



ELECTROSTEEL CASTINGS LIMITED

Registered Office : Rathod Colony, P. O. Rajgangpur, District Sundergarh, Odisha - 770 017, India

Corporate Office : G. K. Tower, 19, Camac Street, Kolkata -700 017, India

CIN : L27310OR1955PLC000310; Website: www.electrosteel.com

Phone: 033-71034557; Fax: 033-22894339

NOTICE

Notice is hereby given that the Fifty-Ninth Annual General Meeting of Electrosteel Castings Limited will be held at the Registered Office of the Company at Rathod Colony, P.O.Rajgangpur, District Sundergarh, Odisha 770 017 on Thursday, the 28th day of August, 2014 at 11:30 A.M. to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014, Statement of Profit and Loss for the Financial Year ended on that date and Cash Flow Statement for the Financial Year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To consider declaration of dividend by the Company, as recommended by the Board of Directors for the Financial Year ended March 31, 2014.
3. To appoint a Director in place of Mr. Shermadevi Yengnaswami Rajagopalan, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Vyas Mitre Ralli, who retires by rotation and is eligible for re-appointment.
5. Appointment of Statutory Auditors:

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

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules framed thereunder, as amended from time to time, and pursuant to the recommendations of the Audit Committee, M/s. Lodha & Company, Chartered Accountants, (firm registration No. 301051E), be and is hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of 62nd Annual General Meeting to be held in the year 2017, (subject to the ratification of their appointment by Members at every AGM held after this AGM) and the Board of Directors of the Company be and are hereby authorised to fix their remuneration plus other applicable expenses in connection with statutory audit and/or continuous audit and also such other remuneration, as may be decided by the Board/Committee of the Board, for performing the duties other than those referred to hereinabove and the remuneration so fixed may be paid at such intervals during the year as may be decided by the Board/Committee of the Board."

SPECIAL BUSINESS:

6. Re-appointment of Mr. Vyas Mitre Ralli as a Wholetime Director for a term of five years

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

"RESOLVED THAT pursuant to Sections 149, 152, 196 and 197 of the Companies Act, 2013 and Schedule V read together with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s), re-enactment thereof for the time being in force) approval of the Company be and is hereby accorded for the re-appointment of Mr. Vyas Mitre Ralli (DIN:02892446) as a Wholetime Director of the Company for a further period of (5) five years with effect from December 21, 2014 on the remuneration and terms and conditions as set out in the explanatory statement annexed to this notice.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. Re-appointment of Mr. Mahendra Kumar Jalan as a Wholetime Director for a term of five years

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

"RESOLVED THAT pursuant to Sections 149, 152, 196 and 197 of the Companies Act, 2013 and Schedule V read together with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s), re-enactment thereof for the time being in force) approval of the Company be and is hereby accorded for the re-appointment of Mr. Mahendra Kumar Jalan, (DIN: 00311883) as a Wholetime Director of the Company for a further period of (5) five years with effect from January 22, 2015 on the remuneration and terms and conditions as set out in the explanatory statement annexed to this notice.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

8. Increase in remuneration of Mr. Umang Kejriwal, Managing Director of the Company

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

“RESOLVED THAT in partial modification of the earlier resolutions passed on July 11, 2011 and pursuant to Sections 197 and 198 of the Companies Act, 2013 and Schedule V read together with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, subject to the approval of Central Government, if so required, the consent of the Company be and is hereby accorded for increase in remuneration of Mr. Umang Kejriwal, Managing Director of the Company with effect from April 1, 2014 for the remaining tenure of 3 years at the remuneration, perquisites and other benefits and upon the terms and conditions as set out herein below :

- i. **Salary:** Rs. 12,50,000/- per month
- ii. **Commission:** Commission on net profits as may be decided by the Board of Directors for each Financial Year based on the net profit of that year and taking into account all other factors.
- iii. **Perquisites and Amenities:**
 - a. **Medical Benefit:** Reimbursement of actual expenses incurred for self and family.
 - b. **Leave:** As per applicable Rules of the Company.
 - c. **Accommodation:** The Company shall provide free furnished residential accommodation and also pay all rents, rates, taxes, electricity, fuel charges, water charges and all other expenses for the upkeep and maintenance thereof.
 - d. **Club Fees:** Fees of a maximum of two clubs excluding admission & life membership fees.
 - e. **Car and Telephone:** The Company shall provide a car with chauffeur and telephone at the residence of the Managing Director for use on the Company's business. 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. 15,000/- per annum
 - g. **Encashment of Leave:** In accordance with the Company's Rules & Regulations.
 - h. **Contribution to Retiral Benefit Funds:** (i) Provident Fund - The Company's contribution to Provident Fund as applicable to other employee. (ii) Gratuity Fund - Gratuity in accordance with the Gratuity Fund Rules.
 - i. **Leave Travel Concession:** Return passage for self and 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 Managing Director.
 - j. **Entertainment, Travelling and other Expenses:** Reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company.
 - k. **Minimum Remuneration:** In the event of absence or inadequacy of profits of the Company in any financial year Managing Director will be entitled to receive such minimum remuneration as is permissible under Section II of Part II of Schedule V to the Companies Act, 2013.”

9. Approval for payment of outstanding remuneration payable to Mr. Uddhav Kejriwal

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

“RESOLVED THAT approval of the Shareholders of the Company, be obtained for payment of outstanding House Rent Allowance to Mr. Uddhav Kejriwal, Wholetime Director of the Company amounting to Rs.9,30,000/- (Rupees Nine Lacs Thirty Thousand Only) for the period from June 1, 2011 till March 31, 2013.”

10. Appointment of Mr. Pradip Kumar Khaitan as an Independent Director of the Company for a term of five years

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

“RESOLVED THAT pursuant to provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and relevant Rules made thereunder, including any statutory modification(s), re-enactment thereof for the time being in force, read together with Schedule IV to the said Act, Mr. Pradip Kumar Khaitan (DIN:00004821), a Non-Executive Director of the Company, who has submitted a declaration of independency under Section 149 of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the said Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director and be designated as the Chairman of the Company to hold office for a term of five consecutive years with effect from August 28, 2014.”

11. Appointment of Mr. Binod Khaitan as an Independent Director of the Company for a term of five years

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

“RESOLVED THAT pursuant to provisions of Sections 149, 150, 152 and other applicable provisions; if any, of the Companies Act, 2013 (“the Act”) and the relevant Rules made thereunder, including any statutory modification(s), re-enactment thereof for the time being in force, read together with Schedule IV to the said Act, Mr. Binod Khaitan (DIN:00128502), a Non-Executive Director of the Company, who has submitted a declaration of independency under

Section 149 of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the said Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company and to hold office for a term of five consecutive years with effect from August 28, 2014."

12. Appointment of Mr. Naresh Chandra as an Independent Director of the Company for a term of five years

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

"RESOLVED THAT pursuant to provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the relevant Rules made thereunder, including any statutory modification(s), re-enactment thereof for the time being in force, read together with Schedule IV to the said Act, Mr. Naresh Chandra (DIN:00015833), a Non-Executive Director of the Company, who has submitted a declaration of independency under Section 149 of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the said Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company and to hold office for a term of five consecutive years with effect from August 28, 2014."

13. Appointment of Dr. Jamshed Jiji Irani as an Independent Director of the Company for a term of five years

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

"RESOLVED THAT pursuant to provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the relevant Rules made thereunder, including any statutory modification(s), re-enactment thereof for the time being in force, read together with Schedule IV to the said Act, Dr. Jamshed Jiji Irani (DIN:00311104), a Non-Executive Director of the Company, who has submitted a declaration of independency under Section 149 of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the said Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company and to hold office for a term of five consecutive years with effect from August 28, 2014."

14. Appointment of Mr. Bhaskara Nageswararao Mandavilli as an Independent Director of the Company for a term of five years

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

"RESOLVED THAT pursuant to provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the relevant Rules made thereunder, including any statutory modification(s), re-enactment thereof for the time being in force, read together with Schedule IV to the said Act, Mr. Bhaskara Nageswararao Mandavilli (DIN:00287260), a Non-Executive Director of the Company, who has submitted a declaration of independency under Section 149 of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the said Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company and to hold office for a term of five consecutive years with effect from August 28, 2014."

15. Approval for payment of Commission to Non-Executive Directors of the Company

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

"RESOLVED THAT in accordance with the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, a sum not exceeding one percent per annum of the net profits of the Company, computed in the manner referred to in sub-section (1) of Section 198 of the Companies Act, 2013, be paid to and distributed amongst the Directors of the Company or some or any of them, as commission (other than Managing/ Whole-time Directors, if any, for the time being of the Company), in such amounts or proportions and in such manner and in all respects as may be directed and decided by Board of Directors within the ceiling of 1% (one percent) and such payments shall be made in respect of the profits of the Company for each year for a period of 5 years commencing from April 1, 2014".

16. Ratification for remuneration to be paid to M/s S. G. & Associates as Cost Auditors of the Company

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Cost Auditors, M/s S. G. & Associates, a firm of Cost Accountants, appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2015, be paid the remuneration of Rs.1,00,000 (Rupees One Lac Only) plus reimbursement of out of pocket expenses and service tax payable.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

17. Approval for holding of office or place of profit by Ms. Radha Kinkari Kejriwal, a relative of Director, under Section 188 of the Companies Act, 2013

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

"RESOLVED THAT pursuant to Section 188 and any other applicable provisions of the Companies Act, 2013 and any other applicable rules and regulations thereto, if any, consent of the Company be and is hereby accorded, for appointment of Ms. Radha Kinkari Kejriwal, a relative of Mr. Umang Kejriwal, Managing Director of the Company, to hold office or place of profit in Electrosteel Steels Limited, an Associate Company of the Company as an 'officer on special duty' at a remuneration of Rs. 80,00,000 (Rupees Eighty Lacs only) per annum with effect from April 1, 2014 with increase of Rs.10,00,000 (Rupees Ten Lacs only) per annum (i.e Rs. 90,00,000 (Rupees Ninty Lacs only) per annum with effect from April 1, 2015 and Rs.1,00,00,000 (Rupees One Crore only) per annum with effect from April 1, 2016) and as per such terms and conditions as may be decided by the Board of Electrosteel Steels Limited, an Associate Company of the Company."

18. To approve offer or invitation to subscribe to Non-Convertible Debentures on Private Placement Basis

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

"RESOLVED THAT pursuant to the provisions of Sections 42, 71 and all other applicable provisions of the Companies Act, 2013 read together with the Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the provisions of the Articles of Association of the Company, approval of the members be and is hereby accorded to authorize the Board of Directors of the Company to offer or invite subscriptions for secured / unsecured redeemable non-convertible debentures, in one or more series / tranches, aggregating up to Rs. 300 crore (Rupees Three Hundred Crore), on private placement basis, on such terms and conditions as the Board of Directors of the Company may, from time to time, determine and consider proper and most beneficial to the Company including as to when the said Debentures be issued, the consideration for the issue, utilization of the issue proceeds and all matters connected with or incidental thereto.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

19. Approval for entering into transactions with Related Party (ies)

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

"RESOLVED THAT pursuant to Section 188 and any other applicable provisions of the Companies Act, 2013 and any other applicable rules and regulations thereto, consent of the Company be and is hereby accorded, for entering into the related party transactions with Electrosteel Steels Limited as given below, and such other transactions as required in connection to efficiently carry out the operations of the Company from April 1, 2014 till September 30, 2015.

- A) Purchases & Services to be received (Limit of Rs. 1000 Crore from April 1, 2014 till September 30, 2015)
- Purchase of DI Pipes & Fittings, Pig Iron, TMT bars, Wire Rods, Billets, Coal/ Coke, MS Scrap or any other goods.
 - Conversion of coal into coke
 - All other types of services to be received
- B) Sales & Services to be rendered (Limit of Rs. 1000 Crore from April 1, 2014 till September 30, 2015)
- Sale of Coal / Coke of different varieties including coal rejects, midlinks etc.
 - Sale of Iron-ore and other raw materials or ancillary items
 - Rent agreements for hiring of space of any type in connection with the business of the Company (not exceeding in aggregate of Rs. 5 crore within the aggregate limit as mentioned above)
 - All types of services to be rendered in connection with the business of the Company (not exceeding in aggregate of Rs. 500 crore within the aggregate limit as mentioned above)

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

May 10, 2014
Kolkata

**Sd/-
Kavita Bhavsar
Company Secretary**

NOTES:

- (a) An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting (AGM) is annexed hereto. The relevant details as required under clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment/ re-appointment as Directors are also annexed.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.**
- (c) As per Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of the members not exceeding fifty (50) and holding in aggregate not more than ten percent (10%) of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
- (d) Corporate Members/FIIs/Financial Institutions intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution/such other documents authorizing their representative to attend and vote on their behalf at the AGM well in advance. It is advisable that the Proxy holder's signature may be furnished in the Proxy Form for identification purpose.
- (e) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 22nd day of August, 2014 to Thursday, the 28th day of August, 2014 (both days inclusive) for the purpose of payment of dividend for the Financial Year ended March 31, 2014 and the AGM.
- (f) The dividend on Equity Shares for the Financial Year ended March 31, 2014, as recommended by the Board, if approved, by the Members will be paid within a period of thirty days (30) from the date of declaration of dividend, to those members whose names appear in the Register of Members of the Company as on the close of business hours on Thursday, 21st day of August, 2014.
- (g) The Unclaimed dividend upto Financial Year 2006-07 has been transferred by the Company to the Investor Education & Protection Fund (IEPF) constituted by the Central Government under Section 205A & 205C of the Companies Act, 1956. Members who have not encashed their dividend in respect of subsequent years are requested to check with the Company's Registered Office at Rathod Colony, Rajgangpur, District Sundergarh, Odisha - 770 017. Members are requested to note that in terms of Section 124 of the Companies Act, 2013 (Section 205A of the erstwhile 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 IEPF of the Central Government. Thereafter, no claim shall be entertained in respect of the dividend transferred to the Fund. The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on August 22, 2013 (date of last AGM) on the website of the Company (www.electrosteel.com) as well as on the website of Ministry of Corporate Affairs.
- (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) Securities and Exchange Board of India (SEBI) vide its Circular No. CIR/MRD/DP/10/2013 dated March 21, 2013, has mandated usage of electronic mode for making payments such as dividend, etc to the investors of Companies whose securities are listed on the Stock Exchanges. Payment of dividend through electronic mode is beneficial to the Members since the risks associated with receiving payment through dividend warrants such as loss in transit/ misplacement /revalidation etc. can be easily mitigated. Therefore, Shareholders are requested to provide particulars of their bank account details for availing 'National Electronic Clearing Service' (NECS) facility. Further, ECS facility is also available to the beneficial owners of shares in demat form. Those desirous of availing the facility may provide their mandate for physical holding to the Company and for demat holding to their DP in writing.
- (j) Members holding shares in physical form are requested to intimate change in their registered address mentioning full address in block letters with Pin Code of the Post Office, mandate, bank particulars and Permanent Account Number (PAN) to the Company's Registrar and Share Transfer Agent and in case of members holding their shares in electronic form, this information should be given to their Depository Participants immediately.
- (k) Members holding shares in physical form and wishing to make/change a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, may submit the prescribed particulars in Form SH 13 and SH 14 accordingly, to the Corporate Office of the Company. The said forms are available on the website of the Company.
- (l) The Company has entered into necessary arrangement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable the Shareholders to dematerialise their shareholding in the Company for which they may contact the Depository Participant of either of the above Depositories. The Equity Shares of the Company are compulsorily required to be traded in dematerialized form by all Investors.
- (m) The Ministry of Corporate Affairs, Government of India, pursuant to its Green Initiative in Corporate Governance, has permitted under Section 20 of the Companies Act, 2013, the service of documents including the Annual Report consisting of Notice, Accounts and other relevant Reports through the electronic mode. Copies of the Annual Report

2014, notice of the AGM along with attendance slip, proxy form and instructions for e-voting are being sent by electronic mode only to those members whose e-mail addresses are registered with the Company/ Depositories Participants for communication purposes unless any member has requested for a hard copy of the same. Shareholders holding shares in physical/dematized form are requested to register/update their e-mail addresses with the Company's Registrar and Share Transfer Agent, i.e. M/s. Maheshwari Datamatics Private Limited, 6, Mangoe Lane, 2nd Floor, Kolkata-700001 at mdpl@cal.vsnl.net.in or with the Company at kavita.bhavsar@electrosteel.com or the concerned Depositories through their Depository Participant. In absence of e-mail address, the documents will be sent in physical mode.

- (n) The Notice along with Annual Report for the Financial Year 2013-14 will also be available on the Company's Website www.electrosteel.com for download.
- (o) The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection at the Company's Registered Office during normal business hours on working days upto the date of AGM.
- (p) In compliance with the provisions of Section 108 of the Companies Act, 2013 and Companies (Management and Administration) Rules, 2014 read together with Clause 35B of the Listing Agreement, the members are provided with the facility to cast their vote electronically, through e-voting services provided by NSDL, on all resolutions set forth in this Notice.

PROCESS AND MANNER FOR MEMBERS OPTING FOR E-VOTING

- A) In case a Member receives an e-mail from NSDL [for members whose e-mail IDs are registered with the Company/Depository Participant(s)]:-
 - i) Open email and open PDF file viz; "Electrosteel AGM 2014.pdf" with your Client id (in case shares are held in demat mode) and Folio No. (in case you are holding shares in physical mode) as default password. The said PDF file contains your "User Id" and "Password/PIN" for e-voting. Please note that the password is an initial password.
 - ii) Launch internet browser by typing the following URL: <https://www.evoting.nsd.com/>
 - iii) Click on Shareholder – Login
 - iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - v) Password change menu appear. Change the password/PIN with a new password of your choice, making sure that it contains a minimum of 8 digits/ characters or a combination of the two. Please take utmost care to keep your password confidential.
 - vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
 - vii) Select "EVEN" of Electrosteel Castings Limited.
 - viii) Now you are ready for e-voting as Cast Vote page opens.
 - ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - xi) Once you have voted on the resolution, you cannot modify your vote.
 - xii) Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote through e-mail at kavita.bhavsar@electrosteel.com or pavai.bhimrajka@electrosteel.com with a copy marked to evoting@nsdl.co.in.
 - xiii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the "Downloads" section of www.evoting.nsd.com.
- B) In case a Member receives physical copy of the AGM Notice [for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy]:
 - (i) Initial password is provided at the bottom of the Attendance Slip of the AGM.
 - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above to cast vote.

C) PROCESS AND MANNER FOR MEMBERS OPTING FOR PHYSICAL VOTING

1. A Member desiring to exercise vote by Ballot may complete this Ballot Form and send it to the Scrutinizer in the enclosed self addressed Business Reply Envelope. Postage will be borne and paid by the Company.
2. The self-addressed envelope bears the address of the Scrutinizer appointed by the Board of the Directors of the Company.
3. This Form should be completed and signed by the Member (as per the specimen signature registered with the Company/Depository Participants). In case of joint holding, this Form should be completed and signed by the first named Member and in his absence, by the next named Member.
4. Unsigned, incomplete, incorrect Forms will be rejected.
5. Members may not use all their votes and may not cast all their votes in the same way.
6. Duly completed Ballot Forms should reach the Scrutinizer before 6:00 p.m. IST on Saturday, 23rd day of August, 2014. All Ballot Forms received after this date will be treated as if reply from such Member has not been received.
7. A Member may request for a duplicate Ballot form if so required. However, the duly filled in duplicate Ballot Form should reach the Scrutinizer not later than the date specified at item no. 6 above.

8. In case the Ballot Form is signed by an Authorized representative of a Body Corporate, Trust, Societies or any other entity, a certified true copy of the Board resolution or a specific authorization of such other entity as the case may be giving requisite authority to the person voting on the Ballot Form should accompany the Ballot Form.
9. The consent must be accorded by recording the assent in the Column 'FOR' and dissent in the Column 'AGAINST' by placing a tick mark (✓) in the appropriate column.
10. There shall be one ballot for every Folio/DP ID & Client ID irrespective of the number of joint holders.
11. Members are requested not to send any other paper alongwith the Ballot Form in the enclosed self-addressed envelope in as much as all such envelopes will be sent to the Scrutinizer and any extra paper found in such envelope would be destroyed by the Scrutinizer.

D) Other General Instructions:

- (i) The e-voting period commences on Thursday, August 21, 2014 (9.00 a.m. IST) and ends on Saturday, August 23, 2014 (6.00 p.m. IST). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of July 11, 2014, may cast their vote electronically.
- (ii) The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on July 11, 2014.
- (iii) The Board of Directors has appointed Ms. Rashmi Bihani of M/s Bihani Rashmi & Company, Practicing Chartered Accountant as the Scrutinizer to scrutinize the voting process (voting through Ballot as well as e-voting) in a fair and transparent manner.
- (iv) Members who do not have access to e-voting facility may send duly completed Ballot Form so as to reach the Scrutinizer M/s Bihani Rashmi & Company, at the Corporate Office of the Company at 19, Camac Street, Kolkata-700017, not later than Saturday, August 23, 2014 (6.00 p.m. IST).
- (v) Members have the option to request for physical copy of the Ballot Form by sending an e-mail to kavita.bhavsar@electrosteel.com or payal.bhimrajka@electrosteel.com by mentioning their Folio No. / DP ID and Client ID No.
- (vi) A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.
- (vii) The Scrutinizer's decision on the validity of a Ballot Form/e-voting shall be final.
- (viii) The Scrutinizer will submit her report to the Chairman or in his absence to any Director or the Company Secretary of the Company after completion of the scrutiny.
- (ix) The result of voting will be announced at the Registered Office of the Company situated at Rathod Colony, P. O. Rajgangpur, District Sundergarh, Odisha-770 017, by the Chairman of the Meeting at the AGM to be held on August 28, 2014.
- (x) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.electrosteel.com and on the website of NSDL www.evoting.nsdl.com within two days of the passing of the resolutions and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.
- (xi) In case you have any queries or issues regarding e-voting, please contact the Company or Registrar & Share Transfer Agent or send mail to kavita.bhavsar@electrosteel.com or payal.bhimrajka@electrosteel.com
- (xii) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

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

May 10, 2014
Kolkata

**Sd/-
Kavita Bhavsar
Company Secretary**

EXPLANATORY STATEMENT
(Pursuant to Section 102 (1) of the Companies Act, 2013)

Information pursuant to Clause 49 of the Listing Agreement regarding reappointment/appointment of Directors

Disclosure in terms of clause 49(iv)(g)(ia) of the Listing Agreement.

The Directors to be reappointed/ appointed are not inter-se related.

Item No. 3

Mr. S. Y. Rajagopalan

Mr. Rajagopalan, aged 80 years, a Non-Executive Director of the Company would retire by rotation in terms of Section 152 of the Companies Act, 2013, and he is eligible for reappointment. He is a qualified Chartered Accountant and Company Secretary. He worked as a Wholetime Director of the Company from 1988 to 2007 and retired on August 9, 2007. Thereafter he was appointed as Non-Executive Director of the Company with effect from January 23, 2010. He has extensive experience in corporate and related laws and finance affairs. He holds 5,100 equity shares of the Company.

He is also a Director on the Board of Lanco Industries Limited.

Item No. 4 & 6

Mr. Vyas Mitre Ralli

Mr. V.M.Ralli, aged 67 years, a Wholetime Director of the Company would retire by rotation in terms of Section 152 of the Companies Act, 2013, and he is eligible for reappointment. He was appointed as a Wholetime Director on December 21, 2009. The tenure of Mr. Ralli, as a Wholetime Director of the Company would expire on December 20, 2014. The Board of Directors has re-appointed Mr. Ralli as a Wholetime Director of the Company for a further period of 5 years effective from December 21, 2014 on the terms and conditions as set out below, subject to the approval of the shareholders of the Company. As Mr. Ralli would be attaining the age of seventy during his tenure of five years, so a Special Resolution is being passed.

Mr. Ralli is a qualified B.Tech (Hons.) in Metallurgical Engineering from Indian Institute of Technology, Kharagpur. He joined our Company in April 1972 and currently is in-charge of Plants at Khardah and Haldia. He also oversees the production and development related activities at Lanco Industries Limited, an Associate Company. He holds 15,000 Equity Shares of the Company.

Proposed Remuneration of Mr. Ralli : (From December 21, 2014 to December 20, 2019)

- i. Salary: Rs. 3,30,000 per month in the grade of 3,30,000-25,000-4,30,000.
- ii. Special Allowance: Rs. 4,93,500 per month.
- iii. 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. Medclaim Policy: Medclaim Policy to be taken as per applicable Staff Rules of the Company.
 - h. Encashment of Leave: In accordance with the Company's Rules and Regulations.
 - i. Contribution to Retiral Benefit Funds: The Company's contribution to Provident Fund as applicable to other employees Company's contribution to Superannuation Fund which together with contribution to Provident Fund shall not exceed 25% of the Salary. Gratuity in accordance with the Gratuity Fund Rules.
 - j. Leave Travel Concession: Return passage for Mr. Ralli and his family in accordance with the Rules specified by the Company.
 - k. Minimum Remuneration: In the event of absence or inadequacy of profits of the Company in any financial year, Mr. Ralli will be entitled to receive such minimum remuneration as is permissible under Section II of Part II of Schedule V to the Companies Act, 2013.

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.

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

Mr. Ralli does not hold directorship in any other Company.

Except Mr. Ralli none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out in item no. 4 & 6.

Item No. 7:

Mr. Mahendra Kumar Jalan, aged 62 years, was appointed as a Wholtime Director on January 22, 2010. The tenure of Mr. Jalan, as a Wholtime Director of the Company would expire on January 21, 2015. The Board of Directors has re-appointed Mr. Jalan as a Wholtime Director of the Company for a further period of 5 years effective from January 22, 2015 on the terms and conditions as set out below, subject to the approval of the shareholders of the Company.

Mr. Jalan is a B.Tech (3rd Year) and had joined the 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 the Company's marketing strategies. Mr. Jalan holds 1,750 Equity Shares in the Company.

Proposed Remuneration of Mr. Jalan: (From January 22, 2015 to January 21, 2020)

- i. Salary: Rs. 3,30,000 per month in the grade of 3,30,000-25,000-4,30,000
- ii. Special Allowance: Rs. 5,33,150 per month in the grade of 5,33,150-3,250 5,46,150
- iii. 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. Mediclaim Policy: Mediclaim Policy to be taken as per applicable Staff Rules of the Company
 - h. Encashment of Leave: In accordance with the Company's Rules and Regulations
 - i. Contribution to Retiral Benefit Funds: The Company's contribution to Provident Fund as applicable to other employees. Gratuity in accordance with the Gratuity Fund Rules.
 - j. Leave Travel Concession: Return passage for Mr. Jalan and his family in accordance with the Rules specified by the Company
 - k. Minimum Remuneration: In the event of absence or inadequacy of profits of the Company in any financial year, Mr. Jalan will be entitled to receive such minimum remuneration as is permissible under Section II of Part II of Schedule V to the Companies Act, 2013.

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.

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

Mr. Jalan holds directorship and membership of the Committees of Board of Directors of the under stated other companies in India:

Directors in Pekon Properties & Enclave Private Limited, Eeshwar Fiscal Services Private Limited, Alkan Fiscal Services Private Limited and Three C Apartment Owners Association.

Except Mr. Jalan none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out in item no. 7.

Item No. 8:

Mr. Umang Kejriwal was reappointed as Managing Director of the Company with effect from April 1, 2012 by the Shareholders of the Company at their meeting held on July 11, 2011 at a remuneration as mentioned therein.

In view of the scale of operations of the Company having increased manifold in last 2 years, your Board of Directors at their meeting held on May 10, 2014 has, on the recommendation of the Nomination & Remuneration Committee of the Company and subject to the approval of the Shareholders of the Company, revised the remuneration of Mr. Umang Kejriwal with effect from April 1, 2014 for the remaining tenure of his office as Managing Director, to make his remuneration compatible with his services. It is proposed to seek the members' approval for increase in terms of the applicable provisions of the Companies Act, 2013.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out in item no. 8 except Mr. Umang Kejriwal, being the concerned person and Mr. Mayank Kejriwal being his relative to the extent of their employment and total shareholding in the Company.

Item No. 9

Mr. Uddhav Kejriwal was reappointed as a Wholtime Director of the Company at a revised remuneration for a period of five years commencing from June 16, 2013 at the AGM of the Company held on September 07, 2012. One of the components of his remuneration was payment of House Rent Allowance (HRA) which was upto 60% of the Basic Salary. However, HRA paid to Mr. Uddhav Kejriwal for the period from June 1, 2011 till March 31, 2013 was less by Rs.9,30,000/- (Rupees Nine

Lacs Thirty Thousand Only) as compared to the remuneration approved by the Shareholders. The said outstanding HRA was paid during the year ended March 31, 2014. Hence the same is placed again for the approval of the shareholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out in item no. 9 except Mr. Uddhav Kejriwal, being the concerned person and Mr. Mayank Kejriwal being his relative to the extent of their employment and total shareholding in the Company.

Item No. 10 to 14 :

The Company had, pursuant to the provisions of Clause 49 of the Listing Agreements entered with the Stock Exchanges, appointed Mr. Pradip Kumar Khaitan, Mr. Binod Khaitan, Mr. Naresh Chandra, Dr. Jamshed Jiji Irani and Mr. Bhaskara Nageswararao Mandavilli as Independent Directors at various times, in compliance with the requirements of the clause.

Pursuant to the provisions of Section 149 of the Companies Act, 2013, which came into effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as Independent Directors, who are not liable to retire by rotation.

The Nomination and Remuneration Committee has recommended the appointment of these Directors as Independent Directors for a period of five consecutive years with effect from August 28, 2014.

Mr. Pradip Kumar Khaitan, Mr. Binod Khaitan, Mr. Naresh Chandra, Dr. Jamshed Jiji Irani and Mr. Bhaskara Nageswararao Mandavilli, Non-Executive Directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under Section 149 of the Act. In the opinion of the Board, each of these Directors fulfil the conditions specified in the Act and the Rules framed thereunder for appointment as an Independent Director and they are independent of the management. Notices have been received from Members proposing candidature of the above directors for the office of Independent Directors of the Company.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment, are concerned or interested, financially or otherwise, in these resolutions.

In compliance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, the appointment of these Directors as Independent Directors is now being placed before the Members for their approval.

These Explanatory Statements may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during 11.00 A.M. to 06.00 P. M. on any working day, excluding Saturday upto the date of AGM.

A brief profile of the Independent Directors to be appointed is given below:

Item No. 10 :

Mr. Pradip Kumar Khaitan is an Independent Director of the Company. He is a B.Com, L.L.B., Attorney-at-law (Gold Medallist). He has been on the Board of the Company since 1972. As a leading and eminent Solicitor and Advocate, he has extensive experience in the fields of Commercial and Corporate Laws, Tax Laws, Arbitration, Foreign Collaborations, Mergers & Acquisitions, Restructuring and De-mergers. He is a member of Bar Council of India, The Bar Council of West Bengal, Incorporated Law Society, Indian Council of Arbitration and is connected with Educational Institutions and Social Organisations. He is a partner of Khaitan and Co., Advocates and Solicitors. Mr. Khaitan holds 1,000 Equity Shares in the Company.

Mr. Khaitan is a Director of CESC Limited, Dalmia Bharat Limited, Dhunsheri Petrochem & Tea Limited, Gillanders Arbuthnot & Co. Limited, Graphite India Limited, Hindustan Motors Limited, India Glycols Limited, OCL India Limited, Piani Investment & Industries Corporation Limited, Woodlands Multispeciality Hospital Limited, TCPL Packaging Limited, Visa Steel Limited and Emami Limited.

He is a member of Audit Committee of Piani Investment & Industries Corporation Limited.

Item No. 11 :

Mr. Binod Khaitan is an Independent Director of the Company. He is a B. Com. and M.B.A (Geneva). He has wide experience in industries such as plywood, tea, jute, tyre, tube etc. Presently he is associated with various charitable and social organisations like Rotary Club, Vivekanand Kendra etc. He has been on the Board of our Company as an Independent Director since 1975. Mr. Khaitan holds 2,000 Equity Shares in the Company.

Mr. Khaitan is a Director of Phosphate Co. Limited and Adelina Investments Pvt. Limited.

Item No. 12:

Mr. Naresh Chandra is an Independent Director of the Company. He has Masters' degree in Mathematics from Allahabad University. A former Civil Servant, he joined the Indian Administrative Services in 1956 and has served as Chief Secretary in Rajasthan, Commonwealth Secretariat Advisor on Export Industrialisation and Policy in Colombo (Sri Lanka), Advisor to the Government of Jammu and Kashmir, and successively Secretary to the Ministries of Water Resources, Defence, Home and Justice in the Government of India.

In December 1990, he became Cabinet Secretary, the highest post in the Indian Civil Service. In 1992, he was appointed Senior Advisor to the Prime Minister of India. He has served as the Governor of the State of Gujarat in 1995-1996 and Ambassador of India to the United States of America in 1996-2001. He has also chaired the Committee on Corporate Audit

and Governance, the Committee on Private Companies and Limited Liability Partnerships and the Committee on Civil Aviation Policy, for the Government of India.

He has been honoured with the Padma Vibhushan, second highest civilian award in India, by the President of India in 2007. Mr. Chandra holds 1,000 Equity Shares in the Company.

Mr. Chandra is a Director of Bajaj Holdings & Investments Limited, Balrampur Chini Mills Limited, AVTEC Limited, Cairn India Limited, Gammon Infrastructure Project Limited, Bajaj Auto Limited, Bajaj Finserv Limited, EROS International Media Limited, Emergent Ventures India Pvt Limited, Vis Legis Consult Private Limited, G4S Corporate Services (India) Pvt Limited and Sesa Sterlite Limited

He is a member of the Audit Committee of Cairn India Limited, Bajaj holdings & Investments Limited, Bajaj Finserv Limited, Bajaj Auto Limited, Gammon Infrastructure Project Limited, EROS International Media Limited, Emergent Ventures India Pvt. Limited and EROS International Plc.

He is also a member of Shareholders'/Investors' Grievance Committee of Bajaj Auto Limited. Member of the Remuneration Committee of Balrampur Chini Mills Limited and EROS International Plc.

Item No. 13:

Dr. Jamshed Jiji Irani is an Independent Director of the Company. He is a qualified D. Met, Ph.D. He 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.

He has received the prestigious *Padma Bhushan Award*, third highest civilian award in India, from the President of India for outstanding contribution to public life and national economy. Her Majesty Queen Elizabeth II conferred on him an Honorary Knighthood (KBE). He has held senior positions in various companies. Dr. Irani holds 1,000 Equity Shares in the Company.

Dr. Irani is a Director of Kansai Nerolac Paints Limited, Repro India Limited and Housing Development Finance Corporation Limited. He is a member of the Audit Committee and Remuneration Committee of Kansai Nerolac Paints Limited.

Item No. 14:

Mr. Bhaskara Nageswararao Mandavilli is an Independent Director of the Company. He is a qualified BSc. (Ag), ACIB (London), FIIB, DCS (Cambridge), IDCS (London). He is a Graduate in Agriculture, Fellow of The Indian Institute of Banking & Finance, Associate of The Chartered Institute of Banking, London and holds Diploma in Computer Studies from Cambridge and National Computing Centre London. Formerly he was Chairman & Managing Director of Canara Bank, with over 38 years of experience in Banking & Finance in India and abroad. He also held position of Chairman of The Indian Banks Association. He was also Chairman of various companies engaged in Banking, Insurance, Mutual Funds and Merchant Banking. Mr. Rao holds 1,000 Equity Shares in the Company.

Mr. Rao is a Director of Cholamandalam Investment & Finance Company Limited, E.I.D.Parry (India) Limited, The Ramco Cements Limited, TAJ GVK Hotels & Resorts Limited, Franklin Templeton Asset Management (India) Private Limited, MMTC-PAMP India Private Limited, Nuziveedu Seeds Limited, Aircel Limited, Aircel Cellular Limited, Dishnet Wireless Limited, Apollo Munich Health Insurance Company Limited, CRISIL Risk and Infrastructure Solutions Limited, Indian Clearing Corporation Limited, Lanco Amarkantak Power Limited, Lanco Power Limited and BFSI Sector Skill Council of India.

He is a member of the Audit Committee of Cholamandalam Investment & Finance Company Limited, TAJ GVK Hotels & Resorts Limited, Nuziveedu Seeds Limited, Lanco Power Limited, The Ramco Cements Limited. He is a Chairman of the Audit Committee of E.I.D. Parry (India) Limited, Indian Clearing Corporation Limited, Lanco Amarkantak Power Limited and Apollo Munich Health Insurance Company Limited.

Item No. 15:

At the AGM of the Company held on August 18, 2009, the Members had approved the payment of commission to Non-Executive Directors of the Company not exceeding one percent per annum of the net profits of the Company for a period of five years commencing from April 1, 2009. It is proposed to continue with the payment of Commission to Non-Executive Directors of the Company. Accordingly, it is proposed that in terms of Section 197 of the Companies Act, 2013, the Directors (apart from the Managing Director and Whole-time Directors) be paid, for each of the five consecutive financial years commencing from April 1, 2014, remuneration not exceeding one percent per annum of the net profits of the Company computed in accordance with the provisions of the Act. This remuneration will be distributed amongst all or some of the Directors in accordance with the directions given by the Board.

