

Corporate Information

Chairman	P. K. Khaitan
Directors	B. Khaitan Naresh Chandra Jamshed J. Irani M. B. N. Rao S. Y. Rajagopalan
Managing Director	Umang Kejriwal
Joint Managing Director	Mayank Kejriwal
Wholetime Directors	Uddhav Kejriwal V. M. Ralli M. K. Jalan R. S. Singh
Company Secretary	Jyoti Jain
Auditors	Lodha & Co. Chartered Accountants
Solicitors	Khaitan & Co.
Bankers	Bank of Baroda Bank of India BNP Paribas 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, Rajgangpur, Orissa-770 017

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Notice

Notice is hereby given that the Fifty Fifth 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 12, 2010 at 11.00 A.M. to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2010 and the Profit and Loss Account for the year ended on that date and the Report of Directors and Auditors thereon.
2. To consider declaration of dividend by the Company, as recommended by the Board of Directors for the year ended March 31, 2010.
3. To appoint a Director in place of Mr. Naresh Chandra, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Dr. J.J. Irani, who retires by rotation and is eligible for re-appointment.
5. To appoint Statutory Auditors and to fix their remuneration.

Special Business :

6. To consider and if thought fit, to pass with or without modifications, the following Resolution as ordinary resolution:
"RESOLVED THAT Mr. M.B.N. Rao, who was appointed by the Board of Directors as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 101 of the Articles of Association of the Company and whose term of office as Director expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director and who has consented to such appointment, be and is hereby appointed as Director of the Company, whose period of office will be liable to retire by rotation".
7. To consider and if thought fit, to pass with or without modifications, the following Resolution as ordinary resolution:
"RESOLVED THAT Mr. S.Y. Rajagopalan, who was appointed by the Board of Directors as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 101 of the Articles of Association of the Company and whose term of office as Director expires

at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director and who has consented to such appointment, be and is hereby appointed as Director of the Company, whose period of office will be liable to retire by rotation".

8. To consider and if thought fit, to pass with or without modifications, the following Resolution as ordinary resolution:

"RESOLVED THAT Mr. Vyas Mitre Ralli who was appointed by the Board of Directors as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 101 of the Articles of Association of the Company and whose term of office as Director expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director and who has consented to such appointment, be and is hereby appointed as Director of the Company, whose period of office will be liable to retire by rotation".

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

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 & 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 and such other approvals, if any, as may be required, the Company hereby accords its approval for the appointment of Mr. Vyas Mitre Ralli, as Wholetime Director of the Company for a period of five years w.e.f. December 21, 2009 on the remuneration and terms and conditions, 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 ordinary resolution:

"RESOLVED THAT Mr. Mahendra Kumar Jalan who was appointed by the Board of Directors as an Additional Director of the Company pursuant

to Section 260 of the Companies Act, 1956 and Article 101 of the Articles of Association of the Company and whose term of office as Director expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director and who has consented to such appointment, be and is hereby appointed as Director of the Company, whose period of office will be liable to retire by rotation".

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

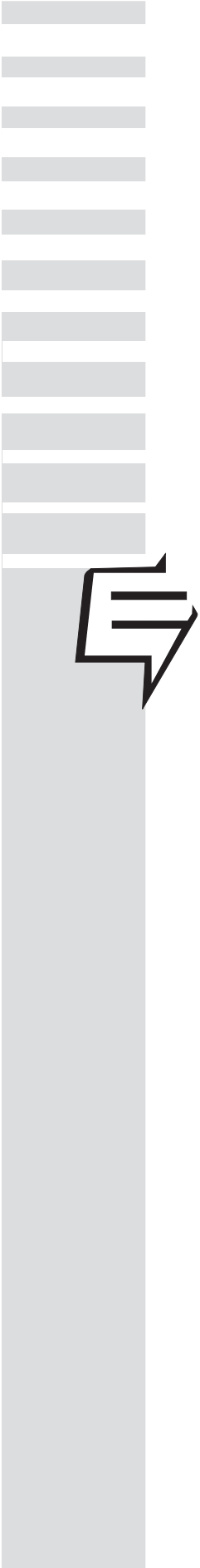
"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 & 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 and such other approvals, if any, as may be required, the Company hereby accords its approval for the appointment of Mr. Mahendra Kumar Jalan, as Wholetime Director of the Company for a period of five years w.e.f. January 22, 2010 on the remuneration and terms and conditions, as set out in the explanatory statement annexed to this notice".

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

"RESOLVED THAT Mr. Rama Shankar Singh who was appointed by the Board of Directors as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 101 of the Articles of Association of the Company and whose term of office as Director expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director and who has consented to such appointment, be and is hereby appointed as Director of the Company, whose period of office will be liable to retire by rotation".

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

"RESOLVED THAT pursuant to the provisions



of sections 198, 269, 309 & 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 and such other approvals, if any, as may be required, the Company hereby accords its approval for the appointment of Mr. Rama Shankar Singh, as Wholetime Director of the Company for a period of five years w.e.f. January 22, 2010 on the remuneration and terms and conditions, as set out in the explanatory statement annexed to this notices".

14. 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 amend the present terms of appointment of Mr. Umang Kejriwal, Managing Director, w.e.f. April 01, 2010, relating to insurance premium for accident & term policy and mediclaim policy, as set out in the explanatory statement annexed to this notice".
15. 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 amend the present terms of appointment of Mr. Mayank Kejriwal, Joint Managing Director, w.e.f. April 01, 2010, relating to insurance premium for accident & term policy and mediclaim policy, as set out in the explanatory statement annexed to this notice".
16. 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 amend the present terms of appointment of Shri Uddhav Kejriwal, Wholetime Director, w.e.f. April 01, 2010, relating to insurance premium for accident & term policy and mediclaim policy, 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 14, 2010
Kolkata

NOTES :

- (a) The relevant details in respect of item Nos. 6 to 13 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 06, 2010 to July 12, 2010 (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 12, 2010. 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 05, 2010 as per details furnished by the Depositories for this purpose.
- (f) The Unclaimed dividend for the financial year 2001-2002 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 to the Company 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. 6 - Appointment of Mr. M. B. N. Rao as Director

Mr. M.B.N. Rao was appointed as Additional Director with effect from January 22, 2010 by the Board of Directors as per the provisions of Section 260 of the Companies Act, 1956 and Article 101 of the Articles of Association of the Company. As such he holds office till the conclusion of this meeting. As required by Section 257 of the Companies Act, 1956, notice in writing has been received by the Company from one of its member along with requisite deposit signifying the intention of proposing the candidature of Mr. M.B.N. Rao for the office of Director liable to retire by rotation.

Mr. M B N Rao, aged 61 years, former Chairman & Managing Director of Canara Bank, has over 38 years of experience in Banking & Finance in India and abroad. He also held position of Chairman of The Indian Banks' Association, Chairman of various companies engaged in Banking, Insurance, Mutual Funds, and Merchant Banking. He is a Graduate in Agriculture, Fellow of The Indian Institute of Banking & Finance, Associate of The Chartered Institute of Banking London and holds Diplomas in Computer Studies from Cambridge and National Computing Centre, London. Mr. Rao is also Director of several companies as per details given below:

Sl. No.	Name of the Company/Firm	Nature of Interest	Chairmanship/Membership of Committee
1.	BEML Limited	Director	Member-Audit Committee
2.	Mahindra & Mahindra Financial Services Ltd.	Director	Member-Audit Committee Risk Committee Member
3.	E.I.D. Parry Ltd.	Director	Member-Audit Committee
4.	Madras Cements Ltd.	Director	Member-Audit Committee
5.	TAJ GVK Hotels & Resorts Ltd.	Director/Chairman	Member-Audit Committee
6.	Franklin Templeton Asset Management (India) Pvt. Ltd.	Director	Member-Audit Committee
7.	MMTC-PAMP India Pvt. Ltd.	Director	Member-Audit Committee
8.	Sadashiva Sugars Ltd.	Director	—

He does not hold any shares in the Company.

The Board of Directors recommends the resolution set out in the Notice for approval of the shareholders. None of the Directors, except the appointee himself is interested in or concerned with the proposed resolution.

Item No.7 - Appointment of Mr. S.Y. Rajagopalan as Director

Mr. S.Y. Rajagopalan was appointed as Additional Director by the Board of Directors as per the provisions of Section 260 of the Companies Act, 1956 and Article 101 of the Articles of Association of the Company with effect from January 22, 2010. As such he holds office till the conclusion of this meeting. As required by Section 257

of the Companies Act, 1956, notice in writing has been received by the Company from one of its member along with requisite deposit signifying the intention of proposing the candidature of Mr. S.Y. Rajagopalan for the office of Director liable to retire by rotation.

Mr. S.Y. Rajagopalan, aged 75 years, is a Chartered Accountant & Company Secretary by profession. He worked as the Wholetime Director of your Company since November 25, 1988 and retired on August 09, 2007. He has extensive experience in corporate and related laws and finance affairs. Mr. Rajagopalan does not hold Directorship in any other Company. He is holding 5010 equity shares of the Company.

The Board of Directors recommends the resolution set out in the Notice for approval of the shareholders. None of the Directors, except the appointee himself is interested in or concerned with the proposed resolution.

Item No. 8 & 9 - Appointment of Mr. Vyas Mitre Ralli as Wholetime Director

Mr. Vyas Mitre Ralli was appointed as an Additional Director of the Company by the Board of Directors w.e.f. December 21, 2009. Pursuant to Section 260 of the Companies Act, 1956, Mr. Ralli holds office only up to the Annual General Meeting. As required under Section 257 of the said Act, notice has been received from a member alongwith deposit of Rs. 500/- signifying his intention to propose Mr. Ralli as a candidate for the office of Director.

Mr. Vyas Mitre Ralli, aged 64 years, is a qualified B.Tech (Hons.) in Metallurgical Engineering from Indian Institute of Technology, Kharagpur. He joined your Company in April 1972 and currently is in-charge of Plants at Khardah and Haldia. He also oversees all the production and development at Lanco Industries Limited, an Associate Company of your Company. Mr. Ralli does not hold Directorship in any other Company.

The Board of Directors has also appointed Mr. Vyas Mitre Ralli as a Wholetime Director of the Company for a period of 5 years effective from December 21, 2009 on the terms and conditions as set out below, subject to the approval of the shareholders of the Company.

Remuneration : (from December 21, 2009 to March 31, 2010)

(I) Salary : Rs. 1,80,000 per month.

(II) HRA : Rs. 87,800 per month.

(III) Special Allowance of Rs. 2,50,000 per month.

(IV) Quarterly Allowance of Rs.4,50,000 per quarter.

Perquisites and Amenities :

- a) *Medical Benefits* : Reimbursement of expenses upto Rs.1,80,000 p.a for self and family.
- b) *Leave* : As per applicable Staff Rules of the Company.
- c) *Club Fees* : Fees of a maximum of two clubs excluding admission & life membership fees.
- d) *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.
- e) *Personal Accident & Term Insurance* : Premium not to exceed Rs. 10,000/- per annum.
- f) *Mediclaime Policy* : Mediclaime Policy to be taken as per applicable Staff Rules of the Company.
- g) *Encashment of Leave* : At the end of tenure of office in accordance with the Company's Rules.
- h) *Contribution to Retiral Benefit Funds* :
 - i. Company's contribution to Provident Fund as applicable to other employees.
 - ii. Company's contribution to Superannuation Fund which together with contribution to Provident Fund shall not exceed 25% of the Salary.
 - iii. 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. V.M. Ralli and his family in accordance with the Rules specified by the Company.

For the purpose of calculation of such monetary value, the perquisites shall be valued as per Income Tax Rules, wherever applicable and in the absence thereof, at cost.

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

Remuneration : (from April 01, 2010 to December 20, 2014)

(I) Salary : Rs. 2,05,000 per month in the grade of 2,05,000-25,000-3,05,000.

(II) Special Allowance of Rs. 4,93,500 per month.

Perquisites and Amenities :

- a) *Medical Benefits* : Reimbursement of expenses for self and family in accordance with the rules specified by the company.
- b) *Leave* : As per applicable Staff Rules of the Company.
- c) *Housing* : Residential accommodation including electricity (or House Rent Allowance in lieu thereof not exceeding 60% of the salary)
- d) *Club Fees* : Fees of a maximum of two clubs excluding admission & life membership fees.
- e) *Car and Telephone* : Provision of a car for use on Company's business and telephone at residence. These will not be considered as perquisites. However, personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.
- f) *Personal Accident & Term Insurance* : Premium not to exceed Rs. 10,000/- per annum.
- g) *Mediclaime Policy* : Mediclaime Policy to be taken as per applicable Staff Rules of the Company.
- h) *Encashment of Leave* : At the end of tenure of office in accordance with the Company's Rules.
- i) *Contribution to Retiral Benefit Funds* :
 - i. Company's contribution to Provident Fund as applicable to other employees.
 - ii. Company's contribution to Superannuation Fund which together with contribution to Provident Fund shall not exceed 25% of the Salary.
 - iii. Gratuity in accordance with the Gratuity Fund Rules not exceeding half a month's salary for each completed year of service.
- j) *Leave Travel Concession* : Return passage for Mr. V. M. Ralli and his family in accordance with the Rules specified by the Company.

For the purpose of calculation of such monetary value, the perquisites shall be valued as per Income Tax Rules, wherever applicable and in the absence thereof, at cost.

Explanation : For the purpose of eligibility of perquisites "family" means the spouse, the dependant children and dependant parents of the Wholetime Director.

Minimum Remuneration :

In the event of absence or inadequacy of profits of the Company in any financial year, Mr. V.M. Ralli 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 Section 198, 269 and 309 read with Schedule XIII to the Companies Act, 1956, the appointment of and remuneration to Wholtime 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.

None of the Directors except Mr. Ralli is concerned or interested in the said resolutions.

The Explanatory Statement together with the accompanying notice may also be regarded as an abstract of the terms of appointment of Mr. Ralli, Wholtime Director of the Company and Memorandum of interest of Directors u/s. 302 of the Companies Act, 1956.

Item No.10 & 11 - Appointment of Mr. Mahendra Kumar Jalan as Wholtime Director

Mr. Mahendra Kumar Jalan was appointed as an Additional Director of the Company by the Board of Directors w.e.f. January 22, 2010. Pursuant to Section 260 of the Companies Act, 1956, Mr. Jalan holds office only up to the Annual General Meeting. As required under Section 257 of the said Act, notice has been received from a member alongwith deposit of Rs. 500/- signifying his intention to propose Mr. Jalan as a candidate for the office of Director.

Mr. Mahendra Kumar Jalan, aged 57 years, joined your Company as Commercial Manager in 1981. In 1993, he was given the responsibility of setting up the Export Department for export of DI pipes. After achieving this objective, he was given additional responsibility of looking after domestic Sales and Marketing in 2003. Currently Mr. Jalan looks after Company's marketing strategies. Mr. Jalan is also Director of several other companies as per details given below :

Sl. No.	Name of the Company/Firm	Nature of Interest	Chairmanship/ Membership of Committee
1	Global Exports Ltd.	Director	—
2	Kanchenjanga Trade & Fin.(P) Ltd.	Director	—

The Board of Directors has also appointed Mr. Jalan as a Wholtime Director of the Company for a period of 5 years effective from January 22, 2010 on the terms and conditions as set out below, subject to the approval of the shareholders of the Company.

Remuneration : (from January 22, 2010 to March 31, 2010)

- (I) Salary : Rs. 1,80,000 per month.
- (II) HRA : Rs.80,500 per month.
- (III) Special Allowance of Rs. 1,58,400 per month.
- (IV) Quarterly Allowance of Rs.4,50,000 per quarter.

Perquisites and Amenities :

- a. *Medical Benefits* : Reimbursement of expenses upto Rs.1,80,000 p.a for self and family.
- b. *Leave* : As per applicable Staff Rules of the Company.
- c. *Club Fees* : Fees of a maximum of two clubs excluding admission & life membership fees.
- d. *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.
- e. *Personal Accident & Term Insurance* : Premium not to exceed Rs. 10,000/- per annum.
- f. *Mediclaime Policy* : Mediclaime Policy to be taken as per applicable Staff Rules of the Company.
- g. *Encashment of Leave* : At the end of tenure of office in accordance with the Company's Rules.
- 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. M. K. Jalan and his family in accordance with the Rules specified by the Company.

For the purpose of calculation of such monetary value, the perquisites shall be valued as per Income Tax Rules, wherever applicable and in the absence thereof, at cost.

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

Remuneration : (from April 01, 2010 to January 21, 2015)

- I. Salary : Rs. 2,05,000 per month in the grade of 2,05,000-25,000-3,05,000.
- II. Special Allowance of Rs. 5,20,150 per month in the grade of 5,20,150-3,250-5,33,150.

Perquisites and Amenities :

- a) *Medical Benefits* : Reimbursement of expenses for self and family in accordance with the rules specified by the company.
- b) *Leave* : As per applicable Staff Rules of the Company.
- c) *Housing* : Residential accommodation including electricity (or House Rent Allowance in lieu thereof not exceeding 60% of the salary)
- d) *Club Fees* : Fees of a maximum of two clubs excluding admission & life membership fees.
- e) *Car and Telephone* : Provision of a car for use on Company's business and telephone at residence. These will not be considered as perquisites. However, personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.
- f) *Personal Accident & Term Insurance* : Premium not to exceed Rs. 10,000/- per annum.
- g) *Mediclaime Policy* : Mediclaime Policy to be taken as per applicable Staff Rules of the Company.
- h) *Encashment of Leave* : At the end of tenure of office in accordance with the Company's Rules.
- i) *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.*
- j) *Leave Travel Concession* : Return passage for Mr. M.K.Jalan and his family in accordance with the Rules specified by the Company.

For the purpose of calculation of such monetary value, the perquisites shall be valued as per Income Tax Rules, wherever applicable and in the absence thereof, at cost.

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

Minimum Remuneration :

In the event of absence or inadequacy of profits of the Company in any financial year, Mr. M.K.Jalan 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 Section 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. 10 & 11.

None of the Directors except Mr. Jalan is concerned or interested in the said resolutions.

The Explanatory Statement together with the accompanying notice may also be regarded as an abstract of the terms of appointment of Mr. Jalan, Wholetime Director of the Company and Memorandum of interest of Directors u/s. 302 of the Companies Act, 1956.

Item No.12 & 13 - Appointment of Mr. Rama Shankar Singh as Wholetime Director

Mr. Rama Shankar Singh was appointed as an Additional Director of the Company by the Board of Directors w.e.f. January 22, 2010. Pursuant to Section 260 of the Companies Act, 1956, Mr. Singh holds office only up to the Annual General Meeting. As required under Section 257 of the said Act, notice has been received from a member along with deposit of Rs. 500/- signifying his intention to propose Mr. Singh as a candidate for the office of Director.

Mr. Rama Shankar Singh, aged 62, has held senior posts in TATA Steel. He received a B- Tech degree in Mining Engineering from the Indian School of Mines, in July, 1969. He is a registered member of professional Societies/ Institution in IMMA and MMGI. He is having over 42 years experience in the planning, design, procurement and construction of Mines projects and also in the operation and maintenance of Mines, Road, water supply and buildings. Mr. Singh is also Director of several other companies as per details given below:

Sl. No.	Name of the Company/Firm	Nature of Interest	Chairmanship/ Membership of Committee
1.	North Dhadhu Mining Company Pvt Ltd	Director	—
2.	Rama Mining Consultants Pvt Ltd	Director	—

The Board of Directors has also appointed Mr. Singh as a Wholetime Director of the Company for a period of 5 years effective from January 22, 2010 on the terms and conditions as set out below, subject to the approval of the shareholders of the Company.

Remuneration : (from January 22, 2010 to March 31, 2010)

- (I) Salary : Rs. 1,80,000 per month.
- (II) HRA : Rs.1,03,250 per month.
- (III) Special Allowance of Rs. 1,50,000 per month.
- (IV) Quarterly Allowance of Rs.4,00,000 per quarter.

Perquisites and Amenities :

- a. *Medical Benefits* : Reimbursement of expenses upto Rs.1,80,000 p.a for self and family.
- b. *Leave* : As per applicable Staff Rules of the Company.
- c. *Club Fees* : Fees of a maximum of two clubs excluding admission & life membership fees.
- d. *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.
- e. *Personal Accident & Term Insurance* : Premium not to exceed Rs. 10,000/- per annum.
- f. *Mediclaime Policy* : Mediclaime Policy to be taken as per applicable Staff Rules of the Company.
- g. *Encashment of Leave* : At the end of tenure of office in accordance with the Company's Rules.
- h. *Contribution to Retiral Benefit Funds* :
 - i. Company's contribution to Provident Fund as applicable to other employees.
 - ii. Company's contribution to Superannuation Fund which together with contribution to Provident Fund shall not exceed 25% of the Salary.
 - iii. 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. R. S. Singh and his family in accordance with the Rules specified by the Company.

For the purpose of calculation of such monetary

value, the perquisites shall be valued as per Income Tax Rules, wherever applicable and in the absence thereof, at cost.

Explanation : For the purpose of eligibility of perquisites "family" means the spouse, the dependant children and dependant parents of the Wholetime Director.

Remuneration : (from April 01, 2010 to January 21, 2015)

- (I) Salary : Rs. 2, 05,000 per month in the grade of 2,05,000-25,000- 3,05,000.
- (II) Special Allowance of Rs. 4,93,500 per month.

Perquisites and Amenities :

- a. *Medical Benefits* : Reimbursement of expenses for self and family in accordance with the rules specified by the company.
- b. *Leave* : As per applicable Staff Rules of the Company.
- c. *Housing* : Residential accommodation including electricity (or House Rent Allowance in lieu there of not exceeding 60% of the salary)
- d. *Club Fees* : Fees of a maximum of two clubs excluding admission & life membership fees.
- e. *Car and Telephone* : Provision of a car for use on Company's business and telephone at residence. These will not be considered as perquisites. However, personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.
- f. *Personal Accident & Term Insurance* : Premium not to exceed Rs. 10,000/- per annum.
- g. *Mediclaime Policy* : Mediclaime Policy to be taken as per applicable Staff Rules of the Company.
- h. *Encashment of Leave* : At the end of tenure of office in accordance with the Company's Rules.
- i. *Contribution to Retiral Benefit Funds* :
 - i. Company's contribution to Provident Fund as applicable to other employees.
 - ii. Company's contribution to Superannuation Fund which together with contribution to Provident Fund shall not exceed 25% of the Salary.
 - iii. Gratuity in accordance with the Gratuity Fund Rules not exceeding half a month's salary for each completed year of service.
- j. *Leave Travel Concession* : Return passage for Mr. R.S.Singh and his family in accordance with the Rules specified by the Company.

For the purpose of calculation of such monetary value, the prerequisites shall be valued as per Income Tax Rules, wherever applicable and in the absence thereof, at cost.

Explanation : For the purpose of eligibility of prerequisites "family" means the spouse, the dependant children and dependant parents of the Wholetime Director.

Minimum Remuneration :

In the event of absence or inadequacy of profits of the Company in any financial year, Mr. R.S.Singh 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 Section 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. 10&11.

None of the Directors except Mr. Singh is concerned or interested in the said resolutions.

The Explanatory Statement together with the accompanying notice may also be regarded as an abstract of the terms of appointment of Mr. Singh, Wholetime Director of the Company and Memorandum of interest of Directors u/s. 302 of the Companies Act, 1956.

