



ELECTROSTEEL STEELS LIMITED

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6th ANNUAL REPORT
2012-2013

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CORPORATE INFORMATION

DIRECTORS	Mr. Umang Kejriwal - Non Independent Mr. Naresh Pachisia - Independent Mr. Lalit Kumar Singhi - Independent Mr. Jinendra Kumar Jain - Independent Mr. Sunil V Diwakar - Nominee Director Mr. Amrendra Prasad Verma - Nominee Director Mr. Lawrence M Roy - Alternate Director
WHOLETIME DIRECTOR	Mr. Nigam Chander Bahl
COMPANY SECRETARY	Mr. Vikram Saraogi
STATUTORY AUDITORS	M/s. B Chhawchharia & Co., Chartered Accountants
COST AUDITORS	M/s S. G. & Associates, Cost Accountants
BANKERS	State Bank of India (Facility Agent) Allahabad Bank Andhra Bank Bank of Baroda Bank of India Bank of Maharashtra Canara Bank Central Bank of India Corporation Bank Dena Bank HUDCO ICICI Bank Ltd IL&FS Financial Services Ltd Indian Bank Indian Overseas Bank LIC of India Oriental Bank of Commerce Punjab & Sind Bank Punjab National Bank State Bank of Hyderabad State Bank of Bikaner & Jaipur State Bank of Mysore State Bank of Patiala State Bank of Travancore Syndicate Bank The J&K Bank Ltd UCO Bank Union Bank of India United Bank of India Vijaya Bank
REGISTERED OFFICE	801, Uma Shanti Apartments, Kanke Road, Ranchi - 834 008 Jharkhand.
PROJECT SITE	Village Siyaljori, P.O - Jogidih, P.S - Chandankyari, Dist - Bokaro, Pin - 828 303, Jharkhand.
HEAD OFFICE	G K Tower, 2nd & 3rd Floor, 19, Camac Street, Kolkata - 700 017, West Bengal

Notice

Notice is hereby given that the Sixth Annual General Meeting of the Company will be held at Basil Banquet Hall, Hotel Landmark, Jatin Chandra Road, Lalpur, Ranchi - 834001 on Tuesday, the 23rd Day of July 2013, at 12.30 P.M. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 and the Profit & Loss Account and Cash Flow Statement for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr Umang Kejriwal who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr Lalit Kumar Singhi who retires by rotation and is eligible for re-appointment.
4. To appoint the Statutory Auditors of the Company and to fix their remuneration.

Special Business:

Item No. 5

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

"RESOLVED THAT in accordance with the provisions of Section 255 and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modifications or re-enactment thereof for the time being in force and the Articles of Association of the Company, Mr. Jinendra Kumar Jain, who was appointed as an Additional Independent Director (Non Executive) of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Non Executive Independent Director of the Company liable to retire by rotation."

Notes:

- (a) *Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.*
- (b) *Every shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her and such proxy need not be a shareholder. The proxies forms should, however, be deposited at the Registered Office / Head Office of the Company not later than 48 hours before the commencement of the meeting.*
- (c) *Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.*
- (d) *Members/Proxies attending the meeting are requested to bring their copy of the Attendance Slip duly filled in for attending the meeting.*
- (e) *The Register of Share Transfer of the Company will remain closed for accepting share transfer applications from 17th July, 2013 to 23rd July, 2013.*
- (f) *Equity shares of the Company fall under category of compulsory demat trading by all investors. Considering the advantages of scripless trading, shareholders are therefore requested to consider dematerialization of their shareholding so as to avoid inconvenience.*
- (g) *The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices/documents to its shareholders through electronic mode to the registered email addresses of the shareholders/members. You are*

therefore requested to register your email address with your depositories or by signing and returning the enclosed slip to the Company or to the R&TA of the Company or by way of an email to eil.investors@electrosteel.com; einward.ris@karvy.com;

(h) Shareholders are requested to give us their valuable suggestions for improvement of our investor services.

SPECIAL NOTE:

A special resolution has been passed by the shareholders of the Company in the Annual General Meeting of the Company held on 7 August 2012, in reference to item number 6 of the notice dated 7 July 2012, for "Issue of fresh equity shares of the Company, through preferential allotment under section 81(1A) of the Companies Act, 1956".

The aforesaid information is required to be disclosed to the shareholders under the regulations for the Preferential Issues contained in Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure) Regulations, 2012 [the "SEBI (ICRD) Regulations"] with respect to the Relevant Date determined in terms of Regulation 71 of Chapter VII of the SEBI Regulations and that shall be the date thirty days prior to the date on which the meeting of shareholders is held to consider the Preferential Issue and which was inadvertently taken as 7 July 2012 (Saturday) instead of 6 July 2012.

The Company was informed by The Bombay Stock Exchange Limited and National Stock Exchange of India Limited that as per the Notification dated 30 January 2012, issued by SEBI (ICDR) amendment regulations 2012, Regulation 71 has been modified and amended with explanation as "Where the relevant date falls on a Weekend/Holiday, the day preceding the Weekend/Holiday will be reckoned to be the relevant date."

Therefore, the shareholders are requested to please take the note that, the relevant date for the said purpose, in terms of Regulation 71 of Chapter VII the SEBI (ICDR) Regulations has been taken as **6 July, 2012** instead of 7 July 2012 and accordingly the average price of the preferential issue, in terms of Regulation 76 of the SEBI Regulations had been calculated and was submitted to the relevant Stock Exchanges, based on which the necessary listing approvals had been obtained.

The Stock Exchanges had asked the Company to inform the shareholders on this matter in the subsequent general meeting of the shareholders and hence the same is being now sent to all the Shareholders for their necessary information.

This special note is thus in ratification of the earlier explanatory statement given in respect of the special business stated in Item No. 6 of the notice dated July 7, 2012 and this may be treated to be forming part and parcel of the same.

By Order of the Board of Directors

For Electrosteel Steels Limited

Date : May 6, 2013
Place : Kolkata

Vikram Saraogi
Company Secretary

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956
(Annexure as referred to in the notes on notice)

Item No. 5

Pursuant to the provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, the Board of Directors of the Company (the "**Board**") at its meeting held on May 6, 2013, appointed Mr. Jinendra Kumar Jain as an Additional Independent Director (Non Executive) of the Company.

The Company had received a notice in writing from a member along with a deposit of Rs 500 proposing the candidature of Mr. Jinendra Kumar Jain for the office of Director of the Company.

Mr. Jinendra Kumar Jain is not disqualified from being appointed as a Director in terms of section 274(1)(g) of the Companies Act, 1956 and has complied with the requirements of obtaining Director's Identification Number in terms of Section 266A of the said Act.

The Board recommends the resolution for the appointment of Mr. Jinendra Kumar Jain as a Non Executive Independent Director of the Company.

Mr. Jinendra Kumar Jain does not hold any Equity Shares of the Company in his own name and except Mr. Jain none of the Directors of the Company are, in any way, concerned or interested in this resolution.

By Order of the Board of Directors

For Electrosteel Steels Limited

Date : May 6, 2013
Place : Kolkata

Vikram Saraogi
Company Secretary

Annexure as referred to in the notes on Notice

(Information pursuant to Clause 49 of the Listing Agreement regarding appointment of any new Director or re-appointment of a Director)

a) Mr. Umang Kejriwal

Mr. Umang Kejriwal, aged 60 yrs, is a non executive-non independent Director of your Company. He has been a member of our Board since our incorporation. He is a commerce graduate from Calcutta University. Mr. Kejriwal has 40 years of experience in steel & pipe manufacturing industry. From 1972 to 1975, he was actively engaged in the sale of products of Electrosteel Castings Limited (ECL) through his role as the executive director of the company. He was appointed as an executive director of ECL in 1975 and subsequently became the deputy managing director in 1979. Since 1981 he is acting as the managing director of ECL.

Mr Kejriwal holds 517,000 Equity shares of the Company in his own name and is also the Director of several other Companies as per details given below :

Sl. No.	Name of the Company/ Firm	Nature of Interest	Chairman/ Member of Board Committee
1	Electrosteel Castings Limited	DirectorA	udit Committee - Member
2	Electrocast Sales India Limited	Director	Nil
3	Uttam Commercial Co. Limited.	Director	Nil
4	G.K. Investments Limited	Director	Nil
5	Electrosteel Thermal Power Limited	Director	Nil
6	Electrosteel Thermal Coal Limited	Director	Nil
7	Wilcox Merchants Private Limited	Director	N.A
8	Bose Estates Private Limited	Director	N.A
9	Cubbon Marketing Private Limited	Director	N.A
10.	Escal Finance Services Ltd	Director	Nil
11.	Global Exports Limited	Director	Nil
12.A	valokiteshwar Valinv Limited	Director	Nil
13.	Shree Khemisati Constructions Private Limited	Director	N.A

None of the Directors are interested in the above re-appointment. Hence, your Board of Directors recommends the above re-appointment.

b) Mr Lalit Kumar Singhi

Mr Lalit Kr Singhi, aged 53 yrs, has started his business career in aluminum industry in the year 1979 and has over 30 years of experience in aluminum trading. In 1978, he became the director of Elford Edwards Pvt Ltd and since then he is actively involved in all the financial decisions of the Company.

From 1991 to 2005, Mr Singhi handled the consignment agency of Hindalco under the flagship of his own Company, where he was looking after the sales of aluminum products of Hindalco for the entire eastern region of India. From 1982 to till date, he is been engaged in the export business of garments to the European Countries. He is also involved in importing the wireless communication system for the Indian Army.

Mr Singhi currently holds 190,000 Equity shares of the Company under his own name and is also the Director of several other Companies as per details given below :

Sl. No.	Name of the Company/ Firm	Nature of Interest	Chairmanship/ Membership of Committee	Chairman / member
1	Elford Edwards Pvt Ltd	Director	N.A	N.A
2.	North Dhadhu Mining Company Pvt Ltd	Director	N.A	N.A
3.	Network 4 Green Earth.com Pvt Ltd	Director	N.A	N.A

None of the Directors are interested in the above appointment. Hence, your Board of Directors recommends the above appointment.

c) Jinendra Kumar Jain

Mr Jinendra Kumar Jain, aged 62 years is a commerce graduate and a Chartered Accountant by profession. He is a member of 'Institute of Chartered Accountants of India', 'Direct Taxes Professional Association' and 'Association of Corporate Advisors & Executives Views Exchange'. Mr Jain is currently a practicing Chartered Accountant and has more than 35 years of experience in the field of Audit and Taxation. In his professional career he had also gained immense experience for the audit of manufacturing, trading and service Companies including Non Banking Financial Companies, Listed Companies and Public Sector units.

Mr Jain currently holds directorships of the other Companies as per details given below :

Sl. No.	Name of the Company/ Firm	Nature of Interest	Chairmanship/ Membership of Committee
1A	Associated General Trading Society Limited	Director	N.A

Mr Jain holds Nil Equity shares of the Company and none of the Directors are interested in the above appointment. Hence, your Board of Directors recommends the above appointment.

By Order of the Board of Directors

For Electrosteel Steels Limited

Date : May 6, 2013
Place : Kolkata

Vikram Saraogi
Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting their Sixth Annual Report and the Audited Accounts of your Company for the year ended March 31, 2013.

FINANCIAL RESULTS

Particulars

i. Gross Turnover
ii. Net Turnover
iii. Other Income
iv. Total Revenue
v. Earnings Before Interest, Depreciation, Taxation and Amortization (EBIDTA)
vi. Interest
vii. Depreciation
viii. Profit before Taxation (PBT)
ix. Tax including Deferred Tax
x. Profit after Taxation (PAT)
xi. Profit brought forward from previous year
xii.A amount available for appropriation
xiii. Transfer to general reserve
xiv. Surplus/ (Deficit) carried to Balance Sheet

Amount (Rs/Lakhs)

FY 2012-13	FY 2011-12
18,329.76	6,714.06
16,311.01	6,068.75
93.39	41.81
16,404.40	6,110.56
(8,422.33)	(4,560.84)
13,441.11	8,022.83
6,136.39	2,394.55
(27,999.83)	(14,978.22)
1.42	3.48
(28,001.25)	(14,981.70)
—	—
(28,001.25)	(14,981.70)
—	—
(28,001.25)	(14,981.70)

ISSUE OF EQUITY SHARE CAPITAL UNDER PREFERENTIAL ALLOTMENT

During the year the Board of Directors of the Company at its Meeting held on May 8, 2012 and further as approved by the shareholders in its meeting held on August 7 2012, your Company had issued 15.20 crores equity shares of Rs 10 each ("Equity Shares") on preferential basis to the promoters / promoters group of the Company, namely, Electrosteel Castings Limited as prescribed under the regulations for Preferential Issues contained in Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure) Regulations, 2009 (the "SEBI Regulations"). The said equity shares also got listed and trading permission have been granted by Bombay Stock Exchange Limited and National Stock Exchange of India Limited on September 27, 2012 and September 28, 2012 respectively.

DIVIDEND

You will appreciate that since the project is under implementation, there is not much earnings as of now, hence your Directors are not recommending any dividend on the Equity Shares of the Company for the year ended 31st March 2013.

OPERATIONS

As you are aware, that your Company is setting up a 2.51 MTPA integrated Steel & Ductile Iron (DI) Pipe project, at Siyaljori village, in Bokaro District, in the state of Jharkhand, which is about 22 kms from Bokaro city, a well developed industrial town of Jharkhand, the plant will produce;

Finished Products	MTPA
Wire rods	0.60
Reinforcement bars in straight lengths	0.85
Ductile Iron Pipe	0.33
Commercial Billets	0.33
Pig Iron	0.40

One of the Blast Furnaces (350 M3) out of the three, has commenced operation of pig iron in September, 2010. The operation of coke oven plant is continuing and sinter plant has also started operations. Rebar Mill is also operational. Operation of Steel Melt Shop (SMS) has also begun which has resulted into production of billet and Re-bars. The lists of units under operations and under test are given in the Management Discussion and Analysis chapter as annexed to this report. Presently your Company is selling pig iron, and TMT bars in the open market.

Company's plant is at its advance stage of completion and its operations are currently in a nascent stage. Due to a variety of technical reasons, the plant has undergone improvements and changes which will in turn benefit the operations of the Company in the long run.

The target completion date of the balance facilities have been extended by few months. The main reason for the delay was due to sudden decrease in availability of Chinese manpower on account of change in guidelines issued by the Central Government of India on Visa Policy, restricting the Chinese manpower with work visa. This was beyond the control of Company's management. However, the Company made significant efforts to mitigate the effect of this *Force Majeure* situation with the following alternative plans;

- Appointment of local Sub-contractors under the supervision of Chinese Contractors.
- Reducing the scope of Chinese Contractors and offloading the same to Indian Contractors.

Subsequently, the Central Government of India has allowed work permits to a specified number of Chinese manpower, since then the work at the site is going on smoothly. Your Company is confident of achieving the revised completion target in the current financial year.

In addition to the above the delay in tie-up of additional loans from the bankers delayed the implementation of various modules.

Your company is pursuing following two loan proposals:

- 1) Loan against Securitization of Receivables for Rs. 2,200 Crores Your Company has applied for Securitisation Loan in 1st week of September 2011 and envisaged to complete the same by March 2012. However, the Company received the full sanction from the Lenders in February 2013. Your Company had raised this loan from various banks by Securitizing future receivables from the sale of DI Pipes and Pig Iron. A part of the proceeds from the said loan has been utilized towards payment of installments to the lenders and part towards the Project.
- 2) Capacity Enhancement Loan of Rs. 824 Crores - Your Company had approached to various lenders for the capacity enhancement Loan in November 2011. Your Company has received over 80% of sanctions under the said loan and has executed the Common Loan Agreement pending full tie up. The proposals for the sanction of balance loan are at an advance stage of approval with other banks and the Company is hopeful of completion of the same very soon. The proceeds from the said loan would be utilized towards completion of the balance facilities.

Your Company is hopeful that the entire production facility will be operational soon.

