Rs. in lakhs	As at March 31, 2010 Rs. in lakhs
Sources of Funds			
Shareholders' Funds			
Capital	1	32,67.53	32,67.53
Reserves and Surplus	2	16,52,15.31	15,51,09.86
		16,84,82.84	15,83,77.39
Loan Funds			
Secured Loans	3	12,40,57.21	11,29,73.79
Unsecured Loans	4	2,31,05.66	1,12,19.23
		14,71,62.87	12,41,93.02
Deferred Tax Liabilities (Net)		44,08.68	46,97.12
		32,00,54.39	28,72,67.53
Application of Funds			
Fixed Assets	5		
Gross Block		9,14,35.90	8,42,00.94
Less: Depreciation		3,76,31.11	3,17,38.40
Net Block		5,38,04.79	5,24,62.54
Capital Work-in-Progress		4,47,17.92	3,90,96.03
		9,85,22.71	9,15,58.57
Investments	6	13,99,87.67	10,23,96.03
Current Assets, Loans and Advances			
Interest accrued on investments		1,16.27	—
Inventories	7	5,19,79.58	3,56,73.13
Sundry Debtors	8	4,88,62.68	3,74,10.81
Cash and Bank Balances	9	1,89,73.19	2,80,92.53
Loans and Advances	10	2,08,12.55	2,21,00.88
		14,07,44.27	12,32,77.35
Less:			
Current Liabilities and Provisions	11		
Liabilities		4,60,26.48	1,82,96.47
Provisions		1,31,73.78	1,16,67.95
		5,92,00.26	2,99,64.42
Net Current Assets		8,15,44.01	9,33,12.93
		32,00,54.39	28,72,67.53
Notes on Accounts	17		

The Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date.

For Lodha & Co.
Chartered Accounts

H. K. Verma
Partner
Kolkata
May 12, 2011

For and on behalf of the Board

Managing Director U. Kejriwal
Director Uddhav Kejriwal
Company Secretary Jyoti Jain

Profit & Loss Account for the year ended March 31, 2011

	Schedule	Rs. in lakhs	Year ended March 31, 2011 Rs. in lakhs	Year ended March 31, 2010 Rs. in lakhs
Income				
Sales		17,49,67.18		14,66,64.11
Less: Excise Duty		38,23.72		37,86.64
		17,11,43.46		14,28,77.47
Increase/(Decrease) in Finished and Process Stock	12	20,22.73		22,85.85
Other Income	13	70,32.90		1,25,41.85
			18,01,99.09	15,77,05.17
Expenses				
Purchases		1,09,65.95		49,51.00
Raw Materials Consumed	14	7,67,45.45		5,79,12.29
Manufacturing and Other Expenses	15	6,07,89.61		5,44,13.25
Interest (Net)	16	47,68.08		44,06.90
Depreciation		54,41.26		52,30.06
			15,87,10.35	12,69,13.50
Profit Before Taxation			2,14,88.74	3,07,91.67
Provision for Income Tax				
Current		63,13.44		91,56.13
Deferred		(2,88.44)	60,25.00	10,06.65
Profit After Taxation			1,54,63.74	2,06,28.89
Balance brought forward from previous year		1,01,01.73		89,64.65
Less: Dividend paid for previous year		-		1,75.00
Tax on dividend paid for previous year		-	1,01,01.73	29.75
Profit available for appropriation			2,55,65.47	2,93,88.79
Appropriations				
Transfer to -				
Debenture Redemption Reserve		22,00.00		27,00.00
General Reserve		1,00,00.00		1,18,24.28
Proposed Dividend		40,84.41		40,84.41
Tax on Dividend		6,62.59		6,78.37
			1,69,47.00	1,92,87.06
Balance carried to Balance Sheet			86,18.47	1,01,01.73
Basic Earning per Share (Rs.)			4.73	6.45
Diluted Earning per Share (Rs.)			4.43	5.97
Number of Shares used in computing earning per share				
Basic			32,67,52,705	31,98,37,491
Diluted			34,83,59,176	34,56,96,047
Notes on Accounts	17			

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our report of even date.

For Lodha & Co.
Chartered Accounts
H. K. Verma
Partner
Kolkata
May 12, 2011

For and on behalf of the Board
Managing Director U. Kejriwal
Director Uddhav Kejriwal
Company Secretary Jyoti Jain

Cash Flow Statement for the year ended March 31, 2011

	(Rs. in lakhs)			
	Year ended March 31 2011	Year ended March 31 2011	Year ended March 31 2010	Year ended March 31 2010
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Taxes		2,14,88.74		3,07,91.67
Add : Depreciation/Amortisation/Written off	54,41.26		52,30.06	
Foreign Exchange (gain)/loss	(9,93.66)		(99,60.84)	
Bad Debts & Pipe rectification LD charges (net of provision)	1,46.33		18,45.39	
Pipe mould written off	3,08.54		1,25.39	
Provision for others	4,73.01		33,40.00	
Provision for losses on mark to market basis on derivative transactions	18.26		1,02.90	
Interest	78,60.27	1,32,54.01	46,39.74	53,22.64
		3,47,42.75		3,61,14.31
Less: Interest Received	4,47.69		2,32.71	
Income from Investments	30,58.91		8,92.57	
Provisions / Liabilities no longer required written back	3,92.18		30,45.35	
Profit/(Loss) on sale /discard of Fixed Assets (Net)	0.68	38,99.46	(5,41.46)	36,29.17
Operating Profit before Working Capital changes		3,08,43.29		3,24,85.14
Less: Increase/(Decrease) in Inventories	1,63,06.45		31,37.40	
Increase/(Decrease) in Trade Receivables	90,33.69		(2,14,96.86)	
Increase/(Decrease) in Loans & Advances	20,40.29		16,95.78	
(Increase)/Decrease in Trade Payables	(2,46,56.30)	27,24.13	(21,64.38)	(1,88,28.06)
Cash generation from Operations		2,81,19.16		5,13,13.20
Less: Direct Taxes paid		60,02.81		1,07,57.15
Net cash flow from Operating activities		2,21,16.55		4,05,56.05
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets/movements in Capital work in progress	(1,18,93.17)		(1,76,06.46)	
Share Application money paid	(36.74)		(24.25)	
Fixed Assets sold/discarded	3,64.96		4,16.46	
(Purchase)/Sale of Investment (net)	(2,89,79.54)		(3,03,45.53)	
Investment in subsidiaries, associate and joint venture	(57,88.14)		-	
Advances and Loans to subsidiaries	17,01.99		(33,19.84)	
Interest Received	26,28.36		2,35.84	
Dividend received from subsidiary	10.30		9.95	
Dividend received	3,81.90	(4,16,10.08)	8,82.49	(4,97,51.34)
Net Cash flow from Investing activities		(4,16,10.08)		(4,97,51.34)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of share capital	-		28,98.00	
Proceeds/(Repayments) from borrowings (net)	2,61,36.69		(2,00,03.12)	
Proceeds from share warrants	-		10,07.05	
Proceeds / (Redemption / Repayment) of Debentures/Term Loan	(28,12.50)		5,42,71.01	
	2,33,24.19		3,81,72.94	
Interest Paid	(81,98.78)		(48,81.58)	
Dividend paid	(40,71.61)		(40,73.75)	
Tax on Dividend	(6,78.37)	1,03,75.43	(6,94.15)	2,85,23.46
Net cash flow from Financing activities		1,03,75.43		2,85,23.46
Cash and Cash equivalents (A+B+C)		(91,18.10)		1,93,28.17
Cash and Cash equivalents as at 1st April		2,80,92.53		85,96.74
Add / (Less) : Unrealised exchange gain / (loss) on Bank balances, ECB Proceeds (net)		(1.24)		1,67.62
Cash and Cash equivalents as at 31st March		1,89,73.19		2,80,92.53
Note : 1) Cash and Cash equivalents represents cash in hand and deposits/balances with Banks		1,89,73.19		2,80,92.53
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
PartnerKolkata
May 12, 2011

For and on behalf of the Board

Managing Director

U. Kejriwal

Director

Uddhav Kejriwal

Company Secretary

Jyoti Jain

Schedules Forming Part of Accounts

SCHEDULE 1

SHARE CAPITAL:

Authorised 50,00,00,000 shares of Re 1/- each (Previous year - 50,00,00,000 shares of Re. 1/- each)	50,00.00	50,00.00
Issued, Subscribed and Paid up : 32,67,52,705 equity shares of Re 1/- each (Previous year - 32,67,52,705 equity shares of Re. 1/- each). Out of above 8,87,61,600 shares of Re. 1/- each have been allotted as fully paid up bonus shares by capitalisation of Share Premium and General Reserve	32,67.53	32,67.53
	32,67.53	32,67.53

SCHEDULE 2

RESERVES AND SURPLUS :

(A) CAPITAL RESERVE

Capital subsidy as per last account	46.52	46.52
Others	30,94.71	-
Amount forfeited on warrants not exercised as per last account	-	30,94.71
Add: During the year	-	-
Amount received on issue of warrants as per last account	10,07.05	-
Add: During the year	-	10,07.05
	41,48.28	41,48.28

(B) DEBENTURE REDEMPTION RESERVE

As per last account	37,00.00	10,00.00
Add: Transfer from Profit and Loss account	22,00.00	27,00.00
	59,00.00	37,00.00

(C) GENERAL RESERVE

As per last account	7,50,00.00	6,31,75.72
Add: Transfer from Profit and Loss account	1,00,00.00	1,18,24.28
	8,50,00.00	7,50,00.00

(D) SHARE PREMIUM ACCOUNT

As per last account	6,21,59.85	5,00,61.13
Add: Premium on issue of shares	-	1,24,96.65
	6,21,59.85	6,25,57.78
Less: Provision for premium on redemption of ZCCB	6,11.29	3,97.93
	6,15,48.56	6,21,59.85

(E) PROFIT AND LOSS ACCOUNT

	86,18.47	1,01,01.73
	16,52,15.31	15,51,09.86

SCHEDULE 3

SECURED LOANS :

11.80% Non Convertible Debentures	1,00,00.00	1,00,00.00
9.15% Non Convertible Debentures	2,00,00.00	2,00,00.00
External Commercial Borrowing from Banks	3,45,57.26	3,47,89.76
Term Loans from Export Import Bank of India	2,21,87.50	2,50,00.00
Working Capital facility from Banks:		
Indian currency	2,08,84.12	1,20,91.56
Foreign Currency	1,64,28.33	95,92.47
Floating rate Non Convertible Debentures	-	15,00.00
	12,40,57.21	11,29,73.79

- 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 certain property located at Chennai. These debentures were allotted on 20th March, 2009 and are redeemable at par in three equal annual installments at the end of 3rd, 4th and 5th year from the date of allotment i.e. from 20th March, 2012. However, there is a Put and Call option available to the issuer / investor which can be exercised at the end of three years from the date of allotment.
- 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 certain property located at Chennai. These debentures were allotted on 8th February, 2010 and redeemable at par on 8th February, 2013.

Schedules Forming Part of Accounts

- External Commercial Borrowings are secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than certain property located at Chennai.
- Term Loans from Export Import Bank of India 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 certain property located at Chennai.
- Working Capital facilities from Banks are secured by way of joint hypothecation of inventories and book debts, both present and future.

SCHEDULE 4

UNSECURED LOANS :

- Zero Coupon Convertible Bonds (ZCCB)
- Short Term Loans From Banks
 - Indian Currency
 - Foreign Currency

As at March 31, 2011 Rs. in lakhs	As at March 31, 2010 Rs. in lakhs
91,18.66	91,80.01
1,37,78.08	-
2,08.92	20,39.22
<u>2,31,05.66</u>	<u>1,12,19.23</u>

SCHEDULE 5

FIXED ASSETS :

Description	Rs. in lakhs									
	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on April 01, 2010	Additions	Sales/ Adjustments	Cost as on March 31, 2011	Upto March 31, 2010	For the Year	Sales/ Adjustments	Upto March 31, 2011	As on March 31, 2011	As on March 31, 2010
1	2	3	4	5	6	7	8	9	10	11
LAND-FREEHOLD	36,60.49	4,83.20	-	41,43.69	-	-	-	-	41,43.69	36,60.49
LAND-LEASEHOLD	13,05.77	39.85	-	13,45.62	65.18	14.54	-	79.72	12,65.90	12,40.59
BUILDINGS	94,27.77	8,45.35	-	1,02,73.12	37,10.55	4,68.26	-	41,78.81	60,94.31	57,17.22
RAILWAY SIDING	2,53.94	-	-	2,53.94	59.95	26.94	-	86.89	1,67.05	1,93.99
PLANT AND MACHINERY	6,75,15.69	74,64.13	16,29.92	7,33,49.90	2,68,81.98	57,76.22	5,66.52	3,20,91.68	4,12,58.22	4,06,33.71
FURNITURE AND FIXTURES	5,32.80	26.44	0.04	5,59.20	3,15.76	46.56	0.04	3,62.28	1,96.92	2,17.04
VEHICLES	9,72.58	66.85	1,00.18	9,39.25	4,99.53	93.18	74.68	5,18.03	4,21.22	4,73.05
INTANGIBLE ASSETS (COMPUTERS SOFTWARES)	5,30.79	23.96	-	5,54.75	2,05.45	1,07.19	-	3,12.64	2,42.11	3,25.34
MINING RIGHTS	-	15.32	-	15.32	-	1.06	-	1.06	14.26	-
LIVESTOCK	1.11	-	-	1.11	-	-	-	-	1.11	1.11
	8,42,00.94	89,65.10	17,30.14	9,14,35.90	3,17,38.40	65,33.95	6,41.24	3,76,31.11	5,38,04.79	5,24,62.54
PREVIOUS YEAR	7,81,84.12	93,45.42	33,28.60	8,42,00.94	2,74,95.32	62,68.13	20,25.05	3,17,38.40	5,24,62.54	

Notes :

- Plant and Machinery includes Rs. 3,40.87 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.
- Depreciation for the year includes Rs.10,92.69 lakhs (Previous year Rs.10,38.07 lakhs) transferred to Pre-operative expenses.
- Leasehold Land of Rs. 2,04.00 lakhs (Previous Year Rs.9,47.26 lakhs) is pending execution of lease agreement and registration thereof.
- Freehold land includes Rs. 2,05.97 lakhs (Previous year Rs.7,02.49 lakhs) in respect of which the execution of conveyance deeds is under process.
- Plant and Machinery includes Rs. 24,98.72 lakhs (Previous year Rs. 27,63.71 lakhs) being cost of wagons procured under "Wagon Investment Scheme".

Schedules Forming Part of Accounts

SCHEDULE 6

INVESTMENTS

(Long term and fully paid up except otherwise stated)

Particulars

PREFERENCE SHARES

Quoted

Mukand Limited (0.01% Cumulative Redeemable Preference Shares face value of Rs. 10/-each)

As at March 31, 2011

Holding

Nos. Rs. in lakhs

As at March 31, 2010

Holding

Nos. Rs. in lakhs

16 0.00

16 0.00

EQUITY SHARES

(A) Trade Investments

Quoted

Mukand Limited (Face value of Rs.10/- each) - sold during the year

Mahindra UGINE Steel Co. Ltd.(Face value of Rs.10/- each) - sold during the year

Welcast Steels Limited (Face value of Rs.10/- each) - sold during the year

R.G. Ispat Limited (Face value of Rs.10/- each)

- -

65 0.00

- -

75 0.01

- -

25 0.00

50 0.00

50 0.00

Unquoted

Rainbow Steels Limited(Face value of Rs.10/- each)

Metal Scrap Trade Corporation Limited.(Face value of Rs. 10/- each)

100 0.01

100 0.01

1,000 0.05

1000 0.05

0.06

0.07

(B) Other Investments

Quoted

Associates

Lanco Industries Limited (Face value of Rs.10/- each)

Electrosteel Steels Ltd. (Formerly Electrosteel Integrated Ltd.)

(Face value Rs. 10/-each)

(Unquoted in Previous Year)

19301218 63,33.53

19301218 63,33.53

700000000 7,24,88.47

700000000 7,00,00.00

Unquoted

Subsidiaries

Electrosteel Europe SA (Face value of Euro 10 each)

Electrosteel Algeria SPA (Face value of 1000 Algerian Dinar each)

Electrosteel Castings (UK) Ltd. (Face value of Gbp 1 each)

Singardo International Pte Ltd(Face value of S\$ 1 each)

Electrosteel USA, LLC

380000 23,23.41

80000 4,53.38

82500 5,20.33

82500 5,20.33

1100000 10,59.26

100000 3,55.46

1500000 4,39.89

1500000 4,39.89

11,04.15

3,78.69

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)

North Dhadhu Mining Company Pvt Ltd (Face value of Rs.10/- each)

30000 30.00

30000 30.00

5880000 5,88.00

5880000 5,88.00

Other Companies

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

N Marshall Hi-tech Engineers Pvt. Ltd.(Face value of Rs.10/- each)

Sky-B (Bangla) Pvt. Ltd.(Face value of Rs.10/- each)

Vishwa Utilities Pvt. Ltd. (Face value of Rs. 10/- each)

Biswa Microfinance Private Limited (Face value of Rs.10/-each)

- -

1000 0.51

50000 5.00

50000 5.00

4340000 4,34.50

4340000 4,34.50

3708 0.37

- -

- -

550000 55.00

8,53,28.47

7,95,95.79

4,21.10

4,21.10

8,49,07.37

7,91,74.69

Less: Provision

Towards 100% Capital Contribution

Current Investments

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)

25000 61.25

176500 10,09.66

3794 14.23

13000 1,21.83

2000 5.08

1000 16.11

12,28.16

1,73.01

10,55.15

Less: Provision

Schedules Forming Part of Accounts

SCHEDULE 6

INVESTMENTS (Contd.)

(Long term and fully paid up except otherwise stated)

Particulars	As at March 31, 2011		As at March 31, 2010	
	Holding Nos.	Rs. in lakhs	Holding Nos.	Rs. in lakhs
BONDS (QUOTED)				
8.80% SBI Tier II 2021 of Rs. 1,00,000 each	2	19.50	-	-
9.35% ILFS 2035 of Rs. 1,000 each	10000	99.50	-	-
0.00% RRVPNL 14/01/2028 of Rs. 5,00,000 each	190	1,91.81	-	-
0.00% RRVPNL 31/12/2023 of Rs. 5,00,000 each	132	1,94.18	-	-
9.33% IDFC 2026 of Rs. 10,00,000 each	22	2,20.29	-	-
0.00% RRVPNL 14/01/2027 of Rs. 5,00,000 each	206	2,28.47	-	-
0.00% RRVPNL 14/01/2025 of Rs. 5,00,000 each	206	2,75.77	-	-
0.00% RRVPNL 14/01/2023 of Rs. 5,00,000 each	180	2,90.90	-	-
0.00% RRVPNL 14/01/2024 of Rs. 5,00,000 each	206	3,03.03	-	-
9.75% IFCI 2030 of Rs. 10,00,000 each	37	3,78.41	-	-
8.65% L&T Ltd. 26/05/2020 of Rs. 1,00,000 each	400	4,00.00	-	-
9.70% GE Shipping 2023 of Rs. 10,00,000 each	42	4,20.00	-	-
9.70% GE Shipping 2021 of Rs. 10,00,000 each	53	5,30.06	-	-
9.98% IFCI 2030 of Rs. 10,00,000 each	91	9,26.30	-	-
9.95% SBI 2026 of Rs. 10,000 each	10,136	10,53.64	-	-
7.50% WSPF 2020 of Rs. 1,00,000 each	2,204	22,32.70	-	-
11.80% TISCO Perpetual of Rs. 10,00,000 each	247	24,95.67	-	-
10% DHFL 2017 of Rs. 1,00,000 each	2,690	27,23.91	-	-
9.70% IFCI 04/05/2030 of Rs. 10,00,000 each	333	33,30.76	-	-
10.40% DHFL 2020 of Rs. 1,00,000 each	4,022	40,39.30	-	-
Commercial Paper - OTHERS (QUOTED)				
OBC 21/12/2011 of Rs. 1,00,000 each	560	5,18.67	-	-
AIRCEL CP 30/05/2011 of Rs. 5,00,000 each	222	10,52.15	-	-
MUTUAL FUNDS (QUOTED)				
ICICI Prudential FMP 51-13 months Plan C (Purchased 10,000,000 units and sold nil units during the year)	10000000.000	10,00.00	10000000.000	10,00.00
ICICI Prudential FMP 52-1year Plan A- Cumulative (Purchased 10,000,000 units and sold nil units during the year)	10000000.000	10,00.00	10000000.000	10,00.00
ICICI Prudential FMP 51-14 months Plan D (Purchased 30,000,000 units and sold nil units during the year)	30000000.000	30,00.00	30000000.000	30,00.00
Kotak 18 M Series 4-Growth (Purchased 20,000,000 units and sold nil units during the year)	20000000.000	20,00.00	20000000.000	20,00.00
Reliance Fixed Horizon XIV-Series 2-Growth Plan (Purchased 20,000,000 units and sold nil units during the year)	20000000.000	20,00.00	20000000.000	20,00.00
Reliance Fixed Horizon XIV-Series 7-Growth Plan (Purchased 20,000,000 units and sold nil units during the year)	20000000.000	20,00.00	20000000.000	20,00.00
BSL Fixed Term Plan - Series CF - Growth (Purchased 10,000,000 units and sold nil units during the year)	10000000.000	10,00.00	-	-
Birla Sun Life Fixed Term Plan Series CL Growth (Purchased 10,000,000 units and sold nil units during the year)	10000000.000	10,00.00	-	-
Birla Sun Life Fixed Term Plan Series CP Growth (Purchased 10,000,000 units and sold nil units during the year)	10000000.000	10,00.00	-	-
Birla Sun Life Fixed Term Plan Series CQ Growth (Purchased 10,000,000 units and sold nil units during the year)	10000000.000	10,00.00	-	-
Kotak FMP Series 28 - Growth (Purchased 5,000,000 units and sold nil units during the year)	5000000.000	5,00.00	-	-
Kotak FMP Series 30 - Growth (Purchased 10,000,000 units and sold nil units during the year)	10000000.000	10,00.00	-	-
Kotak FMP 370 Days Series 9 - Growth (Purchased 10,000,000 units and sold nil units during the year)	10000000.000	10,00.00	-	-
HDFC FMP 370D February (1) - Growth - Series XVI (Purchased 10,000,000 units and sold nil units during the year)	10000000.000	10,00.00	-	-
HDFC FMP 370D March (1) - Growth - Series XVI (Purchased 10,000,000 units and sold nil units during the year)	10000000.000	10,00.00	-	-

Schedules Forming Part of Accounts

SCHEDULE 6

INVESTMENTS (Contd.)