Save and except all the Non-Executive Directors of the Company and their relatives, to the extent of their shareholding interest, if any in the Company, none of the other Directors/Key Managerial Personnel of the Company/ their relatives are in any way concerned or interested in the Resolution as set out in the item No. 15 of the Notice, to the extent of the remuneration that may be received by each of them.

Item No. 16:

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the M/s S. G. & Associates, a firm of Cost Accountants, as Cost Auditors to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2015 at a remuneration of Rs.1,00,000 (Rupees one lac only) plus reimbursement of out of pocket expenses and service tax payable.

In accordance with the provisions of Section 148 of the Act read together with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 16 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending March 31, 2015.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 16 of the Notice.

Item No. 17:

Ms. Radha Kinkari Kejriwal, daughter of Mr. Umang Kejriwal, Managing Director of the Company was appointed as an "officer on special duty" with effect from September 28, 2011 by the members of Electrosteel Steels Limited (ESL), an Associate Company of the Company, at their meeting held on August 7, 2012 by a Special Resolution at a remuneration of Rs.1,00,000 per month. Ms. Kejriwal is a graduate from Cardiff University, U.K. and has also completed her post-graduation.

The remuneration of Ms Radha Kinkari Kejriwal was increased from Rs. 1,00,000 p.m to Rs. 2,50,000 p.m with effect from August 01, 2013 by way of postal ballot passed by Shareholders of ESL and as announced on March 19, 2014.

The Board of Directors of ESL at its meeting held on February 06, 2014 had approved the holding of office or place of profit by Ms. Radha Kinkari Kejriwal at revised remuneration of Rs. 80,00,000 p.a with annual increments on the following time scale:-

- a) Rs.80.00 lacs p.a with effect from April 01, 2014 to March 31, 2015
- b) Rs. 90.00 lacs p.a with effect from April 01, 2015 to March 31, 2016
- c) Rs.100.00 lacs p.a with effect from April 01, 2016 to March 31, 2017

The above appointment was approved by the Shareholders of ESL by way of Postal Ballot and as announced on March 19, 2014 but the application for approval of Ministry of Corporate Affairs, Government of India was not filed under the Section 314(1B) of Companies Act, 1956 by ESL due to change in law, as the provisions of Section 188 of the Companies Act, 2013 has come into force with effect from April 01, 2014.

In terms of Section 188 of the Companies Act, 2013 and the Rules framed thereunder if any appointment is made to any office of place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding Rs.2,50,000/- (Rupees Two Lacs Fifty Thousand Only) approval of the members of the Company is to be obtained by passing a Special Resolution and the related parties shall abstain from voting on such resolutions.

The Board of directors believes that the remuneration proposed to be paid to Ms. Radha Kinkari Kejriwal is commensurated with her qualification & knowledge and is in line with industry standards prevalent in the current scenario.

The particulars of the transaction pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 read with Section 188 of the Companies Act, 2013 are as under:-

- 1) Name of the Related Party: Ms Radha Kinkari Kejriwal
- 2) Name of the Director or Key Managerial Personnel who is related:- Mr. Umang Kejriwal, Managing Director
- 3) Nature of relationship:- Daughter of Mr. Umang Kejriwal, Managing Director
- 4) Nature, Material Terms, Monetary Value and particulars of the contract or arrangement:- As mentioned above.
- 5) Any other information relevant or important for the members to take a decision on the proposed resolution- None

The Board of Directors recommends the shareholders to accord their consent by Special Resolution for her holding the office or place of profit under the Company as an 'officer on special duty' at the above revised remuneration as per Section 188 of the Companies Act, 2013.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out in item no. 17 except Mr. Umang Kejriwal and his relatives to the extent of their total shareholding in the Company.

Item No. 18

Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 prescribed, inter alia, under Section 42 of the Act deals with Private Placement of securities by a Company. Sub-rule (2) of the said Rule 14 states that in case of an offer or invitation to subscribe for non-convertible debentures on private placement, the company shall obtain previous approval of its shareholders by means of a special resolution only once in a year for all the offers or invitations for such debentures during the year.

In order to augment resources for financing, inter alia, the ongoing capital expenditure and for general corporate purposes, the Company may offer or invite subscription for secured / unsecured redeemable non-convertible debentures, in one or more series / tranches on private placement, issuable / redeemable at par. Accordingly, consent of the members is sought for passing a Special Resolution as set out at Item No. 18 of the Notice. This resolution enables the Board of Directors of the Company to offer or invite subscription for non-convertible debentures, as may be required by the Company, from time to time for a year from the conclusion of this AGM.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 18 of the Notice.

Item No. 19:

Pursuant to Section 188 of the Companies Act, 2013 and the rules made thereunder, every Company having paid up Share Capital of Rs. 10 Crores or more or exceeding certain values as prescribed for making the following transactions with Related Party, requires the approval of Shareholders in General Meeting:

1. Sale, purchase or supply of any goods or materials;
2. Selling or otherwise disposing of, or buying, property of any kind;
3. Leasing of property of any kind;
4. Availing or rendering of any services;
5. Appointment of any agent for purchase or sale of goods, materials, services or property;
6. Such related party's appointment to any office or place of profit in the Company; its subsidiary company or associate company; and
7. Underwriting the subscription of any securities or derivatives thereof, of the Company

Further as per revised clause 49 of the Listing Agreement (which will come into effect from October 1, 2014) all material Related Party Transactions would require approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions.

The transaction with a Related Party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual turnover or twenty percent of the net worth of the company as per the last audited financial statements of the company, whichever is higher.

Purchase / Sale of Materials with related parties: The sale of bulk materials viz. coking coal, coke and other materials, procurement of finished goods and other items and supply /receiving of various services are negotiated together with Electrosteel Steels Limited (Associate Company).

Based on requirement, these materials are purchased / sold between the Companies.

Approval is required from the Shareholders for the following Contracts/transactions to be entered into with Electrosteel Steels Limited.

- A) Purchases & Services to be received (Limit of Rs.1,000 Crore for the period April 01, 2014 till September 30, 2015)
- a) Purchase of DI Pipes & Fittings, Pig Iron, TMT bars, Wire Rods, Billets, Coal/ Coke, MS Scrap or any other goods.
 - b) Conversion of coal into coke
 - c) All other types of services to be received
- B) Sales & Services to be rendered (Limit of Rs.1,000 Crore for the period April 01, 2014 till September 30, 2015)
- a) Sale of Coal / Coke of different varieties including coal rejects, midlinks etc.
 - b) Sale of Iron-ore and other raw materials or ancillary items
 - c) Rent agreements for hiring of space of any type in connection with the business of the Company (not exceeding in aggregate of Rs. 5 crore within the aggregate limit as mentioned above)
 - d) All types of services to be rendered in connection with the business of the Company (not exceeding in aggregate of Rs. 500 crore within the aggregate limit as mentioned above)

The particulars of the transaction pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 read with Section 188 of the Companies Act, 2013 are as under:-

- 1) Name of the Related Party: Electrosteel Steels Limited.
- 2) Name of the Director or Key Managerial Personnel who is related: Mr. Umang Kejriwal, Director
- 3) Nature of relationship: Mr. Umang Kejriwal is a common Director in Electrosteel Steels Limited and the Company.
- 4) Nature, Material Terms, Monetary Value and particulars of the contract or arrangement:

Off take Agreements for sale of coal and Iron ore to Electrosteel Steels Limited is at "Fixed profit @10% based on reimbursement of costs as mentioned below in respect of the Product supplied.

- i) Fixed charge consisting of capital cost recovery factor (based on depreciation of relevant equipment including replacements thereof and interest) for the Contract Period.
- ii) Proportionate Operation and Maintenance charges
- iii) Proportionate statutory expenses like royalty, taxes etc.
- iv) Transportation, handling and storage charges upto the place of delivery of ESL.

Other contracts for purchase and sale of goods, raw materials and receiving /rendering of services are at best negotiated terms / market price.

Other terms and conditions and monetary value as mentioned above.

- 5) Any other information relevant or important for the members to take a decision on the proposed resolution- None

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

May 10, 2014
Kolkata

**Sd/-
Kavita Bhavsar
Company Secretary**

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of Companies (Management and Administration) Rules, 2014]

CIN: L27310OR1955PLC000310

Name of the Company: **ELECTROSTEEL CASTINGS LIMITED**

Registered Office: Rathod Colony, P. O. Rajgangpur, District Sundergarh, Odisha - 770 017, India

Name of member (s):
Registered Address:
E-mail Id:
Folio No/Client ID:
DP ID:

I/We, being the member(s) of _____ Shares of **Electrosteel Castings Limited**, hereby appoint:

1. Name:	2. Name:	3. Name:
Address:	Address:	Address:
E-mail Id:	E-mail Id:	E-mail Id:
Signature: _____ or failing him	Signature: _____ or failing him	Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at Annual General Meeting of the Company, to be held on Thursday, the 28th day of August, 2014 at 11:30 A.M. at the Registered Office of the Company situated at Rathod Colony, P. O. Rajgangpur, District Sundergarh, Odisha - 770 017 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Particulars
Ordinary Business	
1	Adoption of Annual Financial Statements for the year ended March 31, 2014
2	Approval of declaration of Dividend
3	Re-appointment of Mr. S. Y. Rajagopalan as a Director, who retires by rotation
4	Re-appointment of Mr. Vyas Mitre Ralli as a Director, who retires by rotation
5	Re-appointment of M/s. Lodha & Co., Chartered Accountants, Statutory Auditors of the Company
Special Business	
6	Re-appointment of Mr. V. M. Ralli as a Wholetime Director of the Company for a term of five years
7	Re-appointment of Mr. M. K. Jalan as a Wholetime Director of the Company for a term of five years
8	Increase in remuneration of Mr. Umang Kejriwal, Managing Director of the Company
9	Approval for payment of outstanding remuneration to Mr. Uddhav Kejriwal, Wholetime Director of the Company
10	Appointment of Mr. Pradip Kumar Khaitan as an Independent Director of the Company for a term of five years
11	Appointment of Mr. Binod Khaitan as an Independent Director of the Company for a term of five years
12	Appointment of Mr. Naresh Chandra as an Independent Director of the Company for a term of five years
13	Appointment of Dr. Jamshed Jiji Irani as an Independent Director of the Company for a term of five years
14	Appointment of Mr. M. B. N Rao as an Independent Director of the Company for a term of five years
15	Approval for continuation payment of Commission to Non- Executive Directors
16	Ratification of remuneration to be paid to M/s S.G. & Associates as Cost Auditors of the Company
17	Approval for holding of office or place of Profit by Ms. Radha Kinkari Kejriwal, a relative of Managing Director
18	To approve offer or invitation to subscribe to Non-Convertible Debentures on Private Placement Basis
19	Approval for entering into transactions with Related Party (ies)

Signed this _____ day of _____ 2014

Signature of Shareholder: _____

Signature of Proxy holder(s): _____

Affix
Revenue
Stamp

Note: This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



ELECTROSTEEL CASTINGS LIMITED

Registered Office : Rathod Colony, P.O.Rajgangpur, District Sundergarh, Odisha-770 017, India

Corporate Office : G K Tower, 19, Camac Street, Kolkata -700 017, India

CIN : L27310OR1955PLC000310; **Website:** www.electrosteel.com

Phone: 033-71034557; **Fax:** 033-22894339

ATTENDANCE SLIP

Only Shareholders or the proxies will be allowed to attend the meeting

D.P. ID	
---------	--

L.F. No.	
----------	--

Client ID	
-----------	--

No. of Shares held	
--------------------	--

I hereby record my presence at the fifty-ninth Annual General Meeting of Electrosteel Castings Limited being held at Rathod Colony, P. O. Rajgangpur, District Sundergarh, Odisha – 770 017 on Thursday, the 28th day of August, 2014 at 11:30 A.M.

Name of the Shareholder/Proxy*	Signature of the Shareholder/Proxy*

*Strike out whichever is not applicable

ELECTRONIC VOTING PARTICULARS		
EVEN (E-voting Event Number)	USER ID	PASSWORD/PIN

NOTE:

- i. Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting venue.
- ii. Please read the e-voting instructions carefully before voting electronically.

INSTRUCTIONS

In compliance with Clause 35B of Listing Agreement and provisions of Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, the Company is pleased to provide Electronic Voting (hereinafter referred as "e-voting") facility as an alternative for the Members holding shares in demat form and physical form which would enable them to cast their votes electronically, instead of dispatching the physical Postal Ballot form through post.

The Company has engaged the services of National Securities Depository Limited (NSDL) to provide e-voting facility to its members.

PROCESS AND MANNER FOR MEMBERS OPTING FOR E-VOTING

- A)** In case a Member receives an e-mail from NSDL [for members whose e-mail IDs are registered with the Company/Depository Participant(s)]:-
- i) Open email and open PDF file viz; "Electrosteel Postal Ballot-2014.pdf" with your Client id (in case shares are held in demat mode) and Folio No. (in case you are holding shares in physical mode) as default password. The said PDF file contains your "User Id" and "Password/PIN" for e-voting. Please note that the password is an initial password.
 - ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - iii) Click on Shareholder – Login
 - iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - v) Password change menu appear. Change the password/PIN with a new password of your choice, making sure that it contains a minimum of 8 digits/ characters or a combination of the two. Please take utmost care to keep your password confidential.
 - vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
 - vii) Select "EVEN" of Electrosteel Castings Limited.
 - viii) Now you are ready for e-voting as Cast Vote page opens
 - ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - x) Upon confirmation, the message "Vote cast successfully" will be displayed
 - xi) Once you have voted on the resolution, you cannot modify your vote.
 - xii) Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote through e-mail at kavita.bhavsar@electrosteel.com or payal.bhimrajika@electrosteel.com with a copy marked to evoting@nsdl.co.in.
 - xiii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the "Downloads" section of www.evoting.nsdl.com.
- B)** In case a Member receives physical copy of the Postal Ballot Notice [for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy]:
- (i) Initial password is provided at the bottom of the Postal Ballot Form.
 - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above to cast vote.

C) PROCESS AND MANNER FOR MEMBERS OPTING FOR PHYSICAL VOTING

1. A Member desiring to exercise vote by Postal Ballot may complete this Postal Ballot Form and send it to the Scrutinizer in the enclosed self addressed Business Reply Envelope. Postage will be borne and paid by the Company.
2. The self-addressed envelope bears the address of the Scrutinizer appointed by the Board of the Directors of the Company.
3. This Form should be completed and signed by the Member (as per the specimen signature registered with the Company/Depository Participants). In case of joint holding, this Form should be completed and signed by the first named Member and in his absence, by the next named Member.
4. Unsigned, incomplete, incorrect Forms will be rejected.
5. Members may not use all their votes and may not cast all their votes in the same way.
6. Duly completed Postal Ballot Forms should reach the Scrutinizer before 6:00 p.m. IST on Saturday, 23rd day of August, 2014. All Postal Ballot Forms received after this date will be treated as if reply from such Member has not been received.
7. A Member may request for a duplicate Ballot form if so required. However, the duly filled in duplicate Ballot Form should reach the Scrutinizer not later than the date as specified at item no. 6 above.
8. In case the Form is signed by an Authorized representative of a Body Corporate, Trust, Societies or any other entity, a certified true copy of the Board resolution or a specific authorization of such other entity as the case may be giving requisite authority to the person voting on the Ballot Form should accompany the Ballot Form.
9. The consent must be accorded by recording the assent in the Column 'FOR' and dissent in the Column 'AGAINST' by placing a tick mark (✓) in the appropriate column.
10. There shall be one ballot for every Folio/DP ID & Client ID irrespective of the number of joint holders.
11. Members are requested not to send any other paper alongwith the Form in the enclosed self-addressed envelope in as much as all such envelopes will be sent to the Scrutinizer and any extra paper found in such envelope would be destroyed by the Scrutinizer.

D) Other General Instructions:

- (i) The e-voting period commences on Thursday, July 24, 2014 (9.00 a.m. IST) and ends on Saturday, August 23, 2014 (6.00 p.m. IST). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date July 11, 2014, may cast their vote electronically.
- (ii) The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on July 11, 2014.
- (iii) The Board of Directors has appointed Ms. Rashmi Bihani of M/s Bihani Rashmi & Company, Practicing Chartered Accountant as the Scrutinizer to scrutinize the voting process (voting through Postal Ballot as well as e-voting) in a fair and transparent manner.
- (iv) Members who do not have access to e-voting facility may send duly completed Postal Ballot Form so as to reach the Scrutinizer M/s Bihani Rashmi & Company, at the Corporate Office of the Company at 19, Camac Street, Kolkata-700017, not later than Saturday, August 23, 2014 (6.00 p.m. IST).
- (v) Members have the option to request for physical copy of the Postal Ballot Form by sending an e-mail to kavita.bhavsar@electrosteel.com or paval.bhimrajka@electrosteel.com by mentioning their Folio No. / DP ID and Client ID No.



ELECTROSTEEL CASTINGS LIMITED

Registered Office : Rathod Colony, P. O. Rajgangpur, District Sundergarh, Odisha - 770 017, India
Corporate Office : G K Tower, 19, Camac Street, Kolkata -700 017, India
CIN : L27310OR1955PLC000310; Website: www.electrosteel.com
Phone: 033-71034557; Fax: 033-22894339

BALLOT FORM FOR VOTING ON AGM RESOLUTIONS Pursuant to Section 110 of the Companies Act, 2013

Ballot No. :

1. Name and Registered address of :
Sole / first named member

2. Name(s) of Joint Holders, if any :

3. Ledger Folio / DP ID & Client ID No. :

4. Number of Shares held :

5. I/We exercise my/our votes in respect of the following Resolutions to be passed at the AGM in respect of the business stated in the Notice dated May 10, 2014 by sending my/our assent or dissent to the following resolutions by placing (✓) mark in the appropriate box below:

Resolution No.	Particulars	No. of Shares Voted	Optional	
			For	Against
Ordinary Business				
1	Adoption of Annual Financial Statements for the year ended March 31, 2014			
2	Approval of declaration of Dividend			
3	Re-appointment of Mr. S. Y. Rajagopalan as a Director, who retires by rotation			
4	Re-appointment of Mr. Vyas Mitre Ralli as a Director, who retires by rotation			
5	Re-appointment of M/s. Lodha & Co., Chartered Accountants, Statutory Auditors of the Company			
Special Business				
6	Re-appointment of Mr. V. M. Ralli as a Wholetime Director of the Company for a term of five years			
7	Re-appointment of Mr. M. K. Jalan as a Wholetime Director of the Company for a term of five years			
8	Increase in remuneration of Mr. Umang Kejriwal, Managing Director of the Company			
9	Approval for payment of outstanding remuneration to Mr. Uddhav Kejriwal, Wholetime Director of the Company			
10	Appointment of Mr. Pradip Kumar Khaitan as an Independent Director of the Company for a term of five years			
11	Appointment of Mr. Binod Khaitan as an Independent Director of the Company for a term of five years			
12	Appointment of Mr. Naresh Chandra as an Independent Director of the Company for a term of five years			
13	Appointment of Dr. Jamshed Jiji Irani as an Independent Director of the Company for a term of five years			
14	Appointment of Mr. M. B. N Rao as an Independent Director of the Company for a term of five years			
15	Approval for continuation payment of Commission to Non- Executive Directors			
16	Ratification of remuneration to be paid to M/s S.G. & Associates as Cost Auditors of the Company			
17	Approval for holding of office or place of Profit by Ms. Radha Kinkari Kejriwal, a relative of Managing Director			
18	To approve offer or invitation to subscribe to Non-Convertible Debentures on Private Placement Basis			
19	Approval for entering into transactions with Related Party (ies)			

Place:

Date:

Signature of the Member or the Authorised Representative

The cover features a dark blue curved band across the top. Below it, a large, light-colored gear is centered, containing a stylized logo. The logo consists of a square with a vertical line on the left, a horizontal line at the top, and a diagonal line on the right that ends in an arrowhead pointing downwards. The background is a gradient of light to dark blue.

ELECTROSTEEL

CASTINGS LIMITED

59TH ANNUAL REPORT
2013-2014

Corporate Information

Chairman	Mr. Pradip Kumar Khaitan
Directors	Mr. Binod Khaitan Mr. Naresh Chandra Dr. Jamshed Jiji Irani Mr. Bhaskara Nageswararao Mandavilli Mr. Shermadevi Yegnaswami Rajagopalan Mr. Rama Shankar Singh
Managing Director	Mr. Umang Kejriwal
Joint Managing Director	Mr. Mayank Kejriwal
Whole time Directors	Mr. Uddhav Kejriwal Mr. Vyas Mitre Ralli Mr. Mahendra Kumar Jalan
Company Secretary	Ms. Kavita Bhavsar
Auditors	M/s. Lodha & Co. Chartered Accountants
Solicitors	Khaitan & Co. LLP Kolkata
Bankers	Axis Bank Limited Bank of Baroda Bank of India DBS Bank Limited Export Import Bank Limited HDFC Bank Limited HSBC Limited ICICI Bank Limited IDBI Bank Limited ING Vysya Bank Limited IndusInd Bank Limited Punjab National Bank Standard Chartered Bank State Bank of India Syndicate Bank
Works	Khardah, West Bengal Haldia, West Bengal Bansberia, West Bengal Parbatpur, Jharkhand Elavur, Tamil Nadu
Corporate Office	G.K.Tower, 19, Camac Street Kolkata - 700 017 website : www.electrosteel.com Phone : 033-71034557 Fax : 033-22894339
Registered Office	Rathod Colony, Rajgangpur District - Sundergarh Odisha - 770 017
Corporate Identification Number : L27310OR1955PLC000310	

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Directors' Report

Dear Members,

Your Directors take pleasure in presenting their Fifty Ninth Annual Report and Audited Annual Accounts of the Company for the Financial Year ended March 31, 2014.

Financial Results

The Company's financial performance, for the Financial Year ended March 31, 2014 is summarized as below :

(Rs. in Crores)

Sl.No.	Particulars	FY 2013-14	FY 2012-13
i.	Revenue from operations	2186.88	1934.55
ii.	Other Income	19.70	95.05
iii.	Total Revenue	2206.58	2029.60
iv.	Profit before Taxation (PBT)	135.96	120.98
v.	Less : Tax including Deferred Tax	35.41	23.75
vi.	Profit after Taxation (PAT)	100.55	97.23
vii.	Add : Profit brought forward from previous year	186.70	113.58
viii.	Add : Transfer from Debenture Redemption Reserve	-	50.00
ix.	Amount available for appropriation	287.25	260.81
	Appropriation		
	Add : Transfer to Debenture Redemption Reserve	54.00	10.00
	Less : Transfer to General Reserve	25.00	45.00
	Less : Proposed Dividend including tax thereon	26.15	19.11
	Total	105.15	74.11
x.	Surplus carried to Balance Sheet	182.10	186.70

Your Company's Revenue from operation has increased from Rs. 1,934.55 crores in 2012-13 to Rs. 2,186.88 crores in 2013-14.

Dividend

Your Directors recommend a dividend of Re. 0.65 per Equity share of face value of Re. 1 each, i.e. 65% for the Financial Year ended March 31, 2014.

The Dividend, subject to approval of Members at the Annual General Meeting on 28th August, 2014, will be paid to the Members whose names appear in the Register of Members, as on the date of book closure, i.e. from Friday, 22nd August, 2014 to Thursday, 28th August, 2014 (inclusive of both dates). The dividend, on approval by members, will absorb Rs. 26.15 crore (approx.), inclusive of tax of Rs. 3.80 crore (approx.) on distribution of dividend.

Fixed Deposits

The Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

Operations

The Company's Revenue from operations has increased from Rs. 1,934.55 crores in 2012-13 to Rs. 2,186.88 crores in 2013-14. Export sales showed an increase from Rs. 936.68 crores to Rs. 989.21 crores, an increase of 5.60% due to higher realisation in the export market. The Company's profit (PAT) for the financial year was Rs. 100.55 crores as against Rs. 97.23 crores of previous financial year which is a nominal increase of 3.42% since last financial year.

During the year production of Ductile Iron (DI) pipes was 2,81,239 MT as against 2,84,849 MT in the previous year. Production of DI Fittings during the year was 5,992 MT as compared to

6,063 MT in previous year. The production of Cast Iron (CI) pipes at Elavur was 25,848 MT as against 24,451 MT in the previous year.

Special attention has been given not only to increase energy efficiency but also for improvement in production and productivity. Further, product variety has been added to meet newer requirements from international and enlightened Indian customers.

Future Prospects

Demand for Ductile Iron Pipes and Fittings in the domestic market is bullish. Your Company continues to maintain its dominant position in the market against competitors. In the Export market, market shares have increased in the European markets even with the crisis in Europe. Your Company, after entrenching itself in the prestigious West European markets, is looking to expand in Eastern Europe. New markets are being opened up in South America and Africa. We will maintain our emphasis in the Gulf markets where we have a historically strong presence.

Directors

Mr. Rama Shankar Singh, a Director of the Company had tendered his resignation from the post of Wholtime Director with effect from 5th February, 2014. However, Mr. Singh continues to be a Non-Executive Director of the Company.

Upon the Companies Act, 2013, coming into effect from 1st April, 2014, Mr. Pradip Kumar Khaitan became an Independent Director and Mr. Shermadevi Yegnaswami Rajagopalan ceased to be an independent Director of the



Directors' Report (Contd.)



Company. However, Mr. Rajagopalan continues to be a Non-Executive Director of the Company.

Mr. Rajagopalan and Mr. Vyas Mitre Ralli, Directors, retire by rotation at the ensuing Annual General Meeting (AGM) and are eligible for re-appointment at the ensuing AGM.

Further, the period of directorship of Mr. Ralli and Mr. Mahendra Kumar Jalan Wholtime Directors of the Company would expire on 20th December, 2014 and 21st January, 2015 respectively. They have given their consent for re-appointment.

As per Section 149 of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company, but shall be eligible for reappointment on passing of a special resolution by the company.

In line of the above mentioned provision, all the Independent Directors of the Company needs to be re-appointed for a term of five years. Hence approval of the members is sought for the appointment of all the Independent Directors for a term of 5 years with effect from 28th August, 2014 to 27th August, 2019 at the ensuing AGM.

A brief resume of the Directors being appointed and reappointed at the ensuing AGM, their nature of expertise in specific functional areas and names of the companies in which they hold directorships and/or memberships/ chairmanships of Committees of the respective Boards, shareholding and relationship between directors inter se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is given in the Notice convening AGM.

There are no qualifications or adverse remarks in the Auditors' Report which require any clarification/ explanation.

Directors' Responsibility Statement

Your Directors hereby confirm :

- a) that in the preparation of annual accounts, containing financial statements for the Financial Year ended March 31, 2014 the applicable accounting standards have been followed and there were no material departures there from requiring any explanation;
- b) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company and the profit for that period;
- c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual accounts have been prepared on a 'going concern' basis.

Consolidated Financial Statements

Pursuant to Clause 41 of the Listing Agreement entered into with the stock exchanges, the Board of Directors take pleasure in attaching the Consolidated Financial Statements prepared in accordance with the Accounting Standard

(AS)-21 on Consolidated Financial Statements read with AS-23 on Accounting for Investments in Associates and AS-27 on Financial Reporting of Interests in Joint Ventures as prescribed by the Institute of Chartered Accountants of India.

Auditors and Auditors' Report

Statutory Auditors

M/s. Lodha and Co., Chartered Accountants, Statutory Auditors of the Company, retire at the conclusion of the 59th Annual General Meeting of the Company. They have offered themselves for re-appointment as Statutory Auditors for next term of three consecutive years and confirmed that their reappointment, if made, will be within the prescribed limits under section 141(3) of the Companies Act, 2013.

There are no qualifications or adverse remarks in the Auditors' Report which require any clarification/explanation. The Notes on Financial Statements are self explanatory and need no further explanation.

Cost Auditors

The Central Government's directions vide their Order dated 6th November, 2012 and pursuant to Section 148B of the Companies Act, 2013, requires audit of the cost accounting records of the Company relating to Pig Iron, DI Pipe, DI Fittings, CI Pipe, Coke, Dolomite, Paint, Sponge Iron & Power Generating units for every financial year. Activities related to mines will come under purview of this audit on & from the date when commercial production will start.

Directors' Report (Contd.)

The Cost Audit Report and a Compliance Report for the financial year 2012-13 were filed on 19th September, 2013.

M/s. S. G. & Associates, partnership firm of Cost Accountants in Kolkata, has been re-appointed as Cost Auditors for Financial Year 2014-15 for all the applicable units and products of the Company subject to the approval of Central Government, if any required.

Cost Audit Report for the financial year 2013-14 will be filed within the due date.

Subsidiary, Associate Companies and Joint Ventures

As on March 31 2014, your Company has the following Subsidiaries, Associate Companies and Joint Ventures.

S.No.	Name of the Company	Status
1.	Electrosteel Algeria SPA	Subsidiary
2.	Electrosteel Castings (UK) Limited	Subsidiary
3.	Electrosteel Castings Gulf FZE	Subsidiary
4.	Electrosteel Doha for Trading LLC	Subsidiary
5.	Electrosteel Europe S.A.	Subsidiary
6.	Electrosteel Trading S.A, Spain	Subsidiary
7.	Electrosteel USA, LLC	Subsidiary
8.	Singardo International Pte Limited	Subsidiary
9.	Electrosteel Brasil Ltda. Tubos e Conexoes Duteis	Subsidiary
10.	Mahadev Vyapaar Private Limited	Subsidiary
11.	WaterFab LLC	Step down subsidiary (subsidiary of Electrosteel USA, LLC)
12.	Electrosteel Steels Limited	Associate Company

Your Company has the rating for long term/medium term debt and various Bank facilities as 'CARE AA-(Double A minus)'.

S.No.	Name of the Company	Status
13.	Electrosteel Thermal Power Ltd.	Associate Company
14.	Lanco Industries Limited	Associate Company
15.	Domco Private Limited	Joint Venture
16.	North Dhadhu Mining Company Private Limited	Joint Venture

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

In terms of the general exemption granted by Government of India, Ministry of Corporate Affairs, vide General Circular No. 2/2011 dated February 8, 2011, the Board of Directors of your Company at its meeting held on 10th May, 2014 has given its consent for not attaching the Balance Sheet, Statement of Profit and Loss, and Reports of the Board of Directors and the Auditors' thereon of these subsidiary/step down subsidiary companies for the Financial Year ended March 31, 2014. However, a statement containing brief financial details of the Company's subsidiaries for the Financial Year ended March 31, 2014 is included in the Annual Report, as to comply with the terms of the general exemption. The Company undertakes that annual accounts of the subsidiary companies and the related detailed information shall be made available to the shareholders of the Company and subsidiary

companies seeking such information at any point of time. Moreover, the annual accounts of the subsidiary companies will also be kept for inspection for members at the Company's Head Office and at the Head Office of the subsidiary company concerned.

Credit Rating

Your Company has been rated as "CARE AA-(Double A minus)" for long-term/medium term debt and various Bank facilities, including the Non-Convertible Debentures (NCDs) of the Company (outstanding Rs. 270 Crores as at March 31, 2014). "CARE AA-(Double A minus)" rating indicates high degree of safety regarding timely servicing of financial obligation and lower credit risk.

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

Your Company has also been rated "BWR AA (Double A)" by Brickwork Rating for Non-Convertible Debentures (NCDs) (Outstanding Rs. 150 crore out of Rs. 270 Crore as on 31.03.2014). "BWR AA (Double A)" signifies that the NCDs have high degree of safety regarding timely servicing of financial obligations and carries very low credit risk.

Directors' Report (Contd.)



Awards

EEPC INDIA, Eastern Region has given "AWARD FOR EXPORT EXCELLENCE" to Electrosteel Castings Limited for star performers as large enterprise in the product group of sanitary and Industrial Castings for its outstanding contribution to engineering exports during the year 2011-12.

Disposal of complaint under "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013" ("The Act")

In compliance with the Act, the Company has constituted the "Internal Complaints Committee" and also framed the redressal policy in case of sexual harassment at workplace. During the year, the Company has not received any complaint with respect to sexual harassment at work place.

Increase in Paid-up Equity Share Capital

During the year ended March 31, 2014, the Company has allotted 1,70,64,617 Equity Shares of Re. 1/- (Rupee one) each at an issue price of Rs 13.85 per Equity share on November 27, 2013 to the Promoters on preferential basis and accordingly the paid-up Equity share capital stands increased to Rs. 34,38,17,322 divided into 34,38,17,322 Equity shares of Re. 1/- (Rupee one) each.

Preferential Issue :

The Company had sought approval of shareholders by way of evoting vide notice dated 11th April, 2014, the results of which will be declared on 12th May, 2014 for issue of 1,31,38,000 Equity shares of Re.1 each on Preferential basis to G. K. & Sons Private Limited and Electrocast Sales India Limited, two Promoter Companies of the Company at a price of Rs.19.03 per Equity Share.

EEPC INDIA, Eastern Region has given 'AWARD FOR EXPORT EXCELLENCE' for Top exporter SILVER in the large enterprise for our outstanding contribution to engineering exports during the year 2011-12.

Debentures :

As on March 31, 2014, the Company has the following Non-Convertible Debentures (NCD) listed on National Stock Exchange of India Limited :

Type of Debentures	Amount (Rs. in Crore)
10.75%	120
11.00%	50
12.50%	100

The Debenture Trustee for the aforesaid Debentures is as follows :

Axis Trustee Services Limited

2nd Floor, Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg Worli, Mumbai - 400 025
Contact Person : Chief Operating Officer
Phone : (022) 2425 5202, Fax : (022) 2425 4200
Email Id : debenturetrustee@axistrustee.com

Energy, Technology and Foreign Exchange Earnings and Outgo

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' and forms part of this Report.

Reports on Corporate Governance and Management Discussion and Analysis

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

Report on Corporate Governance Practices, the Auditors' Certificate on compliance of mandatory

requirements thereof and Report on Management Discussion and Analysis are given as annexure and form part of this report.

Particulars of Employees

Having regard to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report excluding the information pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and the Companies (Particulars of Employees) Amendment Rules, 2011, is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

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

Acknowledgement

Your Directors would like to express their appreciation for the assistance and co-operation received from the Financial institutions, Banks, Government authorities, Customers, Vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

On behalf of the Board of Directors

May 10, 2014
Kolkata

P. K. Khaitan
Chairman



Annexure 'A'

To Directors' Report

CONSERVATION OF ENERGY

(a) Energy conservation steps taken :

- Installation of 2000 KV capacitor in 33 KV HT line has helped us to improve power factor from 94% to 97% for which CESC is giving the full available rebate in the monthly power bill.
- Installing warning system, both visual & audio, for demand load of 33 KV line has reduced the monthly average demand load by 7.5% from 2010-11 (after enhancement of plant capacity) and 1.5% from last financial year.
- For the strict control of demand load, agreement load with CESC for 33 KV line has now been reduced from 21000 KW to 20500 KW.
- With installation of capacitors, both auto and manual control, in the other separate CESC supplies to R&D, has helped us to achieve power factor much above 97% throughout the year for each month for which full available rebate from CESC electricity bills has been obtained.
- Increasing the consumption of BF gas in the furnaces, with proper monitoring of annealing furnace oil burners and installation of KENT oil meters at main unloading point of incoming HSD oil from tankers a reduction of about 6% of HSD oil has been achieved over 2012-13.
- Installation of VVFD at fitting section for continuous running pumps has reduced the energy consumption for the pumps by about 30%.

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

- Installation of oil meters for all consuming point of



To increase the competitive edge in the Global Market and to remain the market leader in India, a dedicated team is working to improve the System, Quality and Product.

HSD oil and tank unloading at R&D Section for actual monitoring and control of oil consumption.

- Improvement in ladle & hopper heating to eliminate heat loss and overheating for reduction of oil consumption.

In Elavur Works

- i) Part replacement of Overhead A.C. Sheets with Transparent sheets in Finishing & Workshop completed which resulted in more light during day time and thereby reducing the requirements of lights . Same exercise planned for casting, core shop and tar plant to derive further energy saving
- ii) Elavur Works has been maintaining power factor of more than 97%. Earlier before August 2010 when TNEB had introduced power incentive for maintaining power factor of more than 95%, EW got power incentive from TNEB for maintaining power factor of more than 97%.

In Haldia Works

In Haldia Works, system adopted to maintain power factor level at 98%.

Some drives have been added to reduce the energy consumption at the level of 30% to 40%. This has saved quite a bit of energy consumption in Haldia Works and also planned to take up further areas of high energy consumption, wherein energy efficient devices and accessories to be installed. These improvements can be evident from the following declarations :

- i) One 30 KV drive installed against Product House - 2 Bag Filter Motor (ID Fan) at SIP. Speed controlled by VFD keeping at same suction pressure with 30%- 40% energy saving compare to previous energy consumption.
- ii) One 40 KV drive installed against sprinkler pump at SIP. Speed controlled by VFD keeping at same water delivery with 40% energy saving compare to previous energy consumption.
- iii) Replacement of 45 nos. of 36W/20W tube lights with 20W/10W LED tube light at admin building ground floor. Per day energy saving of 10 units is being achieved at lighting load of admin building.