Item No. 14, 15 & 16 - Amendments in terms of appointments of Mr. Umang Kejriwal, Mr. Mayank Kejriwal and Mr. Uddhav Kejriwal

Mr. Umang Kejriwal and Mr. Mayank Kejriwal were re-appointed as Managing Director and Joint Managing Director respectively for further period of five years effective from April 01, 2007 in the Annual General Meeting held on August 08, 2006. Mr. Uddhav Kejriwal was re-appointed as Wholetime Director for a further period of five years with effect from June 16, 2008 in the Annual General Meeting held on August 08, 2007. Further, the Board at its meeting held on May 14, 2010 approved revision of existing terms of Mr. Umang Kejriwal, Mr. Mayank Kejriwal and Mr. Uddhav Kejriwal w.e.f. April 01, 2010 as follows.

The word "The Personal Accident Insurance" should be read as "The Personal Accident & Term Insurance"

and "Premium not to exceed Rs. 10,000/- per annum" be read as "Premium not to exceed Rs. 15,000/- per annum".

Further all the above three directors would also be entitled to Mediclaim Policy which is to be taken by the Company as per applicable Staff Rules of the Company.

The Directors recommend changes as proposed.

Mr. Umang Kejriwal, Mr. Mayank Kejriwal and Mr. Uddhav Kejriwal are interested in the above revision of terms. No other director has any interest or concern in this revision.

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

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

Jyoti Jain
Company Secretary
May 14, 2010
Kolkata

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. Naresh Chandra

Mr. Naresh Chandra, IAS (Retired), aged 76 years, is a non-executive director of your Company. He is a qualified M.Sc (Mathematics) and has held senior posts in the Indian Civil Service. He was the advisor to the Governor of the States of Jammu & Kashmir from 1986 to 1989, cabinet secretary to the Indian Government from 1990 to 1992, senior advisor to the Prime Minister of India from 1992 to 1995, Governor of the State of Gujarat from 1995 to 1996, and India's ambassador to the United States from 1996 to 2001. After he retired from the civil service he was appointed by the Indian Government to chair a committee on corporate governance. Mr. Chandra is also Director of several companies as per details given below:

Sl. No.	Name of the Company/ Firm	Nature of Interest	Chairmanship/Membership of Committee
1.	Hindustan Motors Ltd.	Director	Chairman-Audit Committee
2.	Bajaj Auto Limited	Director	Member Audit Committee Shareholders'/Investors' Committee
3.	AVTEC Limited	Director	-
4.	ACC Limited	Director	Member- Audit Committee
5.	Belrampur Chini Mills Ltd.	Director/Chairman	-
6.	Cairn India Ltd.	Director	Member- Audit Committee
7.	Gammon Infrastructure Projects Ltd.	Director	Member-Audit Committee
8.	Ambuja Cement Ltd.	Director	-
9.	Bajaj Finserv Ltd.	Director	Member- Audit Committee
10.	Bajaj Holdings & Inv. Ltd.	Director	Member- Audit Committee
11.	EROS International Media Ltd.	Director/Chairman	Member- Audit Committee

The Board of Directors commends the reappointment.

Dr. J.J.Irani

Dr. Jamshed Jiji Irani, aged 73 years, is a non-executive director of your Company. He has held senior positions in various companies, including the post of managing director of Tata Iron and Steel Co Ltd. Dr. Irani is a Fellow of the Institute of Metals, Institution of Engineers, All India Management Association, Institute of Standards Engineers, Indian Academy of Sciences and Institution of Industrial Managers and currently holds directorships in many companies as per details given below :

Sl. No.	Name of the Company/ Firm	Nature of Interest	Chairmanship/Membership of Committee
1.	Tata Sons Limited	Director	Remuneration Committee Member
2.	Tata Steel Limited	Director	
3.	Tata Motors Limited	Director	-
4.	Repro India Limited	Director	
5.	Housing Development Fin. Corp. Ltd.	Director	
6.	BOC India Limited	Director	Member- Audit Committee Chairman Remuneration Committee
7.	Tata Refractories Ltd.	Chairman	Remuneration Committee Member
8.	TRF Limited	Chairman	Member Remuneration Committee
9.	Kansai Nerolac Paints Ltd.	Chairman	Member- Audit Committee
10.	Tata Incorporated, New York	Director	

The Board of Directors commends the reappointment.

The Information pursuant to Clause 49 of the Listing Agreement regarding appointment of new Directors i.e. Mr. M.B.N.Rao, Mr. S.Y.Rajagopalan, Mr. Vyas Mitre Ralli, Mr. Mahendra Kumar Jalan and Mr. Rama Shankar Singh are given in the explanatory statement of the notice.

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

Jyoti Jain
Company Secretary
May 14, 2010
Kolkata

Directors' Report

To The Shareholders

To,
The Members

Your Directors take pleasure in presenting their Fifty Fifth Annual Report and Audited Accounts of the Company for the year ended March 31, 2010.

Financial Results		Rs. in Crores	
		FY 2009-10	FY 2008-09
Sl.no.	Particulars		
i.	Gross Turnover	1466.64	1895.58
ii.	Net Turnover	1428.77	1838.04
iii.	Other Income	127.75	89.92
iv.	Total Revenue	1556.52	1927.96
v.	Earning Before Interest, Depreciation, Taxation and Amortisation(EBITDA)	406.62	358.43
vi.	Interest	46.40	97.26
vii.	Depreciation	52.30	52.12
viii.	Profit before Taxation (PBT)	307.92	209.05
ix.	Tax including Deferred Tax & Fringe Benefit tax	101.63	68.65
x.	Profit after Taxation (PAT)	206.29	140.40
xi.	Profit brought forward from previous year*	87.60	59.99
xii.	Transfer from Debenture Redemption Reserve	-	45.00
xiii.	Amount available for appropriation	293.89	245.39
Appropriation			
	Transfer to debenture redemption reserve	27.00	10.00
	Transfer to general reserve	118.24	100.00
	Proposed Dividend including tax thereon	47.63	45.74
	Total	192.87	155.74
xiv.	Surplus carried to balance sheet	101.02	89.65

* Net of Rs. 2.05 crores (previous year Rs 0.02 crores) relating to payment of dividend on the shares allotted after the balance sheet date.

The Company has achieved highest ever Profit Before Tax(PBT) of Rs. 307.92 crores during the year, representing an increase of 47.30% as compared to Rs. 209.05 in the previous year.

Dividend

Your Directors recommend a dividend @ Rs.1.25 per share i.e.125% for the year ended March 31, 2010.The dividend, on approval by members, will absorb Rs.47.63 crores, inclusive of tax of Rs 6.78 crores on distribution of dividend.

Operations

The Company's turnover has decreased from Rs. 1895.58 crores in 2008-09 to Rs. 1466.64 crores in 2009-10 representing a decrease of 22.63 %. Export sales showed a marginal increase from Rs. 479.20 crores to Rs. 507.15 crores, an increase of 5.83 % owing to higher proportion of sales in the export market. The decrease in turnover is mainly due to lower turnover from trading activities and lower projects executed on turnkey basis. Further, the planned shut down of Blast Furnace for its relining and repairing in the last quarter of 2009-10 also contributed in lower sales of D.I.pipes by approximately 7.00%. However, inspite of above, your Company has achieved highest ever Profit Before Tax(PBT) of Rs. 307.92 crores during the year, representing an increase of 47.30% as compared to Rs. 209.05 in the previous year. The increase in profit is mainly on account of decrease in raw material prices, lower interest cost and better foreign exchange management.

During the year D.I.pipes production was 2,35,463 MT as against 2,51,823 MT in the previous year, showing decrease of 6.5%. The decrease in production was mainly due to planned shut-down of Blast Furnace for its relining and repairing in the last quarter of 2009-10.

Production of D.I.fittings was higher by 10.71% over the previous year (from 4,230 MT to 4,683 MT).

The production of C.I. pipes at Elavur was 40,651 MT as against 39,831 MT in the previous year.

Cost reduction and backward integration

Sinter plant- Working of Sinter plant has been further improved by improving capability of using different raw materials.

Coke oven plant - With the commissioning of 2nd additional battery in September '09, Company is now fully self sufficient and not dependent on imported Coke.

Railway siding - Your Company is constructing railway sidings at Haldia and Barajamda to create facility for smooth movement of materials from the forthcoming coal mine at Parbatpur, Jharkhand and iron ore mine at Kodoliband, Jharkhand. The projects are in advance stage of completion.

Finance

During the year, your Company raised Rs.210.07 crores by issue of 2,000 numbers of Secured Non Convertible Debentures along with 3,35,68,312 numbers of warrants through Qualified Institutions Placement basis for augmenting its long term resources and general corporate purposes.

Further to augment the long term resources required for expansion and other business purposes, your Company raised Rs. 28.98 crores being 90% of the total amount due against conversion of 1,40,00,000 warrants (issued in



Directors' Report (Contd.)

previous years to Promoters/ Promoter Group Companies) into 140 lakhs equity shares of Re. 1 each at a price of Rs. 23.00 per share.

In addition to above, your Company has availed the balance disbursement of Rs 100 crores of Rupee Term Loan from EXIM Bank and USD 57.50 million from lenders towards ECB.

Credit Rating

The rating for long-term/medium term debt and various Bank facilities sanctioned and/or availed by your Company has been upgraded by Credit Analysis & Research Ltd. (CARE) as from "CARE AA -(Double A Minus) to "CARE AA" (Double A) including the Non-Convertible Debentures (NCDs) of the Company (outstanding Rs. 300 crores as at 31.03.2010). "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. It has been noticed recently that the price of basic inputs are going up.

Corporate Governance

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

The rating for long-term/ medium term debt and various Bank facilities sanctioned and/or availed by the Company has been upgraded by Credit Analysis & Research Ltd. (CARE) as from "CARE AA -"(Double A Minus) to "CARE AA" (Double A)

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, 2010 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.

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, 2010, 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 Limited)	Associate
11	Electrosteel Thermal Power Limited	Associate



Directors' Report (Contd.)

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 approval granted by the Central Government under Section 212 (8) of the Companies Act, 1956, vide its letter number 47/85/2010-CL-III dated March 22, 2010, 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, 2010 are not attached to the Balance Sheet of the Company. However, a statement containing brief financial details of the Company's subsidiaries for the year ended March 31, 2010 is included in the Annual Report, as to comply with the terms of the exemption letter. The Company will furnish the annual accounts and other related detailed information of the subsidiaries upon request by any member of the Company. Moreover, the annual accounts of the subsidiary companies will also be kept for inspection for members at the Company's Registered Office.

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 project at a capital outlay of Rs. 7,262 crores at Siyaljuri in Bokaro District in the industrially backward state of Jharkhand. The project cost would be financed in the debt equity ratio of 3:1. 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.

The Company was awarded by EEPC-ER for Star Performance as Large Enterprise in the Product Group of Sanitary & Industrial Castings for its outstanding contribution to Engineering exports during the year 2006-07.

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. The construction work at site is in full swing.

Awards

In May 2009, your Company was awarded by EEPC-ER (Engineering Export Promotion Council, Eastern Region) for Star Performance as Large Enterprise in the Product Group of Sanitary & Industrial Castings for its outstanding contribution to Engineering exports during the year 2006-07.

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. N.C.Bahl, Wholetime Director resigned with effect from 23.10.2009. The Board placed on record its appreciation of the valuable contribution made to the Company by Mr. N.C.Bahl.

Mr. V.M. Ralli was appointed as Wholetime Director on 21.12.2009. Mr. M.K. Jalan and Mr. R.S.Singh were appointed as Wholetime Directors on 22.01.2010. Mr. S.Y. Rajagopalan and Mr. M.B.N. Rao were appointed as Additional Directors on 22.01.2010. Your approval for their appointment as Directors has been sought in the Notice convening the Annual General Meeting of the Company.

Mr. Naresh Chandra and Dr. J.J.Irani, 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.

On behalf of the Board
P. K. KHAITAN
Chairman

Kolkata
May 14, 2010



Annexure 'A'

To Directors' Report

CONSERVATION OF ENERGY

a) Energy conservation taken :

- In some of the equipments like Dedusting unit in Finishing Line, Magnesium Converter and Shot Blasting, Control Device's fan motors of constant rpm have been replaced by variable frequency drive motors (VFD) which will operate at top speed only when required and at other time will run at idle speed. This has given substantial savings (apprx.0.5million kwh) in power consumption as these units operate round the clock.
- Roof structure and existing asbestos sheets of DIW has been replaced with aluminum sheets and interspaced with transparent PVC sheets for which during day time there is now no need of electric lighting and this will reduce the consumption of electricity.
- Engineering improvement of Heat treatment furnace has been done to further reduce the use of Fossil fuel.

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

- Major cooling towers will be fitted with water temperature controller to automatically switch off power consuming fans when not required.
- Street and common area lighting will be replaced by solar lighting system
- During capital repair of blast furnace, engineering improvements are under implementation for more

The Company's Research & Development cell is fully geared to absorb, adapt and innovate the latest technology on a continuous basis.

efficient use of energy and increased replacement of coke by coal injection.

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)

Your Company continuing its focus on research and development to innovate new ideas in Product, Process and Environment improvement. Some of the R&D initiatives taken by your Company during the year to improve the life, performance and market share of the product are as below :

- New types of Pipe lining and coatings are continually being developed to cater to the special requirements of corrosion, abrasion from customers.
- Development of different Pipe Joints for difficult laying conditions.
- Collaborative research and development on testing and measurement of corrosion prevention characteristics of metallic and

non-metallic protective coatings is continuing with Jadavpur University (Industrial Institute Partner Cell) to improve the life of DI Pipes under different aggressive soil conditions.

- New tests are being added at in house laboratory as well as at Jadavpur University.
- New sizes and shapes of Pipes and Fittings as per AWWA specification of USA are under continuous development for entering high-end market.

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.

Total foreign exchange used and earned :

Foreign exchange used	-	Rs. 344.01 crores
Foreign exchange earned	-	Rs. 500.38 crores

Form - A**Form for disclosure of particulars with respect to conservation of energy : 2009-2010****(a) Power & Fuel**

		Current Year ended 31.03.10	Previous Year ended 31.03.09
1. Electricity			
(a) Purchased			
Units	Kwh '000	129379.66	119025.02
Total Amount	Rs. Lakhs	5787.30	4820.26
Rate/Unit	Rs.	4.47	4.05
(b) Own Generation			
i) Though diesel Generator			
Units	Kwh '000	1835.74	3089.26
Unit/litre of Diesel Oil	Kwh	3.32	3.01
Cost/Unit variable	Rs.	10.12	12.19
ii) Though Steam Turbine Generator			
Units	Kwh '000	59265.61	106198.95
Unit/litre of Diesel Oil	Kwh	227.24	203.19
Cost/Unit Variable	Rs.	0.14	0.17
2. Furnace Oil incl. Diesel			
Quantity	K.L.	9883.43	10313.21
Total Amount	Rs. Lakhs	3029.09	3321.45
Average Rate	Rs./KL	30648.12	32205.78
3. Coke & Coal			
Quantity	M.T.	284123.42	318559.40
Total Amount	Rs. Lakhs	27327.58	36116.89
Average Rate/MT	Rs./MT	9618.21	11337.57
4. Coal Gas			
Quantity	NM ³ '000	8501.86	10202.58
Total Amount	Rs. Lakhs	639.78	722.81
Average Rate	Rs./NM ³	7.53	7.08

(b) Consumption per Unit of Production (MT)

	Pipes and Allied Products
Electricity (KWH)	678 (772)
Furnace Oil (Ltr.)	30 (35)
Coke & Coal (Kg.)	1011 (1077)
Coal Gas (NM ³)	30 (34)

Internationally, DI pipes have increasingly replaced CI pipes and mild steel pipes in most applications, including water and sewage transportation and management.

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

India, with approximately 16% of the world's population, is estimated to have access to only 4% of the world's water resources. The implementation of water supply projects was slow in the 1980s and early and mid-1990s. However, 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 in certain parts of south India, has resulted in the development of a comprehensive water resources management policy and the implementation of other related projects.

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

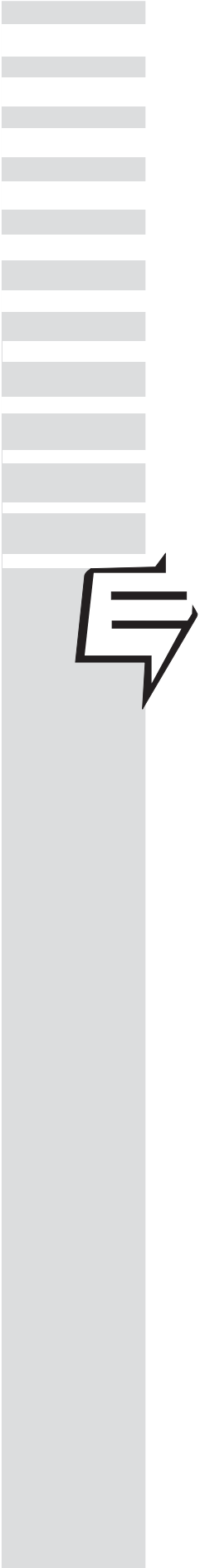
lighter, stronger, more durable and cost efficient and being corrosion resistant, ductile, etc. The DI pipes also have higher water carrying capacity. The DI pipes can also be laid out much faster and are virtually maintenance free.

Internationally, DI pipes have increasingly replaced CI pipes and mild steel pipes in most applications, including water and sewage transportation and management. This is primarily due to the qualitative and structural benefits provided by DI pipes in comparison to CI pipes and mild steel pipes such as superior tensile strength, yield strength, greater impact resistance, corrosion resistance and ductility. In addition, DI pipes require less support and provide greater flow area as compared to pipes made from other materials. DI pipes have a lower life cycle cost. In difficult terrain, these can be a better choice than Polyvinyl chloride concrete, polyethylene and steel pipes.

« 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. Jawaharlal Nehru National Urban Renewal Mission (JNNURM) is making a large investment in water sector but has limited coverage of only 63 cities with a population of over one lakh (Source: JNNURM)

« 2009-10 vs. 2008-09

Your Company's turnover has decreased from Rs. 1895.58 crores in 2008-09 to Rs. 1466.64 crores in 2009-10 representing a decrease of 22.63 %. Export sales showed a marginal increase from Rs. 479.20 crores to Rs. 507.15 crores, an increase of 5.83 % owing to higher proportion of sales in the export market. The decrease in turnover is mainly due to lower turnover from trading activities and lower projects executed on turnkey basis. Further, the planned shut down of Blast Furnace for its relining and repairing in the last quarter of 2009-10 also contributed in lower sales of D.I.pipes by approximately 7.00%. However, inspite of above, your Company has achieved Profit Before Tax(PBT) of Rs. 307.92 crores during the year, representing an increase of 47.30% as compared to Rs. 209.05 in the previous year. The increase in profit is mainly on account of decrease in raw material prices, lower interest cost and better foreign exchange management.

« Ductile Iron Pipes

The production of DI pipes decreased during the year from 2,51,823 MT last year to 2,35,463 MT i.e. by 6.50 %.

Year	DI Pipe production
2007-08	2,14,956 MT
2008-09	2,51,823 MT
2009-10	2,35,463 MT

The integrated manufacturing facility model helps the Company to minimize the production cost as the Company strongly believes that cost competitiveness is the key component of the success.

The decrease in production was mainly due to planned shut-down of Blast Furnace for its relining and repairing in the last quarter of 2009-10. Urgent customer requirements were met by remelting the Pig Iron and scraps in Induction Furnaces.

« **Cast Iron Pipes**

Production was marginally higher at 40,651 MT against 39,831 MT in the previous year.

« **DI Fittings & Accessories**

Production of DI Fittings increased during the year from 4,230 MT last year to 4,683 MT. Company improved the performance of the division by targeting more value added products and higher exports to niche markets.

« **Raw Materials Management**

Your Company's manufacturing facilities spread across four locations in India. Presently, the business model consists of fully integrated production facilities which include 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. Your Company has taken many steps in the past to strengthen the integration of the production facilities by commissioning the Sinter Plant, Captive Power Plant, Coke Oven etc. which has resulted in reduction in the variable cost.

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.

Your Company has also been allocated an Iron Ore Mine at Kodolabad 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.

« **Power Plant**

12 MW Power Plant at Haldia has contributed 33.14 million units to SEB grid in place of 72.1 million units last year. Generation was less due to operation of mainly one sponge Iron kiln out of two due to un-economic price of sponge iron and planned shut-down for capital repair of Battery no.1 from Sept'09 and Battery no.2 from Nov'09. Power plant is an ongoing registered CDM project.

« **Captive Coke Oven Plant**

During the year, the Coke Oven Plant at Haldia produced 1, 40,922 MT of Metallurgical Coke against 1,32,406 MT last year for captive



Management Discussion (Contd.)

consumption in Blast Furnace at Khardah Works.

« Export

Your Company has kept its focus on the quality conscious markets of Europe like France, Spain, Germany, Italy etc. There is a constant endeavor to enter into new markets to spread the geographical spread of Exports and your Company has been successful in entering the US market. Your Company did well to survive the economic crisis in 2009 by maintaining its activities and showing long term commitment to the market. New approvals like the French NF certificate were added to make the product acceptable in all market segments like potable water, sewerage, fire fighting, piling etc.

Engineering Exports Promotion Council, Eastern Region presented the Export Excellence Award for outstanding contribution in exports during 2006-07.

« 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.

Your Company is currently executing major projects in the states of Jharkhand, Gujarat, Rajasthan, Kerala, Tamil Nadu and Madhya Pradesh.

« Quality

Customers are becoming more and more conscious not only regarding the value of the product but also demanding

The Company continues to maintain the approval of its quality system and products by agencies like DVGW (Germany), BSI (UK), SIRIM (Malaysia), Middle East, and approval from USA Certifying agencies.

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) 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. TPM excellence award achieved by Khardah works has further motivated the teams to take up the challenge of competing with the best in the Industry worldwide.
- b) Company's NABL accredited laboratory is further adding on its capabilities. All necessary activities have been completed to add one more test in the scope of accreditation in the coming year.
- c) Your Company has achieved the French NF approval for its products for sewerage application.
- d) Your Company has achieved the ability to put CE marking on its products for sewerage application. This will further enhance its credibility as a premium supplier. In this respect the Company is ahead of many global competitors in the field.
- e) Your Company continues to maintain the approval of its quality system and products by agencies like DVGW (Germany), BSI (UK), SIRIM (Malaysia), Middle East, and approval from USA Certifying agencies.

« 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. Safety march was organized to develop safety awareness amongst the common people including local school children. Some other 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 done for concerned area.
- 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) 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.



Management Discussion (Contd.)

- e) Senior Managers participate in 'Planned Visit' of the plants to enforce 'Safe Operating Practices'.
- f) Safety audits are conducted by experts from other similar industries.
- g) Involvement of the associate agencies like transporters, contractors etc have been improved by formulating, training and implementing safe operating procedures in their area of work.
- h) Installed monitoring equipments for measuring ambient air quality (SPM) around the Factory.

« 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 neighborhood of all its plants. These activities include education, healthcare, sports, cultural events, vocational training such as:

- a) Development, repair, renovation and extension of classrooms of local Institutes.
- b) Free Medical checkup and Blood donation camps in the Neighborhood.
- c) Setting up of Drinking water Kiosks in the local area.
- d) Your Company continues to operate charitable medical Institution involving local people. One more Homeopathy treatment clinics has been added this year.
- e) Organising sports activities involving local schools and clubs at district level with an aim to promote sports activities in the district.
- f) Giving entrepreneurial opportunity to local un-employed youths to supply materials and through encouraging contract activities.