(Long term and fully paid up except otherwise stated)

Particulars	As at March 31, 2011		As at March 31, 2010	
	Holding Nos.	Rs. in lakhs	Holding Nos.	Rs. in lakhs
Canara Robeco Fixed Maturity Plan -Series 6 -13 Months (Plan A) - Growth Plan (Purchased 10,000,000 units and sold nil units during the year)	10000000.000	10,00.00	-	-
Reliance Fixed Horizon Fund Xiv- Series 9-Growth Plan (Purchased 10,000,000 units and sold nil units during the year)	10000000.000	10,00.00	-	-
Reliance Fixed Horizon Fund - Xv Series 8-Growth Plan (Purchased 10,000,000 units and sold nil units during the year)	10000000.000	10,00.00	-	-
Reliance Fixed Horizon Fund - Xvi - Series 1-Growth Plan (Purchased 5,000,000 units and sold nil units during the year)	5000000.000	5,00.00	-	-
Reliance Fixed Horizon Fund - Xvi Series 5-Growth Plan (Purchased 5,000,000 units and sold nil units during the year)	5000000.000	5,00.00	-	-
Reliance Fixed Horizon Fund - Xvii Series 1-Growth Plan (Purchased 5,000,000 units and sold nil units during the year)	5000000.000	5,00.00	-	-
DSP FMP 12M Series 10 - Growth (Purchased 5,000,000 units and sold nil units during the year)	5000000.000	5,00.00	-	-
IDBI FMP - 367 Days Series - 1 (February 2011) - A - Growth (Purchased 10,000,000 units and sold nil units during the year)	10000000.000	10,00.00	-	-
Religare Fixed Maturity Plan - Series VI - Plan B (370 Days) - Growth (Purchased 10,000,000 units and sold nil units during the year)	10000000.000	10,00.00	-	-
SBI Debt Fund Series - 370 Days - 10 - Growth (Purchased 10,000,000 units and sold nil units during the year)	10000000.000	10,00.00	-	-
IDFC Fixed Maturity Yearly Series 38 Growth (Purchased 10,000,000 units and sold nil units during the year)	10000000.000	10,00.00	-	-
ICICI Prudential FMP Series 53 - 1 Year Plan A Cumulative (Purchased 5,000,000 units and sold nil units during the year)	5000000.000	5,00.00	-	-
ICICI Prudential FMP Series 55 - 1 Year Plan D Cumulative (Purchased 15,000,000 units and sold nil units during the year)	15000000.000	15,00.00	-	-
ICICI Prudential FMP - Series 55-1Year Plan E - Growth option (Purchased 10,000,000 units and sold nil units during the year)	10000000.000	10,00.00	-	-
MUTUAL FUNDS (UNQUOTED)				
Birla Sunlife Savings Fund-Institutional-Daily Dividend Reinvestment (Purchased 17604025.71 units sold 20602536.85 units during the year)	-	-	2998511.138	3,00.06
LICMF Savings Plus Fund-Daily Dividend Plan (Purchased 11568592.899 units sold 99487245.73 units during the year)	-	-	87918652.830	87,91.86
Reliance Medium Term Fund-Daily Dividend Plan (Purchased 18433121.764 units sold 19187688.648 units during the year)	-	-	754566.884	1,29.00
Reliance Liquidity Fund-Daily Dividend Reinvestment Option (Purchased 226962810.715 units sold 226964290.909 units during the year)	-	-	1480.194	0.15
UTI Treasury Advantage Fund-Institutional plan (Daily Dividend Option) -Reinvestment (Face Value Rs 1000 each) (Purchased 392754.71 units sold 592731.79 units during the year)	-	-	199977.085	20,00.20
UTI Fixed Income Interval Fund-Monthly Interval Plan series-1-Institutional Daily Dividend Plan - Reinvestment (Purchased nil units and sold 10000000 units during the year)	-	-	10000000.000	10,00.00
Peerless Liquid Fund-Super Institutional Daily Dividend (Purchased 31817673.55 units and sold 25817304.97 units during the year)	6000368.580	6,00.13	-	-
		13,99,87.67		10,23,96.03
Aggregate amount of Quoted Investments				
- In Mutual Funds	3,15,00.00		1,10,00.00	
- In Bonds and Commercial Papers	2,19,25.02		-	
- Other investments	7,98,77.16	13,33,02.18	63,33.55	1,73,33.55
Aggregate amount of Unquoted Investments				
- In Mutual Funds	6,00.13		1,22,21.26	
- Other Investments	60,85.36	66,85.49	7,28,41.22	8,50,62.48
		13,99,87.67		10,23,96.03

Schedules Forming Part of Accounts

SCHEDULE 6

INVESTMENTS (Contd.)

(Long term and fully paid up except otherwise stated)

Particulars	As at March 31, 2011		As at March 31, 2010	
	Holding Nos.	Rs. in lakhs	Holding Nos.	Rs. in lakhs
Aggregate amount of Market value of Quoted Investments				
- In Mutual Funds		3,26,41.06		1,10,31.53
- In Bonds and Commercial Papers		2,27,33.58		-
- Other investments		6,59,82.62		1,25,65.32
		12,13,57.26		2,35,96.85
Aggregate amount of Market value of Unquoted Investments in Mutual Funds		6,00.13		1,22,22.03

Notes :

- 50000000 Equity shares of Rs 10/- each fully paid up of Electrosteel Steels Ltd. (Formerly Electrosteel Integrated Limited) 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.
- (a) Units of mutual fund purchased & sold during the year (Face value Rs.10/-each except otherwise stated)
(b) Units of bonds purchased & sold during the year (Face value of Rs 1,00,000/- each except otherwise stated)
- 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.

Units of mutual fund purchased & sold during the year

NAME OF SCRIP	Current Year		Previous Year	
	Nos	Rs. in lakhs	Nos	Rs. in lakhs
Birla Sun Life Cash Manager-IP-Daily Dividend-Reinvestment	8601533.600	8,60.41	-	-
Birla Sun Life Cash Plus-Institutional Premium -Daily Dividend Reinvestment	78020580.705	78,17.27	545405965.147	5,46,46.95
Canara Robeco Liquid Super Instl Daily Div Reinvestment Fund	24876697.340	25,01.35	-	-
HDFC Floating Rate Income Fund-Short Term Plan-Wholesale Option-Dividend Reinvestment	18115147.420	18,26.17	-	-
HDFC Cash Mgmt. Fund-Savings Plan-Daily Dividend Reinvestment	6816920.936	7,25.07	372700925.217	3,96,41.96
HDFC Cash Mgmt Fund-Treasury Advantage Plan-Wholesale-Daily Dividend Reinvestment	-	-	453280824.565	4,54,70.87
IDFC Cash Fund Super Inst Plan C Daily Dividend	30255142.823	30,26.27	320552335.140	3,20,63.25
(Formerly Known as GCCD IDFC Cash Fund Super Inst Plan C Daily Dividend)				
IDFC Money Manager Fund - TP - Super Institutional Plan C - Daily Dividend	11259641.822	11,26.13	284518143.786	2,84,56.08
(Formerly Known as GFCD IDFC Money Manager Fund - TP - Super Institutional Plan C - Daily Dividend)				
JM High Liquidity Fund-Super Institutional Plan-Daily Dividend	305061906.264	3,05,56.53	-	-
Kotak Flexi Debt Scheme Institutional-Daily Dividend	103237621.006	1,03,72.80	-	-
Kotak Liquid (Institutional Premium)-Daily Dividend	205058688.700	2,50,74.78	354911308.563	4,33,98.91
Kotak Floater Long Term - Daily Dividend	43037208.762	43,38.06	415194020.011	4,18,50.73
LIC MF Liquid Fund Dividend Plan	10474627.673	11,50.12	71043150.192	78,00.61
JP Morgan India Liquid Fund-Super Instl Daily Dividend Plan - Reinvestment	38483378.370	38,51.38	-	-
JP Morgan India Treasury Fund-Retail-Daily Dividend Plan - Reinvestment	498468.570	50.01	-	-
Religare Liquid Fund-Institutional Daily Dividend	400285.220	40.04	-	-
Religare Liquid Fund-Super Institutional Daily Dividend	500313.050	50.07	-	-
Religare Ultra Short Term Fund-Institutional Daily Dividend	1997235.410	2,00.07	-	-
L&T Freedom Income STP Instl-Daily Dividend Reinvestment Plan	4778261.670	4,85.24	-	-
L&T Liquid instl Daily Dividend Reinvestment Plan	4201470.060	4,25.03	-	-
Principal Floating Rate Funds FMP Institutional Option Daily Dividend Reinvestment	-	-	4995057.520	5,00.12
ICICI Prudential Liquid Super Institutional Plan - Dividend - Daily	9579637.136	95,81.76	2959600.034	29,60.25
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	7096360.441	75,03.34	1807004.183	19,10.64
ICICI Prudential Ultra Short Term Plan Regular Daily Dividend	-	-	998396.399	1,00.05
ICICI Prudential Ultra Short Term Plan Premium Plus Daily Dividend	-	-	16079736.580	16,11.35
ICICI Prudential Ultra Short Term Plan Super Premium Daily Dividend	25015817.199	25,06.84	20108380.678	20,15.06
Reliance Money Manager Fund Institutional Option Daily Dividend Plan (Face Value of Rs 1000/-each)	655006.490	65,59.05	1149466.412	1,15,07.78
Reliance Liquid Fund-Treasury Plan - Institutional Option -Daily Dividend Option	-	-	4252963.631	6,50.16
UTI Liquid Cash Plan Institutional -Daily Income Option -Reinvestment	867327.451	88,41.93	-	-
UTI Floating Rate Fund- Short Term Plan-Institutional Daily Dividend Plan - Reinvestment	51499.389	5,15.39	1101936.495	1,10,27.86
Templeton India Treasury Management Account-Super Institutional Plan-Daily Dividend (Face Value of Rs1000/- each)	1026373.080	1,02,70.64	-	-
Templeton India Short Bond Fund Institutional-Daily Dividend Reinvestment	3349406.690	3,35.30	-	-

Schedules Forming Part of Accounts

SCHEDULE 6

INVESTMENTS (Contd.)

(Long term and fully paid up except otherwise stated)

Particulars	As at March 31, 2011		As at March 31, 2010	
	Holding Nos.	Rs. in lakhs	Holding Nos.	Rs. in lakhs
Units of Bonds purchased & sold during the year.				
NAME OF SCRIP				
8.30% GOI 2040	500000.000	4,93.30	-	-
9.20% HDFC Ltd 2016	3.000	30.53	-	-
23.328% ICICI Bank 2021	1000.000	23,45.50	-	-
9.65% IDBI Bank Perpetual	860.000	87,88.25	-	-
8.57% IDBI Bank 2025	285.000	28,32.77	-	-
9.35% GE SHIPPING 2019	350.000	35,00.00	-	-
9.70% GE SHIPPING 2023	4.000	40.00	-	-
7.75% REC 2012	10.000	1,01.00	-	-
7.60% REC 2013	100.000	10,19.21	-	-
8.75% REC 08/07/2025	570.000	56,74.87	-	-
8.75% REC 12/07/2025	908.000	90,78.85	-	-
8.90% BOB PERPETUAL	48.000	4,80.00	-	-
9.55% IFCI 2025	100.000	10,00.00	-	-
9.70% IFCI 04/05/2030	1229.000	1,22,91.71	-	-
9.70% IFCI 18/05/2030	1125.000	1,12,51.06	-	-
IFCI DEEP DISCOUNT 2040	20738.000	6,16.13	-	-
IFCI DEEP DISCOUNT 2039	20738.000	6,16.13	-	-
IFCI DEEP DISCOUNT 2038	20738.000	6,16.13	-	-
IFCI DEEP DISCOUNT 2037	20738.000	6,16.13	-	-
IFCI DEEP DISCOUNT 2036	52428.000	14,44.27	-	-
IFCI DEEP DISCOUNT 2035	54238.000	16,17.78	-	-
IFCI DEEP DISCOUNT 2034	62208.000	20,88.31	-	-
IFCI DEEP DISCOUNT 2033	20738.000	6,16.13	-	-
IFCI DEEP DISCOUNT 2032	20738.000	6,16.13	-	-
IFCI DEEP DISCOUNT 2031	36738.000	13,66.85	-	-
9.75% IFCI 13/07/2030	1092.000	1,09,17.20	-	-
9.75% IFCI 16/07/2030	431.000	42,99.20	-	-
9.98% IFCI 29/10/2030	898.000	91,78.58	-	-
8.80% IDFC 21/07/2025	500.000	49,97.00	-	-
8.79% IDFC 15/09/2020	56.000	5,60.00	-	-
8.77% IDFC 20/09/2020	96.000	9,62.69	-	-
8.86% IDFC 20/09/2025	556.000	55,60.00	-	-
8.48% IDFC 28/09/2013	180.000	18,00.00	-	-
8.72% IDFC 29/09/2020	36.000	3,60.00	-	-
8.82% IDFC 29/09/2025	400.000	40,00.00	-	-
8.50% IDFC 19/10/2012	120.000	12,00.00	-	-
8.90% IDFC 19/11/2025	40.000	4,00.00	-	-
9.15% IDFC 06/01/2026	80.000	8,00.00	-	-
9.35% IDFC 17/02/2026	100.000	10,00.00	-	-

Schedules Forming Part of Accounts

SCHEDULE 6

INVESTMENTS (Contd.)

(Long term and fully paid up except otherwise stated)

Particulars	As at March 31, 2011		As at March 31, 2010	
	Holding Nos.	Rs. in lakhs	Holding Nos.	Rs. in lakhs
8.96% IDFC 05/04/2025	100.000	10,00.00	-	-
8.90% IDFC 09/04/2025	200.000	20,00.00	-	-
8.84% IDFC 28/05/2025	850.000	85,00.00	-	-
7.50% IDFC 10/07/2013	60.000	6,07.65	-	-
8.80% IDFC 15/06/2025	500.000	50,01.28	-	-
8.79% IRFC 2030	660.000	66,09.76	-	-
8.72% IRFC 2035	50.000	5,00.00	-	-
8.83% IRFC 2031	317.000	31,83.96	-	-
8.83% IRFC 2032	584.000	58,60.21	-	-
8.83% IRFC 2033	330.000	33,13.72	-	-
8.83% IRFC 2034	209.000	20,95.18	-	-
8.83% IRFC 2035	200.000	20,08.30	-	-
8.50% IRFC 2020	400.000	40,00.00	-	-
8.80% SBI Tier II 2021	13.000	1,26.76	-	-
8.96% SBI Upper Tier II 2021	10.000	98.11	-	-
9.05% SBI PERPETUAL	4.000	40.12	-	-
8.95% INFOTEL 2020	3350.000	3,34,77.92	-	-
8.60% LICHF Ltd. 2020	350.000	35,00.70	-	-
8.88% LICHF Ltd. 2020	91.000	9,10.46	-	-
11.15% PFC 2011	13.000	1,30.90	-	-
8.70% PFC 2015	50.000	5,11.25	-	-
8.70% PFC 14/05/2020	50.000	5,00.75	-	-
8.70% PFC 2025	50.000	4,97.75	-	-
8.75% PFC 2025	500.000	50,12.05	-	-
7.10% PFC 2012	100.000	9,88.60	-	-
8.70% PFC 15/07/2020	10.000	1,00.20	-	-
9.05% OBC PERPETUAL	215.000	21,50.00	-	-
10% DHFL 2017	12750.000	1,25,09.03	-	-
10.40% DHFL 2020	12258.000	1,22,23.61	-	-
9.02% IREDA 2025	126.000	12,70.08	-	-
7.40% IOC 2015	15.000	1,39.07	-	-
6.85% NABARD 2013	4.000	40.00	-	-
Aircel CP 30/05/2011	400.000	18,22.08	-	-
8.57% CBI 2025	484.000	48,49.34	-	-
8.68% Exim Bank 2030	28.000	2,80.00	-	-
10.75% Tata Bluescope Steel 2019	1400.000	1,41,86.00	-	-
9.65% Yes Bank 2020	100.000	10,00.00	-	-
9.30% Yes Bank 2030	140.000	14,00.00	-	-
0.00% RRVPNL 31/12/2019	257.000	5,50.88	-	-
0.00% RRVPNL 31/12/2020	257.000	5,01.30	-	-
0.00% RRVPNL 31/12/2021	257.000	4,56.30	-	-

Schedules Forming Part of Accounts

SCHEDULE 6

INVESTMENTS (Contd.)