LISTING

The equity shares of the Company continue to be listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). Both these stock exchanges have nation-wide terminals and therefore, shareholders/ investors are not facing any difficulty in trading in the shares of the Company from any part of the Country. The Company had paid annual listing fees for the financial year 2013-14 to BSE & NSE and also the annual custodian fees to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

CORPORATE GOVERNANCE

Your Company has fully complied with the requirements of Clause 49 of the Listing Agreement regarding Corporate Governance. A Report on Corporate Governance Practices and the Auditors Certificate on compliance of mandatory requirements thereof is given as annexure to this report.

BUSINESS RESPONSIBILITY REPORT

Ministry of Corporate Affairs (MCA), Government of India has, in July 2011, issued National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (Guidelines). The Guidelines list out nine principles and core elements on ethics, transparency and accountability, sustainability, employee well being, responsiveness towards stakeholders, promotion of human rights, environment protection, influencing public policy, inclusive growth and equitable development, value to customers and consumers. The Companies in India

are advised to follow these Guidelines for reporting their initiatives and activities relating to corporate social responsibilities (CSR). The Company's vision, mission and core values enshrine these principles which are integral to the business of the Company. The Company engages in elaborate CSR initiatives, conducts business with transparency and accountability, looks after well being and protection of the employees with a human face, is responsive to the needs of all its stakeholders and takes care of quality of the products manufactured by it, gives priority to preservation and protection of environment and prevention of pollution and believes that business is also a medium to contribute to the social development. Initiatives undertaken during the year under report in respect of corporate social responsibility, environment protection, industrial relations and human resource management etc. are mentioned in detail in the Management Discussion and Analysis Report which forms a part of this report as Annexure.

MANAGEMENT DISCUSSIONS AND ANALYSIS

A report on Management discussion and analysis is given as annexure to this report.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period under review.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors hereby confirm that:

- a) in the preparation of annual accounts, containing financial statements for the year ended March 31, 2013, the applicable accounting standards have been followed along with proper explanations, wherever required.
- b) the Board had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for that period.
- c) the Board has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safe guarding the assets of the company and for preventing and detecting any fraud and other irregularities.
- d) the annual accounts have been prepared on a going concern basis.

PERSONNEL

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975, as amended, forming a part of this report.

However, pursuant to Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report is being sent to all the members of the Company, excluding the aforesaid information. Those members desirous of obtaining such particulars may write to the Company at its registered office.

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

Information as per Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 related to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure – 'A' attached hereto and forming part of this Report.

FINANCIAL STATEMENTS

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

Since your Company does not have any subsidiary, preparation of the Consolidated Financial Statement is not required.

DIRECTORS

Pursuant to the provisions of section 260 of the Companies Act, 1956 and the Articles of Association of the Company, Mr Jinendra Kumar Jain was appointed as the Additional Independent Director (Non Executive) of the Company with effect from May 6, 2013 and will hold office upto the date of the next Annual General Meeting of the Company.

Mr Amrendra Prasad Verma, was appointed as the Nominee Director of the Company on behalf of the Lenders, with effect from May 6, 2013.

Pursuant to the provisions of 198, 269 and 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr Nigam Chander Bahl was re-appointed as the Wholetime Director of the Company by the Board in its meeting held on 8 May 2012 for a period of 3 (three) years at a remuneration and on such terms and conditions as decided by the Remuneration Committee in its meeting held on 8 May 2012. His re-appointment was also approved by the Shareholders of the Company in their Meeting held on 7 August, 2012. The remuneration for the aforesaid Wholetime Director is subject to approval of the Central Government which is yet to be received and till then he is being paid on the basis of the earlier approval as received from Central Government, Ministry of Corporate Affairs vide their letter dated 6 May 2010.

Mr. Binod Kumar Khaitan, Non- Executive Independent Chairman of the Company, have resigned from the Board of your Company with effect from May 6, 2013. The Board places on record its deep appreciation for the guidance and the invaluable services rendered by him during the tenure of his office as Director of the Company.

Pursuant to the provisions of Section 255 & 256 and other applicable provisions, if any, of the Companies Act, 1956, Mr Umang Kejriwal and Mr Lalit Kumar Singhi, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

None of the Directors of the Company are disqualified as per section 274(1)(g) of the Companies Act, 1956. The Directors have made necessary disclosures as required under various provisions of the Act and Clause 49 of the Listing Agreement.

STATUTORY AUDITORS

The Statutory Auditor M/s. B Chhawchharia & Co., Chartered Accountants, holds office upto the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956. They are proposed to be re-appointed as the Statutory Auditors of the Company for the financial year 2013-14.

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

COST AUDITORS

Consequent upon the notification of the Product or Activity Group classification published vide S.O. 1747(E) dated 7th August, 2012 and in suppression of the earlier Orders issued vide even number dated 2nd May 2011, 3rd May 2011, 30th June 2011 and 24th January 2012, the Ministry of Corporate Affairs, Cost Audit Branch, Government of India issued the order no. F No. 52/26/CAB-2010 dated November 6, 2012, your Directors have proposed M/s S. G. & Associates, Cost Accountants, to be appointed as the Cost Auditors of the Company for the year 2013-14, subject to such approvals as may be applicable.

Necessary certificate and consent letter from the said Auditor has been obtained to the effect that their appointment, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956.

SECRETARIAL AUDIT / COMPLIANCE REPORT

The Secretarial Compliance Certificate confirms that the Company had complied with all the applicable provisions of the Companies Act, 1956, Listing Agreements with the Stock Exchanges, Securities Contract (Regulation) Act, 1956, and all the other Regulations of SEBI as applicable to the Company, including the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (as amended) and the SEBI (Prohibition of Insider Trading) Regulations, 1992.

APPRECIATION

Your Directors take this opportunity to place on record their gratitude and thank the Financial Institutions, Bankers, Government Authorities, Customers, Vendors, Shareholders and Employees for their valuable guidance, support and continued assistance, cooperation to the Company. The Directors also commend the continuing commitment and dedication of the employees at all levels. The Directors also look forward to their continued support in future.

For and on behalf of the Board of Directors

Place : Kolkata
Dated : May 6, 2013

N C Bhal
Director

Lalit Kumar Singhi
Director

ANNEXURE 'A' to Directors' Report

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March 2013.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Since the Project is under implementation, conscious efforts are being made during the design, engineering and construction stage itself to ensure that the technology is understood and necessary measures to minimize energy consumption are incorporated in the Project.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings and Outgo:

	2012-13 Amount (Rs)	2011-12 Amount (Rs)
a) Foreign Exchange Earnings	2,02,48,280/-	1,08,44,713/-
b) Foreign Exchange Outgo	170,88,99,062/-	484,04,56,009/-

FORM A

	2012 - 13	2011 - 12
A POWER & FUEL CONSUMPTION		
Electricity		
a. Purchased:		
Units (KWH)	7,07,35,000	1,34,00,000
Total amounts (Rs / Lakhs)	2,866.05	526.67
Rate / Units (Rs / KWH)	Rs 4.05	Rs 3.93
b. Own Generation:		
Through Diesel Generator		
Units (KWH)	8,64,776	1,01,71,693
Units / Ltr. of Diesel oil	3.22	3.23
Cost / Unit (Rs / KWH)	Rs 11.60	Rs 11.34
Coal		
Quantity (Tonnes)	—	—
Total Cost	—	—
Average Rate	—	—
B CONSUMPTION PER UNIT OF PRODUCTION (KW / MT)		
Pig Iron	224.00	234.00
D. I. Pipe	—	971.41
Coke	16.00	37.73
Steel Billet	190.00	—
Rebar	178.00	—

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

The Company is promoted by Electrosteel Castings Limited (ECL) to setup a 2.51 MTPA Greenfield Integrated Steel & Ductile Iron (DI) Pipes project in the district of Bokaro, Jharkhand. Pursuant to group's strategy of focusing on identification of opportunities for backward integration, new DI pipe capacity as well as investment in the steel sector, ECL has been allotted mining blocks of iron ore and coking coal in the state of Jharkhand and has promoted this Company for implementing the integrated steel & DI pipe plant.

ECL, the Promoter of your Company, is a premier manufacturer of Cast Iron pipes for over five decades and DI Pipes since last 17 years. For the fiscal year 2011-12, ECL recorded consolidated net sales of Rs. 210,174.73 lakhs. ECL has four manufacturing facilities, two located at Khardah and Haldia, both in the State of West Bengal, one at Elavur in the State of Tamil Nadu and one Coal washery plant at Parbatpur in the State of Jharkhand.

The plant will produce 1.45 MTPA of long steel products, comprising 0.60 MTPA wire rods and 0.85 MTPA of reinforcement bars in straight lengths, bundles and plain rounds. The plant will have a 0.33 MTPA DI pipe production facility in the same complex and will be provided with hot metal from the Blast Furnaces. The plant will also have production facilities for 0.33 MTPA of Commercial Billets and 0.40 MTPA of Pig Iron.

The Company will be manufacturing basically the long steels which will be used as construction steel along with intermediary products like commercial billets and pig iron. The Company will also produce DI Pipes.

Your Company has acquired approximately 2,200 acres of land for the proposed plant, taking into account the scope for future expansion.

One of the Blast Furnaces (350 M3) out of the three, commenced operation of pig iron in September, 2010. The operation of coke oven plant is continuing and sinter plant has also started operations. Rebar Mill is also operational. Operation of Steel Melt Shop (SMS) has also begun which has resulted into production of billet and Re-bars. Company's plant is at its advance stage of completion and its operations are currently in a nascent stage. Due to a variety of technical reasons, the plant has undergone improvements and changes, which will in turn benefit the operations of the Company in the long run.

The delay in tie-up of additional loans from the bankers delayed the implementation of various modules.

Your company is pursuing following two loan proposals:

Loan against Securitization of Receivables for Rs.2200 Crore Your Company has applied for Securitisation Loan in 1st week of September 2011 and envisaged to complete the same by March 2012. However, the Company received the full sanction from the Lenders in February 2013. Your Company had raised this loan from various banks by Securitizing future receivables from the sale of DI Pipes and Pig Iron. A part of the proceeds from the said loan has been utilized towards payment of installments to the lenders and part towards the Project.

Capacity Enhancement Loan of Rs. 824 Crores - Your Company had approached to various lenders for the capacity enhancement Loan in November 2011. Your Company has received over 80% of sanctions under the said loan and has executed the Common Loan Agreement pending full tie up. The proposals for the sanction of balance loan are at an advance stage of approval with other banks and the Company is hopeful of completion of the same very soon. The proceeds from the said loan would be utilized towards completion of the balance facilities.

Your Company is hopeful that the entire production facility will be operational soon.

Units under operation:

- Vertical Coke Oven
- 350 m3 Blast Furnace
- Pig Casting Machine
- Sinter Plant
- Rebar Mill
- Water Supply System
- Steel Melting Shop
- 220 KV sub station & 33 KV distribution

Units under testing:

- 1050 m3 Blast Furnace
- Power Plant + WHRB
- Oxygen Plant
- Lime Calcination & Dolo Plant

- Soft Water and DM water plant
- Air Compressor Station
- Blast Furnace Gas Holder

ECONOMICS OVERVIEW

The Economic Survey 2012-13 reveals "After recovering to a growth of 9.2 per cent in 2009-10 and 2010-11, growth of value added in industrial sector, comprising manufacturing, mining, electricity and construction sectors, slowed to 3.5 per cent in 2011-12 and to 3.1 per cent in the current year. The manufacturing sector, the most dominant sector within industry, also witnessed a decline in growth to 2.7 per cent in 2011-12 and 1.9 per cent in 2012-13 compared to 11.3 per cent and 9.7 per cent in 2009-10 and 2010-11, respectively." With improved business sentiments and investor perception and a partial rebound in industrial activity in other developing countries, industrial growth is expected to improve in the next financial year.

Projects in India

The Economic Survey 2012-13 reveals "There has been a surge in projects where implementation has stalled. Both in value and volume terms, stalled projects have been rising since early 2009. As of December 2012, six sectors accounted for about 80 per cent of all stalled projects—electricity, roads, telecommunication services, steel, real estate, and mining".

New investment projects have been drying up across sectors, partly as a consequence of rising stalled projects which reduce the ability of firms to start new ones. New projects of both private sector and government have been falling. Government projects peaked in March 2010 and private-sector projects peaked two quarters later. Ever since, private sector investment levels have been lagging government investments by about six months.

Your Company is one of the few companies to successfully implement the various modules at large scale integrated steel plant even after facing various adverse situations.

INDUSTRY STRUCTURE

The Indian steel industry is broadly classified into two groups: Primary steel producers & Secondary steel producers.

Primary steel producers has backward integration & normally has a higher capacity over 1.0 MTPA. The manufacturing process starts with steel making from Iron ore. The investment needed is also much higher as compared to secondary producers.

Secondary producers essentially have mini steel plants with capacities below 1.0 MTPA. This category mainly employs Electric Arc Furnace (EAF) or Induction Furnace (IF) route, which use scrap and sponge iron or a mix of both as raw materials to produce steel. This group also consists of processors and re-rollers of steel products. Secondary producers primarily manufacture long products and the route adopted by them is highly energy intensive for which they have to depend upon the purchased power.

Although, there are over 3,500 varieties of regular and special steel available, steel products can be broadly classified into two basic types according to their shape viz. flats and longs. All finished steel products are made from semi finished steel that comes in the form of slabs, billets and blooms.

GLOBAL STEEL INDUSTRY

Based on World Steel Association data, the world's crude steel production has reached a level of 1,548 MTPA in the year 2012. The crude steel production in India has reached approximately 100 MTPA . The steel production has increased by 1.2 % in the year 2012 as compared to 2011. This was the 3rd consecutive year where the growth was positive after negative growth in 2009. China has maintained its leadership position with the production of 716.5 MTPA followed by Japan with 107.2 MTPA. India's steel production has registered a growth of 4.3% in the year 2012 as compared to previous year while china has shown growth of 3.1%. Asian countries have a lion's share of 66% of total world's steel production. This is also visible from the economic growth of these countries as compared to western countries.

India's steel industry is likely to grow at similar rate in the next few years. The steel production is increasing in line with the projection made in Annual Budget and the infrastructure investments planned by the government. Sectors like Roads, Highways, Airports, Power Generation, Power distribution etc are expected to have a robust growth. The targeted steel production in India by 2019-2020 is over 276 MTPA. The steel production in India is likely to grow at a CAGR of 8.8 % during 2010-13 as indicated by the government and external research.

GLOBAL STEEL DEMAND AND PRICES

Your Company had planned to derive revenues primarily from the sale of finished steel products. The market for steel is substantially driven by changes in supply and demand in the global steel market, which are significantly affected by the state of the global economy and competition and consolidation within the steel industry. Your sales revenues will be affected by price fluctuation of steel in international markets. The global prices of steel, in turn, depends upon a combination of factors, including the availability and cost of raw material inputs, worldwide production and capacity, fluctuations in the volume of steel imports, transportation costs and protective trade measures. Historically, domestic steel prices have closely followed international steel price trends.

INDIAN STEEL INDUSTRY

India has moved to 4th position among the top steel producing nations in the world as per recent figure release by World Steel Association. Considering the substantial increase in outlay for construction sector, the demand for steel is going to be strong. Per capita consumption of steel in India is low at 59 kg as compared to 460 Kg for China & world average of 215 kg. As India is on a growth path, steel which is the basic ingredient will be needed for achieving the desired growth in GDP. Further, if the proposed expansion plans are implemented as per schedule, India may become the second largest crude steel producer in the world by 2015-16.

Some Highlights :-

- 222 Memorandum of Understandings (MOU) have been signed with various states for planned capacity of around 276 million tonnes by 2019-20.
- Investments at stake are to the tune of \$187 billion in the Steel sector.
- Demand of steel in the major industries like infrastructure, construction, housing, automotive, steel tubes and pipes, consumer durables, packaging and ground transportation.
- Target for \$ 1 trillion of investments in infrastructure during the 12th Five Year Plan.
- Infrastructure projects (like Golden Quadrilateral and Dedicated Freight Corridor) will give boost to the demand in the steel sector in near future.
- Projected New Greenfield & up-gradation of existing Airport shall keep the momentum up.
- Increased demand of specialized steel in hi-tech engineering industries such as power generation, automotive petrochemicals, fertilizers etc.