Implementation of SAP Human Capital Management (HCM) module would bring efficiency in people management integrating to basic value chain of the Company.

- g) Organising cultural programmes, Workers day for promoting cultural activities among workers, their families and locality.
- h) Rewards for good & bright students in the locality.

« Information Technology

In view of strengthening Information Technology (IT) services in the organization, SAP solution has been further extended by implementing Business Intelligence and HR / Payroll modules. To make the SAP services easily reachable by all in the organization the SAP portal service also has been launched by which remote access to SAP services has been leveraged.

SAP Business Intelligence practice would accelerate various decisions making by way of generating analytical reports. Human Resource Management is also considered as vital function in your Company and always given special attention. Implementation of SAP Human Capital Management (HCM) module would bring efficiency in people management integrating to basic value chain of your Company. ECL is quite alert for sustained data security with multiple technology implementation at different layer of IT infrastructure to protect business applications (SAP etc), Email, Internet services and unstructured data sources like USB devices from unwanted threats like virus and leakage of data.

« Human Resources/ Industrial Relations

The Company realizes that its employees are the most valuable capital and that they play a major role in building the competitive advantage of the Company's business. Electrosteel believes

in preserving and nurturing these valuable assets through various employee engagement initiatives, ongoing education, and training and development programs. Your Company has continued to invest in and improve its managerial and technical capabilities through internal development of its own employees. Company believes in appreciating, recognizing and rewarding the talent within the organization.

Employees of your Company are a bunch of motivated lot who are always willing to take up higher professional challenges. Your Company continues its harmonious and cordial relations with its workmen, employees and trade unions built on long time of trust. This has resulted in the atmosphere of improving the productivity, quality and overall wellbeing.

« 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



Management Discussion (Contd.)

competitive market, have created pressure on margins. However, with backward integration, cost reduction measures, 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

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.

« Competitor Risk

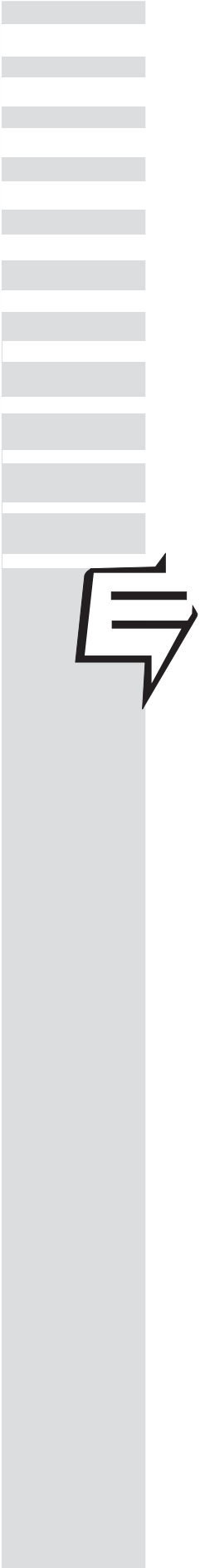
The Company is exposed to the risk of competition, as the market is highly competitive with the elimination of physical barriers and entry of new players.

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 8 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 2009-10

(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, 2010

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 Director	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	13	6	NIL
Mr. Umang Kejriwal	Promoter, Executive	13	NIL	NIL
Mr. Mayank Kejriwal	---do---	12	NIL	NIL
Mr. Uddhav Kejriwal	---do---	2	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---	1	NIL	NIL
Mr. Jamshed J Irani	Independent, Non-executive	9	2	NIL
Mr. Binod Khaitan	---do---	1	NIL	NIL
Mr. Naresh Chandra	---do---	11	9	1
Mr. M.B.N. Rao	---do---	6	4	NIL
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, 2010 and the last Annual General Meeting (AGM)

During the financial year ended March 31, 2010, seven Board meetings were held on the following dates: May 11, 2009; June 30, 2009; July 19, 2009; September 15, 2009; October 23, 2009; December 21, 2009 and January 22, 2010. 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 Director	No. of Board meetings attended	Attendance at the last AGM held on August 01, 2009
Mr. Pradip Kumar Khaitan	7	No
Mr. Umang Kejriwal	5	No
Mr. Mayank Kejriwal	6	No
Mr. Uddhav Kejriwal	7	No
Mr. V M Ralli*	2	NA
Mr. R. S. Singh**	1	NA
Mr. M K Jalan**	1	NA
Mr. N. C. Bahl***	4	No
Mr. Jamshed J Irani	7	No
Mr. Binod Khaitan	6	Yes
Mr. Naresh Chandra	5	No
Mr. M.B.N. Rao**	1	NA
Mr. S.Y.Rajagopalan**	1	NA

*Joined on 21.12.2009 ** Joined on 22.01.2010 *** Resigned on 23.10.2009

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.

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.

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, 2010 the Audit Committee comprised of three non-executive independent Directors and one executive Director, all being, having financial and accounting knowledge. The Audit Committee was reconstituted on January 22, 2010, and Mr. M.B.N.Rao was elected as member to the Committee. The members of the Audit Committee are Mr. Binod Khaitan, Mr. Naresh Chandra, Mr. M.B.N.Rao and Mr. Umang Kejriwal. Mr. Binod Khaitan who is an independent, non-executive Director is the Chairman of the Committee. The Company's statutory auditor and the internal auditors are permanent invitees at committee meetings. Mr. Jyoti Jain, Company Secretary, acts as the Secretary to the Audit Committee.

Terms of reference

The audit committee reviews the adequacy of internal controls, reliability of financial statements, the Company's financial reporting process, accounting and financial policies and practices, monitors the risk management, reviews policies adopted by the Company and ensures compliance with regulatory guidelines, reviews reports furnished by the internal and statutory auditors and ensures that suitable corrective and

follow-up actions are taken. The terms of reference of the Audit Committee are in line with requirements of Clause 49 of the Listing Agreement. The Audit Committee also reviews such matters as considered appropriate by it or referred to it by the Board.

Meetings and Attendance

During the financial year ended March 31, 2010 five Audit Committee meetings were held on May 11, 2009; June 30, 2009; July 19, 2009; October 23, 2009 and January 22, 2010. The gap between any two consecutive meetings did

Name of the Member Attended	No. of meetings
Mr. Binod Khaitan	5
Mr. Naresh Chandra	5
Mr. M.B.N.Rao*	N.A
Mr. Umang Kejriwal	5

**appointed as member w.e.f. 22.01.2010

not exceed four months.

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 2009-10

Name of the Directors	Salary* (Rs.)	Benefits (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Mr. Pradip Kumar Khaitan	-	-	2,50,000	1,80,000	4,30,000
Mr. Umang Kejriwal	24,00,000	17,61,942	2,85,00,000	-	3,26,61,942
Mr. Mayank Kejriwal	24,00,000	14,70,591	2,85,00,000	-	3,23,70,591
Mr. Uddhav Kejriwal	20,37,500	28,54,940	2,40,00,000	-	2,88,92,440
Mr. N. C. Bahl (1)	10,53,548	20,92,669	15,80,322	-	47,26,539
Mr. V. M. Ralli (2)	6,03,871	21,26,236	-	-	27,30,107
Mr. R. S. Singh (3)	4,18,064	11,25,968	-	-	15,44,032
Mr. M K Jalan(3)	4,18,064	12,37,803	-	-	16,55,867
Mr. J. J. Irani	-	-	12,00,000	1,40,000	13,40,000
Mr. Naresh Chandra	-	-	12,00,000	2,00,000	14,00,000
Mr. Binod Khaitan	-	-	2,50,000	4,60,000	7,10,000
Mr. M.B.N. Rao(3)	-	-	1,50,000	20,000	1,70,000
Mr. S. Y. Rajagopalan (3)	-	-	1,50,000	20,000	1,70,000

*This represents the fixed component.

(1) Resigned on 23.10.2009 (2) Joined on 21.12.2009 (3) Joined on 22.01.2010

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, 2010 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	5010	Nil

The Audit Committee reviews the adequacy of internal controls, reliability of financial statements, accounting and financial policies and practices.

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 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, 2010, meeting of the Shareholders/ Investors Grievance Committee was held on January 21, 2010.

Composition as on March 31, 2010.

As on March 31, 2010 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 49 complaints and 49 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, 2010.


6. General Body Meetings

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

Financial Year	Date of AGM	Venue	Time
2008 - 2009	18-Aug-09	Rathod Colony, Rajgangpur Dist. Sundergarh Orissa	09.30 a.m.
2007 - 2008	1-Aug-08	Rathod Colony, Rajgangpur Dist. Sundergarh Orissa	09.30 a.m.
2006 - 2007	8-Aug-07	Rathod Colony, Rajgangpur Dist. Sundergarh Orissa	11.30 a.m.



Corporate Governance (Contd.)

- 
- B. Special Resolutions were passed at the AGM held on August 01, 2008 and August 18, 2009.
- C. Last year four special resolution (i) to replace the existing Article 94 of the Articles of Association, (ii) u/s 81(1A) of the Companies Act 1956, for issue of securities to QIB on preferential basis, (iii) for increase of limit of investment by NRI's and FII's under FEMA - up to 49% and (iv) under Section 293(1)(a) of the Companies Act, 1956, through Postal Ballot were passed by the Company. Details of the aforesaid special resolution passed through postal ballot are as under:

- i) **Person who conducted the postal ballot exercise :** The Board appointed Mr. Sushil Chhawchharia, Practising Chartered Accountant, as the Scrutinizer to conduct postal ballot voting process. Mr. Sushil Chhawchharia conducted the process and submitted his report to the Chairman.
- ii) **Procedure followed:** The Postal Ballot Notice and accompanying documents were dispatched to shareholders under certificate of posting. A calendar of events along with Board Resolution was submitted to the Registrar of Companies, Orissa.
- iii) **Details of voting pattern:** After scrutinizing all the ballot forms received, the Scrutinizer reported that the shareholders representing 99.99%, 99.23%, 99.99% and 99.22% of the total voting strength voted in favour of the resolutions respectively, based on which the results were declared and the resolution was carried by the requisite majority.

- 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 32 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, Sambad (Bhubaneswar). 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.

During the year, the Company raised Rs.210.07 crores by issue of 2,000 numbers of Secured Non Convertible Debentures along with 3,35,68,312 numbers of warrants through Qualified Institutions Placement basis.

9. General Shareholder information

Date, time and venue of the Annual General Meeting	July 12, 2010, Monday at 11.00 A.M Rathod Colony, Rajgangpur, Dist. Sundergarh, Orissa.
Financial Year	April 1st to March 31st
Book Closure Period	July 6, 2010 to July 12, 2010 (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 2010-11 have been paid to NSE and BSE.

Corporate Governance (Contd.)

Stock Market Price for the financial year

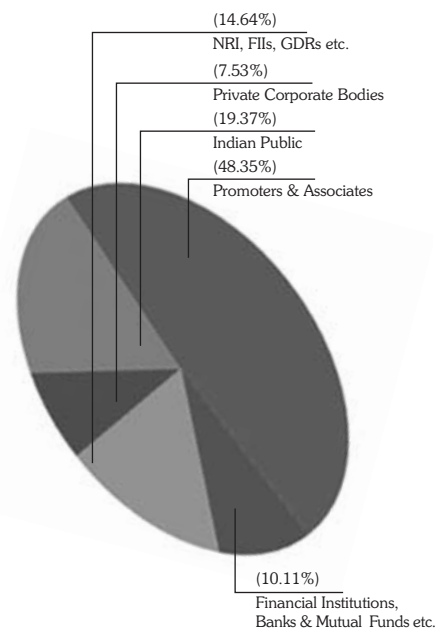
Month's	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	Month's High Price	Month's Low Price	Volume	Month's High Price	Month's Low Price	Volume
April-09	24.05	14.75	29091891	24.20	14.75	34591203
May-09	31.90	21.00	29653396	31.80	20.65	36150494
June-09	41.75	27.80	33848330	41.10	27.85	39473907
July-09	40.80	25.75	26392184	40.95	25.50	33940362
August-09	44.45	33.10	29566967	44.35	33.10	45516197
September-09	45.80	38.75	22416434	45.85	38.75	36090375
October-09	45.75	39.80	10729947	46.20	39.10	19793934
November-09	45.90	36.80	10919274	45.10	36.80	17638154
December-09	51.60	42.20	15146520	51.70	42.25	26316621
January-10	55.50	44.00	11646594	55.30	44.00	17364628
February-10	49.80	42.75	3763384	49.80	43.70	6591363
March-10	53.95	44.30	8817290	53.90	44.35	14447298

Share price performance in comparison to broad based indices - BSE Sensex and NSE Nifty for the Financial Year 2009-10

BSE Sensex		NSE Nifty	
% change in ECL share price	% change in sensex	% change in ECL share price	% change in index
247.54	79.85	248.03	73.59

Shareholding pattern as on March 31, 2010

Profile of shareholders	No. of shares	Percent of holding
Promoters & Associates	15,79,71,683	48.35
Financial Institutions, Banks, Mutual Funds and Insurance Companies	3,30,40,358	10.11
NRI, FIIs, GDRs etc.	4,78,25,578	14.64
Private corporate bodies	2,46,00,619	7.53
Indian public	6,33,14,467	19.37
Total	32,67,52,705	100.00



The Company's shares are tradable compulsorily in electronic form and are available for trading in the depository systems of both NSDL and CDSL.

Distribution of shareholding as on March 31, 2010

Equity Shares held	No. of Shareholders	% of Shareholders	Number of Shares held	% of Shares held
1-500	42329	68.62	8476585	2.60
501-1000	8540	13.84	7541437	2.31
1001-2000	5092	8.25	8514772	2.61
2001-3000	1617	2.62	4251769	1.30
3001-4000	1014	1.64	3760914	1.15
4001-5000	807	1.31	3856838	1.18
5001-10000	1193	1.93	9040401	2.77
Above 10000	1099	1.79	281309989	86.08
Total	61691	100.00	326752705	100.00

Share transfer system

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

Registrars for physical & dematerialised shares

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

Dematerialization of shares and liquidity

The Company's shares are tradable compulsorily in electronic form and are available for trading in the depository systems of both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The International Securities Identification Number (ISIN) of the Company, as allotted by NSDL and CDSL, is INE096A01029. As on March 31, 2010, 92.06% 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.

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, 2010.

Place : Kolkata
Date : 14.05.2010

P. K. KHAITAN
Chairman

Place : Kolkata
Date : 14.05.2010

U. KEJRIWAL
Managing Director

Auditors'

Certificate

on Corporate Governance

**To The Members of
Electrosteel Castings Limited**

We have examined the compliance of conditions of corporate governance by Electrosteel Castings Limited, for the year ended on 31st March, 2010, 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

Place : Kolkata
Date : 14.05.2010

H. K. Verma
Partner

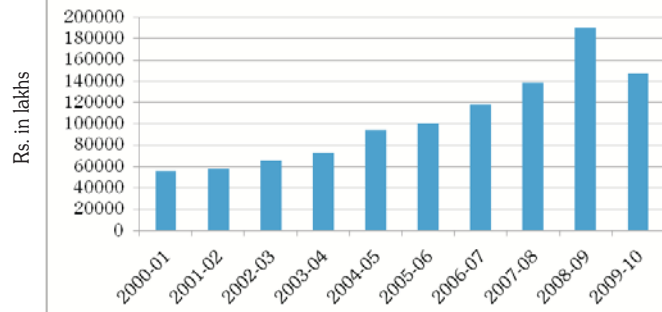
Ten Year Financial Summary

Rs. in lakhs

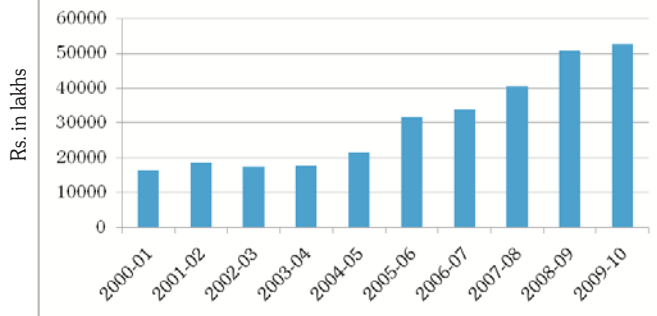
Year	Turnover	Gross Profit	Depreciation	Tax	Profit After Tax	Gross Block	Net Block	Capital Employed
2000-01	55691.09	10060.64	1744.33	2000.00	6316.31	23628.10	16588.49	55815.48
2001-02	57916.03	12756.62	1826.76	2469.01	8460.84	27432.43	18652.09	64488.17
2002-03	65686.62	13852.26	2039.05	2067.04	9746.17	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



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 31st March, 2010 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 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

Auditors' Report (Contd.)

these materials. Considering the above, in our opinion, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation 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 31st March, 2010 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the details of disputed dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax, and cess, if any, as at 31st March, 2010, 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 Tax	233.38	1997-99 2005-06	Tribunal
		11.46	2008-09	Commissioner (Appeals)
		19.49	2002-03 2005-06	Joint Commissioner
The Central Excise Act	Service Tax	842.69	2005-07	Tribunal
Sales Tax Act		131.47	1974-78, 1985-87,1992-95,1997-98, 1999-2000, 2004-05	Tribunal
		247.78	2002-03, 2004-09	Special Commissioner
		19.93	2005-06	JT.Commissioner
		57.81	2005-06	Addl. Commissioner
		30.00	2008-09	High Court
		2.75	2005-06	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.26421.62 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 As referred in Note 25 (a) of Schedule 17, during the year, the Company has inter-alia made preferential allotment of shares to certain parties and companies covered in the register maintained under Section 301 of the Act and in our opinion, the price at which such shares have been

- allotted is not prejudicial to the interest of the Company.
- xix As disclosed under Schedule 3 of the Financial Statements, securities/charge in respect of debentures issued during the year are yet to be created.
- 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, 2010 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 31st March, 2010,
- 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.

Co. For Lodha &
Chartered
Accountants
Place : Kolkata
Date : 14.05.2010
14, Government Place East
Kolkata-700 069
no.: 55104
H. K. Verma
Partner
Membership

Balance Sheet

as at March 31, 2010

	Schedule	Rs. in lakhs	As at March 31, 2010 Rs. in lakhs	As at March 31, 2009 Rs. in lakhs
Sources of Funds				
Shareholders' Funds				
Capital	1	32,67.53		28,73.02
Share Warrants		-		34,16.71
Share Application Money		-		96,71.16
Reserves and Surplus	2	15,51,09.86		12,32,48.02
			15,83,77.39	13,92,08.91
Loan Funds				
Secured Loans	3	11,29,73.79		8,87,53.60
Unsecured Loans	4	1,12,19.23		1,20,20.64
			12,41,93.02	10,07,74.24
Deferred Tax Liabilities (Net)			46,97.12	36,90.47
			28,72,67.53	24,36,73.62
Application of Funds				
Fixed Assets				
Gross Block	5	8,42,00.94		7,81,84.12
Less: Depreciation		3,17,38.40		2,74,95.32
Net Block		5,24,62.54		5,06,88.80
Capital Work-in-Progress		3,90,96.03		2,96,08.84
			9,15,58.57	8,02,97.64
Investments	6		10,23,96.03	4,45,32.86
Current Assets, Loans and Advances				
Inventories	7	3,56,73.13		3,25,35.74
Sundry Debtors	8	3,74,10.81		6,17,62.55
Cash and Bank Balances	9	2,80,92.53		85,96.74
Loans and Advances	10	2,21,00.88		4,29,50.48
			12,32,77.35	14,58,45.51
Less:				
Current Liabilities and Provisions				
Liabilities	11	1,82,96.47		1,51,86.51
Provisions		1,16,67.95		1,18,15.88
			2,99,64.42	2,70,02.39
Net Current Assets			9,33,12.93	11,88,43.12
			28,72,67.53	24,36,73.62
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 14, 2010

For and on behalf of the Board

Chairman P. K. Khaitan

Managing Director U. Kejriwal

Director Uddhav Kejriwal

Company Secretary Jyoti Jain

Profit & Loss Account for the year ended March 31, 2010

	Schedule	Rs. in lakhs	Year ended March 31, 2010 Rs. in lakhs	Year ended March 31, 2009 Rs. in lakhs
Income				
Sales		14,66,64.11		18,95,57.52
Less: Excise Duty		37,86.64		57,53.33
		14,28,77.47		18,38,04.19
Increase/(Decrease) in Finished and Process Stock	12	22,85.85		33,21.65
Other Income	13	1,27,74.69		89,92.37
			15,79,38.01	19,61,18.21
Expenses				
Purchases		49,51.00		2,05,69.40
Raw Materials Consumed	14	5,79,12.29		7,86,71.20
Manufacturing and Other Expenses	15	5,44,13.25		6,10,34.16
Interest	16	46,39.74		97,26.02
Depreciation		52,30.06		52,12.48
			12,71,46.34	17,52,13.26
Profit Before Taxation			3,07,91.67	2,09,04.95
Provision for Income Tax				
Current		91,56.13		50,50.00
Deferred		10,06.65		17,05.54
Fringe Benefit		-	1,01,62.78	1,10.00
Profit After Taxation			2,06,28.89	1,40,39.41
Balance brought forward from previous year		89,64.65		60,00.60
Less: Dividend paid for previous year		1,75.00		1.32
Tax on dividend paid for previous year		29.75	87,59.90	0.23
			2,93,88.79	2,00,38.46
Transfer from Debenture Redemption Reserve			-	45,00.00
Profit available for appropriation			2,93,88.79	2,45,38.46
Appropriations				
Transfer to -				
Debenture Redemption Reserve		27,00.00		10,00.00
General Reserve		1,18,24.28		1,00,00.00
Proposed dividend		40,84.41		39,09.41
Tax on Dividend		6,78.37		6,64.40
			1,92,87.06	1,55,73.81
Balance carried to Balance sheet			1,01,01.73	89,64.65
Basic Earning per Share in Rs.			6.45	4.94
Diluted Earning per Share in Rs.			5.97	4.65
Number of Shares used in computing earning per share				
Basic			31,98,37,491	28,40,54,880
Diluted			34,56,96,047	31,92,43,201

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 AccountsH. K. Verma
PartnerKolkata
May 14, 2010