(Long term and fully paid up except otherwise stated)

Particulars	As at March 31, 2011		As at March 31, 2010	
	Holding Nos.	Rs. in lakhs	Holding Nos.	Rs. in lakhs
0.00% RRVPNL 31/12/2022	257.000	4,15.34	-	-
0.00% RRVPNL 31/12/2023	125.000	1,83.88	-	-
0.00% RRVPNL 31/12/2024	257.000	3,44.03	-	-
0.00% RRVPNL 31/12/2025	257.000	3,13.15	-	-
0.00% RRVPNL 31/12/2026	257.000	2,85.04	-	-
0.00% RRVPNL 31/12/2027	257.000	2,59.45	-	-
0.00% RRVPNL 31/12/2028	257.000	2,36.10	-	-
0.00% RRVPNL 14/01/2020	468.000	10,06.19	-	-
0.00% RRVPNL 14/01/2021	468.000	9,15.93	-	-
0.00% RRVPNL 14/01/2022	468.000	8,33.98	-	-
0.00% RRVPNL 14/01/2023	288.000	4,68.47	-	-
0.00% RRVPNL 14/01/2024	262.000	3,88.40	-	-
0.00% RRVPNL 14/01/2025	262.000	3,53.65	-	-
0.00% RRVPNL 14/01/2026	468.000	5,73.10	-	-
0.00% RRVPNL 14/01/2027	262.000	2,93.36	-	-
0.00% RRVPNL 14/01/2028	278.000	2,83.34	-	-
0.00% RRVPNL 14/01/2029	468.000	4,32.54	-	-
9.05% State Bank of Hyderabad Perpetual	85.000	8,49.92	-	-
9.30% SBOP upper Tier II 2022	20.000	1,98.86	-	-
9.85% Sundaram Fin 2020	20.000	2,04.00	-	-
10.25% Shriram Transport Finance Company Limited 2015	1000.000	10,00.00	-	-
8.84% PGC 21/10/2018	4.000	50.23	-	-
8.84% PGC 2025	40.000	5,00.00	-	-
6.85% IIFCL Taxfree 2014	80.00	81.78	-	-
8.74% APPFCL 2022	36.000	3,60.00	-	-
9.35% ILFS 2035	450000.000	45,03.00	-	-
7.50% WSPF 2020	1280.000	13,05.60	-	-
0.00% Indiabulls Ltd. 2013	290.000	29,48.00	-	-
10% Indiabulls Ltd 2015	340.000	34,01.70	-	-
10.15% Tata Autocomponent 2020	248.000	25,23.65	-	-
9.13% NACIL 2020	1091.000	1,12,82.56	-	-
7.15% TATA CAP 2011	400.000	39,84.00	-	-
Shares purchased & sold during the year.				
Coal India Ltd	29034	71.13	-	-
Punjab & Sind Bank	19551	23.46	-	-
Reliance Industries Ltd.	8000	78.75	-	-
Rural Electrification Corporation Ltd	4000	9.73	-	-
Punjab National Bank	1000	11.59	-	-

Schedules Forming Part of Accounts

SCHEDULE 7

INVENTORIES :

As taken, Valued and Certified by the Management

Stores and Spare Parts

Raw Materials

Stock-in-trade :

Finished Stock

Process Stock

Work in Progress

Less: Progress payments received

Rs. in lakhs	As at March 31, 2011 Rs. in lakhs	As at March 31, 2010 Rs. in lakhs
	43,17.99	51,18.63
	3,14,08.95	1,73,45.66
	1,19,90.39	1,02,11.78
	27,63.05	16,25.72
15,99.39		24,92.60
100.19		11,21.26
	14,99.20	13,71.34
	5,19,79.58	3,56,73.13

SCHEDULE 8

SUNDRY DEBTORS :

Unsecured

Debts outstanding for a period exceeding six months

- Considered good

Other Debts - Considered good

52,57.91	1,19,27.72
4,36,04.77	2,54,83.09
4,88,62.68	3,74,10.81

SCHEDULE 9

CASH AND BANK BALANCES :

Cash balance on hand

Bank Balances

With Scheduled Banks :

Current Accounts

Fixed Deposits

(including interest accrued thereon)

With Non - Scheduled Bank :

National Bank of Abu Dhabi

Current Accounts

[Maximum Amount outstanding during the year

Rs. 3,10.89 lakhs (Previous year Rs. 1,82.78 lakhs)]

10.13	3.85
14,43.75	8,89.17
1,74,69.69	2,70,56.48
1,89,13.44	2,79,45.65
49.62	1,43.03
1,89,73.19	2,80,92.53

SCHEDULE 10

LOANS AND ADVANCES (Unsecured) :

Advances and Loans to subsidiaries

Advances recoverable in cash or in kind or for value to be received

- Considered Good

- Considered Doubtful

16,17.85	33,19.84
1,26,04.62	1,18,11.00
7,67.16	7,73.95
1,33,71.78	1,25,84.95
7,67.16	7,73.95
1,26,04.62	1,18,11.00

Less: Provision for Doubtful Advances

Advance Tax including tax deducted at source

(net of provisions) [including provision for FBT Rs. NIL

(Previous year Rs. 30.17 lakhs)]

Balances with Government Authorities

Other Deposits

-	2,60.65
10,07.46	7,53.22
55,82.62	59,56.17
2,08,12.55	2,21,00.88

Schedules Forming Part of Accounts

SCHEDULE 11

CURRENT LIABILITIES AND PROVISIONS :

CURRENT LIABILITIES :

	Rs. in lakhs	As at March 31, 2011 Rs. in lakhs	As at March 31, 2010 Rs. in lakhs
Acceptance	2,39,67.81		-
Sundry Creditors			
Dues of Micro enterprises and Small enterprises	0.05		-
Others**	1,69,96.87		1,46,24.63
Advance From Customers	38.14.12		18,92.60
Other Liabilities	5,77.82		8,00.13
Interest accrued but not due on loans	5,43.79		8,65.89
Unclaimed Dividend*	1,26.02		1,13.22
		4,60,26.48	1,82,96.47

PROVISIONS :

For Taxation (net of advance tax and tax deducted at source) [including net Fringe Benefit Tax Rs. 30.17 lakhs]	5,55.66		-
For Dividend	40,84.41		40,84.41
For Tax on Dividend	6,62.59		6,78.37
For Redemption Premium on ZCCB	30,43.60		24,32.31
For losses on derivative transactions on mark to market basis	11,87.52		11,32.86
For Others	36,40.00		33,40.00
		1,31,73.78	1,16,67.95
		5,92,00.26	2,99,64.42

* The same is not due for payment to Investor Education and Protection Fund.

** Includes Rs. 19.22 lakhs (previous year Rs. Nil) due to subsidiaries.

SCHEDULE 12

INCREASE/(DECREASE) IN FINISHED AND PROCESS STOCK :

Closing Stock :			
Finished	1,19,90.39		1,02,11.78
Process	27,63.05		16,25.72
Work in Progress	15,99.39		24,92.60
		1,63,52.83	1,43,30.10
Less : Opening Stock :			
Finished	1,02,11.78		58,75.14
Process	16,25.72		23,12.98
Work in Progress	24,92.60		38,56.13
		1,43,30.10	1,20,44.25
		20,22.73	22,85.85

SCHEDULE 13

OTHER INCOME :

Rent	91.50	88.41
Income from Investments (Gross) (Note 6 - Schedule 17)	4,14.41	8,92.44
Profit on sale/discard of Fixed Assets (Net)	0.68	-
Provisions / Liabilities no longer required written back	2,89.28	19,35.16
Provision for Mark to Market losses no longer required written back	1,02.90	11,10.19
Incentives on Exports	34,22.92	29,86.50
Miscellaneous Income	27,11.21	55,29.15
	70,32.90	1,25,41.85

Schedule Forming Part of Account

	Rs. in lakhs	As at March 31, 2011 Rs. in lakhs	As at March 31, 2010 Rs. in lakhs
SCHEDULE 14			
RAW MATERIALS CONSUMED :			
Opening Stock	1,73,45.66		1,79,85.48
Add : Purchases	<u>9,08,08.74</u>		<u>5,72,72.47</u>
		10,81,54.40	7,52,57.95
Less: Closing Stock		<u>3,14,08.95</u>	<u>1,73,45.66</u>
		7,67,45.45	<u>5,79,12.29</u>
SCHEDULE 15			
MANUFACTURING AND OTHER EXPENSES :			
Stores and Spare Parts (Note 7 – Schedule 17)		1,10,07.60	1,08,11.91
Handling and Transportation Charges		11,45.87	9,57.87
Power and Fuel		1,26,40.72	1,05,15.51
Excise Duty on Stock		3,43.95	56.19
Salaries, Wages, Bonus and Allowance, etc		1,11,24.44	96,81.06
Contribution to Provident and Other Funds		7,30.09	5,56.98
Employees' Welfare		4,32.83	3,70.06
Repairs:			
Machinery		3,38.19	3,95.59
Buildings		1,22.17	1,63.18
Others		11,04.00	9,60.23
Rates and Taxes		10,09.63	7,80.50
Rent		5,15.86	4,50.45
Insurance		2,51.40	2,33.51
Freight and Forwarding charges [net of realisation of Rs. 57,19.99 lakhs(Previous year Rs. 48,13.18 lakhs)]		65,64.58	36,60.87
Commission to Selling Agents		65,45.71	48,46.80
Directors' Fees and Commission		48.20	42.20
Job charges		14,27.24	17,42.04
Provision for diminution in value of Current Investments		1,73.01	-
Provision for losses on mark to market basis on derivative transactions (refer note no. 25 of schedule 17)		18.26	1,02.90
Bad debts		38.09	33,34.98
Less: Provision for bad and doubtful debts		-	(14,89.59)
Loss on sale / discard of fixed assets (net)		-	5,41.46
Miscellaneous Expenses		52,07.77	56,98.55
		6,07,89.61	<u>5,44,13.25</u>
SCHEDULE 16			
INTEREST AND FINANCIAL CHARGES (NET) :			
Interest			
On Debentures	36,44.92		18,59.63
On Term Loan	18,78.84		16,29.23
On Others	22,03.65		7,03.89
Financial Charges	<u>1,32.86</u>		<u>4,46.99</u>
		78,60.27	46,39.74
Less:			
Interest on Bonds (Gross) [Tax deducted at source Rs. 8.53 lakhs (previous year Rs. Nil)] - current Investments other than trade	22,98.22		-
Profit on sale of current Investments other than trade	3,46.28		0.13
Interest on Loans, Deposits, Overdue debts etc. (Gross) [Tax deducted at source Rs. 30.64 lakhs (Previous year Rs. 16.02 lakhs)]	<u>4,47.69</u>		<u>2,32.71</u>
		30,92.19	<u>2,32.84</u>
		47,68.08	<u>44,06.90</u>

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The accounts 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.

B. 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 income 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.

C. FIXED ASSETS AND DEPRECIATION

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 :

- (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 Machinery 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 Machinery 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.
- (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.
- (iii) Capital Work-in-progress includes preoperative expenses, machinery to be installed, construction and erection materials, advances etc.
- (iv) Development Expenses net of Income 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

D. INVESTMENTS

Long-term 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.

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

E. 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.

F. 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.

G. 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 income or expense and are adjusted to the profit and loss account under respective heads of account except where such liabilities and/or transactions relate to fixed assets / projects and were entered into before 1-4-2004, in which case, these are adjusted to the cost of respective fixed assets.

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.

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 income / 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 accounts.

H. REVENUE RECOGNITION

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

I. 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.

J. 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.

K. 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.

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

L. 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.

M. GOVERNMENT GRANTS

Revenue grants including subsidy/rebates are credited to Profit and Loss Account under "Other 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.

N. INCOME TAX

Provision for tax is made for current and deferred taxes. Current tax is provided on the taxable income 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.

O. 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.

	(Rs. in lakhs)	
	2010-11	2009-10
2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances):	89,34.18	33,00.31
3. 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	8,12.80	4,89.74
ii) Excise, Custom Duty and Service tax [net of provision of Rs. 500.00 lakhs (previous year Rs. 500.00 lakhs)]	68,51.18	60,85.79
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.	96.11	1,13.13
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	14,15.22	60,46.00
(ii) Associate	-	21,00.00
f) Standby Letter of Credit issued by banks on behalf of the company in favour of		
(i) Subsidiary Companies	2,08,10.53	87,95.53
g) Guarantees given by banks on behalf of the Company	1,85,33.31	1,73,87.30
h) Bills Discounted with Banks.	88,94.72	44,36.01
i) 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 (i) above is dependent upon the outcome of judgments / decisions.

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

	(Rs. in lakhs)	
	Current Year	Previous Year
4. Auditors' Remuneration.		
(a) Audit Fees	11.50	10.50
(b) Other services- Certificates, etc.	4.20	14.90
Management Services	10.50	-
5. a) Directors' Remuneration:		
(i) Managing/Jt. Managing/Whole-time Directors:		
Salary	4,07.94	1,79.19
Contribution to Provident and Superannuation Funds	23.82	14.14
Gratuity and Leave	12.45	12.01
Perquisites	25.49	14.67
Commission	5,70.00	8,25.80
	<u>10,39.70</u>	<u>10,45.81</u>
(ii) Other Directors' Commission	39.00	32.00
	<u>10,78.70</u>	<u>10,77.81</u>
Sitting fees to Non-executive Directors	9.20	10.20
Total	<u>10,87.90</u>	<u>10,88.01</u>
b) Computation of Directors' Commission:		
Profit Before Taxes	2,14,88.74	3,07,91.67
Add: Directors' Remuneration	10,78.70	10,77.81
	<u>2,25,67.44</u>	<u>3,18,69.48</u>
Less: Profit on Sale of Investments	3,68.50	-
Profit/(loss) on Sale/discard of Fixed Assets (net)	0.68	(5,41.46)
	<u>2,21,98.26</u>	<u>3,24,10.94</u>
Net Profit for the purpose of Directors' Commission		
Managing/Joint Managing Directors' Commission	4,00.00	5,70.00
Whole-time Directors' Commission	1,70.00	2,55.80
Other Directors' Commission	39.00	32.00
6. Income from Investments (Net) represent:		
a) Trade Investments-		
Long Term – Dividend	2,90.30	1,93.79
Profit on Sale of Long Term Investments	22.21	-
Dividend from subsidiary company	10.30	9.95
b) Other than Trade Investments:		
Dividend from current investments	91.60	6,88.70
	<u>4,14.41</u>	<u>8,92.44</u>
7. Stores and spares consumption include pipe moulds written off	3,08.54	1,25.78
8. No allocation has been made in respect of stores and spare parts and wages for repairs to Machinery and Building.		
9. (a) Miscellaneous expenses include Charity and Donation of Rs. 63.97 lakhs (previous year Rs. 2,82.45 lakhs), Rs. 3,00.00 lakhs towards relocation of certain assets of Elavur unit, Job charges includes Rs. 33.17 lakhs (previous year Rs. 51.74 lakhs) incurred towards insurance on Turnkey Contracts.		
(b) Miscellaneous income include gain on exchange difference of Rs. 6,55.34 lakhs (previous year Rs. 42,68.18 lakhs)		

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

10. 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 :

	(Rs. in lakhs)	
	2010-11	2009-10
Employer's Contribution to Provident Fund	2,26.47	1,96.24
Employer's Contribution to Pension Fund	99.65	1,02.06
Employer's Contribution to Superannuation Fund	66.16	62.33

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.

	(Rs. in lakhs)			
	Gratuity (Funded)			
	2010-11	2009-10	2008-09	2007-08
i. Change in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows :				
Liability at the beginning of the year	10,64.79	8,85.88	7,82.44	6,76.49
Interest Cost	89.82	78.03	66.74	54.71
Current Service Cost	1,06.44	1,00.53	87.92	75.25
Actuarial (gain) / loss on obligations	88.44	39.06	32.31	39.99
Benefits paid	(1,68.80)	(38.71)	(83.53)	(64.00)
Liability at the end of the year	11,80.69	10,64.79	8,85.88	7,82.44
ii. 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	7,04.89	5,85.66	5,49.44	4,95.76
Expected Return on Plan Assets	55.08	51.63	45.40	39.20
Contributions by the Company	81.52	73.35	81.75	68.32
Benefits paid	(1,68.80)	(38.71)	(83.53)	(64.00)
Actuarial gain / (loss) on Plan Assets	(0.63)	32.96	(7.40)	10.16
Fair value of Plan Assets at the end of the year	6,72.05	7,04.89	5,85.66	5,49.44
Total actuarial gain / (loss) to be Recognized	89.07	6.10	39.71	29.83
iii. Actual return on Plan Assets				
Expected return on Plan assets	55.08	51.63	45.40	39.20
Actuarial gain / (loss) on Plan Assets	(0.63)	32.96	(7.40)	10.16
Actual Return on Plan Assets	54.45	84.59	38.00	49.36
iv. Amount Recognized in Balance Sheet				
Liability at the end of the year	11,80.68	10,64.79	8,85.88	7,82.44
Fair value of Plan Assets at the end of the year	6,72.05	7,04.89	5,85.66	5,49.44
	5,08.63	3,59.90	3,00.22	2,33.00

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

	(Rs. in lakhs)			
	Gratuity (Funded)			
	2010-11	2009-10	2008-09	2007-08
v. Expenses Recognized in the Income Statement				
Current Service Cost	1,06.44	1,00.53	87.92	75.25
Interest Cost	89.82	78.03	66.74	54.71
Expected Return on Plan Assets	(55.08)	(51.63)	(45.40)	(39.20)
Net Actuarial (gain) / loss to be Recognized	89.07	6.10	39.71	29.83
Expenses Recognized in Profit & Loss Account	2,30.25	1,33.03	1,48.97	1,20.59
vi. Balance Sheet Reconciliation				
Opening Net Liability	359.90	3,00.22	2,33.00	1,80.73
Expenses as above	230.25	1,33.03	1,48.97	1,20.59
Employers Contribution	(81.52)	(73.35)	(81.75)	(68.32)
Amount Recognized in Balance Sheet	5,08.63	3,59.90	3,00.22	2,33.00

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 31.03.2011 is given below:

	(Rs. in lakhs)	
Particulars	31.03.2011	31.03.2010
Privileged Leave	6,97.31	6,03.54
Sick Leave	3,51.46	2,66.79
vii. Principal Actuarial assumptions as at the Balance Sheet date		
Discount Rate	8.00%	8.00%
Rate of Return on Plan Assets	8.00%	8.00%

Notes:

- i) 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.
- ii) The Company expects to contribute Rs 1,00.00 lakhs (previous year Rs 90.00 lakhs) to Gratuity fund in 2011-12.

11. 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.
12. Balance of Sundry Debtors 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.
13. Rs. 61,87.39 lakhs being net gain (previous year Rs 57,78.95 lakhs being net gain) on account of exchange difference has been adjusted to the respective heads of account in Profit and Loss Account.
14. Disclosure of sundry creditors under current liabilities 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:

	(Rs. in lakhs)	
	2010-11	2009-10
1. Principal amount outstanding at the end of the year	0.05	Nil
2. Interest amount due at the end of the year	Nil	Nil
3. Interest paid to suppliers	Nil	Nil

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

15. Other deposits under Loans and Advances 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.
16. Based on the current Exchange Control Procedure in Algeria, as per the Algerian Finance Law, there is a restriction in repatriating the advance amount given by the Company to its wholly owned subsidiary at Algeria. This is to be converted into equity, however pending outcome on the representation made by the company through Indian Embassy at Algeria, this advance continued to be reflected under Loans & Advances.
17. 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. 500.00 lakhs and carrying amount at the beginning of the year Rs. 500.00 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. 28,40.00 lakhs and at the the beginning of the year Rs. 28,40.00 lakhs. Amount reversed during the year and additional provisions made during the year was Rs. 18,40.00 lakhs. Outflows in these cases would depend on the developments/settlements.
18. Fixed Deposits with Scheduled Banks include Fixed Deposit of Rs. 4,08.28 lakhs (previous year Rs. 3,51.60 lakhs) lodged with Government Departments, Customers and Bank.
19. (a) The break up of deferred tax assets and deferred tax liabilities are as given below :

Particulars	(Rs. in lakhs)		
	Opening as on 01-04-2010	Charge or Credit during the Year	Closing as at 31-03-2011
Deferred Tax Assets:			
1. Expenses Allowable on Payment Basis	3,18.39	(5.92)	3,12.47
2. Provision for doubtful debts, advances and stock	2,57.09	(8.19)	2,48.90
3. Provision for losses on Derivatives on Mark to Market basis	34.18	(28.26)	5.92
4. Others	12,31.47	75.76	13,07.23
Deferred Tax Liabilities:			
1. Depreciation etc.	62,10.95	(1,49.20)	60,61.75
2. Liquidated Damages and Retention money	3,27.30	(1,05.85)	2,21.45
Net Deferred Tax Liability	46,97.12	(2,88.44)	44,08.68

(b) Calculation of Earning Per Share is as follows :

Particulars	(Rs. in lakhs)	
	2010-2011	2009-2010
Net profit for basic earnings per share as per profit and loss account	1,54,63.74	2,06,28.89
(i) Adjustment for the purpose of diluted earnings per share Exchange (gain)/loss on realignment of ZCCB and conversion rate difference	(34.14)	6.75
Net profit for diluted earnings per share	1,54,29.60	2,06,35.64
(ii) Weighted average number of equity shares for calculation of basic and diluted earnings per share (Face value Re. 1/- per share)		
a) Basic earnings per share	326752705	319837491
b) Diluted earnings per share	348359176	345696047
(iii) Weighted average number of equity shares outstanding Add: Weighted average number of potential equity shares that could arise on conversion of ZCCB, warrants	326752705	319837491
	21606471	25858556
iv) Earnings per share:		
a) Basic	4.73	6.45
b) Diluted	4.43	5.97

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

20. 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. The details of these expenses are as follows:

	(Rs. in lakhs)	
	2010-2011	2009-2010
Preoperative expenses brought forward	1,19,09.68	90,72.21
Salaries, Wages, Bonus and Allowances etc.	7,01.22	6,63.47
Contribution to Provident and Other Fund	26.47	23.02
Employees' Welfare	5.26	3.70
Stores and Spares Consumption	86.93	33.02
Handling and Transportation	1.96	87.28
Power and Fuel	2,37.66	3,96.24
Repairs		
Machinery	0.32	0.55
Others	23.89	29.00
Rent	17.45	22.84
Insurance	32.98	30.30
Miscellaneous Expenses	11,60.25	6,29.66
Interest Paid		
On Term Loan	65.72	2,33.21
On Others	14,97.79	6,89.28
Finance Charges	2.20	1,27.82
Depreciation	10,92.69	10,38.06
Excise Duty on Coal Stock	66.36	-
Total preoperative/development expenses	1,69,28.83	1,30,79.66
Less:		
Allocated/Transferred during the year to completed assets	60.34	-
Coal transferred for Captive Consumption [22304.22 mt (previous year 28707.32 mt)]	2,56.50	3,22.55
Stock of Coal [39503.58 mt (previous year 27449.39 mt)]	4,54.29	3,15.67
Interest on deposit (Gross) [Tax deducted at source Rs.1,12,29 lakhs (Previous year 14.26 lakhs)] and is net of provision of for current tax Rs. 5,05.47 lakhs (previous year Rs. 2,74.63 lakhs)	8,73.84	5,31.76
Total preoperative expenses carried forward pending allocation	1,52,83.86	1,19,09.68

21. 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	Maximum amount outstanding during the year	Amount outstanding at the year end	Maximum amount outstanding during the year
	2010-11		2009-10	
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
Loans and advances in the nature of loans to Subsidiaries and Associates:				
(a) Electrosteel Europe SA	57.20	18,70.94	-	-
(b) Electrosteel Algeria SPA	15,60.65	16,68.96	16,16.04	16,75.26
(c) Electrosteel (UK) Ltd.	-	-	17,03.80	20,03.65
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.	53.00	53.00	32.73	32.73
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)	-	-	-	-

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

22. (a) Category wise outstanding derivatives contracts entered for hedging as on March 31, 2011 are as follows :-

Sl.No.	Category	Currency	2010-11		2009-10	
			No. of Deals	Amount in Foreign Currency	No. of Deals	Amount in Foreign Currency
1.	Sell Forward	USD/INR	35	94,588,325	142	21,24,05,859
2.	Sell Forward	SGD/USD	9	2,577,986	8	35,28,895
3.	Sell Forward	GBP/USD	10	6,203,268	24	1,44,19,794
4.	Sell Forward	Euro/USD	38	36,666,545	32	2,20,12,855
5.	Buy Forward	USD/INR	9	38,334,118	11	55,12,131
6.	Option	EURO	3	10,000,000	1	22,00,000
7.	Option	USD	5	21,000,000	-	-
8.	Option	USD	2	16,000,000	3	1,80,00,000
9.	Swap	USD	3	3,50,00,000	3	3,50,00,000

(b) Unhedged Foreign Currency exposures as on March 31, 2011 are as follows :

Nature	Currency	2010-11	2009-10
Payables		Amount in Foreign Currency	Amount in Foreign Currency
Imports	USD	1,40,02,744	1, 21,94,403
ZCCB* (include proportionate premium)	USD	37,75,740	2,58,68,370
ECB Payable (include accrued interest)	USD	70,491,548	7,05,34,578
Buyer's Credit / Acceptances (include accrued interest)	USD	6,46,56,157	39,18,616
Others	EURO	2,49,595	46,269
Others	GBP	7,576	12,494
Others	AED	50,923	-
Others	HKD	24,729	-
Others	JPY	9,20,055	-

* ZCCB: Zero Coupon Convertible Bond

23. Premium payable on ZCCB has been provided proportionately and accordingly Rs. 6,11.29 lakhs (out of total redemption premium amounting to Rs. 31,37.73 lakhs) (previous year Rs. 3,97.93 lakhs, out of total redemption premium amounting to Rs. 31,58.84 lakhs) on this account has been debited to Share Premium Account.
24. The Company through Qualified Institutional Placements had issued 3,35,68,312 warrant 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 account.
25. The Marked-to-Market losses on derivative contract for the year stood at Rs. 18.26 lakhs (previous year Rs. 1,02.90 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 profit and loss account for the year.

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

- 26. a)** 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 accounts.
- b)** During the year, the Company has invested in equity shares of Vishwa Utilities Pvt. Ltd. (VUPL), a company incorporated in India, has joint control over VUPL being 11% interest alongwith other venturers. However, the Company has aquired and held this interest exclusively with a view to its subsequent disposal in the near future and accordingly interest in the said Joint Venture Company has been accounted for as an investment in accordance with Accounting Standard 13 on Accounting for Investment.
- c)** Information on other joint venture

S. No.	Name of the Joint Venture	Country of Incorporation	Percentage of ownership interest
(i)	North Dhadhu Minining Private Limited	India	48.98

(Rs. in lakhs)

	2010-11	2009-10
(ii) Contingent liabilities in respect of Joint Ventures.		
a. Guarantee given by banks on behalf of the Company	27,45.47	27,45.47
(iii) Interest in assets, liabilities, income and expenses with respect to jointly controlled entities.		
A) Assets :		
a) Fixed Assets (Net Block) :	0.45	0.48
Capital Work-in-Progress	6,23.47	5,95.46
b) Current Assets, Loans And Advances		
Cash & Bank Balances	13.16	8.90
Loans & Advances	3.45	1.69
c) Miscellaneous Expenditure	2.01	2.01
B) Liabilities :		
a) Current Liabilities	0.91	1.20

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

- 27.** As regards construction contracts in progress as on 31.03.2011, 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. 2,87,81.12 lakhs, Rs. 8,23.69 lakhs and Rs.7,90.41 lakhs respectively. (Previous year Rs. 4,34,45.65 lakhs, Rs. 9,35.54 lakhs and Rs. 13,68.23 lakhs respectively).
- 28.** 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 Profit and Loss account amounts to Rs. 5,15.86 lakhs (previous year Rs. 4,50.45 lakhs).
- 29.** During the year, the Company has incurred Rs. 83.26 lakhs (previous year Rs 80.93 lakhs) on account of research and development expenses which has been charged to profit and loss account.
- 30.** 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
Singardo International Pte Ltd.
Electrosteel Castings (UK) Limited
Electrosteel USA, LLC
WaterFab, LLC (100% subsidiary of Electrosteel USA, LLC) |
| 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) 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)
Smt. Uma Kejriwal - mother of Mr. Umang Kejriwal, Managing Director
Mr. S.Y. Ganapathy - brother of Mr. S.Y. Rajagopalan, Director |
| 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.
* Acharya Multicon Pvt. Ltd.
Electrocast Sales India Ltd.
* Flora Constuctions Pvt. Ltd.
** Highrise Multicon Pvt. Ltd.
** Kabir Projects Pvt. Ltd.
** New City Enclave Pvt. Ltd. |

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

** Nilmoni Developers Pvt. Ltd.
 * Nimpith Developers Pvt. Ltd.
 * Paramount Tracom Pvt. Ltd.
 * Stewart Agencies Pvt. Ltd.
 Tulsi Highrise Pvt. Ltd.
 Wilcox Merchants Pvt. Ltd.
 ** Royal Multicon Pvt. Ltd.
 * Samar Properties Pvt. Ltd.
 ** Tulip Fabicon Pvt. Ltd.
 Murari Investment & Trading Company Ltd.
 Electrosteel Thermal Power Ltd.

* Amalgamated into Tulsi Highrise Pvt. Ltd. as per Hon'ble Calcutta High Court order dated 06-10-2010

** Amalgamated into Wilcox Merchants Pvt. Ltd. as per Hon'ble Calcutta High Court order dated 06-10-2010

B) Related Party Transaction

(Rs. in lakhs)

	Subsidiary	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.11	Outstanding as on 31.03.10
Sale								
Electrosteel USA, LLC	443.77	-	-	-	-	443.77	337.80	-
Electrosteel Europe SA	20,921.43	-	-	-	-	20,921.43	14,271.15	-
Electrosteel Algeria SPA	11,046.93	-	-	-	-	11,046.93	3,505.75	-
Singardo International Pte Ltd.	1,289.00	-	-	-	-	1,289.00	791.02	-
Electrosteel Castings (UK) Limited	6,335.61	-	-	-	-	6,335.61	5,338.20	-
Electrosteel Steels Limited	-	1,710.12	-	-	-	1,710.12	252.93	-
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	-	-	-	4.61	-
Lanco Industries Ltd.	-	6,576.37	-	-	-	6,576.37	1,466.34	-
Total	40,036.74	8,286.49	-	-	-	48,323.23	25,967.80	-
Previous Year								
Electrosteel USA, LLC	509.88	-	-	-	-	509.88	-	486.72
Electrosteel Europe SA	16,670.27	-	-	-	-	16,670.27	-	8,764.19
Electrosteel Algeria SPA	12,151.33	-	-	-	-	12,151.33	-	9,607.53
Singardo International Pte Ltd.	2,131.29	-	-	-	-	2,131.29	-	661.51
Electrosteel Castings (UK) Limited	4,999.30	-	-	-	-	4,999.30	-	3,035.52
Electrosteel Steels Limited	-	1,730.17	-	-	-	1,730.17	-	10.51
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	-	0.11	0.11	-	4.61
Lanco Industries Ltd.	-	1,651.39	-	-	-	1,651.39	-	0.06
Interest Received								
Lanco Industries Ltd.	-	-	-	-	-	-	-	-
Previous Year								
Lanco Industries Ltd.	-	62.77	-	-	-	62.77	-	-
Purchase								
Electrosteel USA, LLC	0.23	-	-	-	-	0.23	0.74	-
Lanco Industries Ltd.	-	8,169.83	-	-	-	8,169.83	80.90	-
Electrosteel Steels Limited	-	121.33	-	-	-	121.33	52.56	-
Total	0.23	8,291.16	-	-	-	8,291.39	134.20	-
Previous Year								
Electrosteel USA, LLC	13.02	-	-	-	-	13.02	-	0.51
Singardo International Pte Ltd.	2.61	-	-	-	-	2.61	-	0.46
Lanco Industries Ltd.	-	4,123.04	-	-	-	4,123.04	-	349.83
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	-	123.72	123.72	-	-

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

B) Related Party Transaction (Contd.)

(Rs. in lakhs)

	Subsidiary	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.11	Outstanding as on 31.03.10
Job Charges Received								
Electrosteel Steels Limited	-	1,799.66	-	-	-	1,799.66	90.02	-
Total	-	1,799.66	-	-	-	1,799.66	90.02	-
Previous Year								
Electrosteel Steels Limited	-	199.74	-	-	-	199.74	-	(433.79)
Lanco Industries Ltd.	-	2.22	-	-	-	2.22	-	2.22
Remuneration								
Mr. Umang Kejriwal (MD)	-	-	-	244.76	-	244.76	200.00	-
Mr. Mayank Kejriwal (JMD)	-	-	-	242.41	-	242.41	200.00	-
Mr. Uddhav Kejriwal (Director)	-	-	-	224.76	-	224.76	170.00	-
Mr. Vyas Mitre Ralli (Director)	-	-	-	111.11	-	111.11	-	-
Mr. Mahendra Kumar Jalan (Director)	-	-	-	110.59	-	110.59	-	-
Mr. Rama Shankar Singh (Director)	-	-	-	106.07	-	106.07	-	-
Others	-	-	-	25.89	-	25.89	-	-
Total				1,065.59	-	1,065.59	570.00	-
Previous Year								
Mr. Umang Kejriwal (MD)	-	-	-	326.62	-	326.62	-	285.00
Mr. Mayank Kejriwal (JMD)	-	-	-	323.71	-	323.71	-	285.00
Mr. Uddhav Kejriwal (Director)	-	-	-	288.92	-	288.92	-	240.00
Others	-	-	-	106.57	-	106.57	-	15.80
Rent Paid								
Global Exports Ltd.	-	-	-	-	15.00	15.00	-	-
Badrinath Industries Ltd.	-	-	-	-	15.00	15.00	-	-
Others	-	-	-	-	104.43	104.43	-	-
Total	-	-	-	-	134.43	134.43	-	-
Previous Year								
Global Exports Ltd.	-	-	-	-	15.00	15.00	-	-
Badrinath Industries Ltd.	-	-	-	-	15.00	15.00	-	-
Others	-	-	-	-	113.59	113.59	-	-
Service Charges Paid								
Global Exports Ltd.	-	-	-	-	38.00	38.00	-	-
Previous Year								
Global Exports Ltd.	-	-	-	-	39.06	39.06	-	-
Loan								
Electrosteel Algeria SPA	(49.59)	-	-	-	-	(49.59)	1,560.65	-
Electrosteel Castings (UK) Limited	(1,825.93)	-	-	-	-	(1,825.93)	-	-
Total	(1,875.52)	-	-	-	-	(1,875.52)	1,560.65	-
Previous Year								
Electrosteel Algeria SPA	1,616.04	-	-	-	-	1,616.04	-	1,616.04
Electrosteel Castings (UK) Limited	1,703.80	-	-	-	-	1,703.80	-	1,703.80
Reimbursements								
Electrosteel USA, LLC	168.53	-	-	-	-	168.53	-	-
Singardo International Pte Ltd.	2.87	-	-	-	-	2.87	-	-
Electrosteel Castings (UK) Limited	12.21	-	-	-	-	12.21	-	-
Electrosteel Europe SA	57.20	-	-	-	-	57.20	57.20	-
Total	240.81	-	-	-	-	240.81	57.20	-
Previous Year								
Electrosteel USA, LLC	189.15	-	-	-	-	189.15	-	-
Singardo International Pte Ltd.	7.09	-	-	-	-	7.09	-	-
Electrosteel Europe SA	16.75	-	-	-	-	16.75	-	-
Share Application Money Paid								
North Dhadhu Mining Company Pvt. Ltd.	-	-	36.74	-	-	36.74	60.99	-
Total	-	-	36.74	-	-	36.74	60.99	-
Previous Year								
North Dhadhu Mining Company Pvt. Ltd.	-	-	24.25	-	-	24.25	-	24.25
Corporate Guarantee and Standby Letter of Credit								
Electrosteel Europe SA	-	-	-	-	-	-	4,485.75	-
Electrosteel Algeria SPA	9,363.90	-	-	-	-	9,363.90	13,822.90	-
Electrosteel Castings (UK) Limited	2,501.88	-	-	-	-	2,501.88	2,501.88	-
Singardo International Pte Ltd.	-	-	-	-	-	-	1,415.22	-
Total	11,865.78	-	-	-	-	11,865.78	22,225.75	-
Previous Year								
Lanco Industries Ltd.	-	-	-	-	-	-	-	2,100.00
Electrosteel Europe SA	4,306.53	-	-	-	-	4,306.53	-	4,306.53
Electrosteel Algeria SPA	8,978.00	-	-	-	-	8,978.00	-	9,250.93
Singardo International Pte Ltd.	-	-	-	-	-	-	-	1,283.95
Bank Guarantee								
North Dhadhu Mining Company Pvt. Ltd.	-	-	-	-	-	-	2,745.47	-
Total	-	-	-	-	-	-	2,745.47	-
Previous Year								
North Dhadhu Mining Company Pvt. Ltd.	-	-	-	-	-	-	-	2,745.47

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

B) Related Party Transaction (Contd.)

(Rs. in lakhs)

	Subsidiary	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.11	Outstanding as on 31.03.10
Investment								
Electrosteel USA, LLC	725.46	-	-	-	-	725.46	1,104.15	-
Electrosteel Europe SA	1,870.04	-	-	-	-	1,870.04	2,323.41	-
Electrosteel Algeria SPA	-	-	-	-	-	-	520.33	-
Singardo International Pte Ltd.	-	-	-	-	-	-	439.89	-
Electrosteel Castings (UK) Limited	703.80	-	-	-	-	703.80	1,059.26	-
Lanco Industries Ltd.	-	-	-	-	-	-	6,333.53	-
Electrosteel Steels Limited	-	2,488.47	-	-	-	2,488.47	72,488.47	-
North Dhadhu Mining Company Pvt. Ltd.	-	-	-	-	-	-	588.00	-
Domco Private Limited	-	-	-	-	-	-	30.00	-
Electrosteel Thermal Power Ltd.	-	-	-	-	-	-	1.50	-
Total	3,299.30	2,488.47	-	-	-	5787.77	84,888.54	-
Previous Year								
Electrosteel USA, LLC	378.69	-	-	-	-	378.69	-	378.69
Electrosteel Europe SA	-	-	-	-	-	-	-	453.38
Electrosteel Algeria SPA	-	-	-	-	-	-	-	520.33
Singardo International Pte Ltd.	-	-	-	-	-	-	-	439.89
Electrosteel Castings (UK) Limited	-	-	-	-	-	-	-	355.46
Lanco Industries Ltd.	-	-	-	-	-	-	-	6,333.53
Electrosteel Steels Limited	-	53,517.50	-	-	-	53,517.50	-	70,000.00
North Dhadhu Mining Company Pvt. Ltd.	-	-	-	-	-	-	-	588.00
Electrocast Sales India Ltd.	-	-	-	-	-	-	-	0.51
Domco Private Limited	-	-	-	-	-	-	-	30.00
Biswa Microfinance Pvt. Ltd.	-	-	-	-	30.00	30.00	-	-
Electrosteel Thermal Power Ltd.	-	-	-	-	1.50	1.50	-	1.50
Commission								
Electrosteel Europe SA	34.89	-	-	-	-	34.89	18.48	-
Total	34.89	-	-	-	-	34.89	18.47	-
Previous Year								
Electrosteel Europe SA	13.22	-	-	-	-	13.22	-	13.22
Security Deposits								
Lanco Industries Ltd.	-	(180.00)	-	-	-	(180.00)	4,081.00	-
Electrosteel Thermal Coal Ltd.	-	-	-	-	-	-	185.00	-
Others	-	-	-	-	-	-	-	-
Total	-	(180.00)	-	-	-	(180.00)	4,266.00	-
Previous Year								
Lanco Industries Ltd.	-	(32.52)	-	-	-	(32.52)	-	4,435.96
Electrosteel Thermal Coal Ltd.	-	-	-	-	(45.00)	(45.00)	-	185.00
Others	-	-	-	-	-	-	-	-
Dividend Received								
Singardo International Pte Ltd.	10.30	-	-	-	-	10.30	-	-
Lanco Industries Ltd.	-	289.52	-	-	-	289.52	-	-
Total	10.30	289.52	-	-	-	299.82	-	-
Previous Year								
Singardo International Pte Ltd.	9.95	-	-	-	-	9.95	-	-
Lanco Industries Ltd.	-	193.01	-	-	-	193.01	-	-
Rent Receipts								
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	-	-
Total	-	85.65	-	-	5.85	91.50	1.20	-
Previous Year								
Electrosteel Steels Limited	-	76.88	-	-	-	76.88	-	-
Murari Investment & Trading Company Ltd.	-	-	-	-	5.25	5.25	-	-
Lanco Industries Ltd.	-	0.40	-	-	-	0.40	-	0.40
Service Charges Received								
Electrosteel Steels Limited	-	11.40	-	-	-	11.40	0.92	-
Total	-	11.40	-	-	-	11.40	0.92	-
Previous Year								
Electrosteel Steels Limited	-	9.18	-	-	-	9.18	-	-
Sale of DEPB								
Electrosteel Steels Limited	-	11.25	-	-	-	11.25	-	-
Total	-	11.25	-	-	-	11.25	-	-
Previous Year								
Electrosteel Steels Limited	-	24.19	-	-	-	24.19	-	-
Advances Given								
Lanco Industries Ltd.	-	53.73	-	-	-	53.73	53.73	-
Total	-	53.73	-	-	-	53.73	53.73	-
Previous Year	-	-	-	-	-	-	-	-

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

31. TURNOVER, OPENING STOCK & CLOSING STOCK

(Rs. in lakhs)

	UNIT	OPENING STOCK		PURCHASE		TURNOVER*		CLOSING STOCK		
		Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	
a) Own Products										
1)	D.I. Fittings	MT	143 (126)	117.59 (106.76)			4896 (4672)	5470.10 (4832.31)	266 (143)	221.75 (117.59)
2)	C.I. Spun Pipes	MT	1812 (3157)	530.63 (1097.79)			30450 (41996)	12499.05 (16318.05)	1561 (1812)	517.93 (530.63)
3)	D.I. Spun Pipes	MT	7175 (5160)	2351.73 (1759.95)			264870 (233448)	130755.91 (112194.41)	12633 (7175)	4635.75 (2351.73)
4)	Pig Iron	MT	7541 (1447)	1398.85 (321.88)			258511 (215062)	4154.98 (1217.80)	1460 (7541)	328.80 (1398.85)
5)	Metallurgical Coke	MT	28622 (8587)	4790.36 (1865.27)			162249 (121002)	1190.90 -	30700 (28622)	5505.67 (4790.36)
6)	Sponge Iron	MT	1381 (562)	256.08 (131.65)			30473 (30454)	499.62 (557.10)	839 (1381)	174.26 (256.08)
b) Other Products										
i)	Rubber Gaskets**			311.62 (421.69)	1484.14 (1276.61)			- (2.49)	- -	294.29 (311.62)
ii)	Pipe Fittings**			177.95 (170.15)	990.11 (431.40)			- -	- -	296.82 (177.95)
iii)	Others							8262.66 (4884.23)	- -	- -
iv)	Domolite							- -	- -	14.75
c) Turnkey Contracts										
								3608.20 (3818.93)	- -	- -
d) Traded Product										
a)	Purchased D I Pipes		585 -	276.97 -	3685 (3862)	1714.61 (1600.10)	4,264 (3277)	2053.74 (1363.03)	6 (585)	0.37 (276.97)
b)	DI Fittings		-	-	390.18 (18)	354.35 (9.09)	390.18 (18)	440.31 (32.70)	-	-
c)	Iron Ore		-	-	9729 (4679)	79.29 (38.13)	9729 (4679)	110.91 (53.34)	-	-
d)	Coke / Coal		-	-	33605 (16995)	5922.80 (1389.72)	33605 (16995)	5922.80 (1389.72)	-	-
e)	Misc Items - Turnkey Contracts # #					420.65 (205.95)				
			10211.78 (5875.14)		10965.95 (4951.00)		174967.18 (146664.11)		11990.39 (10211.78)	

Turnover in quantity of D.I. Fittings and D.I. Spun Pipes include 17,688 mt. (previous year 17,612 mt.) and 1145.72 mt. (previous year 3142.41 mt.) respectively used in turnkey contract. Turnover in quantity of Pig Iron, Metallurgical Coke and Sponge Iron include 241060.09 mt (previous year 204926.54 mt), 143810.81 mt (previous year 108564.66 mt) and 27046.85 mt (previous year 27379.63 mt) respectively used for captive consumption.