DUCTILE IRON (DI) PIPES

The DI pipes have been recognized as the industry standard for modern water and sewage transportation systems. DI pipes are preferred over Cast Iron (CI) pipes on account of being lighter, stronger, more durable and cost efficient, these being corrosion resistant, ductile, etc. The DI pipes also have higher water carrying capacity. The DI pipes can also be laid out much faster and are virtually maintenance free.

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

The following factors would drive the demand for DI pipes:

1. Thrust of the government to provide drinking water and sanitation to 100% of the population and make funds available to achieve it.
2. The need to conserve water and reduce leakage. The need to focus on life cycle cost rather than initial cost; and to consider inconvenience to public in replacement of pipes.
3. The over reliance on ground water for rural water supply has resulted in twin problem of sustainability and water quality and suggested a shift to surface water source for tackling this issue. This will result in substantial increase in requirement of pipes.
4. Jawaharlal Nehru National Urban Renewal Mission (JNNURM) is making a large investment in water sector but has limited coverage of only 63 cities with a population of over one lakh.

COMPETITION

Going forward, your company may face stiff competition from both Indian & overseas steel mills and DI Pipes manufacturers. To establish & remain competitive we have designed an efficient distribution network & robust marketing set up. We will also have to continuously strive to reduce the cost of production and increase other operating efficiencies in addition to capture new markets. We have also formulated efficient sales process & improved our service levels to win customers confidence & have positive referrals.

Your company has set up a marketing team for the sale of products. The initial plan is to sell our products in the Eastern region, moving onto North, West & eventually the Southern region making a pan India presence. The company has already appointed distributors for the sale of our products in the States of West Bengal, Sikkim, Jharkhand, Bihar, Orissa, Assam & the other states located in North East. The company has already finished market scoping for our products in the said states. Hence, as strong foundation has been laid for the marketing of the products by creation of the marketing team which was reflected in the sale of pig iron.

A full fledged corporate campaign and product campaign is being made for the consumers. The marketing team is working on ATL (Above the line) and BTL (Below the line) activities for the consumers which will be rolled out at an appropriate time. The company believes that a focused brand building exercise will help in developing loyal customer. In order to assess the perception of the company's product and services, we have started a perception based Customer satisfaction study which will help us in improving our processes.

OPPORTUNITIES AND THREATS

India is a fast developing economy endowed with rich mineral resources and has a vast market potential with ever increasing middle income class. The ongoing slowdown has resulted in consolidation of industry and due to economies of small scale units have either shut down or are merging with large units. The industry is devising innovative measures for reducing overall costs for staying competitive. This slowdown has also necessitated a rethinking on phasing out expansion plans or delaying increase in capacity additions. To achieve the status of a developed nation by 2020, India needs to put robust infrastructure in place. The urbanization will increase and all these will need a huge quantity of steel. In the emerging scenario of higher demand and stiff competition, the need of cost effectiveness and higher customer orientation can only guarantee success.

Your Company has undertaken comprehensive exercise on reducing costs and is keeping a watch on pressures on demand and price of steel products. The Company has sufficient experience in setting up of projects and possesses experienced technical and managerial workforce to implement projects and is in a position to make necessary adjustments if circumstances so demand.

Your promoter Company Electrosteel Castings Limited has agreed to supply iron ore and 30% of coking coal requirement on a cost plus basis for a period of 20 years from the date of commencement of commercial production. It has been continuous endeavor of your Directors to acquire additional iron ore and coal mines to ensure uninterrupted supply of these raw materials and reduce dependence on outside supplies.

Learning the lesson from global meltdown & successfully emerging from that situation, India has emerged as a country with robust economy whose success story is intact. In the impressive growth rates in the recent difficult situation, India has shown the way to many other nations. Currently the Indian economy has slowed down and the growth is expected to be 8 percent in the coming years as the nation is still feeling the effect of global economic downturn which had reduced from 3.9% to 3.2% since 2011.

INTERNAL CONTROL SYSTEMS

There are well established and documented internal control systems and procedures in line with the size of operations and business. The Company has engaged a firm of Chartered Accountants for conducting internal audit of site and Head Office who are providing internal audit reports on quarterly basis. Audit Committee reviews these reports and monitors effectiveness and operational efficiency of internal control systems.

Audit Committee is giving valuable recommendations and suggestions from time to time for improving the business processes, systems and internal controls. A nual internal audit plans are prepared by internal auditors in consultation with Audit Committee and audit is conducted in accordance with this plan. Separate department headed by a senior officer looks after internal control systems and assists internal auditors and the Audit Committee and provides desired inputs to them.

SAP system has been introduced and installed at all the works and offices of the Company which has resulted in better flow of information, control and transparency.

FINANCIAL PERFORMANCES

Since the project is under implementation and only one Blast Furnace (i.e a part of the entire facility) had commenced its operation and started to produce Pig iron, TMT Bars and Billets. The Company had only recorded the net turnover of Rs 13,724.25 lakhs in the year ended 2013. After the adjustment of other expenditures, the earnings before Interest, depreciation, taxation and amortization is Rs (8,422.33) lakhs The Profit after Tax for the year 2013 is Rs (28,001.25) Lakhs.

FIXED ASSETS (including capital work in progress)

As of March 31, 2013, we had Rs. 961,838.26 lakhs of fixed assets, comprising of Rs. 817,049.90. lakhs of capital work in progress and a Net Block of Rs 144,788.36 lakhs. Capital work in progress was primarily on account of expenditure including advances towards plant & machinery and construction & erection thereof. The expenditure incurred during the construction period is classified as 'Project Development Expenditure' pending capitalization to be allocated to the asset on the completion thereof. Necessary details as per Schedule VI of the Companies Act, 1956 have been disclosed in the notes to accounts forming part of the Annual Accounts for the year 2013.

INDEBTEDNESS

The total secured outstanding indebtedness as on March 31, 2013 is Rs. 587,227.68 lakhs out of which the long term borrowings is Rs 564,914.76 lakhs and short term borrowings is Rs 22,312.92 lakhs. It includes part of undrawn INR Term Loan converted into ECB Loan for reduction of interest cost.

FINANCIAL CONDITION, LIQUIDITY & CAPITAL RESOURCES

The business of steel production is capital expenditure intensive. Our plans for the setting up of your Project will require substantial capital expenditures. We believe that going forward the availability of sources of cost effective funding for our working capital requirement will be crucial and the non availability of such funding on time, at favourable terms could affect our business, financial condition and results of operations. The Company has no positive operating cash flows since inception. Going forward, the Company expects to experience cash flows from operating activities as the plant starts operation fully.

CREDIT RATING

Credit Analysis and Research Limited (CARE) had assigned the credit rating as "CARE B (Single B)" to the long term facilities of your Company which are having the tenure of more than one year. Further, the rating committee of CARE had assigned the rating as "CARE A4 (A Four)" to the short term facilities of your Company This rating is applicable to the instruments having a tenure upto one year.

INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT

Electrosteel Group recognizes people as the primary source of its competitiveness and continues to focus on people's development by leveraging technology and developing a continuous learning human resource base to unleash their potential and fulfill their aspirations.

Your company is developing fast and has entered into diverse business interests requiring talent from various fields of business. The speed and quality of growth of the Company depends on the quality of human resources available with it. The Company firmly believes in it and accordingly gives top most priority to its human resource assets which act as the prime mover in attainment of its goals. The Company continuously strives for inculcating a culture of learning by building the capabilities and competencies of its workforce. Human Resource Department has appropriately been upgraded and strengthened to meet the challenging manpower requirements of business units.

Last year we witnessed many HR initiatives which are directed towards building a knowledge sharing and performance enhancing organizational culture. The salient HR measures undertaken are mentioned below:

- Leadership development and Career planning
- Sourcing of young and fresh talents for meeting the current and future needs of the Company.
- As a part of competency building and performance enhancement interventions, assessment exercises were conducted in the Company covering employees at Manager and above levels. The output of the intervention is being used for various developmental activities.

- The performance management system has been extended to all employees' upto level of executive. It has also been aligned further to meet the performance expectations of the Company and employees' aspirations.
- The employee benefit policies have also been revamped/ revisited based on the feedbacks received from cross section of employees including restructuring of remuneration structure.
- Fire Safety Awareness programmes are frequently conducted to educate the employees on how to use the fire safety equipments in case of an emergency fire.
- Tie up with renowned health club for healthy body and a healthy mind for all the employees.

SAP HR module with employee self service has also taken off so as to be quick in service delivery and have fully integrated network.

Safety at project site, medical care requirements of workers and on the job training is being provided at all the manufacturing facilities to avoid mishaps and ensure high level of security, safety and confidence among employees. During the year, Company has maintained cordial relations with the employees.

CORPORATE SOCIAL RESPONSIBILITIES (CSR)

Electrosteel ventured into sustainable community based CSR program from the past years in Bokaro and does pursue a systematic approach to address the issue of health, education, social security, livelihood opportunity and environmental management in order to achieve continuous performance improvement. To reinforce its value of engagement with community and in compliance to its commitment to Corporate Social Responsibility, Electrosteel handholds the villagers to build up their own strengths and make them realize their potential.

The Green Field Project puts continuous effort and intervention in the nearby villages under the Social Responsibility delivery model for the up-liftment of the poor and the marginalized section of the society. Various initiatives have been taken to contribute an increase in the HUMAN DEVELOPMENT INDEX of the region. Following programs were conducted during the year.

- 176 mobile health camps were conducted during the year serving patients at door step contributing to a remarkable change in the health standards.
- 3468 patients were treated and distributed free medicine in the mobile health camps
- 4250 patients were served in both the health centers run in Chandaha village and Bhandih village of Bokaro district.
- Awareness and sensitization program on health especially on safe motherhood, immunization, malaria, Diarrhea, Tuberculosis, vector Borne diseases were conducted in surrounding villages round the year. Villagers are aware of means to fight the diseases leading to decrease in rate of infection as well death toll.
- Distribution and sprinkling of Bleaching powder were done round the year from door to door to prevent birth of mosquitoes, water borne diseases and to prevent contamination of water.
- Health Centers were upgraded to hospitals with induction of facilities like pathology, 24 hours medicine centers, X RAY unit and surgical facilities.
- Installation of new Hand Pumps and repairing of damaged hand pumps through dedicated service team formed by company were done in all villages in and around the factory on regular basis. Effort has been made to repair the damaged one in 48 hours to ensure safe drinking water availability to the people even during summer season.
- Education is the backbone of every country and the level of education in that country contributes to its growth. Considering the importance of the quality education at village level, Electrosteel supported a village based school for its overall development. Six Pucca class rooms were constructed in provisioning of large student in take facility. Support in designing of standard course curriculum has been provided and capacity building of the existing teachers was done with tie up of other schools.
- Perna class, a special tuition facility for meritorious but poor students appearing for Board Examination is being started during the year. Six students of the 16 student batch have secured first division and rest of them all secured second division. Successful students were facilitated by company with books and education materials.

- Kitchen Sheds and toilet especially for girls in the schools are being constructed by Electrosteel.
- As a sustainable effort to ensure the livelihood of the community and to promote self employment at local level, few young candidates were provided with ITI training to support them get a technical job in the industrial area of Bokaro.
- Sewing centre cum Garment Manufacturing unit was opened in Parvatpur for women and girls. The initiative was conceived to generate livelihood opportunities to women and making them self dependent and supplements the income of their family. Women are working in the production house and making Peticosats and Blouse for selling in the local market.
- With an objective to promote sports and engage youth; Cricket, Football, Volleyball and local sports were promoted in the nearby villages. As a motivational aspect Cricket Kits, footballs and Volleyballs were distributed from time to time to the young players. Yearly football tournament were also organized among the teams of 20 villages.
- Distribution of 2000 blankets to the ultra poor during winter season in 35 villages in proximity to plant were done
- Training on First aid was done at 21 schools and first aid medical kits were distributed in all of them.
- Self employment generation program was kick started with involvement of Self Help Group members in Bokaro. Members were provided training in Kolkata and Jamshedpur on Phenyl making, Agarbatti Making, Surf, pickle, mushroom cultivation. Hand gloves etc.
- SRI (System of Rice Cultivation) system of cultivation has been tested in three villages. The outcome of the new method and process of rice production compared to the traditional method is expected to be revolutionary. At least 200 farmers agreed to adopt this new practice next year considering the growth of the plants.
- 123 SHG groups were formed in the villages and 96 bank accounts have been opened in nationalized bank.
- Pure and filtered Drinking water facility has been provisioned in middle schools in the areas. Schools were donated water filter for purification of water.

CAUTIONARY STATEMENT

This report contains projections, estimates and expectations etc. which are just "forward-looking statements". Actual results could differ from those expressed or implied in this report. Important factors that may have impact on Company's operations include economic conditions affecting demand / supply and price conditions in the domestic and overseas markets, changes in the Government regulations / policies, tax laws and other statutes and other incidental factors. The Company assumes no responsibility to publicly modify or revise any forward looking statements on the basis of any future events or new information. Actual results may differ from those mentioned in the report.

RISK MANAGEMENT

The Company is fully committed to strengthen its risk management capabilities on a continuous basis in order to protect and enhance shareholders' value. Further, the risk management framework ensures compliances with the requirements of amended clause 49 of the Listing Agreement. The framework establishes risk management process across all businesses and functions of the Company. These processes are periodically reviewed to ensure that the Management control risks through properly defined framework.

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

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

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss related to adverse changes in market prices, including interest rates and foreign exchange rates, of financial instruments. We are exposed to various types of market risk, including changes in interest rates, foreign exchange rates and commodity prices, in the ordinary course of business. Suitable processes are being worked out by the Company in designing the new organization set up to tackle such issues.

CONSTRUCTION RISK

Since a part of the Project is still in the construction phase and currently we do not have any major revenue generating operations or any significant operating history from which one can evaluate our business, future prospects and viability. One should not evaluate our prospects and project viability based on the performance of our promoter or other affiliates. Our financial condition, results of operations and liquidity would be materially and adversely affected if our project costs or construction costs materially exceed such budgeted amounts.

The construction and operation of our project have faced opposition from various parties such as local communities and from special interest groups, government policies, who may oppose the possible negative impact of the project on the communities and the environment in the area where our project is located.

The Company has already acquired approximately 2,200.00 acres of land for the proposed plant, taking into account the scope for future expansion.

COST/ TIME OVER RUN RISK

Steel and DI Pipe plants typically have long gestation period. The scheduled completion target for our Project is an estimate and is subject to delays as a result of, among other things, contractor performance shortfalls, unforeseen engineering problems, dispute with workers, force majeure events, unavailability/timely availability of finance, unanticipated cost increase or changes in scope and inability in obtaining certain property rights, fuel supply and government approvals, any of which could give rise to cost overruns or the delay in our implementation schedule. Failure to complete the project according to its specifications or schedule, if at all, may give rise to potential liabilities. As a result, our returns on investments may be lower than originally expected, which may have a material adverse impact on the business operations of your Company.

TECHNOLOGY RISK

A key challenge for the Company is to ensure that its plants are equipped with updated technologies in order to serve clients, secure cost competitiveness and maintain R&D leadership. Even through the financial crisis, the Company did not cut back on investment in quality equipments, so that it could continue to develop technologies that could advance the project cost competitive position, while also reducing CO₂ emissions from ore based steelmaking. R&D efforts are also being made to advance the Company's proprietary knowledge in order to produce new generation high strength steel, advanced and photovoltaic coating systems etc.

For upgrading plant and equipment, funds are being made available to ensure that the Group remains technologically updated in order to meet the increasingly demanding requirements from customers across all its sectors particularly in the fast growing automotive sector in India.