(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)

Technology Absorption and Research and Development are the Core Strength of your organization. To increase the competitive edge in the Global Market and to remain the market leader in India, a dedicated team is working to improve the System, Quality and Product.



Corrosion Resistance Coating is key part of Ductile Iron Pipe. As a part of backward integration strategy and to ensure quality and delivery of the important coating material your company has established its own Paint Manufacturing Plant. You will be pleased to know that the Research and Development Cell of your Company has been able to develop a number of corrosion resistance coatings which have not only been approved by the International agencies like WRAS of UK, ACS of France but the performance is also proven to be superior than many of the world leaders in Paint Manufacturing.

After a long battle "Electrolock" Joint, developed in last two years has established a niche market for itself and it is now considered one of the best joints in Europe.

Your new product range "Electrotuff", developed for Sewerage market, has been successfully launched in Middle East along with other markets.

Your Epoxy Coated pipes for Sewerage Application "Electronet" has been approved by CSTB of France.

FOREIGN EXCHANGE EARNINGS & OUTGO

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

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

b) Total foreign exchange used and earned :

Foreign exchange used	-	Rs. 643.17 crore
Foreign exchange earned	-	Rs. 920.66 crore

The New product range "Electrotuff", developed for sewerage market, has been successfully launched in Middle East alongwith other markets.

Form - A
Form for disclosure of particulars with respect to
Conservation of Energy : 2013-14

(a) Power & Fuel

Particulars	Units	Current year ended 31.03.2014	Previous year ended 31.03.2013
1. Electricity			
(a) Purchased			
Units	Kwh '000	1,49,040.89	1,44,882.30
Total Amount	Rs. Lakhs	9,698.10	9,345.53
Rate/Unit	Rs.	6.51	6.45
(b) Own Generation			
i) Through diesel Generator			
Units	Kwh '000	1,094.29	1,672.53
Unit/litre of Diesel Oil	Kwh	3.63	3.51
Cost/Unit Variable	Rs.	15.64	13.05
ii) Through Steam Turbine Generator*			
Units	Kwh '000	73,902.12	1,03,605.17
Unit/litre of Diesel Oil	Kwh	510.44	302.82
Cost/Unit Variable	Rs.	0.16	0.16
2. Furnace Oil incl. Diesel			
Quantity	KL	7,999.71	7,997.97
Total Amount	Rs. Lakhs	4,566.52	3,750.98
Average Rate	Rs./KL	57,083.54	46,899.15
3. Coke & Coal			
Quantity	MT	3,46,749.55	3,44,407.21
Total Amount	Rs. Lakhs	35,735.11	39,758.22
Average Rate	Rs./MT	10,305.74	11,543.96
4. Coal Gas			
Quantity	NM ³ '000	11,182.91	11,009.26
Total Amount	Rs. Lakhs	1,064.56	1,003.65
Average Rate	Rs./NM ³	9.52	9.12

*Includes 35,847 (previous year 63,173) kwh surplus power exported to Grid.

(b) Consumption per Unit of Production (MT)

Pipes and Allied Products			
Electricity	(KWH)	543	541
Furnace Oil	(Ltr.)	23	23
Coke & Coal	(Kg.)	1000	996
Coal Gas	(NM ³)	32	32



Management

Discussion and Analysis Report



OVERVIEW

The Company is engaged in the business of manufacturing Ductile Iron (DI) Pipes, Fittings and Cast Iron (CI) Pipes. Your Company is the first to set up a Ductile Iron Pipe Plant in India. Today it is India's leading pipeline solution provider. It has a strong brand presence around the Globe. Apart from manufacturing pipes, the 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. Since 1994, the Company has maintained its edge over its competitors.

INDUSTRY OUTLOOK

India has become the second largest urban system in the world. Nearly thirty per cent of the total Indian population, now lives in urban areas and by 2030, an estimated 40 percent of Indians will live in cities. India has intermittent drinking water supplies and poor transmission and distribution networks for water. Now there is new emphasis on pipes rural water supply as well.

Industry sources estimate that the Indian water supply and distribution market is worth approximately \$330 million. According to a recent government assessment, the water requirement for industrial use will increase from the current 30 billion cubic meters (bcm) to 120 bcm by 2025. The overall water market is growing at 15-20 percent annually, with the industrial and drinking water segments demonstrating even higher growth rates.

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

Indian pipe Industry has the presence of all types of pipes, among which DI pipe is considered a dominant pipe material due to many structural, mechanical and hydraulic advantages as also higher durability. Seeing the growing demand and upward trend in the funding of water supply/sanitation projects and a new proactive government at the helm, the future of the Industry appears to be bright.

« Demand drivers for DI pipes

The following factors would drive the demand for DI pipes :

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

« FY 2013-14 vs. FY 2012-13

The Company's Revenue from operations has

increased from Rs. 1934.55 crores in 2012-13 to Rs. 2186.88 crores in 2013-14. Export sales showed an increase from Rs.936.68 crores to Rs.989.21 crores, an increase of 5.60% in the Export market. The Company's profit (PAT) for the FY 2013-14 was Rs.100.55 crores as against Rs. 97.23 crores for FY 2012-13, which is an increase of approximately 3.42%.

« Ductile Iron (DI) Pipes

The production of DI pipes during the year 2013-14 was 2,81,239 MT against last year's production of 2,84,849 MT.

Year	DI Pipe production in MT
2013-14	2,81,239
2012-13	2,84,849
2011-12	2,70,168

Thinner pipes and value added products were produced during the year to meet International and Domestic customers resulting in marginal decrease in production. Company is improving productivity further.

« Cast Iron (CI) Pipes

Production of Cast Iron pipes during the FY 2013-14 was higher at 25,848 MT against 24,451 MT in the FY 2012-13.

« DI Fittings & Accessories


Production of DI Fittings during the FY 2013-14 is 5,992 MT as against 6,063 MT in the FY 2012-13. The Company is improving the



Management Discussion (Contd.)

performance of the division by targeting more value added products and higher exports to niche markets.

« Raw Materials Management



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

Over the years, the Company has realized that to remain cost competitive, the Company must have control over its basic raw material cost and accordingly the Company initiated the process to get Coal & Iron Ore Mine allocation. In 2005, the 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 superior quality coking coal from this mine. As the Indian coal has a higher percentage of ash, the Company has also set up a Washery of 2 million TPA to reduce the ash from coking coal which will soon start yielding benefits to the Company.

The Company has also been allocated an Iron Ore Mine at Kodoliband in the State of Jharkhand. The Company has already received 1st stage forest clearance and for 2nd stage forest clearance processing has begun. Further it is expected that the Environmental Clearance from MOEF and SPCB will be received shortly. On receipt of these clearances the mining lease would be executed by Jharkhand Government

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.

and mining operation would be started.

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

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

Status of the Raw Material movement facilities at different locations as follows :

- ⇒ At Barajamda, railway siding has already been commissioned and officially notified by Indian Railways on 30.04.12.
- ⇒ The Company has already invested in two rakes under Wagon Investment Scheme (WIS) of Indian Railway which are connected with private siding at Barajamda. Now the Company can avail the logistic benefit as well as freight rebate from this private siding.
- ⇒ At Haldia, siding is in the final stage of commissioning and is likely to be operational soon.
- ⇒ At Jaraikela, detail Project Report is already approved by Railways and the project is in early stages.

« Power Plant

12 MW Power Plant at Haldia has contributed 35.85 million units in FY 2013-14 to SEB grid against 63.17 million units in the FY 2012-13.

Generation was lower due to maintenance for rebuilding of one battery.

« Captive Coke Oven Plant

During the year, the Coke Oven Plant at Haldia produced 1,63,203 MT of Metallurgical Coke in FY 2013-14 against 1,67,550 MT in FY 2012-13 for captive consumption in Blast Furnace at Khardah Works. Production was marginally lower due to one battery being taken under maintenance for improvement of life.

« Export

This year again your Company maintained its thrust in exports by entering new markets like South America as well as consolidated its dominant position in the existing markets. Despite the strong competition from new players and the ongoing crisis in the European markets, the Company has strengthened its position in export market.

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


Engineering Export Promotion Council (EEPC) INDIA, Eastern Region, has given "AWARD FOR EXPORT EXCELLENCE" as recognition for being Top Exporter in the Large Enterprise category during the year 2011-12.

« Turnkey Projects

Your Company also provides turnkey solutions to its customers in the areas of water infrastructure and sewerage management. It undertakes the



Management Discussion (Contd.)



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

« **Quality and Approvals**

With new innovations and continual improvement of Quality, your company is continuously expanding its business in different parts of the world. The company has started its office in Germany. Your company's product and system is approved by both DVGW of Germany and OVGW of Austria along with BSI (UK), IGH (Croatia), UL (USA), FM (USA) etc. These lists of certifications not only give the confidence to customers but ensure that proper Quality and System is maintained in your company. The company's product has also been approved in different countries of Middle East, including the most quality conscious markets like Qatar, Kuwait etc. The NABL accreditation, successfully audited for reaccreditation in March 2014, continues to lend credibility of the testing done by your laboratory.

The new state of art coating facility in Bansberia Works is giving excellent finish to the pipes and has further helped in increasing customer satisfaction and delight.

The ingredients used in the Drinking Water pipes are approved by WRAS (UK), ACS (France), Hygiene Institute (Germany) along with others. You will be happy to know that paint manufactured by your plant is also approved for drinking water pipe.

« **Safety, Health & Environment**

Your company believes that Health, Safety & Environment Management System can achieve zero accident (minor, major & first aid cases) zero health impairment & zero

“Electrolock” joint has established niche market for itself and it is now considered as one of the best joint in Europe.

pollution by active involvement of Directors, Senior Officials and workmen of all height.

To achieve the target following steps are taken on this account.

« **Health & Safety**

- Your company is implementing existing & latest legal requirements apart from effective maintaining of quality and environment management system of all its units.
- Your company is committed to offer a safe workplace by ensuring zero harm to its Employees, Contractors & Communities where it operates through an efficient Safety Policy.
- During observation of Safety Day / Week your company is conducting various Safety related competitions viz. Safety Quiz Competition, Safety Slogan Competition, Safety Poster Competition, Safety Drama Competition roping all Staff, Workmen & Contractor's workmen & such Safety related programs in an attempt to create awareness about safety consciousness and excel safety management system.
- Your company as part of safety policy ensures active & effective role of the senior officials, staff, workmen, contractors, transporters to streamline its Safety Management System.
- Your company has introduced strong, monitoring & review system to improve Health & Safety requirement and Health & Safety information as applicable as a part of Safety & Health Management system.

- Your company is extending due weightage to plant safety inspection, implementation of safety committee resolutions, progress of training, thorough analysis on accident rates & sickness rates. All these are carried out to achieve risk control for Health Safety of the workmen working in all its facilities.

« **Environment**


- Your company has complied with all applicable statutory requirements and simultaneously implementing new regulatory requirements e.g. handling of e-waste etc.
- The company is committed to keep cleaner & greener environment in and around the factory premises & neighborhood through close monitoring and continual improvement of process & technology.
- The sensitive area of “Conservation of Natural Resources” has been maintained carefully like recycling of treated water, reduction of oil consumption etc.
- Systematic Environmental awareness programme incorporating employees and contractors to effect impact among them.
- Celebration of “World Environment Day” by plantation programme with active participation of local community.
- **Waste Minimization**
 - ❖ Segregation of Waste as Bio-degradable & Non Bio-degradable in designated vats at different locations.



Management Discussion (Contd.)

- ❖ Mechanized handling of Waste.
- ❖ Disposal of saleable Waste.
- ❖ Non Saleable Bio-degradable Waste being used for Land filling.
- ❖ Proper management of Bio- Medical Waste.

« Corporate Social Responsibility (CSR)



Our commitment continues in respect of CSR activities. The Company undertakes numerous activities to improve quality of life for development in the neighborhood of all its plants. We always try to promote education, healthcare, sports and cultural events amongst local people. Some important events undertaken, as a part of CSR activities, during the year are :

- a) Our charitable medical centers involving local people, provides services to the needy people of the society.
- b) Sponsorship of various Sports Tournament involving local schools and clubs.
- c) Local good & bright students are felicitated and encouraged. Distribution of education kit amongst poor children. Creating environmental awareness amongst local school children/locality by sponsoring quiz programmes/drawing competitions in collaboration with WBPCB and local NGO.
- d) Local un-employed youths encouraged to start small scale business and supply materials. Local businessmen also encouraged for contractual business.
- e) Setting up of Drinking water Kiosks in the local area during summer season.
- f) Organizing Health Camps in collaboration with NGOs and local Clubs. Organising Blood Donation Camps.

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

- g) Providing financial help to needy and poor people and distribution of clothes/ shawls etc.

« Information Technology

Your Company appreciates value of Information Technology and considers it as one of the important business enabler in the current business perspective.

☑ Business Application

- ▶ SAP R3 as ERP system for all three manufacturing units supporting their organic growth.
- ▶ SAP B1 for international subsidiaries.
- ▶ Business Analytics for MIS and Decision support System.
- ▶ The Company has implemented vendor portal solution at group level to enhance collaboration with its business partners.
- ▶ Process improvements have been done for weighbridge automation and integration with other business applications and processes.
- ▶ As part of improved employee commitment and bonding, Employee Portal System has been implemented and available to all group employees for better collaboration.

☑ Network and Communication

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

- ▶ Redundancy and load sharing has been implemented for critical communication devices to maintain the business continuity.
- ▶ Automated Network Monitoring System (NMS) has been implemented at central data centre.

☑ Data and Network Security

Data and network security is the key concern now for any corporate. The Company is equally alert about the threats and have taken sufficient measures to protect data and to stay away from intrusions and cyber attacks. Process of continuous monitoring and necessary undations to perimeter security measures have been pmlmented and sustained.

Also the checks and balances, procedures are in place to enforce data security for business applications, data communication and both structured and unstructured data.

« Human Resources/ Industrial Relations

Human resource management is the management function of an organization responsible for attraction, selection, training, assessment and rewarding of employees, while also overseeing organizational leadership and culture and ensuring compliance with employment and labour laws. Your company runs on a compact belief, that without motivated and knowledge based human capital, success cannot be achieved in the long run in global market which is under extreme competitive conditions. Your Company engages human capital that are up to date on latest technology,



Management Discussion (Contd.)

knowledge and skills. Special care is taken to ensure that the competence of the human capital keeps improving through developmental programmes in all the areas, be it managerial, leadership, technical, financial, IT, logistics and others.

After achieving the 'AWARD FOR EXCELLENCE IN CONSISTENT TPM COMMITMENT', we are sustaining as well as further improving various improvement initiatives. This year we started "TPM implementation" at our Haldia and Bansberia Works.

Your company has continually developed a sense of mutual trust and belief with its employees. Reward and recognition of talent within the organization has been a regular phenomenon for your company. Despite the fact that there is increase of inter/intra union rivalry, your company maintains a congenial atmosphere within the organization with the employees having the deep notion of "Duty First". The employees' commitment is so strong that they feel that they are owners pride and competitors envy.

« 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.



After achieving the 'AWARD FOR EXCELLENCE IN CONSISTENT TPM COMMITMENT', we are sustaining as well as further improving various improvement initiatives. This year we started "TPM implementation" to our Haldia and Bansberia Works.

« **Threats**

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

« **Outlook**

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

CAUTIONARY STATEMENT

Statements in the Management Discussion and

Analysis Report 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 proper Risk Management and Control System to ensure that the risks of the Company are identified and managed effectively. The Risk and mitigation measures are weaved into strategic plans and are reviewed periodically. Values and Business Principles are an important element of the internal environment for risk management. The main objective of Risk management is proper compliances with applicable laws and regulations and to ensure that the systems protect the safety and health of our employees, customers and consumers.

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. The worldwide activities of the Company are exposed to varying degrees of risk and uncertainty. The Company has identified and categorized the risk associated with its business into Economic Risk, Competitor Risk, Industrial Risk, Environmental Risk, Foreign Exchange Risk and Payment Risk.

Economic Risk

Economic risk can be described as the likelihood that the output of the project will not produce adequate revenues for covering operating costs and repaying the debt obligations. The causes can be many, for instance, the hike in the price for raw material, lapsing of deadlines, disruptions in a production process, the change of a political regime, or natural disasters.

To counter this, the Company has taken various steps including backward integration which comprises owning of 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.

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

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

Competitor Risk

Ductile Iron (DI) pipe industry is a technology intensive industry. Staying in tune with customers' need is vital to the sustainability of any company; the same can be safely said about the competition. The Company is exposed to the risk of competition, as the market is highly competitive with the entry of new players and the inevitable competition from other alternative industries.

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.

Industrial Risk

Labour unrest can erupt anytime in a company and cause hindrance in the smooth operation of the plant. The Company boasts that inspite of multiplicity of Trade Unions; labour relation has been excellent throughout the year. As a consequence of such tuneful, controlled and amiable relations there has not been a single

man day lost for more than a decade. The Company is confident that with the changed workforce, the labour relation will fortify further and play an important role in the development of the company.

Environmental Risk

Environmental Risk can be defined as actual or potential threat of adverse effects on living organisms and environment by effluents, emissions, wastes, resource depletion, etc., arising out of an organization's activities.

Environmental risk can have serious negative effects on an organization's financial well being and its ability to achieve its business objectives. Existing and forthcoming legislation and regulations - as well as governance and accounting trends of environmental risk and liability - can influence an organization's financial performance, reputation and brand, cash flow, and shareholders' value.


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 protection of environment & conservation of the natural resources, welfare of the people around and is adopting technology, process through continual improvement.

The Company is ISO 14001 : 2004 certified and is adhering strictly & deligently to the emission norms applicable for the industry. It is continuously updating systems & production process to keep abreast of latest requirements from the authorities and related to society & stakeholder satisfaction.



Risk Management (Contd.)

Foreign Exchange Risk



Foreign Exchange Risk (also known as exchange rate risk or currency risk) is a financial risk posed by an exposure to unanticipated changes in the exchange rate between two currencies. Multinational businesses exporting or importing goods and services are faced with an exchange rate risk which can have severe financial consequences if not managed appropriately. 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.

Payment Risk

Payment Risk refers to the possibility of payments being incomplete. For example, in case of incorrect or delayed payments, there are costs arising from transferring funds back, interest charges, replacement costs and other types of charges. In case of not receiving or receiving partial payments, there will be a principal loss.

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 customers. 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 Report for the year 2013-14

(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, 2014

The Board of Directors of Company consists of Twelve (12) members which comprises of :

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

The composition of the Board during the financial year 2013-14 was in conformity with clause 49 of the Listing Agreement entered into with the stock exchanges. The Chairman of the Board is a Non-executive Director.

Name of the Directors	Category	No. of other Directorship(s) in Public Limited Companies incorporated in India	No. of Membership(s) in other Board Committees	No. of Chairmanship(s) in Other Board Committees
Mr. Pradip Kumar Khaitan	Non-Independent, Non-Executive	13	4	-
Mr. Umang Kejriwal	Promoter, Executive	9	-	-
Mr. Mayank Kejriwal	Promoter, Executive	8	-	-
Mr. Uddhav Kejriwal	Promoter, Executive	4	-	-
Mr. Vyas Mitre Ralli	Non-Promoter, Executive	-	-	-
Mr. Mahendra Kumar Jalan	Non-Promoter, Executive	-	-	-
Dr. Jamshed Jiji Irani	Independent, Non-Executive	3	1	-
Mr. Binod Khaitan	Independent, Non-Executive	1	-	-
Mr. Naresh Chandra	Independent, Non-Executive	9	9	1
Mr. M B N Rao	Independent, Non-Executive	14	8	4
Mr. S Y Rajagopalan	Non-Independent	1	-	-
Mr. Rama Shankar Singh*	Non-Independent, Non-Executive	1	2	-

*The designation of Mr. Rama Shankar Singh was changed from Executive to Non-Executive Director with effect from 5th February, 2014.

Corporate Governance (Contd.)

Attendance of Directors at the Board Meetings during the Financial Year ended March 31, 2014 and the last Annual General Meeting (AGM)

During the Financial Year ended March 31, 2014, four Board meetings were held on the following dates: May 10, 2013; August 14, 2013; October 24, 2013 and February 05, 2014. The gap between any two consecutive meetings did not exceed four months. The attendance details of each Director at the Board meetings and at the last Annual General Meeting (AGM) is given below :

Name of the Directors	No. of Board meetings attended in FY 2013-14	Attendance at the last AGM held on 22nd August, 2013
Mr. Pradip Kumar Khaitan	4	No
Mr. Umang Kejriwal	4	No
Mr. Mayank Kejriwal	4	No
Mr. Uddhav Kejriwal	4	No
Mr. Vyas Mitre Ralli	4	No
Mr. Rama Shankar Singh	3	No
Mr. Mahendra Kumar Jalan	3	No
Dr. Jamshed Jiji Irani	3	No
Mr. Binod Khaitan	3	Yes
Mr. Naresh Chandra	4	No
Mr. M B N Rao	3	No
Mr. S Y Rajagopalan	4	No

Code of Conduct

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

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

Pursuant to Section 292A of the Companies Act, 1956, the Audit Committee was constituted on January 30, 2001. The Committee is entrusted with the 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.

Composition of Audit Committee

As on March 31, 2014 the Audit Committee comprised of Mr. Binod Khaitan, Mr. Naresh Chandra, Mr. M.B.N.Rao, Mr. Umang Kejriwal and Mr. S. Y Rajagopalan. Mr. Binod Khaitan who is an independent, non-executive Director is the Chairman of the Committee. The Company's Statutory Auditors and the Internal Auditors are permanent invitees at Audit Committee meetings. Ms. Kavita Bhavsar, Company Secretary of the Company 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, as well as the Companies Act, 2013. 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, 2014 four audit committee meetings were held on May 10, 2013; August 14, 2013; October 24, 2013 and February 5, 2014. The gap between any two consecutive meetings did not exceed four months.

Name of the Member	No. of meetings Attended
Mr. Binod Khaitan <i>Chairman - Independent, Non-Executive</i>	3
Mr. Naresh Chandra <i>Independent, Non-Executive</i>	4
Mr. M.B.N. Rao <i>Independent, Non-Executive</i>	3
Mr. Umang Kejriwal <i>Promoter, Executive</i>	4
Mr. S.Y. Rajagopalan* <i>Independent, Non-Executive</i>	2

* Appointed as a Member of Audit Committee w.e.f. 14th August, 2013.

With effect from 11th April, 2014 Mr. Pradip Kumar Khaitan, was inducted as a member of Audit Committee.

4. Nomination & Remuneration Committee

In compliance with Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has constituted Nomination & Remuneration Committee on 11th April, 2014. The Nomination & Remuneration Committee comprises of the following members :

Corporate Governance (Contd.)

Name of the Member	No. of meetings Attended during the year ended 31.03.2014
Mr. S. Y. Rajagopalan - Chairman	N.A.*
Mr. M.B.N. Rao	N.A.*
Mr. Pradip Kumar Khaitan	N.A.*

*The Committee was constituted on 11th April, 2014, and a meeting was held on 10th May, 2014.

Terms of reference

The role of Nomination and Remuneration Committee is to formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the Directors, KMP and other employees, devise policy on Board diversity, identify persons who are qualified to become directors and who may be appointed in senior management and recommend to the Board their appointment and removal

Details of remuneration paid to Directors in 2013-14

Name of the Directors	Salary* (Rs.)	Benefits (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Mr. Pradip Kumar Khaitan	-	-	6,00,000	80,000	6,80,000
Mr. Umang Kejriwal	60,00,000	27,92,988	90,00,000	-	1,77,92,988
Mr. Mayank Kejriwal	60,00,000	28,86,459	90,00,000	-	1,78,86,459
Mr. Uddhav Kejriwal	55,00,000	65,17,216	65,00,000	-	1,85,17,216
Mr. Vyas Mitre Ralli	33,60,000	93,43,837	-	-	1,27,03,837
Mr. Mahendra Kumar Jalan	33,60,000	96,76,703	-	-	1,30,36,703
Mr. Rama Shankar Singh	28,50,000	80,77,469	-	-	1,09,27,469
Dr. Jamshed Jiji Irani	-	-	12,00,000	60,000	12,60,000
Mr. Naresh Chandra	-	-	12,00,000	1,60,000	13,60,000
Mr. Binod Khaitan	-	-	6,00,000	1,80,000	7,80,000
Mr. M. B. N. Rao	-	-	6,00,000	1,80,000	7,80,000
Mr. S. Y. Rajagopalan	-	-	6,00,000	80,000	6,80,000

*This represents the fixed component.

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

The Company has constituted " Internal Complaints Committee" for prevention of Sexual harassment of women at work place.

The details of shares/convertible instruments held by the Non-Executive Directors of the Company as on March 31, 2014 are as follows :

Name	No. of shares held	No. of convertible instruments held
Mr. Pradip Kumar Khaitan	1000	Nil
Mr. Binod Khaitan	2000	Nil
Dr. Jamshed J Irani	1000	Nil
Mr. Naresh Chandra	1000	Nil
Mr. M. B. N. Rao	1000	Nil
Mr. S. Y. Rajagopalan	5100	Nil
Mr. Rama Shankar Singh	26000	Nil

5. Stakeholders' Relationship 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 / dividends, amongst others. In line with the Companies Act, 2013 and revised Clause 49 of the Listing Agreement, the nomenclature of this Committee was changed as 'Stakeholders Relationship Committee'. Apart from grievances of Equity shareholders, the Committee also redresses the grievances of all the security holders of the Company.

In accordance with Clause 49 paragraph IV(G)(iii) & (iv) of the Listing Agreement of the stock exchanges, the Board has delegated powers of share transfers and mitigation of shareholders grievances to M/s. Maheshwari Datamatics Pvt. Ltd. (MDPL), the Registrar and Share Transfer Agent (RTA) of the

Company having its office at 6, Mangoe Lane, Kolkata-700 001. MDPL reviews share transfers every fortnight.

Composition as on March 31, 2014

As on March 31, 2014 the Committee comprised of Mr. Binod Khaitan (Chairman - Independent, Non-Executive) and Mr. Mahendra Kumar Jalan (Executive).

Compliance Officer

Ms. Kavita Bhavsar, 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 Stakeholders Relationship Committee.

Internal Complaints Committee

Pursuant to Section 4 of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted an Internal Complaints Committee

Corporate Governance (Contd.)

to take protective measures against sexual harassment of women at workplace and for prevention and redressal of complaints of sexual harassment and for matters connected therewith or incidental thereto.

Shareholders' Complaints

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

Pending Share Transfers

No share was pending for transfer as on March 31, 2014.

6. General Body Meetings

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

Year	Date	Venue	Time	No. of Special Resolutions passed at the AGM
2012 - 2013	22nd August, 2013	Rathod Colony, Rajgangpur Dist. Sundergarh Odisha-770 017	11.30 a.m.	—
2011 - 2012	7th September, 2012	Rathod Colony, Rajgangpur Dist. Sundergarh Odisha-770 017	10.30 a.m.	1
2010 - 2011	11th July, 2011	Rathod Colony, Rajgangpur Dist. Sundergarh Odisha-770 017	11.30 a.m.	7

The Company has also passed a special resolution at the Extraordinary General Meeting of the Company held on 23rd November, 2013, under Section 81(1A) of the Companies Act, 1956 with respect to issuance of fresh Equity Shares of the Company on preferential Basis to the Promoter/Promoter Group Companies of the Company.

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

B. During the Financial Year 2013-14, the Company had conducted two Postal Ballots under the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011. Mr. Sushil Kumar Chhawchharia, Practicing Chartered Accountant, was appointed as the Scrutinizer for overseeing the Postal Ballot process for the Postal Ballots.

The following resolutions were passed with requisite majority :

Date of Declaration of Postal Ballots results	Type of Resolutions	Particulars of Resolutions	% of votes cast in favour of Resolution
5th July, 2013	Ordinary Resolution	Under Section 293(1)(a) of the Companies Act, 1956, creation of charges/mortgages on all movable and immovable properties of the company in favour of lenders, etc., for securing any sums of money borrowed or to be borrowed by the Company aggregating to Rs. 4500 Crores.	99.99%
6th December, 2013	Special Resolution	Under Section 372A of the Companies Act, 1956, revision in limits of investment/ Loans/ Corporate Guarantees/ Securities to be provided by the Company to other bodies corporate.	99.97%

The Company is conducting a Postal Ballot pursuant to Section 110 of the Companies Act, 2013, read with applicable Rules, seeking approval of shareholders for passing Special Resolutions under Sections 180(1)(a), 180(1)(c) and 186 of the Companies Act, 2013. M/s Bihani Rashmi & Company, Chartered Accountant has been appointed as a Scrutinizer for overseeing the Postal Ballot as well as the e-voting process.

Procedure followed : The Postal Ballot Notice and accompanying documents are dispatched to shareholders alongwith postage pre-paid envelope via registered post.

C. Information about Directors proposed to be 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.

Corporate Governance (Contd.)



7. Disclosures

None of the transactions with any of the Related Parties were in conflict with the interests of the Company. However, the details of Related Party relationships and transactions are disclosed in Notes on financial statements No. 2.38. The Company has complied with regulatory requirements on capital markets. During the year under review, no penalties/strictures have been imposed on the Company by the Stock Exchange or SEBI. All mandatory requirements of Clause 49 of the Listing Agreement have been complied with and the disclosure on adoption of non-mandatory requirements is 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, Business Line, Business Standard, Financial Express and Lokakatha. The Company's results and official news releases are also displayed on the Company's website www.electrosteel.com.

A comprehensive Management Discussion and Analysis Report forms a part of this Annual Report.

9. General Shareholder information

Date, time and venue of the next Annual General Meeting	28th August, 2014, Thursday at 11.30 A.M At Rathod Colony, P.O. : Rajgangpur, Dist. Sundergarh, Odisha - 770017 India
Financial Year	April 1st to March 31st
Book Closure Period	22nd August, 2014 to 28th August, 2014 (both days inclusive)
Dividend Payment Date	Credit/despatch of Dividend Warrants between 29th August, 2014 and 26th September, 2014.

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

9. General Shareholder information (Contd.)

<p>Outstanding ADRs / GDRs / warrants or any convertible instruments, conversion date and likely impact on equity.</p>	<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>Listing at Stock Exchanges Equity and Warrants</p>	<p>a) BSE Limited (BSE) P. J. Towers, Dalal Street, Mumbai 400 001</p> <p>b) The National Stock Exchange of India Limited - (NSE) Exchange Plaza, 5th Floor Bandra Kurla Complex, Bandra (East) Mumbai 400 051</p>
<p>Global Depository Receipt (GDR)</p>	<p>London Stock Exchange Plc. 10, Patemoster Square London-EC4M7LS</p>
<p>Stock Code</p>	<p>Equity Shares & Warrants BSE - 500128 NSE – ELECTCAST</p> <p>GDR London Stock Exchange - B0K6M89</p>
<p>Listing Fee</p>	<p>Listing fees for 2014-15 have been paid to BSE, NSE and London Stock Exchange.</p>

Corporate Governance (Contd.)

Stock Market Price for the financial year 2013-14

Month	BSE Limited (BSE)			The National Stock Exchange of India Limited (NSE)		
	Month's High Price (Rs.)	Month's Low Price (Rs.)	Volume (No.)	Month's High Price (Rs.)	Month's Low Price (Rs.)	Volume (No.)
Apr 13	17.65	15.40	1184447	17.75	15.50	2491709
May 13	18.95	15.70	1978431	18.95	15.80	5318724
Jun 13	16.00	12.35	1151045	16.00	12.30	2673490
Jul 13	14.20	9.94	1060789	14.15	9.95	3192166
Aug 13	12.30	9.75	1241309	12.50	9.70	2888705
Sep 13	13.90	10.35	1068078	13.95	9.85	2424794
Oct 13	14.68	12.80	1416769	14.75	12.95	2713843
Nov 13	15.50	13.50	1151022	15.60	13.50	3117350
Dec 13	16.35	14.30	2132796	16.40	14.25	6719618
Jan 14	15.45	13.05	2078372	15.50	13.05	5204011
Feb 14	14.70	12.72	916688	14.90	12.80	2490822
Mar 14	17.50	13.02	1489438	17.30	13.25	3857896

Share price performance in comparison to broad based indices - BSE Sensex and NSE Nifty for the Financial Year 2013-14

BSE Sensex		NSE Nifty	
% change in ECL share price	% change in sensex	% change in ECL share price	% change in Nifty
2.70%	18.67%	1.88%	17.53%

Shareholding pattern as on March 31, 2014

Sr. No.	Shareholder Category	No. of Equity Shares	% Shareholding
A. Promoter and Promoter Group			
1.	Individuals / Hindu Undivided Family	40945003	11.91
2.	Bodies Corporate	135136369	39.30
B. Public Shareholding			
1.	Institutions	42363360	12.32
2.	Non Institutions		
	a. Bodies Corporate	23313205	6.78
	b. Individuals and others	99289385	28.88
3.	GDRs	2770000	0.81
	Total	343817322	100.00



98.94% of the Equity shares of the Company stands dematerialised as on March 31, 2014

Distribution of shareholding as on March 31, 2014

Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shares held
Upto 500	40798	66.87	8271774	2.41
501 to 1,000	8798	14.42	7706814	2.24
1,001 to 2,000	5410	8.87	8945404	2.60
2,001 to 3,000	1791	2.94	4695727	1.37
3,001 to 4,000	1023	1.68	3781684	1.10
4,001 to 5,000	808	1.32	3855089	1.12
5,001 to 10,000	1231	2.02	9213907	2.68
10,001 and Above	1150	1.88	297346923	86.48
Grand Total :	61009	100.00	343817322	100.00

Share transfer system	Share transfers are registered and returned within the period of 7 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 only. The Company offers the facility of transfer cum dematerialization to its shareholders.
Registrar and Share Transfer Agent for physical & dematerialised shares	Maheshwari Datamatics Pvt. Ltd. 6, Mangoe Lane, 2nd Floor Kolkata-700 001 Phone : 033-22482248 / 22435029 Fax : 033-22484787 E-mail : mdpl@cal.vsnl.net.in
Dematerialization of shares and liquidity	The Company's shares are tradable compulsorily in electronic form and are available for trading in the depository systems of both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The International Securities Identification Number (ISIN) of the Company, as allotted by NSDL and CDSL, is INE086A01029. As on March 31, 2014, 98.94% of the shares stand dematerialized.
Plant locations	Unit 1 : 30, B.T. Road, Sukchar, Khardah 24-Parganas (North), West Bengal - 743 179 Unit 2 : Gummodipoondi Taluk, P.O. Elavur, District. Chengal, MGR, Tamil Nadu - 601 211

Corporate Governance (Contd.)

Plant locations	Unit 3 : Haldia Kasberia P.O.Khanjan Chawk, Haldia Midnapore (East), West Bengal - 721 635 Unit 4 : Parbatpur Coal Mine, P.O. Batbinor District : Bokaro, Jharkhand - 827013 Unit 5 : Bansberia Works, Saptagram Panchayat P.O. Adconnagar, Chak Bansberia West Bengal - 712121
Address for Communication	Ms. Kavita Bhavsar Company Secretary Electrosteel Castings Limited G.K. Tower, 19, Camac Street, Kolkata-700 017 Phone: (033) 2283 9990 Email: kavita.bhavsar@electrosteel.com

10. Status of compliance with non-mandatory requirements

Audit qualifications

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

Other Items

The Company has formulated Whistle Blower Policy of the Company for the Directors and employees to report genuine concerns or grievances and provide for adequate safeguards against victimization of persons who use such mechanism.

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

For and on behalf of
Electrosteel Castings Limited

Place : Kolkata
Date : May 10, 2014

P. K. KHAITAN
Chairman

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

To,
The Members of
Electrosteel Castings Limited

I hereby declare that to the best of my knowledge and belief, all the Members of the Board and senior management personnel of the Company have affirmed their respective compliance with the Code of Conduct of the Company for the year ended March 31, 2014.

Place : Kolkata
Date : May 10, 2014

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, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement. The company has established risk assessment/ minimization and internal control procedures which are being regularly updated/ formalized.