For and on behalf of the Board

Chairman

P. K. Khaitan

Managing Director

U. Kejriwal

Director

Uddhav Kejriwal

Company Secretary

Jyoti Jain

Cash Flow Statement for the year ended March 31, 2010

	(Rs. in lakhs)			
	Year ended March 31 2010	Year ended March 31 2010	Year ended March 31 2009	Year ended March 31 2009
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Taxes		3,07,91.67		2,09,04.95
Add : Depreciation/Amortisation/Written off	52,30.06		52,12.48	
Foreign Exchange (gain) / loss	(99,60.84)		1,78.84	
Bad Debts (net of provision)	18,45.39		10.58	
Pipe mould written off	1,25.39		1,32.47	
Provision for others	33,40.00		33,13.78	
Provision for losses on mark to market basis on derivative transactions	1,02.90		26,21.36	
Interest	46,39.74	53,22.64	97,26.02	2,11,95.53
		3,61,14.31		4,21,00.48
Less: Interest Received	2,32.71		13,28.16	
Income from Investments	8,92.57		5,48.95	
Provisions / Liabilities no longer required written back	30,45.35		29,15.13	
Profit/(Loss) on sale / discard of Fixed Assets (Net)	(5,41.46)	36,29.17	33.86	48,26.10
Operating Profit before Working Capital changes		3,24,85.14		3,72,74.38
Less: Increase/(Decrease) in Inventories	31,37.40		2,62.99	
Increase/(Decrease) in Trade Receivables	(2,14,96.86)		1,33,69.57	
Increase/(Decrease) in Loans & Advances	16,95.78		(97,34.42)	
(Increase)/Decrease in Trade Payables	(21,64.38)	(1,88,28.06)	1,07,93.89	1,46,92.03
Cash generation From Operations		5,13,13.20		2,25,82.35
Less: Direct Taxes paid		1,07,57.15		39,38.60
Net cash flow from Operating activities		4,05,56.05		1,86,43.75
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets / movements in Capital work in progress	(1,76,06.46)		(2,94,79.85)	
Share Application money paid	(24.25)		(1,30,00.00)	
Fixed Assets sold/discarded	4,16.46		1,07.30	
(Purchase)/Sale of Investment (net)	(3,03,45.53)		(1,83,21.70)	
Advances and Loans to subsidiaries	(33,19.84)		-	
Interest Received	2,35.84		16,94.99	
Dividend received from subsidiary	9.95		-	
Dividend received	8,82.49	(4,97,51.34)	5,39.20	(5,84,60.06)
Net Cash flow from Investing activities		(4,97,51.34)		(5,84,60.06)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of share capital	28,98.00		24,63.75	
Proceeds/(Repayments) from borrowings (net)	(2,00,03.12)		3,20,16.95	
Proceeds from share warrants	10,07.05		3,22.00	
Proceeds from share application money	-		96,71.16	
Proceeds / (Redemption / Repayment) of Debentures/Term Loan	5,42,71.01		(99,59.81)	
	3,81,72.94		3,45,14.05	
Interest Paid	(48,81.58)		(42,99.92)	
Dividend paid	(40,73.75)		(7,13.10)	
Tax on Dividend	(6,94.15)	2,85,23.46	(1,19.41)	2,93,81.62
Net cash flow from Financing activities		2,85,23.46		2,93,81.62
Cash and Cash equivalents (A+B+C)		1,93,28.17		(1,04,34.69)
Cash and Cash equivalents as at 1st April		85,96.74		1,72,64.62
Add / (Less) : Unrealised exchange gain / (loss) on Bank balances, ECB Proceeds (net)		1,67.62		17,66.81
Cash and Cash equivalents as at 31st March		2,80,92.53		85,96.74
Note : 1) Cash and Cash equivalents represents cash in hand and deposits/balances with Banks		2,80,92.53		85,96.74
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 14, 2010

For and on behalf of the Board

Chairman P. K. Khaitan

Managing Director U. Kejriwal

Director Uddhav Kejriwal

Company Secretary Jyoti Jain

Schedules Forming Part of Accounts

SCHEDULE 1

SHARE CAPITAL:

	As at March 31, 2010 Rs. in lakhs	As at March 31, 2009 Rs. in lakhs
Authorised 50,00,00,000 shares of Re 1/- each	<u>50,00.00</u>	<u>50,00.00</u>
Issued, Subscribed and Paid up : 32,67,52,705 equity shares of Re 1/- each (Previous year - 28,73,02,291 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	<u>32,67.53</u> <u>32,67.53</u>	<u>28,73.02</u> <u>28,73.02</u>

SCHEDULE 2

RESERVES AND SURPLUS :

(A) CAPITAL RESERVE

Capital subsidy as per last account	46.52	46.52
Others	-	-
Add: Amount forfeited on warrants not exercised (Refer note no. 26 of schedule 17)	30,94.71	-
Amount received on issue of warrants (Refer note no. 25 (b) of schedule 17)	10,07.05	-
	<u>41,48.28</u>	<u>46.52</u>

(B) DEBENTURE REDEMPTION RESERVE

As per last account	10,00.00	45,00.00
Add: Transfer from Profit and Loss account	27,00.00	10,00.00
	<u>37,00.00</u>	<u>55,00.00</u>
Less: Transfer to Profit and Loss account	-	45,00.00
	<u>37,00.00</u>	<u>10,00.00</u>

(C) GENERAL RESERVE

As per last account	6,31,75.72	5,31,75.72
Add: Transfer from Profit and Loss account	1,18,24.28	1,00,00.00
	<u>7,50,00.00</u>	<u>6,31,75.72</u>

(D) SHARE PREMIUM ACCOUNT

As per last account	5,00,61.13	4,81,31.61
Add: Premium on issue of shares	1,24,96.65	28,93.92
	<u>6,25,57.78</u>	<u>5,10,25.53</u>
Less: Provision for premium on redemption of ZCCB	3,97.93	9,64.40
	<u>6,21,59.85</u>	<u>5,00,61.13</u>

(E) PROFIT AND LOSS ACCOUNT

	<u>1,01,01.73</u>	<u>89,64.65</u>
	<u>15,51,09.86</u>	<u>12,32,48.02</u>

SCHEDULE 3

SECURED LOANS :

	As at March 31, 2010 Rs. in lakhs	As at March 31, 2009 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	-
External Commercial Borrowing from Banks	3,47,89.76	1,01,44.00
Term Loans from Export Import Bank of India	2,50,00.00	1,83,66.00
Working Capital facility from Banks:		
Indian currency	1,20,91.56	50,92.07
Foreign Currency	95,92.47	4,51,51.53
Floating rate Non Convertible Debentures	15,00.00	-
	<u>11,29,73.79</u>	<u>8,87,53.60</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) to be 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 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.
- Floating rate Non-Convertible Debentures have been issued for a tenure of 88 days with daily put and call option and are to be secured by way of charge over fixed assets of the company. However, these debentures have since been redeemed before creation of security.

SCHEDULE 4

UNSECURED LOANS :

Zero Coupon Convertible Bonds (ZCCB)

Short Term Loans

Buyers Credit from a Bank

Packing Credit from a Bank

As at March 31, 2009 Rs. in lakhs	As at March 31, 2008 Rs. in lakhs
91,80.01	1,03,72.24
20,39.22	-
-	16.48.40
1,12,19.23	1,20,20.64

SCHEDULE 5

FIXED ASSETS :

Rs. in lakhs

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on April 01, 2009	Additions	Sales/ Adjustments	Cost as on March 31, 2010	Upto March 31, 2009	For the Year	Sales/ Adjustments	Upto March 31, 2010	As on March 31, 2010	As on March 31, 2009
1	2	3	4	5	6	7	8	9	10	11
LAND-FREEHOLD	32,26.22	4,55.86	21.59	36,60.49	-	-	-	-	36,60.49	32,26.22
LAND-LEASEHOLD	13,00.24	5.53	-	13,05.77	50.65	14.53	-	65.18	12,40.59	12,49.59
BUILDINGS	91,14.37	3,13.40	-	94,27.77	32,49.70	4,60.85	-	37,10.55	57,17.22	58,64.67
RAILWAY SIDING	2,53.94	-	-	2,53.94	28.65	31.30	-	59.95	193.99	2,25.29
PLANT AND MACHINERY	6,23,42.47	84,03.56	32,30.34	6,75,15.69	2,33,45.15	55,05.06	19,68.23	2,68,81.98	4,06,33.71	3,89,97.32
FURNITURE AND FIXTURES	5,13.42	19.38	-	5,32.80	2,65.26	50.50	-	3,15.76	2,17.04	2,48.16
VEHICLES	9,36.99	1,12.26	76.67	9,72.58	4,53.33	1,03.02	56.82	4,99.53	4,73.05	4,83.66
INTANGIBLE ASSETS (COMPUTERS SOFTWARES)	4,95.36	35.43	-	5,30.79	1,02.58	1,02.87	-	2,05.45	3,25.34	3,92.78
LIVESTOCK	1.11	-	-	1.11	-	-	-	-	1.11	1.11
	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	5,06,88.80
PREVIOUS YEAR	6,27,79.30	1,60,65.89	6,61.07	7,81,84.12	2,23,00.22	56,50.26	4,55.16	2,74,95.32	5,06,88.80	

Notes :

- Adjustment to Plant and Machinery includes Rs.Nil (Previous Year Rs. 96.91 lakhs) on account of exchange differences.
- Plant and Machinery includes Rs. 3,40.87 lakhs (Previous year Rs.3,40.87 lakhs) being contribution to CESC Limited, for laying the Power line, the ownership of which does not vest with the company.
- Depreciation for the year includes Rs.10,38.07 lakhs (Previous year Rs.4,37.78 lakhs) transferred to Pre-operative expenses.
- Leasehold Land of Rs.9,47.26 (Previous Year Rs.9,47.26 lakhs) is pending execution of lease agreement and registration thereof.
- Freehold land includes Rs. 7,02.49 lakhs (Previous year Rs.2,76.22 lakhs) in respect of which the execution of conveyance deeds is under process.
- Plant and Machinery includes Rs. 27,63.71 lakhs (Previous year 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

EQUITY SHARES

(A) Trade Investments

Quoted

Particulars	As at March 31, 2010		As at March 31, 2009	
	Holding Nos.	Rs. in lakhs	Holding Nos.	Rs. in lakhs
Mukand Limited (Face value of Rs.10/- each)	82	-	82	-
Mahindra Ugine Steel Co. Ltd.(Face value of Rs.10/- each)	75	0.01	75	0.01
Welcast Steels Limited (Face value of Rs.10/- each)	25	-	25	-
R.G. Ispat Limited (Face value of Rs.10/- each)	50	-	50	-

Unquoted

Rainbow Steels Limited(Face value of Rs.10/- each)	100	0.01	100	0.01
Metal Scrap Trade Corporation Limited.(Face value of Rs. 10/- each)	1,000	0.05	1000	0.05
		<u>0.07</u>		<u>0.07</u>

(B) Other Investments

Quoted

Associates

Lanco Industries Limited (Face value of Rs.10/- each)	19301218	63,33.53	19301218	63,33.53
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Unquoted

Subsidiaries

Electrosteel Europe SA (Face value of Euro 10 each)	80000	4,53.38	80000	4,53.38
Electrosteel Algeria SPA (Face value of 1000 Algerian Dinar each)	82500	5,20.33	82500	5,20.33
Electrosteel Castings (UK) Ltd. (Formerly Chesterfield Ductile Group Ltd.) (Face value of Gbp 1 each)	100000	3,55.46	100000	3,55.46
Singardo International Pte Ltd(Face value of S\$ 1 each)	1500000	4,39.89	1500000	4,39.89
Electrosteel USA, LLC (purchased during the year)	*	3,78.69	-	-

Associates

Electrosteel Steels Ltd. (Formerly Electrosteel Integrated Ltd.) (Face value Rs. 10/-each)	700000000	7,00,00.00	164825000	1,64,82.50
Electrosteel Thermal Power Ltd.(Face value of Rs.10/- each) - purchased during the year	15000	1.50	-	-

Joint Venture

Domco Pvt Ltd (Face value of Rs. 100/- each)	30000	30.00	30000	30.00
North Dhadhu Mining Company Pvt Ltd (Face value of Rs.10/- each)	5880000	5,88.00	5880000	5,88.00

Other Companies

Electrocast Sales India Ltd.(Face value of Rs.10/- each)	1000	0.51	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
Biswa Microfinance Private Limited (Face value of Rs.10/-each)	550000	55.00	250000	25.00

Less: Provision

	<u>7,95,95.79</u>		<u>2,56,68.10</u>
	<u>4,21.10</u>		<u>4,21.10</u>
	<u>7,91,74.69</u>		<u>2,52,47.00</u>

* Towards 100% Capital contribution

Current Investments

MUTUAL FUNDS (QUOTED)

ICICI Prudential FMP 51-13 months Plan C (Purchased 10000000.000 units and sold nil units during the year)	10000000.000	10,00.00	-	-
ICICI Prudential FMP 52-1year Plan A- Cumulative (Purchased 10000000.000 units and sold nil units during the year)	10000000.000	10,00.00	-	-
ICICI Prudential FMP 51-14 months Plan D (Purchased 30000000.000 units and sold nil units during the year)	30000000.000	30,00.00	-	-
Kotak 18 M Series 4-Growth (Purchased 20000000.000 units and sold nil units during the year)	20000000.000	20,00.00	-	-
Reliance Fixed Horizon XIV-Series 2-Growth Plan (Purchased 20000000.000 units and sold nil units during the year)	20000000.000	20,00.00	-	-
Reliance Fixed Horizon XIV-Series 7-Growth Plan (Purchased 20000000.000 units and sold nil units during the year)	20000000.000	20,00.00	-	-

Schedules Forming Part of Accounts

SCHEDULE 6

INVESTMENTS :

(Long term and fully paid up except otherwise stated)

Particulars	As at March 31, 2010		As at March 31, 2009	
	Holding Nos.	Rs. in lakhs	Holding Nos.	Rs. in lakhs
MUTUAL FUNDS (UNQUOTED)				
Birla Sunlife Savings Fund-Institutional-Daily Dividend Reinvestment (Purchased 400545150.437 units sold 487787363.120 units during the year)	2998511.138	3,00.06	90240723.821	90,30.21
LICMF Savings Plus Fund-Daily Dividend Plan (Purchased 87918652.830 units sold nil units during the year)	87918652.830	87,91.86	-	-
Reliance Medium Term Fund-Daily Dividend Plan (Purchased 286864779.550 units sold 326438669.700 units during the year)	754566.884	1,29.00	40328457.034	68,94.35
Reliance Liquidity Fund-Daily Dividend Reinvestment Option (Purchased 679878950.496 units sold 679877470.302 units during the year)	1480.194	0.15	-	-
UTI Treasury Advantage Fund-Institutional plan (Daily Dividend Option) -Reinvestment (Face Value Rs. 1000 each) (Purchased 2019125.235 units sold 1915198.451 units during the year)	199977.085	20,00.20	96050.301	9,60.71
UTI Liquid Cash Plan Institutional-Daily Income Option Reinvestment (Purchased 3574013.057 units sold 3809486.487 units during the year)	-	-	235473.430	24,00.52
UTI Fixed Income Interval Fund-Monthly Interval Plan series-1-Institutional Daily Dividend Plan - Reinvestment (Purchased 10000000 units and sold nil units during the year)	10000000.000	10,00.00	-	-
		10,23,96.03		4,45,32.86
Book value of Quoted Investments				
Investment in mutual funds	1,10,00.00		-	
Other investments	63,33.55	1,73,33.55	63,33.54	63,33.54
Book value of Unquoted Investments				
Investment in mutual funds	1,22,21.27		1,92,85.79	
Other investments	7,28,41.21	8,50,62.48	1,89,13.53	3,81,99.32
		10,23,96.03		4,45,32.86
Market value of Quoted Investments		1,25,65.32		29,82.14
NAV of investments in Quoted Mutual funds		1,10,31.53		-
NAV of investments in Unquoted Mutual funds		1,22,22.03		1,92,85.79

Notes

- 500000000 Equity shares of Rs. 10/- each fully paid up of Electrosteel Steels Ltd. (Formerly Electrosteel Integrated Limited) aggregating Rs. 50000.00 lakhs held by the Company as Investment have been pledged in favour of Electrosteel Steels Ltd. lenders for securing financial assistance for Electrosteel Steels Ltd.
- Units of mutual fund purchased & sold during the year (Face value Rs.10/-each except otherwise stated)

Particulars NAME OF SCRIP	As at March 31, 2010		As at March 31, 2009	
	Nos.	Cost Rs. in lakhs	Nos.	Cost Rs. in lakhs
Birla Sunlife Short Term Fund-Institutional Daily Dividend	-	-	6512836.486	6,51.64
Bharti AXA Liquid fund-Institutional -DD Plan	-	-	25018.878	2,50.19
Bharti AXA Treasury Advantage -Institutional-DD Plan	-	-	60102.287	6,01.03
Birla Sun Life Cash Plus-Institutional Premium -Daily Dividend Reinvestment	545405965.147	5,46,46.95	194003000.115	1,94,38.13
DWS Insta Cash Fund Super Institutional Daily Dividend Plan	-	-	2495491.823	2,50.05
HDFC Cash Mgmt. Fund-Savings Plan-Daily Dividend Reinvestment	372700925.217	3,96,41.96	67940339.360	72,26.41
HDFC Cash Mgmt Fund-Treasury Advantage Plan-Wholesale-Daily Dividend Reinvestment	453280824.565	4,54,70.87	72950339.360	73,18.01
GCCD IDFC Cash Fund Super Inst Plan C Daily Dividend	320552335.140	3,20,63.25	-	-
GFCD IDFC Money Manager Fund - TP - Super Institutional Plan C - Daily Dividend	284518143.786	2,84,56.08	-	-
Kotak Liquid (Institutional Premium)-Daily Dividend	354911308.563	4,33,98.91	-	-

Schedules Forming Part of Accounts

SCHEDULE 6

INVESTMENTS :

(Long term and fully paid up except otherwise stated)

Particulars	As at March 31, 2010		As at March 31, 2009	
	Holding Nos.	Rs. in lakhs	Holding Nos.	Rs. in lakhs
Kotak Floater Long Term - Daily Dividend	415194020.011	4,18,50.73	-	-
LIC MF Liquid Fund Dividend Plan	71043150.192	78,00.61	-	-
LICMF Income Plus Fund-Daily Dividend Plan	-	-	5003179.934	5,00.32
Mirae Asset Liquid Fund-Institutional Plan-Daily Dividend (Face value of Rs. 1000/- Each)	-	-	357304.020	35,75.59
NLFID Canliquid Fund-Institutional Daily Dividend Reinvest	-	-	37113772.533	37,26.59
NLFID Canliquid Fund-Super Institutional-Daily Dividend Reinvestment	-	-	89152785.401	89,51.83
Canara Robeco Treasury Advantage Institutional Daily Dividend Fund	-	-	20783662.445	25,78.65
Canara Robeco Treasury Advantage Super institutional Daily Dividend Reinvestment Fund	-	-	86746471.245	1,07,62.72
Principal Floating Rate Funds FMP Institutional Option Daily Dividend Reinvestment	4995057.520	5,00.12	31874778.657	31,91.40
Principal Cash Management Fund-Liquid Option-Institutional Plan-Dividend.Reinvestment. Daily	-	-	89009600.047	89,01.58
ICICI Prudential Liquid Super Institutional Plan - Dividend - Daily	2959600.034	29,60.25	20004222.496	20,00.52
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	1807004.183	19,10.64	13764464.075	14,55.39
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	20108380.678	20,15.06	-	-
Reliance Liquidity Fund-Daily Dividend Reinvestment Option	-	-	429046325.310	4,29,17.93
Reliance Money Manager Fund Institutional . Option-Daily Dividend (Face Value of Rs. 1000/- Each)	-	-	2429019.508	2,43,17.80
Reliance Money Manager Fund Institutional Option Daily Dividend Plan	1149466.412	1,15,07.78	-	-
Reliance Liquid Fund-Cash Plan Option -Daily Dividend	-	-	22502743.421	25,07.14
Reliance Liquid Fund-Treasury Plan - Institutional Option -Daily Dividend Option	4252963.631	6,50.16	6215362.954	9,50.15
Sundaram BNP Paribas Ultra Short term Super Institutional -Daily Dividend Reinvestment	-	-	43495277.171	43,60.40
Sundaram BNP Paribas Money Fund Super Institutional .Dividend	-	-	43839443.177	44,25.72
SBI Magnum Insta Cash Fund Daily Dividend Option	-	-	17465582.426	29,25.54
SBI Premier Liquid Fund-Super Institutional-Daily Dividend	-	-	9969165.127	10,00.16
SBI Short Horizon Ultra Short Term Fund Institutional Plan Daily Dividend	-	-	39304551.203	39,32.42
UTI Money Market Fund- Daily Dividend Option Reinvestment	-	-	14444908.837	26,25.43
UTI Floating Rate Fund- Short Term Plan-Institutional Daily Dividend Plan - Reinvestment	1101936.495	1,10,27.86	-	-
TITMA Super Institutional Plan-Daily Dividend Reinvestment (Face value of Rs. 1000/- Each)	-	-	49991.977	5,00.07
TFRIF Long Term Plan Super Institutional Option-Daily Dividend Reinvestment	-	-	4996160.983	5,00.16
TATA Liquid Super High Investment Fund (Face value Of Rs. 1000/- Each)	-	-	134612.083	15,00.28
TATA Floater Fund-Daily Dividend	-	-	4988534.363	50,06.30

Schedules Forming Part of Accounts

SCHEDULE 7

INVENTORIES :

As taken, Valued and Certified by the Management

Rs. in lakhs	As at March 31, 2010 Rs. in lakhs	As at March 31, 2009 Rs. in lakhs
Stores and Spare Parts	51,18.63	47,67.40
Raw Materials	1,73,45.66	1,79,85.48
Stock-in-trade :		
Finished Stock	1,02,11.78	58,75.14
Process Stock	16,25.72	23,12.98
Work in Progress	24,92.60	38,56.13
Less: Progress payments received	<u>11,21.26</u>	<u>22,61.39</u>
	<u>13,71.34</u>	15,94.74
	<u>3,56,73.13</u>	<u>3,25,35.74</u>

SCHEDULE 8

SUNDRY DEBTORS :

Unsecured

Debts outstanding for a period exceeding six months

Rs. in lakhs	As at March 31, 2010 Rs. in lakhs	As at March 31, 2009 Rs. in lakhs
- Considered good	1,19,27.72	1,34,74.04
- Considered Doubtful	-	28,32.25
	<u>1,19,27.72</u>	<u>1,63,06.29</u>
Less: Provision for Doubtful Debt	-	28,32.25
	<u>1,19,27.72</u>	1,34,74.04
Other Debts - Considered good	<u>2,54,83.09</u>	4,82,88.51
	<u>3,74,10.81</u>	<u>6,17,62.55</u>

SCHEDULE 9

CASH AND BANK BALANCES :

Rs. in lakhs	As at March 31, 2010 Rs. in lakhs	As at March 31, 2009 Rs. in lakhs
Cash balance on hand	3.85	3.74
Bank Balances		
With Scheduled Banks :		
Current Accounts	8,89.17	15,98.52
Fixed Deposits	2,70,56.48	69,86.20
(including interest accrued thereon)	<u>2,79,45.65</u>	85,84.72
With Non - Scheduled Bank :		
National Bank of Abu Dhabi		
Current Accounts	1,43.03	8.28
[Maximum Amount outstanding during the year Rs. 1,82.78 lakhs (Previous year Rs. 62.11 lakhs)]	<u>2,80,92.53</u>	<u>85,96.74</u>

SCHEDULE 10

LOANS AND ADVANCES :

Unsecured

Advances and Loans to subsidiaries

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

Rs. in lakhs	As at March 31, 2010 Rs. in lakhs	As at March 31, 2009 Rs. in lakhs
- Considered Good	1,18,11.00	3,61,91.61
- Considered Doubtful	7,73.95	7,95.82
	<u>1,25,84.95</u>	<u>3,69,87.43</u>
Less: Provision for Doubtful Advances	7,73.95	7,95.82
	<u>1,18,11.00</u>	3,61,91.61
Advance Tax including tax deducted at source (net of provisions) (including provision for FBT Rs. 30.17 lakhs)	2,60.65	-
Balances with Government Authorities	7,53.22	4,64.33
Other Deposits	59,56.17	62,94.54
	<u>2,21,00.88</u>	<u>4,29,50.48</u>