In light of the fact that the equipments are being procured by us from China, the Chinese contractors are also appointed so that there should not be any problems in integration of the equipments used in the Project. A good number of Indian manpower, are working at site in full swing and your Company is also working on launching the suitable high end product in market to take care of the competition from existing players.

FOREIGN EXCHANGE RATE RISK

We currently have incurred and expect to incur expenditure on account of import of equipment etc. Any depreciation of the rupee against the currencies in which we have an exposure will increase the rupee costs of servicing and repaying our expenditure. We have a policy to undertake forward cover to mitigate the foreign exchange rate risk.

COMMODITY PRICE RISK

Our revenue would be exposed to the market risk of price fluctuations related to the sale of our steel and other products. Market forces generally determine prices for the steel and other products that we will sell both inside and outside India. These prices may be influenced by factors such as demand & supply, production costs (including the costs of raw material inputs) and global & Indian economic conditions & growth. Adverse changes in any of these factors may reduce the revenue that we earn from the sale of our products. In particular, our costs are exposed to fluctuations in prices of iron ore, coal, coking coal, ferro alloys and other raw material inputs. We use various spread risk management tools to hedge this risk.

INTEREST RATE RISK

Our exposure to market risk for changes in interest rates relates primarily to our long-term floating rate debt obligations. All our outstanding long-term debt bears interest at floating rate and thus are exposed to market risk as a result of changes in interest rates. Upward fluctuations in interest rates increase the cost of both existing and new debts. It is likely that in the current fiscal year and in future periods our borrowings will rise substantially given our growth plans. We do not currently use any derivative instruments to modify the nature of our exposure to floating rate indebtedness or our deposits so as to manage interest rate risk. The Company had converted a part of undrawn INR Term Loan into ECB Loan to save the higher interest cost.

COMPETITOR RISK

The Company is exposed to the risk of competition, as the market is highly competitive with the elimination of physical barriers and entry of new players. The Company continues to focus on increasing its market share and taking marketing initiatives that will help customers in taking better informed decisions. The demand of steel is also increasing due to Government of India's focus on infrastructure development. Further with the thrust given by Government on water and water related projects and with the estimated growth in water requirements, the demand of DI Pipes is expected to grow substantially and the Company is confident in retaining its market share.

RAW MATERIAL RISK

The success of operations of your Company depends on, among other things, ability to source raw materials at competitive prices. Iron ore and coking coal are critical inputs for success of an integrated steel project. The project envisages part of captive power, which will be based on gas recovery from the coke oven, BF-BOF processes or from coal. Procurement of these raw materials from Electrosteel Castings Limited ('ECL') shall enable us to reduce our operating costs, ensure a steady supply of coal and iron ore. This would also insulate our Company from demand supply volatility in the market, to a significant extent. Also, procurement of coal and iron ore from the same mine will ensure that the raw material is of consistent quality thereby reducing the lead time in adjusting our blast furnace.

Your Project will source a significant portion of its raw material requirements from the mines of ECL who has agreed to supply iron ore and coking coal to your Company for a period of 20 years. Your Company's requirement of coking coal is proposed to be primarily met from a mix of ECL's coking coal mine at Parbatpur (30%) and other sources (70%). We may be unable to procure our coking coal & Iron ore requirement from the aforesaid mines of ECL and have to procure the same at a higher prices from the market, which may adversely affect our results of operations and financial performance.

ROAD AHEAD

We believe that the assured availability of iron ore and coking coal from mines allocated to ECL will ensure that we will be able to reduce our operating costs and ensure a steady supply of coal and iron ore, at a lower cost. The major capital equipment for the plant is based on Chinese technology which provides higher productivity with lower costs. We believe that these factors will result in strong project economics and help us to become one of the lowest cost producers of steel. Besides this, our location advantage also enables us to enjoy lower costs.

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2012-13

(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 your 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. The cornerstone of modern enterprise system rests with good Corporate Governance mechanism. Your Company is always committed to the improvement of Corporate Governance in a bid to boost shareholders' value and investors' confidence.

2. Board of Directors

Composition and Attendance of Directors

The Board of Directors of the Company consists of Eight members which comprises of:

- One Executive Director.
- Four Non Executive - Independent Directors.
- Two Non Executive - Non Independent Director.
- One Alternate Director.

The structure of Board of Directors was in conformity with clause 49 of the Listing Agreement entered into with the stock exchanges. The number of directorship and committee membership held by them in other public limited companies are given herein below.

Sl No	Name of the Directors	Category	No. of other Directorship(s) in Public Limited Companies incorporated in India	No. of membership(s) on other Board Committees	No. of Chairmanship(s) in other Board Committees
1	Mr. Nigam Chander Bahl	Executive Director	Nil	Nil	Nil
2	Mr. Umang Kejriwal	Non Executive - Non Independent Director	9	1	Nil
3	Mr. Naresh Pachisia	Non Executive - Independent Director	8	7	1
4	Mr. Lalit Kumar Singhi	Non Executive - Independent Director	Nil	Nil	Nil
5	Mr. Jinendra Kumar Jain*	Non Executive - Independent Director	1	Nil	Nil
6	Mr. Sunil V Diwakar (Nominee Director)	Non Executive - Non Independent Director	6	5	Nil
7	Mr. Amrendra Prasad Verma* (Nominee Director)	Non Executive - Independent Director	2	Nil	Nil
8	Mr. Lawrence Mohan RoyA (Alternate Director)	Alternate Director to Mr Sunil Diwakar	1	Nil	Nil

* Appointed as Director of the Company w.e.f May 6, 2013

Attendance of Directors at the Board Meetings during the financial year ended March 31, 2013 and at the last Annual General Meeting (AGM)

During the financial year ended March 31, 2013, 4 (four) Board meetings were held on the following dates: May 8, 2012, August 10, 2012, November 9, 2012 and February 11, 2013. The gap between any two consecutive meetings did not exceed four months as required by the Listing Agreements with the Stock Exchanges in India. The attendance details of each Director at the Board meetings and at the last Annual General Meeting (AGM) is given herein below:

SI No.	Name of the Director	No. of Board meetings attended	Attendance at the last AGM held on August 7, 2012
1	Mr. Binod Khaitan*	4	Yes
2	Mr. Umang Kejriwal	4	No
3	Mr. Nigam Chander Bahl	3	No
4	Mr. Lalit Kumar Singhi	4	Yes
5	Mr. Naresh Pachisia	4	No
6	Mr. Sunil V Diwakar	3	No

* Resigned as Director of the Company w.e.f May 6, 2013.

Code of Conduct

Pursuant to Clause 49 of the Listing Agreement, a 'Code of Conduct' has been laid down for all the Board Members and Senior Management Executives of the company who have affirmed compliance with the same. A declaration signed by the Wholetime Director of the Company to this effect is enclosed at the end of this report. The Code is also posted on the Company's website: <http://www.electrosteel.com/esl/introduction.asp>

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1992 (as amended), the Board has approved the 'Code of Conduct for prevention of Insider Trading' and authorised the audit committee to implement and monitor the various requirements as set out in the code.

3. Committees of Board

The Board Committees focus on certain specific areas and make informed decisions within the delegated authority. Each Committee of the Board functions according to its charter that defines its composition, scope, power and role in accordance with the Companies Act 1956 together with the Listing Agreement. The Board is responsible for constituting, assigning and co-opting the members of the Committee. Presently the Board has the following four Committees.

a) Audit Committee

The Audit Committee was constituted on July 25, 2009, with powers and role specifically laid out to comply with the requirements of Clause 49 of the Listing Agreements with the Stock Exchanges in India and the spirit of Corporate Governance. The Audit Committee also oversees compliance with Section 292A of the Companies Act, 1956. The Committee was reconstituted on February 06, 2012 and further on May 6, 2013.

Composition of the Committee

The Audit Committee comprises of three Non-executive Independent Directors and one Executive Director, all having financial management and accounting knowledge. The members of the Audit Committee after reconstitution are;

Mr. Jinendra Kumar Jain *	Non executive Independent Director	Chairman
Mr. Binod Khaitan**	Non executive Independent Director	Member
Mr. Lalit Kumar Singhi	Non executive Independent Director	Member
Mr. Naresh Pachisia	Non executive Independent Director	Member
Mr. N C Bahl	Executive Director	Member

* Appointed as member and the Chairman of the Committee w.e.f May 6, 2013.

** Resigned as member of the Committee w.e.f May 6, 2013.

The Company's statutory auditors and the internal auditors are permanent invitees at the committee meetings. Mr. Vikram Saraogi, Company Secretary, acts as the Secretary to the Audit Committee.

Terms of reference

The terms of reference / scope and function of the Audit Committee are in accordance with Section 292A of the Companies Act and Clause 49 of the Listing Agreement and are as follows:

- (i) Overseeing your Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- (ii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- (iii) Approving payments to statutory auditors for any other services rendered by the statutory auditors.
- (iv) Reviewing with the management, the quarterly and annual financial statements before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
 - b) Changes, if any, in accounting policies and practices and reasons for the same;
 - c) Major accounting entries involving estimates based on the exercise of judgment by management
 - d) Significant adjustments to financial statements arising out of audit findings;
 - e) Compliance with listing and other legal requirements relating to financial statements;
 - f) Disclosure of any related party transactions; and
 - g) Qualifications in the draft audit report.
- (v) Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- (vi) Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
- (vii) Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- (viii) Carrying discussions with internal auditors on any significant findings and follow up there on
- (ix) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- (x) Carrying discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- (xi) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- (xii) To monitor the use of proceeds received in the initial public offering.

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, 2013, 4 (four) audit committee meetings were held on; May 8, 2012, August 10, 2012, November 9, 2012 and February 11, 2013. The gap between any two consecutive meetings did not exceed four months. The attendance details of each member at the Audit Committee meetings are given below:

Name of the Member	No. of meetings Attended
Mr. Lalit Kumar Singhi	4
Mr. Binod Khaitan*	4
Mr. Naresh Pachisia	4
Mr. N C Bahl	3

* Resigned as member of the Committee w.e.f May 6, 2013.

b) Share Transfer & Shareholders' / Investors' Grievances Committee

The Company constituted a Share Transfer & Shareholders' / Investors Grievances Committee on August 31, 2009. The said committee was further reconstituted on February 06, 2012

Composition of the Committee

The Committee comprises of two Non-Executive Independent Directors and one Executive Director. The members of the Share Transfer & Shareholders' / Investors Grievances Committee are;

Mr. Lalit Kumar Singhi	Non executive Independent Director	Chairman
Mr. Naresh Pachisia	Non executive Independent Director	Member
Mr. N C Bahl	Executive Director	Member

Mr. Vikram Saraogi, Company Secretary, acts as the Secretary to the Share Transfer & Shareholders' / Investors' Grievances Committee.

Terms of reference

The broad terms of reference includes the following as the performance of the functions as recommended in the Listing Agreement;

- (i) To oversee the redressal of grievances of shareholders and investors on issues like share transfer, non-receipt of annual report, declared dividends, issue of duplicate share certificates, among others.
- (ii) Monitoring the transfers, transmissions, dematerialization, splitting and consolidation of shares.
- (iii) Any such other acts, deeds, matters and things as the Board may consider think fit and as may be required for effective and efficient redressal of shareholders and/ or investor grievances.

In accordance with Clause 49 of the Listing Agreement of the stock exchanges, the Board has delegated powers of share transfers to Registrar & Share Transfer Agent M/s. Karvy Computershare Private Limited ('Karvy'), Plot no 17-24 Vithalrao Nagar, Madhapur, Hyderabad 500 081. Karvy reviews the share transfers every fortnight.

Meetings and Attendance

For the financial year ended March 31, 2013, meetings of the Share Transfer and shareholders' / Investors' Grievances Committee was held on; February 11, 2013.

Name of the Member	No. of meetings Attended
Mr. Lalit Kumar Singhi	1
Mr. Naresh Pachisia	1
Mr. N C Bahl	1

Compliance Officer

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

Shareholders' Complaints

Number of shareholders/ investors complaints received and resolved/ replied during the year under review are as under;

Nature of complaints	Received	Resolved/ Replied	Pending
Status of applications lodged for public issue	0	0	Nil
Non-receipt of refund order	12	12	Nil
Non-receipt of securities	1	1	Nil
Non-receipt of dividend	1	1	Nil
Non-receipt of annual reports	0	0	Nil
Total	14	14	Nil

Pending Share Transfers

No shares were pending for transfer as on March 31, 2013.

Securities and Exchange Board of India ('SEBI') Complaints Redress System ("SCORES")

Pursuant to the circular CIR/OIAE/2/2011 dated June 03, 2011 issued by SEBI intimating the commencement of processing of investors complaints in a centralized web based complaint redress system 'SCORES'.

As per the circular, all the investors complaints pertaining to the listed Companies will be electronically sent through SCORES and the Companies are required to view the pending complaints against them and submit 'Action Taken Report' ('ATRs') along with necessary documents electronically in SCORES. Further, there is no need to file any physical ATRs with SEBI. The Company had completed the required registration under SCORES to efficiently and effectively redress the investors/ shareholders complaints.

c) Remuneration Committee

The Remuneration Committee was constituted on July 25, 2009. The Committee was reconstituted on February 6, 2012 and further on May 6, 2013. The remuneration of the Executive Director of the Company is being paid as per the terms of appointment as approved by the Committee. Pursuant to the provisions of 198, 269 and 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr Nigam Chander Bahl was re-appointed as the Wholetime Director of the Company by the Board in its meeting held on 8 May 2012 for a period of 3 (three) years at a remuneration and on such terms and conditions as decided by the Remuneration Committee in its meeting held on 8 May 2012. His re-appointment was also approved by the Shareholders of the Company in their Meeting held on 7 August, 2012. The remuneration for the aforesaid Wholetime Director is subject to approval of the Central Government which is yet to be received and till then he is being paid on the basis of the earlier approval as received from Central Government, Ministry of Corporate Affairs vide their letter dated 6 May 2010.

Composition of the Committee

The members of the Remuneration Committee after reconstitution are;

Mr Jinendra Kumar Jain*	Non executive Independent Director	Chairman
Mr. Binod Khaitan**	Non executive Independent Director	Chairman
Mr. Naresh Pachisia	Non executive Independent Director	Member
Mr. Lalit Kumar Singhi	Non executive Independent Director	Member

* Appointed as member and the Chairman of the Committee w.e.f May 6, 2013.

** Resigned as member and Chairman of the Committee w.e.f May 6, 2013.

Mr. Vikram Saraogi, Company Secretary, acts as the Secretary to the Remuneration Committee. Presently, the Non Executive Directors do not receive any remuneration from the Company except by way of sitting fees for attending the meetings of the Board and its Committees.

Terms of reference

The terms of reference of the Remuneration Committee includes the following:

- (i) To assist the Board in formulating and implementing the remuneration policy of your Company vis-à-vis the Executive Directors; and
- (ii) To recommend to the Board, the terms of compensation of whole time Executive Directors.

Meetings and Attendance

For the financial year ended March 31, 2013, the meeting of the Remuneration Committee was held on; May 8, 2012.

Name of the Members	No. of meetings Attended
Mr. Binod Khaitan*	1
Mr. Lalit Kumar Singhi	1
Mr. Naresh Pachisia	1

* Resigned as member and Chairman of the Committee w.e.f May 6, 2013.

Details of remuneration paid to the Directors in the financial year 2012-13

Sl No.	Name of the Director	Salary & Benefits (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
1	Mr. Binod Khaitan*	Nil	Nil	45,000	45,000
2	Mr. Umang Kejriwal	Nil	Nil	30,000	30,000
3	Mr. Nigam Chander Bahl	1,15,22,304	Nil	Nil	1,15,22,304
4	Mr. Naresh Pachisia	Nil	Nil	60,000	60,000
5	Mr. Lalit Kumar Singhi	Nil	Nil	50,000	50,000
6	Mr. Sunil V Diwakar	Nil	Nil	Nil	Nil

* Resigned as Director of the Company w.e.f May 6, 2013.