* Turnover includes gain on exchange difference of Rs. 56,73.01 lakhs (previous year Rs.15,92.75 lakhs exchange gain).

The corresponding turnover is included under " Turnkey Contracts"

** , # # Represent bought out components/ misc items sold without processing, the purchase and sale of such components/items ancillary to the manufacturing/turnkey activity. In view of wide variety of such items, fittings & rubber gaskets where the quantitative figure would not give fair and comparable picture and hence, have not been stated.

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

32. 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	Within India	Outside India	Total
Sales (Gross)	112660.86 (95949.34)	62306.32 (50714.77)	174967.18 (146664.11)
Sundry Debtors and other assets	351661.56 (290038.49)	27593.09 (27193.45)	379254.65 (317231.94)

The fixed assets of the company are located in India
(Previous year figures are shown in bracket)

33. Raw Materials Consumed :

	2010-11		2009-10	
	Quantity MT	Value Rs.in lakhs	Quantity MT	Value Rs.in lakhs
a) Iron Ore	4,95,184	20457.17	4,68,597	11114.54
b) Hard Coke	24,763 *	2271.84	42,270	4884.30
c) Coal	2,89,791 **	28538.17	2,55,922	22842.03
d) Pig Iron	21,932 ***	4644.22	31,491	5795.08
e) MS Scrap	60,864	4418.08	4,550	856.84
f) C.I.Scrap	3,337	595.15	2,735	363.66
g) Ferro Silicon	5,892	4076.34	4,988	2694.54
h) Others		11744.48		9361.30
		76745.45		57912.29

Consumption of Pig Iron, MS Scrap and Ferro Silicon include Rs.363.75 lakhs (previous year Rs.8.58 lakhs) being cost of 1721.58 mt (previous year 49.82mt), Rs. nil (previous year Rs.23.92 lakhs) being cost of nil (previous year 135.63 mt), Rs. 13.73 lakhs (previous year nil) being cost of 24.99 mt (previous year nil) respectively sold during the year.

* Excluding 1,43,810.81 Mt (previous year 1,08,564.66 Mt) captively consumed.

** Include 22445.94 mt (previous year 23091 mt) of coal consumed during preoperative period.

*** Excluding 2,35,414.33 Mt and 5,645.76 Mt (previous year 2,00,857.21 Mt and 4,069.39 Mt) captively consumed in DI Spun Pipe plant and DI Fitting plant respectively.

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

34. Information in respect of Goods produced/manufactured :

(In Tonnes)

	Installed Capacity*		Production	
	As on 31-Mar-11	As on 31-Mar-10	2010-11	2009-10
C. I. Spun Pipes	90,000	90,000	30,199	40,651
D. I. Spun Pipes	280,000	280,000	270,327	235,463
D.I.Fittings	5,000	5,000	5,038	4,683
Pig Iron**	250,000	250,000	252,430	218,027
Metallurgical Coke ***	295,000	2,95,000	164,428	140,922
Sponge Iron #	60,000	60,000	29,931	31,273

* As Certified by Management.

** Includes 2,35,414.33 Mt and 5,645.76 Mt (previous year 2,00,857.11 Mt and 4,069.43 Mt) captively consumed in DI Spun Pipe plant and DI Fitting plant respectively.

*** Including 1,43,810.81 Mt (previous year 1,08,564.66 Mt) captively consumed.

Includes 27,046.85 Mt (previous year 27,379.63 Mt) captively consumed in DI Spun Pipe plant.

Note : Licensed capacity is not applicable in terms of Government of India's Notification No. S.O.477(E) dated: 25th July 1991.

	2010-11 Rs.in lakhs	2009-10 Rs.in lakhs
35. C.I.F. Value of Imports		
(a) Raw Materials	43388.79	20342.67
(b) Spare Parts & Components	2304.54	3378.71
(c) Capital Goods	1694.51	4773.82
36. Expenditure in Foreign Currency: \$		
(a) Travelling Expenses	108.43	146.60
(b) Journals & Periodicals	3.37	0.46
(c) Technical/Consultancy Fees	225.37	248.57
(d) Interest Paid	589.98	1366.47
(e) Commission	586.98	393.30
(f) Others	4922.66	3401.62
(g) Payment of Dividend on Equity Shares in foreign currency*		
- No. of Non-Resident holders	2	2
- No. of shares held	2,74,80,414	2,74,80,414
- Dividend (Rs.)	343.51	348.58

* Excluding Rs. 36.12 lakhs (Previous year - Rs. 1,53.97 lakhs) remitted to 762 (Previous year - 466) non-resident shareholder's [holding 2889459 shares (Previous year - 12317646 shares)] Bankers/Mandatee in India.

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

37. Value of Imported & Indigenous Raw materials, Spare Parts & Components Consumed :

	2010-11		2009-10	
	Rs. in lakhs	%	Rs. in lakhs	%
RAW MATERIALS				
Imported	30487.37	39.73	27642.92	47.73
Indigenous	46258.08	60.27	30269.37	52.27
	76745.45	100.00	57912.29	100.00
SPARE PARTS & COMPONENTS				
Imported	2672.45	24.28	2549.38	23.58
Indigenous	8335.15	75.72	8262.53	76.42
	11007.60	100.00	10811.91	100.00

38. Earnings in Foreign Exchange :

	2010-11 Rs.in lakhs	2009-10 Rs.in lakhs
(a) FOB Value of Exports	57240.97	49524.72
(b) Interest	-	53.84
(c) Others	1136.90	459.90

39. Previous Years Figures have been re-grouped/re- arranged wherever necessary.

The Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date.

For Lodha & Co.
Chartered Accounts
H. K. Verma
Partner
Kolkata
May 12, 2011

For and on behalf of the Board
Managing Director U. Kejriwal
Director Uddhav Kejriwal
Company Secretary Jyoti Jain

Balance Sheet Abstract & Company's General Business Profile

I. Registration Details

Registration No.	Balance Sheet date	State Code
015-310	March 31, 2011	15

II. Capital raised during the Year (Amount Rs. in lakhs)

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

III. Position of Mobilisation and Deployment of Funds (Amount Rs. in lakhs)

Total Liabilities	Total Assets
37,92,54.65	37,92,54.65

Sources of Funds

Paid-up Capital	Other liabilities	Reserves & Surplus
32,67.53	44,08.68	16,52,15.31
Secured Loans		Unsecured Loans
12,40,57.21		2,31,05.66

Application of Funds

Net Fixed Assets		Investments
9,85,22.71		13,99,87.67
Net Current Assets	Misc. Expenditure	Accumulated Losses
8,15,44.01	NIL	NIL

IV. Performance of Company (Amount Rs. in lakhs)

Turnover	Total Expenditure	Earnings per Share in Rs.
17,49,67.18	15,87,10.35	4.73
Profit/Loss Before Tax	Profit/Loss After Tax	Dividend Rate %
2,14,88.74	1,54,63.74	125

V. Generic names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC CODE)	Product Description
73030030	C. I. PIPES
73030030	D. I. PIPES
72011000	PIG IRON

Kolkata
May 12, 2011

For and on behalf of the Board
Managing Director U. Kejriwal
Director Uddhav Kejriwal
Company Secretary Jyoti Jain

Section 212

Statement pursuant to Section 212 of the Companies Act, 2956 relating to Subsidiary Companies

	Electrosteel Castings (UK) Limited	Singardo International Pte. Limited	Electrosteel Europe S.A.	Electrosteel Algeria SPA	Electrosteel USA, LLC
1. Financial Year of Subsidiary	Twelve months ended 31st March, 2011	Twelve months ended 31st March, 2011	Twelve months ended 31st March, 2011	Twelve months ended 31st March, 2011	Twelve months ended 31st March, 2011
2. Holding Company's Interest : Fully paid up equity shares Face Value of each	£1	S\$1	€10	DZD1,000	\$1
(a) Number of Shares	1,100,000	1,500,000	380,000	82,500	*
(b) Extent of Holding	100%	60%	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	\$
(a) Dealt with in the accounts of Holding Company					
(i) For the said financial year of the Subsidiary	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
(b) Not dealt with in the Accounts of Holding Company					
(i) For the said financial year of the Subsidiary	(399,802)	40,185	310,088	24,109,268	(667,743)
(ii) For the previous financial years of the Subsidiary since it became the Holding Company's Subsidiary	1,916	451,730	165,091	(212,486,850)	(243,644)
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

Notes :

- * Towards 100% Capital Contribution.

Kolkata
May 12, 2011

For and on behalf of the Board

Managing Director U. Kejriwal
Director Uddhav 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, IT'S 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 2011 and the Consolidated Profit and Loss Account 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. 48,463.65 Lakhs as at 31st March 2011, total revenue of Rs. 57,044.83 lakhs and net cash flows of Rs. 1134.84 lakhs for the year ended as on that date. 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. 6,42.55 Lakhs as at 31st March 2011, total revenue of Rs. NIL and net

cash flows of Rs. 13.91 lakhs for the year ended as on that date. The financial statements of the said jointly controlled entity 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 the said jointly controlled entity, is based solely on the reports of the other auditors.

6 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 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, 2011 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, 2011;
 - b) In the case of the Consolidated Profit and Loss Account, 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.

Place: Kolkata
Date : 12th May, 2011
14, Government Place East
Kolkata- 700 069

For Lodha & Co.
Chartered Accountants
ICAI Regn. No. : 301051E
H. K. Verma
Partner
Membership No : 55104

Consolidated Balance Sheet

as at March 31, 2011

	Schedule	As at	
		Rs. in lakhs	Rs. in lakhs
Sources of Funds			
Shareholders' Funds			
Capital	1	32,67.53	32,67.53
Reserves and Surplus	2	17,13,97.05	15,87,97.07
			16,20,64.60
Loan Funds			
Secured Loans	3	12,65,96.90	11,30,34.98
Unsecured Loans	4	3,20,56.10	1,67,89.74
			12,98,24.72
Minority Interest			4,93.59
Deferred Tax Liabilities (Net)			46,87.10
			29,70,70.01
Application of Funds			
Fixed Assets	5		
Goodwill on Consolidation			2,26.81
Gross Block		9,33,44.31	8,57,92.91
Less : Depreciation		3,82,46.86	3,22,36.22
Net Block		5,50,97.45	5,35,56.69
Capital Work-in-Progress		4,53,65.26	3,96,91.49
			9,32,48.18
Investments	6		10,67,40.06
Current Assets, Loans and Advances			
Interest accrued on investments		1,16.27	—
Inventories	7	7,03,57.85	4,95,91.41
Sundry Debtors	8	4,80,12.96	2,97,55.29
Cash and Bank Balances	9	2,04,84.79	2,98,60.16
Loans and Advances	10	2,45,43.92	2,08,18.00
		16,35,15.79	13,00,24.86
Less :			
Current Liabilities and Provisions	11		
Liabilities		5,53,85.73	2,13,14.51
Provisions		1,30,99.43	1,18,57.40
		6,84,85.16	3,31,71.91
Net Current Assets			9,68,52.95
Miscellaneous Expenditure (To the extent not written off or adjusted)			2.01
			29,70,70.01
Notes on Accounts	17		

The Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date.

For Lodha & Co.
Chartered Accountants

H. K. Verma
Partner
Kolkata
May 12, 2011

For and on behalf of the Board

Managing Director U. Kejriwal
Director Uddhav Kejriwal
Company Secretary Jyoti Jain

Consolidated Profit & Loss Account for the year ended March 31, 2011

	Schedule	Rs. in lakhs	Year ended March 31, 2011 Rs. in lakhs	Year ended March 31, 2010 Rs. in lakhs
Income				
Sales		19,10,79.69		16,18,64.16
Less: Excise Duty		38,23.72		37,86.64
		18,72,55.97		15,80,77.52
Increase/(Decrease) in Finished and Process Stock	12	64,82.71		10,31.65
Other Income	13	65,12.07		1,14,99.52
			20,02,50.75	17,06,08.69
Expenses				
Purchases		1,94,36.42		77,34.05
Raw Materials Consumed	14	7,67,45.45		5,79,12.29
Manufacturing and Other Expenses	15	7,06,33.74		6,34,23.53
Interest (Net)	16	55,10.25		49,86.00
Depreciation		55,88.12		53,50.72
			17,79,13.98	13,94,06.59
Profit Before Taxation			2,23,36.77	3,12,02.10
Provision for Income Tax				
Current		64,04.86		95,23.74
Deferred		(2,95.00)	61,09.86	9,93.47
Profit after Taxation			1,62,26.91	2,06,84.89
Add Share of profit/(loss) in Associate		18,00.21		28,45.38
Add/(Less) : Share of unrealised profit		(38.20)	17,62.01	(36.74)
Net Profit Before Minority Interest			1,79,88.92	2,34,93.53
Minority Interest			30.64	68.97
Net Profit			1,79,58.28	2,34,24.56
Balance brought forward from previous year		1,24,73.06		91,09.14
Less : Dividend paid for previous year		—		1,75.00
Tax on dividend paid for previous year		—	1,24,73.06	29.74
			3,04,31.34	3,23,28.96
Appropriations				
Transfer to :				
Debenture Redemption Reserve		22,00.00		27,00.00
Legal reserve		—		5.06
General Reserve		1,00,00.00		1,23,88.06
Proposed dividend		40,84.41		40,84.41
Tax on Dividend		6,62.59		6,78.37
			1,69,47.00	1,98,55.90
Balance carried to Balance sheet			1,34,84.34	1,24,73.06
Basic Earning per Share			5.50	7.32
Diluted Earning per Share			5.16	6.78
Number of shares used in computing Earning per share				
Basic			32,67,52,705	31,98,37,491
Diluted			34,83,59,176	34,56,96,047
Notes on Accounts	17			

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our report of even date.

For Lodha & Co.
Chartered Accountants

H. K. Verma
Partner
Kolkata
May 12, 2011

For and on behalf of the Board

Managing Director U. Kejriwal
Director Uddhav Kejriwal
Company Secretary Jyoti Jain

Consolidated Cash Flow Statement

for the year ended March 31, 2011

	(Rs. in lakhs)			
	Year ended March 31 2011	Year ended March 31 2011	Year ended March 31 2010	Year ended March 31 2010
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Taxes		2,23,36.77		3,12,02.10
Add : Depreciation/Amortisation/Written off	55,88.20		53,55.40	
Foreign Exchange loss / (gain)	(10,90.60)		(1,05,05.49)	
Bad Debt & Pipe rectification LD charges	1,67.66		19,33.47	
Pipe mould written off	3,08.54		1,25.39	
Dividend	(10.32)		(9.95)	
Plant & Machinery Written off	0.36		—	
Provision for others	6,32.62		33,40.00	
Provision for losses on mark to market basis on derivative transactions	18.96		1,02.90	
Interest	86,02.45	1,42,17.87	50,71.61	54,13.33
		3,65,54.64		3,66,15.43
Less: Interest Received	4,48.17		2,33.58	
Income from Investment	27,59.09		6,79.66	
Provisions / Liabilities no longer required written back	3,92.18		30,45.35	
Profit/(Loss) on sale of Fixed Assets (Net)	8.83	36,08.27	(5,18.27)	34,40.32
		3,29,46.37		3,31,75.11
Operating Profit before Working Capital changes				
Less: Increase/(Decrease) in Inventories	2,07,85.44		18,83.19	
Increase/(Decrease) in Trade Receivables	(37,41.50)		(2,47,03.57)	
Increase/(Decrease) in Loans & Advances	12,02.90		72,87.32	
(Increase)/Decrease in Trade Payables	(82,60.42)	99,86.42	(16,48.97)	(1,71,82.03)
Cash generation From Operations		2,29,59.95		5,03,57.14
Less: Direct Taxes paid (Net of Refund)		59,11.84		1,14,95.69
Net cash flow from Operating activities		1,70,48.11		3,88,61.45
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets / movements in Capital work in progress	(1,23,09.66)		(1,78,29.92)	
Share Application money paid	(36.74)		(24.25)	
Fixed Assets sold/discarded	3,91.92		4,39.65	
(Purchase)/Sale of Investment (net)	(2,56,80.25)		(3,07,24.27)	
Investment in subsidiaries, associate and joint venture	(57,88.14)		—	
Interest Received	26,28.85		2,36.71	
Dividend received	3,92.22	(4,04,01.80)	8,82.49	(4,70,19.59)
Net Cash flow from Investing activities		(4,04,01.80)		(4,70,19.59)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of share capital	—		14,48.43	
Proceeds/(Repayment) from borrowings (net)	3,04,64.14		(1,83,47.95)	
Repayment of Finance Lease	(8.59)		—	
Proceeds from share warrants	—		10,07.05	
Proceeds from share application money	34.29		19.60	
Proceeds/(Redemption / Repayment) of Debentures/Term Loan	(28,12.50)		5,42,71.01	
	2,76,77.34		3,83,98.14	
Interest Paid	(89,40.95)		(53,13.44)	
Dividend paid	(40,78.46)		(40,80.38)	
Tax on Dividend	(6,78.37)	1,39,79.56	(6,94.15)	2,83,10.17
Net cash flow from Financing activities		1,39,79.56		2,83,10.17
Cash & Cash equivalents (A+B+C)		(93,74.13)		2,01,52.03
Cash & Cash equivalents as at 1st April		2,98,60.16		95,40.51
Add / (Less) : Unrealised exchange gain / (loss) on Bank balances, Fixed deposits out of ZCCB / ECB Proceeds (net)		(1.24)		1,67.62
Cash & Cash equivalents as at March 31		2,04,84.79		2,98,60.16
Note : 1) Cash and Cash equivalents represents cash in hand and deposits/balances with Banks		2,04,84.79		2,98,60.16
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 AccountantsH. K. Verma
Partner
Kolkata
May 12, 2011

For and on behalf of the Board

Managing Director	U. Kejriwal
Director	Uddhav Kejriwal
Company Secretary	Jyoti Jain