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

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

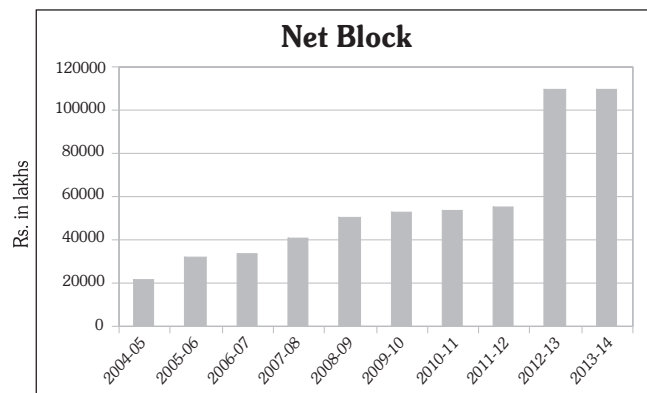
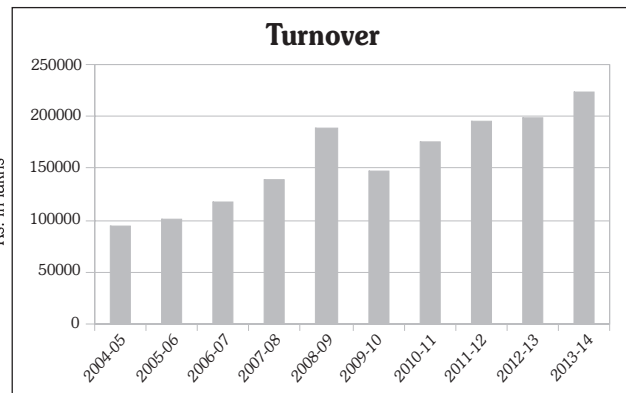
Place : Kolkata
Date : 10th May, 2014

R. P. Singh
Partner
Membership no.: 52438

Ten Years Financial Summary

Rs. in lakhs

Year	Gross Turnover	Gross Profit	Depreciation	Tax	Profit After Tax	Gross Block	Net Block	Capital Employed
2004-05	94198.00	14985.84	2518.02	3600.08	8867.74	35965.68	21690.40	100829.20
2005-06	100312.88	13643.90	2856.18	3142.94	7644.78	48295.10	31698.03	117140.97
2006-07	117621.51	19208.81	3366.78	5226.05	10615.98	53309.28	33863.80	150580.12
2007-08	138442.11	14726.11	3660.59	(156.16)	5201.58	62779.30	40479.08	190943.89
2008-09	189557.52	26117.43	5212.48	6865.54	14039.41	78184.12	50688.80	243673.62
2009-10	146664.11	36021.73	5230.06	10162.78	20628.89	84200.94	52462.54	287267.53
2010-11	174967.18	26930.00	5441.26	6025.00	15463.74	91435.90	53804.79	320054.39
2011-12	195671.85	7684.59	5426.03	(1979.72)	4238.28	99166.78	55547.65	351714.07
2012-13	198231.53	17406.75	5308.68	2375.36	9722.71	158917.71	109450.41	465227.91
2013-14	223509.05	18893.43	5296.71	3540.88	10055.84	164668.04	109462.80	487165.21



Independent Auditors' Report

To the Members of
Electrosteel Castings Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Electrosteel Castings Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and notes thereon.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial

statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

Auditors' Report (Contd.)

- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that :
 - (a) 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;
 - (b) 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 and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- (c) The Balance Sheet, Statement of Profit

and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and returns;

- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Act read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
- (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

R. P. Singh
Partner

Place: Kolkata
Date : 10th May, 2014

Membership No. : 52438

Annexure to the Auditor's Report

(Referred to in Paragraph 1 of our Report of even date)

- i) a. The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets except in case of furniture and fixture.
- b. During the year, fixed assets have been physically verified by the management according to a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verifications.
- c. In our opinion, during the year, the Company has not disposed off substantial part of its fixed assets. In our opinion, the disposal of such assets has not affected the going concern status of the Company.
- ii) a. As informed, the inventories of the Company except for materials in transit and those lying with third parties have been physically verified by the management during the year. In our opinion and according to the information and explanations given to us, the frequency of such verification

- is reasonable.
- b. As the Company's inventory of raw materials comprises mostly of bulk materials such as coal, coke, iron ore, etc. requiring technical expertise for quantification, the Company has hired an independent agency for the physical verification of the stock of these materials. Considering the above, in our opinion, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business
 - c. In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) The Company has not granted or taken loans secured or unsecured to /from companies, firms or parties covered in the register maintained under Section 301 of the Act. Accordingly, clause 4 (iii) of the Order is not applicable to the Company.
 - iv) In our opinion and having regard to the explanations given to us that certain purchases of inventories and fixed assets and sale of goods being of special nature where suitable alternative sources do not exist/ were not available for obtaining comparable quotations, the internal control system for the purchase of inventory and fixed assets and for the sale of goods and services is commensurate with the size of the Company and nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
 - v) a. To the best of our knowledge and belief and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
 - b. According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements as aforesaid and aggregating during the year to rupees five lakhs or more in respect of each party, have been made at the prices which are reasonable having regard to prevailing market prices.
- vi) The Company has not accepted any deposits from public covered under Sections 58A, 58AA or any other relevant provisions of the Act and rules framed thereunder.
 - vii) Internal audit of the Company has been carried out by a firm of Chartered Accountants. In our opinion, the internal audit system is commensurate with the size and nature of the business of the Company.
 - viii) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Act in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been made and maintained. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
 - ix) a. According to the information and explanations given to us, during the year, the Company has generally been regular in depositing with appropriate

Auditors' Report (Contd.)

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, 2014 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, 2014, 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	337.78	1996-2000 2004-2009	Tribunal
		8.30	2005-2006	Commissioner (Appeals)
The Central Excise Act	Service Tax	1212.94	2005-2011	Tribunal
		9.44	2007-2010	Commissioner (Appeals)
Sales Tax Act	Sales Tax	3,160.84	1974-1978, 1985-1987, 1989-1993, 1997-1998, 1999-2000, 2004-2005, 2006-2010	West Bengal Appellate & Revisional Board (WBA&RB)
		33.65	2004-2005, 2008-2010 2011-2012	Tribunal
		247.21	2002-2003	Special Commissioner
		14.98	2005-2006	Joint Commissioner
		18.69	2006-2007, 2009-2010	Deputy Commissioner (Appeals)
		3,995.85	2008-2010, 2010-2011	Additional Commissioner
Income Tax Act, 1961	Income Tax	9.39	A.Y. 2010-2011	Commissioner (Appeals)
		19.06	A.Y. 2011-2012	Commissioner (Appeals)

- 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.13,716.64 Lakhs which have been temporarily invested in fixed deposits with banks and Rs. 5,000 Lakhs lying in banks pending utilization for the intended use.
- xvii) According to the information and explanations given to us and based on an

overall examination of the balance sheet of the Company, in our opinion, no funds raised on short term basis have been used for long term investment.

- xviii) As referred to in Note No. 2.1.2 of the financial statements, 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 Companies Act and in our opinion, the prices at which such shares have been allotted is not prejudicial to the interest of the Company.
- xix) The Company has created securities / charges in respect of secured debentures issued.
- 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.

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

R. P. Singh
Partner
Membership No. : 52438

Place: Kolkata
Date : 10th May, 2014

Balance Sheet as at March 31, 2014

Particulars	Note No.	Amount Rs. in lakhs	
		As at 31.03.2014	As at 31.03.2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2.1	34,38.17	32,67.53
Reserves and Surplus	2.2	24,12,86.22	23,21,76.94
		24,47,24.39	23,54,44.47
NON-CURRENT LIABILITIES			
Long-term borrowings	2.3	15,15,47.74	12,06,22.22
Deferred tax liabilities (Net)	2.4	35,14.90	33,97.92
Other long term liabilities	2.5	4,99.67	10,25.49
Long-term provisions	2.6	15,05.60	10,56.33
		15,70,67.91	12,61,01.96
CURRENT LIABILITIES			
Short-term borrowings	2.7	6,86,49.68	8,56,67.93
Trade payables	2.8	3,04,73.60	1,44,42.59
Other current liabilities	2.9	3,42,56.01	3,02,03.50
Short-term provisions	2.10	56,27.01	67,35.39
		13,90,06.30	13,70,49.41
TOTAL		54,07,98.60	49,85,95.84
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.11	10,92,43.45	1,09,366.26
Intangible assets	2.11	2,19.35	84.15
Capital work-in-progress	2.33	12,10,81.72	98,609.30
		23,05,44.52	2,08,059.71
Non-current investments	2.12	10,32,37.63	10,28,40.52
Long-term loans and advances	2.14	2,88,66.18	83,54.49
Other non-current assets	2.15	12,79.32	13,96.36
		36,39,27.65	32,06,51.08
CURRENT ASSETS			
Current investments	2.13	67,58.35	1,14,19.12
Inventories	2.16	5,56,79.53	4,51,73.59
Trade receivables	2.17	6,16,85.81	6,56,61.32
Cash and bank balances	2.18	2,28,84.36	3,20,43.54
Short-term loans and advances	2.19	1,92,35.45	1,45,30.82
Other current assets	2.20	1,06,27.45	91,16.37
		17,68,70.95	17,79,44.76
TOTAL		54,07,98.60	49,85,95.84
Summary of significant accounting policies	1		
Notes on financial statements	2.1 - 2.45		
The notes are an integral part of the financial statements			
As per our report of even date.			
For Lodha & Co.			
Chartered Accountants			
R. P. Singh			For and on behalf of the Board
Partner			Chairman P. K. Khaitan
Kolkata			Managing Director U. Kejriwal
May 10, 2014			Company Secretary Kavita Bhavsar

Statement of Profit & Loss for the year ended March 31, 2014

Particulars	Note No.	Amount Rs. in lakhs	
		For the year ended 31.03.2014	For the year ended 31.03.2013
Revenue from operations	2.21	21,86,87.93	19,34,54.73
Other income	2.22	19,70.10	95,05.28
Total Revenue		22,06,58.03	20,29,60.01
Expenses			
Cost of materials consumed	2.23	9,47,32.02	9,66,46.94
Purchases of Stock-in-Trade	2.24	1,82,57.30	48,41.29
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	2.25	(29,63.84)	9,15.04
Employee benefits expense	2.26	1,48,76.05	1,37,49.04
Finance costs	2.27	1,35,81.96	1,11,24.18
Depreciation and amortization expense	2.28	52,96.71	53,08.68
Other expenses	2.29	6,32,81.11	5,82,76.77
Total expenses		20,70,61.31	19,08,61.94
Profit before tax		1,35,96.72	1,20,98.07
Tax expense:			
Current tax	2.30	34,23.90	10,58.05
Deferred tax	2.4	1,16.98	13,17.31
Profit for the year		1,00,55.84	97,22.71
Earnings per equity share:	2.32		
Equity share of par value of Re 1/- each			
Basic (Rs.)		3.02	2.98
Diluted (Rs.)		3.02	2.98
Number of shares used in computing earning per share			
Basic		3,32,59,67.52	3,26,75,27.05
Diluted		3,32,59,67.52	3,26,75,27.05
Summary of significant accounting policies	1		
Notes on financial statements	2.1 - 2.45		

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

For Lodha & Co.
Chartered Accountants

R. P. Singh
Partner
Kolkata
May 10, 2014

For and on behalf of the Board

Chairman P. K. Khaitan
Managing Director U. Kejriwal
Company Secretary Kavita Bhavsar

Cash Flow Statement for the year ended March 31, 2014

Amount Rs. in lakhs

	Year ended March 31 2014	Year ended March 31 2014	Year ended March 31 2013	Year ended March 31 2013
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Taxes		1,35,96.72		1,20,98.07
Add : Depreciation/Amortisation	52,96.71		53,08.68	
Bad Debts & Pipe rectification LD charges (net of provision)	26.80		2,49.86	
Pipe mould written off	2,35.84		3,63.32	
Provision for others	- 13,07.60		20,17.12	
Provision for Doubtful debts	2,10.00		2,10.00	
Provision for losses on mark to market basis on derivative transactions	- 96.28		96.28	
Interest	1,35,81.96	1,79,47.43	1,11,24.18	1,93,69.44
		3,15,44.15		3,14,67.51
Less: Interest Received	7,05.26		8,31.57	
Income from Investments	9,31.29		19,48.90	
Foreign Exchange gain / (loss)	3,55.82		19,63.93	
Provisions / Liabilities no longer required written back	2,51.99		50,60.16	
Profit/(Loss) on sale / discard of Fixed Assets (Net)	- 81.96	21,62.40	- 3.81	98,00.75
Operating Profit before Working Capital changes		2,93,81.75		2,16,66.76
Less: Increase/(Decrease) in Inventories	1,05,46.24		- 1,01,20.72	
Increase/(Decrease) in Trade Receivables	- 39,78.62		53,56.08	
Increase/(Decrease) in Loans & Advances	2,92,47.85		- 84,63.52	
(Increase)/Decrease in Trade Payables	- 1,52,46.30	2,05,69.17	17,947.25	47,19.09
Cash generation From Operations		88,12.58		1,69,47.67
Less: Direct Taxes paid		30,80.37		17,26.20
Net cash flow from Operating activities		57,32.21		1,52,21.47
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets / movements in Capital work in progress	- 1,24,54.62		- 2,94,49.42	
Fixed Assets sold/discarded	52.48		26.85	
(Purchase)/Sale of Investment (net)	55,49.63		1,53,53.85	
Investment in subsidiaries, associate and joint venture	- 3,97.10		- 1,60,40.44	
Advances and Loans to subsidiaries	- 2,43.27		- 62.83	
Interest Received	5,93.96		10,00.78	
Dividend received from subsidiary	-		16.77	
Dividend received	57.64		14.09	
Other bank balance: deposits within 3 to 12 months maturity	- 76,11.16	-1,44,52.44	20,12.76	- 2,71,27.59
Net Cash flow from Investing activities		-1,44,52.44		- 2,71,27.59
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of share capital	23,63.45		-	
Proceeds/(Repayments) from borrowings (net)	- 1,57,73.11		1,87,12.17	
Proceeds / (Redemption / Repayment) of Debentures/Term Loan	1,92,56.22		2,41,39.31	
	58,46.56		4,28,51.48	
Interest Paid	- 1,19,55.83		- 1,06,52.34	
Dividend paid	- 16,42.64		- 16,42.34	
Tax on Dividend	- 2,77.66	- 80,29.57	- 2,65.04	3,02,91.76
Net cash flow from Financing activities		- 80,29.57		3,02,91.76
Cash and Cash equivalents (A+B+C)		- 1,67,49.80		1,83,85.64
Cash and Cash equivalents as at 1st April		2,51,84.52		67,75.15
Add / (Less) : Unrealised exchange gain / (loss) on Bank balances		- 20.54		23.73
Cash and Cash equivalents as at 31st March (Refer note 2.18)		84,14.18		2,51,84.52

Note : 1) Cash and Cash equivalents represents cash in hand and deposits/balances with Banks
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 AccountantsR. P. Singh
Partner
Kolkata
May 10, 2014

For and on behalf of the Board

Chairman P. K. Khaitan
Managing Director U. Kejriwal
Company Secretary Kavita Bhavsar

Notes on Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

1.2 USE OF ESTIMATES

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

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

1.3 FIXED ASSETS, DEPRECIATION AND AMORTIZATION OF EXPENSES

1) Tangible Assets

(i) Gross Block:

Fixed Assets are stated at cost of acquisition and subsequent improvements thereto or at revalued amounts wherever such assets have been revalued. Cost of acquisition includes taxes, duties (net of centvat availed), inward freight, installation expenses and adjustment for exchange differences wherever applicable. For major projects, interest and other costs incurred on / related to direct borrowings to finance 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 and Amortization of Expenses:

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

Notes on Financial Statements

- (e) Leasehold land is amortised on straight line method over the period of the lease.
- (f) Machinery Spares which can be used only in connection with an item of tangible Fixed Asset and whose use are expected to be irregular, are amortised over the useful life of the respective tangible fixed assets and the amount amortised is included under stores and spares consumed.
- (iii) Capital Work-in-progress includes preoperative and development expenses, equipments to be installed, construction and erection materials, advances etc.
- (iv) Development Expenses including overburden removal expenses net of revenue of the Projects / Mines under development are debited to Development Account and included under Capital Work in progress till the projects/ mines are brought to Revenue Account. Except otherwise specifically stated in the Project Report to determine the commercial readiness of the project to yield production on a sustainable basis and completion of required development activity during the period of construction, projects and mines under development are brought to revenue: (a) From beginning of the financial year immediately after the year in which the project achieves physical output of 50% of rated capacity as per approved project report, or (b) One year of touching of coal, or (c) From the beginning of the financial year in which the value of production is more than total expenses.

2) Intangible Assets

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

1.4 INVESTMENTS

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

1.5 INVENTORIES

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

1.6 IMPAIRMENT

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

Notes on Financial Statements

1.7 FOREIGN CURRENCY TRANSACTIONS AND DERIVATIVES

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

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

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

In respect of derivative contracts (other than forward contracts dealt as above) premium paid, gains /losses on settlement and losses on restatement are recognized in statement of profit and loss except in case they relate to acquisition or construction of fixed assets, in which case they are adjusted to the cost of fixed assets/capital work in progress.

1.8 REVENUE RECOGNITION

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

1.9 SALES

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

1.10 EMPLOYEE BENEFITS

Employee benefits are accrued in the year services are rendered by the employees. Short term employee benefits are recognised as an expense in the statement of profit and loss for the year in which the related service is rendered.

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

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

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

1.11 BORROWING COSTS

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

Notes on Financial Statements

1.12 RESEARCH AND DEVELOPMENT

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

1.13 EXPORT BENEFITS

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

1.14 GOVERNMENT GRANTS

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

1.15 INCOME TAX

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

1.16 PROVISIONS, CONTINGENCIES AND CONTINGENT ASSETS

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

Notes on Financial Statements

2. NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Amount Rs. in lakhs

2.1 SHARE CAPITAL

Particulars	Ref. note no.	As at March 31, 2014	As At March 31, 2013
Authorised Equity shares, Re 1/- par value 500000000 (500000000) equity shares		50,00.00	50,00.00
Issued, Subscribed and Paid-up Equity shares, Re 1/- par value 343817322 (326752705) equity shares fully paid up	2.1.5	34,38.17	32,67.53
		34,38.17	32,67.53

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

2.1.2 During the year, the Company has issued 1,70,64,617 Equity Shares to Promoters/Promoters group of the Company on Preferential basis as approved by the members of the Company at the Extraordinary General Meeting held on 23.11.2013

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

2.1.4 During the year ended March 31, 2014 the amount of per share dividend recognized as distribution to equity shareholders was Re 0.65.

2.1.5 Reconciliation of the number of shares outstanding.

Particulars	Ref. note no.	As at March 31, 2014	No. of shares As at March 31, 2013
Number of shares at the beginning		32,67,52,705	32,67,52,705
Add : Addition during the year	2.1.2	1,70,64,617	-
Number of shares at the end		34,38,17,322	32,67,52,705

2.1.6 Shareholders holding more than 5% shares

Name of share holders	Ref. note no.	As at March 31, 2014	No. of shares As at March 31, 2013
G. K. & Sons Private Ltd.		3,01,62,833	2,37,63,602
Murari Investment & Trading Company Ltd.		3,00,53,080	3,00,53,080
Electrocast Sales India Ltd.		2,33,30,981	1,69,31,750
G.K.Investment Ltd.		2,17,39,560	2,17,39,560
Stemcor Metals Ltd.		1,92,43,836	1,92,43,836
Uttam Commercial Company Ltd.		1,85,90,570	1,85,90,570

2.2 RESERVES AND SURPLUS

Particulars	Ref. note no.	As at March 31, 2014	As at March 31, 2013
Capital reserve as per last Balance Sheet		46.52	46.52
Capital subsidy			
Others			
Amount forfeited on warrants not exercised		30,94.71	30,94.71
Amount received on issue of warrants	2.2.1	10,07.05	10,07.05
		41,48.28	41,48.28
Securities Premium Account as per last Balance Sheet		6,10,28.68	6,10,28.68
Add : Addition during the year	2.1.2	21,92.80	-
		6,32,21.48	6,10,28.68
Revaluation Reserve	2.11.1	5,73,30.74	-
Created during the year		-	5,73,30.74
		5,73,30.74	5,73,30.74
Less : Transfer to Depreciation and Amortisation	2.28	5,24.74	-
		5,68,06.00	5,73,30.74

Notes on Financial Statements

Particulars	Ref. Note No.	Amount Rs. in lakhs	
		As at March 31, 2014	As at March 31, 2013
Debenture Redemption Reserve as per last Balance Sheet		10,00.00	50,00.00
Add : Transfer from surplus		54,00.00	10,00.00
		<u>64,00.00</u>	<u>60,00.00</u>
Less : Transfer to surplus		-	50,00.00
		<u>64,00.00</u>	<u>10,00.00</u>
General reserve as per last Balance Sheet		9,00,00.00	8,55,00.00
Add : Transfer from surplus		25,00.00	45,00.00
		<u>9,25,00.00</u>	<u>9,00,00.00</u>
Surplus as per last Balance Sheet		1,86,69.24	1,13,57.95
Add : Net profit after tax transferred from Statement of Profit and Loss		1,00,55.84	97,22.71
Add : Transfer from debenture redemption reserve		-	50,00.00
Amount available for appropriation		<u>2,87,25.08</u>	<u>2,60,80.66</u>
Appropriations :			
Proposed dividend	2.1.3 & 2.1.4	22,34.81	16,33.76
Tax on dividend		3,79.81	2,77.66
Amount transferred to debenture redemption reserve		54,00.00	10,00.00
Amount transferred to general reserve		25,00.00	45,00.00
Balance in Surplus		<u>1,82,10.46</u>	<u>1,86,69.24</u>
		<u>24,12,86.22</u>	<u>23,21,76.94</u>

2.2.1 The Company through Qualified Institutional Placements had issued 33568312 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 and upto five years from the date of allotment (i.e. 08/02/2010) at exercise price of Rs. 59.58 per share. The warrant issue price aggregating to Rs. 10,07.05 lakhs, being non adjustable/non refundable has been credited to Capital Reserve.

2.3 LONG TERM BORROWINGS

Particulars	Ref. Note No.	As at March 31, 2014		As at March 31, 2013	
		Non Current	Current	Non Current	Current
SECURED LOANS					
11% Non Convertible Debenture	2.3.1	50,00.00	-	-	-
12.50% Non Convertible Debenture	2.3.2	1,00,00.00	-	-	-
10.75% Non Convertible debentures	2.3.3	1,20,00.00	-	1,20,00.00	-
Term loans -from banks					
External Commercial Borrowings	2.3.4.1 & 2.3.4.2	9,88,29.03	1,54,38.06	10,35,67.07	1,39,92.43
Others	2.3.5	2,00,00.00	-	-	-
Term loan from financial institutions	2.3.6.1 , 2.3.6.2 & 2.3.6.3	57,18.71	32,90.44	50,55.15	61,02.94
		<u>15,15,47.74</u>	<u>1,87,28.50</u>	<u>12,06,22.22</u>	<u>2,00,95.37</u>

Notes on Financial Statements

- 2.3.1 11% Non Convertible Debentures (privately placed) are secured by second pari-passu charge on company's fixed assets (immovable and movable) including land and buildings both present and future other than assets located at Chennai and Elavur. These debentures were allotted on 5th July, 2013 and are redeemable at par at the end of 5th year from the date of allotment i.e 5th July, 2018. 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 i.e 5th July, 2013.
- 2.3.2 12.50% Non Convertible Debentures (privately placed) are secured by second pari-passu charge on company's fixed assets (immovable and movable) including land and buildings both present and future other than assets located at Chennai and Elavur. These debentures were allotted on 5th July, 2013 and are redeemable at par at the end of 5th year from the date of allotment i.e 5th July, 2018. However, there is a Put and Call option available to the issuer / investor which can be exercised at the end of 30 months from the date of allotment i.e 5th July, 2013 and every quarter thereafter.
- 2.3.3 10.75% Non Convertible Debentures (privately placed) are secured by first pari-passu charge on company's fixed assets (immovable and movable) including land and buildings both present and future other than assets located at Chennai and Elavur and excluding furniture and fixture, vehicles and other intangible assets. These debentures were allotted on 11th April, 2012 and are redeemable at par in three equal annual installments at the end of 3rd, 4th & 5th year from the date of allotment i.e 11th April, 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 i.e 11th April, 2015.
- 2.3.4.1 External Commercial Borrowing is secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than assets located at Chennai and Elavur.
- 2.3.4.2 External Commercial Borrowings of USD 77.50 million is repayable in 3 annual installments of 33.25% in July, 2013, 33.25% in July, 2014 & 33.50% in July, 2015. The outstanding as on 31.03.2014 is Rs. 3,09,92.19 lakhs (previous year Rs. 4,20,82.50 lakhs). External Commercial Borrowings of USD 139.00 million is repayable in 12 semi annual installments from 29th August, 2015. The outstanding as on 31.03.2014 is Rs. 7,54,77.00 lakhs (previous year Rs. 8,32,74.90 lakhs). The interest rate ranges from 6M Libor + 250 to 500 basis points.
- 2.3.5 Rupee Term Loan from bank is to be secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than assets located at Chennai and Elavur. Term Loan is repayable in 28 quarterly installments starting from June, 2015. The interest rate ranges from 13.00% p.a to 13.50% p.a.
- 2.3.6.1. Term loan from a financial institution of Rs. 1,50,00 lakhs and Rs. 1,00,00 lakhs are secured by way of first pari-passu charge over the movable fixed assets, lands and other immovable properties of the Company both present and future other than assets located at Chennai and Elavur.
- 2.3.6.2 Term loan of Rs. 1,50,00 lakhs is repayable in 16 quarterly equal installments from 14th August, 2010. The outstanding as on 31.03.2014 is Rs. 9,37.50 lakhs (previous year Rs. 46,87.50 lakhs). Term loan of Rs. 1,00,00 lakhs is repayable in 17 quarterly equal installments from 30th December, 2011. The outstanding as on 31.03.2014 is Rs. 41,17.65 lakhs (previous year Rs. 64,70.59 lakhs). The interest rate ranges from 11.00% p.a to 12.50% p.a.
- 2.3.6.3 Term Loan of Rs. 39,54 lakhs is to be secured by way of second pari-passu charge on all movable Fixed Assets and Current Assets, both present and future of the Company. The loan is repayable in 54 monthly installments starting from April, 2015. The interest rate ranged from 14.00% p.a to 14.50% p.a.

Notes on Financial Statements

2.4 DEFERRED TAX LIABILITIES (NET)

Amount Rs. in lakhs

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

Particulars	Opening as on 01.04.2013	Charge or (Credit) during the Year	Closing as at 31.03.2014
Deferred Tax Assets:			
1. Expenses Allowable on payment Basis	4,26.03	3,79.91	8,05.94
2. Provision for doubtful debts and advances	3,22.51	- 9.11	3,13.40
3. Provision for losses on Derivatives on Mark to Market basis	32.73	- 32.73	-
4. Others	14,54.15	- 4,54.32	9,99.83
Deferred Tax Liabilities:			
1. Depreciation etc.	52,09.58	- 32.60	51,76.98
2. Liquidated Damages and Retention money	4,23.76	33.33	4,57.09
Net Deferred Tax Liability	33,97.92	1,16.98	35,14.90

2.5 OTHER LONG TERM LIABILITIES

Particulars	Ref. Note No.	As at March 31, 2014	As at March 31, 2013
Trade payables		4,46.21	9,57.61
Others		53.46	67.88
		4,99.67	10,25.49

2.6 LONG TERM PROVISION

Provision for employee benefits		8,38.02	7,56.33
Provision for Mine Closure and restoration charges	2.6.1	3,67.58	-
Others		3,00.00	3,00.00
		15,05.60	10,56.33

2.6.1 Provision for Mines closure and restoration charges are made in terms of statutory obligations specified for the purpose and deposited in the Escrow account in terms of the stipulation made by Ministry of Coal, for Mines closure Plan. (Refer note 2.18)

2.7 SHORT TERM BORROWINGS

SECURED LOANS

Repayable on demand from banks	2.7.1 & 2.7.2		
Indian Currency		2,33,66.04	1,05,56.19
Foreign Currency		4,18,54.80	5,63,30.96
		6,52,20.84	6,68,87.15

UNSECURED LOANS

Repayable on demand from banks			
Indian Currency		10,00.00	50,00.00
Foreign Currency		23,36.49	1,21,97.07
From a related party		92.35	83.71
Commercial papers		-	15,00.00
		34,28.84	1,87,80.78
		6,86,49.68	8,56,67.93

2.7.1 Loans repayable on demand being Working Capital facilities from banks (both fund based and non fund based) are secured by first pari passu charge by way of joint hypothecation of raw materials, finished goods, work in progress, consumable stores and spares, book debts / receivables and other current assets of the company both present and future.

Notes on Financial Statements

2.7.2 Fixed maturity plans of mutual funds amounting to Rs 3000 lakhs are pledged for availing overdraft facility. (Refer note 2.13.2)

2.8 TRADE PAYABLES

Amount Rs. in lakhs

Particulars	Ref. note no.	As at	
		March 31, 2014	March 31, 2013
Trade payables	2.8.1 & 2.8.2	3,04,73.60	1,44,42.59
		<u>3,04,73.60</u>	<u>1,44,42.59</u>

2.8.1 Including acceptances of Rs.1,49,50.56 lakhs (previous year Rs. nil)

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

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

2.9 OTHER CURRENT LIABILITIES

Current maturities of long-term debt	2.3		
Secured		1,87,28.50	2,00,95.37
Interest accrued but not due on borrowings		32,56.30	18,55.66
Interest accrued and due on borrowings		2,40.99	-
Advance from customers		16,68.96	21,26.00
Unclaimed dividends	2.9.1	1,24.14	1,33.02
Other payables			
Credit balances in current account with banks		9,46.53	14,95.87
Statutory dues - PF , ESI , Service Tax , TDS , Entry Tax etc.		20,94.72	11,43.38
Excise duty on stock		13,57.94	8,08.88
Capital vendors		52,25.26	11,76.53
Others	2.9.2	6,12.67	13,68.79
		<u>3,42,56.01</u>	<u>3,02,03.50</u>

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

2.9.2 Includes Rs. nil (previous year Rs.12,19.10 lakhs) payables to banks on account of derivative settlement.

2.10 SHORT TERM PROVISIONS

Provision for employee benefits		11,97.62	12,15.99
Others			
Provision for taxation (net of advance tax)		3,19.22	1,34.14
Provision for dividend		22,34.81	16,33.76
Provision for tax on dividend		3,79.81	2,77.66
Provision for losses on derivative transactions on mark to market basis		4,98.27	11,68.96
Other Provisions	2.10.1	9,97.28	23,04.88
		<u>56,27.01</u>	<u>67,35.39</u>

2.10.1 Other provisions include (a) provision relating to indirect taxes in respect of proceedings of various excise duty matters – carrying amount at the end of the year Rs. 5,00.00 lakhs (previous year Rs. 5,00.00 lakhs). No amount was used and reversed during the year. Outflows in these cases would depend on the final developments/outcomes; (b) Other class of provisions related to disputed customer claims/rebates/demands – carrying amount at the end of the year Rs.2,10.00 lakhs (previous year Rs. 15,00.00 lakhs), Rs.15,00.00 lakhs were reversed during the year.

Notes on Financial Statements

Description		GROSS BLOCK					DEPRECIATION / AMORTISATION				NET BLOCK	
		Cost as on April 01, 2013	Additions	Revaluation	Sales/ Adjustments	Other Adjustments	Cost as on March 31, 2014	Upto March 31, 2013	For The Year	Sales/ Adjustments	Upto March 31, 2014	As on March 31, 2014
1	2	3	4	5	6	7	8	9	10	11	12	13
Tangible Assets												
LAND-FREEHOLD	5,74,16.03	1,23.29	-	-	-	5,75,39.32	-	-	-	-	5,75,39.32	5,74,16.03
LAND-LEASEHOLD	13,45.62	4,32.33	-	-	-	17,77.95	1,09.58	17.18	-	1,26.76	16,51.19	12,36.04
BUILDINGS	1,59,63.73	13,23.14	-	10.67	-	1,72,76.20	51,01.55	10,58.09	4.22	61,55.42	1,11,20.78	1,08,62.18
RAILWAY SIDING	44,93.91	-	-	-	3,03.20	47,97.11	5,70.10	4,68.92	-	10,39.02	37,58.09	39,23.81
PLANT AND EQUIPMENTS	7,68,19.20	37,51.54	-	11,98.82	7,79.99	8,01,51.91	4,19,04.55	49,60.29	860.00	4,60,04.84	3,41,47.07	3,49,14.65
OFFICE EQUIPMENT	6,51.62	11.10	-	5.32	-	6,57.40	3,22.12	35.28	4.76	3,52.64	3,04.76	3,29.50
FURNITURE AND FIXTURES	6,09.06	37.07	-	17.10	-	6,29.03	4,50.26	33.82	11.64	4,72.44	1,56.59	1,58.80
VEHICLES	10,12.62	1,43.30	-	89.36	-	10,66.56	4,88.48	83.92	70.38	5,02.02	5,64.54	5,24.14
LIVESTOCK	1.11	-	-	-	-	1.11	-	-	-	-	1.11	1.11
Total	15,83,12.90	58,21.77	-	13,21.27	10,83.19	16,38,96.59	4,89,46.64	66,57.50	951.00	5,46,53.14	10,92,43.45	10,93,66.26
Intangible Assets												
COMPUTERS SOFTWARES	5,89.49	1,66.64	-	-	-	7,56.13	5,16.54	29.91	-	5,46.45	2,09.68	72.95
MINING RIGHTS	15.32	-	-	-	-	15.32	4.12	1.53	-	5.65	9.67	11.20
Total	6,04.81	1,66.64	-	-	-	7,71.45	5,20.66	31.44	-	5,52.10	2,19.35	84.15
Grand Total	15,89,17.71	59,88.41	-	13,21.27	10,83.19	16,46,68.04	4,94,67.30	66,88.94	951.00	5,52,05.24	10,94,62.80	10,94,50.41
Previous Year	9,91,66.78	23,79.57	5,73,30.74	10,82.23	11,22.85	1,58,917.71	4,36,19.13	65,36.41	6,88.24	4,94,67.30	10,94,50.41	

Notes :

- 2.11.1 Freehold Land and Buildings pertaining to Elavur, Khardah and Haldia Units of the Company has been revalued by an approved valuer as on 31st March, 2013 on direct sales approach basis and depreciated replacement cost approach basis respectively. Accordingly, net increase of Rs. 5,73,30,74 lakhs as on 31st March, 2013 in the value of these fixed assets due to such revaluation had been transferred to Revaluation Reserve.
- 2.11.2 Depreciation and amortization amounting to Rs. 5,24,74 lakhs (previous year nil) pertains to additional depreciation charged due to revaluation of Buildings on 31st March, 2013 which has been adjusted from Revaluation Reserve.
- 2.11.3 Plant and Equipments includes :
 (a) Rs. 8,27,02 lakhs (previous year Rs. 8,27,02 lakhs) being contribution for laying the Power line, the ownership of which does not vest with the company.
 (b) Rs. 24,98,72 lakhs (previous year Rs. 24,98,72 lakhs) being cost of wagons procured under "Wagon Investment Scheme".
 (c) Railway Siding Rs. 42,39,98 lakhs (previous year Rs. 42,39,98 lakhs) incurred for construction, the ownership of which does not vest with the company.
 Depreciation and amortization for the year includes Rs. 8,67,49 lakhs (previous year Rs. 12,27,73 lakhs) transferred to Pre-operative expenses.
- 2.11.4 Leasehold Land of Rs. 2,40,00 lakhs (previous year Rs. 2,40,00 lakhs) is pending execution of lease agreement and registration thereof.
- 2.11.5 Freehold land includes Rs. 4,05,06 lakhs (previous year Rs. 4,05,06 lakhs) in respect of which the execution of conveyance deeds is under process.
- 2.11.6 Other adjustments includes Rs.10,83,19 lakhs(previous year Rs. 11,22,85 lakhs) representing foreign exchange fluctuation.
- 2.11.8 Land with factory buildings (net block Rs.1,36,15,74 lakhs) at Elavur plant of the Company are mortgaged in the favour of lender to Electrosteel Steels Limited, an associate of the Company.
- 2.11.9 Refer note 2.3

Notes on Financial Statements

2.12 NON-CURRENT INVESTMENTS - AT COST

(Fully paid up except otherwise stated)

Amount Rs. in lakhs

Particulars

(A) Trade

Equity Shares

Quoted

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

50 0.00 50 0.00

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 1,000 0.05

0.06 0.06

(B) Others

Equity Shares

Quoted

Associates

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

1,93,01,218 63,33.53 1,93,01,218 63,33.53

Electrosteel Steels Ltd. (Face value Rs. 10/-each)

86,73,00,000 8,88,27.65 86,67,50,000 8,87,72.65

Unquoted

Subsidiaries

Electrosteel Europe SA (Face value of Euro 10 each)

3,80,000 23,23.41 3,80,000 23,23.41

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

82,500 5,20.33 82,500 5,20.33

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

11,00,000 10,59.26 11,00,000 10,59.26

Singardo International Pte Ltd(Face value of SGD 1 each)

15,00,000 4,39.89 15,00,000 4,39.89

Electrosteel USA, LLC

14,45.60 # 11,48.54

Electrosteel Trading S.A.Spain (Face Value of Euro 1 each)

65,000 45.10 65,000 45.10

Mahadev Vyapaar Pvt Ltd(Face Value of Rs 10/- each)

10,000 12,03.00 10,000 12,03.00

Electrosteel Castings Gulf FZE (Face Value of UAE Dhiram 1000000 each)

1 1,50.60 1 1,50.60

Electrosteel Brasil LTDA Tubos E Conexoes Duteis (Face Value of BRL 1 each)

1,50,000 45.05 - -

Electrosteel Doha for Trading LLC (Face Value of QAR 1000 each)

98 14.84 98.00 14.84

Associate

Electrosteel Thermal Power Ltd.(Face value of Rs.10/- each)

15,000 1.50 15,000 1.50

Joint Venture

Domco Pvt Ltd (Face value of Rs 100/- each)