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

The details of equity shares / convertible instruments held by the Non-Executive Directors of the Company in their own name, as on March 31, 2013 are as follows:

Name	No. of Equity shares held	No. of convertible Instruments held
Mr. Binod Khaitan*	Nil	Nil
Mr. Umang Kejriwal	517,000	Nil
Mr. Naresh Pachisia	50,000	Nil
Mr. Lalit Kumar Singhi	190,000	Nil
Mr. Sunil V Diwakar	Nil	Nil

* Resigned as Director of the Company w.e.f May 6, 2013.

d) Committee for Allotment of Shares

The Committee was constituted on August 31, 2009. The said Committee was further reconstituted on February 6, 2012.

Composition of the Committee

The members of the Committee for Allotment of shares are;

Mr. N C Bahl	Executive Director	Chairman
Mr. Umang Kejriwal	Non executive Non Independent Director	Member
Mr. Naresh Pachisia	Non executive Independent Director	Member

Mr. Vikram Saraogi, Company Secretary, acts as the Secretary to the Committee for Allotment of Shares.

Terms of reference

The terms of reference / scope and function of the Committee includes allotment and listing of shares and debentures in reference to statutory and regulatory authorities.

Meetings and Attendance

For the financial year ended March 31, 2013, meetings of the Committee for Allotment of shares, were held on; July 7, 2012 and August 31, 2012.

Name of the Members	No. of meetings Attended
Mr. Umang Kejriwal	2
Mr. N C Bahl	1
Mr. Naresh Pachisia	2

4. General Body Meetings

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

Financial Year	Date of AGM	Venue	Time	Number of special resolutions passed
2009-2010	June 29, 2010	801 Uma Shanti Apartments, Kanke Road, Ranchi - 834 008, Jharkhand	11.30 a.m.	Nil
2010-2011	July 15, 2011	Topaz Banquet Hall, Hotel Landmark, Jatin Chandra Road, Lalpur, Ranchi - 834001, Jharkhand.	11.30 a.m.	To increase the authorized share capital of the Company u/s 94 of the Companies Act, 1956 and necessary modification in the Memorandum & Articles of Association of the Company thereon.
2011-2012A	August 7, 2012	Topaz Banquet Hall,	12.30 p.m.	<ol style="list-style-type: none">1. Issue of fresh equity shares of the Company, through preferential allotment under section 81(1A) of the Companies Act, 1956.2. Raising of additional long term funds through the issue of fresh capital by way of equity shares or other convertible/non convertible securities of the Company.3. Re-Appointment/Extension of appointment of Mr N C Bahl as Wholetime Director of the Company4.A ppointment of special officer for holding of office or place of profit.

B. No Special Resolutions were passed through postal ballot during the year 2012-13 and none of the business is proposed to be transacted in the ensuing Annual General Meeting which requires passing of a special resolution through postal ballot.

C. Information about Directors proposed to be appointed and re-appointed as required under Clause 49.IV.(G)(i) of the Listing Agreement with the stock exchanges forms part of the explanatory statement of the notice for Annual General Meeting annexed to the Annual Report.

5. Disclosures

None of the transactions with any of the related parties were in conflict with the interests of the Company. However, the details of related party relationships and transactions are disclosed in Note 28 of the Annual Accounts for the year ended 2013. The Company complied with regulatory requirements on capital markets. No penalties / strictures have ever been imposed against it.

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

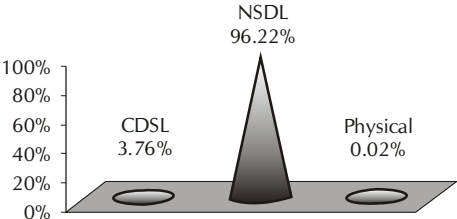
6. Means of Communication

The Company's quarterly/ annual financial results and notices as required under clause 41 of the Listing agreement are published in widely circulated national English daily like 'Hindu Business Line' (all editions) and in a local newspaper 'Sanmarg' (Ranchi edition). These financial results were not sent individually to all the shareholders. The Company's results and official news releases were displayed on the Company's website : '<http://www.electrosteel.com/esl/introduction.asp>' A comprehensive Management Discussion and Analysis report forms a part of this annual report.

7. General Shareholder information

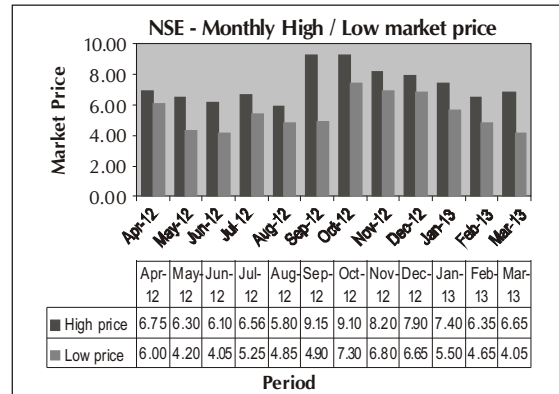
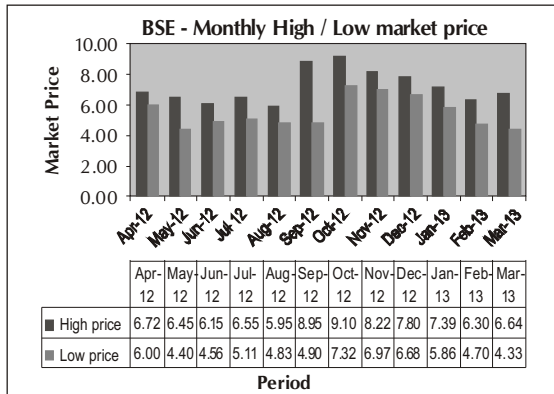
Date, time and venue of the Annual General Meeting	23rd Day of July 2013, at 12.30 P.M. Basil Banquet Hall, Hotel Landmark, Jatin Chandra Road, Lalpur, Ranchi - 834001 Jharkhand
Financial Year	1st April 2012 to 31st March 2013

Book Closure Period (for share transfer & AGM)	17th July, 2013 to 23rd July, 2013 (both days inclusive)
Interim Dividend Payment Date	Not Applicable
Outstanding ADRs / GDRs / warrants or any convertible instruments, conversion date and likely impact on equity.	Not Applicable
Listing Details: Equity Shares	a) Bombay Stock Exchange Ltd P. J. Towers, Dalal Street, Mumbai 400 001 b) National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor Bandra Kurla Complex, Bandra (East) Mumbai 400 051
Stock Code at Stock Exchanges	Equity Shares BSE - 533264 NSE - 'ESL'
Demat ISIN number for NSDL & CDSL for Equity Shares	INE481 K01013
Corporate Identification Number (CIN)	U27310JH2006PLC012663
Annual Listing Fees	Annual Listing fees for the financial year have been paid to NSE and BSE.
Share transfer system	99.98% of the equity shares of the Company are in electronic mode. Transfer of these shares is done through the depositories.
	Share transfers are registered and returned within the period of 30 days from the date of lodgment, if the documents are completed in all respects. As per directives issued by the SEBI, it is compulsory to trade in the Company's equity shares in dematerialized form. The Company offers the facility of transfer cum dematerialization to its shareholders.
Registrar & Share Transfer Agent for physical & dematerialised shares	Karvy Computershare Private Limited, Plot no 17-24 Vithalrao Nagar, Madhapur, Hyderabad - 500 081 Phone : 040-4465 5189/ 2342 0815 - 25 Fax : 040 23420814 E-mail : einward.ris@karvy.com
Dematerialization of equity shares and liquidity	The Company's shares are compulsorily tradable 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 INE481K01013. As on March 31, 2013 the equity shares stand dematerialized/Physical; Physical - 3,18,825 equity shares (0.02%) CDSL - 8,22,53,100 equity shares (3.76%) NSDL - 210,41,63,098 equity shares (96.22%)

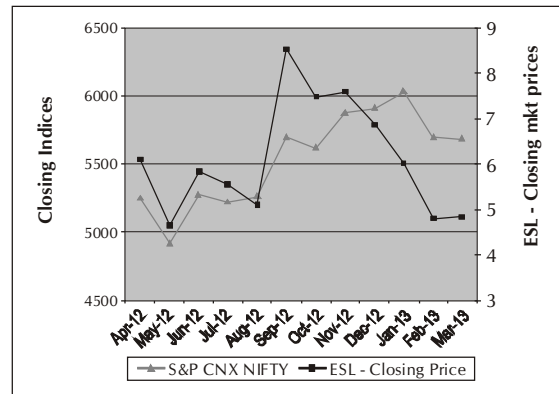
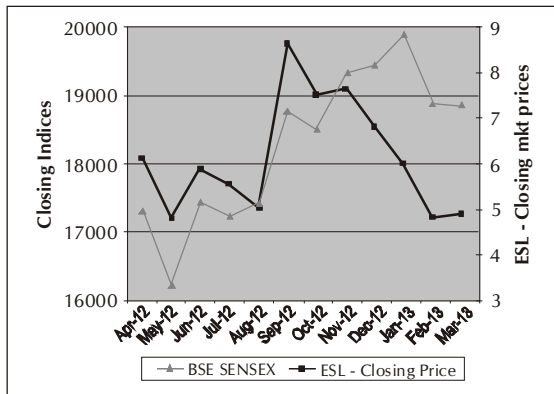
	<p>The Company's equity shares are regularly traded on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. As per the agreement between the Company and the depositories NSDL & CDSL, the investors have an option to dematerialize their ordinary equity shares with either of the depositories.</p> 
Site locations	Village Siyaljori, P.O Jogidih, P.S. Chandankyari, Dist - Bokaro, Pin 828303, Jharkhand.
Address for Communication	<p>Mr. Vikram Saraogi Company Secretary & Compliance Officer Electrosteel Steels Limited 2nd & 3rd floor, G.K. Tower, 19, Camac Street, Kolkata-700 017 Phone: (033) 2283 9990/ 7103 4400 Fax : (033) 2290 2882 Email: eil.investors@electrosteel.com</p>

Stock Market Price for the Financial year 2012-13

Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	Month's High Price	Month's Low Price	Volume	Month's High Price	Month's Low Price	Volume
Apr-12	6.72	6.00	1549222	6.75	6.00	3813843
May-12	6.45	4.40	1302342	6.30	4.20	7395413
Jun-12	6.15	4.56	1639832	6.10	4.05	5873861
Jul-12	6.55	5.11	3110402	6.55	5.25	9119421
Aug-12	5.95	4.83	1803440	5.80	4.85	3801249
Sep-12	8.95	4.90	28096264	9.15	4.90	31858479
Oct-12	9.10	7.32	43718709	9.10	7.30	42675944
Nov-12	8.22	6.97	5919203	8.20	6.80	9762850
Dec-12	7.80	6.68	3132809	7.90	6.65	8333761
Jan-13	7.39	5.86	3046519	7.40	5.50	9036696
Feb-13	6.30	4.70	2573790	6.35	4.65	9823264
Mar-13	6.64	4.33	7607007	6.65	4.05	13074226

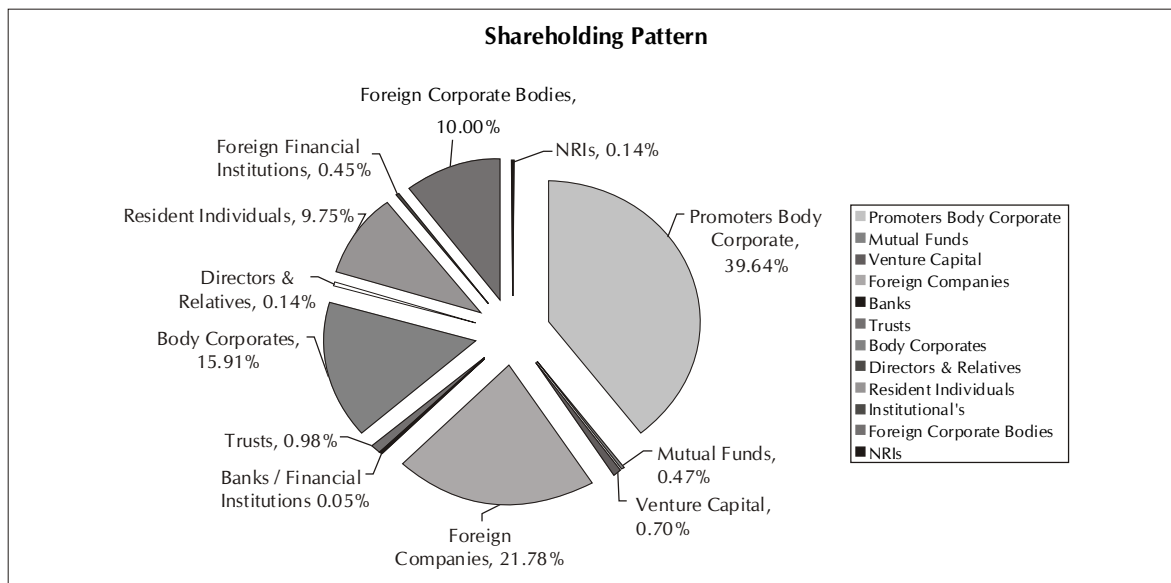


Share price performance in comparison to broad based indices BSE Sensex and NSE Nifty for the Financial year 2012-13



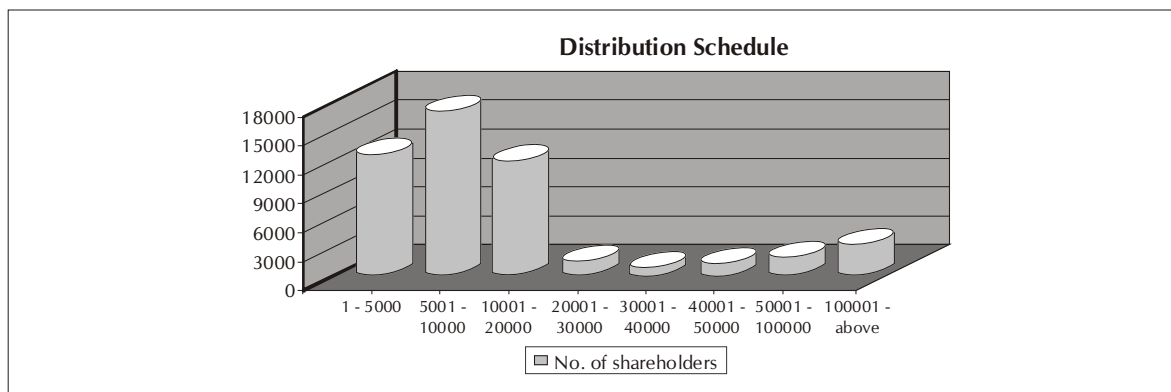
Shareholding pattern of the Company as on March 31, 2013

S.No	Category	No. of Cases	Shareholders %	Total Shares	% To Equity
1	Promoters Body Corporate	1	0.002%	866750000	39.64%
2	Mutual Funds	1	0.002%	10212590	0.47%
3	Venture Capital	2	0.004%	15305000	0.70%
4	Foreign Companies	2	0.004%	476197077	21.78%
5	Banks / Financial Institutions	3	0.006%	1099388	0.05%
6	Trusts	11	0.021%	21533217	0.98%
7	Body Corporates	1254	2.390%	347873004	15.91%
8	Directors & Relatives	8	0.015%	3011899	0.14%
9	Resident Individuals	50863	96.943%	213196118	9.74%
10	Foreign Institutional Investors	4	0.008%	9845656	0.45%
11	Foreign Corporate Bodies	4	0.008%	218742306	10.00%
12	NRIs	314	0.598%	2968768	0.14%
	Total	52467	100.000%	2186735023	100.00%



Distribution of shareholding as on March 31, 2013

Sl No	Range of equity shares held	No. of shareholders	% to total shareholders	Total Shares	% to total shareholding
1	1 - 5000	12535	23.89%	3237761	0.15%
2	5001 - 10000	17382	33.13%	12949626	0.59%
3	10001 - 20000	12326	23.49%	20505942	0.94%
4	20001 - 30000	1879	3.58%	5005586	0.23%
5	30001 - 40000	979	1.87%	3608983	0.17%
6	40001 - 50000	1514	2.89%	7414084	0.34%
7	50001 - 100000	2163	4.12%	17788181	0.81%
8	100001 & Above	3689	7.03%	2116224860	96.77%
	Total	52467	100.00%	2186735023	100.00%



8. Status of non-mandatory requirements

Audit Qualifications

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

Remuneration Committee

The details pertaining to the Remuneration Committee have been provided in item no. 3(c) of this report.