Schedules Forming Part of Accounts

SCHEDULE 11

CURRENT LIABILITIES AND PROVISIONS:

CURRENT LIABILITIES :

Sundry Creditors

Dues of Micro enterprises and Small enterprises

Others

Advance From Customers

Other Liabilities

Interest accrued but not due on loans

Unclaimed Dividend*

PROVISIONS:

For Taxation (net of advance tax and tax deducted at source)
[including net Fringe Benefit Tax Rs. Nil
(Previous year Rs. 30.17 lakhs)]

For Dividend

For Tax on Dividend

For Redemption Premium on ZCCB

For losses on derivative transactions on mark to market basis

For Others

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

SCHEDULE 12

INCREASE/(DECREASE) IN FINISHED AND PROCESS STOCK :

Closing Stock :

Finished

Process

Work in Progress

Less : Opening Stock :

Finished

Process

Work in Progress

SCHEDULE 13

OTHER INCOME :

Rent

Income from Investments (Note 6 - Schedule 17)

Interest on Loans, Deposits, Overdue debts etc. (Gross)

[Tax deducted at Source Rs. 16.02 lakhs

(Previous year Rs 2,45.24 lakhs)]

Profit on sale/discard of Fixed Assets (Net)

Provisions / Liabilities no longer required written back

Provision for Mark to Market losses no longer required written back

Incentives on Exports

Miscellaneous Income

	Rs. in lakhs	As at March 31, 2010 Rs. in lakhs	As at March 31, 2009 Rs. in lakhs
		1,82,96.47	1,51,86.51
		1,16,67.95	1,18,15.88
		2,99,64.42	2,70,02.39
		1,43,30.10	1,20,44.25
		1,20,44.25	87,22.60
		22,85.85	33,21.65
		1,27,74.69	89,92.37

Schedule Forming Part of Account

	Rs. in lakhs	As at March 31, 2010 Rs. in lakhs	As at March 31, 2009 Rs. in lakhs
SCHEDULE 14			
RAW MATERIALS CONSUMED :			
Opening Stock	1,79,85.48		2,08,96.39
Add : Purchases	<u>5,72,72.47</u>		<u>7,57,65.30</u>
		7,52,57.95	9,66,61.69
Less : Cost of Sales	-		5.01
Less: Closing Stock	<u>1,73,45.66</u>	<u>1,73,45.66</u>	<u>1,79,85.48</u>
		5,79,12.29	<u>7,86,71.20</u>
SCHEDULE 15			
MANUFACTURING AND OTHER EXPENSES :			
Stores and Spare Parts		1,08,11.91	98,52.97
Handling and Transportation Charges		9,57.87	9,09.68
Power and Fuel		1,05,15.51	1,01,19.59
Excise Duty on Stock		56.19	(92.87)
Salaries, Wages, Bonus and Allowance, etc		96,81.06	83,44.00
Contribution to Provident and Other Fund		5,56.98	5,46.22
Employees' Welfare		3,70.06	3,02.34
Repairs:			
Machinery		3,95.59	3,29.54
Buildings		1,63.18	5.80
Others		9,60.23	7,78.26
Rates and Taxes		7,80.50	12,77.28
Rent		4,50.45	4,88.76
Insurance		2,33.51	2,38.33
Freight and Forwarding charges [net of realisation of Rs.48,13.18 lakhs(Previous year Rs.57,23.41 lakhs)]		36,60.87	57,08.14
Commission to Selling Agents		48,46.80	37,29.09
Directors' Fees and Commission		42.20	38.90
Job charges		17,42.04	55,83.64
Provision for diminution in value of Investments		-	4,21.10
Provision for Bad and Doubtful Debts		-	28,45.05
Provision for losses on mark to market basis on derivative transactions (refer note no. 27 of schedule 17)		1,02.90	26,21.36
Bad debts	33,34.98		10.58
Less: Provision for bad and doubtful debts	<u>14,89.59</u>	<u>18,45.39</u>	-
Loss on sale / discard of fixed assets (net)		5,41.46	-
Miscellaneous Expenses		<u>56,98.55</u>	<u>69,76.40</u>
		5,44,13.25	<u>6,10,34.16</u>
SCHEDULE 16			
INTEREST AND FINANCIAL CHARGES:			
Interest			
On Debentures		18,59.63	5,88.58
On Term Loan		16,29.23	11,73.48
On Others		7,03.89	73,92.84
Financial Charges		4,46.99	4,82.36
Add/(Less): Derivative Loss / (Gain)		-	88.76
		<u>46,39.74</u>	<u>97,26.02</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.

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.

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.

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.

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

- (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.

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 accrued.

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

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)	
	Current Year	Previous Year
2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances):	33,00.31	35,98.99
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 [net of provision of Rs.13.49 lakhs (previous year Rs. 13.49 lakhs)]	4,89.74	7,41.26
ii) Excise, Custom Duty and Service tax [net of provision of Rs. 500.00 lakhs (previous year nil)]	60,85.79	53,94.77
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.	1,13.13	63.55
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	60,46.00	89,66.00
(ii) Associate	21,00.00	48,25.00
f) Standby Letter of Credit issued by banks on behalf of the company in favour of		
(i) Subsidiary Companies	87,95.53	-
g) Guarantees given by banks on behalf of the Company	1,73,87.30	1,90,89.87
h) Bills Discounted with Banks.	44,36.01	18,36.62
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	10.50	9.50
(b) Other services- Certificates, etc.	14.90	6.90
5. a) Directors' Remuneration:		
(i) Managing/Jt. Managing/Whole-time Directors:		
Salary	1,79.19	1,60.40
Contribution to Provident and Superannuation Funds	14.14	14.01
Gratuity and Leave	12.01	17.48
Perquisites	14.67	15.89
Commission	8,25.80	6,06.90
	10,45.81	8,14.68
(ii) Other Directors' Commission	32.00	31.50
	10,77.81	8,46.18
Sitting fees to Non-executive Directors	10.20	7.40
Total	10,88.01	8,53.58
Note: Appointments and remuneration amounting to Rs 59.30 lakhs paid/payable to three newly appointed wholetime directors are pending approval of shareholders in the ensuing annual general meeting.		
b) Computation of Directors' Commission:		
Profit Before Taxes	3,07,91.67	2,09,04.95
Add: Directors' Remuneration	10,77.81	8,46.18
	3,18,69.48	2,17,51.13
Less: Profit on Sale of Investments	-	9.75
Profit/(loss) on Sale/discard of Fixed Assets (net)	(5,41.46)	33.86
Net Profit for the purpose of Directors' Commission	3,24,10.94	2,17,07.52
Managing/Joint Managing Directors' Commission	5,70.00	4,00.00
Whole-time Directors' Commission	2,55.80	2,06.90
Other Directors' Commission	32.00	31.50
6. Income from Investments (Net) represent:		
a) Trade Investments-		
Long Term – Dividend	0.78	0.84
b) Other than Trade Investments:		
Profit on Sale of Investments	0.13	9.75
Dividend from current investments	6,88.70	3,52.84
Dividend from subsidiary company	9.95	-
Dividend from long term investments	1,93.01	1,85.52
	8,92.57	5,48.95
7. Stores and spares consumption include pipe moulds written off	1,25.78	1,32.47
8. No allocation has been made in respect of stores and spare parts and wages for repairs to Machinery and Building.		
9. Inventories of stores and spares include the estimated net realizable value of pipe mould (fixed assets) retired from the active use Rs. nil (previous year Rs. 88.43lakhs)		
10. (a) Miscellaneous expenses include Charity and Donation of Rs. 2,82.45 lakhs (Previous Year Rs. 97.20 lakhs), Job charges includes Rs. 51.74 lakhs (previous year Rs. 47.58 lakhs) incurred towards insurance on Turnkey Contracts, loss on exchange difference Rs. nil (previous year Rs. 24,04.54 lakhs)		
(b) Miscellaneous income include gain on exchange difference of Rs. 42,68.18 lakhs (previous year Rs. nil)		

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

11. 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)	
	2009-10	2008-09
Employer's Contribution to Provident Fund	1,96.24	1,55.40
Employer's Contribution to Pension Fund	1,02.06	92.03
Employer's Contribution to Superannuation Fund	62.33	65.26

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)		
	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	8,85.88	7,82.44	6,76.49
Interest Cost	78.03	66.74	54.71
Current Service Cost	1,00.53	87.92	75.25
Actuarial (gain) / loss on obligations	39.06	32.31	39.99
Benefits paid	(38.71)	(83.53)	(64.00)
Liability at the end of the year	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	5,85.66	5,49.44	4,95.76
Expected Return on Plan Assets	51.63	45.40	39.20
Contributions by the Company	73.35	81.75	68.32
Benefits paid	(38.71)	(83.53)	(64.00)
Actuarial gain / (loss) on Plan Assets	32.96	(7.40)	10.16
Fair value of Plan Assets at the end of the year	7,04.89	5,85.66	5,49.44
Total actuarial gain / (loss) to be Recognized	6.10	39.71	29.83
iii. Actual return on Plan Assets			
Expected return on Plan assets	51.63	45.40	39.20
Actuarial gain / (loss) on Plan Assets	32.96	(7.40)	10.16
Actual Return on Plan Assets	84.59	38.00	49.36
iv. Amount Recognized in Balance Sheet			
Liability at the end of the year	10,64.79	8,85.88	7,82.44
Fair value of Plan Assets at the end of the year	7,04.89	5,85.66	5,49.44
Amount Recognized in the Balance Sheet	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)		
	2009-10	2008-09	2007-08
v. Expenses Recognized in the Income Statement			
Current Service Cost	1,00.53	87.92	75.25
Interest Cost	78.03	66.74	54.71
Expected Return on Plan Assets	(51.63)	(45.40)	(39.20)
Net Actuarial (gain) / loss to be Recognized	6.10	39.71	29.83
Expenses Recognized in Profit & Loss Account	133.03	1,48.97	120.59
vi. Balance Sheet Reconciliation			
Opening Net Liability	3,00.22	2,33.00	1,80.73
Expenses as above	1,33.03	1,48.97	1,20.59
Employers Contribution	(73.35)	(81.75)	(68.32)
Amount Recognized in Balance Sheet	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 31.03.2010 is given below:

Particulars	31.03.2010	31.03.2009
Privileged Leave	6,03.54	5,13.50
Sick Leave	2,66.79	2,20.07
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 90.00 lakhs (previous year Rs 1,00.00 lakhs) to Gratuity fund in 2010-11.
12. 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.
13. 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.
14. Rs. 57,78.95 lakhs being net gain (Previous Year Rs 1,33,06.71 lakhs being net loss) on account of exchange difference has been adjusted to the respective heads of account in Profit and Loss Account.
15. Power and fuel consumption is net of Rs. nil lakhs (Previous Year Rs. 97.00 lakhs) being subsidy receivable on use of coal gas.

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

16. The Company has not received information from vendors regarding the status of the suppliers as defined under the " Micro, Small and Medium Enterprise Development Act, 2006" (the Act) and accordingly disclosure relating to unpaid amounts at the year end together with interest paid /payable has not been given.
17. 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.
18. Other provisions include (a) provision of Rs.5,00.00 lakhs made during the year relating to indirect taxes in respect of proceedings of various excise duty matters and is outstanding as on 31.03.2010. Outflows in these cases would depend on the final developments/outcomes; (b) Rs.28,40.00 lakhs provided during the year being other class of provisions related to disputed customer claims/rebates and is outstanding as on 31.03.2010. Outflows in these cases would depend on the developments/settlements.
19. Fixed Deposits with Scheduled Banks include Fixed Deposit of Rs. 8.14 lakhs (Previous Year Rs. 23.55 lakhs) lodged with Government Departments and Customers.
- 20 (a) The break up of deferred tax assets and deferred tax liabilities are as given below :

(Rs. in lakhs)

Particulars	Opening as on 01-04-2009	Charge or Credit during the Year	Closing as at 31-03-2010
Deferred Tax Assets:			
1. Expenses Allowable on Payment Basis	2,76.91	41.48	3,18.39
2. Provision for doubtful debts, advances and stock	12,98.45	(10,41.36)	2,57.09
3. Provision for losses on Derivatives on Mark to Market basis	8,95.22	(8,61.04)	34.18
4. Others	2,20.27	10,11.20	12,31.47
Deferred Tax Liabilities:			
1. Depreciation etc.	57,18.76	4,92.19	62,10.95
2. Liquidated Damages and Retention money	6,62.55	(3,35.25)	3,27.30
Net Deferred Tax Liability	36,90.47	10,06.65	46,97.12

(Rs. in lakhs)

(b) Particulars	2009-2010	2008-2009
Net profit for basic earnings per share as per profit and loss account	2,06,28.89	1,40,39.41
(i) Adjustment for the purpose of diluted earnings per share Exchange gain/(loss) on realignment of ZCCB and conversion rate difference Less: Tax effect	(6.75)	(7,93.73)
Net profit for diluted earnings per share	2,06,35.64	1,48,33.14
(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	319837491	284054880
b) Diluted earnings per share	345696047	319243201
(iii) Weighted average number of equity shares outstanding	319837491	284054880
Add: Weighted average number of potential equity shares that could arise on conversion of ZCCB, warrants	25858556	35188321
iv) Earnings per share:		
a) Basic	6.45	4.94
b) Diluted	5.97	4.65

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

21. 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:

	(Rs. in lakhs)	
	2009-2010	2008-2009
Preoperative expenses brought forward	90,72.21	32,22.89
Salaries, Wages, Bonus and Allowances etc.	6,63.47	4,63.39
Contribution to Provident and Other Fund	23.02	17.51
Employees' Welfare	3.70	38.76
Stores and Spares Consumption	33.02	1,30.74
Handling and Transportation	87.28	25.70
Power and Fuel	3,96.24	65.27
Repairs		
Machinery	0.55	0.23
Others	29.00	12.14
Rent	22.84	24.28
Insurance	30.30	6.67
Miscellaneous Expenses	6,29.66	5,31.07
Interest Paid		
On Term Loan	2,33.21	2,10.45
On Others	6,89.28	6,60.90
Finance Charges	1,27.82	34,05.69
Depreciation	10,38.06	4,37.78
Total preoperative expenses	1,30,79.66	92,53.47
Less:		
Coal transferred for Captive Consumption	3,22.55	1,24.27
Stock of Coal	3,15.67	41.71
Interest on deposit (Gross)(Tax deducted at source Rs. 14.26 (Previous year nil) and is net of provision of for current tax Rs. 2,74.63 lakhs (previous year Rs. nil)	5,31.76	15.29
Total preoperative expenses carried forward pending allocation	1,19,09.68	90,72.20

22. 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 beginning	Maximum amount outstanding during last year
	2009-10		2008-09	
	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	-	-	-	47,68.57
(b) Electrosteel Algeria SPA	16,16.04	16,75.26	-	-
(c) Lanco Industries Limited	-	-	-	60,00.00
(d) 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.	32.73	32.73	32.55	35.56
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)	-	-	-	-
(including sub/fellow subsidiary)	-	-	-	-

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

23. (a) Category wise outstanding derivatives contracts entered for hedging as on March 31, 2010 are as follows :-

Sl.No.	Category	Currency	Current Year		Previous Year	
			No. of Deals	Amount in Foreign Currency	No. of Deals	Amount in Foreign Currency
1	Sell Forward	USD/INR	142	21,24,05,859	68	9,59,29,073
2	Sell Forward	SGD/USD	8	35,28,895	7	49,75,281
3	Sell Forward	GBP/USD	24	1,44,19,794	15	86,08,165
4	Sell Forward	Euro/USD	32	2,20,12,855	25	2,91,15,947
5	Buy Forward	USD/EURO	-	-	3	22,62,503
6	Buy Forward	USD/INR	11	55,12,131	19	4,96,60,105
7	Option	EURO	1	22,00,000	1	7,50,000
8	Option	USD	-	-	5	2,21,54,100
9	Option	USD	3	1,80,00,000	19	5,03,00,000
10	Swap	USD	3	3,50,00,000	3	3,50,00,000

(b) Unhedged Foreign Currency exposures as on March 31, 2010 are as follows :

Nature	Currency	Current Year Amount in Foreign Currency	Previous Year Amount in Foreign Currency
Imports	USD	1, 21,94,403	43,76,238
ZCCB* (include proportionate premium)	USD	2,58,68,370	1,64,61,002
ECB Payable (include accrued interest)	USD	7,05,34,578	1,25,28,454
ECB Deposit (include accrued interest)	USD	-	1,38,21,435
Others	EURO	46,269	-
Others	USD	39,18,616	7,68,430
Others	GBP	12,494	20,178

* ZCCB: Zero Coupon Convertible Bond

24 Premium payable on ZCCB has been provided proportionately and accordingly Rs. 3,97.93 lakhs (out of total redemption premium amounting to Rs. 31,58.84 lakhs) (Previous year Rs. 9,84.94 lakhs, out of total redemption premium amounting to Rs. 35,69.25 lakhs) on this account has been debited to Share Premium Account.

25. (a) During the year, the Company has raised Rs.28,98.00 lakhs through preferential issue of equity shares being 90% of the total amount due against conversion of 1,40,00,000 warrents (issued in earlier year) into 140.00 lakhs equity share of face value of Re. 1 each at a price of Rs. 23.00 per share and the same have been utilized for business purposes including working capital requirements of the Company.

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

- (b) During the year the Company through Qualified Institutional Placements has 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 and upto five years from the date of allotment 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.
- 26.** The company during the financial year 2007-08, had allotted 4,08,37,146 convertible warrants to promoters and others at predetermined conversion prices for which the option was not exercised till last date of its conversion. Accordingly the said warrants stands cancelled and the amount of Rs. 30,94.71 lakhs received upfront from the warrant holders has been forfeited and credited to the Capital Reserve during the year.
- 27.** The Marked-to-Market losses on derivative contract as at March 31, 2010 stood at Rs. 1,02.90 lakhs (previous year Rs. 26,32.75 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.
- 28 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) Information on other joint venture

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

(Rs. in lakhs)

	2009-10	2008-09
(ii) Contingent liabilities in respect of Joint Ventures.		
a. Guarantee given by banks on behalf of the Company	27,44.35	27,45.47
(iii) Interest in assets, liabilities, income and expenses with respect to jointly controlled entities.		
A) Assets :		
a) Fixed Assets (Net Block) :	0.48	-
Capital Work-in-Progress	5,95.47	5,64.56

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

(Rs. in lakhs)

	2009-10	2008-09
b) Current Assets, Loans And Advances		
Cash & Bank Balances	8.91	24.13
Loans & Advances	1.69	-
c) Miscellaneous Expenditure	2.01	2.01
B) Liabilities :		
a) Current Liabilities	1.20	2.70

- 29.** As regards construction contracts in progress as on 31.03.2010, 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. 4,34,45.65 lakhs, Rs. 9,35.54 lakhs and Rs.13,68.23 lakhs respectively.(Previous Year Rs. 5,64,21.66 lakhs, Rs. 22,62.41 lakhs and Rs.16,71.28 lakhs respectively).
- 30.** 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. 4,50.45 lakhs (Previous Year Rs. 4,88.76 lakhs).
- 31.** During the year, the Company has incurred Rs. 80.93 lakhs (previous year Rs 58.89 lakhs) on account of research and development expenses which has been charged to profit and loss account.
- 32.** 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. N C Bahl (Director) Resigned during the year
 - Mr. S Y Rajagopalan (Director)
 - Smt. Uma Kejriwal - mother of Mr. Umang Kejriwal, Managing Director
 - Smt Usha Bahl - wife of Mr. N.C. Bahl
 - Mr. S.Y. Ganapathy - brother of Mr. S.Y. Rajagopalan, Director
 - Mr. Vyas Mitre Ralli (Wholetime Director)
 - Mr. Rama Shankar Singh (Wholetime Director)
 - Mr. Mahendra Kumar Jalan (Wholetime Director)

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

5) Enterprise where KMP/Relatives of KMP have significant influence or control

Global Exports Ltd.
 Badrinath Industries Ltd.
 Akshay Ispat & Ferro Alloys Pvt. Ltd.
 Acharya Multicon Pvt. Ltd.
 Flora Constuctions Pvt. Ltd.
 Highrise Multicon Pvt. Ltd.
 Kabir Projects Pvt. Ltd.
 New City Enclave Pvt. Ltd.
 Nilmoni Developers Pvt. Ltd.
 Paramount Tracom Pvt. Ltd.
 Stewart Agencies Pvt. Ltd.
 Tulsi Highrise Pvt. Ltd.
 Wilcox Merchants Pvt. Ltd.
 Nimpith Developers Pvt. Ltd.
 Royal Multicon Pvt. Ltd.
 Samar Properties Pvt. Ltd.
 Tulip Fabicon Pvt. Ltd.
 Murari Investment & Trading Company Ltd.
 Electrosteel Thermal Coal Ltd.
 Biswa Microfinance Pvt. Ltd.
 Electrocast Sales India Ltd

B) Related Party Transaction

(Rs. in lakhs)

	Subsidiary	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.10	Outstanding as on 31.03.09
Sale								
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	-
Total	36,462.08	3,381.56	-	-	0.11	39,843.74	22,570.65	-
Previous Year								
Electrosteel Europe SA	21,641.13	-	-	-	-	21,641.13	-	11,110.05
Electrosteel Algeria SPA	10,142.31	-	-	-	-	10,142.31	-	8,082.20
Singardo International Pte Ltd.	2,999.55	-	-	-	-	2,999.55	-	1,324.60
Electrosteel Castings (UK) Limited	5,389.25	-	-	-	-	5,389.25	-	3,003.36
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	-	-	-	-	14.97
Lanco Industries Ltd.	-	14,562.51	-	-	-	14,562.51	-	4,637.26
Interest Received								
Lanco Industries Ltd.	-	62.77	-	-	-	62.77	-	-
Previous Year	-	806.06	-	-	-	806.06	-	17.66
Purchase								
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	-	-
Total	15.64	4,123.04	-	-	123.72	4,262.40	350.79	-
Previous Year								
Lanco Industries Ltd.	-	8,831.28	-	-	-	8,831.28	-	146.30
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	-	954.59	954.59	-	-

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

B) Related Party Transaction

(Rs. in lakhs)