30,000 30.00 30,000 30.00

North Dhadhu Mining Company Pvt Ltd (Face value of Rs10/- each)

82,28,053 8,22.81 82,28,053 8,22.81

Other Companies

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

50,000 5.00 50,000 5.00

10,32,67.57 10,28,70.46

Quoted Preference share

Mukand Limited (0.01% Cumulative Redeemable Preference

Shares face value of Rs10/-each)

16 0.00 16 0.00

10,32,67.57 10,28,70.46

Less: Provision for investments

30.00 30.00

10,32,37.57 10,28,40.46

Total -Non -Current Investments

10,32,37.63 10,28,40.52

Towards 100% Capital Contribution

Aggregate amount of Quoted Investments

-Other Investments

9,51,61.18 9,51,06.18

Aggregate amount of Unquoted Investments

-Other Investments

80,76.45 77,34.34

10,32,37.63 10,28,40.52

Aggregate amount of Market value of Quoted Investments

Other Investments

4,61,17.31 4,60,90.63

4,61,17.31 4,60,90.63

Notes on Financial Statements

2.13 CURRENT INVESTMENTS - AT COST (Contd.)

(Fully paid up except otherwise stated)

Amount Rs. in lakhs

	As at March 31, 2014		As at March 31, 2013	
	Holding	Value	Holding	Value
Bonds (Quoted)				
10.25% Reliance Capital Ltd. NCD 31/10/2022 of Rs. 1000000 each	-	-	4	41.24
10.10% Reliance Capital Ltd. NCD 28/09/2022 of Rs. 1000000 each	-	-	11	110.00
10.00% Reliance Capital Ltd. NCD 03/11/2017 of Rs. 1000000 each	-	-	2	20.20
10.40% Reliance Capital SR-T-44 NCD 27/09/2022 of Rs. 1000000 each	-	-	17	171.92
9.03% Gujarat State Petroleum Corp Ltd. SR-1 NCD 22/03/2028 of Rs. 1000000 each	-	-	100	1,000.00
9.40% Rajasthan Rajya Vidyut Prasaran Nigam Ltd. BD 22/03/2025 of Rs. 1000000 each	-	-	62	620.00
10.75% SREI Equipment Finance Pvt. Ltd. NCD 03/08/2014 of Rs. 1000000 each	-	-	72	720.94
10.40% Reliance Capital Ltd. NCD 29/07/2022 of Rs. 1000000 each	-	-	29	290.00
9.70% G.E.Shipping 15 April 2021 of Rs. 1000000 each	121	1,273.89	-	-
10.45% GSPC 28/09/2072 of Rs. 1000000 each	144	1,514.57	-	-
10.20% Shriram Equipment Finance Co Ltd NCD 2023 of Rs. 1000000 each	33	309.87	-	-
Total -Bonds		3,098.33		2,974.30
Units of Mutual Funds				
Quoted				
Birla Sun Life -Dynamic Bond Fund	-	-	18,34,520.60	325.00
IDFC-SSIF-ST-Plan A	-	-	8,06,663.50	175.00
Principal PNB FMP Series A4 - Growth	-	-	50,00,000.00	500.00
AXIS FIXED TERM PLAN-SERIES 21 (394 Days)	-	-	50,00,000.00	500.00
HDFC Fixed Maturity Plans - Series XX1	-	-	50,00,000.00	500.00
Reliance Fixed Horizon Fund - XX1-Series 18	-	-	50,00,000.00	500.00
Kotak FMP Series 84 - Growth	-	-	50,00,000.00	500.00
Reliance Fixed Horizon Fund XXII Series 36	-	-	80,00,000.00	800.00
HDFC Fixed Maturity Plans - Series 23 371D	-	-	70,00,000.00	700.00
Birla Sun Life Interval Income Fund - Annual Plan I	-	-	50,00,000.00	500.00
IDFC Fixed Term Plan Series - 7	-	-	50,00,000.00	500.00
ICICI Prudential Fixed Maturity Plan Series 66 - 368 Days Plan B Regular Cumulative	-	-	40,00,000.00	400.00
BSL Interval Income Fund - Annual Plan III Regular Growth Open	-	-	40,00,000.00	400.00
Reliance Yearly Interval Fund - Series V	-	-	50,00,000.00	500.00
HDFC Fixed Maturity Plans - Series 23 384D	50,00,000	500.00	50,00,000.00	500.00
Reliance Fixed Horizon Fund - XXIII - Series 6	-	-	50,00,000.00	500.00
HDFC Fixed Maturity Plans - Series 25 405D	1,00,00,000	1,000.00	-	-
Birla Sun Life Fixed Term Plan - Series GV (368 Days)	1,00,00,000	1,000.00	-	-
Reliance Yearly Interval Fund - Series 6	50,00,000	500.00	-	-
Total - Units of Mutual Funds - note 2.13.2		3,000.00		7,800.00
Total - Current Investments		6,758.35		11,419.12
Aggregate amount of Quoted Investments				
- In Mutual Funds	3,000.00		7,800.00	
- In Bonds and Commercial Papers	3,098.33		2,974.30	
- In Equity Shares	660.02	6,758.35	644.82	11,419.12
Aggregate amount of Market value of Quoted Investments				
- In Mutual Funds		3,242.87		8,831.14
- In Bonds		3,180.91		2,991.58
- In Equity Shares		660.02		644.82
		7,083.80		12,467.54

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

2.13.2 Pledged with lenders against overdraft facility. (refer note no. 2.7.2)

Notes on Financial Statements

		Amount Rs. in lakhs	
2.14 LONG TERM LOANS AND ADVANCES		As at March 31, 2014	As at March 31, 2013
Particulars	Ref. note no.		
UNSECURED, CONSIDERED GOOD			
Capital Advances	2.14.4	11,24.57	24,85.39
Security Deposits	2.14.3	54,76.06	58,47.57
Others			
Prepaid expenses		12.47	12.06
Loans and Advances to related party	2.38	2,22,50.00	-
Others	2.14.1	3.08	9.47
		<u>2,88,66.18</u>	<u>83,54.49</u>
2.14.1	Including loans and advance to employees amounting to Rs. 2.63 lakhs.		
2.14.2	In the opinion of the Board of Directors, current assets and loans and advances have the value at which these are stated in the Balance Sheet, unless otherwise stated and adequate provisions for all known liabilities have been made and are not in excess of the amount reasonably required.		
2.14.3	Security deposits include Rs. 5,57.50 lakhs (previous year Rs. 5,57.50 lakhs) with private limited companies in which directors are interested as a member / director and Rs.38,22.30 lakhs (previous year Rs.42,46.68 lakhs) with related parties.		
2.14.4	Capital advances includes Rs 5.27 lakhs (previous year Rs.5.27 lakhs) paid to related party.		
2.15 OTHER NON-CURRENT ASSETS			
UNSECURED, CONSIDERED GOOD			
Long term Trade Receivables	2.7.1	<u>12,79.32</u>	<u>13,96.36</u>
		<u>12,79.32</u>	<u>13,96.36</u>
2.16 INVENTORIES			
Raw materials		2,93,31.54	2,33,48.66
Raw materials (goods in transit)		17,39.13	16.70
Finished goods	2.16.2	1,47,40.52	1,21,40.10
Process stock	2.16.2	35,40.34	27,23.95
Stock-in-trade (in respect of goods acquired for trading)		38.62	-
Stores and spares		59,57.53	57,97.20
Stores and spares (goods in transit)		2,18.97	2,51.50
		<u>5,55,66.65</u>	<u>4,42,78.11</u>
Work-in-progress (Turnkey Projects)	2.16.2	5,11.70	10,42.36
Less: Progress payment received		3,98.82	1,46.88
		<u>1,12.88</u>	<u>8,95.48</u>
		<u>5,56,79.53</u>	<u>4,51,73.59</u>
2.16.1.	Refer note no. 2.7.1 and 2.17		
2.16.2.	Details of Inventories		
Finished goods			
D.I. Spun pipes		61,65.27	76,59.82
C.I. Spun pipes		3,93.59	12,58.23
Metallurgical Coke		58,54.68	6,37.54
Others		23,26.98	25,84.51
		<u>1,47,40.52</u>	<u>1,21,40.10</u>
Process stock			
D.I. Spun pipes		25,43.21	18,25.75
D.I. Fittings		7,91.32	7,34.17
Others		2,05.81	1,64.03
		<u>35,40.34</u>	<u>27,23.95</u>
Work-in-progress (Turnkey Projects)			
Pipes		5,06.30	6,34.67
Others		5.40	4,07.69
		<u>5,11.70</u>	<u>10,42.36</u>

Notes on Financial Statements

		Amount Rs. in lakhs	
Particulars	Ref. note no.	As at March 31, 2014	As at March 31, 2013
2.17 TRADE RECEIVABLES			
CURRENT			
Trade outstanding for period exceeding six months from the date they become due for payment			
Unsecured Considered good		21,27.96	1,22,19.36
Doubtful		-	2,10.00
Less: Provision for doubtful		-	2,10.00
		21,27.96	1,22,19.36
Others		5,95,57.85	5,34,41.96
		6,16,85.81	6,56,61.32

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

2.18 CASH AND BANK BALANCES

Cash and Cash Equivalents			
Cash on hand		8.87	10.33
Balances with banks			
In current and cash credit accounts	2.18.2	82,81.17	1,05,41.80
In Fixed Deposit accounts (including interest accrued thereon)		-	1,44,99.37
In dividend accounts		1,24.14	1,33.02
		84,14.18	2,51,84.52
Other balance with banks			
In current accounts	2.6.1	3,67.58	2,98.61
Margin money/Fixed deposits(having original maturity of more than 3 months)	2.18.1 & 2.18.2	1,41,02.60	65,60.41
		2,28,84.36	3,20,43.54

2.18.1 Fixed Deposits with Banks include Fixed Deposit of Rs. 3,39.71 lakhs (previous year Rs. 20.79 lakhs) lodged with Government Departments, Customers and Bank.

2.18.2 Includes Fixed Deposit of Rs. 1,37,16.64 lakhs (previous year Rs. 2,08,75.00 lakhs) and Bank Balances of Rs. 50,00.00 lakhs (previous year Rs. 75,00.00 lakhs) in respect of External Commercial Borrowings loans pending utilisation for intended use.

Notes on Financial Statements

2.19 SHORT TERM LOANS AND ADVANCES

Amount Rs. in lakhs

Particulars	Ref. note no.	As at March 31, 2014	As at March 31, 2013
UNSECURED, CONSIDERED GOOD			
Loans and advances to related parties	2.7.1	96,93.47	34,63.04
Other loans and advances			
Security Deposits		6,41.39	5,20.05
For supply of goods and rendering of services		15,60.17	11,56.34
Balance with Government authorities		68,73.55	82,39.63
MAT credit entitlement		-	8,50.56
Prepaid expenses		3,05.43	1,78.03
Others		1,61.44	1,23.17
		<u>1,92,35.45</u>	<u>1,45,30.82</u>
DOUBTFUL ADVANCES			
Loans and advances to related parties		7,00.00	7,00.00
Others		12.04	38.85
		<u>7,12.04</u>	<u>7,38.85</u>
Less : Provision for doubtful advances		<u>7,12.04</u>	<u>7,38.85</u>
		-	-
		<u>1,92,35.45</u>	<u>1,45,30.82</u>

2.19.1 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 2013-14 (Rs. in lakhs)	Maximum Amount Outstanding during the year 2013-14 (Rs. in lakhs)	Amount Outstanding at the year end 2012-13 (Rs. in lakhs)	Maximum Amount Outstanding during the year 2012-13 (Rs. in lakhs)
Loans and advances in the nature of loans to Subsidiaries and Associates :				
(a) Electrosteel Algeria SPA	-	-	-	64.79
(b) Singardo International Pte Ltd.	95.25	99.12	-	-
(c) Mahadev Vyapaar Private Limited	4,45.39	4,59.33	4,60.37	4,73.89
(d) Electrosteel Europe SA	-	-	1,15.01	1,93.93
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.	64.97	82.74	63.86	74.16
Loans and advances in the nature of loans to Firms/ Companies in which directors are interested				
Loans and advance in the nature of loans and loanee has invested in :				
(a) Shares of Parent Company	-	-	-	-
(b) Shares of a Subsidiary (including sub/fellow subsidiary)	-	-	-	-

Notes on Financial Statements

2.20 OTHER CURRENT ASSETS

Amount Rs. in lakhs

Particulars	Ref. Note No.	As at	As at
		March 31, 2014	March 31, 2013
Interest receivable		2,61.76	1,34.80
Incentive/Subsidy receivable		46,33.42	37,40.57
Export incentive receivable		48,00.84	38,60.09
Forward Premium receivable		33.25	7,98.01
Others		8,98.18	5,82.90
		<u>1,06,27.45</u>	<u>91,16.37</u>

2.21 REVENUE FROM OPERATIONS

Particulars		For the year ended 31.03.2014	For the year ended 31.03.2013
Sale of products	2.21.1	21,37,15.27	19,09,63.25
Sale of services (Turnkey contracts)		6,18.22	13,01.72
Other operating revenues			
Incentive on exports		67,91.32	46,15.67
Others		23,84.24	13,50.89
		<u>22,35,09.05</u>	<u>19,82,31.53</u>
Less: Excise duty		48,21.12	47,76.80
		<u>21,86,87.93</u>	<u>19,34,54.73</u>

2.21.1 Details of products sold

Particulars			
Finished goods sold			
D.I. Spun pipes		14,93,94.29	14,04,98.04
C.I. Spun pipes		1,16,77.31	97,07.42
Others		3,65,18.08	3,92,54.27
		<u>19,75,89.68</u>	<u>18,94,59.73</u>
Traded goods sold			
Coke and Coal		1,21,42.89	10,55.14
Others		39,82.70	4,48.38
		<u>1,61,25.59</u>	<u>15,03.52</u>

2.22 OTHER INCOME

Interest income on			
Current investments		2,99.52	3,26.71
Interest on loans, deposits, overdue debts etc.		4,05.74	5,04.86
Dividend income			
Investment in subsidiaries (non current)		-	16.77
Current investments		56.44	13.81
Non current investments		1.20	0.28
Net gain or loss on sale / redemption of investments			
Current investments (net)		8,73.65	19,18.04
Net gain or loss on foreign currency transaction and translation		-	15,43.04
Provision no longer required written back		2,10.00	50,60.16
Miscellaneous income		1,23.55	1,21.61
		<u>19,70.10</u>	<u>95,05.28</u>

Notes on Financial Statements

		Amount Rs. in lakhs	
Particulars	Ref. note no.	For the year ended 31.03.2014	For the year ended 31.03.2013
2.23 COST OF MATERIALS CONSUMED			
Raw materials consumed	2.23.1	9,47,32.02	9,66,46.94
2.23.1 Details of materials consumed			
Iron ore		2,43,52.73	2,84,21.57
Coal		3,69,38.00	3,46,72.49
Others		3,34,41.29	3,35,52.88
		9,47,32.02	9,66,46.94
2.24 PURCHASES OF STOCK IN TRADE			
Coke and coal		1,15,26.69	10,54.51
Others		67,30.61	37,86.78
		1,82,57.30	48,41.29
2.25 (INCREASE)/DECREASE IN INVENTORIES			
Closing Stock :			
Finished		1,47,40.52	1,21,40.10
Stock-in-trade (in respect of goods acquired for trading)		38.62	-
Process Stock		35,40.34	27,23.95
Work in Progress (Turnkey Projects)		5,11.70	10,42.36
		1,88,31.18	1,59,06.41
Less : Opening stock			
Finished		1,21,40.10	
Add : Stock of Paint Unit		1.24	
Less : Transfer for Capital Projects		40.31	
Process Stock		27,23.95	1,22,06.75
Work in Progress (Turnkey Projects)		10,42.36	34,54.15
		1,58,67.34	11,60.55
		- 29,63.84	1,68,21.45
			9,15.04
2.26 EMPLOYEE BENEFITS EXPENSE			
Salaries and wages		1,35,40.92	1,24,36.43
Contribution to provident and other funds		6,64.79	6,89.27
Staff welfare expenses		6,70.34	6,23.34
		1,48,76.05	1,37,49.04
2.27 FINANCE COSTS			
Interest expense		99,69.77	89,30.44
Net loss on foreign currency transactions and translation		28,72.48	18,62.80
Other borrowing cost		7,39.71	3,30.94
		1,35,81.96	1,11,24.18

Notes on Financial Statements

2.28 DEPRECIATION AND AMORTISATION EXPENSE

Amount Rs. in lakhs

Particulars	Ref. note no.	For the year ended 31.03.2014	For the year ended 31.03.2013
Depreciation and amortization expense	2.11	58,21.45	53,08.68
Less : Transfer from Revaluation Reserve	2.11.2	5,24.74	-
		<u>52,96.71</u>	<u>53,08.68</u>

2.29 OTHER EXPENSES

Consumption of stores and spare parts	2.29.2	1,30,17.62	1,26,16.42
Power and fuel		1,58,15.26	1,48,46.03
Rent	2.29.4	8,07.44	778.18
Repairs to buildings		1,65.96	123.55
Repairs to machinery		1,78.09	1,54.11
Insurance		3,70.83	2,59.90
Rates and taxes		4,28.37	4,31.84
Directors fees and commission		57.89	54.94
Packing & forwarding charges [net of realisation Rs. 44,33.60 lakhs (previous year Rs.36,66.74 lakhs)]		1,11,95.78	1,22,47.15
Commission to selling agents		53,51.63	51,48.70
Job charges		24,17.89	21,41.55
Excise duty on stock		1,32.72	- 65.32
Bad debts		26.80	-
Less : Provision for bad and doubtful debts		- 26.80	-
Loss on sale of fixed assets (net)		81.96	3.81
Provision for bad and doubtful debts		2,10.00	2,10.00
Net loss on foreign currency translation		25,29.78	-
Provision for diminution in value of investments		-	2,17.13
Provision for losses on mark to market basis on derivative transactions		-	96.28
Miscellaneous expenses	2.29.1 & 2.29.3	1,05,19.89	90,12.50
		<u>6,32,81.11</u>	<u>5,82,76.77</u>

2.29.1 Miscellaneous expenses includes auditors remuneration.

(a) Audit Fees	14.00	13.00
(b) Other services - Certificates, etc.	6.85	7.15

2.29.2 Stores and spares consumption include pipe moulds written off

	2,35.84	3,63.32
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2.29.3 Miscellaneous expenses include Charity and Donation of Rs. 3,07.70 lakhs (previous year Rs. 2,51.97 lakhs).

2.29.4 The Company has certain operating lease arrangements for office accommodations etc. with tenure extending upto 9 years. Term of certain lease arrangements include escalation clause for rent on expiry of 36 months from the commencement date of such lease and deposit / refund of security deposit etc. Expenditure incurred on account of rent during the year and recognized in the Statement of Profit and Loss amounts to Rs. 4,99.57 lakhs (previous year Rs. 4,31.63 lakhs).

2.29.5 During the year, the Company has incurred Rs. 89.47 lakhs (previous year Rs. 1,13.20 lakhs) on account of research and development expenses which has been charged to Statement of Profit and Loss.

Notes on Financial Statements

2.30 TAX EXPENSE

Amount Rs. in lakhs

Particulars	Ref. note no.	For the year ended 31.03.2014	For the year ended 31.03.2013
Provision for current tax		34,69.78	12,08.40
Excess provision for Fringe Benefit tax written back		- 45.88	-
Less: MAT Credit Entitlement	2.30.1	-	1,50.35
		<u>34,23.90</u>	<u>10,58.05</u>

2.30.1 The Company is entitled to MAT credit and accordingly based on evidences MAT credit of Nil (previous year Rs. 1,50.35 lakhs) has been recognised in these financial statements.

2.31 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 :

	31.03.2014	31.03.2013
Employer's Contribution to Provident Fund	3,17.33	2,98.22
Employer's Contribution to Pension Fund	1,06.50	1,12.35
Employer's Contribution to Superannuation Fund	65.33	67.39

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.

Gratuity (Funded)

	2013-14	2012-13
a) 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	14,92.89	12,54.18
Interest Cost	1,43.32	1,23.62
Current Service Cost	1,17.85	1,06.64
Actuarial (gain) / loss on obligations	26.37	95.64
Benefits paid	- 88.40	- 87.19
Liability at the end of the year	<u>16,92.03</u>	<u>14,92.89</u>

Notes on Financial Statements

Amount Rs. in lakhs

	Gratuity (Funded)	
	2013-14	2012-13
b) Changes in the Fair Value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows:		
Fair value of Plan Assets at the beginning of the year	8,42.10	7,39.04
Expected Return on Plan Assets	86.83	71.15
Contributions by the Company	2,50.42	1,14.76
Benefits paid	- 88.40	- 87.19
Actuarial gain / (loss) on Plan Assets	- 3.51	4.34
Fair value of Plan Assets at the end of the year	10,87.44	8,42.10
Total actuarial gain / (loss) to be recognised	- 29.88	- 91.30
c) Actual return on Plan Asset		
Expected return on Plan assets	86.83	71.15
Actuarial gain / (loss) on Plan Assets	- 3.51	4.34
Actual Return on Plan Assets	83.32	75.49
d) Amount Recognized in Balance Sheet		
Liability at the end of the year	16,92.03	14,92.89
Fair value of Plan Assets at the end of the year	10,87.44	8,42.10
Amount Recognized in Balance Sheet	6,04.59	6,50.79
e) Expenses Recognized in the Income Statement		
Current Service Cost	1,17.85	1,06.64
Interest Cost	1,43.32	1,23.62
Expected Return on Plan Assets	- 86.83	- 71.15
Net Actuarial (gain) / loss to be Recognized	29.88	91.30
Expenses Recognized in Profit & Loss Account	2,04.22	2,50.41
f) Balance Sheet Reconciliation		
Opening Net Liability	6,50.79	5,15.14
Expenses as above	2,04.22	2,50.41
Employers Contribution	- 2,50.42	- 1,14.76
Amount Recognized in Balance Sheet	6,04.59	6,50.79

	Gratuity (Funded)				
	2013-14	2012-13	2011-12	2010-11	2009-10
Defined Benefit Obligation at the end of the year	16,92.03	14,92.89	12,54.18	11,80.69	10,64.79
Plan Asset at the end of the period	10,87.44	8,42.10	7,39.04	6,72.05	7,04.89
Funded status	6,04.59	6,50.79	5,15.14	5,08.64	3,59.90

Notes on Financial Statements

Amount Rs. in lakhs

Compensated Absences

The obligation for compensated absences is recognized in the same manner as gratuity. The actuarial liability of Compensated Absences (unfunded) of accumulated privileged and sick leaves of the employees of the Company as at 31.03.2014 is given below :

Particulars	As at March 31, 2014	As at March 31, 2013
Privileged Leave	8,90.62	8,28.28
Sick Leave	5,40.16	4,84.15
g) Principal Actuarial assumptions as at the Balance Sheet date		
Discount Rate	8.25%	8.25%
Rate of Return on Plan Assets	9.00%	9.00%

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. 2,00 lakhs (previous year Rs. 2,00 lakhs) to Gratuity fund in 2014-15.

2.32 Calculation of Earning Per Share is as follows :

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
(a) Net profit for basic and diluted earnings per share as per Statement of Profit and Loss	1,00,55.84	97,22.71
Net profit for basic and diluted earnings per share	1,00,55.84	97,22.71
(b) Weighted average number of equity shares for calculation of basic and diluted earnings per share (Face value Re. 1/- per share)		
No of equity shares outstanding as on 26th Nov., 2013	326752705	326752705
Add : Issued during the year	17064617	-
Number of equity shares considered in calculating basic and diluted EPS	343817322	326752705
(c) Weighted average number of equity shares outstanding	332596752	326752705
d) Earnings per share :		
a) Basic (Rs.)	3.02	2.98
b) Diluted (Rs.)	3.02	2.98

Notes on Financial Statements

Amount Rs. in lakhs

- 2.33** a. Capital work in progress includes plant and equipments and other assets under installation and capital and other expenditure incurred pending completion thereof.
- b. The expenses incurred for projects/assets during the construction/mine development period are classified as “Pre-operative and Development Expenses” pending capitalization and are included under capital work in progress and will be allocated to the assets on completion of the project/assets. Consequently expenses disclosed under the respective head are net of amount so classified and details of these are as follows.

Particulars	As at March 31, 2014	As at March 31, 2013
Balance brought forward	4,90,69.42	3,26,39.33
Add : Relating to earlier years	1,19,42.27	-
Contractual Expenses - raising, over burden removal etc.	81,64.12	
Salaries and Wages	11,72.22	11,00.25
Contribution to Provident and Other Funds	47.43	40.84
Staff welfare expenses	55.40	1.51
Stores and Spares Consumption	19,36.18	22.57
Handling and Transportation	58.70	1.01
Power and Fuel	41,37.09	30.06
Repairs to Machinery	0.31	0.02
Repairs others	32.36	-
Rent	26.95	18.53
Insurance	70.58	15.08
Miscellaneous Expenses	15,67.90	9,82.72
Royalty on Coal , Clean energy cess and Stowing duty	8,03.12	1,68.70
Interest Paid	61,22.93	31,23.83
Finance charges	2,76.35	7,10.98
Depreciation and amortisation expense	8,67.49	12,27.73
Excise duty on coal Stock	4,06.56	1,58.66
Loss on exchange fluctuation	1,12,29.86	42,37.51
Mark to market loss on derivatives	4,84.38	84,78.88
Provision for Mine Closure and restoration expenses	3,67.58	-
Total preoperative/development expenses	9,88,39.20	5,29,58.21
Less :		
Allocated/Transferred during the year to completed assets	22.20	4.03
Sale of Coal to associate [43206.94 MT, (previous year 611.78 MT)]	16,50.66	24.41
Sale of inferior grade coal [15995.74 MT, (previous year 8437.74 MT)]	2,69.94	1,57.25
Less : Excise Duty	1,07.45	10.13
Less : Royalty, clean energy cess and stowing duty	2,22.67	26.64
Net Sales	15,90.48	1,44.89
Coal transferred for Captive Consumption [150184.60 MT, (Previous Year 76076.34 MT)]	77,76.93	18,04.00
Other Income	6.66	11.02
Increase/Decrease in stock of Coal		
Opening Stock 121758 MT. (Previous Year 108218.06 MT.)	25,71.26	18,21.31
Less : Closing Stock 389925.00 MT (Previous Year 121758.00 MT)	1,02,77.32	25,71.26
Interest on deposit [net of provision for current tax Rs. 6 92.12 lakhs (previous year Rs. 6,22.66 lakhs)]	13,44.13	11,74.90
Total preoperative and development expenses carried forward pending allocation	8,03,92.74	4,90,69.42

Notes on Financial Statements

Amount Rs. in lakhs

2.34 (a) Category wise outstanding derivatives contracts entered for hedging as on March 31, 2014 are as follows :-

Sl. No.	Category	Currency	2013-14	2013-14	2012-13	2012-13
			No. of Deals	Amount in Foreign Currency	No. of Deals	Amount in Foreign Currency
1	Sell Forward	USD/INR	34	20,46,41,78	17	21,92,44,62
2	Sell Forward	SGD/USD	-	-	7	1,60,01,68
3	Sell Forward	GBP/USD	7	3,98,53,68	9	4,17,11,31
4	Sell Forward	EURO/USD	19	11,67,61,70	19	13,62,61,21
5	Sell Forward	EURO/INR	5	5,07,65,29	9	14,42,92,19
6	Sell Forward	USD/EURO	1	68,42,50	3	2,36,23,74
7	Sell Forward	USD/GBP	-	-	1	79,27,00
8	Buy Forward	USD/INR	15	17,33,02,65	31	41,48,90,67
9	Option (FWDS)	USD	6	16,32,16,00	-	-
10	Option (ECB)	USD	3	11,36,00,00	5	14,18,00,00
11	Interest Rate Swap	USD	19	98,39,00,00	17	1,03,36,00,00
12	Interest Rate Cap	USD	4	18,33,00,00	4	2,00,00,00

(b) Unhedged Foreign Currency exposures of the Company as on March 31, 2014 are as follows :-

Nature	Currency	2013-14	2012-13
		Amount in Foreign Currency	Amount in Foreign Currency
Payables			
Imports	USD	14,99,28,58	2,11,55,55
ECB Payable (include accrued interest)	USD	1,72,75,19,07	1,75,40,49,78
Buyer's Credit /Acceptances (include accrued interest)	USD	41,10,59,15	58,80,99,43
Buyer's Credit /Acceptances (include accrued interest)	EURO	82,06,05	34,65,13
FCNR	USD	4,14,82,30	-
Imports	EURO	52,74,52	27,86,74
Imports	GBP	98,71	75,76
Imports	AED	9,44,00	9,44,00
Imports	HKD	5,43,88	9,34,35
Imports	BHD	35,77,53	2,77,59
Imports	AUD	1,80,04	1,78,99
Receivable			
Exports	GBP	1,37,05,49	3,24,30,25
Exports	SGD	3,93,75,70	2,17,78,64
Others	BHD	1,84,24,26	1,09,35,48

Notes on Financial Statements

Amount Rs. in lakhs

2.35 As regards construction contracts in progress as on 31.03.2014, 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. 72,45.48 lakhs, Rs. 4,35.91 lakhs and Rs. 6,18.23 lakhs respectively. (previous year Rs. 1,90,38.15 lakhs, Rs. 1,46.88 lakhs and Rs. 12,68.47 lakhs respectively).

		As at 31.03.2014		As at 31.03.2013	
		4,39.24		8,69.69	
		in million Rs. In lakhs		in million Rs. In lakhs	
2.36	(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances):				
	(b) Other commitments				
	i) Forward contract outstanding				
	In USD	38.48	2,30,52.58	66.57	3,60,94.89
	In Euro	16.75	1,38,02.25	28.06	2,05,77.37
	In GBP	3.99	39,72.07	4.17	34,76.66
	In SGD	-	-	1.60	6,98.90
	ii) Capital Commitment towards subscription to equity capital in				
	Electrosteel Spain SA		28.84		24.36
	Electrosteel Brasil Ltda. Tubos E Conexoes Duteis		35.01		69.60
2.37	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		75,48.52		56,95.24
	ii) Excise, Custom Duty and Service tax [net of provision of Rs. 5,00 lakhs (previous year Rs. 5,00 lakhs)]		1,34,00.78		1,02,56.29
	iii) Income Tax		28.45		42.60
	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.		92.51		92.51
	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		1,09,07.91		44,37.91
	(ii) Associate Company		-		4,52,00.00
	f) Standby Letter of Credit issued by banks on behalf of the company in favour of :				
	(i) Subsidiary Companies		2,04,13.61		2,37,45.04
	g) Guarantees given by banks on behalf of the Company (including Rs. 27,45.47 lakhs referred to in note 2.12.5)		1,50,88.70		1,61,44.87
	h) Bills Discounted with Banks.		67,47.88		80,33.11
	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.

Notes on Financial Statements

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

A) Names of related parties and description of relationship

- | | |
|---|---|
| 1) Subsidiary Company | Electrosteel Europe SA
Electrosteel Algeria SPA
Electrosteel Castings (UK) Limited
Electrosteel USA LLC
WaterFab, LLC (100% subsidiary of Electrosteel USA, LLC)
Mahadev Vyapaar Private Limited
Electrosteel Trading S.A, Spain
Singardo International Pte Ltd.
Electrosteel Castings Gulf Fze
Electrosteel Doha for Trading (LLC)
Electrosteel Brasil Ltda. Tubos e Conexoes Duteis |
| 2) Associate Company | Lanco Industries Ltd.
Electrosteel Steels Limited
Electrosteel Thermal Power Ltd. |
| 3) Joint Venture | North Dhadhu Mining Company Pvt. Ltd.
Domco Private Limited |
| 4) Key Management Personnel (KMP) and their relative | Mr. Umang Kejriwal (Managing Director)
Mr. Mayank Kejriwal (Joint Managing Director)
Mr. Uddhav Kejriwal (Wholetime Director)
Mr. Vyas Mitre Ralli (Wholetime Director)
Mr. Mahendra Kumar Jalan (Wholetime Director)
Mr. Rama Shankar Singh (Director) till 5th February, 2014 he was Wholetime director of the company
Smt. Uma Kejriwal-mother of Mr. Umang Kejriwal-Managing Director and
Mr. Mayank Kejriwal - Joint Managing Director
Umang Kejriwal (H.U.F) |
| 5) Enterprise where KMP/Relatives of KMP have significant influence or control | Global Exports Ltd.
G. K. & Sons Private Limited
Badrinath Industries Ltd.
Akshay Ispat & Ferro Alloys Pvt. Ltd.
Electrocast Sales India Ltd
Tulsi Highrise Pvt. Ltd.
Wilcox Merchants Pvt. Ltd.
Murari Investment & Trading Company Ltd.
Electrosteel Thermal Coal Ltd. |

Notes on Financial Statements

B) Related Party Transaction

Amount Rs. in lakhs

	Subsidiary	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.14	Outstanding as on 31.03.13
Sale								
Electrosteel USA, LLC	14,95.77	-	-	-	-	14,95.77	14,05.96	-
Electrosteel Europe SA	3,33,11.31	-	-	-	-	3,33,11.31	1,77,44.99	-
Electrosteel Algeria SPA	10,68.59	-	-	-	-	10,68.59	5,97.29	-
Electrosteel Castings (UK) Limited	78,01.14	-	-	-	-	78,01.14	55,88.57	-
Singardo International Pte Ltd.	33,73.92	-	-	-	-	33,73.92	18,75.35	-
Electrosteel Castings Gulf FZE	54.63	-	-	-	-	54.63	53.49	-
Electrosteel Steels Limited	-	1,35,27.63	-	-	-	1,35,27.63	34,18.50	-
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	-	-	-	4.61	-
Lanco Industries Ltd.	-	30,77.27	-	-	-	30,77.27	-	-
Total	4,71,05.36	1,66,04.90	-	-	-	6,37,10.26	3,06,88.76	-
Previous Year								
Electrosteel USA, LLC	16,29.59	-	-	-	-	16,29.59	-	12,95.02
Electrosteel Europe SA	2,61,10.77	-	-	-	-	2,61,10.77	-	1,73,50.73
Electrosteel Algeria SPA	75,84.71	-	-	-	-	75,84.71	-	16,23.69
Electrosteel Castings (UK) Limited	53,00.32	-	-	-	-	53,00.32	-	62,32.47
Singardo International Pte Ltd.	33,85.55	-	-	-	-	33,85.55	-	16,54.34
Electrosteel Steels Limited	-	11,35.89	-	-	-	11,35.89	-	65,66.03
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	-	-	-	-	4.61
Lanco Industries Ltd.	-	11,29.58	-	-	-	11,29.58	-	26.06
Purchase								
Lanco Industries Ltd.	-	60,51.38	-	-	-	60,51.38	6,20.52	-
Electrosteel Steels Limited	-	12,42.29	-	-	-	12,42.29	18,90.97	-
Electrosteel Europe SA	12.40	-	-	-	-	12.40	12.40	-
Total	12.40	72,93.67	-	-	-	73,06.07	25,23.89	-
Previous Year								
Lanco Industries Ltd.	-	61,65.31	-	-	-	61,65.31	-	22.26
Electrosteel Steels Limited	-	31,83.84	-	-	-	31,83.84	-	32,07.26
Job Charges Received								
Electrosteel Steels Limited	-	2,12.14	-	-	-	2,12.14	-	-
Total	-	2,12.14	-	-	-	2,12.14	-	-
Previous Year								
Electrosteel Steels Limited	-	7,93.49	-	-	-	7,93.49	-	20,89.73
Job Charges Paid								
Electrosteel Steels Limited	-	12,13.47	-	-	-	12,13.47	-	-
Total	-	12,13.47	-	-	-	12,13.47	-	-
Previous Year								
Electrosteel Steels Limited	-	57.24	-	-	-	57.24	-	55.96
Remuneration								
Mr. Umang Kejriwal	-	-	-	1,77.93	-	1,77.93	63.50	-
Mr. Mayank Kejriwal	-	-	-	1,78.86	-	1,78.86	67.84	-
Mr. Uddhav Kejriwal	-	-	-	1,85.17*	-	1,85.17	51.74	-
Mr. Vyas Mitre Ralli	-	-	-	1,27.04	-	1,27.04	3.35	-
Mr. Mahendra Kumar Jalan	-	-	-	1,30.37	-	1,30.37	9.32	-
Mr. Rama Shankar Singh	-	-	-	1,09.27	-	1,09.27	-	-
Total	-	-	-	9,08.64	-	9,08.64	1,95.75	-
Previous Year								
Mr. Umang Kejriwal	-	-	-	1,81.37	-	1,81.37	-	94.34
Mr. Mayank Kejriwal	-	-	-	1,79.57	-	1,79.57	-	98.25
Mr. Uddhav Kejriwal	-	-	-	1,40.15	-	1,40.15	-	71.54
Mr. Vyas Mitre Ralli	-	-	-	1,21.39	-	1,21.39	-	6.30
Mr. Mahendra Kumar Jalan	-	-	-	1,21.90	-	1,21.90	-	6.98
Mr. Rama Shankar Singh	-	-	-	1,22.46	-	1,22.46	-	8.57
Rent Paid								
Global Exports Ltd.	-	-	-	-	15.00	15.00	-	-
Badrinath Industries Ltd.	-	-	-	-	15.00	15.00	-	-
Mahadev Vyapar Private Limited	18.00	-	-	-	-	18.00	-	-
Others	-	-	-	-	86.49	86.49	-	-
Total	18.00	-	-	-	1,16.49	1,34.49	-	-

Notes on Financial Statements

B) Related Party Transaction							Amount Rs. in lakhs	
	Subsidiary	Associate	Joint Venture	KMP & Relatives	KMP have control	Total		
Previous Year								
Global Exports Ltd.	-	-	-	-	15.00	15.00	-	-
Badrinath Industries Ltd.	-	-	-	-	15.00	15.00	-	-
Mahadev Vyapar Private Limited	18.00	-	-	-	-	18.00	-	9.85
Others	-	-	-	-	1,13.92	1,13.92	-	-
Service Charges Paid								
Global Exports Ltd.	-	-	-	-	75.71	75.71	0.05	-
Total	-	-	-	-	75.71	75.71	0.05	-
Previous Year								
Global Exports Ltd.	-	-	-	-	75.00	75.00	-	-
Loan Given								
Singardo International Pte Ltd.	99.12	-	-	-	-	99.12	95.25	-
Total	99.12	-	-	-	-	99.12	95.25	-
Previous Year								
Lanco Industries Ltd.	-	20,00.00	-	-	-	20,00.00	-	-
Loan Taken								
Electrosteel Castings Gulf Fze	-	-	-	-	-	-	1,06.03	-
G. K. & Sons Private Limited	-	-	-	20,50.00	-	20,50.00	-	-
Total	-	-	-	20,50.00	-	20,50.00	1,06.03	-
Previous Year								
Electrosteel Castings Gulf Fze	95.76	-	-	-	-	95.76	-	96.10
Reimbursements of expenses paid								
Electrosteel USA, LLC	2,05.31	-	-	-	-	2,05.31	-	-
Electrosteel Europe SA	1,07.34	-	-	-	-	1,07.34	97.40	-
Singardo International Pte Ltd.	8.29	-	-	-	-	8.29	-	-
Lanco Industries Ltd.	-	1.22	-	-	-	1.22	-	-
Electrosteel Steels Limited	-	0.22	-	-	-	0.22	-	-
Total	3,20.94	1.44	-	-	-	3,22.38	97.40	-
Previous Year								
Electrosteel USA, LLC	2,36.87	-	-	-	-	2,36.87	-	-
Electrosteel Europe SA	2,09.00	-	-	-	-	2,09.00	-	60.75
Lanco Industries Ltd.	-	3.34	-	-	-	3.34	-	-
Reimbursements of expenses received								
Electrosteel Castings (UK) Limited	22.08	-	-	-	-	22.08	-	-
Electrosteel Europe SA	1,44.06	-	-	-	-	1,44.06	2,78.01	-
Electrosteel Steels Limited	-	0.10	-	-	-	0.10	-	-
Lanco Industries Ltd.	-	13.33	-	-	-	13.33	-	-
Electrosteel Castings Gulf Fze	-	-	-	-	-	-	13.67	-
Total	1,66.14	13.43	-	-	-	1,79.57	2,91.68	-
Previous Year								
Electrosteel Castings (UK) Limited	64.33	-	-	-	-	64.33	-	-
Electrosteel Europe SA	1,15.83	-	-	-	-	1,15.83	-	1,15.01
Electrosteel Steels Limited	-	7.14	-	-	-	7.14	-	4.52
Mahadev Vyapar Private Limited	18.90	-	-	-	-	18.90	-	18.90
Electrosteel Castings Gulf Fze	12.69	-	-	-	-	12.69	-	12.39
Share Application Money Paid								
Electrosteel USA, LLC	2,97.05	-	-	-	-	2,97.05	-	-
Electrosteel Brasil Utda Tubos e conexoes dutei s	45.05	-	-	-	-	45.05	-	-
Total	3,42.10	-	-	-	-	3,42.10	-	-
Previous Year								
Electrosteel Castings Gulf Fze	1,50.60	-	-	-	-	1,50.60	-	-
Electrosteel Doha for Trading (LLC)	14.84	-	-	-	-	14.84	-	-
North Dhadhu Mining Company Pvt. Ltd.	-	-	0.21	-	-	0.21	-	-
Corporate Guarantee, Standby Letter of Credit and Letter of Comfort								
Electrosteel Europe SA	94,05.08	-	-	-	-	94,05.08	1,07,10.47	-
Electrosteel Algeria SPA	-	-	-	-	-	-	1,19,82.00	-
Electrosteel Castings (UK) Limited	-	-	-	-	-	-	64,78.31	-
Singardo International Pte Ltd.	12,36.20	-	-	-	-	12,36.20	21,50.74	-
Total	1,06,41.28	-	-	-	-	1,06,41.28	3,13,21.52	-

Notes on Financial Statements

B) Related Party Transaction (Contd.)