Shareholder Rights

Quarterly and Half yearly financial results including summary of the significant events are currently not being sent to each shareholder. However, these are posted on the Company's website at '<http://electrosteel.com/esl/investors/quarterly-results.asp>'

Whistleblower Policy

The Company does not have any whistleblower policy as of now and the same will be implemented by the Company as and when required and/or deemed necessary by the Board.

Other Items

Besides constituting the Remuneration Committee, the Company has not implemented any other non-mandatory requirements of the Code of Corporate Governance viz. Shareholding Rights, Training of Board Members, Mechanism for performance evaluation of non-executive Board Members, Whistle Blower Policy etc. The same will be implemented by the Company as and when required and/or deemed necessary by the Board. The Company is yet to implement the tenure of Independent Directors of not exceeding in aggregate, a period of nine years. However at present, the tenure of no such Independent Directors exceeds in aggregate of the abovementioned period.

The Company has ensured that the persons who are being appointed as an Independent Director has the requisite qualifications and experience which would be of use to the Company and which, in the opinion of the Company would enable him to contribute effectively to the Company in his capacity as an Independent Director.

9. Auditors' Certificate on Corporate Governance

The Company has received a Certificate annexed to this report, from the Statutory Auditors of the Company certifying to its compliances with the provisions relating to the Corporate Governance as stipulated in Clause 49 of the Listing Agreement executed with the Stock Exchanges.

For and on behalf of the Board

Place : Kolkata
Date : May 6, 2013

N C Bahl
Wholetime Director

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT

(Declaration by the Director under Clause 49 (I)(D) of the Listing Agreement)

To,
The Members of
Electrosteel Steels Limited

I hereby certify that,

- a) In pursuance of the provisions of Clause 49(I)(D) of the Listing Agreement, a Code of Conduct has been laid down by the Company for all the Board members and the Senior Management Personnel of the Company.
- b) The said Code of Conduct is also uploaded on the website of the Company at '<http://electrosteel.com/esl/investors/code-of-conduct.asp>'
- c) 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, 2013.

Place: Kolkata
Dated: May 6, 2013

N C Bahl
Wholetime Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of Electrosteel Steels Limited

We have examined the compliance of conditions of Corporate Governance by Electrosteel Steels Limited for the year ended on 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

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

For, B Chhawchharia & Co.
Firm Registration No.: 305123E
Chartered Accountants

Vikram Dhanania
Partner
Membership No. 060568
Address: 8A & 8B, Satyam Towers
3, Alipore Road
Kolkata 700 027

Place : Kolkata
Date : May 6, 2013

CERTIFICATION FROM CEO & CFO

(In terms of Clause 49(V) of the Listing Agreement)

We, Nigam Chander Bahl, Whole time Director and Ashutosh Agarwal, Executive Director (Finance) & Chief Financial Officer, of the Company, certify that:

- a) We have reviewed financial statements and the cash flow statements of the Company for the quarter and year ended 31st March 2013 and that to the best of our knowledge and belief
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or which violate the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company. We have disclosed to the Auditors and the Audit Committee, any deficiencies in the design or operation of internal controls of which we are aware and the steps taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit committee
 - (i) Significant changes, if any, in internal control over financial reporting during the year.
 - (ii) Significant changes, if any, in accounting policies during the year and the same have been disclosed in the notes to the financial statements.
 - (iii) Instances of fraud whether or not significant of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Place : Kolkata
Date : May 6, 2013

N C Bahl
Wholetime Director

Ashutosh Agarwal
*Chief Finance Officer &
Executive Director (Finance)*

AUDITORS' REPORT

To the Members of
ELECTROSTEEL STEELS LIMITED

1. Report on the Financial Statements

We have audited the accompanying financial statements of ELECTROSTEEL STEELS LIMITED ('the Company'), which comprises the Balance Sheet as at March 31, 2013, the Statement of Profit & Loss and the Cash Flow Statement for the year then ended (in which are incorporated the accounts of the representative office at China), and a summary of significant accounting policies and other explanatory information.

2. 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'). 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.

3. Auditor's 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 auditor's 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. 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.

4. 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, 2013;
- (b) in the case of the Statement of Profit & Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditors' Report) Order, 2003 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.

5.2A s required by section 227(3) of the Act, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the representative office;
- (iii) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement comply with the Accounting Standards referred to in Sub-Section (3C) of section 211 of the Act;
- (v) On the basis of written representations received from the Directors as on March 31, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2013, from being appointed as a Director in terms of clause (g) of Sub-Section (1) of Section 274 of the Act;
- (vi) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under 441A of the Act nor has it issued any rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.
- (vii) We have relied upon the management's representation relating to the disclosures in the financial statements regarding (a) segment reporting (Note 27); (b) related party disclosures (Note 28); (c) dues to Micro, Small & Medium Enterprises (Note 33) and (d) reconciliation and confirmation of balance of trade payables and loans and advances (Note 37).

Place : Kolkata
Date : May 6, 2013

B Chhawchharia & Co.
Firm Registration No.: 305123E
Chartered Accountants

Vikram Dhanania
Partner
Membership No. 060568

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 5 of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) As per the information and explanations given to us, the Company has not disposed off a substantial part of fixed assets during the period so as to affect its going concern status.
- (ii) (a) As informed to us, a part of the inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) As per the information given to us, the procedures of physical verification of inventories followed by the management, in our opinion, are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. As explained to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and the same have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loan secured or unsecured to/from companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii) of the Companies (Auditors' Report) Order, 2003 is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and with regard to sale of goods. During the course of our audit, we have neither observed nor have been informed of any major weaknesses in the said internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the period under audit, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) No deposits within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under have been accepted by the Company.
- (vii) The Company has an internal audit system commensurate with the size and nature of the Company.
- (viii) As informed to us, the Company has made and maintained cost records as prescribed by the Central Government under Section 209(1)(d) of the Act. We have not made a detailed examination of such records. However, we have broadly reviewed the records maintained and are of the opinion, that prima facie, the prescribed accounts and records have been maintained. The Cost Auditor has yet to complete the audit as prescribed & submit his report.
- (ix) (a) According to the records of the Company examined by us, in our opinion, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues 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 2013 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of sales tax, income tax,

customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute, except

Name of the statute	Nature of dues	Year	Amount (Rs. Lacs)	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	April 2008 to April 2009	68.24	CESTAT
Jharkhand VAT Act, 2005	Value Added Tax	June 2010	53.99	Commissioner Ranchi

- (x) In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth. The Company has incurred cash loss during the financial year covered by our audit and also in the immediately preceding financial year.
- (xi) As per our audit procedures and according to the information and explanations given to us, the Company has defaulted in repayment of dues to financial institutions and banks during the year and the defaults existing at the Balance Sheet date are as below:

Nature of Dues	Period of default	Amount (Rs in Lacs)
Senior Debt	March 2013 Installment	13,353.42
Sub-Debt	March 2013 Installment	1,919.67
External Commercial Borrowings	March 2013 Installment	2,119.24
Interest on Term Loans (*)	January to March 2013	15,159.04

(*) Rs 5,008.09 lacs since repaid.

- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/society.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the period under audit.
- (xvi) According to the information and explanations given to us, in our opinion, the term loans raised were, prima facie, either utilized for the purposes for which they were obtained and repayment of such loans or pending utilization, been temporarily invested in Mutual Funds and Term Deposits with Banks. However, repayment of installments of term loan aggregating to Rs 15,273.09 lacs as per the terms and conditions of the Securitization Loan availed by the Company, is yet to be made.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that short term funds amounting to Rs 9,561.72 lacs consisting of short-term borrowings and increase in current liabilities have been used for long-term investment – project implementation.
- (xviii) The Company has made preferential allotment of shares for Rs 15,200.00 lacs during the year to a company covered in the Register maintained under Section 301 of the Act. In our opinion and according to the information and explanations given to us, the price at which such shares have been issued are prima facie not prejudicial to the interest of the Company.
- (xix) The Company has not issued any debentures during the period under audit.
- (xx) The Company has not raised any money by public issue during the period under audit.
- (xxi) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

B Chhawchharia & Co.
Firm Registration No.: 305123E
Chartered Accountants

Vikram Dhanania
Partner
Membership No. 060568

Place : Kolkata
Date : May 6, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

	Note	As at 31st March, 2013		As at 31st March, 2012	
		Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
EQUITY & LIABILITIES					
Shareholders' Funds					
(a) Share Capital	2	218,673.50		203,473.50	
(b) Reserves and Surplus	3	<u>(39,603.13)</u>	179,070.37	<u>(11,601.88)</u>	191,871.62
Non-Current Liabilities					
(a) Long-Term Borrowings	4	564,914.76		520,075.91	
(b) Other Long-Term Liabilities	5	46,486.77		39,901.95	
(c) Long-Term Provisions	6	<u>215.39</u>	611,616.92	<u>329.42</u>	560,307.28
Current Liabilities					
(a) Short-Term Borrowings	7	23,312.92		10,311.47	
(b) Trade Payables	8	20,682.72		12,077.27	
(c) Other Current Liabilities	9	191,352.31		129,046.83	
(d) Short-Term Provisions	6	<u>78.54</u>	235,426.49	<u>51.42</u>	151,486.99
TOTAL			<u>1,026,113.78</u>		<u>903,665.89</u>
ASSETS					
Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	10	144,252.75		149,885.08	
(ii) Intangible Assets	10	535.61		568.69	
(iii) Capital Work-In-Progress		817,049.90		672,999.23	
(b) Long-Term Loans and Advances	11	<u>15,797.06</u>	977,635.32	<u>33,793.10</u>	857,246.10
Current Assets					
(a) Current Investments	12	-		2,253.16	
(b) Inventories	13	22,593.36		19,485.89	
(c) Trade Receivables	14	585.77		93.37	
(d) Cash and Bank Balances	15	9,251.10		7,908.34	
(e) Short-Term Loans and Advances	11	15,112.29		16,133.74	
(f) Other Current Assets	16	<u>935.94</u>	48,478.46	<u>545.29</u>	46,419.79
TOTAL			<u>1,026,113.78</u>		<u>903,665.89</u>
Significant Accounting Policies	1				

The accompanying notes are an integral part of the financial statements.

As per our Report of even date

For and on behalf of the Board

For B. Chhawchharia & Co.
Firm Registration No. 305123E
Chartered Accountants

N C Bahl *Wholetime Director*

Vikram Dhanania
Partner
M. No. 060568

Lalit Kumar Singhi *Director*

Kolkata
May 6, 2013

Vikram Saraogi *Company Secretary*

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Note	Year ended 31st March, 2013 Rs. in Lakhs	Year ended 31st March, 2012 Rs. in Lakhs
I. Revenue from operations			
Sale of Products		15,743.00	6,424.12
Other operating revenue		2,586.76	289.95
Revenue from operations (Gross)	17	18,329.76	6,714.07
Less: Excise duty		2,018.75	645.31
Revenue from operations (Net)		16,311.01	6,068.76
II. Other Income	18	93.39	41.81
III. Total Revenue (I + II)		16,404.40	6,110.57
IV. Expenses:			
(a) Cost of Materials Consumed	19	18,886.50	8,804.68
(b) Changes in Inventories of Finished Goods, Work-in-Progress	20	(799.32)	(1,288.03)
(c) Employee Benefits Expense	21	1,004.72	709.62
(d) Finance costs	22	13,441.11	8,022.83
(e) Depreciation and amortization expense		5,906.87	2,394.55
(f) Other expenses	23	5,734.83	2,445.14
Total expenses		44,174.71	21,088.79
V. Profit before Exceptional Items and Tax (III - IV)		(27,770.31)	(14,978.22)
VI. Exceptional Items	24	229.52	—
VII. Profit before Tax (V - VI)		(27,999.83)	(14,978.22)
VIII. Tax Expenses			
(a) Current Tax		1.42	3.48
IX. Profit/(Loss) for the Period (VII - VIII)		(28,001.25)	(14,981.70)
X. Earning per Equity Share (nominal value of share Rs.10)			
(a) Basic		(1.32)	(0.74)
(b) Diluted		(1.32)	(0.74)

The accompanying notes are an integral part of the financial statements. 1

As per our Report of even date

For B. Chhawchharia & Co.
Firm Registration No. 305123E
Chartered Accountants

Vikram Dhanania
Partner
M. No. 060568

Kolkata
May 6, 2013

For and on behalf of the Board

N C Bahl *Wholetime Director*

Lalit Kumar Singhi *Director*

Vikram Saraogi *Company Secretary*

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	31st March, 2013 Rs. in lacs	31st March, 2012 Rs. in lacs
Cash flow from operating activities		
Profit before tax	(27,999.83)	(14,978.22)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization on continuing operation	5,906.87	2,394.55
Exceptional Items	229.52	—
Loss/(profit) on sale of fixed assets	5.18	1.49
Interest expense	13,441.11	8,022.83
Operating profit before working capital changes	<u>(8,417.15)</u>	<u>(4,559.35)</u>
Movements in working capital :		
Increase/(decrease) in trade payables	8,605.45	11,625.23
Increase/(decrease) in long-term provisions	(114.03)	216.91
Increase/(decrease) in short-term provisions	27.40	(8.09)
Increase/(decrease) in other current liabilities	2,754.95	5,563.09
Increase/(decrease) in other long-term liabilities	6,584.82	27,118.19
Decrease/(increase) in trade receivables	(492.40)	(42.60)
Decrease/(increase) in inventories	(3,107.46)	(15,794.44)
Decrease/(increase) in short-term loans and advances	1,073.91	(4,791.86)
Decrease/(increase) in other current assets	(390.66)	(172.48)
Cash generated from / (used in) operations	6,524.83	19,154.60
Direct taxes paid (net of refunds)	(54.17)	(13.07)
Net Cash flow from / (used in) operating activities (A)	<u>6,470.66</u>	<u>19,141.53</u>
Cash flow from investing activities		
Purchase of fixed assets, including intangible assets, CWIP	(76,315.72)	(180,298.62)
Proceeds from sale of fixed assets	27.40	0.63
Proceeds from sale/ purchase of current investments (Net)	2,253.16	4,460.02
Decrease/(increase) in long-term loans and capital advances	17,996.04	13,089.88
Net Cash flow from / (used in) investing activities (B)	<u>(56,039.12)</u>	<u>(162,748.09)</u>
Cash flow from financing activities		
Proceeds from issuance of share capital	15,200.00	—
Proceeds from long-term borrowings (net of repayment)	87,912.12	194,812.28
Proceeds from short-term borrowings (net of repayment)	13,001.45	8,310.89
Interest paid	(65,202.35)	(59,951.38)
Net Cash flow from / (used in) financing activities (C)	<u>50,911.22</u>	<u>143,171.79</u>
Net increase/(decrease) in cash and cash equivalents (A + B + C)	1,342.76	(434.77)
Cash and cash equivalents at the beginning of the year	7,908.34	8,343.11
Cash and cash equivalents at the end of the year	<u>9,251.10</u>	<u>7,908.34</u>
Components of cash and cash equivalents		
Balances with Banks		
In Current Accounts	26.87	2,194.52
Stamp papers on hand	32.45	59.18
Cash on hand	4.04	4.87
Balance with Bank in Deposit Accounts (held as margin money)	9,187.74	5,649.77
Total cash and cash equivalents	<u>9,251.10</u>	<u>7,908.34</u>

As per our Report of even date

For B. Chhawchharia & Co.
Firm Registration No. 305123E
Chartered Accountants

Vikram Dhanania
Partner
M. No. 060568

Kolkata
May 6, 2013

For and on behalf of the Board

N C Bahl *Wholtime Director*

Lalit Kumar Singhi *Director*

Vikram Saraogi *Company Secretary*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1. Significant Accounting Policies

1.1 Basis of Preparation of Financial Statements

The Financial Statements have been prepared under the historical cost convention and in accordance with the provisions of the Companies Act, 1956. Accounting policies not referred to otherwise are consistent and are in consonance with the generally accepted accounting principles in India.