	Subsidiary	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.10	Outstanding as on 31.03.09
Job Charges Received								
Electrosteel Steels Limited	-	199.74	-	-	-	199.74	(433.79)	-
Lanco Industries Ltd.	-	2.22	-	-	-	2.22	2.22	-
Total	-	201.96	-	-	-	201.96	(431.57)	-
Previous Year								
Electrosteel Steels Limited	-	4,106.78	-	-	-	4,106.78	-	(489.96)
Remuneration								
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	-
Total	-	-	-	1,045.82	-	1,045.82	825.80	-
Previous Year								
Mr. Umang Kejriwal (MD)	-	-	-	241.07	-	241.07	-	200.00
Mr. Mayank Kejriwal (JMD)	-	-	-	238.17	-	238.17	-	200.00
Mr. Uddhav Kejriwal (Director)	-	-	-	213.96	-	213.96	-	170.00
Mr. N C Bahl (Director)	-	-	-	107.61	-	107.61	-	36.90
Ms. Priya Sakhi Kejriwal	-	-	-	10.37	-	10.37	-	-
Rent Paid								
Global Exports Ltd.	-	-	-	-	15.00	15.00	-	-
Badrinath Industries Ltd.	-	-	-	-	15.00	15.00	-	-
Others	-	-	-	-	113.59	113.59	-	-
Total	-	-	-	-	143.59	143.59	-	-
Previous Year								
Global Exports Ltd.	-	-	-	-	14.98	14.98	-	-
Badrinath Industries Ltd.	-	-	-	-	15.00	15.00	-	-
Others	-	-	-	-	113.51	113.51	-	-
Service Charges Paid								
Global Exports Ltd.	-	-	-	-	39.06	39.06	-	-
Previous Year	-	-	-	-	-	-	-	-
Global Exports Ltd.	-	-	-	-	36.69	36.69	-	0.26
Loan								
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	-
Total	3,319.84	-	-	-	-	3,319.84	3,319.84	-
Previous Year								
Electrosteel Europe SA	4,768.58	-	-	-	-	4,768.58	-	-
Lanco Industries Ltd.	-	6,000.00	-	-	-	6,000.00	-	-
Reimbursements								
Electrosteel USA, LLC	189.15	-	-	-	-	189.15	-	-
Singardo International Pte Ltd.	7.09	-	-	-	-	7.09	-	-
Electrosteel Europe SA	16.75	-	-	-	-	16.75	-	-
Total	212.98	-	-	-	-	212.98	-	-
Previous Year								
Electrosteel Thermal Power Limited	-	-	-	-	5.27	5.27	-	5.27
North Dhadhu mining Company Pvt. Ltd.	-	-	3.80	-	-	3.80	-	3.80
Electrosteel Steels Limited	-	323.21	-	-	-	323.21	-	51.81
Share Application Money Paid								
Electrosteel USA, LLC	378.69	-	-	-	-	378.69	-	-
North Dhadhu Mining Company Pvt. Ltd.	-	-	24.25	-	-	24.25	24.25	-
Electrosteel Steels Limited	-	26,000.00	-	-	-	26,000.00	-	-
Biswa Microfinance Pvt. Ltd.	-	-	-	-	30.00	30.00	-	-
Total	378.69	26,000.00	24.25	-	30.00	26,432.94	24.25	-
Previous Year								
Electrosteel Steels Limited	-	13,000.00	-	-	-	13,000.00	-	27,517.50
Corporate Guarantee and Standby Letter of Credit								
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	-
Total	13,284.53	-	-	-	-	13,284.53	16,941.41	-
Previous Year								
Electrosteel Europe SA	-	-	-	-	-	-	-	5,509.48
Electrosteel Castings (UK) Limited	8,200.00	-	-	-	-	8,200.00	-	1,816.41
Lanco Industries Ltd.	-	-	-	-	-	-	-	4,825.00
Electrosteel Algeria SPA	-	-	-	-	-	-	-	308.00
Singardo International Pte Ltd.	-	-	-	-	-	-	-	1,332.98
Bank Guarantee								
North Dhadhu mining Company Pvt. Ltd.	-	-	-	-	-	-	2,745.47	-
Previous Year								
North Dhadhu mining Company Pvt. Ltd.	-	-	2,745.47	-	-	2,745.47	-	2,745.47

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

B) Related Party Transaction

(Rs. in lakhs)

	Subsidiary	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.10	Outstanding as on 31.03.09
Investment								
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	-
Total	378.69	53,517.50	-	-	31.50	53,927.69	79,101.28	-
Previous Year								
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.	-	343.47	-	-	-	343.47	-	6,333.53
Electrosteel Steels Limited	-	16,478.50	-	-	-	16,478.50	-	16,482.50
North Dhadhu mining Company Pvt. Ltd.	-	-	588.00	-	-	588.00	-	588.00
Electrocast Sales India Ltd	-	-	-	-	-	-	-	0.51
Domco Private Limited	-	-	-	-	-	-	-	30.00
Commission								
Electrosteel Europe SA	13.22	-	-	-	-	13.22	13.22	-
Total	13.22	-	-	-	-	13.22	13.22	-
Previous Year								
Security Deposits								
Lanco Industries Ltd.	-	(32.52)	-	-	-	(32.52)	4,435.96	-
Electrosteel Thermal Coal Ltd.	-	-	-	-	(45.00)	(45.00)	185.00	-
Others	-	-	-	-	-	-	-	-
Total	-	(32.52)	-	-	(45.00)	(77.52)	4,620.96	-
Previous Year								
Lanco Industries Ltd.	-	885.11	-	-	-	885.11	-	4,470.59
Electrosteel Thermal Coal Ltd.	-	-	-	-	-	-	-	230.00
Others	-	-	-	-	-	-	-	557.50
Interest Paid								
Lanco Industries Ltd.	-	87.48	-	-	-	87.48	-	-
Previous Year	-	-	-	-	-	-	-	-
Dividend Received								
Singardo International Pte Ltd.	9.95	-	-	-	-	9.95	-	-
Lanco Industries Ltd.	-	193.01	-	-	-	193.01	-	-
Total	9.95	193.01	-	-	-	202.96	-	-
Previous Year								
Lanco Industries Ltd.	-	185.51	-	-	-	185.51	-	-
Rent Receipts								
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	-
Total	-	77.28	-	-	5.25	82.53	0.40	-
Previous Year								
Electrosteel Steels Limited	-	76.88	-	-	-	76.88	-	7.07
Murari Investment & Trading Company Ltd.	-	-	-	-	4.80	4.80	-	0.44
Lanco Industries Ltd.	-	0.36	-	-	-	0.36	-	-
Service Charges Received								
Electrosteel Steels Limited	-	9.18	-	-	-	9.18	-	-
Previous Year	-	8.55	-	-	-	8.55	-	0.84
Sale of Fixed Assets								
Electrosteel Steels Limited	-	0.42	-	-	-	0.42	-	-
Lanco Industries Ltd.	-	28.01	-	-	-	28.01	-	-
Total	-	28.43	-	-	-	28.43	-	-
Previous Year								
Electrosteel Steels Limited	-	1.50	-	-	-	1.50	-	1.50
Sale of DEPB								
Electrosteel Steels Limited	-	24.19	-	-	-	24.19	-	-
Total	-	24.19	-	-	-	24.19	-	-
Previous Year								
Electrosteel Steels Limited	-	96.07	-	-	-	96.07	-	-
Lanco Industries Ltd.	-	8.07	-	-	-	8.07	-	-

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

33. 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	126 (169)	106.76 (122.75)			4672 (4274)	4832.31 (5519.67)	143 (126)	117.59 (106.76)
2)	C.I. Spun Pipes	MT	3157 (1499)	1097.79 (396.93)			41996 (38173)	16318.05 (17752.40)	1812 (3157)	530.63 (1097.79)
3)	D.I. Spun Pipes	MT	5160 (4498)	1759.95 (1347.18)			233448 (251161)	112194.41 (120117.27)	7175 (5160)	2351.73 (1759.95)
4)	Pig Iron	MT	1447 (1943)	321.88 (303.95)			215062 (247021)	1217.80 (3430.48)	7541 (1447)	1398.85 (321.88)
5)	Metallurgical Coke	MT	8587 (4666)	1865.27 (400.68)			121002 (129628)	-	28622 (8587)	4790.36 (1865.27)
6)	Sponge Iron	MT	562 (748)	131.65 (105.63)			30454 (37499)	557.10 (1992.05)	1381 (562)	256.08 (131.65)
7)	Others including produced scrap	MT	-	-			-	4884.23 (8911.96)	-	-
b) Other Products										
i)	Rubber Gaskets****			421.69 (238.67)				2.49 (0.93)		311.63 (421.69)
ii)	Pipe Fittings****			170.14 (110.65)						177.95 (170.14)
c) Turnkey Contracts							3818.93 (13898.01)			
d) Traded Product										
a)	Purchased D I Pipes		-	-	3862 (6007)	1600.10 (2230.79)	3277 (6409)	1363.03 (3119.66)	585	276.98
b)	DI Fittings		-	-	18 (151)	9.08 (165.44)	18 (151)	32.70 (89.80)	-	-
c)	Iron Ore		-	-	4679 (66079)	38.13 (604.92)	4679 (66079)	53.34 (834.92)	-	-
d)	Coke / Coal		-	-	16995 (100779)	1389.72 (13920.63)	16995 (100779)	1389.72 (13890.38)	-	-
e)	Misc Items - Turnkey Contracts # #					205.95 (1719.82)				
			5875.14 (3197.92)		4951.00 (20569.40)		146664.11 (189557.52)		10211.78 (5875.14)	

* Turnover includes gain on exchange difference of Rs.15,92.75 lakhs (Previous year Rs.5959.89 lakhs exchange loss).

Turnover in quantity of D.I. Fittings and D.I. Spun Pipes include 17,612 mt. (previous year 10,959 mt.) and 3142.41 mt. (previous year 4562.41 mt. respectively used in turnkey contract. Turnover in quantity of Pig Iron, Metallurgical Coke and Sponge Iron include 204926.54 mt (previous year 235977.161 mt), 108564.66 mt (previous year 113333 mt) and 27379.63 mt (previous year 27209.29 mt) respectively used for captive consumption.

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.)

- 34 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)	95949.34 (141637.85)	50714.77 (47919.68)	146664.11 (189557.52)
Sundry Debtors and other assets	290038.49 (236133.49)	27193.45 (34542.52)	317231.94 (270676.01)

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

35 Raw Materials Consumed :

	CURRENT YEAR		PREVIOUS YEAR	
	Quantity MT	Value Rs.in lakhs	Quantity MT	Value Rs.in lakhs
a) Iron Ore	4,68,597 ϕ	11114.54	5,33,090	18900.99
b) Hard Coke	42,270 *	4884.30	62,701	11210.93
c) Coal	2,55,922 \$	22842.03	2,63,449	25912.79
d) Pig Iron	31,491 **	5795.08	16,074	4055.12
e) MS Scrap	4,550	856.84	8,149	2033.84
f) C.I.Scrap	2,735	363.66	5,818	1367.01
g) Ferro Silicon	4,988 @	2694.54	4,936	3006.18
h) Others	-	9361.31	-	12184.32
		57912.30		78671.18

ϕ Consumption includes Nil (Previous Year Rs.8.49 lakhs) being cost of Nil (Previous Year Rs.178.83 lakhs) sold during the year

* Excluding 1,08,564.66 Mt (Previous Year 1,13,332.66 Mt) internally manufactured and consumed.

Consumption of Hard Coke, Pig Iron and MS Scrap include Rs. nil (previous year Rs. 546.35 lakhs) being cost of nil (previous year 3310.44 Mt), Rs. 8.58 lakhs being cost of 49.82 Mt (previous year nil), Rs. 23.92 lakhs (previous year Rs. 1,34.77 lakhs) being cost of 135.63 Mt (previous year 511.31 Mt), respectively sold during the year.

\$ includes 23091 Mt (previous year 8984.44 Mt) of coal consumed during preoperative period.

** Excluding 2,00,857.21 Mt & 4,069.39 Mt (Previous year 2,28,435.80 Mt, 3128.461 Mt & 4,412.90 Mt) captively consumed in DIP, CIP & DI Fittings respectively.

@ includes Nil (Previous year Rs. 2.63 lakhs) being the cost Nil (Previous year 5 Mt) sold during the year.

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

36. Information in respect of Goods produced/manufactured :

(In Tonnes)

	Installed Capacity*		Production	
	As on 31-Mar-10	As on 31-Mar-09	Current Year	Previous Year
C. I. Spun Pipes	90,000	1,20,000	40,651	39,831
D. I. Spun Pipes	280,000	2,80,000	2,35,463	251,823
D.I.Fittings	5,000	5,000	4,683	4,230
Pig Iron**	250,000	2,50,000	2,18,027	249,653
Metallurgical Coke #	295,000	2,25,000	140,922	132,406
Sponge Iron ***	60,000	60,000	31,273	37,313

* As Certified by Management.

** Includes 2,00,857.11 Mt & 4,069.43 Mt (Previous year 2,28,435.780 Mt & 4,412.9 Mt)captively cosumed in DIP & DI Fittings respectively.

Including 1,08,564.66 Mt (Previous Year 1,13,332.661 Mt) internally manufactured and consumed.

*** Includes 27,379.63 Mt (Previous Year 27,209.290 Mt) captively consumed in DIP.

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

	Current Year Rs.in lakhs	Previous Year Rs.in lakhs
37. C.I.F. Value of Imports		
(a) Raw Materials	20342.67	33144.80
(b) Spare Parts & Components	3378.71	1854.57
(c) Capital Goods	4773.82	3885.82
38. Expenditure in Foreign Currency: \$		
(a) Travelling Expenses	146.60	136.86
(b) Journals & Periodicals	0.46	0.48
(c) Technical/Consultancy Fees	248.57	350.06
(d) Interest Paid	1366.47	2154.92
(e) Commission	393.30	304.49
(f) Others	3401.62	2546.44
(g) Payment of Dividend on Equity Shares in foreign currency*		
- No. of Non-Resident holders	2	-
- No. of shares held	27480414	-
- Dividend	348.58	-

* Excluding Rs. 153.97 lakhs (Previous year - Rs.1.92 lakhs) remitted to 466 (Previous year - 404) non-resident shareholder's [holding 12317646 shares (Previous year - 769749 shares)] Bankers/Mandatee in India.

Schedules Forming Part of Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

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

	Current Year		Previous Year	
	Rs. in lakhs	%	Rs. in lakhs	%
RAW MATERIALS				
Imported	27642.92	47.73	32649.19	41.50
Indigenous	30269.37	52.27	46022.01	58.50
	57912.29	100.00	78671.20	100.00
SPARE PARTS & COMPONENTS				
Imported	2549.38	23.58	2056.31	20.87
Indigenous	8262.53	76.42	7796.66	79.13
	10811.91	100.00	9852.97	100.00

40. Earnings in Foreign Exchange :

	Current Year Rs.in lakhs	Previous Year Rs.in lakhs
(a) FOB Value of Exports	49524.72	44008.09
(b) Interest	53.84	367.60
(c) Others	459.90	4547.39

41. 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 14, 2010

For and on behalf of the Board

Chairman

P. K. Khaitan

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, 2010	15

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

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	3,94.51

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

Total Liabilities	Total Assets
31,72,31.95	31,72,31.95

Sources of Funds

Paid-up Capital	Other liabilities	Reserves & Surplus
32,67.53	46,97.12	15,51,09.86
Secured Loans		Unsecured Loans
11,29,73.79		1,12,19.23

Application of Funds

Net Fixed Assets		Investments
9,15,58.57		10,23,96.03
Net Current Assets	Misc. Expenditure	Accumulated Losses
9,33,12.93	NIL	NIL

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

Turnover	Total Expenditure	Earnings per Share in Rs.
14,66,64.11	12,71,46.34	6.45
Profit/Loss Before Tax	Profit/Loss After Tax	Dividend Rate %
3,07,91.67	2,06,28.89	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 14, 2010

For and on behalf of the Board
Chairman P. K. Khaitan
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, 2010	Twelve months ended 31st March, 2010	Twelve months ended 31st March, 2010	Twelve months ended 31st March, 2010	Twelve months ended 31st March, 2010
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	100,000	150,000	80,000	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	Singapore \$	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	1,916	451,730	165,091	(212,486,850)	(243,644)
(ii) For the previous financial years of the Subsidiary since it became the Holding Company's Subsidiary	188,980	661,748	166,889	88,475,428	Nil
4. Material changes, if any, between the end of the financial year of the Subsidiary Company and that of the Holding Company	NA	NA	NA	NA	NA

Notes :

- * Towards 100% Capital Contribution.

For and on behalf of the Board

Chairman P. K. Khaitan

Managing Director U. Kejriwal

Director Uddhav Kejriwal

Company Secretary Jyoti Jain

Kolkata
May 14, 2010

Auditors' Report

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

1. We have audited the attached Consolidated Balance Sheet of Electrosteel Castings Limited (the Company), its subsidiaries, joint ventures and associate as at 31st March 2010 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.37428.34 Lakhs as at 31st March 2010, total revenue of Rs.52122.83 lakhs and net cash flows of Rs.1758.73 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.608.59 Lakhs as at 31st March 2010, total revenue of Rs. NIL and net cash flows of Rs.8.90 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, 2010 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, 2010;
 - 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.

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

Place: Kolkata
Date : 14th May, 2010
14, Government Place East
Kolkata- 700 069

H. K. Verma
Partner
Membership No : 55104

Consolidated Balance Sheet

as at March 31, 2010

	Schedule	Rs. in lakhs	As at March 31, 2010 Rs. in lakhs	As at March 31, 2009 Rs. in lakhs
Sources of Funds				
Shareholders' Funds				
Capital	1	32,67.53		28,73.02
Share Warrants		-		34,16.71
Share Application Money		-		96,71.16
Reserves and Surplus	2	15,87,97.07		12,41,39.56
			16,20,64.60	14,01,00.45
Loan Funds				
Secured Loans	3	11,30,34.98		9,06,75.96
Unsecured Loans	4	1,67,89.74		1,94,56.30
			12,98,24.72	11,01,32.26
Minority Interest			4,93.59	4,31.26
Deferred Tax Liabilities (Net)			46,87.10	36,93.63
			29,70,70.01	25,43,57.60
Application of Funds				
Fixed Assets	5			
Goodwill on Consolidation			2,26.81	2,26.57
Gross Block		8,57,92.91		7,95,54.00
Less: Depreciation		3,22,36.22		2,79,25.85
Net Block		5,35,56.69		5,16,28.15
Capital Work-in-Progress		3,96,91.49		3,01,73.40
			9,32,48.18	8,18,01.55
Investments	6		10,67,40.06	4,66,39.90
Current Assets, Loans and Advances				
Inventories	7	4,95,91.41		4,77,08.23
Sundry Debtors	8	2,97,55.29		5,58,12.14
Cash and Bank Balances	9	2,98,60.16		95,40.51
Loans and Advances	10	2,08,18.00		4,40,69.86
		13,00,24.86		15,71,30.74
Less:				
Current Liabilities and Provisions	11			
Liabilities		2,13,14.51		1,86,39.65
Provisions		1,18,57.40		1,28,03.52
		3,31,71.91		3,14,43.17
Net Current Assets			9,68,52.95	12,56,87.57
Miscellaneous Expenditure (To the extent not written off or adjusted)			2.01	2.01
			29,70,70.01	25,43,57.60
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 14, 2010

For and on behalf of the Board

Chairman P. K. Khaitan

Managing Director U. Kejriwal

Director Uddhav Kejriwal

Company Secretary Jyoti Jain

Consolidated Profit & Loss Account

for the year ended March 31, 2010

	Schedule	Rs. in lakhs	Year ended March 31, 2010 Rs. in lakhs	Year ended March 31, 2009 Rs. in lakhs
Income				
Sales		16,18,64.16		20,04,75.84
Less: Excise Duty		37,86.64		57,53.33
		15,80,77.52		19,47,22.51
Increase/(Decrease) in Finished and Process Stock	12	10,31.65		66,79.66
Other Income	13	1,17,33.23		85,50.02
			17,08,42.40	20,99,52.19
Expenses				
Purchases		77,34.05		2,65,85.98
Raw Materials Consumed	14	5,79,12.29		7,86,71.20
Manufacturing and Other Expenses	15	6,34,23.53		6,97,68.31
Interest	16	52,19.71		1,03,19.93
Depreciation		53,50.72		53,40.30
			13,96,40.30	19,06,85.72
Profit Before Taxation			3,12,02.10	1,92,66.47
Provision for Income Tax				
Current		95,23.74		52,22.60
Deferred		9,93.47		17,03.56
Fringe Benefit		—	1,05,17.21	1,10.00
Profit after Taxation			2,06,84.89	1,22,30.31
Add Share of profit in Associate		28,45.38		8,57.41
Add/(Less): Share of unrealised profit		(36.74)	28,08.64	5,63.50
Net Profit Before Minority Interest			2,34,93.53	1,36,51.22
Minority Interest			68.97	1,19.47
Net Profit			2,34,24.56	1,35,31.75
Balance brought forward from previous year		91,09.14		73,80.26
Less: Dividend paid for previous year		1,75.00		1.32
Tax on dividend paid for previous year		29.74	89,04.40	0.22
			3,23,28.96	2,09,10.47
Transfer from Debenture Redemption Reserve			-	45,00.00
Profit available for appropriation			3,23,28.96	2,54,10.47
Appropriations				
Transfer to :				
Debenture Redemption Reserve		27,00.00		10,00.00
Legal reserve		5.06		28.76
General Reserve		1,23,88.06		1,06,98.76
Proposed dividend		40,84.41		39,09.41
Tax on Dividend		6,78.37		6,64.40
			1,98,55.90	1,63,01.33
Balance carried to Balance sheet			1,24,73.06	91,09.14
Basic Earning per Share			7.32	4.76
Diluted Earning per Share			6.78	4.49
Number of shares used in computing Earning per share				
Basic			319,837,491	284,054,880
Diluted			345,696,047	319,243,201

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 AccountantsH. K. Verma
PartnerKolkata
May 14, 2010

For and on behalf of the Board

Chairman

P. K. Khaitan

Managing Director

U. Kejriwal

Director

Uddhav Kejriwal

Company Secretary

Jyoti Jain

Consolidated Cash Flow Statement

for the year ended March 31, 2010

(Rs. in lakhs)

	Year ended March 31 2010	Year ended March 31 2010	Year ended March 31 2009	Year ended March 31 2009
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Taxes		3,12,02.10		1,92,66.47
Add : Depreciation/Amortisation/Written off	53,55.40		53,40.30	
Foreign Exchange (gain) / loss	(1,00,73.45)		6.75	
Bad Debt and Provisions for Doubtful Debt	19,33.47		33,84.13	
Pipe mould written off	1,25.39		1,32.47	
Provision for others	33,40.00		—	
Dividend	(9.95)		—	
Provision for losses on mark to market basis on derivative transactions	1,02.90		31,51.43	
Interest	50,71.61	58,45.37	1,03,19.93	2,23,35.01
		3,70,47.47		4,16,01.48
Less: Interest Received	2,33.58		13,32.28	
Income from Investment	6,79.66		3,63.43	
Miscellaneous Income	—		3.96	
Foreign Exchange Gain	4,32.04		—	
Provisions / Liabilities no longer required written back	30,45.35		29,15.13	
Profit/(Loss) on sale of Fixed Assets (Net)	(5,18.27)	38,72.36	29.40	46,44.20
Operating Profit before Working Capital changes		3,31,75.11		3,69,57.28
Less: Increase/(Decrease) in Inventories	18,83.19		36,21.01	
Increase/(Decrease) in Trade Receivables	(2,47,03.57)		1,64,21.49	
Increase/(Decrease) in Loans & Advances	72,87.32		(97,10.13)	
(Increase)/Decrease in Trade Payables	(16,48.97)	(1,71,82.03)	57,02.70	1,60,35.07
Cash generation From Operations		5,03,57.14		2,09,22.21
Less: Direct Taxes paid		1,14,95.69		43,59.07
Net cash flow from Operating activities		3,88,61.45		1,65,63.14
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets / movements in Capital work in progress	(1,78,29.92)		(3,01,88.81)	
Share Application money paid	(24.25)		(1,30,00.00)	
Fixed Assets sold/discarded	4,39.65		1,11.16	
(Purchase)/Sale of Investment (net)	(3,07,24.27)		(1,77,33.72)	
Interest Received	2,36.71		16,99.11	
Dividend received	8,82.49	(4,70,19.59)	5,39.20	(5,85,73.06)
Net Cash flow from Investing activities		(4,70,19.59)		(5,85,73.06)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of share capital	14,48.43		24,63.75	
Proceeds/(Repayment) from borrowings	(1,83,47.95)		3,45,91.18	
Proceeds from share warrants	10,07.05		3,22.00	
Proceeds from share application money	19.60		96,71.16	
Redemption / Repayment of Debentures/Term Loan	5,42,71.01		(99,59.81)	
	3,83,98.14		3,70,88.28	
Interest Paid	(53,13.44)		(48,93.83)	
Dividend paid	(40,73.75)		(7,13.10)	
Dividend paid to Minority	(6.63)		—	
Tax on Dividend	(6,94.15)	2,83,10.17	(1,19.41)	3,13,61.94
Net cash flow from Financing activities		2,83,10.17		3,13,61.94
Cash & Cash equivalents (A+B+C)		2,01,52.03		(1,06,47.98)
Cash & Cash equivalents as at 1st April		95,40.51		1,84,21.68
Add / (Less) : Unrealised exchange gain / (loss) on Bank balances, ECB Proceeds (net)		1,67.62		17,66.81
Cash & Cash equivalents as at March 31		2,98,60.16		95,40.51
Note : 1) Cash and Cash equivalents represents cash in hand and deposits/balances with Banks		2,98,60.16		95,40.51
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 Accountants
H. K. Verma
Partner
Kolkata
May 14, 2010