Amount Rs. in lakhs

	Subsidiary	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.14	Outstanding as on 31.03.13
Previous Year								
Electrosteel Europe SA	34,80.09	-	-	-	-	34,80.09	-	34,80.09
Electrosteel Algeria SPA	-	-	-	-	-	-	-	1,73,76.00
Electrosteel Castings (UK) Limited	24,76.24	-	-	-	-	24,76.24	-	53,65.19
Singardo International Pte Ltd.	10,86.00	-	-	-	-	10,86.00	-	19,61.67
Electrosteel Steels Limited	-	4,52,00.00	-	-	-	4,52,00.00	-	4,52,00.00
Bank Guarantee								
North Dhadhu Mining Company Pvt. Ltd.	-	-	-	-	-	-	27,45.47	-
Total	-	-	-	-	-	-	27,45.47	-
Previous Year								
North Dhadhu Mining Company Pvt. Ltd.	-	-	-	-	-	-	-	27,45.47
Investment								
Electrosteel USA, LLC	2,97.05	-	-	-	-	2,97.05	14,45.60	-
Electrosteel Europe SA	-	-	-	-	-	-	23,23.41	-
Electrosteel Algeria SPA	-	-	-	-	-	-	5,20.33	-
Electrosteel Castings (UK) Limited	-	-	-	-	-	-	10,59.26	-
Electrosteel Trading S.A, Spain	-	-	-	-	-	-	45.10	-
Mahadev Vyapar Private Limited	-	-	-	-	-	-	12,03.00	-
Singardo International Pte Ltd.	-	-	-	-	-	-	4,39.89	-
Electrosteel Castings Gulf Fze	-	-	-	-	-	-	1,50.60	-
Electrosteel Doha for Trading (LLC)	-	-	-	-	-	-	14.84	-
Lanco Industries Ltd.	-	-	-	-	-	-	63,33.53	-
Electrosteel Steels Limited	-	-	-	-	-	-	8,88,27.65	-
North Dhadhu Mining Company Pvt. Ltd.	-	-	-	-	-	-	8,22.81	-
Domco Private Limited	-	-	-	-	-	-	30.00	-
Electrosteel Brasil LTda Tubos e conexoes dutei s	45.05	-	-	-	-	45.05	45.05	-
Electrosteel Thermal Power Ltd.	-	-	-	-	-	-	1.50	-
Total	3,42.10	-	-	-	-	3,42.10	10,32,62.57	-
Previous Year								
Electrosteel USA, LLC	-	-	-	-	-	-	-	11,48.54
Electrosteel Europe SA	-	-	-	-	-	-	-	23,23.41
Electrosteel Algeria SPA	-	-	-	-	-	-	-	5,20.33
Electrosteel Castings (UK) Limited	-	-	-	-	-	-	-	10,59.26
Electrosteel Trading S.A, Spain	-	-	-	-	-	-	-	45.10
Mahadev Vyapar Private Limited	-	-	-	-	-	-	-	12,03.00
Singardo International Pte Ltd.	-	-	-	-	-	-	-	4,39.89
Electrosteel Castings Gulf Fze	1,50.60	-	-	-	-	1,50.60	-	1,50.60
Electrosteel Doha for Trading (LLC)	14.84	-	-	-	-	14.84	-	14.84
Lanco Industries Ltd.	-	-	-	-	-	-	-	63,33.53
Electrosteel Steels Limited	-	1,52,00.00	-	-	-	1,52,00.00	-	8,87,72.65
North Dhadhu Mining Company Pvt. Ltd.	-	-	2,34.81	-	-	2,34.81	-	8,22.81
Domco Private Limited	-	-	-	-	-	-	-	30.00
Electrosteel Thermal Power Ltd.	-	-	-	-	-	-	-	1.50
Commission								
Electrosteel Europe SA	71.75	-	-	-	-	71.75	62.82	-
Electrosteel Algeria SPA	5,63.36	-	-	-	-	5,63.36	99.79	-
Electrosteel Doha for Trading (LLC)	3,26.56	-	-	-	-	3,26.56	1,01.70	-
Electrosteel Castings Gulf Fze	74.55	-	-	-	-	74.55	1.29	-
Total	10,36.22	-	-	-	-	10,36.22	2,65.60	-
Previous Year								
Electrosteel Europe SA	1,48.09	-	-	-	-	1,48.09	-	1,54.79
Electrosteel Algeria SPA	24.02	-	-	-	-	24.02	-	16.02
Electrosteel Castings Gulf Fze	30.89	-	-	-	-	30.89	-	-
Singardo International Pte Ltd.	25.68	-	-	-	-	25.68	-	-
Security Deposits								
Lanco Industries Ltd.	-	-	-	-	-	-	36,32.62	-
Electrosteel Thermal Coal Ltd.	-	-	-	-	-	-	1,89.68	-
Total	-	-	-	-	-	-	38,22.30	-

Notes on Financial Statements

B) Related Party Transaction (Contd.)

Amount Rs. in lakhs

	Subsidiary	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.14	Outstanding as on 31.03.13
Previous Year								
Lanco Industries Ltd.	-	-	-	-	-	-	-	4057.00
Electrosteel Thermal Coal Ltd.	-	-	-	-	-	-	-	189.68
Dividend Received								
Previous Year								
Singardo International Pte Ltd.	16.77	-	-	-	-	16.77	-	-
Rent Receipts								
Electrosteel Steels Limited	-	0.39	-	-	-	0.39	-	-
G. K. & Sons Private Limited	-	-	-	-	3.60	3.60	-	-
Electrocast Sales India Ltd..	-	-	-	-	3.60	3.60	-	-
Lanco Industries Ltd.	-	3.36	-	-	-	3.36	-	-
Total	-	3.75	-	-	7.20	10.95	-	-
Previous Year								
Electrosteel Steels Limited	-	82.22	-	-	-	82.22	-	-
G. K. & Sons Private Limited	-	-	-	-	3.60	3.60	-	4.04
Electrocast Sales India Ltd..	-	-	-	-	3.60	3.60	-	3.37
Lanco Industries Ltd.	-	3.36	-	-	-	3.36	-	-
Service Charges Received								
Previous Year								
Electrosteel Steels Limited	-	12.56	-	-	-	12.56	-	27.88
Sale of Fixed Asset								
Previous Year								
Lanco Industries Ltd.	-	5.88	-	-	-	5.88	-	-
Purchase of Fixed Asset								
Previous Year								
Electrosteel Steels Limited	-	25.55	-	-	-	25.55	-	25.55
Advances Given								
Electrosteel Steels Limited	-	31838.82	-	-	-	3,18,38.82	3,11,23.82**	-
Mahadev Vyapar Private Limited	0.95	-	-	-	-	0.95	4,45.39	-
Electrosteel Thermal Coal Limited	-	-	-	-	-	-	1.00	-
Electrosteel Thermal Power Limited	-	-	-	-	-	-	5.27	-
Total	0.95	3,18,38.82	-	-	-3,18,39.77	3,15,75.48	-	-
Previous Year								
Electrosteel Steels Limited	-	96,38.20	-	-	-	96,38.20	-	61,38.20
Mahadev Vyapar Private Limited	25.50	-	-	-	-	25.50	-	4,51.32
Electrosteel Thermal Coal Limited	-	-	-	-	-	-	-	1.00
Electrosteel Thermal Power Limited	-	-	-	-	-	-	-	5.27
Interest Received								
Singardo International Pte Ltd.	4.98	-	-	-	-	4.98	4.23	-
Total	4.98	-	-	-	-	4.98	4.23	-
Previous Year								
Lanco Industries Ltd.	-	3.18	-	-	-	3.18	-	-
Interest Paid								
G. K. & Sons Private Limited	-	-	-	-	27.04	27.04	-	-
Total	-	-	-	-	27.04	27.04	-	-
Previous Year								
G. K. & Sons Private Limited	-	-	-	-	-	-	-	-
Equity Share Contribution								
Electrocast Sales India Ltd	-	-	-	8,86.29	8,86.29	-	-	-
G. K. & Sons Private Limited	-	-	-	8,86.29	8,86.29	-	-	-
Total	-	-	-	17,72.58	17,72.58	-	-	-

* Includes Rs. 9.30 lakhs as arrear of HRA paid during the year. ** Includes long term advances of Rs. 2,22,50.00 lakhs (Refer note no 2.14)

2.39 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	2013-14			2012-13		
	Within India	Outside India	Total	Within India	Outside India	Total
Sales (gross)	1,15,412.39	98,921.10	2,14,333.49	98,596.73	93,668.24	1,92,264.97
Trade receivables and other assets	5,03,158.89	37,639.71	5,40,798.60	4,62,722.46	35,873.38	4,98,595.84

Notes on Financial Statements

Amount Rs. in lakhs

2.40 C.I.F. value of imports

	2013-14	2012-13
(a) Raw Materials	4,30,91.90	2,45,79.20
(b) Spare Parts & Components	23,18.15	29,23.62
(c) Capital Goods	16,65.71	17,18.41

2.41 Expenditure in Foreign Currency

	2013-14	2012-13
(a) Travelling Expenses	91.72	1,05.21
(b) Journals & Periodicals	3.27	4.86
(c) Technical/Consultancy Fees	2,82.51	4,20.92
(d) Interest Paid	62,72.39	49,87.63
(e) Commission	22,41.23	20,00.34
(f) Ocean Freight	61,29.16	67,44.95
(g) Others	20,83.67	49,99.11
(h) Payment of Dividend on Equity Shares in foreign currency		
- No. of Non-Resident holders	2	2
- No. of Shares held	27,48,04,14	27,48,04,14
- Dividend	1,37.40	1,37.40

2.42 Value of Imported & Indigenous Raw Materials, Spare Parts Consumed :

	2013-14		2012-13	
	Amount Rs. in lakhs	%	Amount Rs. in lakhs	%
Raw materials				
Imported	3,04,67.64	32	3,55,63.44	37
Indigenous	6,42,64.38	68	6,10,83.50	63
	9,47,32.02	100	9,66,46.94	100
Spare parts				
Imported	31,73.23	24	26,92.05	21
Indigenous	98,44.39	76	99,24.37	79
	1,30,17.62	100	1,26,16.42	100

2.43 Earnings in Foreign Exchange

	2013-14	2012-13
(a) FOB Value of Exports	9,09,06.58	8,48,63.31
(b) Others	11,59.87	2,19.48

2.44 The Company has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items as per Accounting Standard 11, "The Effects of Changes in Foreign Exchange Rates". During the year ended 31st March 2014 the net exchange difference of Rs.1,23,26.02 lakhs (net debit) on foreign currency loans have been adjusted in the carrying amount of fixed assets / Capital work in progress. The unamortised balance is Rs.1,51,51.66 lakhs (previous year Rs.42,03.89 lakhs).

2.45 Previous year figures have been regrouped / reclassified wherever necessary.

As per our report of even date.

For Lodha & Co.
Chartered Accountants

R. P. Singh
Partner
Kolkata
May 10, 2014

For and on behalf of the Board

Chairman P. K. Khaitan
Managing Director U. Kejriwal
Company Secretary Kavita Bhavsar

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

Section 212

	Electrosteel Castings (UK) Limited	Singardo International Pie. Limited	Electrosteel Europe S.A.	Electrosteel Algerie SPA *1	Electrosteel USA, LLC *2	Electrosteel Trading S.A. Spain	Electrosteel Doha for Trading LLC	Electrosteel Castings Gulf FZE	Electrosteel Brasil Ltda. Tubos e Conexoes Duteis	Mahadev Vyapaar Private Limited
1. Financial Year of Subsidiary	Twelve months ended 31st March 2014	Twelve months ended 31st March 2014	Twelve months ended 31st March 2014	Twelve months ended 31st March 2014	Twelve months ended 31st March 2014	Twelve months ended 31st March 2014	Twelve months ended 31st March 2014	Twelve months ended 31st March 2014	Twelve months ended 31st March 2014	Twelve months ended 31st March 2014
2. Holding Company's Interest : Fully paid up equity shares : Face value of each :	£1 11,00,000 100%	S\$1 15,00,000 53.76%	€10 3,80,000 100%	DZD 1,000 82,500 100%	\$1 *3 100%	€1 65,000 100%	QAR 1,000 98 49%	AED 10,00,000 1 100%	BRL 1 1,50,000 100%	Rs. 10 10,000 100%
3. Net aggregate amount of Profit/(Loss) of the Subsidiary, so far as they concern members of the Holding Company. (a) Dealt with in the accounts of Holding Company (i) For the said financial year of the Subsidiary (ii) For the previous financial years of the Subsidiary since it became the Holding Company's Subsidiary. (b) Not dealt with in the Accounts of Holding Company (i) For the said financial year of the Subsidiary (ii) For the previous financial years of the Subsidiary since it became the Holding Company's Subsidiary	GBP Nil Nil (6,81,752)	S\$ Nil Nil 73,400	EURO Nil Nil 2,95,486	Algerian Dinars \$ Nil Nil (6,97,97,962)	\$ Nil Nil (88,665)	EURO Nil Nil 2,190	Qatari Riyals Nil Nil 6,37,419	UAE Dirhams Nil Nil 3,72,240	BRL Nil Nil (14,748)	Rs. Nil Nil 5,59,689
4. Material changes, if any, between the end of the financial year of the subsidiary company and that of the Holding Company.	NA (60,036)	NA 1,28,416	NA (4,59,830)	NA (10,20,60,459)	NA (2,72,618)	NA 210	NA (1,53,456)	NA 138,148	NA NA	NA (21,00,684)

Notes :

*1. The financial year of the company ends on December 31st. However, the results given are as of March 31, 2014.

*2. Includes information of its wholly owned subsidiary WaterFab LLC.

*3. Towards 100% Capital Contribution.

Kolkata
May 10, 2014For and on behalf of the Board
Chairman P. K. Khaitan
Managing Director U. Kejriwal
Company Secretary Kavita Bhavsar

Independent 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

We have audited the accompanying consolidated financial statements of Electrosteel Castings Limited ("the Company"), its subsidiaries, joint ventures and associates which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

As stated in Note No. 2.43 to the Consolidated Financial Statements, the financial Statements of following subsidiaries Electrosteel Brasil Ltda. Tubos e Conexoes Duties Brazil for the year ended 31st March, 2014 as compiled for consolidation purposes, have been prepared by the management, and have

not been subjected to audits by their auditors. The financial statements of the subsidiaries reflects total assets of Rs. 42.41 Lakhs as at March 2014, total revenue of Rs. Nil Lakhs and net cash flow of Rs. 42.41 Lakhs for the year ended as on that date.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, except of the matter described in the Basis for Qualified Opinion paragraph and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :

- In the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- In the case of the consolidated Statement of Profit and Loss, of the Loss for the year ended on that date; and
- In the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matters

- We did not audit the financial statements of any of the subsidiary companies whose financial statements reflect total assets of Rs. 61,795.72 Lakhs as at 31st March 2014, total revenue of Rs 76,498.14 Lakhs and Net cash flows of Rs.2,065.19 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. Our opinion is not qualified in respect of this matter.
- 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.
- 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. 821.38 Lakhs as at 31st March 2014, total revenue of Rs. 9.12 Lakhs and net cash flows of (Rs. 41.91 Lakhs) for the year ended as on that date. The financial statements of the said jointly controlled entity were audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the joint venture, is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

For Lodha & Co.
Chartered Accountants
Firm's ICAI Registration No.: 301051E

R.P. Singh

Partner

Membership No.: 52438

Place : Kolkata

Date : 10th May 2014

Consolidated Balance Sheet as at March 31, 2014

Particulars	Note No.	Amount Rs. in lakhs	
		As at 31.03.2014	As at 31.03.2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2.1	34,38.17	32,67.53
Reserves and Surplus	2.2	21,67,71.16	2193,11.10
		22,02,09.33	22,25,78.63
Minority Interest		10,05.69	9,28.98
NON-CURRENT LIABILITIES			
Long-term borrowings	2.3	15,53,31.96	12,17,82.15
Deferred tax liabilities (Net)	2.4	34,01.20	33,75.25
Other long term liabilities	2.5	5,10.08	10,31.41
Long-term provisions	2.6	15,05.60	10,56.33
		16,07,48.84	12,72,45.14
CURRENT LIABILITIES			
Short-term borrowings	2.7	8,26,24.07	10,10,23.03
Trade payables	2.8	3,89,58.05	1,85,04.55
Other current liabilities	2.9	3,64,21.03	3,15,96.16
Short-term provisions	2.10	56,61.95	68,55.32
		16,36,65.10	15,79,79.06
TOTAL		54,56,28.96	50,87,31.81
ASSETS			
NON-CURRENT ASSETS			
Goodwill		14,30.25	14,30.25
Fixed assets			
Tangible assets	2.11	11,64,48.28	11,31,68.69
Intangible assets	2.11	2,87.17	1,75.56
Capital work-in-progress	2.11 & 2.33	12,17,95.45	9,93,02.02
		23,85,30.90	21,26,46.27
Non-current investments	2.12	7,71,65.62	8,67,77.48
Long-term loans and advances	2.14	2,89,75.41	84,12.88
Other non-current assets	2.15	12,79.32	13,96.36
		34,73,81.50	31,06,63.24
CURRENT ASSETS			
Current investments	2.13	67,63.37	1,14,19.12
Inventories	2.16	7,59,17.31	6,54,09.64
Trade receivables	2.17	5,70,18.50	6,01,01.82
Cash and bank balances	2.18	2,67,21.85	3,46,13.44
Short-term loans and advances	2.19	2,09,58.64	1,71,51.43
Other current assets	2.20	1,08,67.79	93,73.12
		19,82,47.46	19,80,68.57
TOTAL		54,56,28.96	50,87,31.81

Summary of significant accounting policies 1
Notes on financial statements 2.1 - 2.45

The notes are an integral part of the consolidated financial statements

As per our report of even date.

For Lodha & Co.

Chartered Accountants

R. P. Singh

Partner

Kolkata

May 10, 2014

For and on behalf of the Board

Chairman

P. K. Khaitan

Managing Director

U. Kejriwal

Company Secretary

Kavita Bhavsar

Consolidated Statement of Profit & Loss for the year ended March 31, 2014

Amount Rs. in lakhs

Particulars	Note No.	For the year ended	For the year ended
		31.03.2014	31.03.2013
Revenue from operations	2.21	24,59,15.59	22,14,06.50
Other income	2.22	28,66.35	95,49.03
Total Revenue		24,87,81.94	23,09,55.53
Expenses			
Cost of materials consumed	2.23	9,47,32.02	9,66,46.94
Purchases of Stock-in-Trade	2.24	2,77,90.85	1,43,04.89
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	2.25	- 29,65.57	49,45.89
Employee benefits expense	2.26	2,02,52.85	1,82,61.76
Finance costs	2.27	1,50,46.29	1,25,65.71
Depreciation and amortization expense	2.28	56,36.34	55,70.33
Other expenses	2.29	7,63,31.97	6,74,44.81
Total Expenses		23,68,24.75	21,97,40.33
Profit before tax		1,19,57.19	1,12,15.20
Tax expense :			
Current tax	2.30	37,81.05	10,44.73
Deferred tax	2.4	25.95	13,09.62
Profit / (Loss) for the period		81,50.19	88,60.85
Add: Share of Profit/(loss) in Associates		- 96,61.54	- 1,12,00.01
Add/(Less): Share of Unrealised Profit		-5.32	18.79
Net Profit/(Loss) before Minority Interest		- 15,16.67	- 23,20.37
Minority Interest		76.71	68.54
Net Profit/(Loss) for the period		- 15,93.38	- 23,88.91
Earnings per equity share:	2.32		
Equity share of par value of Re 1/- each			
Basic		- 0.48	- 0.73
Diluted		- 0.48	- 0.73
Number of shares used in computing earning per share			
Basic		33,25,96,752	32,67,52,705
Diluted		33,25,96,752	32,67,52,705
Summary of significant accounting policies	1		
Notes on consolidated financial statements	2.1 - 2.45		

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

For Lodha & Co.
Chartered Accountants

R. P. Singh
Partner
Kolkata
May 10, 2014

For and on behalf of the Board

Chairman P. K. Khaitan
Managing Director U. Kejriwal
Company Secretary Kavita Bhavsar

Consolidated Cash Flow Statement for the year ended March 31, 2014

(Rs. in lakhs)

	Year ended March 31 2014	Year ended March 31 2014	Year ended March 31 2013	Year ended March 31 2013
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Taxes		1,19,57.18		1,12,15.20
Add : Depreciation/Amortisation	56,36.34		55,70.33	
Foreign Exchange loss / (gain)	-		- 20,03.24	
Bad Debt & Pipe rectification LD charges	6,03.69		84.09	
Pipe mould written off	2,35.84		3,62.33	
Provision for Doubtful debts	3,41.41		3,67.24	
Provision for others	- 13,07.60		21,48.20	
Provision for losses on mark to market basis on derivative transactions	- 96.28		95.11	
Interest	1,50,46.29	2,04,59.69	1,25,65.71	1,91,89.77
		3,24,16.87		3,04,04.97
Less : Interest Received	7,14.72		8,33.18	
Income from Investments	9,32.40		19,32.15	
Foreign Exchange gain	3,55.82		-	
Provisions / Liabilities no longer required written back	2,51.99		50,60.16	
Profit/(Loss) on sale/discard of Fixed Assets (Net)	- 78.26	21,76.67	- 8.35	78,17.14
Operating Profit before Working Capital changes		3,02,40.20		2,25,87.83
Less : Increase/(Decrease) in Inventories	1,05,47.98		- 1,41,51.58	
Increase/(Decrease) in Trade Receivables	- 3,19,58.23		- 2,28,36.58	
Increase/(Decrease) in Loans & Advances	2,76,23.92		- 98,67.53	
(Increase)/Decrease in Other Current Liabilities	- 1,62,89.52		96.65	
(Increase)/Decrease in Trade Payables	2,60,45.12	1,59,69.27	4,66,00.93	- 1,58.11
Cash generation From Operations		1,42,70.93		2,27,45.94
Less : Direct Taxes paid (Net of Refund)		33,53.27		11,23.22
Net cash flow from Operating activities		1,09,17.66		2,16,22.72
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets / movements in Capital Work-in-Progress	- 1,62,50.20		- 3,02,98.19	
Fixed Assets sold/discarded	64.76		27.84	
(Purchase)/Sale of Investment (net)	55,44.60		1,53,53.85	
Investment in joint venture & associates	- 55.00		- 1,60,40.44	
Interest Received	6,00.39		10,02.39	
Other bank balance: deposits within 3 to 12 months maturity	- 76,11.16		20,12.75	
Dividend received	59.00	- 1,76,47.61	14.10	- 2,79,27.70
Net Cash flow from Investing activities		- 1,76,47.61		- 2,79,27.70
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of share capital	23,63.45		- 20.06	
Proceeds/(Repayment) from borrowings (net)	- 1,50,34.50		1,58,84.79	
Repayment of Finance Lease	-		- 17.67	
Proceeds/(Redemption / Repayment) of Debentures/Term Loan	1,92,56.22		2,41,39.31	
	65,85.17		3,99,86.37	
Interest Paid	- 1,34,17.13		- 1,20,93.87	
Dividend paid	- 16,42.64		- 16,61.90	
Tax on Dividend	- 2,77.66	- 87,52.26	- 2,65.04	2,59,65.56
Net cash flow from Financing activities		- 87,52.26		2,59,65.56
Cash and Cash equivalents (A+B+C)		- 1,54,82.21		1,96,60.58
Cash and Cash equivalents as at 1st April		2,77,54.42		80,70.11
Add / (Less) : Unrealised exchange gain / (loss) on Bank balances (net)		- 20.54		23.73
Cash and Cash equivalents as at 31st March (Refer Note 2.18)		1,22,51.67		2,77,54.42
Note : 1) Cash and Cash equivalents represents cash in hand and deposits/balances with Banks.		1,22,51.67		2,77,54.42
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
R. P. Singh
Partner
Kolkata
May 10, 2014

For and on behalf of the Board

Chairman P. K. Khaitan
Managing Director U. Kejriwal
Company Secretary Kavita Bhavsar

Notes on Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Name of the subsidiaries	Country of Incorporation	Proportion of ownership interest
Electrosteel Europe SA	France	100%
Electrosteel Algeria SPA	Algeria	100%
Electrosteel Castings (UK) Limited	United Kingdom	100%
Electrosteel USA, LLC	USA	100%
WaterFab LLC (acquired 100% share capital through wholly owned subsidiary Electrosteel USA, LLC)	USA	
Electrosteel Trading S.A, Spain	Spain	100%
Mahadev Vyapaar Private Limited	India	100%
Singardo International Pte Limited	Singapore	53.76%
Electrosteel Castings Gulf FZE	UAE	100%
Electrosteel Doha for Trading LLC	Qatar	49%
Electrosteel Brasil Ltda. Tubos e Conexoes Duteis	Brazil	100%
Name of the Associate Companies	Country of Incorporation	Proportion of ownership interest
Lanco Industries Limited	India	48.54%
Electrosteel Steels Limited	India	39.66%
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 Private Limited	India	48.98%

1.3 CONSOLIDATION PROCEDURE :

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

Notes on Consolidated Financial Statements

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

1.5 OTHER SIGNIFICANT ACCOUNTING POLICIES :

1.5.1 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

1.5.2 USE OF ESTIMATES

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

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

1.5.3 FIXED ASSETS, DEPRECIATION AND AMORTIZATION

1) Tangible Assets

(i) Gross Block:

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

(ii) Depreciation and Amortisation of Expenses :

[A] In case of the Company :

- (a) Depreciation on Fixed Assets, except otherwise stated, is provided as per Schedule XIV of the Companies Act, 1956 on straight line method in respect of Plant and Equipment of Ductile Iron Foundry Works, Coal Mine, Mini Blast Furnace Plant, Captive Power Plant, Sponge Iron Plant, Coke Oven Plant and Sinter Plant and on written down value method on other assets. Certain Plant and Equipment have been considered Continuous Process Plant on the basis of technical assessment. Depreciation on upgradation of fixed assets is provided over the remaining useful life of the mother plant / fixed assets.
- (b) Assets costing Rs. Five Thousand or less are being depreciated fully in the year of addition/acquisition.
- (c) Pipe Moulds above 350 mm for Ductile Iron Foundry Works are depreciated over a period of 3 years. Pipe Moulds upto 350 mm are charged to consumption in the year of issue.
- (d) Blast Furnace and Coke Oven Battery relining are depreciated on straight line method over a period of 2 and 5 years respectively (average expected life) as per technical assessment. Wagons acquired under "Wagon Investment Scheme" are depreciated over a period of 10 years and Heavy Earth Moving Machinery used for coal mines are depreciated over a period of 5 years on straight line method. Railway siding constructed on government land is amortised over the period of ten years.
- (e) Leasehold land is amortised on straight line method over the period of the lease.
- (f) Machinery Spares which can be used only in connection with an item of Fixed Asset and whose use are 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 1.5% to 35% per annum. In case of Singardo International Pte. Ltd., and Electrosteel Castings (UK) Ltd. assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

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

Notes on Consolidated Financial Statements

2) Intangible Assets

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

1.5.4 INVESTMENTS

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

1.5.5 INVENTORIES

- (i) Inventories are valued at lower of the cost or net realisable value. Cost of inventories is ascertained on 'weighted average' basis. Materials and other supplies held for use in the production of inventories are not written down below cost if the related finished products are expected to be sold at or above cost.
- (ii) In case of subsidiaries
 - (a) Inventories of Electrosteel Algeria SPA are valued at weighted average price method
 - (b) Inventories of USA is valued at lower of cost or market, with cost determined on the basis of the average cost of all similar item.
- (iii) Cost in respect of raw materials and stores and spares include expenses incidental to procurement of the same. Cost in respect of manufactured finished goods represents prime cost, and includes appropriate portion of overheads and excise duty wherever applicable. Cost in respect of purchased finished goods comprises of procurement cost and other expenses incurred in bringing such goods to the present location and condition.
- (iv) Cost in respect of process stock represents, cost incurred upto the stage of completion.
- (v) Cost in respect of Work-in-progress represents cost of materials remaining uncertified / incomplete under the Turnkey Contracts undertaken by the Company.

1.5.6 IMPAIRMENT

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

1.5.7 FOREIGN CURRENCY TRANSACTIONS

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

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

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

In respect of derivative contracts (other than forward contracts dealt as above) premium paid, gains /losses on settlement and losses on restatement are recognized in statement of profit and loss except in case they relate to acquisition or construction of fixed assets, in which case they are adjusted to the cost of fixed assets/capital work in progress.

1.5.8 REVENUE RECOGNITION

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

1.5.9 SALES

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

Notes on Consolidated Financial Statements

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

1.5.10 DIVIDEND POLICY

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

1.5.11 EMPLOYEE BENEFITS

Employee benefits are accrued in the year services are rendered by the employees. Short term employee benefits are recognised as an expense in the statement of profit and loss for the year in which the related service is rendered.

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

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

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

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

1.5.12 BORROWING COSTS

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

1.5.13 RESEARCH AND DEVELOPMENT

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

1.5.14 EXPORT BENEFITS

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

1.5.15 GOVERNMENT GRANTS

Revenue grants including subsidy/rebates are credited to statement of profit and loss under "other operating 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 is established.

1.5.16 INCOME TAX

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

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

1.5.17 LEASES

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

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

1.5.18 PROVISIONS, CONTINGENCIES AND CONTINGENT ASSETS

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

Notes on Consolidated Financial Statements

2. NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Amount Rs. in lakhs

2.1 SHARE CAPITAL

Particulars	Ref. note no.	As at March 31, 2014	As At March 31, 2013
Authorised			
Equity shares, Re 1/- par value 500000000 (500000000) equity shares		50,00.00	50,00.00
Issued, Subscribed and Paid-up			
Equity shares, Re 1/- par value 343817322 (326752705) equity shares fully paid up	2.1.5	34,38.17	32,67.53
		34,38.17	32,67.53

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

2.1.2 During the year, the Company has issued 17064617 Equity Shares to Promoters/Promoters group of the Company on Preferential basis as approved by the members of the Company at the Extraordinary General Meeting held on 23.11.2013.

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

2.1.4 During the year ended 31 March, 2014 the amount of per share dividend recognized as distribution to equity shareholders was Re 0.65.

2.1.5 Reconciliation of the number of shares outstandings:

Particulars	Ref. note no.	As at March 31, 2014	No. of shares As at March 31, 2013
Number of shares at the beginning		326752705	326752705
Add : Addition during the year	2.1.2	17064617	-
Number of shares at the end		343817322	326752705

2.2 RESERVES AND SURPLUS

Particulars	Ref. note no.	As at March 31, 2014	As at March 31, 2013
Capital reserve as per last Balance Sheet			
Capital subsidy		66.01	66.01
Others			
Amount forfeited on warrants not exercised		30,94.71	30,94.71
Amount received on issue of warrants	2.2.1	10,07.05	10,07.05
		41,67.77	41,67.77
Securities Premium Account as per last Balance Sheet		6,10,28.68	6,10,28.68
Add : Addition during the year	2.1.2	21,92.80	-
		6,32,21.48	6,10,28.68
Revaluation Reserve	2.11.1	5,73,30.74	-
Created during the year		-	5,73,30.74
		5,73,30.74	5,73,30.74
Less : Transfer to Depreciation and Amortisation	2.28	5,24.74	-
		5,68,06.00	5,73,30.74

Notes on Consolidated Financial Statements

Particulars	Ref. Note No.	Amount Rs. in lakhs	
		As at March 31, 2014	As at March 31, 2013
Debenture Redemption Reserve as per last Balance Sheet		10,00.00	50,00.00
Add : Transfer from Surplus		54,00.00	10,00.00
		64,00.00	60,00.00
Less : Transfer to Surplus		–	50,00.00
		64,00.00	10,00.00
Legal reserve as per last Balance Sheet		99.31	33.82
Add : Transfer from Surplus		8.62	65.49
		1,07.93	99.31
General reserve as per last Balance Sheet		8,95,58.48	8,50,58.48
Add : Transfer from Surplus		25,00.00	45,00.00
		9,20,58.48	8,95,58.48
Surplus as per last Balance Sheet		61,26.12	1,09,91.94
Add: Net profit after tax transferred from Statement of Profit and Loss		– 15,93.38	– 23,88.91
Add : Transfer from debenture redemption reserve		–	50,00.00
Amount available for appropriation		45,32.74	1,36,03.03
Appropriations :			
Proposed dividend	2.1.3 & 2.1.4	22,34.81	16,33.76
Tax on dividend		3,79.81	2,77.66
Amount transferred to debenture redemption reserve		54,00.00	10,00.00
Amount transferred to general reserve		25,00.00	45,00.00
Amount transferred to legal reserve		8.62	65.49
Balance in Surplus		– 59,90.50	61,26.12
		21,67,71.16	21,93,11.10

2.2.1 The Company through Qualified Institutional Placements had issued 33568312 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 and upto five years from the date of allotment (i.e. 08/02/2010) at exercise price of Rs. 59.58 per share. The warrant issue price aggregating to Rs. 10,07.05 lakhs, being non adjustable/non refundable has been credited to Capital Reserve.