Schedules

Forming Part of Consolidated Accounts

	As at March 31, 2011 Rs. in lakhs	As at March 31, 2010 Rs. in lakhs
SCHEDULE 1		
SHARE CAPITAL :		
Authorised	50,00.00	50,00.00
50,00,00,000 shares of Re 1/- each (Previous year - 50,00,00,000 shares of Re. 1/- each)		
Issued, Subscribed and Paid up :		
32,67,52,705 equity shares of Re 1/- each (Previous year - 32,67,52,705 equity shares of Re. 1/- each). Out of above 8,87,61,600 shares of Re. 1/- each have been allotted as fully paid up bonus shares by capitalisation of Share Premium and General Reserve	32,67.53	32,67.53
	32,67.53	32,67.53
SCHEDULE 2		
RESERVES AND SURPLUS :		
(A) CAPITAL RESERVE		
Capital subsidy as per last account	66.01	66.01
Others		
Amount forfeited on warrants not exercised as per last account	30,94.71	—
Add : During the year	—	30,94.71
Amount received on issue of warrants as per last account	10,07.05	—
Add : During the year	—	10,07.05
	41,67.77	41,67.77
(B) DEBENTURE REDEMPTION RESERVE		
As per last account	37,00.00	10,00.00
Add : Transfer from Profit and Loss account	22,00.00	27,00.00
	59,00.00	37,00.00
(C) LEGAL RESERVE		
As per last account	33.82	28.76
Add : Transfer from Profit and Loss account	—	5.06
	33.82	33.82
(D) GENERAL RESERVE		
As per last account	7,62,62.57	6,38,74.52
Add : Transfer from Profit and Loss account	1,00,00.00	1,23,88.05
	8,62,62.57	7,62,62.57
Less : Transfer to Profit & Loss account in respect of retained earnings of subsidiary	17,03.84	—
	8,45,58.73	7,62,62.57
(E) SHARE PREMIUM ACCOUNT		
As per last account	6,21,59.85	5,00,61.13
Add : Premium on issue of shares	—	1,24,96.65
	6,21,59.85	6,25,57.78
Less : Provision for premium on redemption of ZCCB	6,11.29	3,97.93
	6,15,48.56	6,21,59.85
(F) PROFIT AND LOSS ACCOUNT		
Add : Transfer from General Reserve in respect of retained earnings of subsidiary	1,34,84.34	1,24,73.06
	17,03.84	—
	1,51,88.18	1,24,73.06
	17,13,97.05	15,87,97.07

Schedules Forming Part of Consolidated Accounts

SCHEDULE 3

SECURED LOANS

	As at March 31, 2011 Rs. in lakhs	As at March 31, 2010 Rs. in lakhs
11.80% Non Convertible Debentures	1,00,00.00	1,00,00.00
9.15% Non Convertible Debentures	2,00,00.00	2,00,00.00
External Commercial Borrowing from Banks	3,45,57.26	3,47,89.76
Loan from Export Import Bank of India	2,21,87.50	2,50,00.00
Working Capital facility from Banks :		
Indian Currency	2,08,84.12	1,20,91.56
Foreign Currency	1,64,28.33	95,92.47
Floating rate Non Convertible Debentures	—	15,00.00
Other Loan from Body Corporate/ Banks	25,39.69	61.19
	<u>12,65,96.90</u>	<u>11,30,34.98</u>

- 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 certain property located at Chennai. These debentures were allotted on 20th March, 2009 and are redeemable at par in three equal annual installments at the end of 3rd, 4th and 5th year from the date of allotment i.e. from 20th March, 2012. However, there is a Put and Call option available to the issuer / investor which can be exercised at the end of three years from the date of allotment.
- 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 certain property located at Chennai. These debentures were allotted on 8th February, 2010 and redeemable at par on 8th February, 2013.
- External Commercial Borrowings are secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than certain property located at Chennai.
- Term Loans from Export Import Bank of India 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 certain property located at Chennai.
- Working Capital facilities from Banks are secured by way of joint hypothecation of inventories and book debts, both present and future.

SCHEDULE 4

UNSECURED LOANS

	As at March 31, 2011 Rs. in lakhs	As at March 31, 2010 Rs. in lakhs
Zero Coupon Convertible Bonds (ZCCB)	91,18.66	91,80.01
Short Term Loans from Banks		
Indian Currency	1,37,78.08	—
Foreign Currency	91,59.36	76,09.73
	<u>3,20,56.10</u>	<u>1,67,89.74</u>

Schedules

Forming Part of Consolidated Accounts

SCHEDULE 5 (i)**FIXED ASSETS :****(Rs. in lakhs)**

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on Apr 1, 2010	Additions	Sales/ Adjustments	Cost as on Mar 31, 2011	Upto Mar 31, 2010	For the year	Sales/ Adjustment	Upto Mar 31, 2011	As on Mar 31, 2011	As on Mar 31, 2010
1	2	3	4	5	6	7	8	9	10	11
LAND-FREEHOLD	36,60.50	4,83.20	-	41,43.70	-	-	-	-	41,43.70	36,60.50
LAND-LEASEHOLD	17,12.38	39.85	-	17,52.23	65.18	14.54	-	79.72	16,72.51	16,47.20
BUILDINGS	96,00.73	8,45.36	-	1,04,46.09	37,40.30	4,73.97	-	42,14.27	62,31.82	58,60.43
RAILWAY SIDING	2,53.94	-	-	2,53.94	59.95	26.94	-	86.89	1,67.05	1,93.99
PLANT AND MACHINERY	6,81,76.92	77,14.75	16,42.51	7,42,49.16	2,72,00.44	58,59.76	5,73.97	3,24,86.23	4,17,62.93	4,09,76.48
FURNITURE AND FIXTURES	7,05.52	57.97	0.04	7,63.45	4,21.96	67.11	0.04	4,89.03	2,74.42	2,83.56
VEHICLES	11,20.53	1,01.31	1,35.75	10,86.09	5,26.55	1,24.74	96.23	5,55.06	5,31.03	5,93.98
INTANGIBLE ASSETS (COMPUTERS SOFTWARES)	5,60.75	71.88	-	6,32.63	2,21.79	1,12.67	-	3,34.46	2,98.17	3,38.96
MINING RIGHTS	-	15.32	-	15.32	-	1.06	-	1.06	14.26	-
LIVESTOCK	1.11	-	-	1.11	-	-	-	-	1.11	1.11
Total	8,57,92.38	93,29.64	17,78.30	9,33,43.72	3,22,36.17	66,80.79	6,70.24	3,82,46.72	5,50,97.00	5,35,56.21
Share of Joint Venture- (Note 4 (c) - Schedule 17)										
Furniture & Fittings	0.35	0.06	-	0.41	0.05	0.03	-	0.08	0.33	0.30
Computers	0.18	-	-	0.18	-	0.06	-	0.06	0.12	0.18
Total	0.53	0.06	-	0.59	0.05	0.09	-	0.14	0.45	0.48
Grand Total	8,57,92.91	93,29.70	17,78.30	9,33,44.31	3,22,36.22	66,80.88	6,70.24	3,82,46.86	5,50,97.45	5,35,56.69
Previous Year	7,95,54.00	96,20.94	33,82.03	8,57,92.91	2,79,25.85	63,88.84	20,78.47	3,22,36.22	5,35,56.69	5,16,28.15

Notes :

- Plant and Machinery includes Rs. 3,40.87 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.
- Depreciation for the year includes Rs.10,92.69 lakhs (Previous year Rs.10,38.07 lakhs) transferred to Pre-operative expenses.
- Leasehold Land of Rs. 2,04.00 lakhs (Previous Year Rs.9,47.26 lakhs) is pending execution of lease agreement and registration thereof.
- Freehold land includes Rs. 2,05.97 lakhs (Previous year Rs.7,02.49 lakhs) in respect of which the execution of conveyance deeds is under process.
- Plant and Machinery includes Rs. 24,98.72 lakhs (Previous year Rs. 27,63.71 lakhs) being cost of wagons procured under "Wagon Investment Scheme".

SCHEDULE 5(ii)**Capital Work-in-Progress :**

Capital Work-in-Progress

Share of Joint Venture (Note 4(c), Schedule 17)
(includes depreciation for the year Rs. 0.09 lakhs
[(Previous year Rs. 0.05 lakhs)]

Total

	As at March 31, 2011 Rs. in lakhs	As at March 31, 2010 Rs. in lakhs
Capital Work-in-Progress	4,47,41.79	3,90,96.03
Share of Joint Venture (Note 4(c), Schedule 17) (includes depreciation for the year Rs. 0.09 lakhs [(Previous year Rs. 0.05 lakhs)]	6,23.47	5,95.46
Total	4,53,65.26	3,96,91.49

Schedules

Forming Part of Consolidated Accounts

SCHEDULE 6**INVESTMENTS**

(Long term and fully paid up except otherwise stated)

Particulars	Rs. in lakhs	As at March 31, 2011		As at March 31, 2010	
		Holding Nos.	Rs. in lakhs	Holding Nos.	Rs. in lakhs
PREFERENCE SHARES					
Quoted					
Mukand Limited (0.01% Cumulative Redeemable Preference Shares face value of Rs. 10/- each)		16	0.00	16	0.00
EQUITY SHARES					
(A) Trade Investments					
Quoted					
Mukand Limited (Face value of Rs.10/- each)		0	0.00	65	0.00
Mahindra Ugine Steel Co. Ltd.(Face value of Rs.10/- each)		0	0.00	75	0.01
Welcast Steels Limited (Face value of Rs.10/- each)		0	0.00	25	0.00
R.G. Ispat Limited (Face value of Rs.10/- each)		50	0.00	50	0.00
Saint Gobain - PAM (Face Value of Euro. 4/- each)		12	0.27	12	0.27
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
			0.38		0.39
(B) Other Investments					
Quoted					
Associates					
Lanco Industries Limited (Face value of Rs.10/- each) (Cost of acquisition including goodwill of Rs. 44,91.37 lakhs (Previous year Rs. 44,91.37 lakhs)	1,34,13.00	19301218	1,51,30.42	19301218	1,34,13.01
Add : Share of Profits/Losses for the year (net)	20,06.94				
Less : Dividend Received	2,89.52				
Electrosteel Steels Ltd. (Formerly Electrosteel Integrated Ltd.) (Face value Rs. 10/-each) (Cost of acquisition including goodwill of Rs 24,90.24 lakhs) (Previous year Rs. 1.77 lakhs) (Unquoted in Previous Year)	7,00,00.00	700000000	7,22,43.61	700000000	7,00,00.00
Add : Addition during the year towards share premium	24,88.47				
Add : Share of Profits/Losses for the year (net)	(2,44.86)				
Unquoted					
Associate					
Electrosteel Thermal Power Ltd.(Face value of Rs.10/- each) (Cost of acquisition including goodwill of Rs 0.70 lakhs (Previous year Rs. 0.70 lakhs)	1.48	15000	1.42	15000	1.48
Add : Share of Profits/(Losses) for the year(net)	(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) (Cost of acquisition including goodwill of Rs 0.24 lakhs (Previous year 0.24 lakhs)	588.00	5880000	-	5880000	-
Less: Proportionate consolidation	588.00				
Other Companies					
Electrocast Sales India Ltd.(Face value of Rs.10/- each)		-	-	1000	0.51
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	4340000	4,34.50
Vishwa Utilities Pvt. Ltd. (Face value of Rs.10/- each)		3708	0.37	-	-
Biswa Microfinance Private Limited (Face value of Rs.10/-each)		-	-	550000	55.00
			8,78,45.32		8,39,39.50
Less : Provision			4,21.10		4,21.10
			8,74,24.22		8,35,18.40

Schedules Forming Part of Consolidated Accounts

SCHEDULE 6 (Contd.)

INVESTMENTS

Particulars	As at March 31, 2011		As at March 31, 2010	
	Holding Nos.	Rs. in lakhs	Holding Nos.	Rs. in lakhs
Current Investments				
Equity Shares (Quoted)				
Coal India Limited (Face value of Rs 10/-each)	25000	61.25	-	-
Jindal Drilling & Industries Ltd (Face value of Rs 5/- each)	176500	10,09.66	-	-
Manganese Ore India Ltd (Face value of Rs 10/- each)	3794	14.23	-	-
Reliance Industries Ltd (Face value of Rs 10/- each)	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	-	-
		<u>12,28.16</u>		
Less : Provision		<u>1,73.01</u>		
		<u>10,55.15</u>		
BONDS (QUOTED)				
8.80% SBI Tier II 2021 of Rs. 1,00,000 each	2	19.50	-	-
9.35% ILFS 2035 of Rs. 1,000 each	10000	99.50	-	-
0.00% RRVPNL 14/01/2028 of Rs. 5,00,000 each	190	1,91.81	-	-
0.00% RRVPNL 31/12/2023 of Rs. 5,00,000 each	132	1,94.18	-	-
9.33% IDFC 2026 of Rs. 10,00,000 each	22	2,20.29	-	-
0.00% RRVPNL 14/01/2027 of Rs. 5,00,000 each	206	2,28.47	-	-
0.00% RRVPNL 14/01/2025 of Rs. 5,00,000 each	206	2,75.76	-	-
0.00% RRVPNL 14/01/2023 of Rs. 5,00,000 each	180	2,90.90	-	-
0.00% RRVPNL 14/01/2024 of Rs. 5,00,000 each	206	3,03.03	-	-
9.75% IFCI 2030 of Rs. 10,00,000 each	37	3,78.41	-	-
8.65% L&T Ltd. 26/05/2020 of Rs. 1,00,000 each	400	4,00.00	-	-
9.70% GE Shipping 2023 of Rs. 10,00,000 each	42	4,20.00	-	-
9.70% GE Shipping 2021 of Rs. 10,00,000 each	53	5,30.06	-	-
9.98% IFCI 2030 of Rs. 10,00,000 each	91	9,26.30	-	-
9.95% SBI 2026 of Rs. 10,000 each	10136	10,53.64	-	-
7.50% WSPF 2020 of Rs. 1,00,000 each	2204	22,32.70	-	-
11.80% TISCO Perpetual of Rs. 10,00,000 each	247	24,95.67	-	-
10% DHFL 2017 of Rs. 1,00,000 each	2690	27,23.91	-	-
9.70% IFCI 04/05/2030 of Rs. 10,00,000 each	333	33,30.76	-	-
10.40% DHFL 2020 of Rs. 1,00,000 each	4022	40,39.30	-	-
COMMERCIAL PAPER -OTHERS (QUOTED)				
OBC 21/12/2011 of Rs. 1,00,000 each	560	5,18.67	-	-
AIRCEL CP 30/05/2011 of Rs. 5,00,000 each	222	10,52.15	-	-
MUTUAL FUNDS (QUOTED)				
ICICI Prudential FMP 51-13 months Plan C (Purchased 10,000,000 units and sold nil units during the year)	10000000	10,00.00	10000000	10,00.00
ICICI Prudential FMP 52-1year Plan A- Cumulative (Purchased 10,000,000 units and sold nil units during the year)	10000000	10,00.00	10000000	10,00.00
ICICI Prudential FMP 51-14 months Plan D (Purchased 30,000,000 units and sold nil units during the year)	30000000	30,00.00	30000000	30,00.00
Kotak 18 M Series 4-Growth (Purchased 20,000,000 units and sold nil units during the year)	20000000	20,00.00	20000000	20,00.00
Reliance Fixed Horizon XIV-Series 2-Growth Plan (Purchased 20,000,000 units and sold nil units during the year)	20000000	20,00.00	20000000	20,00.00
Reliance Fixed Horizon XIV-Series 7-Growth Plan (Purchased 20,000,000 units and sold nil units during the year)	20000000	20,00.00	20000000	20,00.00
BSL Fixed Term Plan - Series CF - Growth (Purchased 10,000,000 units and sold nil units during the year)	10000000	10,00.00	-	-
Birla Sun Life Fixed Term Plan Series CL Growth (Purchased 10,000,000 units and sold nil units during the year)	10000000	10,00.00	-	-

Schedules

Forming Part of Consolidated Accounts

SCHEDULE 6 (Contd.)**INVESTMENTS**

Particulars	As at March 31, 2011		As at March 31, 2010	
	Holding Nos.	Rs. in lakhs	Holding Nos.	Rs. in lakhs
Birla Sun Life Fixed Term Plan Series CP Growth (Purchased 10,000,000 units and sold nil units during the year)	10000000	10,00.00	-	-
Birla Sun Life Fixed Term Plan Series CQ Growth (Purchased 10,000,000 units and sold nil units during the year)	10000000	10,00.00	-	-
Kotak FMP Series 28 - Growth (Purchased 5,000,000 units and sold nil units during the year)	5000000	5,00.00	-	-
Kotak FMP Series 30 - Growth (Purchased 10,000,000 units and sold nil units during the year)	10000000	10,00.00	-	-
Kotak FMP 370 Days Series 9 - Growth (Purchased 10,000,000 units and sold nil units during the year)	10000000	10,00.00	-	-
HDFC FMP 370D February (1) - Growth - Series XVI (Purchased 10,000,000 units and sold nil units during the year)	10000000	10,00.00	-	-
HDFC FMP 370D March (1) - Growth - Series XVI (Purchased 10,000,000 units and sold nil units during the year)	10000000	10,00.00	-	-
Canara Robeco Fixed Maturity Plan -Series 6 -13 Months (Plan A) - Growth Plan (Purchased 10,000,000 units and sold nil units during the year)	10000000	10,00.00	-	-
Reliance Fixed Horizon Fund Xiv- Series 9-Growth Plan (Purchased 10,000,000 units and sold nil units during the year)	10000000	10,00.00	-	-
Reliance Fixed Horizon Fund - Xv Series 8-Growth Plan (Purchased 10,000,000 units and sold nil units during the year)	10000000	10,00.00	-	-
Reliance Fixed Horizon Fund - Xvi - Series 1-Growth Plan (Purchased 5,000,000 units and sold nil units during the year)	5000000	5,00.00	-	-
Reliance Fixed Horizon Fund - Xvi Series 5-Growth Plan (Purchased 5,000,000 units and sold nil units during the year)	5000000	5,00.00	-	-
Reliance Fixed Horizon Fund - Xvii Series 1-Growth Plan (Purchased 5,000,000 units and sold nil units during the year)	5000000	5,00.00	-	-
DSP FMP 12M Series 10 - Growth (Purchased 5,000,000 units and sold nil units during the year)	5000000	5,00.00	-	-
IDBI FMP - 367 Days Series - 1 (February 2011) - A - Growth (Purchased 10,000,000 units and sold nil units during the year)	10000000	10,00.00	-	-
Religare Fixed Maturity Plan - Series VI - Plan B (370 Days) - Growth (Purchased 10,000,000 units and sold nil units during the year)	10000000	10,00.00	-	-
SBI Debt Fund Series - 370 Days - 10 - Growth (Purchased 10,000,000 units and sold nil units during the year)	10000000	10,00.00	-	-
IDFC Fixed Maturity Yearly Series 38 Growth (Purchased 10,000,000 units and sold nil units during the year)	10000000	10,00.00	-	-
ICICI Prudential FMP Series 53 - 1 Year Plan A Cumulative (Purchased 5,000,000 units and sold nil units during the year)	5000000	5,00.00	-	-
ICICI Prudential FMP Series 55 - 1 Year Plan D Cumulative (Purchased 15,000,000 units and sold nil units during the year)	15000000	15,00.00	-	-
ICICI Pru FMP - Series 55-1Year Plan E - Growth option (Purchased 10,000,000 units and sold nil units during the year)	10000000	10,00.00	-	-
MUTUAL FUNDS (UNQUOTED)				
Birla Sunlife Savings Fund-Institutional-Daily Dividend Reinvestment (Purchased 17604025.71 units sold 20602536.85 units during the year)	-	-	2998511	3,00.06
LICMF Savings Plus Fund-Daily Dividend Plan (Purchased 11568592.899 units sold 99487245.73 units during the year)	-	-	87918653	87,91.87
Reliance Medium Term Fund-Daily Dividend Plan (Purchased 18433121.764 units sold 19187688.648 units during the year)	-	-	754567	1,29.00
Reliance Liquidity Fund-Daily Dividend Reinvestment Option (Purchased 226962810.715 units sold 226964290.909 units during the year)	-	-	1480	0.15

Schedules

Forming Part of Consolidated Accounts

SCHEDULE 6 (Contd.)**INVESTMENTS**

Particulars	As at March 31, 2011		As at March 31, 2010	
	Holding Nos.	Rs. in lakhs	Holding Nos.	Rs. in lakhs
UTI Treasury Advantage Fund-Institutional plan (Daily Dividend Option) -Reinvestment (Face Value Rs 1000 each) (Purchased 392754.71 units sold 592731.79 units during the year)	-	-	199977	20,00.20
UTI Fixed Income Interval Fund-Monthly Interval Plan series-1-Institutional Daily Dividend Plan - Reinvestment (Purchased nil units and sold 10000000 units during the year)	-	-	10000000	10,00.00
Peerless Liquid Fund-Super Institutional Daily Dividend (Purchased 31817673.55 units and sold 25817304.97 units during the year)	6000369	6,00.13		
		14,25,04.89		10,67,40.06
Aggregate amount of Quoted Investments				
- In Mutual Funds	3,15,00.00		1,10,00.00	
- In Bonds and Commercial Papers	2,19,25.01		-	
- Other investments	8,84,29.50	14,18,54.51	1,34,13.35	2,44,13.35
Aggregate amount of Unquoted Investments				
- In Mutual Funds	6,00.13		1,22,21.26	
- Other Investments	50.25	6,50.38	7,01,05.45	8,23,26.71
		14,25,04.89		10,67,40.06
Aggregate amount of Market value of Quoted Investments				
- In Mutual Funds	3,26,41.06			1,10,31.53
- In Bonds and Commercial Papers	2,27,33.58			-
- Other investments	6,59,82.62			1,25,65.32
	12,13,57.26			2,35,96.85
Aggregate amount of Market value of Unquoted Investments in Mutual Funds		6,00.13		1,22,22.03

Notes :

- 500000000 Equity shares of Rs 10/- each fully paid up of Electrosteel Steels Ltd. (Formerly Electrosteel Integrated Limited) aggregating Rs5,00,00.00 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.
- 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.