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

Schedules

Forming Part of Consolidated 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)

Issued, Subscribed and Paid up :

32,67,52,705 equity shares of Re 1/- each
(Previous year - 28,73,02,291 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

As at March 31, 2010 Rs. in lakhs	As at March 31, 2009 Rs. in lakhs
50,00.00	50,00.00
32,67.53	28,73.02
32,67.53	28,73.02

SCHEDULE 2**RESERVES AND SURPLUS :****(A) CAPITAL RESERVE**

Capital subsidy as per last account
Others
Add: Amount forfeited on warrants not exercised
(Refer note no. 25 of schedule 17)
Amount received on issue of warrants
(Refer note no. 24 (b) of schedule 17)

(B) DEBENTURE REDEMPTION RESERVE

As per last account
Add: Transfer from Profit and Loss account

Less: Transfer to Profit and Loss account

(C) LEGAL RESERVE

As per last account
Add: Transfer from Profit and Loss account

(C) GENERAL RESERVE

As per last account
Add: Transfer from Profit and Loss account

(D) SHARE PREMIUM ACCOUNT

As per last account
Add: Premium on issue of shares

Less: Provision for premium on redemption of ZCCB

(E) PROFIT AND LOSS ACCOUNT

As at March 31, 2010 Rs. in lakhs	As at March 31, 2009 Rs. in lakhs
66.01	66.01
30,94.71	-
10,07.05	-
41,67.77	66.01
10,00.00	45,00.00
27,00.00	10,00.00
37,00.00	55,00.00
-	45,00.00
37,00.00	10,00.00
28.76	-
5.06	28.76
33.82	28.76
6,38,74.52	5,31,75.76
1,23,88.05	1,06,98.76
7,62,62.57	6,38,74.52
5,00,61.13	4,81,31.61
1,24,96.65	28,93.92
6,25,57.78	5,10,25.53
3,97.93	9,64.40
6,21,59.85	5,00,61.13
1,24,73.06	91,09.14
15,87,97.07	12,41,39.56

Schedules

Forming Part of Consolidated Accounts

SCHEDULE 3

SECURED LOANS

	As at March 31, 2010 Rs. in lakhs	As at March 31, 2009 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	-
External Commercial Borrowing from Banks	3,47,89.76	1,01,44.00
Term Loan from Export Import Bank of India	2,50,00.00	1,83,66.00
Working Capital facility from Banks:		
Indian currency	1,20,91.56	59,92.08
Foreign Currency	95,92.47	4,51,51.53
Floating rate Non Convertible Debentures	15,00.00	-
Other Loan from Body Corporate/ Banks	61.19	19,22.35
	<u>11,30,34.98</u>	<u>9,06,75.96</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) to be 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 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.
- Floating rate Non-Convertible Debentures have been issued for a tenure of 88 days with daily put and call option and are to be secured by way of charge over fixed assets of the company. However, these debentures have since been redeemed before creation of security.

SCHEDULE 4

UNSECURED LOANS

	As at March 31, 2010 Rs. in lakhs	As at March 31, 2009 Rs. in lakhs
Zero Coupon Convertible Bonds (ZCCB)	91,80.01	1,03,72.24
Short Term Loans		
Buyers Credit from a Bank	20,39.22	-
Packing Credit from a Bank	-	16,48.40
Other Loans(Short Term)	55,70.51	74,35.66
	<u>1,67,89.74</u>	<u>1,94,56.30</u>

Schedules

Forming Part of Consolidated Accounts

SCHEDULE 5 (i)**FIXED ASSETS :**

(Rs. in lakhs)

Description	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Cost as on 1-Apr-2009	Additions	Sales/ Adjustments	Cost as on 31-Mar-2010	Upto 31-Mar-2009	For the year	Sales/ Adjustment	Upto 31-Mar-2010	As on 31-Mar-2010	As on 31-Mar-2009
1	2	3	4	5	6	7	8	9	10	11
LAND-FREEHOLD	32,26.23	4,55.86	21.59	36,60.50	-	-	-	-	36,60.50	32,26.23
LAND-LEASEHOLD	17,06.85	5.53	-	17,12.38	50.65	14.53	-	65.18	16,47.20	16,56.20
BUILDINGS	92,87.33	3,13.40	-	96,00.73	32,72.76	4,67.54	-	37,40.30	58,60.43	60,14.57
RAILWAY SIDING	2,53.94	-	-	2,53.94	28.65	31.30	-	59.95	193.99	2,25.29
PLANT AND MACHINERY	6,28,79.20	85,29.44	32,31.72	6,81,76.92	2,35,88.66	55,81.38	19,69.60	2,72,00.44	4,09,76.48	3,92,90.54
FURNITURE AND FIXTURES	6,71.16	34.36	-	7,05.52	3,49.37	72.59	-	4,21.96	2,83.56	3,21.79
VEHICLES	10,14.94	2,34.31	1,28.72	11,20.53	5,19.49	1,15.93	1,08.87	5,26.55	5,93.98	4,95.45
INTANGIBLE ASSETS (COMPUTERS SOFTWARES)	5,13.24	47.51	-	5,60.75	1,16.27	1,05.52	-	2,21.79	3,38.96	3,96.97
LIVESTOCK	1.11	-	-	1.11	-	-	-	-	1.11	1.11
Total	7,95,54.00	96,20.41	33,82.03	8,57,92.38	2,79,25.85	63,88.79	20,78.47	3,22,36.17	5,35,56.21	5,16,28.15
Share of Joint Venture- (Note 4 (b) - Schedule 17)	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings Computers	-	0.35 0.18	-	0.35 0.18	-	0.05	-	0.05 0.00	0.30 0.18	-
Total	-	0.53	-	0.53	-	0.05	-	0.05	0.48	-
Grand Total	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
Previous Year	6,40,22.90	1,62,08.27	6,77.17	7,95,54.00	2,26,10.71	57,78.09	4,62.95	2,79,25.85	5,16,28.15	

Notes :

- Adjustment to Plant and Machinery includes Rs.nil (Previous Year Rs. 96.91 lakhs) on account of exchange differences.
- Plant and Machinery includes Rs. 3,40.87 lakhs (Previous year Rs.3,40.87 lakhs) being contribution to CESC Limited, for laying the Power line, the ownership of which does not vest with the company.
- Depreciation includes Rs.10,38.12 lakhs (Previous year Rs.4,37.79 lakhs) transferred to Pre-operative expenses.
- Leasehold Land of Rs.9,47.26 lakhs(Previous Year Rs.9,47.26 lakhs) is pending execution of lease agreement and registration thereof.
- Freehold land acquired during the year includes Rs. 7,02.49 lakhs (Previous year Rs.2,76.22 lakhs) in respect of which the execution of conveyance deeds is under process.
- Plant and Machinery include 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

3,90,96.03

2,96,08.84

Share of Joint Venture (Note 4(b), Schedule 17)

5,95.46

5,64.56

Total**3,96,91.49****3,01,73.40**

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, 2010		As at March 31, 2009	
		Holding Nos.	Rs. in lakhs	Holding Nos.	Rs. in lakhs
EQUITY SHARES					
(A) Trade Investments					
Quoted					
Mukand Limited (Face value of Rs.10/- each)		82	0.00	82	0.00
Mahindra Ugine Steel Co. Ltd.(Face value of Rs.10/- each)		75	0.01	75	0.01
Welcast Steels Limited (Face value of Rs.10/- each)		25	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	-	-
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
			0.39		0.34
(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)	1,07,97.36	19301218	1,34,13.01	19301218	1,07,97.36
Add: Share of Profits/(Losses) for the year(net)	28,08.66				
Less:Dividend Received	1,93.01				
Unquoted					
Electrosteel Steels Ltd. (Formerly Electrosteel Integrated Ltd.) (Face value Rs. 10/-each)	1,64,82.50	700000000	7,00,00.00	164825000	1,64,82.50
(Cost of acquisition including goodwill of Rs 1.77 lakhs) (Previous year Rs. 0.86 lakhs)					
Add: Carrying value of shares purchased during the year	5,35,17.50				
Electrosteel Thermal Power Ltd.(Face value of Rs.10/- each) (Cost of acquisition including goodwill of Rs 0.70 lakhs)	-	15000	1.48	-	-
Add: Carrying value of shares purchased during the year	1.50				
Add: Share of Profits/(Losses) for the year(net)	(0.02)				
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 24000/-)	5,88.00	5880000	-	-	-
Less: Proportionate consolidation	5,88.00				
Other Companies					
Electrocast Sales India Ltd.(Face value of Rs.10/- each)		1000	0.51	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
Biswa Microfinance Private Limited (Face value of Rs.10/-each)		550000	55.00	250000	25.00
			8,39,39.50		2,77,74.87
Less: Provision			4,21.10		4,21.10
			8,35,18.40		2,73,53.77

Schedules Forming Part of Consolidated Accounts

SCHEDULE 6 (Contd.)

INVESTMENTS

(Long term and fully paid up except otherwise stated)

Particulars	As at March 31, 2010		As at March 31, 2009	
	Holding Nos.	Rs. in lakhs	Holding Nos.	Rs. in lakhs
ICICI Prudential FMP 51-13 months Plan C (Purchased 10,000,000 units and sold nil units during the year)	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	-	-
ICICI Prudential FMP 51-14 months Plan D (Purchased 30,000,000 units and sold nil units during the year)	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	-	-
Reliance Fixed Horizon XIV-Series 2-16 months-Growth Option (Purchased 20,000,000 units and sold nil units during the year)	20000000	20,00.00	-	-
Reliance Fixed Horizon XIV-Series 7-26 months-Growth Option (Purchased 20,000,000 units and sold nil units during the year)	20000000	20,00.00	-	-
Current Investments (UNQUOTED)				
Birla Sunlife Savings Fund-Institutional-Daily Dividend Reinvestment (Purchased 400545150.437 units sold 487787363.120 units during the year)	2998511.138	3,00.06	90240723.821	90,30.21
LICMF Savings Plus Fund-Daily Dividend Plan (Purchased 87918652.830 units sold nil units during the year)	87918652.830	87,91.86	-	-
Reliance Medium Term Fund-Daily Dividend (Purchased 286864779.550 units sold 326438669.700 units during the year)	754566.884	1,29.00	40328457.030	68,94.35
Reliance Liquidity Fund-Daily Dividend Reinvestment Option (Purchased 679878950.496 units sold 679877470.302 units during the year)	1480.194	0.15	-	-
UTI Treasury Advantage Fund-Instl.Plan-Daily Dividend Option -Reinvestment (Face Value Rs 1000 each) (Purchased 2019125.235 units sold 1915198.451 units during the year)	199977.085	20,00.20	96050.301	9,60.71
UTI Liquid Cash Plan Institutional-Daily Income Option Reinvestment (Purchased 3574013.057 units sold 3809486.487 units during the year)	-	-	235473.430	24,00.52
UTI Fixed Income Interval Fund-Monthly Interval Plan -I Institutional Daily Dividend Plan Reinvestment (Purchased 10000000 units and sold nil units during the year)	10000000.000	10,00.00	-	-
		10,67,40.06		4,66,39.90
Book value of Quoted Investments				
Investment in mutual funds	1,10,00.00		1,92,85.79	
Other investments	1,34,13.35	2,44,13.35	1,07,97.64	3,00,83.43
Book value of Unquoted Investments				
Investment in mutual funds	1,22,21.26		-	
Other investments	7,01,05.45	8,23,26.71	1,65,56.47	1,65,56.47
		10,67,40.06		4,66,39.90
Market value of Quoted Investments		1,25,65.32		29,82.31
NAV of investments in Quoted Mutual funds		1,10,31.53		-
NAV of investments in Unquoted Mutual funds		1,22,22.03		1,92,85.79

Notes

- 500000000 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 for Electrosteel Steels Ltd.

Schedules

Forming Part of Consolidated Accounts

	As at March 31, 2010 Rs. in lakhs	As at March 31, 2009 Rs. in lakhs
SCHEDULE 7		
INVENTORIES		
As taken, valued and certified by the Management		
Stores and Spare Parts	51,18.63	47,67.40
Raw Materials	1,73,45.66	1,79,85.48
Stock-in-trade :		
Finished Stock	2,41,30.06	2,10,22.83
Process Stock	16,25.72	23,12.98
Work in Progress	24,92.60	38,80.93
Less: Progress payments received	11,21.26	22,61.39
	<u>13,71.34</u>	<u>16,19.54</u>
	<u>4,95,91.41</u>	<u>4,77,08.23</u>
SCHEDULE 8		
SUNDRY DEBTORS		
Unsecured		
Debts outstanding for a period exceeding six months		
- Considered good	46,77.13	95,72.78
- Considered doubtful	76.49	28,76.05
	<u>47,53.62</u>	<u>1,24,48.83</u>
Less: Provision for Doubtful Debts	76.49	28,76.05
	<u>46,77.13</u>	<u>95,72.78</u>
Other Debts - Considered good	2,50,78.16	4,62,39.36
	<u>2,97,55.29</u>	<u>5,58,12.14</u>
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash balance on hand	9.23	7.72
Cheques in hand	-	15.88
Bank Balances		
With Scheduled Banks :		
Current Accounts	8,89.17	15,98.53
Fixed Deposits (including interest accrued thereon)	2,70,56.48	69,86.20
	<u>2,79,45.65</u>	<u>85,84.73</u>
With Foreign Banks		
In Current Accounts	18,96.38	9,08.05
Total	<u>2,98,51.26</u>	<u>95,16.38</u>
Share of Joint Venture- (Note 4 (b) - Schedule 17)	8.90	24.13
Grand Total	<u>2,98,60.16</u>	<u>95,40.51</u>

Schedules

Forming Part of Consolidated Accounts

	As at March 31, 2010 Rs. in lakhs	As at March 31, 2009 Rs. in lakhs
SCHEDULE 10		
LOANS AND ADVANCES		
Unsecured		
Advances recoverable in cash or in kind or for value to be received		
- Considered Good	1,18,26.61	3,62,07.60
- Considered Doubtful	7,73.95	7,95.82
	1,26,00.56	3,70,03.42
Less: Provision for Doubtful Advances	7,73.95	7,95.82
	1,18,26.61	3,62,07.60
Advance Tax including tax deducted at source (net of provision) (including provision for FBT Rs. 30.17 lakhs)	5,42.14	-
Balances with Government Authorities	7,53.22	4,64.33
Other Deposits	76,94.34	73,97.93
Total	2,08,16.31	4,40,69.86
Share of Joint Venture- (Note 4 (b) - Schedule 17)	1.69	-
Grand Total	2,08,18.00	4,40,69.86
 SCHEDULE 11		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES :		
Sundry Creditors		
Dues of Micro enterprises and Small enterprises	-	-
Others	1,68,06.76	1,46,84.98
Advance From Customers	24,81.33	21,71.27
Other Liabilities	8,05.50	8,73.45
Interest accrued but not due on loans	8,65.89	6,50.42
Bank Overdraft	2,40.61	1,54.26
Unclaimed Dividend*	1,13.22	1,02.57
Total	2,13,13.31	1,86,36.95
Share of Joint Venture- (Note 4 (b) - Schedule 17)	1.20	2.70
Grand Total	2,13,14.51	1,86,39.65
 PROVISIONS :		
For Taxation (net of advance tax and tax deducted at source) [Net Fringe Benefit Tax Rs. Nil (Previous year Rs. 30.17 lakhs)]	-	11,55.44
For Dividend	40,84.41	39,09.41
For Tax on Dividend	6,78.37	6,64.40
For Redemption Premium on ZCCB	24,32.31	20,34.38
For losses on derivative transactions on mark to market basis	13,17.85	48,47.86
For Others	33,44.46	1,92.03
	1,18,57.40	1,28,03.52
	3,31,71.91	3,14,43.17

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

Schedules

 Forming Part of Consolidated Accounts

	Year ended March 31, 2010 Rs. in lakhs	Year ended March 31, 2009 Rs. in lakhs
SCHEDULE 12		
INCREASE/(DECREASE) IN FINISHED AND PROCESS STOCK		
Closing Stock :		
Finished	2,41,30.06	2,10,22.82
Process	16,25.72	23,12.98
Work in Progress	<u>24,92.60</u>	<u>38,80.93</u>
	2,82,48.38	2,72,16.73
Less : Opening Stock :		
Finished	2,10,22.82	1,50,47.14
Process	23,12.98	6,29.97
Work in Progress	<u>38,80.93</u>	<u>48,59.96</u>
	2,72,16.73	2,05,37.07
	<u>10,31.65</u>	<u>66,79.66</u>
SCHEDULE 13		
OTHER INCOME		
Rent	88.41	87.09
Income from Investments (Note 6 of Schedule 17)	6,89.61	3,63.43
Interest on Loans, Deposits, Overdue debts etc. (Gross)	2,33.58	13,32.28
[Tax deducted at Source Rs.16.02 lakhs (Previous year Rs. 2,45.23 lakhs)]		
Profit on sale/discard of Fixed Assets (Net)	-	29.40
Provision / Liabilities no longer required written back	19,56.44	2,30.18
Provision for Mark to Market losses no longer required written back	11,10.19	26,84.95
Incentives on Exports	29,86.50	27,13.41
Miscellaneous Income	46,68.50	11,09.28
	<u>1,17,33.23</u>	<u>85,50.02</u>
SCHEDULE 14		
RAW MATERIALS CONSUMED		
Opening Stock	1,79,85.48	2,08,96.39
Add : Purchases	<u>5,72,72.47</u>	<u>7,57,65.30</u>
	7,52,57.95	9,66,61.69
Less : Cost of Sales	-	5.01
Less : Closing Stock	<u>1,73,45.66</u>	<u>1,79,85.48</u>
	<u>5,79,12.29</u>	<u>7,86,71.20</u>

Schedules

Forming Part of Consolidated Accounts

SCHEDULE 15

MANUFACTURING AND OTHER EXPENSES

	Year ended March 31, 2010 Rs. in lakhs	Year ended March 31, 2009 Rs. in lakhs
Stores and Spare Parts	1,08,11.91	98,52.97
Handling and Transportation Charges	35,70.51	38,71.11
Power and Fuel	1,05,97.02	1,02,04.55
Excise Duty on Stock	56.19	(92.87)
Salaries, Wages, Bonus and Allowance etc.	1,17,83.12	1,00,86.80
Contribution to Provident and Other Fund	8,59.74	8,17.68
Employees' Welfare	4,43.97	3,59.01
Repairs:		
Machinery	3,95.60	3,29.54
Buildings	1,63.18	5.80
Others	10,81.49	8,94.04
Rates and Taxes	10,71.34	15,13.04
Rent	11,48.39	10,78.92
Insurance	6,34.65	4,82.77
Freight and Forwarding charges [net of realisation of Rs. 48,13.18 lakhs (Previous year Rs.57,23.41 lakhs)]	36,60.87	57,08.14
Commision to Selling Agents	51,35.58	38,64.60
Directors' Fees and Commission	70.65	69.88
Job charges	17,42.04	55,83.65
Provision for diminution in value of Investments	-	4,21.10
Provision for Bad and Doubtful Debts	68.56	28,45.05
Provision for losses on mark to market basis on derivative transactions (refer note no. 26 of schedule 17)	1,02.90	26,21.36
Bad debts	33,84.01	10.58
Less: Provision for bad and doubtful debts	14,89.59	-
Loss on sale / discard of fixed assets (net)	5,18.27	-
Miscellaneous Expenses	76,13.13	92,40.59
	<u>6,34,23.53</u>	<u>6,97,68.31</u>

SCHEDULE 16

INTEREST AND FINANCIAL CHARGES

Interest		
On Debentures	18,59.63	5,88.58
On Term Loan	16,29.24	17,67.38
On Others	11,35.75	73,92.85
Financial Charges	5,95.09	4,82.36
Add/(Less): Derivative Loss / (Gain)	-	88.76
	<u>52,19.71</u>	<u>1,03,19.93</u>

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 (with effect from 12th April'09)	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 (formerly Electrosteel Integrated Limited)	India	42.02%
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 cenvat availed), inward freight, installation expenses and adjustment for exchange differences wherever applicable. For major projects, interest and other costs incurred on / related to direct borrowings to finance fixed assets during construction period and pre-operative expenses, if appropriate, are capitalized. Expenditure on Blast Furnace/Coke Oven Battery Relining is capitalized.

(ii) Depreciation :

[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.

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.

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.

Schedules Forming Part of Consolidated Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

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.

I. SALES

Sales include excise duty, wherever applicable and rebate, discounts, claims, expenses incurred on consignment sales etc. are excluded therefrom. 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.

Schedules Forming Part of Consolidated Accounts

SCHEDULE 17

NOTES ON ACCOUNTS *(Contd.)*

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.

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.

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.

L. 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 accrued.

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

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.

O. 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.

P. 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		Current Year	Previous Year
2	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances):	33,00.31	36,05.15
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	4,89.74	7,41.26
ii.	Excise, Custom Duty and Service Tax [subject to provision of Rs. 500.00 lakhs (previous year Rs.nil)]	60,85.95	53,94.77
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.	1,13.13	63.55
c)	Demand of Tamilnadu Electricity Board disputed by the Company.	8.2	8.2
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	60,46.00	89,66.00
(ii)	Associate	21,00.00	48,25.00
f)	Standby Letter of Credit issued by banks on behalf of the company in favour of Subsidiary Companies	87,95.53	-
g)	Guarantees given by bank on behalf of		
i)	The Company	1,73,87.30	1,90,89.87
ii)	Singardo International Pte Ltd.	0.96	4.61
h)	Non-cancellable sales contracts	-	12,86.61
i)	Letter of credit	2,58.50	2,41.24
j)	Receivables factored	16,61.91	-
k)	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 (k) 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) 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

(ii) Contingent liabilities in respect of Joint Ventures.

(Rs. in lakhs)

	2009-10	2008-09
a. Guarantees given by banks on behalf of the Company	27,44.35	27,45.47
(iii) Interest in assets, liabilities, income and expenses with respect to jointly controlled entities.		