2.3 LONG TERM BORROWINGS

Particulars	Ref. Note No.	As at March 31, 2014		As at March 31, 2013	
		Non Current	Current	Non Current	Current
SECURED LOANS					
11% Non Convertible Debentures	2.3.1	50,00.00	–	–	–
12.50% Non Convertible Debentures	2.3.2	1,00,00.00	–	–	–
10.75% Non Convertible Debentures	2.3.3	1,20,00.00	–	1,20,00.00	–
Term Loans - from banks					
External Commercial Borrowings	2.3.4.1 & 2.3.4.2	9,88,29.03	1,54,38.06	10,35,67.07	1,39,92.43
Others	2.3.5	2,00,00.00	–	–	–
Term loan from financial institutions	2.3.6.1, 2.3.6.2, 2.3.6.3 & 2.3.9	87,88.22	35,63.24	54,79.12	61,21.92
Finance Lease	2.3.7	18.53	22.32	57.34	24.24
Others	2.3.8	6,96.18	1,07.10	6,78.62	90.48
		15,53,31.96	1,91,30.72	12,17,82.15	2,02,29.07

Notes on Consolidated Financial Statements

- 2.3.1 11% Non Convertible Debentures (privately placed) are secured by second pari-passu charge on Company's fixed assets (immovable and movable) including land and buildings both present and future other than assets located at Chennai and Elavur. These debentures were allotted on 5th July, 2013 and are redeemable at par at the end of 5th year from the date of allotment i.e 5th July, 2018. 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 i.e 5th July, 2013.
- 2.3.2 12.50% Non Convertible Debentures (privately placed) are secured by second pari-passu charge on company's fixed assets (immovable and movable) including land and buildings both present and future other than assets located at Chennai and Elavur. These debentures were allotted on 5th July, 2013 and are redeemable at par at the end of 5th year from the date of allotment i.e 5th July, 2018. However, there is a Put and Call option available to the issuer / investor which can be exercised at the end of 30 months from the date of allotment i.e 5th July, 2013 and every quarter thereafter.
- 2.3.3 10.75% Non Convertible Debentures (privately placed) are secured by first pari-passu charge on company's fixed assets (immovable and movable) including land and buildings both present and future other than assets located at Chennai and Elavur and excluding furniture and fixture, vehicles and other intangible assets. These debentures were allotted on 11th April, 2012 and are redeemable at par in three equal annual installments at the end of 3rd, 4th & 5th year from the date of allotment i.e 11th April, 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 i.e 11th April, 2015.
- 2.3.4.1 External Commercial Borrowing is secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than assets located at Chennai and Elavur.
- 2.3.4.2 External Commercial Borrowings of USD 77.50 million is repayable in 3 annual installments of 33.25% in July, 2013, 33.25% in July, 2014 & 33.50% in July, 2015. The outstanding as on 31.03.2014 is Rs. 3,09,92.19 lakhs (previous year Rs. 4,20,82.50 lakhs). External Commercial Borrowings of USD 139.00 million is repayable in 12 semi annual installments from 29th August, 2015. The outstanding as on 31.03.2014 is Rs. 8,32,74.90 lakhs (previous year Rs. 7,54,77.00 lakhs). The interest rate ranges from 6M Libor + 250 to 500 basis points.
- 2.3.5 Rupee Term Loan from bank is to be secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than assets located at Chennai and Elavur. Term Loan is repayable in 28 quarterly installments starting from June, 2015. The interest rate ranges from 13.00% p.a to 13.50% p.a.
- 2.3.6.1 Term loan from a financial institution of Rs. 1,50,00 lakhs and Rs. 1,00,00 lakhs are secured by way of first pari-passu charge over the movable fixed assets, lands and other immovable properties of the Company both present and future other than assets located at Chennai and Elavur.
- 2.3.6.2 Term loan of Rs. 1,50,00 lakhs is repayable in 16 quarterly equal installments from 14th August, 2010. The outstanding as on 31.03.2014 is Rs. 9,37.50 lakhs (previous year Rs. 46,87.50 lakhs). Term loan of Rs. 1,00,00 lakhs is repayable in 17 quarterly equal installments from 30th December, 2011. The outstanding as on 31.03.2014 is Rs. 41,17.65 lakhs (previous year Rs. 64,70.59 lakhs). The interest rate ranges from 11.00% p.a to 12.50% p.a.
- 2.3.6.3 Term Loan of Rs. 39,54 lakhs is to be secured by way of second pari-passu charge on all movable Fixed Assets and Current Assets, both present and future of the Company . The loan is repayable in 54 monthly installments starting from April, 2015. The interest rate ranged from 14.00% p.a to 14.50% p.a.
- 2.3.7 The carrying amounts of financial lease represent their fair values. The flat interest rate is 2.2% per annum. The Company's obligation under finance lease is secured by lessor's title to the leased asset.
- 2.3.8 Loan from others includes Rs. 9,04.82 lakhs which is repayable in 120 equal monthly installments of Rs. 8.93 lakhs from 25th October, 2011. The outstanding as on 31.03.2014 is Rs. 8,03.28 lakhs (Previous year Rs. 7,69.10 lakhs).
- 2.3.9 In one of the subsidiary there is a legal mortgage on lease hold building and warehouse and is secured by personal guarantee of one of its director.

Notes on Consolidated Financial Statements

2.4 DEFERRED TAX LIABILITIES (NET)

Amount Rs. in lakhs

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

Particulars	Opening as on 01.04.2013	Charge or (Credit) during the Year	Closing as at 31.03.2014
Deferred Tax Assets :			
1. Expenses Allowable on payment Basis	4,26.03	3,79.91	8,05.94
2. Provision for doubtful debts and advances	3,22.51	- 9.11	3,13.40
3. Provision for losses on Derivatives on Mark to Market basis	32.73	- 32.73	-
4. Others	14,79.99	- 3,63.29	11,16.70
Deferred Tax Liabilities :			
1. Depreciation etc.	52,12.75	- 32.60	51,80.15
2. Liquidated Damages and Retention money	4,23.76	33.33	4,57.09
Net Deferred Tax Liability	33,75.25	25.95	34,01.20

2.5 OTHER LONG TERM LIABILITIES

Particulars	Ref. Note No.	As at March 31, 2014	As at March 31, 2013
Trade payables		4,46.21	9,57.61
Others		63.87	73.80
		5,10.08	10,31.41
2.6 LONG TERM PROVISIONS			
Provision for employee benefits		8,38.02	7,56.33
Provision for Mine Closure and restoration charges	2.6.1	3,67.58	-
Others		3,00.00	3,00.00
		15,05.60	10,56.33

2.6.1 Provision for Mines closure and restoration charges are made in terms of statutory obligations specified for the purpose and deposited in the Escrow account in terms of the stipulation made by Ministry of Coal, for Mines closure Plan.

2.7 SHORT TERM BORROWINGS

SECURED LOANS

Repayable on demand from banks	2.7.1 & 2.7.2		
Indian Currency		2,33,66.04	1,05,56.19
Foreign Currency	2.7.4	4,53,43.35	6,09,38.27
		6,87,09.39	7,14,94.46

UNSECURED LOANS

Repayable on demand from banks			
Indian Currency		10,00.00	50,00.00
Foreign Currency		1,29,14.68	2,29,76.36
Commercial papers		-	15,00.00
Others	2.7.3	-	52.21
		1,39,14.68	2,95,28.57
		8,26,24.07	10,10,23.03

2.7.1 Loans repayable on demand being Working Capital facilities from Banks (both fund based and non fund based) are secured by first pari passu charge by way of joint hypothecation of raw materials, finished goods, work in progress, consumable stores and spares, book debts / receivables and other current assets of the company both present and future.

Notes on Consolidated Financial Statements

2.7.2 Fixed maturity plans of mutual funds amounting to Rs. 30,00.00 lakhs are pledged for availing overdraft facility.

2.7.3 Includes interest free loan from a share holder amounting to Rs NIL (Previous year Rs. 52.21 lakhs)

2.7.4 Loans repayable on demand being Working Capital facilities from Banks includes Rs. 34,88.54 lakhs (Previous year Rs. 28,86.79 lakhs) secured over the assets of one of the subsidiary including freehold and lease hold property.

2.8 TRADE PAYABLES

Particulars	Ref. note no.	As at March 31, 2014	As at March 31, 2013
Trade Payables	2.8.1	3,89,57.20	1,85,04.55
Share of Joint Venture	2.12.5	0.85	-
		<u>3,89,58.05</u>	<u>1,85,04.55</u>
2.8.1 Including acceptances of Rs. 1,58,09.13 lakhs (previous year Rs. 3,53.47 lakhs)			
2.9 OTHER CURRENT LIABILITIES			
Current maturities of long-term debt	2.3		
Secured		1,91,08.40	2,02,04.83
Current maturities of long-term finance lease			
Secured	2.3	22.32	24.24
Interest accrued but not due on borrowings		32,79.78	18,80.02
Interest accrued and due on borrowings		2,40.99	-
Advance from customers		18,28.24	21,29.48
Unclaimed dividends	2.9.1	1,24.14	1,33.02
Other payables			
Credit balances in current account with banks		17,53.07	20,41.73
Statutory Dues – PF, ESI, Service Tax, TDS, Entry Tax etc.		27,20.15	17,17.67
Excise duty on stock		13,57.94	8,08.88
Capital vendors		52,82.16	12,43.11
Others	2.9.2	7,03.77	14,12.26
		<u>3,64,20.96</u>	<u>3,15,95.24</u>
Share of Joint Venture	2.12.5	0.07	0.92
		<u>3,64,21.03</u>	<u>3,15,96.16</u>
2.9.1 The same is not due for payment to investor education and protection fund.			
2.9.2 Includes Rs. Nil (previous year Rs.12,19.10 lakhs) payables to banks on account of derivative settlement			
2.10 SHORT TERM PROVISIONS			
Provision for employee benefits		12,09.53	12,19.85
Others			
Provision for taxation (net of advance tax)		3,40.60	1,42.03
Provision for dividend		22,34.81	16,33.76
Provision for tax on dividend		3,79.81	2,77.66
Provision for losses on derivative transactions on mark to market basis		4,98.27	12,72.03
Other Provisions	2.10.1	9,97.28	23,09.99
		<u>56,60.30</u>	<u>68,55.32</u>
Share of Joint Venture	2.12.5	1.65	-
		<u>56,61.95</u>	<u>68,55.32</u>

2.10.1 Other provisions include (a) provision relating to indirect taxes in respect of proceedings of various excise duty matters – carrying amount at the end of the year Rs. 5,00.00 lakhs (previous year Rs. 5,00.00 lakhs). No amount was used and reversed during the year. Outflows in these cases would depend on the final developments/outcomes; (b) Other class of provisions related to disputed customer claims/rebates/demands – carrying amount at the end of the year Rs. 2,10.00 lakhs (previous year Rs. 15,00.00 lakhs), Rs.15,00.00 lakhs were reversed during the year.

Notes on Consolidated Financial Statements

Description	GROSS BLOCK						DEPRECIATION / AMORTISATION			NET BLOCK		
	Cost as on April 01, 2013	Additions	Revaluation	Sales/ Adjustments	Other Adjustments	Cost as on March 31, 2014	Upto March 31, 2013	For The Year	Sales/ Adjustments	Upto March 31, 2014	As on March 31, 2014	As on March 31, 2013
	2	3	4	5	6	7	8	9	10	11	12	13
Tangible Assets												
Land-freehold	5,77,23.87	1,23.29	-	-	-	5,78,47.16	-	-	-	-	5,78,47.16	5,77,23.87
Land-leasehold	31,13.65	4,32.33	-	-	-	35,45.98	1,09.58	17.18	-	1,26.76	34,19.22	30,04.07
Buildings	1,69,70.33	48,98.25	-	10.67	-	2,18,57.91	51,72.74	11,40.55	4.22	63,09.07	1,55,48.84	1,17,97.59
Railway Siding	44,93.91	-	-	-	3,03.20	47,97.11	5,70.10	4,68.92	-	10,39.02	37,58.09	39,23.81
Plant And Equipments	7,77,57.76	38,50.57	-	12,25.49	7,79.99	8,11,72.83	4,24,31.41	50,65.97	8,78.83	4,66,18.55	3,45,54.28	3,53,36.35
Office Equipment	8,35.78	19.93	-	5.55	-	8,50.16	4,02.79	51.82	5.00	4,49.61	4,00.55	4,32.99
Furniture And Fixtures	9,06.64	61.44	-	20.13	-	9,47.95	6,16.79	71.90	13.91	6,74.78	2,73.17	2,89.85
Vehicles	12,49.59	1,43.30	-	89.36	-	13,03.53	5,90.89	1,37.46	70.38	6,57.97	6,45.56	6,58.70
Livestock	1.11	-	-	-	-	1.11	-	-	-	-	1.11	1.11
Total	16,30,62.64	95,29.11	-	13,51.20	10,83.19	17,23,23.74	4,98,94.30	69,53.80	9,72.34	5,58,75.76	11,64,47.98	11,31,68.34
Share Of Joint Venture	0.59	-	-	-	-	0.59	0.24	0.05	-	0.29	0.30	0.35
Total	16,30,63.23	95,29.11	-	13,51.20	10,83.19	17,23,24.33	4,98,94.54	69,53.85	9,72.34	55,876.05	11,64,48.28	11,31,68.69
Intangible Assets												
Computers Softwares	7,84.34	1,86.33	-	-	-	9,70.67	6,19.98	73.19	-	6,93.17	2,77.50	1,64.36
Mining Rights	15.32	-	-	-	-	15.32	4.12	1.53	-	5.65	9.67	11.20
Total	7,99.66	1,86.33	-	-	-	9,85.99	6,24.10	74.72	-	6,98.82	2,87.17	1,75.56
Grand Total	16,38,62.89	97,15.44	-	13,51.20	10,83.19	17,33,10.32	5,05,18.64	70,28.57	9,72.34	5,65,74.87	11,67,35.45	11,33,44.25
Previous Year	10,31,28.75	34,21.36	5,73,30.74	11,40.81	11,22.85	16,38,62.89	4,44,58.88	67,98.06	7,38.30	5,05,18.64	11,33,44.25	

Notes :

- 2.11.1 Freehold Land and buildings pertaining to Elavur, Khardah and Haldia, Units of the Company has been revalued by an approved valuer as on 31st March, 2013 on direct sales approach basis and depreciated replacement cost approach basis respectively. Accordingly, net increase of Rs. 5,73,30.74 lakhs in the value of these fixed assets due to such revaluation has been transferred to Revaluation Reserve.
- 2.11.2 Depreciation and amortization amounting to Rs. 5,24.74 lakhs (Previous year NIL) pertains to excess depreciation charged due to revaluation of Buildings on 31.03.2013 which has been adjusted from Revaluation Reserve.
- 2.11.3 Plant and Equipments includes:
- (a) Rs.8,27,02 lakhs (Previous year Rs. 8,27,02 lakhs) being contribution for laying the Power line, the ownership of which does not vest with the company.
- (b) Rs. 24,98,72 lakhs (Previous year Rs. 24,98,72 lakhs) being cost of wagons procured under "Wagon Investment Scheme".
- (c) Railway siding includes Rs. 42,39,98 lakhs (Previous year Rs. 42,39,98 lakhs) being amount incurred for construction, the ownership of which does not vest with the company."
- 2.11.4 Depreciation and amortization for the year includes Rs. 8,67,49 lakhs (Previous year Rs. 12,27,73 lakhs) transferred to Pre-operative expenses.
- 2.11.5 Leasehold Land of Rs. 2,40,00 lakhs (Previous Year Rs. 2,40,00 lakhs) is pending execution of lease agreement and registration thereof.
- 2.11.6 Freehold land includes Rs. 4,05,06 lakhs (Previous year Rs. 4,05,06 lakhs) in respect of which the execution of conveyance deeds is under process.
- 2.11.7 Other adjustments includes Rs. 10,83.19 lakhs (Previous Year Rs. 11,22,85 lakhs) representing foreign exchange fluctuation
- 2.11.8 Land with factory buildings (net block Rs. 13,61,57,74 lakhs) at Elavur plant of the Company are mortgaged in the favour of lender to Electrosteel Steels Limited, an associate of the Company.
- 2.11.9 Classification of assets into leasehold and freehold is as per the respective subsidiaries.
- 2.11.10 Refer note 2.3
- 2.11.11 Capital Work-in-progress

Particulars

Capital Work-in-progress

Share of Joint Venture (Note 2.12.5)

(Includes depreciation for the year Rs. Nil lakhs (previous year Rs. 0.05 lakhs))

As at	As at
March 31, 2014	March 31, 2013
12,10,81.72	9,86,09.31
7,13.73	6,92.71
12,17,95.45	9,93,02.02

Notes on Consolidated Financial Statements

2.12 NON-CURRENT INVESTMENTS- AT COST

(Fully paid up except otherwise stated)

Amount Rs. in lakhs

Particulars	As at March 31, 2014		As at March 31, 2013		
	Rs. in lakhs	Holding	Value	Holding	Value
(A) Trade					
Equity Shares					
Quoted					
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)		14	0.26	14	0.26
Von Roll (Face value of Euro 0.071 each)		10	0.05	10	0.05
Unquoted					
Rainbow Steels Limited(Face value of Rs.10/- each)		100	0.01	100	0.01
Metal Scrap Trade Corporation Limited.(Face value of Rs. 10/- each)		1000	0.05	1000	0.05
			<u>0.37</u>		<u>0.37</u>
(B) Others					
Equity Shares					
Quoted					
Associates					
Lanco Industries Limited (Face value of Rs. 10/- each) [Cost of acquisition includes goodwill of Rs. 4491.37 Lakhs (Previous Year Rs. 4491.37 lakhs)]	1,38,96.88	19301218	1,57,69.75	19301218	1,38,96.88
Add : Share of Profit /(Loss) for the year (Net)	<u>18,72.87</u>				
Electrosteel Steels Ltd. (Face value Rs. 10/-each) [Cost of acquisition includes goodwill of Rs. 1913.49 lakhs (Previous year Rs. 1896.37 lakhs)]	<u>7,28,73.97</u>	867300000	6,13,89.30	866750000	7,28,73.97
Add : Addition during the year	55.00				
Less : Share of Profit / (Loss) for the year (Net)	<u>- 1,15,39.67</u>				
Unquoted					
Associate					
Electrosteel Thermal Power Ltd. (Face value of Rs. 10/- each) [Cost of acquisition includes goodwill of Rs. 0.70 lakhs (Previous year Rs. 0.70 lakhs)]	1.26	15000	1.20	15000	1.26
Less : Share of Profit / (Loss) for the year (Net)	<u>- 0.06</u>				
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) [Cost of acquisition includes goodwill of nil (Previous year nil)]	8,22.81	8228053	-	8228053	-
Less : Proportionate Consolidation	<u>8,22.81</u>				
Other Companies					
N Marshall Hi-tech Engineers Pvt. Ltd. (Face value of Rs. 10/- each)		50000	5.00	50000	5.00
			<u>7,71,95.25</u>		<u>8,68,07.11</u>
Quoted Preference share					
Mukand Limited (0.01% Cumulative Redeemable Preference Shares face value of Rs. 10/-each)		16	0.00	16	0.00
			<u>7,71,95.25</u>		<u>8,68,07.11</u>
Less : Provision for investment			30.00		30.00
			<u>7,71,65.25</u>		<u>8,67,77.11</u>
Total - Non-Current Investments			<u>7,71,65.62</u>		<u>8,67,77.48</u>
Aggregate amount of Quoted Investments					
- Other Investments			7,71,59.36		8,67,71.16
Aggregate amount of Unquoted Investments					
- Other Investments			6.26		6.32
			<u>7,71,65.62</u>		<u>8,67,77.48</u>
Aggregate amount of Market value of Quoted Investments					
Other Investments			4,61,17.31		4,60,90.92
			<u>4,61,17.31</u>		<u>4,60,90.92</u>

Notes on Consolidated Financial Statements

Notes :

- 2.12.1 866750000 Equity shares of Rs 10/- each fully paid up of Electrosteel Steels Limited aggregating Rs 86675.00 lakhs held by the Company as Investment have been pledged in favour of Electrosteel Steels Limited lenders for securing financial assistance to Electrosteel Steels Limited.
- 2.12.2 The Company's investment in Electrosteel Steels Limited being strategic and long term in nature, no provision has been considered necessary with regard to diminution in market value of these investment.
- 2.12.3 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, and thereby disclosures as regards to contingent liability, capital commitments, if any, aggregate amounts of the assets, liabilities, income and expenses related to the Company's interest in DPL has not been made in these financial statements.
- 2.12.4 (a) The North Dhadhu Coal Block located in the state of Jharkhand was allocated to the Company, M/s. Adhunik Alloys & Power Limited (AAP), M/s. Jharkhand Ispat Pvt. Ltd. (JPL) and M/s. Pawanjay Steel & Power Limited (PSPL) (collectively referred to as venturers) for working through a joint venture company. Accordingly, North Dhadhu Mining Company Private Limited (NDMCPL), a company in which the Company has joint control (proportion of ownership interest of the Company being 48.98 %) along with other venturers was formed. The Company has investment of Rs. 8,22.81 Lakhs in equity shares of NDMCPL.
- (b) The Ministry of Coal, Government of India had issued an order for de-allocation of North Dhadhu Coal Block and deduction of Bank Guarantee of Rs. 56.03 crores issued for the same. The Company's share in the Bank Guarantee is Rs 27.45 crores. On a writ petition filed by the Company for quashing the order, stay has been granted by the Hon'ble High Court of Jharkhand. Pending final judgement, no provision is considered necessary in respect of Company's investment in NDMCPL and amount of Bank Guarantee.

2.12.5 Information on other joint venture (other than 2.12.3)

Sl. No. Name of the Joint Venture

(i) North Dhadhu Mining Company Private Limited

(ii) Contingent liabilities in respect of Joint Ventures.

A) Guarantee given by banks on behalf of the Company

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

A) Assets :

a) Fixed Assets (Net Block) :

Capital Work-in-Progress

b) Current Assets :

Cash & Bank Balances

Long term Loans & Advances

Short term Loans & Advances

Other Current Assets

Current Investments

B) Current liabilities :

a) Other current liabilities

b) Trade payables

c) Short Term Provisions

C) Revenue

D) Expenses

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

India 48.98

Amount Rs. in lakhs

2013-14	2012-13
---------	---------

27,45.47 27,45.47

0.30 0.35

7,13.73 6,92.71

80.16 1,22.07

6.17 6.17

2.40 2.40

19.75 -

5.02 -

0.07 0.92

0.85 -

1.65 -

9.12 -

5.29 -

2.13 CURRENT INVESTMENTS - AT COST

(Fully paid up except otherwise stated)

Amount Rs. in lakhs

Others Non-trade

Equity Shares (Quoted)

	As at March 31, 2014	As at March 31, 2013
	Holding Value	Holding Value
Coal India Limited (Face value of Rs. 10/-each)	22000 57.87	22000 57.86
Jindal Drilling & Industries Ltd (Face value of Rs. 5/- each)	176500 5,19.99	176500 5,19.99
Manganese Ore India Ltd (Face value of Rs. 10/- each)	3794 14.23	3794 14.23
Reliance Industries Ltd (Face value of Rs. 10/- each)	18000 1,60.19	18000 1,60.19
Andhra Bank (Face value of Rs. 10/- each)	5000 7.87	5000 7.87
Container Corporation of India Ltd. (Face value of Rs. 10/- each)	750 6.48	500 6.48
3I Infotech Ltd. (Face value of Rs. 10/- each)	60000 18.01	60000 18.01
BGR Energy Systems Ltd. (Face value of Rs. 10/- each)	1500 5.48	1500 5.48
Bharat Heavy Electricals Ltd. (Face value of Rs. 2/- each)	12500 41.94	12500 41.94
Fortis Healthcare (India) Ltd. (Face value of Rs. 10/- each)	4000 5.75	4000 5.75
GTL Infrastructure Ltd. (Face value of Rs. 10/- each)	60000 8.25	60000 8.25
Gujarat Fluorochemicals Ltd. (Face value of Rs. 1/- each)	500 2.36	500 2.36
Garden Silk Mills Ltd. (Face value of Rs. 10/- each)	1000 0.80	1000 0.80
Jyoti Structures Ltd. (Face value of Rs. 2/- each)	5000 3.59	5000 3.59
Navin Fluorine International Ltd. (Face value of Rs. 10/- each)	1104 4.34	1104 4.34
National Aluminium Company Ltd. (Face value of Rs. 5/- each)	2500 1.95	2500 1.95
Punjab National Bank (Face value of Rs. 10/- each)	2000 19.86	2000 19.85
Pilani Investment and Industries Corporation Ltd. (Face value of Rs. 10/- each)	700 17.17	700 17.17
Sesa Sterlite Industries Ltd. (Face value of Rs. 1/- each)	3000 6.27	5000 6.27
Taj GVK Hotels & Resorts Ltd. (Face value of Rs. 2/- each)	5000 4.93	5000 4.93
Timex Group India Ltd. (Face value of Rs. 1/- each)	1000 0.28	1000 0.28
Tata Teleservices (Maharashtra) Ltd. (Face value of Rs. 10/- each)	28333 4.91	25000 4.91

Less : Provision

Total - Equity Shares

9,12.50 9,12.50

2,52.50 2,67.68

6,60.02 6,44.82

Notes on Consolidated Financial Statements

2.13 CURRENT INVESTMENTS - AT COST (Contd.)

Amount Rs. in lakhs

(Fully paid up except otherwise stated)

	As at March 31, 2014		As at March 31, 2013	
	Holding	Value	Holding	Value
Others Non-trade				
Bonds (Quoted)				
10.25% Reliance Capital Ltd. NCD 31/10/2022 of Rs. 1000000 each	-	-	4	41.24
10.10% Reliance Capital Ltd. NCD 28/09/2022 of Rs. 1000000 each	-	-	11	1,10.00
10.00% Reliance Capital Ltd. NCD 03/11/2017 of Rs. 1000000 each	-	-	2	20.20
10.40% Reliance Capital SR-T-44 NCD 27/09/2022 of Rs. 1000000 each	-	-	17	1,71.92
9.03% Gujarat State Petroleum Corp Ltd. SR-1 NCD 22/03/2028 of Rs. 1000000 each	-	-	100	10,00.00
9.40% Rajasthan Rajya Vidyut Prasaran Nigam Ltd. BD 22/03/2025 of Rs. 1000000 each	-	-	62	6,20.00
10.75% SREI Equipment Finance Pvt. Ltd. NCD 03/08/2014 of Rs. 1000000 each	-	-	72	7,20.94
10.40% Reliance Capital Ltd. NCD 29/07/2022 of Rs. 1000000 each	-	-	29	2,90.00
9.70% G.E.Shipping 15 April 2021 of Rs. 1000000 each	121	12,73.89	-	-
10.45% GSPC 28/09/2072 of Rs. 1000000 each	144	15,14.57	-	-
10.20% Shriram Equipment Finance Co Ltd NCD 2023 of Rs. 1000000 each	33	3,09.87	-	-
Total -Bonds		30,98.33		29,74.30
Units of Mutual Funds				
Quoted				
BSL-Dynamic Bond Fund	-	-	18,34,520.597	3,25.00
IDFC-SSIF-ST-Plan A	-	-	8,06,663.501	1,75.00
Principal PNB FMP Series A4-Growth	-	-	50,00,000.000	5,00.00
AXIS FIXED TERM PLAN-SERIES 21 (394 Days)	-	-	50,00,000.000	5,00.00
HDFC Fixed Maturity Plans-Series XX1	-	-	50,00,000.000	5,00.00
Reliance Fixed Horizon Fund-XX1-Series 18	-	-	50,00,000.000	5,00.00
Kotak FMP Series 84 -Growth	-	-	50,00,000.000	5,00.00
Reliance Fixed Horizon Fund XXII Series 36	-	-	80,00,000.000	8,00.00
HDFC Fixed Maturity Plans - Series 23 371D	-	-	70,00,000.000	7,00.00
Birla Sun Life Interval Income Fund - Annual Plan I	-	-	50,00,000.000	5,00.00
IDFC Fixed Term Plan Series - 7	-	-	50,00,000.000	5,00.00
ICICI Prudential Fixed Maturity Plan Series 66 - 368 Days Plan B Regular Cumulative	-	-	40,00,000.000	4,00.00
BSL Interval Income Fund - Annual Plan II Regular Growth Open	-	-	40,00,000.000	4,00.00
Reliance Yearly Interval Fund - Series V	-	-	50,00,000.000	5,00.00
HDFC Fixed Maturity Plans - Series 23 384D	50,00,000.000	5,00.00	50,00,000.000	5,00.00
Reliance Fixed Horizon Fund - XXIII - Series 6	-	-	50,00,000.000	5,00.00
HDFC Fixed Maturity Plans-Series 25 405D	1,00,00,000.000	10,00.00	-	-
BSL Fixed Term Plan-Series GV (368 Days)	1,00,00,000.000	10,00.00	-	-
Reliance Yearly Interval Fund - Series 6	50,00,000.000	5,00.00	-	-
Total - Units of Mutual Funds		30,00.00		78,00.00
Total - Current Investments		67,58.35		1,14,19.12
Share of Joint Venture (Refer note no. 2.12.5)				
Reliance Money Manager Fund	309.23	5.02	-	-
Total -Current Investments		67,63.37		1,14,19.12
Aggregate amount of Quoted Investments				
- In Mutual Funds	30,05.02		78,00.00	
- In Bonds and Commercial Papers	30,98.33		29,74.30	
- In Equity Shares	6,60.02	67,63.37	6,44.82	1,14,19.12
Aggregate amount of Market value of Quoted Investments				
- In Mutual Funds		32,42.87		88,31.14
- In Bonds		31,80.91		29,91.58
- In Equity Shares		6,60.02		6,44.82
		70,83.80		1,24,67.54

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

2.13.2 Pledged with lenders against overdraft facility. (refer note no. 2.7.2)

Notes on Consolidated Financial Statements

2.14 LONG TERM LOANS AND ADVANCES

Amount Rs. in lakhs

Particulars	Ref. note no.	As at March 31, 2014	As at March 31, 2013
UNSECURED, CONSIDERED GOOD			
Capital Advances	2.14.4	11,75.27	24,88.56
Security Deposits	2.14.3	54,94.96	58,66.47
Others			
Prepaid expenses		45.93	42.21
Loans and Advances to related party	2.42	2,22,50.00	-
Others	2.14.1	3.08	9.47
		2,89,69.24	84,06.71
Share of Joint Venture	2.12.5	6.17	6.17
		2,89,75.41	84,12.88

2.14.1 Including loans and advance to employees amounting to Rs. 2.63 lakhs.

2.14.2 In the opinion of the Board of Directors, current assets and loans and advances have the value at which these are stated in the Balance Sheet, unless otherwise stated and adequate provisions for all known liabilities have been made and are not in excess of the amount reasonably required.

2.14.3 Security deposits include Rs. 5,57.50 lakhs (previous year Rs. 5,57.50 lakhs) with private limited companies in which directors are interested as a member / director and Rs.38,22.30 lakhs (previous year Rs.42,46.68 lakhs) with related parties.

2.14.4 Capital advances includes Rs 5.27 lakhs (previous year Rs. 5.27 lakhs) paid to related party.

2.15 OTHER NON-CURRENT ASSETS

UNSECURED, CONSIDERED GOOD

Long term Trade Receivables	2.7.1	12,79.32	13,96.36
		12,79.32	13,96.36

2.16 INVENTORIES

Raw materials		2,93,31.54	2,33,48.66
Raw materials (goods in transit)		17,39.13	16.70
Finished goods		3,47,30.67	3,22,71.30
Finished goods(goods in transit)		2,47.63	1,04.85
Process stock		35,40.34	27,23.95
Stock-in-trade (in respect of goods acquired for trading)		38.62	-
Stores and spares		59,57.53	57,97.20
Stores and spares (goods in transit)		2,18.97	2,51.50
		7,58,04.43	6,45,14.16
Work-in-progress (Turnkey Projects)		5,11.70	10,42.36
Less: Progress payment received		3,98.82	1,46.88
		1,12.88	8,95.48
		7,59,17.31	6,54,09.64

2.16.1. Refer note no. 2.7.1 and 2.17.1

Notes on Consolidated Financial Statements

2.17 TRADE RECEIVABLES

Amount Rs. in lakhs

Particulars	Ref. note no.	As at	
		March 31, 2014	March 31, 2013
CURRENT	2.7.1		
Trade outstanding for period exceeding six months from the date they become due for payment			
Unsecured Considered good		55,70.25	1,52,85.63
Doubtful		7,13.32	5,80.15
Less : Provision for doubtful		7,13.32	5,80.15
		55,70.25	1,52,85.63
Others		5,14,48.25	4,48,16.19
		5,70,18.50	6,01,01.82

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

2.18 CASH AND BANK BALANCES

Cash and Cash Equivalents			
Cash on hand	2.18.2	20.24	30.62
Balances with banks	2.18.3		
In current and cash credit accounts	2.18.4	1,20,27.13	1,29,69.34
In Fixed Deposit accounts (including interest accrued thereon)	2.18.4	-	1,44,99.37
In dividend accounts		1,24.14	1,33.02
		1,21,71.51	2,76,32.35
Share of Joint Venture	2.12.5	80.16	1,22.07
		1,22,51.67	2,77,54.42
Other balance with banks			
In current accounts	2.6.1	3,67.58	2,98.61
Margin money/Fixed deposits(having original maturity of more than 3 months)	2.18.1 & 2.18.4	1,41,02.60	65,60.41
		267,21.85	3,46,13.44

2.18.1 Fixed Deposits with Banks include Fixed Deposit of Rs. 3,39.71 lakhs (previous year Rs. 20.79 lakhs) lodged with Government Departments, Customers and Bank.

2.18.2 Includes cash held in trust amounting to Rs 0.07 lakhs (previous year Rs. 0.07 lakhs)

2.18.3 Includes NIL (previous year Rs. 79.24 lakhs) related to the subsidiary being amount blocked by bank for opening letter of credit.

2.18.4 Includes Fixed Deposit of Rs. 1,37,16.64 lakhs (previous year Rs. 2,08,75.00 lakhs) and Bank Balances of Rs. 50,00.00 lakhs (previous year Rs. 75,00.00 lakhs) in respect of External Commercial Borrowings loans pending utilisation for intended use.