Schedules

Forming Part of Consolidated Accounts

	As at March 31, 2011 Rs. in lakhs	As at March 31, 2010 Rs. in lakhs
SCHEDULE 7		
INVENTORIES		
As taken, valued and certified by the Management		
Stores and Spare Parts	43,17.99	51,18.63
Raw Materials	3,14,08.95	1,73,45.66
Stock-in-trade :		
Finished Stock	3,03,68.66	2,41,30.06
Process Stock	27,63.05	16,25.72
Work in Progress	15,99.39	24,92.60
Less: Progress payments received	1,00.19	11,21.26
	<u>14,99.20</u>	<u>13,71.34</u>
	<u>7,03,57.85</u>	<u>4,95,91.41</u>
SCHEDULE 8		
SUNDRY DEBTORS		
Unsecured		
Debts outstanding for a period exceeding six months		
- Considered good	51,73.38	46,77.13
- Considered doubtful	2,19.82	76.49
	<u>53,93.20</u>	<u>47,53.62</u>
Less : Provision for Doubtful Debts	2,19.82	76.49
	<u>51,73.38</u>	<u>46,77.13</u>
Other Debts - Considered good	4,28,39.58	2,50,78.16
	<u>4,80,12.96</u>	<u>2,97,55.29</u>
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash balance on hand	18.70	9.23
Bank Balances		
With Scheduled Banks :		
Current Accounts	14,43.75	8,89.17
Fixed Deposits	1,74,69.69	2,70,56.48
(including interest accrued thereon)	1,89,13.44	2,79,45.65
With Foreign Banks		
In Current Accounts	15,39.49	18,96.38
Total	<u>2,04,71.63</u>	<u>2,98,51.26</u>
Share of Joint Venture- (Note 4 (c) - Schedule 17)	13.16	8.90
Grand Total	<u>2,04,84.79</u>	<u>2,98,60.16</u>

Schedules

Forming Part of Consolidated Accounts

	As at March 31, 2011 Rs. in lakhs	As at March 31, 2010 Rs. in lakhs
SCHEDULE 10		
LOANS AND ADVANCES (Unsecured)		
Advances recoverable in cash or in kind or for value to be received		
- Considered Good	1,26,19.58	1,18,26.61
- Considered Doubtful	7,67.16	7,73.95
	<u>1,33,86.74</u>	<u>1,26,00.56</u>
Less : Provision for Doubtful Advances	7,67.16	7,73.95
	<u>1,26,19.58</u>	1,18,26.61
Advance Tax including tax deducted at source (net of provision)	-	5,42.14
Balances with Government Authorities	10,19.07	7,53.22
Bills of Exchange	13,35.57	-
Other Deposits	95,66.25	76,94.34
Total	<u>2,45,40.47</u>	<u>2,08,16.31</u>
Share of Joint Venture- (Note 4 (c) - Schedule 17)	3.45	1.69
Grand Total	<u>2,45,43.92</u>	<u>2,08,18.00</u>
SCHEDULE 11		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES :		
Acceptances	2,39,67.81	-
Sundry Creditors		
Dues of Micro enterprises and Small enterprises	0.05	-
Others	2,04,48.40	1,68,06.76
Advance From Customers	41,10.23	24,81.33
Other Liabilities	6,99.48	8,05.50
Interest accrued but not due on loans	5,43.79	8,65.89
Bank Overdraft	54,89.04	2,40.61
Unclaimed Dividend*	1,26.02	1,13.22
Total	<u>5,53,84.82</u>	<u>2,13,13.31</u>
Share of Joint Venture- (Note 4 (c) - Schedule 17)	0.91	1.20
Grand Total	<u>5,53,85.73</u>	<u>2,13,14.51</u>
PROVISIONS :		
For Taxation (net of advance tax and tax deducted at source) [Net Fringe Benefit Tax Rs. Nil (Previous year Rs. 30.17 lakhs)]	4,56.07	-
For Dividend	40,84.41	40,84.41
For Tax on Dividend	6,62.58	6,78.37
For Redemption Premium on ZCCB	30,43.60	24,32.31
For losses on derivative transactions on mark to market basis	11,88.25	13,17.85
For Others	36,64.52	33,44.46
	<u>1,30,99.43</u>	<u>1,18,57.40</u>
	<u>6,84,85.16</u>	<u>3,31,71.91</u>

* The same is not due for payment to Investor Education and Protection Fund.

Schedules

 Forming Part of Consolidated Accounts

	Year ended March 31, 2011		Year ended March 31, 2010
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
SCHEDULE 12			
INCREASE/(DECREASE) IN FINISHED AND PROCESS STOCK			
Closing Stock :			
Finished	3,03,68.66		2,41,30.06
Process	27,63.05		16,25.72
Work in Progress	15,99.39		24,92.60
		3,47,31.10	2,82,48.38
Less : Opening Stock :			
Finished	2,41,30.07		2,10,22.82
Process	16,25.72		23,12.98
Work in Progress	24,92.60		38,80.93
		2,82,48.39	2,72,16.73
		64,82.71	10,31.65
SCHEDULE 13			
OTHER INCOME			
Rent		91.50	88.41
Income from Investments (Note 6 of Schedule 17)		1,15.08	6,89.48
Profit on sale/discard of Fixed Assets (Net)		9.70	-
Provision / Liabilities no longer required written back		3,04.87	19,56.44
Provision for Mark to Market losses no longer required written back		1,02.90	11,10.19
Incentive on Exports		34,22.92	29,86.50
Miscellaneous Income		24,65.10	46,68.50
		65,12.07	1,14,99.52
SCHEDULE 14			
RAW MATERIALS CONSUMED			
Opening Stock	1,73,45.66		1,79,85.48
Add : Purchases	9,08,08.74		5,72,72.47
		10,81,54.40	7,52,57.95
Less : Closing Stock		3,14,08.95	1,73,45.66
		7,67,45.45	5,79,12.29

Schedules

Forming Part of Consolidated Accounts

	Year ended March 31, 2011		Year ended March 31, 2010
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
SCHEDULE 15			
MANUFACTURING AND OTHER EXPENSES			
Stores and Spare Parts (Note 7 - Schedule 17)		1,10,07.60	1,08,11.91
Handling and Transportation Charges		22,33.01	35,70.51
Power and Fuel		1,27,31.86	1,05,97.02
Excise Duty on Stock		3,43.95	56.19
Salaries, Wages, Bonus and Allowance etc.		1,33,16.17	1,17,83.12
Contribution to Provident and Other Fund		10,48.39	8,59.74
Employees' Welfare		4,94.11	4,43.97
Repairs :			
Machinery		3,68.39	3,95.60
Buildings		1,22.17	1,63.18
Others		12,32.15	10,81.49
Rates and Taxes		13,81.60	10,71.34
Rent		11,97.72	11,48.39
Insurance		6,50.36	6,34.65
Freight and Forwarding charges [net of realisation of Rs. 48,13.18 lakhs (Previous year Rs. 57,23.41 lakhs)]		86,05.33	36,60.87
Commission to Selling Agents		68,76.27	51,35.58
Directors' Fees and Commission		58.48	70.65
Job charges		14,27.24	17,42.04
Provision for diminution in value of Investments		1,73.01	-
Provision for Bad and Doubtful Debts		1,39.55	68.56
Provision for losses on mark to market basis on derivative transactions (refer note no. 23 of schedule 17)		18.26	1,02.90
Bad debts	76.42		33,84.01
Less : Provision for bad and doubtful debts	9.85	66.57	(14,89.59)
Loss on sale / discard of fixed assets (net)		1.22	5,18.27
Miscellaneous Expenses		71,40.33	76,13.13
		7,06,33.74	6,34,23.53
SCHEDULE 16			
INTEREST AND FINANCIAL CHARGES (NET)			
Interest			
On Debentures	36,44.92		18,59.63
On Term Loan	18,78.84		16,29.24
On Others	29,45.83		11,35.75
Financial Charges	1,32.86		5,95.09
		86,02.45	52,19.71
Less : Interest on Bonds (Gross)[Tax deducted at source Rs. 8.53 lakhs (previous year Rs. Nil) - current Investments other than trade	22,98.22		-
Profit on sale of current Investments other than trade	3,46.29		0.13
Interest on Loans, Deposits, Overdue debts etc. (Gross)[Tax deducted at source Rs. 30,64.64 lakhs (Previous year Rs. 16.02 lakhs)]	4,47.69		2,33.58
		30,92.20	2,33.71
		55,10.25	49,86.00

Schedules Forming Part of Consolidated Accounts

SCHEDULE 17

NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

- a. 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
- b. 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	
Singardo International Pte Limited	Singapore	60%
Name of the Associate Companies	Country of Incorporation	Proportion of ownership interest
Lanco Industries Limited	India	48.54%
Electrosteel Steels Limited	India	34.40%
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%

c. 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, income 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 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 income of the Group in order to arrive at the net income 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 profit and loss account.
- 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 financial statements as Goodwill or Capital reserve as the case may be.

Schedules Forming Part of Consolidated Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

- x. The group's interest in the jointly controlled entity is accounted using proportionate consolidation.
- d. Investments other than in subsidiaries, joint ventures and associates have been accounted as per AS- 13 on "Accounting for Investments."

e. OTHER SIGNIFICANT ACCOUNTING POLICIES :

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The accounts 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.

B. 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 income 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.

C. FIXED ASSETS AND DEPRECIATION

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 centvat 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 :

[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 Machinery 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 Machinery 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 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.
 - (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, Machinery to be installed, Construction and Erection Materials, Advances etc.
 - (iv) Development Expenses net of Income 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.

Schedules Forming Part of Consolidated Accounts

SCHEDULE 17

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.

D. INVESTMENTS

Long-term 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.

E. INVENTORIES

- (i) Inventories are valued at lower of the cost or net realisable value. Cost of inventories is ascertained on 'weighted average' basis.
- (ii) In case of subsidiaries :
 - (a) Inventories of Electrosteel Algeria SPA are valued at moving weighted average price method
 - (b) Inventories of Singardo International Pte Limited are valued at First in First Out (FIFO) method
 - (c) 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) 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.
- (iv) 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.
- (v) Cost in respect of process stock represents, cost incurred upto the stage of completion.
- (vi) Cost in respect of Work-in-progress represents cost of materials remaining uncertified / incomplete under the Turnkey Contracts undertaken by the Company.

F. 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.

G. 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 income or expense and are adjusted to the profit and loss account under respective heads of accounts except in case of the Company where such liabilities and/or transactions relates to fixed assets / projects and were entered into before 1-4-2004, in which case, these are adjusted to the cost of respective fixed assets.

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.

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 income / 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 accounts.

H. REVENUE RECOGNITION

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

Schedules Forming Part of Consolidated Accounts

SCHEDULE 17

NOTES ON ACCOUNTS *(Contd.)*

I. 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 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.

J. DIVIDEND POLICY

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

K. 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.

L. 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.

M. 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 are established.

N. GOVERNMENT GRANTS

Revenue grants including subsidy/rebates are credited to Profit and Loss Account under "Other 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.

O. INCOME TAX

In case of the Company, provision for tax is made for current and deferred taxes. Current Tax is provided on the taxable income 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.

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

P. LEASES

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

In case of Singardo International Pte. Ltd. and Electrosteel Castings (UK) Ltd., 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 income 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.

Q. 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.

Schedules

Forming Part of Consolidated Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

		(Rs. in lakhs)	
Contingent Liabilities		2010-11	2009-10
2	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances):	89,49.91	33,00.31
3	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	8,12.80	4,89.74
ii.	Excise, Custom Duty and Service Tax [net of provision of Rs. 5,00 lakhs (previous year Rs. 5,00 lakhs)]	68,51.18	60,85.95
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.	96.11	1,13.13
c)	Demand of Tamilnadu Electricity Board disputed by the Company.	8.20	8.20
d)	During the year 1994 UPSEB 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	14,15.22	60,46.00
(ii)	Associate	-	21,00.00
f)	Standby Letter of Credit issued by banks on behalf of the company in favour of		
(i)	Subsidiary Companies	2,08,10.53	87,95.53
g)	Guarantees given by bank on behalf of		
i)	The Company	1,85,33.31	1,73,87.30
ii)	Singardo International Pte Ltd.	0.71	0.96
h)	Letter of credit	74.01	2,58.50
i)	Receivables factored	37,37.29	16,61.91
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 in respect of (a) to (d) and (j) above is dependent upon the outcome of judgements / decisions.		
4	(a) 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 accounts.		
	(b) During the year, the Company has invested in equity shares of Vishwa Utilities Pvt. Ltd. (VUPL), a company incorporated in India, has joint control over VUPL being 11% interest alongwith other venturers. However, the Company has acquired and held this interest exclusively with a view to its subsequent disposal in the near future and accordingly interest in the said Joint Venture Company has been accounted for as an investment in accordance with Accounting Standard 13 on Accounting for Investment.		
	(c) Information on other joint venture		
S. No.	Name of the Joint Venture	Country of Incorporation	Percentage of ownership interest
(i)	North Dhadhu Mining Company Private Limited	India	48.98

Schedules Forming Part of Consolidated Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

	(Rs. in lakhs)	
	2010-11	2009-10
(ii) Contingent liabilities in respect of Joint Ventures.		
a. Guarantees given by banks on behalf of the Company	27,45.47	27,45.47
(iii) Interest in assets, liabilities, income and expenses with respect to jointly controlled entities.		
A) Assets :		
a) Fixed Assets (Net Block) :	0.45	0.48
Capital Work-in-Progress	6,23.47	5,95.46
b) Current Assets, Loans And Advances		
Cash & Bank Balances	13.16	8.90
Loans & Advances	3.45	1.69
c) Miscellaneous Expenditure	2.01	2.01
B) Liabilities :		
a) Current Liabilities	0.91	1.20
	(Rs. in lakhs)	
	2010-11	2009-10
5 Auditors' Remuneration :		
(a) Audit Fees	65.52	49.64
(b) Other services - Certificates, etc. Management Services	4.20 10.50	16.41 -
6 Income from Investments (Net) represent :		
a) Trade Investments- Long Term- Dividend	1.27	0.78
Profit on Sale of Long Term Investments	22.21	-
b) Other than Trade Investments : Dividend from current investment	91.60	6,88.70
	<u>1,15.08</u>	<u>6,89.48</u>
7 Stores and spares consumption include pipe moulds written off.	3,08.54	1,25.78

- 8** 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 in respect of the Group is given as under :

	(Rs. in lakhs)		
Particulars	Within India	Outside India	Total
Sales (Gross)	11,26,60.86	7,84,18.83	19,10,79.69
	(9,59,49.34)	(6,59,14.82)	(16,18,64.16)
Sundry Debtors & other Assets	36,17,97.41	4,49,12.80	40,67,10.21
	(29,71,02.15)	(3,31,37.76)	(33,02,39.91)
Cost Incurred for acquisition of Tangible and in tangible fixed assets	1,45,86.99	4,16.49	1,50,03.48
	(1,88,32.61)	(3,06.41)	(1,91,39.02)

(Previous year figures are shown in bracket)

- 9** No allocation has been made in respect of stores and spare parts and wages for repairs to Machinery and Building.
- 10** 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.
- 11** In case of the Company, balances of Sundry Debtors including for Turnkey Contracts, Work-in-progress and 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.
- 12** Rs. 57,42.91 lakhs being net gain (previous year Rs. 55,96.61 lakhs being net gain) on account of exchange difference has been adjusted to the respective heads of account in Profit and Loss Account.

Schedules

Forming Part of Consolidated Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

- 13** In case of the Company, other deposits under Loan and Advances 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.
- 14** 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. 500.00 lakhs and carrying amount at the beginning of the year Rs. 500.00 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. 28,40.00 lakhs and at the beginning of the year Rs. 28,40.00 lakhs. Amount reversed during the year and additional provisions made during the year was Rs. 18,40.00 lakhs. Outflows in these cases would depend on the developments/settlements.
- 15** Fixed Deposits with Scheduled Bank include Fixed Deposit of Rs. 4,08.28 lakhs (previous year Rs. 3,51.60 lakhs) lodged with Government Departments and Customers.

16 Employee Benefits

The disclosures required under Accounting Standard 15 "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 :

	(Rs. in lakhs)	
	2010-11	2009-10
Employer's Contribution to Provident Fund	2,26.47	1,96.24
Employer's Contribution to Pension Fund	99.65	1,02.06
Employer's Contribution to Superannuation Fund	66.16	62.33

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.

		(Rs in lakhs)			
		Gratuity (Funded)			
		2010-11	2009-10	2008-09	2007-08
i.	Change in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows :				
	Liability at the beginning of the year	10,64.79	8,85.88	7,82.44	6,76.49
	Interest Cost	89.82	78.03	66.74	54.71
	Current Service Cost	1,06.44	1,00.53	87.92	75.25
	Actuarial (gain) / loss on obligations	88.44	39.06	32.31	39.99
	Benefits paid	(1,68.80)	(38.71)	(83.53)	(64.00)
	Liability at the end of the year	11,80.69	10,64.79	8,85.88	7,82.44
ii.	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	7,04.89	5,85.66	5,49.44	4,95.76
	Expected Return on Plan Assets	55.08	51.63	45.40	39.20
	Contributions by the Company	81.52	73.35	81.75	68.32
	Benefits paid	(1,68.80)	(38.71)	(83.53)	(64.00)
	Actuarial gain / (loss) on Plan Assets	(0.63)	32.96	(7.40)	10.16
	Fair value of Plan Assets at the end of the year	6,72.05	7,04.89	5,85.66	5,49.44
	Total actuarial gain / (loss) to be Recognized	89.07	6.10	39.71	29.83
iii.	Actual return on Plan Assets				
	Expected return on Plan assets	55.08	51.63	45.40	39.20
	Actuarial gain / (loss) on Plan Assets	(0.63)	32.96	(7.40)	10.16
	Actual Return on Plan Assets	54.45	84.59	38.00	49.36

Schedules Forming Part of Consolidated Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

	(Rs in lakhs)			
	Gratuity (Funded)			
	2010-11	2009-10	2008-09	2007-08
iv. Amount Recognized in Balance Sheet				
Liability at the end of the year	11,80.68	10,64.79	8,85.88	7,82.44
Fair value of Plan Assets at the end of the year	6,72.05	7,04.89	5,85.66	5,49.44
	5,08.63	3,59.90	3,00.22	2,33.00
v. Expenses Recognized in the Income Statement				
Current Service Cost	1,06.44	1,00.53	87.92	75.25
Interest Cost	89.82	78.03	66.74	54.71
Expected Return on Plan Assets	(55.08)	(51.63)	(45.40)	(39.20)
Net Actuarial (gain) / loss to be Recognized	89.07	6.10	39.71	29.83
Expenses Recognized in Profit & Loss Account	2,30.25	1,33.03	1,48.97	1,20.59
vi. Balance Sheet Reconciliation				
Opening Net Liability	3,59.90	3,00.22	2,33.00	1,80.73
Expenses as above	2,30.25	1,33.03	1,48.97	1,20.59
Employers Contribution	(81.52)	(73.35)	(81.75)	(68.32)
Amount Recognized in Balance Sheet	5,08.63	3,59.90	3,00.22	2,33.00

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 31.03.2011 is given below :

Particulars	(Rs. in lakhs)	
	31.03.2011	31.03.2010
Privileged Leave	6,97.31	6,03.54
Sick Leave	3,51.46	2,66.79
vii. Principal Actuarial assumptions as at the Balance Sheet date	Gratuity (Funded)	
Discount Rate	8.00%	8.00%
Rate of Return on Plan Assets	8.00%	8.00%

Notes :

- i) 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.
- ii) The Company expects to contribute Rs 1,00.00 lakhs (previous year Rs 90.00 lakhs) to Gratuity fund in 2011-12.