1.2 Use of Estimates

The preparation of financial statements requires estimate and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialized.

1.3 Tangible and Intangible Fixed Assets

- (i) Tangible fixed assets are stated at cost of acquisition and subsequent improvements thereto; net of CENVAT / Value Added Tax, rebates, less accumulated depreciation, and impairment loss, if any.
- (ii)A All costs, including financing costs and net charge on foreign exchange contracts till commencement of commercial production, are capitalised. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of fixed asset.
- (iii) Direct and Indirect Expenditure on implementation of the project prior to commencement of production and stabilization of commercial production of the respective plant facility, are classified as Project Development Expenditure and disclosed under Capital Work-in-Progress (net of income earned during the project development stage).
- (iv) Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment loss, if any.

1.4 Depreciation/ Amortisation

- (i) Depreciation on tangible assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- (ii)A ssets costing Rs. 5,000 or less are being fully depreciated in the year of acquisition.
- (iii) Cost of leasehold land is amortized over the period of lease.
- (iv) The intangible assets are amortized on straight line method at the rate and in the manner prescribed in Schedule XIV to the Companies Act 1956, and where such rate is not prescribed over the useful economic life of the respective assets.

1.5 Impairment of Assets

The carrying amounts of the assets are reviewed at each balance sheet date. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged when the asset is identified as impaired.

1.6 Government Grants

Grants received/to be received, if any, against specified fixed asset is/will be adjusted to the cost of the asset and in case where it is not against any specific fixed asset, the same is/will be taken as Capital Reserve. Further, the revenue grants are/will be recognised in the Statement of Profit and Loss in accordance with the related scheme and in the period in which it is/will be admitted.

1.7 Foreign Currency Transactions

- (i) Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing on the date of the transaction. All transactions of integral foreign operations are recorded by applying to the foreign currency amounts on an average exchange rate between the reporting currency and the foreign currency.
- (ii) Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid/received on forward contracts is recognised over the life of the contract.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(iii) Non-monetary foreign currency items are carried at cost.

(iv) Any income or expense on account of exchange difference either on settlement or on translation is recognised as revenue except in respect of the project cost which are recognized as "Capital Work in Progress".

1.8 Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as Current Investments. All other investments are classified as Long-term Investments. Current Investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term Investments are carried at cost. Provision for diminution in the value of Long-term Investments is made only if such a decline is other than temporary in nature in the opinion of the management.

1.9 Inventories

Inventories are valued at weighted average cost or net realizable value whichever is lower.

1.10 Borrowing Costs

Borrowing costs 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 intended use. All other borrowing costs are charged to revenue.

1.11 Employee Retirement Benefits

- (i) Short term employee benefits are charged off at the undiscounted amount in the period in which the related service is rendered.
- (ii) Post employment and other long term employee benefits are charged off in the period in which the employee has rendered services. The amount charged off is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to Statement of Profit and Loss/Project Development Expenditure Account.

1.12 Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the period at current rates. Tax expense comprises both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable/ recoverable in respect of taxable income/ loss for the reporting period. Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originates in one year and are capable of reversal in one or more subsequent years.

1.13 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

1.14 Revenue Recognition

All expenses and income to the extent considered payable and receivable respectively, unless otherwise stated, are accounted for on an accrual basis. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are disclosed net of quality claims and rebates.

1.15 Insurance Claims

Insurance claims are accounted as and when admitted / settled.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

	31 March, 2013 Rs. in Lakhs	31 March, 2012 Rs. in Lakhs
2. Share Capital		
a) Capital Structure		
Authorised		
300,00,00,000 Equity Shares of Rs. 10/- each. (Previous year - 300,00,00,000 Equity Shares of Rs. 10/- each.)	300,000.00	300,000.00
	300,000.00	300,000.00
Issued, Subscribed and Fully Paid Up		
218,67,35,023 Equity Shares of Rs. 10/- each. (Previous year - 203,47,35,023 Equity Shares of Rs. 10/- each.)	218,673.50	203,473.50
	218,673.50	203,473.50

The Company has only one class of shares referred to as Equity Shares having a par value of Rs. 10. Each holder of Equity Shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive in proportion to their shareholding the remaining assets of the Company, after distribution of the preferential amount.

b) Share Capital Reconciliation

Equity Shares	31 March 2013		31 March 2012	
	Nos.	Amount	Nos.	Amount
Opening balance	2,034,735,023	203,473.50	2,034,735,023	203,473.50
Issued during the period	152,000,000	15,200.00	—	—
Closing Balance	2,186,735,023	218,673.50	2,034,735,023	203,473.50

c) Particulars of Equity Shareholders holding more than 5% Shares at Balance Sheet date

	31 March 2013		31 March 2012	
	Nos.	% holding	Nos.	% holding
Electrosteel Castings Limited	866,750,000	39.64%	708,000,000	34.80%
Stemcor Cast Iron Investments Limited	400,909,646	18.33%	400,909,646	19.70%

The Company has made preferential allotment of 15,20,00,000 equity shares of Rs. 10 each during the year to Electrosteel Castings Limited pursuant to approval of shareholders in the meeting held on 07/08/2012.

3. Reserves & Surplus

	31 March, 2013 Rs. in Lakhs	31 March, 2012 Rs. in Lakhs
Securities Premium Account		
Opening balance	3,993.17	3,993.17
Add: Premium on issue of equity shares	—	—
Closing Balance	3,993.17	3,993.17
Surplus/(Deficit) in the statement of profit or loss		
Opening balance	(15,595.05)	(613.35)
Loss for the year	(28,001.25)	(14,981.70)
Net Surplus/(Deficit)	(43,596.30)	(15,595.05)
Total Reserves & Surplus	(39,603.13)	(11,601.88)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

4. Long-term Borrowings

	Non-current portion		Current maturities	
	31 March 2013 Rs. in Lakhs	31 March 2012 Rs. in Lakhs	31 March 2013 Rs. in Lakhs	31 March 2012 Rs. in Lakhs
Term Loans				
<u>Secured Loans</u>				
From Banks				
Senior Debts	259,516.16	311,689.54	63,966.86	51,951.61
Subordinate Debts	41,528.69	49,819.61	10,063.33	8,315.75
External Commercial Borrowings (ECB)	40,265.58	45,662.76	10,596.21	1,986.21
Buyers Credit	—	—	3,789.29	1,173.58
Securitization Loan	158,751.00	24,000.00	17,639.00	—
Capacity Enhancement Loan	933.33	—	66.67	—
From Others				
Senior Debts	31,133.33	37,360.00	7,605.38	6,226.67
Subordinate Debts	1,286.67	1,544.00	321.67	257.33
Securitization Loan	31,500.00	—	3,500.00	—
Others	—	50,000.00	9,236.00	—
<u>Unsecured Loans</u>				
From a Bank	—	—	—	13,800.00
	564,914.76	520,075.91	126,784.41	83,711.15
Amount disclosed under the head "Other current liabilities" (Note 9)			126,784.41	83,711.15
	564,914.76	520,075.91	—	—

A. Security

- 1) The Senior Debts and ECB, from Banks and Others are secured by:
 - (a) First ranking pari passu mortgage and charge on all immovable and movable properties including fixed assets, plant and machinery (both tangible & intangible), present and future, and assignment of project agreements; subject to charges created / to be created in favour of working capital lenders on the current assets; and
 - (b) Pledge of 500,000,000 Equity Shares of the Company held by Electrosteel Castings Limited.
- 2) The Subordinate Debts from Bank and Others are secured by a second charge, which shall be subject to and subservient to the first charge created / to be created as in (1) above.
- 3) Securitization Loan is secured by :
 - (a) Assignment of receivables under the Off-Take Agreement pertaining to sale of two of the products of the Company;
 - (b) Second charge over the fixed assets both present and future of the Company, ranking pari passu with existing Subordinate term lenders as in (2) above and the working capital lenders.
 - (c) Securitization Loan from Others is further secured by first mortgage of a piece of land with factory building owned by Electrosteel Castings Limited, pledge of entire shareholding of a body corporate alongwith mortgage of land owned by that body corporate (pending execution), and second charge on movable assets.
- 4) Buyers Credit are secured as in (1) above.
- 5) Loan from Others ' is secured as in 3(b) & (c) above.
- 6) Capacity Enhancement Loan (pending execution) is secured by :
 - (a) As in 1(a) & (b) above; and
 - (b) Residual charge on all cash flow as in 3(a) above
 - (c) Second pari passu charge over entire current assets of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

B. Repayment terms

- The Senior and Subordinate debts are repayable in further 24 quarterly instalments of Rs. 167,35.37 lakhs each up to March 2019.
- ECB is repayable in further 23 quarterly instalments of Rs. 2119.24 lakhs (US \$ 39.03 lakhs) each up to Dec 2018.
- Securitization loan (partially disbursed) is repayable in quarterly instalments wef 30.06.2013 as follow:
 - first 16 instalments of Rs. 5500.00 Lakhs
 - next 12 instalments of Rs. 6875.00 Lakhs
 - final 6 instalments of Rs. 8250.00 Lakhs
 - the final instalment is payable on 30/09/2021.
- Capacity Enhancement Loan (partially disbursed) is repayable in 30 quarterly installments of Rs. 33.33 lakhs each upto March 2021.

C. The applicable rate of interest on the above term loans during the year are -

- Senior Debts from Banks and Others carries interest rate at base rate plus spread being 2.50% to 4.00% of the lenders.
- Subordinate Debts from Banks and Others carries interest rate at 1.50% to 2.00% above the rate as in (a) above.
- External Commercial Borrowings carries interest at Libor (6 months) plus 4.50%.
- Buyers Credit carries interest rate at Libor plus spread being 0.50% to 1.25%.
- Securitization Loan carries interest rate at base rate plus spread being 1.75% to 2.50% of the lenders.
- Capacity Enhancement Loan carries interest rate at base rate plus 2.75% of lenders.
- Loan from Others carries interest rate at lenders' benchmark rate minus 3.50%.

D. Default in Repayment of Loan

- The Company has defaulted in repayment/ payment as on reporting date of dues to Banks and FIs as follows:

<u>Nature of Dues</u>	<u>Period of Default</u>	<u>Amount (Rs. in lakhs)</u>
Senior Debts	March 2013 (Installment)	13353.42
Subordinate Debts	March 2013 (Installment)	1919.67
ECB	March 2013 (Installment)	2119.24
Interest on Term Loan	January to March 2013	15159.04 (Rs. 5008.09 lakhs since repaid)

5. Other Long-term Liabilities

Security Deposit/ EMD from Vendors
Retention Money Payable

<u>31 March, 2013</u> <u>Rs. in Lakhs</u>	<u>31 March, 2012</u> <u>Rs. in Lakhs</u>
69.47	69.47
46,417.30	39,832.48
46,486.77	39,901.95

6. Provisions

Provision for employee benefits
Other Provisions - Wealth Tax

<u>Long-term</u>		<u>Short-term</u>	
<u>31 March 2013</u> <u>Rs. in Lakhs</u>	<u>31 March 2012</u> <u>Rs. in Lakhs</u>	<u>31 March 2013</u> <u>Rs. in Lakhs</u>	<u>31 March 2012</u> <u>Rs. in Lakhs</u>
215.39	329.42	77.12	49.72
		1.42	1.70
215.39	329.42	78.54	51.42

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

	31 March, 2013 Rs. in Lakhs	31 March, 2012 Rs. in Lakhs
7. Short-term Borrowings		
Inter Corporate Loan (Unsecured)	1,000.00	—
Working Capital Facility from a Bank (Secured)	10,002.34	3,158.02
Buyers Credit (Secured)	12,310.58	7,153.45
	<u>23,312.92</u>	<u>10,311.47</u>

Working Capital facility from a Bank (including Buyers Credit) is secured by way of first charge over current assets (excluding receivables as in 3(a) in Note 4A above) and second charge over the fixed assets of the company, both present and future, pari-passu with other Lenders. The facility carries interest at base rate plus 3.90% of the Lending Bank.

	31 March 2013 Rs. in Lakhs	31 March 2012 Rs. in Lakhs
8. Trade Payables		
Trade Payables (including acceptance)	20,682.72	12,077.27
	<u>20,682.72</u>	<u>12,077.27</u>
9. Other Current Liabilities		
Current maturities of long-term borrowings (refer note 4 above)	126,784.41	83,711.14
Interest accrued but not due on borrowings	1,276.66	1,473.46
Interest accrued and due on borrowings	15,196.47	919.70
Advance / Security Deposits / EMD from Customers	6,397.80	8,215.82
Temporary Overdraft due to over issue of Cheques	42.13	—
Creditors for Capital Supplies / Services	40,779.79	33,393.22
Others		
Statutory Dues Payables	232.85	629.63
Others Payables (Year end provisions & Vendor Liabilities)	642.20	703.86
	<u>191,352.31</u>	<u>129,046.83</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

10. FIXED ASSETS

Rs. in lacs

Description	Gross Block				Accumulated depreciation/ amortisation				Net book value		
	As at 31 March, 2012	Additions	Borrowing Cost	Sales / Adjustments	As at 31 March, 2013	Upto 31 March, 2012	For the Period	Sales / Adjustments	Upto 31 March, 2013	As at 31 March, 2013	As at 31 March, 2012
Tangible Assets											
Freehold Land & Land Development (*)	22,438.49	844.03	—	—	23,282.52	—	—	—	—	23,282.52	22,438.49
Leasehold Land	100.02	—	—	—	100.02	4.77	3.34	—	8.11	91.91	95.25
Buildings	29,820.37	—	—	—	29,820.37	186.75	981.16	—	1,167.91	28,652.46	29,633.62
Plant & Equipment	98,144.02	92.72	—	16.40	98,220.34	2,801.53	5,447.48	1.42	8,247.59	89,972.75	95,342.49
Furniture & Fixtures	569.39	22.44	—	—	591.83	147.47	32.13	—	179.60	412.23	421.92
Vehicles	249.59	1.64	—	5.41	245.82	53.16	23.50	1.06	75.60	170.22	196.43
Office Equipment	203.22	5.70	—	—	208.92	22.28	13.14	—	35.42	173.50	180.94
Railway Sidings	1,658.61	—	—	—	1,658.61	82.67	78.78	—	161.45	1,497.16	1,575.94
Total (A)	1,53,183.71	966.53	—	21.81	1,54,128.43	3,298.63	6,579.53	2.48	9,875.68	1,44,252.75	1,49,885.08
Intangible Assets											
Computer Software	742.17	112.87	—	—	855.04	173.48	145.95	—	319.43	535.61	568.69
Total (B)	742.17	112.87	—	—	855.04	173.48	145.95	—	319.43	535.61	568.69
Total (A + B)	1,53,925.88	1,079.40	—	21.81	1,54,983.47	3,472.11	6,725.48	2.48	10,195.11	1,44,788.36	1,50,453.77
Previous Year's figures	67,415.47	74,505.50	12,008.43	3.52	1,53,925.88	525.47	2,948.04	1.40	3,472.11	1,50,453.77	

(*) Includes 126.71 acres (P.Y. 71.69 acres) of land pending registration in the name of the Company.