Schedules

Forming Part of Consolidated Accounts

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

	(Rs. in lakhs)	
	2009-10	2008-09
A) Assets:		
a) Fixed Assets (Net Block) :	0.48	-
Capital Work-in-Progress	5,95.47	5,64.56
b) Current Assets, Loans And Advances		
Cash & Bank Balances	8.91	24.13
Loans & Advances	1.69	-
c) Miscellaneous Expenditure	2.01	2.01
B) Liabilities :		
a) Current Liabilities	1.20	2.70

	(Rs. in lakhs)	
	Current Year	Previous Year
5. Auditors' Remuneration :		
(a) Audit Fees	49.64	44.77
(b) Other services	16.41	8.64
6. Income from Investments (Net) represent :		
a) Trade Investments- Long Term- Dividend	0.78	0.84
b) Other than Trade Investments :		
Profit on Sale of Current Investments	0.13	9.75
Dividend from current investment	6,88.70	3,52.84
	6,89.61	3,63.43
7. Stores and spares consumption include pipe moulds written off.	1,25.78	1,32.47

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)	9,59,49.34	6,59,14.82	16,18,64.16
	(14,16,37.85)	(5,88,37.99)	(20,04,75.84)
Sundry Debtors & other Assets	23,11,87.32	9,90,52.59	33,02,39.91
	(24,76,01.65)	(3,81,97.11)	(28,57,98.76)
Cost Incurred for acquisition of Tangible and in tangible fixed assets	1,88,32.61	3,06.41	1,91,39.02
	(3,07,73.39)	(6,45.21)	(3,14,18.60)

(Previous year figures are shown in bracket)

9. Inventories of stores and spares include the estimated net realizable value of pipe mould (fixed assets) retired from the active use Rs. nil lakhs (previous year Rs. 88.43 lakhs)
10. No allocation has been made in respect of stores and spare parts and wages for repairs to Machinery and Building.
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. 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.
13. Rs. 55,96.61 lakhs being net gain (Previous Year Rs. 1,37,36.92 lakhs being net loss) on account of exchange difference has been adjusted to the respective heads of account in Profit and Loss Account.
14. Power and Fuel consumption is net of Rs. nil (previous year Rs. 97.00 lakhs) being subsidy receivable on use of coal gas.
15. 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.

Schedules

Forming Part of Consolidated Accounts

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

16 Other provisions include (a) provision of Rs.5,00.00 lakhs made during the year relating to indirect taxes in respect of proceedings of various excise duty matters and is outstanding as on 31.03.2010. Outflows in these cases would depend on the final developments/outcomes; (b) Rs.28,40.00 lakhs provided during the year being other class of provisions related to disputed customer claims/rebates and is outstanding as on 31.03.2010. Outflows in these cases would depend on the developments/settlements.

17. Fixed Deposits with Scheduled Bank include Fixed Deposit of Rs. 8.14 lakhs (Previous Year Rs. 23.55 lakhs) lodged with Government Departments and Customers

18. 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)	
	2009-10	2008-09
Employer's Contribution to Provident Fund	1,96.24	1,55.40
Employer's Contribution to Pension Fund	1,02.06	92.03
Employer's Contribution to Superannuation Fund	62.33	65.26

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)		
		2009-10	2008-09	2007-08
i.	Change in the present value of the defined benefit obligation representing reconciliation of opening			
	Liability at the beginning of the year	8,85.88	7,82.44	6,76.49
	Interest Cost	78.03	66.74	54.71
	Current Service Cost	1,00.53	87.92	75.25
	Actuarial (gain) / loss on obligations	39.06	32.31	39.99
	Benefits paid	(38.71)	(83.53)	(64.00)
	Liability at the end of the year	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	5,85.66	5,49.44	4,95.76
	Expected Return on Plan Assets	51.63	45.40	39.20
	Contributions by the Company	73.35	81.75	68.32
	Benefits paid	(38.71)	(83.53)	(64.00)
	Actuarial gain / (loss) on Plan Assets	32.96	(7.04)	10.16
	Fair value of Plan Assets at the end of the year	7,04.89	5,85.66	5,49.44
	Total actuarial gain / (loss) to be Recognized	6.10	39.71	29.83
iii.	Actual return on Plan Assets			
	Expected return on Plan assets	51.63	45.40	39.20
	Actuarial gain / (loss) on Plan Assets	32.96	(7.40)	10.16
	Actual Return on Plan Assets	84.59	38.00	49.36

Schedules Forming Part of Consolidated Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

		(Rs in lakhs)		
		Gratuity (Funded)		
		2009-10	2008-09	2007-08
iv.	Amount Recognized in Balance Sheet			
	Liability at the end of the year	10,64.79	8,85.88	7,82.44
	Fair value of Plan Assets at the end of the year	7,04.89	5,85.66	5,49.44
	Amount Recognized in the Balance Sheet	3,59.90	3,00.22	2,33.00
v.	Expenses Recognized in the Income Statement			
	Current Service Cost	1,00.53	87.92	75.25
	Interest Cost	78.03	66.74	54.71
	Expected Return on Plan Assets	(51.63)	(45.40)	(39.20)
	Net Actuarial (gain) / loss to be Recognized	6.10	39.71	29.83
	Expenses Recognized in Profit & Loss Account	133.03	1,48.97	1,20.59
vi.	Balance Sheet Reconciliation			
	Opening Net Liability	3,00.22	2,33.00	1,80.73
	Expenses as above	1,33.03	1,48.97	1,20.59
	Employers Contribution	(73.35)	(81.75)	(68.32)
	Amount Recognized in Balance Sheet	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 31.03.2010 is given below

		(Rs. in lakhs)	
Particulars		31.03.2010	31.03.2009
	Privileged Leave	6,03.54	5,13.50
	Sick Leave	2,66.79	2,20.07
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 :

- Assumptions relating to future salary increases, attrition, interest rate for discount & overall expected rate of return on Assets have been considered based on relevant economic factors such as inflation, market growth & other factors applicable to the period over which the obligation is expected to be settled.
- The Company expects to contribute Rs 90.00 lakhs (previous year Rs 1,00.00 lakhs) to Gratuity fund in 2010-11.

Schedules

Forming Part of Consolidated Accounts

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

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

(Rs. in lakhs)

Particulars	Opening as on 01-04-2009	Charge or Credit during the Year	Closing as at 31-03-2010
Deferred Tax Assets:			
1. Expenses Allowable on Payment Basis	2,76.91	41.48	3,18.39
2. Provision for doubtful debts, advances and stock	12,98.45	(10,41.36)	2,57.09
3. Provision for losses on Derivatives on Mark to Market basis	8,95.22	(8,61.04)	34.18
4. Others	2,20.27	10,29.94	12,50.21
Deferred Tax Liabilities:			
1. Depreciation	57,21.93	4,97.74	62,19.67
2. Liquidated Damages and retention money	6,62.55	(3,35.25)	3,27.30
Net Deferred Tax Liability	36,93.63	9,93.47	46,87.10

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

Particulars	2009-10 Rs. in lakhs	2008-09 Rs. in lakhs
Net profit for basic earnings per share as per profit and loss account	2,34,24.58	1,35,31.75
i) Adjustment for the purpose of diluted earnings per share		
Exchange gain on realignment of ZCCB and conversion rate difference		
Less: Tax effect	(6.75)	(7,93.74)
Net profit for diluted earnings per share	2,34,31.33	1,43,25.49
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	319837491	284054880
b) Diluted earnings per share	345696047	319243201
(iii) Weighted average number of equity shares outstanding	319837491	284054880
Add: Weighted average number of potential equity shares that could arise on conversion of ZCCB, warrants and share application money	25858556	35188321
iv) Earnings per share:		
a) Basic	7.32	4.76
b) Diluted	6.78	4.49

Schedules Forming Part of Consolidated Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

21. 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 :

	2009-10	2008-09
	Rs. in lakhs	Rs. in lakhs
Preoperative expenses brought forward	90,72.20	32,22.89
Salaries, Wages, Bonus and Allowances etc.	6,63.47	4,63.39
Contribution to Provident and Other Fund	23.02	17.51
Employees' Welfare	3.70	38.76
Stores & Spares Consumption	33.02	1,30.74
Handling & Transportation	87.28	25.70
Power & Fuel	3,96.24	65.27
Repairs		
Machinery	0.55	0.23
Others	29.00	12.14
Rent	22.84	24.28
Insurance	30.30	6.67
Miscellaneous Expenses	6,29.66	5,31.07
Interest Paid		
On Term Loan	2,33.21	2,10.45
On Others	6,89.28	6,60.90
Finance Charges	1,27.82	34,05.69
Depreciation	10,38.06	4,37.78
Total preoperative expenses	<u>1,30,79.65</u>	<u>92,53.47</u>
Less:		
Coal transferred for Captive Consumption	3,22.55	1,24.27
Stock of Coal	3,15.67	41.71
Interest on deposit (Gross)(Tax deducted at source Rs. 14.26 (Previous year nil) and is net of provision of for current tax Rs. 2,74.63 lakhs (previous year Rs. nil)	5,31.76	15.29
Total preoperative expenses carried forward pending allocation	<u>1,19,09.67</u>	90,72.20

22. As regards construction contracts in progress as on 31.03.2010, 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. 4,34,45.65 lakhs, Rs. 9,35.54 lakhs and Rs.13,68.23 lakhs respectively.(Previous Year Rs. 5,64,21.66 lakhs, Rs. 22,62.41 lakhs and Rs.16,71.28 lakhs respectively).
23. Premium payable on ZCCB has been provided proportionately and accordingly Rs. 3,97.93 lakhs (out of total redemption premium amounting to Rs. 31,58.84 lakhs) (Previous year Rs. 9,84.94 lakhs, out of total redemption premium amounting to Rs. 35,69.25 lakhs) on this account has been debited to Share Premium Account.
24. (a) During the year, the Company has raised Rs.28,98.00 lakhs through preferential issue of equity shares being 90% of the total amount due against conversion of 1,40,00,000 warrents (issued in earlier year) into 140.00 lakhs equity share of face value of Re. 1 each at a price of Rs. 23.00 per share and the same have been utilized for business purposes including working capital requirements of the Company.
- (b) During the year the Company through Qualified Institutional Placements has 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 conditionas 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 and upto five years from the date of allotment 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.)

25. The company during the financial year 2007-08, had allotted 4,08,37,146 convertible warrants to promoters and others at predetermined conversion prices for which the option was not exercised till last date of its conversion. Accordingly the said warrants stands cancelled and the amount of Rs. 30,94.71 lakhs received upfront from the warrant holders has been forfeited and credited to the Capital Reserve during the year.
26. The Marked-to-Market losses on derivative contract as at March 31, 2010 stood at Rs. 1,02.90 lakhs (previous year Rs. 26,32.75 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. .
27. 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. 11,48.39 lakhs (Previous year Rs. 10,78.93 lakhs).
28. (a) Category wise outstanding derivatives contracts entered by the Company for hedging as on March 31, 2010 are as follows :-

Sl. No.	Category	Currency	Current Year		Previous Year	
			No. of Deals	Amount in Foreign Currency	No. of Deals	Amount in Foreign Currency
1	Sell Forward	USD/INR	142	21,24,05,859	68	9,59,29,073
2	Sell Forward	SGD/USD	8	35,28,895	7	49,75,281
3	Sell Forward	GBP/USD	24	1,44,19,794	15	86,08,165
4	Sell Forward	Euro/USD	32	2,20,12,855	25	2,91,15,947
5	Buy Forward	USD/EURO	-	-	3	22,62,503
6	Buy Forward	USD/INR	11	55,12,131	19	4,96,60,105
7	Option	EURO	1	22,00,000	1	7,50,000
8	Option	USD	-	-	5	2,21,54,100
9	Option	USD	3	1,80,00,000	19	5,03,00,000
10	Swap	USD	3	3,50,00,000	3	3,50,00,000

- (b) Unhedged Foreign Currency exposures of the Company as on March 31, 2010 are as follows :-

Nature	Currency	Current Year Amount in Foreign Currency	Previous Year Amount in Foreign Currency
Imports	USD	1,21,94,403	43,76,238
ZCCB* (include proportionate premium)	USD	2,58,68,370	1,64,61,002
ECB Payable (include accrued interest)	USD	7,05,34,578	1,25,28,454
ECB Deposit (include accrued interest)	USD	-	1,38,21,435
Others	EURO	46,269	-
Others	USD	39,18,616	7,68,430
Others	GBP	12,494	20,178
Others	USD	2,74,236	11,17,115

* ZCCB : Zero Coupon Convertible Bond

Schedules

Forming Part of Consolidated Accounts

SCHEDULE 17

NOTES ON ACCOUNTS (Contd.)

29. 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.	89.27 (29.06)	13.67 (7.50)
2. Electrosteel Castings (UK) Limited	41.98 (4.36)	42.94 (74.84)

(b) Finance Lease

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

30. 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.
31. During the year, basis of valuation of inventory in Electrosteel Algeria SPA has been changed from "weighted average" to 'moving 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.
32. During the year, the company has incurred Rs. 80.93 lakhs (previous year Rs 58.89 lakhs) on account of research and development expenses which has been charged to profit & loss account.

Schedules

Forming Part of Consolidated Accounts

33. 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, Wholetime Director
Mr. N C Bah, Director, Resigned during the year
Mr. S Y Rajagopalan, Director
Smt. Uma Kejriwal - mother of Mr. Umang Kejriwal, Managing Director
Smt Usha Bahl - wife of Mr. N.C. Bahl
Mr. S.Y. Ganapathy - brother of Mr. S.Y. Rajagopalan, Director
Mr. Vyas Mitre Ralli, Wholetime Director
Mr. Rama Shankar Singh, Wholetime Director
Mr. Mahendra Kumar Jalan, Wholetime Director |
| 4) Enterprise where KMP/Relatives of KMP have significant influence or control | Global Exports Ltd.
Badrinath Industries Ltd.
Akshay Ispat & Ferro Alloys Pvt. Ltd.
Acharya Multicon Pvt. Ltd.
Flora Constuctions Pvt. Ltd.
Highrise Multicon Pvt. Ltd.
Kabir Projects Pvt. Ltd.
New City Enclave Pvt. Ltd.
Nilmoni Developers Pvt. Ltd.
Paramount Tracom Pvt. Ltd.
Stewart Agencies Pvt. Ltd.
Tulsi Highrise Pvt. Ltd.
Wilcox Merchants Pvt. Ltd.
Nimpith Developers Pvt. Ltd.
Royal Multicon Pvt. Ltd.
Samar Properties Pvt. Ltd.
Tulip Fabicon Pvt. Ltd.
Murari Investment & Trading Company Ltd.
Electrosteel Thermal Coal Ltd.
Biswa Microfinance Pvt. Ltd.
Electrocast Sales India Ltd |

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 31.03.10	Outstanding as on 31.03.09
Sale							
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	-
Total	3,381.56	-	-	0.11	3,381.66	15.18	-
Previous Year							
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	-	-	-	14.97
Lanco Industries Ltd.	14,633.53	-	-	-	14,633.53	-	4,637.26
Interest Received							
Lanco Industries Ltd.	62.77	-	-	-	62.77	-	-
Previous Year	806.06	-	-	-	806.06	-	17.66
Purchase							
Lanco Industries Ltd.	4,123.04	-	-	-	4,123.04	349.83	-
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	123.72	123.72	-	-
Total	4,123.04	-	-	123.72	4,246.76	349.83	-
Previous Year							
Lanco Industries Ltd.	8,831.28	-	-	-	8,831.28	-	146.30
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	954.59	954.59	-	-
Job Charges Received							
Electrosteel Steels Limited	199.74	-	-	-	199.74	(433.79)	-
Lanco Industries Ltd.	2.22	-	-	-	2.22	2.22	-
Total	201.96	-	-	-	201.96	(431.57)	-
Previous Year							
Electrosteel Steels Limited	4,106.78	-	-	-	4,106.78	-	(489.96)
Remuneration							
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	-
Total	-	-	1,045.82	-	1,045.82	825.80	-
Previous Year							
Mr. Umang Kejriwal (MD)	-	-	241.07	-	241.07	-	200.00
Mr. Mayank Kejriwal (JMD)	-	-	238.17	-	238.17	-	200.00
Mr. Uddhav Kejriwal (Director)	-	-	213.96	-	213.96	-	170.00
Mr. N C Bahl (Director)	-	-	107.61	-	107.61	-	36.90
Ms. Priya Sakhi Kejriwal	-	-	10.37	-	10.37	-	-
Rent Paid							
Global Exports Ltd.	-	-	-	15.00	15.00	-	-
Badrinath Industries Ltd.	-	-	-	15.00	15.00	-	-
Others	-	-	-	113.59	113.59	-	-
Total	-	-	-	143.59	143.59	-	-
Previous Year							
Global Exports Ltd.	-	-	-	14.98	14.98	-	-
Badrinath Industries Ltd.	-	-	-	15.00	15.00	-	-
Others	-	-	-	113.51	113.51	-	-
Service Charges Paid							
Global Exports Ltd.	-	-	-	39.06	39.06	-	-
Previous Year	-	-	-	-	-	-	-
Global Exports Ltd.	-	-	-	36.69	36.69	-	0.26
Loan							
Previous Year							
Lanco Industries Ltd.	6,000.00	-	-	-	6,000.00	-	-

Schedules

 Forming Part of Consolidated Accounts

(Rs. in lakhs)

	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.10	Outstanding as on 31.03.09
Reimbursements							
Previous Year							
Electrosteel Thermal Power Limited	-	-	-	5.27	5.27	-	5.27
North Dhadhu mining Company Pvt. Ltd.	-	3.80	-	-	3.80	-	3.80
Electrosteel Steels Limited	323.21	-	-	-	323.21	-	51.81
Share Application Money Paid							
North Dhadhu Mining Company Pvt. Ltd.	-	24.25	-	-	24.25	24.25	-
Electrosteel Steels Limited	26,000.00	-	-	-	26,000.00	-	-
Biswa Microfinance Pvt. Ltd.	-	-	-	30.00	30.00	-	-
Total	26,000.00	24.25	-	30.00	26,054.25	24.25	-
Previous Year							
Electrosteel Steels Limited	13,000.00	-	-	-	13,000.00	-	27,517.50
Corporate Guarantee and Standby Letter of Credit							
Lanco Industries Ltd.	-	-	-	-	-	2,100.00	-
Total	-	-	-	-	-	2,100.00	-
Previous Year							
Lanco Industries Ltd.	-	-	-	-	-	-	4,825.00
Bank Guarantee							
North Dhadhu Mining Company Pvt. Ltd.	-	-	-	-	-	2,745.47	-
Previous Year							
North Dhadhu Mining Company Pvt. Ltd.	-	2,745.47	-	-	2,745.47	-	2,745.47
Investment							
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	-
Total	53,517.50	-	-	31.50	53,549.00	76,953.54	-
Previous Year							
Lanco Industries Ltd.	343.47	-	-	-	343.47	-	6,333.53
Electrosteel Steels Limited	16,478.50	-	-	-	16,478.50	-	16,482.50
North Dhadhu Mining Company Pvt. Ltd.	-	588.00	-	-	588.00	-	588.00
Electrocast Sales India Ltd	-	-	-	-	-	-	0.51
Domco Private Limited	-	-	-	-	-	-	30.00
Security Deposits							
Lanco Industries Ltd.	(32.52)	-	-	-	(32.52)	4,435.96	-
Electrosteel Thermal Coal Ltd.	-	-	-	(45.00)	(45.00)	185.00	-
Others	-	-	-	-	-	-	-
Total	(32.52)	-	-	(45.00)	(77.52)	4,620.96	-
Previous Year							
Lanco Industries Ltd.	885.11	-	-	-	885.11	-	4,470.59
Electrosteel Thermal Coal Ltd.	-	-	-	-	-	-	230.00
Others	-	-	-	-	-	-	557.50
Interest Paid							
Lanco Industries Ltd.	87.48	-	-	-	-	87.48	-
Previous Year	-	-	-	-	-	-	-

Schedules

Forming Part of Consolidated Accounts

(Rs. in lakhs)

	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.10	Outstanding as on 31.03.09
Dividend Received							
Lanco Industries Ltd.	193.01	-	-	-	193.01	-	-
Total	193.01	-	-	-	193.01	-	-
Previous Year							
Lanco Industries Ltd.	185.51	-	-	-	185.51	-	-
Rent Receipts							
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	-
Total	77.28	-	-	5.25	82.53	0.40	-
Previous Year							
Electrosteel Steels Limited	76.88	-	-	-	76.88	-	7.07
Murari Investment & Trading Company Ltd.	-	-	-	4.80	4.80	-	0.44
Lanco Industries Ltd.	0.36	-	-	-	0.36	-	-
Service Charges Received							
Electrosteel Steels Limited	9.18	-	-	-	9.18	-	-
Previous Year	8.55	-	-	-	8.55	-	0.84
Sale of Fixed Assets							
Electrosteel Steels Limited	0.42	-	-	-	0.42	-	-
Lanco Industries Ltd.	28.01	-	-	-	28.01	-	-
Total	28.43	-	-	-	28.43	-	-
Previous Year							
Electrosteel Steels Limited	1.50	-	-	-	1.50	-	1.50
Sale of DEPB							
Electrosteel Steels Limited	24.19	-	-	-	24.19	-	-
Total	24.19	-	-	-	24.19	-	-
Previous Year							
Electrosteel Steels Limited	96.07	-	-	-	96.07	-	-
Lanco Industries Ltd.	8.07	-	-	-	8.07	-	-

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

34. 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 14, 2010

For and on behalf of the Board

Chairman
Managing Director
Director
Company Secretary

P. K. Khaitan
U. Kejriwal
Uddhav Kejriwal
Jyoti Jain

Schedules

Forming Part of Consolidated Accounts

Statement Pursuant to Exemption received under Section 212(8) of the Companies Act, 1956 relating to Subsidary 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	Currency
1.	Electrosteel Algerie SPA*	DZD	C.Y. P.Y.	0.63 0.69	517.41 567.52	(90.06) 608.62	12,667.99 11,548.65	12,667.99 11,548.65	-	14,648.27 12,801.58	(1,044.50) 608.62	288.14	(1,332.64) 608.62	-	Algeria Algeria
2.	Electrosteel Castings (UK) Limited	GBP	C.Y. P.Y.	68.15 72.66	68.15 72.66	214.04 226.79	5,671.59 7,100.89	5,671.59 7,100.89	-	7,941.21 8,295.44	9.48 195.62	8.18 58.31	1.31 137.31	-	United Kingdom United Kingdom
3.	Electrosteel Europe S.A	EURO	C.Y. P.Y.	60.66 67.20	485.24 537.63	762.93 734.35	14,926.88 19,343.43	14,926.88 19,343.43	0.34	21,436.37 25,764.70	159.82 183.82	59.68 71.67	100.14 112.15	-	France France
4.	Singardo International Pie. Limited	SGD	C.Y. P.Y.	32.10 33.32	802.47 833.12	424.65 307.00	2,258.91 3,380.72	2,258.91 3,380.72	-	3,880.40 4,828.54	157.65 256.97	12.65 36.44	145.00 220.53	16.05	Singapore Singapore
5.	Electrosteel USA, LLC**	USD	C.Y. P.Y.	44.89	359.12	(109.37)	753.76	753.76	-	98.43	(109.37)	-	(109.37)	-	USA 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 March 31, 2010
2. * The financial year of the company ends on December 31. However, the results given are as of March 31, 2010
3. ** The performance of the company includes the wholly owned subsidiary Waterfab, LLC.

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
55th Annual General Meeting - 12th July, 2010, Monday at 11-00 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 12th July, 2010

as witness my/our hand(s) this day of..... 2010

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.