Schedules

 Forming Part of Consolidated Accounts
SCHEDULE 17**NOTES ON ACCOUNTS** (Contd.)

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

(Rs. in lakhs)			
Particulars	Opening as on 01-04-2010	Charge or Credit during the Year	Closing as at 31-03-2011
Deferred Tax Assets :			
1. Expenses Allowable on Payment Basis	3,18.39	(5.92)	3,12.47
2. Provision for doubtful debts, advances and stock	2,57.09	(8.19)	2,48.90
3. Provision for losses on Derivatives on Mark to Market basis	34.18	(28.26)	5.92
4. Others	12,50.21	75.17	13,25.38
Deferred Tax Liabilities :			
1. Depreciation	62,19.67	(1,56.35)	60,63.32
2. Liquidated Damages and retention money	3,27.30	(1,05.85)	2,21.45
Net Deferred Tax Liability	46,87.10	2,95.00	43,92.10

18 In accordance with Accounting Standard (AS-20) on 'Earning Per Share' computation of basic and diluted earning per share is as under :

Particulars	2010-11 Rs. in lakhs	2009-10 Rs. in lakhs
Net profit for basic earnings per share as per profit and loss account	1,79,58.28	2,34,24.56
i) Adjustment for the purpose of diluted earnings per share		
Exchange (gain)/loss on realignment of ZCCB and conversion rate difference	(34.14)	6.75
Net profit for diluted earnings per share	1,79,24.14	2,34,31.31
ii) Weighted average number of equity shares for calculation of basic and diluted earnings per share (Face value Re. 1/- per share)		
a) Basic earnings per share	326752705	319837491
b) Diluted earnings per share	348359176	345696047
iii) Weighted average number of equity shares outstanding	326752705	319837491
Add : Weighted average number of potential equity shares that could arise on conversion of ZCCB, warrants and share application money	21606471	25858556
iv) Earnings per share :		
a) Basic	5.50	7.32
b) Diluted	5.16	6.78

Schedules

Forming Part of Consolidated Accounts

SCHEDULE 17**NOTES ON ACCOUNTS (Contd.)**

- 19** The expenses incurred for projects/assets during the construction 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. The details of these expenses are as follows :

	2010-11	2009-10
	Rs.in lakhs	Rs. in lakhs
Preoperative expenses brought forward	1,19,09.68	90,72.21
Salaries, Wages, Bonus and Allowances etc.	7,01.22	6,63.47
Contribution to Provident and Other Fund	26.47	23.02
Employees' Welfare	5.26	3.70
Stores & Spares Consumption	86.93	33.02
Handling & Transportation	1.96	87.28
Power & Fuel	2,37.66	3,96.24
Repairs		
Machinery	0.32	0.55
Others	23.89	29.00
Rent	17.45	22.84
Insurance	32.98	30.30
Miscellaneous Expenses	11,60.25	6,29.66
Interest Paid		
On Term Loan	65.72	2,33.21
On Others	14,97.79	6,89.28
Finance Charges	2.20	1,27.82
Depreciation	10,92.69	10,38.06
Excise duty on coal Stock	66.36	-
Total preoperative expenses	<u>1,69,28.83</u>	<u>1,30,79.66</u>
Less :		
Allocated/Transferred during the year to completed assets	60.34	-
Coal transferred for Captive Consumption [22304.22 mt (previous year 28707.32 mt)]	2,56.50	3,22.55
Stock of Coal[39503.58 mt (previous year 27449.39 mt)]	4,54.29	3,15.67
Interest on deposit (Gross)[Tax deducted at source Rs. 1,12.29 lakhs (Previous year Rs. 14.26 lakhs) and is net of provision of for current tax Rs. 5,05.47 lakhs (previous year Rs. 2,74.63 lakhs)	8,73.84	5,31.76
Total preoperative expenses carried forward pending allocation	<u>1,52,83.86</u>	<u>1,19,09.68</u>

- 20** As regards construction contracts in progress as on 31.03.2011, aggregate amount of costs incurred and recognised profit (less recognised losses) upto the year end (to the extent ascertained by the management), aggregate amount of advances received and aggregate amount of retentions are Rs. 2,87,81.12 lakhs, Rs. 8,23.69 lakhs and Rs.7,90.41 lakhs respectively.(previous year Rs. 4,34,45.65 lakhs, Rs. 9,35.54 lakhs and Rs. 13,68.23 lakhs respectively).
- 21** Premium payable on ZCCB has been provided proportionately and accordingly Rs. 6,11.29 lakhs (out of total redemption premium amounting to Rs. 31,37.73 lakhs) (previous year Rs. 3,97.93 lakhs, out of total redemption premium amounting to Rs. 31,58.84 lakhs) on this account has been debited to Share Premium Account.
- 22** The Company through Qualified Institutional Placements had issued 3,35,68,312 warrant 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 account.

Schedules

Forming Part of Consolidated Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

- 23** The Marked-to-Market losses on derivative contract as at March 31, 2011 stood at Rs. 18.26 lakhs (previous year Rs. 1,02.90 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 profit and loss account for the year.
- 24** The Company has certain operating lease arrangements for office accommodations etc. with tenure extending upto 9 years. Terms 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 by the Company on account of rent during the year and recognised in the Profit and Loss account amounts to Rs. 12,31.59 lakhs (previous year Rs. 11,48.39 lakhs).
- 25** (a) Category wise outstanding derivatives contracts entered by the Company for hedging as on March 31, 2011 are as follows :-

Sl. No.	Category	Currency	2010-11		2009-10	
			No. of Deals	Amount in Foreign Currency	No. of Deals	Amount in Foreign Currency
1	Sell Forward	USD/INR	35	9,45,88,325	142	21,24,05,859
2	Sell Forward	SGD/USD	9	25,77,986	8	35,28,895
3	Sell Forward	GBP/USD	10	62,03,268	24	1,44,19,794
4	Sell Forward	Euro/USD	38	3,66,66,545	32	2,20,12,855
5	Buy Forward	USD/INR	9	3,83,34,118	11	55,12,131
6	Option	EURO	3	1,00,00,000	1	22,00,000
7	Option	USD	5	2,10,00,000	-	-
8	Option	USD	2	1,60,00,000	3	1,80,00,000
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, 2011 are as follows :-

Nature	Currency	2010-11	2009-10
		Amount in Foreign Currency	Amount in Foreign Currency
Payables			
Imports	USD	1,40,02,744	1,21,94,403
ZCCB* (include proportionate premium)	USD	37,75,740	2,58,68,370
ECB Payable (include accrued interest)	USD	7,04,91,548	7,05,34,578
Buyer's Credit / Acceptances (include proportionate premium)	USD	6,46,56,157	39,18,616
Others	EURO	2,49,595	46,269
Others	GBP	7,576	12,494
Others	AED	50,923	-
Others	HKD	24,729	-
Others	JPY	9,20,055	-
Others	SGD	87,325	2,74,326

* ZCCB : Zero Coupon Convertible Bond

Schedules

Forming Part of Consolidated Accounts

SCHEDULE 17**NOTES ON ACCOUNTS** (Contd.)

26 At the Balance Sheet date, the following are the commitments in respect of

(a) Operating lease :

(Rs. in lakhs)		
Name of the Companies	Due within one year	Due between two and five years
1. Singardo International Pte. Ltd.	28.22 (89.27)	7.11 (13.67)
2. Electrosteel Castings (UK) Limited	6.43 (41.98)	52.90 (42.94)

(b) Finance Lease

Name of the Companies	Due within one year	Due between two and five years
1. Singardo International Pte. Ltd.	20.26 (18.38)	57.39 (70.44)

27 In respect of unrealized 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.

28 During the year, basis of valuation of inventory in Electrosteel Algeria SPA has been changed from 'moving weighted average' to 'weighted average' to fall in line with basis of valuation followed by the Company. Consequent upon this change there is no material impact on the profit.

29 Based on the current Exchange Control Procedure in Algeria, as per the Algerian Finance Law, there is a restriction in repatriating the advance amount given by the Company to its wholly owned subsidiary at Algeria. This is to be converted into equity, however pending outcome on the representation made by the company through Indian Embassy at Algeria, this advance continued to be reflected under Loans & Advances.

30 During the year, the company has incurred Rs. 83.26 lakhs (previous year Rs 80.93 lakhs) on account of research and development expenses which has been charged to profit & loss account.

Schedules Forming Part of Consolidated Accounts

31 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) Key Management Personnel (KMP) and their relative | Mr. Umang Kejriwal (Managing Director)
Mr. Mayank Kejriwal (Joint Managing Director)
Mr. Uddhav Kejriwal (Whole Time Director)
Mr. Vyas Mitre Ralli (Wholetime Director)
Mr. Mahendra Kumar Jalan (Wholetime Director)
Mr. Rama Shankar Singh (Wholetime Director)
Mr. S Y Rajagopalan (Director)
Smt. Uma Kejriwal-mother of Mr. Umang Kejriwal-Managing Director
Mr. S.Y. Ganapathy-brother of Mr. S.Y. Rajagopalan-Director |

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.
- * Acharya Multicon Pvt. Ltd.
- Electrocast Sales India Ltd
- * Flora Constructions Pvt. Ltd.
- ** Highrise Multicon Pvt. Ltd.
- ** Kabir Projects Pvt. Ltd.
- ** New City Enclave Pvt. Ltd.
- ** Nilmoni Developers Pvt. Ltd.
- * Nimpith Developers Pvt. Ltd.
- * Paramount Tracom Pvt. Ltd.
- * Stewart Agencies Pvt. Ltd.
- Tulsi Highrise Pvt. Ltd.
- Wilcox Merchants Pvt. Ltd.
- ** Royal Multicon Pvt. Ltd.
- * Samar Properties Pvt. Ltd.
- ** Tulip Fabicon Pvt. Ltd.
- Murari Investment & Trading Company Ltd.
- Electrosteel Thermal Power Ltd.

* Amalgamated into Tulsi Highrise Pvt. Ltd. as per Hon'ble Calcutta High Court order dated 06-10-2010

** Amalgamated into Wilcox Merchants Pvt. Ltd. as per Hon'ble Calcutta High Court order dated 06-10-2010

Schedules

Forming Part of Consolidated Accounts

B) Related Party Transaction

(Rs. in lakhs)

	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.11	Outstanding as on 31.03.10
Sale							
Electrosteel Steels Limited	1,710.12	-	-	-	1,710.12	252.93	-
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	-	-	4.61	-
Lanco Industries Ltd.	6,576.37	-	-	-	6,576.37	1,466.34	-
Total	8,286.49	-	-	-	8,286.49	1,723.88	-
Previous Year							
Electrosteel Steels Limited	1,730.17	-	-	-	1,730.17	-	10.51
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	0.11	0.11	-	4.61
Lanco Industries Ltd.	1,651.39	-	-	-	1,651.39	-	0.06
Purchase							
Lanco Industries Ltd.	8,169.83	-	-	-	8,169.83	80.90	-
Electrosteel Steels Limited	121.33	-	-	-	121.33	52.56	-
Total	8,291.16	-	-	-	8,291.16	133.46	-
Previous Year							
Lanco Industries Ltd.	4,123.04	-	-	-	4,123.04	-	349.83
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	123.72	123.72	-	-
Job Charges Received							
Electrosteel Steels Limited	1,799.66	-	-	-	1,799.66	90.02	-
Total	1,799.66	-	-	-	1,799.66	90.02	-
Previous Year							
Electrosteel Steels Limited	199.74	-	-	-	199.74	-	(433.79)
Lanco Industries Ltd.	2.22	-	-	-	2.22	-	2.22
Remuneration							
Mr. Umang Kejriwal (MD)	-	-	244.76	-	244.76	200.00	-
Mr. Mayank Kejriwal (JMD)	-	-	242.41	-	242.41	200.00	-
Mr. Uddhav Kejriwal (Director)	-	-	224.76	-	224.76	170.00	-
Mr. Vyas Mitre Ralli (Director)	-	-	111.11	-	111.11	-	-
Mr. Mahendra Kumar Jalan (Director)	-	-	110.59	-	110.59	-	-
Mr. Rama Shankar Singh (Director)	-	-	106.07	-	106.07	-	-
Others	-	-	25.89	-	25.89	-	-
Total	-	-	1,065.59	-	1,065.59	570.00	-
Previous Year							
Mr. Umang Kejriwal (MD)	-	-	326.62	-	326.62	-	285.00
Mr. Mayank Kejriwal (JMD)	-	-	323.71	-	323.71	-	285.00
Mr. Uddhav Kejriwal (Director)	-	-	288.92	-	288.92	-	240.00
Others	-	-	106.57	-	106.57	-	15.80
Rent Paid							
Global Exports Ltd.	-	-	-	15.00	15.00	-	-
Badrinath Industries Ltd.	-	-	-	15.00	15.00	-	-
Others	-	-	-	104.43	104.43	-	-
Total	-	-	-	134.43	134.43	-	-
Previous Year							
Global Exports Ltd.	-	-	-	15.00	15.00	-	-
Badrinath Industries Ltd.	-	-	-	15.00	15.00	-	-
Others	-	-	-	113.59	113.59	-	-
Service Charges Paid							
Global Exports Ltd.	-	-	-	38.00	38.00	-	-
Previous Year							
Global Exports Ltd.	-	-	-	39.06	39.06	-	-

Schedules

 Forming Part of Consolidated Accounts

	(Rs. in lakhs)						
	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.11	Outstanding as on 31.03.10
Share Application Money Paid							
North Dhadhu Mining Company Pvt. Ltd.	-	36.74	-	-	36.74	60.99	-
Total	-	36.74	-	-	36.74	60.99	-
Previous Year							
North Dhadhu Mining Company Pvt. Ltd.	-	24.25	-	-	24.25	-	24.25
Corporate Guarantee and Standby Letter of Credit							
Lanco Industries Ltd.	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
Previous Year							
Lanco Industries Ltd.	-	-	-	-	-	-	2,100.00
Bank Guarantee							
North Dhadhu Mining Company Pvt. Ltd.	-	-	-	-	-	2,745.47	-
Total	-	-	-	-	-	2,745.47	-
Previous Year							
North Dhadhu Mining Company Pvt. Ltd.	-	-	-	-	-	-	2,745.47
Investment							
Lanco Industries Ltd.	-	-	-	-	-	6,333.53	-
Electrosteel Steels Limited	2,488.47	-	-	-	2,488.47	72,488.47	-
North Dhadhu Mining Company Pvt. Ltd.	-	-	-	-	-	588.00	-
Domco Private Limited	-	-	-	-	-	30.00	-
Electrosteel Thermal Power Ltd.	-	-	-	-	-	1.50	-
Total	2,488.47	-	-	-	2,488.47	79,441.50	-
Previous Year							
Lanco Industries Ltd.	-	-	-	-	-	-	6,333.53
Electrosteel Steels Limited	53,517.50	-	-	-	53,517.50	-	70,000.00
North Dhadhu Mining Company Pvt. Ltd.	-	-	-	-	-	-	588.00
Electrocast Sales India Ltd	-	-	-	-	-	-	0.51
Domco Private Limited	-	-	-	-	-	-	30.00
Biswa Microfinance Pvt. Ltd.	-	-	-	30.00	30.00	-	-
Electrosteel Thermal Power Ltd.	-	-	-	1.50	1.50	-	1.50
Security Deposits							
Lanco Industries Ltd.	(180.00)	-	-	-	(180.00)	4,081.00	-
Electrosteel Thermal Coal Ltd.	-	-	-	-	-	185.00	-
Total	(180.00)	-	-	-	(180.00)	4,266.00	-
Previous Year							
Lanco Industries Ltd.	(32.52)	-	-	-	(32.52)	-	4,435.96
Electrosteel Thermal Coal Ltd.	-	-	-	(45.00)	(45.00)	-	185.00
Dividend Received							
Lanco Industries Ltd.	289.52	-	-	-	289.52	-	-
Total	289.52	-	-	-	289.52	-	-
Previous Year							
Lanco Industries Ltd.	193.01	-	-	-	193.01	-	-
Rent Receipts							
Electrosteel Steels Limited	85.29	-	-	-	85.29	-	-
Murari Investment & Trading Company Ltd.	-	-	-	4.05	4.05	-	-

Schedules

Forming Part of Consolidated Accounts

	(Rs. in lakhs)						
	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.11	Outstanding as on 31.03.10
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	-	-
Total	85.65	-	-	5.85	91.50	1.20	-
Previous Year							
Electrosteel Steels Limited	76.88	-	-	-	76.88	-	-
Murari Investment & Trading Company Ltd.	-	-	-	5.25	5.25	-	-
Lanco Industries Ltd.	0.40	-	-	-	0.40	-	0.40
Service Charges Received							
Electrosteel Steels Limited	11.40	-	-	-	11.40	0.92	-
Total	11.40	-	-	-	11.40	0.92	-
Previous Year							
Electrosteel Steels Limited	9.18	-	-	-	9.18	-	-
Sale of DEPB							
Electrosteel Steels Limited	11.25	-	-	-	11.25	-	-
Total	11.25	-	-	-	11.25	-	-
Previous Year							
Electrosteel Steels Limited	24.19	-	-	-	24.19	-	-
Advances Given							
Lanco Industries Ltd.	53.73	-	-	-	53.73	53.73	-
Total	53.73	-	-	-	53.73	53.73	-
Previous Year	-	-	-	-	-	-	-

32 Figures pertaining to the subsidiary Companies have been reclassified, wherever necessary to bring them in line with the parent Company's financial statements.

33 Previous Years Figures have been re-grouped/re-arranged wherever necessary.

The Schedules referred to above form an integral part of the Consolidated Balance Sheet and Profit and Loss Account.

As per our report of even date.

For Lodha & Co.
Chartered Accountants

H. K. Verma
Partner
Kolkata
May 12, 2011

For and on behalf of the Board

Managing Director U. Kejriwal
Director Uddhav Kejriwal
Company Secretary Jyoti Jain

Schedules

Forming Part of Consolidated Accounts

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 Algeria SPA*	DZD	2010-11	0.62	510.93	60.38	11,802.70	11,802.70	-	18,137.32	149.31	-	149.31	-	Algeria
			2009-10	0.63	517.41	(90.06)	12,667.99	12,667.99	-	14,648.27	(1,044.50)	-	608.62	-	Algeria
2	Electrosteel Castings (UK) Limited	GBP	2010-11	71.48	786.30	(61.29)	9,908.75	9,908.75	-	9,598.47	(285.77)	1.32	(287.09)	-	United Kingdom
			2009-10	68.15	68.15	214.04	5,671.59	5,671.59	-	7,941.21	9.48	8.18	1.31	-	United Kingdom
3	Electrosteel Europe S.A.	EURO	2010-11	63.16	2,400.15	990.31	23,091.01	23,091.02	0.35	26,660.40	284.47	88.62	195.86	-	France
			2009-10	60.66	485.24	762.93	14,926.88	14,926.88	0.34	21,436.37	159.82	59.68	100.14	-	France
4	Singardo International Pte. Limited	SGD	2010-11	35.38	884.51	464.60	2,881.75	2,881.75	-	3,505.34	18.13	3.92	14.22	17.69	Singapore
			2009-10	32.10	802.47	424.65	2,258.91	2,258.91	-	3,880.40	157.65	12.65	145.00	16.05	Singapore
5	Electrosteel USA, LLC	USD	2010-11	44.59	1,070.16	(406.39)	1,038.18	1,038.18	-	351.67	(279.14)	18.60	(297.75)	-	USA
			2009-10	44.89	359.12	(109.37)	753.76	753.76	-	98.43	(109.37)	-	(109.37)	-	USA

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 31.03.2011

2. * The financial year of the company ends on December 31st. However, the results given are as of March 31, 2011

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

TEAR HERE



ELECTROSTEEL CASTINGS LIMITED

Registered Office: Rathod Colony, Rajgangpur, Dist. Sundergarh, Orissa-770017
56th Annual General Meeting - July 11, 2011, Monday at 11-30 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 Monday, the July 11, 2011

as witness my/our hand(s) this day of..... 2011

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.