Notes on Consolidated Financial Statements

2.19 SHORT TERM LOANS AND ADVANCES

Amount Rs. in lakhs

Particulars	Ref. note no.	As at	
		March 31, 2014	March 31, 2013
UNSECURED, CONSIDERED GOOD			
Loans and advances to related parties	2.19.1	88,91.84	29,03.09
Other loans and advances			
Security Deposits		9,16.48	10,89.40
For supply of goods and rendering of services		15,86.35	11,72.86
Loans and advances to employees		20.63	19.19
Balance with Government authorities		78,27.35	90,98.18
Advance tax (net of provision)		99.10	1,66.41
MAT credit entitlement		-	8,50.56
Prepaid expenses		8,00.03	4,94.12
Others		8,14.46	13,55.22
		2,09,56.24	1,71,49.03
Share of Joint Venture	2.12.5	2.40	2.40
		2,09,58.64	1,71,51.43
DOUBTFUL ADVANCES			
Loans and advances to related parties		7,00.00	7,00.00
Others		12.04	38.85
		7,12.04	7,38.85
Less : Provision for doubtful advances		7,12.04	7,38.85
		-	-
		2,09,58.64	1,71,51.43

2.19.1 Includes Rs 17.02 lakhs (previous year Rs 15.43) being amount given as interest free loan to shareholder.

2.20 OTHER CURRENT ASSETS

Interest receivable		2,67.97	1,34.80
Incentive/Subsidy receivable		46,33.42	37,40.57
Export incentive receivable		48,00.84	38,60.09
Forward Premium receivable		34.60	9,02.25
Others		11,11.21	7,35.41
		1,08,48.04	93,73.12
Share of Joint Venture	2.12.5	19.75	-
		1,08,67.79	93,73.12

2.21 REVENUE FROM OPERATIONS

Sale of products		24,09,42.93	21,89,15.01
Sale of services (Turnkey contracts)		6,18.22	13,01.72
Other operating revenues			
Incentive on exports		67,91.32	46,15.67
Others		23,84.24	13,50.90
		25,0736.71	22,61,83.30
Less : Excise duty		48,21.12	47,76.80
		24,59,15.59	22,14,06.50

Notes on Consolidated Financial Statements

2.22 OTHER INCOME

Amount Rs. in lakhs

Particulars	Ref. note no.	For the year ended 31.03.2014	For the year ended 31.03.2013
Interest income on			
Current investments		2,99.52	3,26.71
Interest on loans, deposits, overdue debts etc.	2.22.1	4,15.20	5,06.47
Dividend income			
Current investments		56.44	13.81
Non current investments		1.21	0.29
Net gain or loss on sale / redemption of investments			
Current investments (net)	2.22.2	8,74.75	19,18.04
Net gain or loss on foreign currency transaction and translation		45.47	8,46.41
Provision no longer required written back		2,10.00	50,60.16
Miscellaneous income		9,63.76	8,77.14
		<u>28,66.35</u>	<u>95,49.03</u>

2.22.1 Includes share of Joint Venture Rs. 8.01 lakhs (previous year Nil) (refer note no. 2.12.5)

2.22.2 Includes share of Joint Venture Rs. 1.11 lakhs (previous year Nil) (refer note no. 2.12.5)

2.23 COST OF MATERIALS CONSUMED

Raw materials consumed	<u>9,47,32.02</u>	<u>9,66,46.94</u>
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2.24 PURCHASES OF STOCK IN TRADE

D.I. Pipes & Fittings	95,33.55	94,63.59
Coke and coal	1,15,26.69	10,54.51
Others	67,30.61	37,86.79
	<u>2,77,90.85</u>	<u>1,43,04.89</u>

2.25 (INCREASE)/DECREASE IN INVENTORIES

Closing Stock :		
Finished goods (including in transit)	3,49,78.30	3,23,76.15
Stock-in-trade	38.62	-
Process Stock	35,40.34	27,23.95
Work in Progress (Turnkey projects)	5,11.70	10,42.36
	<u>3,90,68.96</u>	<u>3,61,42.46</u>
Less : Opening Stock		
Finished goods (including in transit)	3,23,76.15	
Add : Stock of Paint Unit	1.24	
Less : Transfer for Capital Projects	<u>40.31</u>	3,64,73.65
Process Stock	27,23.95	34,54.15
Work in Progress (Turnkey projects)	10,42.36	11,60.55
	<u>3,61,03.39</u>	<u>4,10,88.35</u>
	<u>- 29,65.57</u>	<u>49,45.89</u>

2.26 EMPLOYEE BENEFITS EXPENSE

Salaries and wages	1,80,37.29	1,62,59.94
Contribution to provident and other funds	14,57.32	12,87.26
Staff welfare expenses	7,58.24	7,14.56
	<u>2,02,52.85</u>	<u>1,82,61.76</u>

Notes on Consolidated Financial Statements

2.27 FINANCE COSTS

Amount Rs. in lakhs

Particulars	Ref. note no.	For the year ended 31.03.2014	For the year ended 31.03.2013
Interest expense		1,14,23.04	1,03,65.09
Net loss on foreign currency transactions and translation		28,72.48	18,62.80
Other borrowing cost		7,50.77	3,37.82
		1,50,46.29	1,25,65.71

2.28 DEPRECIATION AND AMORTISATION EXPENSES

Depreciation and amortization expense	2.11	61,61.08	55,70.33
Less: Transfer from Revaluation Reserve	2.11.2	5,24.74	–
		56,36.34	55,70.33

2.29 OTHER EXPENSES

Consumption of stores and spare parts	2.29.2	1,30,17.62	1,26,16.42
Power and fuel		1,60,38.32	1,50,38.23
Rent	2.29.4	21,41.71	19,49.62
Repairs to buildings		1,65.96	1,23.55
Repairs to machinery		2,68.60	2,52.69
Insurance		10,10.24	10,07.92
Rates and taxes	2.29.5	6,32.62	7,65.63
Directors fees and commission		57.89	54.94
Packing & forwarding charges (net of realisation Rs. 44,33.60 lakhs (previous year Rs. 36,66.74 lakhs)]		1,52,78.30	1,55,32.92
Commission to selling agents		51,10.33	54,13.34
Job charges		24,17.89	21,41.55
Excise duty on stock		1,32.72	– 65.32
Bad debts		6,03.69	90.38
Less :Provision for bad and doubtful debts		– 26.80	–
Loss on sale of fixed assets (net)		78.26	8.35
Provision for bad and doubtful debts		3,41.41	3,67.24
Net loss on foreign currency translation		56,12.69	0.00
Provision for diminution in value of investments		–	2,17.13
Provision for losses on mark to market basis on derivative transactions		–	95.11
Miscellaneous expenses	2.29.1 , 2.29.3 & 2.29.6	1,34,50.52	1,18,35.11
		7,63,31.97	6,74,44.81

2.29.1 Miscellaneous expenses includes auditors remuneration.

(a) Audit Fees

1,10.59 78.38

(b) Other services - Certificates, etc.

6.85 8.87

2.29.2 Stores and spares consumption include pipe moulds written off

2,35.84 3,63.32

2.29.3 Miscellaneous expenses include Charity and Donation of Rs. 3,07.70 lakhs (previous year Rs. 2,51.97 lakhs).

2.29.4 The Company has certain operating lease arrangements for office accommodations etc. with tenure extending upto 9 years.

Term of certain lease arrangements include escalation clause for rent on expiry of 36 months from the commencement date of such lease and deposit / refund of security deposit etc. Expenditure incurred on account of rent during the year and recognized in the Statement of Profit and Loss amounts to Rs. 18,51.83 lakhs (previous year Rs. 16,21.07 lakhs).

2.29.5 Includes share of Joint Venture Rs. 0.02 lakhs (previous year Nil) (refer note no. 2.12.5)

2.29.6 Includes share of Joint Venture Rs. 5.22 lakhs (previous year Nil) (refer note no. 2.12.5)

2.29.7 During the year, the Company has incurred Rs. 89.47 lakhs (previous year Rs. 1,13.20 lakhs) on account of research and development expenses which has been charged to Statement of Profit and Loss.

Notes on Consolidated Financial Statements

2.30 TAX EXPENSES

Amount Rs. in lakhs

Particulars	Ref. note no.	For the year ended	For the year ended
		31.03.2014	31.03.2013
Provision for current tax		38,26.93	11,95.08
Excess provision for Fringe Benefit tax written back		- 45.88	-
Less : MAT Credit Entitlement	2.30.1	-	1,50.35
		3781.05	10,44.73

2.30.1 The Company is entitled to MAT credit and accordingly based on evidences MAT credit of Rs. Nil (previous year Rs. 1,50.35 lakhs) has been recognised in these financial statements.

2.31 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 :

	31.03.2014	31.03.2013
Employer's Contribution to Provident Fund	3,17.33	2,98.22
Employer's Contribution to Pension Fund	1,06.50	1,12.35
Employer's Contribution to Superannuation Fund	65.33	67.39

Defined Benefit Scheme

The employee's gratuity fund scheme managed by Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Ltd. is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

Liability at the beginning of the year
Interest Cost
Current Service Cost
Actuarial (gain) / loss on obligations
Benefits paid
Liability at the end of the year

Gratuity (Funded)	
2013-14	2012-13
14,92.89	12,54.18
1,43.32	1,23.62
1,17.85	1,06.64
26.37	95.64
- 88.40	- 87.19
16,92.03	14,92.89

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

Amount Rs. in lakhs

	Gratuity (Funded)	
	2013-14	2012-13
b) Changes in the Fair Value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows:		
Fair value of Plan Assets at the beginning of the year	8,42.10	7,39.04
Expected Return on Plan Assets	86.83	71.15
Contributions by the Company	2,50.42	1,14.76
Benefits paid	- 88.40	- 87.19
Actuarial gain / (loss) on Plan Assets	- 3.51	4.34
Fair value of Plan Assets at the end of the year	10,87.44	8,42.10
Total actuarial gain / (loss) to be recognised	- 29.88	- 91.30
c) Actual return on Plan Asset		
Expected return on Plan assets	86.83	71.15
Actuarial gain / (loss) on Plan Assets	- 3.51	4.34
Actual Return on Plan Assets	83.32	75.49
d) Amount Recognized in Balance Sheet		
Liability at the end of the year	16,92.03	14,92.89
Fair value of Plan Assets at the end of the year	10,87.44	8,42.10
	6,04.59	6,50.79
e) Expenses Recognized in the Income Statement		
Current Service Cost	1,17.85	1,06.64
Interest Cost	1,43.32	1,23.62
Expected Return on Plan Assets	- 86.83	- 71.15
Net Actuarial (gain) / loss to be Recognized	29.88	91.30
Expenses Recognized in Profit & Loss Account	2,04.22	2,50.41
f) Balance Sheet Reconciliation		
Opening Net Liability	6,50.79	5,15.14
Expenses as above	2,04.22	2,50.41
Employers Contribution	- 2,50.42	- 1,14.76
Amount Recognized in Balance Sheet	6,04.59	6,50.79

	2013-14	2012-13	2011-12	2010-11	2009-10
Defined Benefit Obligation at the end of the year	16,92.03	14,92.89	12,54.18	11,80.69	10,64.79
Plan Asset at the end of the period	10,87.44	8,42.10	7,39.04	6,72.05	7,04.89
Funded status	6,04.59	6,50.79	5,15.14	5,08.64	3,59.90

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

Amount Rs. in lakhs

Compensated Absences

The obligation for compensated absences is recognized in the same manner as gratuity. The actuarial liability of Compensated Absences (unfunded) of accumulated privileged and sick leaves .

Particulars	As at 31.03.2014	As at 31.03.2013
Privileged Leave	8,90.62	8,28.28
Sick Leave	5,40.16	4,84.15

g) Principal Actuarial assumptions as at the Balance Sheet date

Discount Rate	8.25%	8.25%
Rate of Return on Plan Assets	9.00%	9.00%

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. 200 lakhs (previous year Rs. 200 lakhs) to Gratuity fund in 2014-15

2.32 Calculation of Earning Per Share is as follows :

Particulars	For the year ended 31.03.2014	For the year ended 31.03.2013
(a) Net profit for basic and diluted earnings per share as per Statement of Profit and Loss		
Net profit for basic and diluted earnings per share	- 15,93.38	- 23,88.91
	- 15,93.38	- 23,88.91
(b) Weighted average number of equity shares for calculation of basic and diluted earnings per share (Face value Re. 1/- per share)		
No of equity shares outstanding as on 26th Nov, 2013	326752705	326752705
Add : Issued during the year	17064617	-
Number of equity shares considered in calculating basic and diluted EPS	343817322	326752705
(c) Weighted average number of equity shares outstanding	332596752	326752705
(d) Earnings per share :		
a) Basic	- 0.48	- 0.73
b) Diluted	- 0.48	- 0.73

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

Amount Rs. in lakhs

- 2.33** a) Capital work in progress includes plant and equipments and other assets under installation and capital and other expenditure incurred pending completion thereof.
- b) The expenses incurred for projects/assets during the construction/mine development period are classified as “Pre-operative Development Expenses” pending capitalization and are included under capital work in progress and will be allocated to the assets on completion of the project/assets. Consequently expenses disclosed under the respective head are net of amount classified and details of these are as follows :

Particulars	As at March 31, 2014	As at March 31, 2013
Balance brought forward	4,90,69.42	3,26,39.33
Add: Relating to earlier years	1,19,42.27	-
Contractual expenses- raising, over burden removal etc.	81,64.12	-
Salaries and Wages	11,72.22	11,00.25
Contribution to Provident and Other Funds	47.43	40.84
Staff welfare expenses	55.40	1.51
Stores and Spares Consumption	19,36.18	22.57
Handling and Transportation	58.70	1.01
Power and Fuel	41,37.09	30.06
Repairs to Machinery	0.31	0.02
Repairs others	32.36	-
Rent	26.95	18.53
Insurance	70.58	15.08
Miscellaneous Expenses	15,67.90	9,82.72
Royalty on Coal, Clean energy cess and Stowing duty	8,03.12	1,68.70
Interest Paid	61,22.93	31,23.83
Finance charges	2,76.35	7,10.98
Depreciation and amortisation expense	8,67.49	12,27.73
Excise duty on coal Stock	4,06.56	1,58.66
Loss on exchange fluctuation	1,12,29.86	42,37.51
Mark to market loss on derivatives	4,84.38	84,78.88
Provision for Mine Closure and restoration expenses	3,67.58	-
Total preoperative/development expenses	9,88,39.20	5,29,58.21
Less :		
Allocated/Transferred during the year to completed assets	22.20	4.03
Sale of Coal to associate [43206.94 MT (previous year 611.78 MT)]	16,50.66	24.41
Sale of inferior grade coal [15995.74 MT (Previous Year 8437.74 MT)]	2,69.94	1,57.25
Less : Excise Duty	1,07.45	10.13
Less : Royalty, clean energy cess and stowing duty	2,22.67	26.64
Net Sales	15,90.48	1,44.89
Coal transferred for Captive Consumption [150184.60 MT (Previous Year 76076.34 MT)]	77,76.93	18,04.00
Other Income	6.66	11.02
Increase/Decrease in stock of Coal		
Opening Stock 121758 MT (Previous Year 108218.06 MT)	25,71.26	18,21.31
Less Closing Stock 389925.00 MT (Previous Year 121758.00 MT)	1,02,77.32	77,06.06
Interest on deposit [net of provision for current tax Rs. 6,92.12 lakhs (Previous Year Rs. 6,22.66 lakhs)]	13,44.13	11,74.90
Total preoperative and development expenses carried forward pending allocation	8,03,92.74	4,90,69.42

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

Amount Rs. in lakhs

2.34 (a) Category wise outstanding derivatives contracts entered for hedging as on March 31, 2014 are as follows :-

Sl. No.	Category	Currency	2013-14	2013-14	2012-13	2012-13
			No. of Deals	Amount in Foreign Currency	No. of Deals	Amount in Foreign Currency
1	Sell Forward	USD/INR	34	20,46,41,78	17	21,92,44,62
2	Sell Forward	SGD/USD	-	-	7	1,60,01,68
3	Sell Forward	GBP/USD	7	3,98,53,68	9	4,17,11,31
4	Sell Forward	EURO/USD	19	11,67,61,70	19	13,62,61,21
5	Sell Forward	EURO/INR	5	5,07,65,29	9	14,42,92,19
6	Sell Forward	USD/EURO	1	68,42,50	3	2,36,23,74
7	Sell Forward	USD/GBP	-	-	1	79,27,00
8	Buy Forward	USD/INR	15	17,33,02,65	31	41,48,90,67
9	Option (FWDS)	USD	6	16,32,16,00	-	-
10	Option (ECB)	USD	3	11,36,00,00	5	14,18,00,00
11	Interest Rate Swap	USD	19	98,39,00,00	17	1,03,36,00,00
12	Interest Rate Cap	USD	4	18,33,00,00	4	2,00,00,00

(b) Unhedged Foreign Currency exposures as on March 31, 2014 are as follows :-

Nature	Currency	2013-14	2012-13
		Amount in Foreign Currency	Amount in Foreign Currency
Payables			
Imports	USD	14,99,28,58	2,11,55,55
ECB Payable (include accrued interest)	USD	1,72,75,19,07	1,75,40,49,78
Buyer's Credit /Acceptances (include accrued interest)	USD	41,10,59,15	58,80,99,43
Buyer's Credit /Acceptances (include accrued interest)	EURO	8206.05	34,65,12
FCNR	USD	4,14,82,30	-
Imports	EURO	52,74,52	27,86,74
Imports	GBP	98,71	75,76
Imports	AED	9,44,00	9,44,00
Imports	HKD	5,43,88	9,34,35
Imports	BHD	35,77,53	2,77,59
Imports	AUD	1,80,04	1,78,99
Trade & other payables	EURO	38,45,99	19,68,64
Loan & borrowings	SGD	-	19,50,43
Loan & borrowings	EURO	17,66,79	70,60,55
Receivable			
Exports	GBP	1,37,05,49	3,24,30,25
Exports	SGD	3,93,75,70	2,17,78,64
Others	BHD	184,24,26	1,09,35,48
Others	SGD	41,29,67	23,80,95
Trade & other receivables	SGD	-	5,32,24

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

Amount Rs. in lakhs

2.35 As regards construction contracts in progress as on 31.03.2014, 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 72,45.48 lakhs, Rs. 4,35.91 lakhs and Rs. 6,18.23 lakhs respectively. (previous year Rs. 1,90,38.15 lakhs, Rs. 1,46.88 lakhs and Rs. 1268.47 lakhs respectively).

		2013-14		2012-13	
		in million	Rs. in lakhs	in million	Rs. in lakhs
2.36	(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) :		4,39.24		8,69.69
	(b) Other commitments				
	i) Forward contract outstanding				
	In USD	38.48	2,30,52.58	66.57	3,60,94.89
	In Euro	16.75	1,38,02.25	28.06	2,05,77.37
	In GBP	3.99	39,72.07	4.17	34,76.66
	In SGD	-	-	1.60	6,98.90
2.37	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		75,48.52		56,95.24
	ii) Excise, Custom Duty and Service tax [net of provision of Rs. 5,00 lakhs (previous year Rs. 5,00 lakhs)]		1,34,00.78		1,02,56.29
	iii) Income Tax		28.45		42.60
	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.		92.51		92.51
	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		1,09,07.91		44,37.91
	(ii) Associate Company		-		4,52,00.00
	f) Standby Letter of Credit issued by banks on behalf of the Company in favour of				
	(i) Subsidiary Companies		2,04,13.61		2,37,45.04
	g) Guarantees given by banks on behalf of the Company				
	(i) The Company		1,50,88.70		1,61,44.87
	(ii) The Subsidiary		3,67.80		3,17.16
	h) Bills Discounting		46,39.71		1,54.54
	i) Letter of Credit		-		29.30
	j) Receivables factored		37,72.59		31,54.93
	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, if any, in respect of (a) to (d), and (k) above is dependent upon the outcome of judgments /decisions.

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

Amount Rs. in lakhs

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

(a) Operating lease

Name of the Companies

1. Singardo International Pte. Ltd.
2. Electrosteel Castings (UK) Limited
3. Electrosteel USA LLC.

	Due within one year		Due between two and five years	
	2013-14	2012-13	2013-14	2012-13
1. Singardo International Pte. Ltd.	83.52	193.93	6.64	82.56
2. Electrosteel Castings (UK) Limited	-	-	1,48.50	1,26.29
3. Electrosteel USA LLC.	53.53	48.52	1,53.95	1,88.05
Total	187.05	242.45	1,64.10	3,96.90

(b) Finance Lease

1. Singardo International Pte. Ltd.
2. Electrosteel Europe S.A

1. Singardo International Pte. Ltd.	22.32	21.77	-	22.47
2. Electrosteel Europe S.A	22.77	28.91	29.13	43.82
Total	45.09	50.68	29.13	66.29

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

Particulars	2013-14			2012-13		
	Within India	Outside India	Total	Within India	Outside India	Total
	Sales (gross)	11,54,12.39	12,61,48.76	24,15,61.15	9,85,96.73	12,16,20.00
Trade receivables and other assets	50,39,83.56	4,16,45.40	54,56,28.96	46,31,72.52	4,55,59.29	50,87,31.81
Cost incurred for acquisition of Tangible and Intangible assets	2,95,64.99	37,27.07	3,32,92.06	3,65,42.80	8,79.59	3,74,22.39

2.40 In respect of unrealised profits resulting from intragroup transactions that are included in the carrying amount of inventory are eliminated in full. The aforesaid inventory is as certified by the respective management.

2.41 The Company has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items as per Accounting Standard 11, "The Effects of Changes in Foreign Exchange Rates". During the year ended 31st March, 2014 the net exchange difference of Rs. 1,23,26.02 lakhs (net debit) on foreign currency loans have been adjusted in the carrying amount of fixed assets / Capital work in progress. The unamortised balance is Rs. 1,51,51.66 lakhs (previous year Rs. 42,03.89 lakhs).

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

2.42 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 Limited
Electrosteel Steels Limited
Electrosteel Thermal Power Limited |
| 2) Joint Venture | North Dhadhu Mining Company Pvt. Limited
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. Vyas Mitre Ralli (Wholetime Director)
Mr. Mahendra Kumar Jalan (Wholetime Director)
Mr. Rama Shankar Singh (Director) till 5th February, 2014
he was Wholetime Director of the Company
Smt. Uma Kejriwal - mother of Mr. Umang Kejriwal - Managing Director and
Mr. Mayank Kejriwal - Joint Managing Director
Umang Kejriwal (H.U.F) |
| 4) Enterprise where KMP/Relatives of KMP have significant influence or control | Global Exports Limited
G. K. & Sons Private Limited
Badrinath Industries Limited
Akshay Ispat & Ferro Alloys Pvt. Limited
Electrocast Sales India Limited
Tulsi Highrise Pvt. Limited
Wilcox Merchants Pvt. Limited
Murari Investment & Trading Company Limited
Electrosteel Thermal Coal Limited |

Notes on Consolidated Financial Statements

B) Related Party Transaction

Amount Rs. in lakhs

	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.14	Outstanding as on 31.03.13
Sale							
Electrosteel Steels Limited	13527.63	-	-	-	1,35,27.63	34,18.5	-
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	-	-	4.61	-
Lanco Industries Ltd.	3077.27	-	-	-	30,77.27	-	-
Total	16604.9	-	-	-	1,66,04.9	34,23.11	-
Previous Year							
Electrosteel Steels Limited	1135.89	-	-	-	11,35.89	-	65,66.03
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	-	-	-	4.61
Lanco Industries Ltd.	1129.58	-	-	-	11,29.58	-	26.06
Purchase							
Lanco Industries Ltd.	6051.38	-	-	-	60,51.38	6,20.52	-
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	-	-	-	-
Electrosteel Steels Limited	1242.29	-	-	-	12,42.29	18,90.97	-
Total	7293.67	-	-	-	72,93.67	25,11.49	-
Previous Year							
Lanco Industries Ltd.	6165.31	-	-	-	61,65.31	-	22.26
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	-	-	-	-
Electrosteel Steels Limited	3183.84	-	-	-	31,83.84	-	32,07.26
Job Charges Received							
Electrosteel Steels Limited	212.14	-	-	-	2,12.14	-	-
Total	212.14	-	-	-	2,12.14	-	-
Previous Year							
Electrosteel Steels Limited	793.49	-	-	-	7,93.49	-	20,89.73
Job Charges Paid							
Electrosteel Steels Limited	1213.47	-	-	-	12,13.47	-	-
Total	1213.47	-	-	-	12,13.47	-	-
Previous Year							
Electrosteel Steels Limited	57.24	-	-	-	57.24	-	55.96
Remuneration							
Mr. Umang Kejriwal	-	-	1,77.93	-	1,77.93	63.50	-
Mr. Mayank Kejriwal	-	-	1,78.86	-	1,78.86	67.84	-
Mr. Uddhav Kejriwal	-	-	1,85.17*	-	1,85.17	51.74	-
Mr. Vyas Mitre Ralli	-	-	1,27.04	-	1,27.04	3.35	-
Mr. Mahendra Kumar Jalan	-	-	1,30.37	-	1,30.37	9.32	-
Mr. Rama Shankar Singh	-	-	1,09.27	-	1,09.27	-	-
Total	-	-	9,08.64	-	9,08.64	1,95.75	-
Previous Year							
Mr. Umang Kejriwal	-	-	1,81.37	-	1,81.37	-	94.34
Mr. Mayank Kejriwal	-	-	1,79.57	-	1,79.57	-	98.25
Mr. Uddhav Kejriwal	-	-	1,40.15	-	1,40.15	-	71.54
Mr. Vyas Mitre Ralli	-	-	1,21.39	-	1,21.39	-	6.30
Mr. Mahendra Kumar Jalan	-	-	1,21.90	-	1,21.90	-	6.98
Mr. Rama Shankar Singh	-	-	1,22.46	-	1,22.46	-	8.57
Rent Paid							
Global Exports Ltd.	-	-	-	15.00	15.00	-	-
Badrinath Industries Ltd.	-	-	-	15.00	15.00	-	-
Others	-	-	-	86.49	86.49	-	-
Total	-	-	-	1,16.49	1,16.49	-	-
Previous Year							
Global Exports Ltd.	-	-	-	15.00	15.00	-	-
Badrinath Industries Ltd.	-	-	-	15.00	15.00	-	-
Others	-	-	-	1,13.92	1,13.92	-	-
Service Charges Paid							
Global Exports Ltd.	-	-	-	75.71	75.71	0.05	-
Total	-	-	-	75.71	75.71	0.05	-

Notes on Consolidated Financial Statements

	Amount Rs. in lakhs						
	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.14	Outstanding as on 31.03.13
Previous Year							
Global Exports Ltd.	-	-	-	75.00	75.00	-	-
Loan Given							
Previous Year							
Lanco Industries Ltd.	20,00.00	-	-	-	20,00.00	-	-
Loan Taken							
G. K. & Sons Private Limited	-	-	20,50.00	-	20,50.00	-	-
Total	-	-	20,50.00	-	20,50.00	-	-
Previous Year							
Reimbursements of expenses paid							
Lanco Industries Ltd.	1.22	-	-	-	1.22	-	-
Electrosteel Steels Limited	0.22	-	-	-	0.22	-	-
Total	1.44	-	-	-	1.44	-	-
Previous Year							
Lanco Industries Ltd.	3.34	-	-	-	3.34	-	-
Reimbursements of expenses received							
Electrosteel Steels Limited	0.10	-	-	-	0.10	-	-
Lanco Industries Ltd.	13.33	-	-	-	13.33	-	-
Total	13.43	-	-	-	13.43	-	-
Previous Year							
Electrosteel Steels Limited	7.14	-	-	-	7.14	-	4.52
Share Application Money Paid							
Previous Year							
North Dhadhu Mining Company Pvt. Ltd.	-	0.21	-	-	0.21	-	-
Corporate Guarantee, Stand by Letter of Credit and Letter of Comfort							
Previous Year							
Electrosteel Steels Limited	4,52,00.00	-	-	-	4,52,00.00	-	4,52,00.00
Bank Guarantee							
North Dhadhu Mining Company Pvt. Ltd.	-	-	-	-	-	27,45.47	-
Total	-	-	-	-	-	27,45.47	-
Previous Year							
North Dhadhu Mining Company Pvt. Ltd.	-	-	-	-	-	-	27,45.47
Investment							
Lanco Industries Ltd.	-	-	-	-	-	63,33.53	-
Electrosteel Steels Limited	-	-	-	-	-	8,88,27.65	-
North Dhadhu Mining Company Pvt. Ltd.	-	-	-	-	-	8,22.81	-
Domco Private Limited	-	-	-	-	-	30.00	-
Electrosteel Thermal Power Ltd.	-	-	-	-	-	1.50	-
Total	-	-	-	-	-	9,60,15.49	-
Previous Year							
Lanco Industries Ltd.	-	-	-	-	-	-	63,33.53
Electrosteel Steels Limited	1,52,00.00	-	-	-	1,52,00.00	-	8,87,72.65
North Dhadhu Mining Company Pvt. Ltd.	-	-	-	-	-	-	8,22.81
Domco Private Limited	-	2,34.81	-	-	2,34.81	-	30.00
Electrosteel Thermal Power Ltd.	-	-	-	-	-	-	1.50
Security Deposits							
Lanco Industries Ltd.	-	-	-	-	-	36,32.62	-
Electrosteel Thermal Coal Ltd.	-	-	-	-	-	1,89.68	-
Total	-	-	-	-	-	38,22.30	-
Previous Year							
Lanco Industries Ltd.	-	-	-	-	-	-	40,57.00
Electrosteel Thermal Coal Ltd.	-	-	-	-	-	-	1,89.68
Rent Receipts							
Electrosteel Steels Limited	0.39	-	-	-	0.39	-	-
G. K. & Sons Private Limited	-	-	-	3.60	3.60	-	-
Electrocast Sales India Ltd.	-	-	-	3.60	3.60	-	-
Lanco Industries Ltd.	3.36	-	-	-	3.36	-	-
Total	3.75	-	-	7.20	10.95	-	-

Notes on Consolidated Financial Statements

	Amount Rs. in lakhs						
	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.14	Outstanding as on 31.03.13
Previous Year							
Electrosteel Steels Limited	82.22	-	-	-	82.22	-	-
G. K. & Sons Private Limited	-	-	-	3.60	3.60	-	4.04
Electrocast Sales India Ltd.	-	-	-	3.60	3.60	-	3.37
Lanco Industries Ltd.	3.36	-	-	-	3.36	-	-
Service Charges Received							
Previous Year							
Electrosteel Steels Limited	12.56	-	-	-	12.56	-	27.88
Sale of Fixed Asset							
Previous Year							
Lanco Industries Ltd.	5.88	-	-	-	5.88	-	-
Purchase of Fixed Asset							
Previous Year							
Electrosteel Steels Limited	25.55	-	-	-	25.55	-	25.55
Advances Given							
Electrosteel Steels Limited	3,18,38.82	-	-	-	3,18,38.82	3,11,23.82**	-
Electrosteel Thermal Coal Limited	-	-	-	-	-	1.00	-
Electrosteel Thermal Power Limited	-	-	-	-	-	5.27	-
Total	3,18,38.82	-	-	-	3,18,38.82	3,11,30.09	-
Previous Year							
Electrosteel Steels Limited	96,38.20	-	-	-	96,38.20	-	61,38.20
Electrosteel Thermal Coal Limited	-	-	-	-	-	-	1.00
Electrosteel Thermal Power Limited	-	-	-	-	-	-	5.27
Interest Received							
Previous Year							
Lanco Industries Ltd.	3.18	-	-	-	3.18	-	-
Interest Paid							
G. K. & Sons Private Limited	-	-	-	27.04	27.04	-	-
Total	-	-	-	27.04	27.04	-	-
Previous Year							
G. K. & Sons Private Limited	-	-	-	-	-	-	-
Equity Share Contribution							
Electrocast Sales India Ltd	-	-	-	8,86.29	8,86.29	-	-
G. K. & Sons Private Limited	-	-	-	8,86.29	8,86.29	-	-
Total	-	-	-	17,72.58	17,72.58	-	-

* Includes Rs. 9.30 lakhs as HRA arrear paid during the year

** Includes long term advances of Rs. 2,22,50.00 lakhs (Refer note no 2.14)

2.43 The financial statements of Electrosteel Brasil Ltda. Tubos e Conexoes Duteis Brazil for the year ended 31st March, 2014 has not been subjected to audit by their auditor.

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

2.45 Previous year figures have been regrouped / reclassified wherever necessary.

As per our report of even date.

For Lodha & Co.
Chartered Accountants

R. P. Singh
Partner

Kolkata
May 10, 2014

For and on behalf of the Board

Chairman P. K. Khaitan

Managing Director U. Kejriwal

Company Secretary Kavita Bhavsar

Notes on Consolidated Financial Statements

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

Sl. No.	Name of the Subsidiary	Reporting Currency	Year	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment other than investment in subsidiary	Turnover	Profit before Tax	Provision for Taxation	Profit after Taxation	Proposed dividend	Country
1	Electrosteel Algérie SPA*	DZD	2013-14 2012-13	0.77 0.69	631.55 567.77	(1,785.78) (1,125.08)	5,747.05 11,493.87	5,747.05 11,493.87	-	5,234.57 12,988.85	(534.32) (702.39)	-	(534.32) (702.39)	-	Algeria
2	Electrosteel Castings (UK) Limited	GBP	2013-14 2012-13	99.67 82.54	1,096.33 907.96	(596.68) 68.57	12,720.89 11,867.54	12,720.89 11,867.54	-	16,967.01 14,586.51	(787.12) (58.77)	(107.64) (9.22)	(679.48) (49.55)	-	United Kingdom
3	Electrosteel Europe S.A.	EURO	2013-14 2012-13	82.39 69.60	3,130.75 2,644.87	1,741.12 1,265.24	34,117.45 28,655.63	34,117.45 28,655.63	0.46 0.39	45,099.80 35,503.56	583.96 (338.55)	340.52 (18.50)	243.44 (320.05)	-	France
4	Singard International Pte. Limited	SGD	2013-14 2012-13	47.63 43.78	1,390.95 1,278.69	814.23 716.38	9,455.86 5,047.79	9,455.86 5,047.79	-	6,852.05 6,184.43	52.52 62.95	17.56 6.72	34.96 56.23	35.57	Singapore
5	Electrosteel USA, LLC#	USD	2013-14 2012-13	59.91 54.30	1,797.30 1,357.50	(980.66) (840.68)	2,258.38 1,839.84	2,258.38 1,839.84	-	2,006.10 2,024.60	(53.12) (148.03)	-	(53.12) (148.03)	-	USA
6	Electrosteel Trading S.A, Spain	EURO	2013-14 2012-13	82.39 69.60	53.55 45.24	0.94 0.15	795.13 705.58	795.13 705.58	-	1,224.60 1,287.34	3.36 0.15	1.56 -	1.80 0.15	-	Spain
7	Electrosteel Doha for Trading LLC	QAR	2013-14 2012-13	16.45 14.91	32.91 29.83	79.63 (22.89)	180.30 68.59	180.30 68.59	-	10.11 -	113.43 (22.89)	8.55 -	104.88 (22.89)	-	Qatar
8	Electrosteel Castings Gulf Fze	AED	2013-14 2012-13	16.31 14.78	163.12 147.84	83.25 20.42	301.84 169.76	301.84 169.76	-	-	60.72 20.42	-	60.72 20.42	-	UAE
9	Electrosteel Brasil LTDA. Tubos e Conexoes Duteis	BRL	2013-14 2012-13	26.50 -	39.75 -	(3.91) -	42.41 -	42.41 -	-	-	(3.91) -	-	(3.91) -	-	Brasil
10	Mahadev Vjapaar Private Limited	Rs.	2013-14 2012-13	- -	1.00 1.00	(20.16) (25.76)	442.51 450.06	442.51 450.06	-	18.00 22.37	5.60 (21.01)	-	5.60 (21.01)	-	India

Notes :

- Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on 31.03.2014.
- * The financial year of the company ends on December 31st. However, the results given are as of March 31, 2014.
- # Includes information of its wholly owned subsidiary WaterFab LLC.



ELECTROSTEEL CASTINGS LIMITED

Registered Office : Rathod Colony, P. O. Rajgangpur, District Sundergarh, Odisha - 770 017, India

Corporate Office : G. K. Tower, 19, Camac Street, Kolkata -700 017, India

CIN : L27310OR1955PLC000310; Website : www.electrosteel.com

Phone : 033-71034557; Fax : 033-22894339

Dear Shareholders,

Green Initiative in Corporate Communication : Go Paperless

The companies are now permitted to send various notices/ documents to its shareholders through electronic mode to the registered email address of the shareholders.

Section 101 of the Companies Act, 2013 read together with the Companies (Management and Administration) Rules, 2014 states that the company shall provide an advance opportunity at least once in a financial year, to the member to register his/her e-mail address and changes therein.

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

Our company strongly believes in a Greener Environment. This initiative also helps in prompt receipt of communication, apart from helping avoid losses / delays in postal transit.

We, therefore, propose to send documents, such as the Notice of the Annual General Meeting, Annual Report, notices of Postal Ballot etc. henceforth to shareholders in Electronic Form at the e-mail addresses provided by them and made available to us by the depositories from time to time.

In case you wish to receive all the above communications in electronics form; and

A) hold your shares in dematerialized form, kindly register/update your e-mail address with your Depository Participant at the earliest;

Or

B) hold your shares in physical form, kindly fill the attached e-communication form and send it to our Registrar & Share Transfer Agent, M/s Maheshwari Datamatics Private Limited at their address: 6, Mangoe Lane, 2nd Floor, Kolkata- 700 001.

You can also send the information via e-mail at kavita.bhavsar@electrosteel.com or payal.bhimrajka@electrosteel.com. You are also requested to keep your Depository Participants (DPs) informed as and when there are changes in your email ids.

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

This communication may be ignored, if your email address is already registered with your Depository Participant/Maheshwari Datamatics Private Limited.

For **Electrosteel Castings Limited**

Sd/-

Kavita Bhavsar

Company Secretary

TEAR HERE

E-COMMUNICATION REGISTRATION FORM

(Exclusively meant for Shareholders holding shares in Physical Form)

To,
Maheshwari Datamatics Private Limited
6, Mangoe Lane, 2nd Floor
Kolkata-700001
E-mail Address : mdplc@yahoo.com

Name of Company : **ELECTROSTEEL CASTINGS LIMITED**

Folio No. :

Name of 1st Registered holder :

Name of Joint holder(s) : (1)

(2)

(3)

E-mail ID (to be registered) :

I, as a shareholder of Electrosteel Castings Limited agree to receive all communications from the Company in Electronic Mode. Please register my above e-mail id in your records for sending all communications through email.

-----	-----	-----
Date	Name of 1st holder	Signature of 1st holder

Note : Shareholder(s) are requested to keep the Company informed of change, if any, in the e-mail address.

TEAR HERE

NECS 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 NECS

I hereby consent to have the amount of dividend on my equity shares credited through the National Electronic Clearing Service (NECS). 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 NECS 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 advise any change in the particulars of my account to facilitate updation of records for purpose of credit of dividend amount through NECS

Signature of the first/sole shareholder