11. Loans & Advances

(Unsecured, Considered good)

	Long-term		Short-term	
	31 March 2013 Rs. in Lakhs	31 March 2012 Rs. in Lakhs	31 March 2013 Rs. in Lakhs	31 March 2012 Rs. in Lakhs
Capital Advances	14,697.93	33,068.20	—	—
Security Deposit	1,099.13	724.90	—	—
Other loans and advances				
Income Tax Advances (Net of provisions)	—	—	154.86	102.40
Balance with statutory / government authorities	—	—	14,236.13	13,087.24
Advances recoverable in cash or kind or for value to be received	—	—	709.08	2,931.88
Export Incentive Receivables	—	—	12.22	12.22
	15,797.06	33,793.10	15,112.29	16,133.74

12. Current Investments

Investment in Mutual funds (Unquoted)

SBI-SHF-Ultra Short Term Fund Institutional Plan (Growth)

Nil (P.Y. 95,345) units of Rs.1000/- each

31 March 2013 Rs. in Lakhs	31 March 2012 Rs. in Lakhs
—	2,253.16
—	2,253.16

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

	31 March 2013 Rs. in Lakhs	31 March 2012 Rs. in Lakhs		
13. Inventories (valued at lower of cost and net realizable value)				
Finished Goods & Semi Finised Goods	9,903.94	3,868.29		
Raw Materials*	12,012.76	14,966.26		
Stores and Spares	676.66	651.34		
	22,593.36	19,485.89		
<i>* Includes materials in transit Rs. Nil (P.Y. Rs. 27.69 lakhs)</i>				
14. Trade Receivables				
Unsecured, considered good-Due for less than 6 months	585.77	93.37		
	585.77	93.37		
15. Cash and Bank balances				
Cash and Cash equivalents				
Balances with Banks				
In Current Accounts	26.87	2,194.52		
Stamp papers on hand	32.45	59.18		
Cash on hand	4.04	4.87		
Balance with Banks in Deposit Accounts (held as margin money)*	9,187.74	5,649.77		
	9,251.10	7,908.34		
<i>* Includes deposit maturing after 12 months Rs. 3294.29 lakhs (P.Y. Rs. 3417.57 lakhs)</i>				
16. Other Current Assets				
Interest accrued on fixed deposits	935.94	545.29		
	935.94	545.29		
17. Revenue from Operations	31 March 2013	31 March 2012		
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Sale of Products:				
Export Sales				
Semi-Finished & Finised Goods	—	—	121.52	—
Less: Transfreed to Trial Run	—	—	64.15	57.37
Domestic Sales				
Semi-Finished & Finised Goods	25,174.04		6,366.75	
Less: Transfreed to Trial Run	9,431.04	15,743.00	—	6,366.75
Other Operating Revenue				
Scrap / By-products & Others	2,586.76		307.96	
Less: Transfreed to Trial Run	—	2,586.76	18.01	289.95
Revenue from operations (Gross)		18,329.76		6,714.07
Less: Excise Duty		2,018.75		645.31
Revenue from operations (Net)		16,311.01		6,068.76

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

	31 March 2013 Rs. in Lakhs	31 March 2012 Rs. in Lakhs
18. Other Income		
Exchange differences (net)	—	41.81
Miscellaneous Income	93.39	—
	<u>93.39</u>	<u>41.81</u>
19. Cost of Materials Consumed		
Inventory at the beginning of the year	14,938.57	3,124.96
Add: Purchases	30,406.97	24,329.50
Add: Transfer from Project Inventory	371.43	—
Less: Inventory Issued to Project	46.31	831.61
Less: Inventory Issued for Trial Run	24,811.34	3,327.09
Less: Inventory sold during the year	1,440.74	—
Less: Inventory at the end of the year	12,012.76	14,938.57
	<u>7,405.82</u>	<u>8,357.19</u>
Add: Consumption of Semi-Finished Goods Produced during Trial Run	13,114.98	463.72
Less: Consumption of Semi-Finished Goods in Trial Run	1,634.30	16.23
	<u>18,886.50</u>	<u>8,804.68</u>
20. Changes in Inventories of Finished Goods, Work-in-Progress		
Inventories at the end of the year		
Semi-Finished & Finished Goods	1,992.38	515.02
Scrap / By-products	545.97	1,131.98
	<u>2,538.35</u>	<u>1,647.00</u>
Inventories at the beginning of the year		
Semi-Finished & Finished Goods	515.02	251.24
Scrap / By-products	1,131.99	—
	<u>1,647.01</u>	<u>251.24</u>
Adjustment for Excise Duty	92.02	107.73
	<u>(799.32)</u>	<u>(1,288.03)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

	31 March 2013 Rs. in Lakhs	31 March 2012 Rs. in Lakhs
21.E Employee Benefits Expense		
Salaries, wages and bonus	915.33	638.89
Contribution to Provident and Other Funds	39.39	28.35
Staff welfare expenses	50.00	42.38
	<u>1,004.72</u>	<u>709.62</u>
22. Finance Costs		
Interest Expense	12,780.36	6,998.19
Other Borrowing Cost	196.10	126.07
Net (Gain) / Loss on foreign currency transactions and translation	464.65	898.57
	<u>13,441.11</u>	<u>8,022.83</u>
23. Other Expenses		
Consumption of Stores & Spares	573.00	344.86
Power and Fuel	971.08	551.15
Freight and Forwarding Charges	106.68	41.14
Rent	32.57	35.03
Rates and taxes	74.57	99.52
Insurance	139.16	61.67
Repairs to Machinery	55.12	53.70
Operation & Maintenance expenses	445.30	226.15
Machine Hire Charges	442.71	60.05
Material Handling Expenses	54.68	25.25
Listing & Registrar Expenses	36.34	33.98
Security Expenses	95.90	64.06
Advertisement and Sales Promotion Expenses	36.19	45.66
Travelling & Conveyance	164.49	188.93
Legal & Professional Fees	257.02	272.45
Payment to Auditors	44.72	51.21
Loss on forward contracts	—	21.24
Prior Period Items	3.72	15.70
Exchange differences (net)	1,929.47	—
Other Miscellaneous Expenses	272.11	253.39
	<u>5,734.83</u>	<u>2,445.14</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

	31 March 2013 Rs. in Lakhs	31 March 2012 Rs. in Lakhs
Payment to Auditors		
Statutory Audit Fee	10.00	10.00
Internal Audit Fee	32.25	39.19
Tax Audit Fee	1.00	1.00
Other Services	0.80	0.20
Out of Pocket Expenses	0.67	0.82
	44.72	51.21

24.E Exceptional Items

On a review, for appropriate presentation of tangible assets at the year end, the recalculation of provision of depreciation since inception has resulted in deficiency of Rs 229.52 lakhs ascertained upto 31.03.2012 under the head 'Plant & Machinery' which has been charged to the Statement of Profit & Loss for the current year as an 'Exceptional Items'. This has increased the loss for the year to that extent.

25. Gratuity and other post-employment benefits plan

The disclosures required under Accounting Standard 15 "Employee Benefits" issued by the Institute of Chartered Accountants of India (ICAI), are as below:

Defined Contribution Plans

Contributions to Defined Contribution Plans, recognized are charged off for the period (included in Statement of Profit & Loss and Project Development Expenditure) as under:

Particulars

	31 March 2013 Rs. in Lakhs	31 March 2012 Rs. in Lakhs
Employer's Contribution to Provident Fund	220.15	180.71
Employer's Contribution to Pension Scheme	61.23	52.34

Defined Benefit Plan

The present value of obligation for Employee's Gratuity Scheme 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. The obligation for Leave Encashment is recognized in the same manner as Gratuity.

a. Reconciliation of opening and closing balances of Defined Benefit obligation

	Gratuity (funded)		Leave encashment (unfunded)	
	31 March 2013 Rs. in Lakhs	31 March 2012 Rs. in Lakhs	31 March 2013 Rs. in Lakhs	31 March 2012 Rs. in Lakhs
Defined Benefit obligation at beginning of the year	252.26	83.95	259.68	149.27
Current Service Cost	60.26	82.15	36.01	32.02
Interest Cost on benefit obligation	20.63	13.45	21.62	16.36
Net Actuarial (gain)/loss recognized in the year	(56.05)	84.23	(79.63)	84.84
Benefits paid	(13.52)	(11.52)	(16.84)	(22.81)
Net benefit expense	263.58	252.26	220.84	259.68

b. Reconciliation of opening and closing balances of fair value of plan assets:

	Gratuity (funded)	
	31 March 2013 Rs. in Lakhs	31 March 2012 Rs. in Lakhs
Opening fair value of plan assets	132.81	130.92
Expected return	16.19	10.55
Actuarial gains/(losses)	(1.82)	(0.71)
Employer contribution	93.37	3.57
Benefits paid	(13.52)	(11.52)
Closing fair value of plan assets	227.03	132.81

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

c. Reconciliation of fair value of assets and obligations

	Gratuity (funded)		Leave encashment (unfunded)	
	31 March 2013 Rs. in Lakhs	31 March 2012 Rs. in Lakhs	31 March 2013 Rs. in Lakhs	31 March 2012 Rs. in Lakhs
Fair value of plan assets	227.03	132.81	—	—
Present value of obligations	263.59	252.26	220.86	259.69
(Assets)/Liability recognized in the Balance Sheet	36.56	119.45	220.86	259.69

d. Net employee benefit expense recognized during the year

	Gratuity (funded)		Leave encashment (unfunded)	
	31 March 2013 Rs. in Lakhs	31 March 2012 Rs. in Lakhs	31 March 2013 Rs. in Lakhs	31 March 2012 Rs. in Lakhs
Current Service Cost	60.26	82.15	36.01	32.02
Interest Cost on benefit obligation	20.63	13.45	21.62	16.36
Expected return on plan assets	(16.19)	(10.55)	—	—
Net Actuarial (gain)/loss recognized in the year	(54.23)	84.94	(79.63)	84.85
Net benefit expense	10.47	169.99	(22.00)	133.23

e. Investment Details

100% of the plan assets are with the Insurance Company.

f. Actuarial Assumptions

The principle assumptions used in determining defined benefit obligations for the company's plan are shown below:

	Gratuity (funded)		Leave encashment (unfunded)	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Mortality Table (L.I.C)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8.25%	8.00%	8.25%	8.00%
Expected rate of return on plan assets (per annum)	9.00%	8.00%	NA	NA
Rate of escalation in salary (per annum)	5.00%	5.00%	5.00%	5.00%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

26. Project Development Expenditure

The Company is in the process of setting up an Integrated Steel & D I Pipe Plant in the state of Jharkhand, India. The expenditure incurred during construction period is classified as 'Project Development Expenditure' pending capitalisation to be allocated to the respective asset on the completion thereof. Necessary details have been disclosed below:

Project Development Expenditure Account (Included under Capital Work-in-Progress)

	31 March 2013 Rs. in Lakhs	31 March 2012 Rs. in Lakhs
Opening Balance	147,420.04	86,237.25
Add:		
(i) Payments to and Provisions for Employees (including personnel on deputation)		
– Salaries, Wages and Bonus	5,490.70	4,612.51
– Contribution to Provident Fund, Gratuity Fund, Superannuation Fund, Pension Scheme, etc.	251.00	380.66
– Employee welfare and other amenities	292.67	361.01
(ii) Consultancy, Professional and Legal Fees	1,035.23	1,443.91
(iii) Power & Fuel	1,886.99	1,370.36
(iv) Labour and Machinery Hire Charges	446.03	473.27
(v) Security expenses	329.90	415.32
(vi) Insurance	593.14	516.83
(vii) Rent	176.71	272.16
(viii) Rates & Taxes	18.57	—
(ix) Stores & Spares consumption	33.45	182.62
(x) Travelling and Conveyance Expenses	907.49	1,574.56
(xi) Exchange Fluctuation (Considered as Borrowing Cost)	2,856.82	7,270.26
(xii) General and Administrative Expenses (net)	305.66	808.52
(xiii) Depreciation	589.10	553.50
(xiv) Other Borrowing Cost	2,675.63	2,009.79
(xv) Interest and Finance Charges	68,899.28	55,346.35
(xvi) Loss on forward contracts	—	—
	234,208.41	163,828.87
Less:		
(iv) Credit for Project Scrap	1,617.00	—
(v) Foreign Currency Exchange Fluctuation	(5,335.77)	(1,514.19)
	237,927.18	165,343.06
Add: Provision for tax		
– Income Tax	—	—
	237,927.18	165,343.06
Less: Allocated/Transferred during the year to completed assets	—	17,923.02
Closing Balance	237,927.18	147,420.04

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

26.1A part of the plant facility has commenced commercial production and the proportionate expenditure related thereto is duly capitalised. Expenditure incurred thereafter is treated as revenue.

27. Segment information

The Company's activities during the period were relating to setting up of its Integrated Steel & D I Pipe Plant. A part of the plant facility has commenced production (refer Note 26 above). Considering the nature of the Company's business and operations, there are no separate reportable segments (business and/ or geographical) in accordance with the requirements of Accounting Standard 17 'Segment Reporting', issued by ICAI.

28. Related Party Disclosures

As per Accounting Standard 18 'Related Party Disclosures' issued by ICAI, the disclosure of transactions with related parties are given below:

(i) Names of the related parties and description of relationship

List of related parties where control exists:

1. Key Management Personnel (KMP) and their relatives

Mr. Umang Kejriwal	- Director
Mr. Nigam Chander Bahl	- Whole Time Director
Mr. Sunil V Diwakar	- Nominee Director
Mr. Ghanshyam Kejriwal	- Relative of Director
Mrs. Uma Kejriwal	- Relative of Director
Mr. Mayank Kejriwal	- Relative of Director
Mrs. Asha Kejriwal	- Relative of Director
Ms. Radha Kinkari Kejriwal	- Relative of Director
Ms. Priya Sakhi Kejriwal Mehta	- Relative of Director

2.E Enterprises where KMP/ relatives of KMP have significant influence or control

Akshara Manor Pvt. Ltd.	Greenchip Trexim Pvt. Ltd.
Avalokiteshwar Valinv Ltd.	Lanco Industries Ltd.
Badrinath Industries Ltd.	Malay Commercial Enterprises Ltd.
Bose Estates Pvt. Ltd.	Murari Investment & Trading Co. Ltd.
Calcutta Diagnostics Centre Pvt. Ltd.	Oxford Heights Pvt. Ltd.
Cubbon Marketing Pvt. Ltd.	Quinline Dealcomm Pvt. Ltd.
Electrosteel Aviation Ltd.	Resina Developers Pvt. Ltd.
Electrosteel Thermal Coal Ltd.	Sigma Commercials Pvt. Ltd.
Electrosteel Thermal Power Ltd.	Sri Gopal Investments Ventures Ltd.
Ellenbarrie Chemical Allied Pvt. Ltd.	Sree Khemisati Construction Pvt. Limited
Ellenbarrie Developers Pvt. Ltd.	Tulsi Enclave Pvt. Ltd.
Escal Finance Services Ltd.	Tulsi Highrise Pvt. Ltd.
Electrocast Sales India Ltd.	Tulip Enclave Pvt. Ltd.
Gaushree Enterprises	Uttam Commercial Co. Ltd.
G. K. Investments Ltd.	UNB Estates Pvt. Ltd.
G. K. & Sons Pvt. Ltd.	Wilcox Merchants Pvt. Ltd.
Global Export Ltd.	

3. Other related parties

Electrosteel Castings Ltd.	Electrosteel Castings Gulf Fze
Electrosteel Europe SA	Electrosteel Trading S.A. Spain
Electrosteel Algeria SPA	Electrosteel USA LLC
Electrosteel Brasil Ltd. A Tubos E Conexoes Duteis	Singardo International PTE Ltd.
Electrosteel Castings (UK) Ltd.	Waterfab LLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(ii) Transactions during the period with related parties (excluding taxes):

Sl. No.	Name of the related party	31 March, 2013 Rs. in Lakhs	31 March, 2012 Rs. in Lakhs
1	Electrosteel Castings Limited		
	Transactions:		
	Proceeds from issue of equity shares/Premium	15,200.00	—
	Purchase of Materials & Services	2,019.13	7,682.72
	Sale of Materials & Services	3,241.08	382.89
	DEPB Purchase	—	45.56
	Reimbursement of expenses	35.71	13.82
	Payment of rent	95.78	101.70
	Sale of Assets	25.55	—
	Closing Balance:		
	Trade Payables	5,827.10	6,762.69
	Advance against supplies/services	5,710.49	8,000.00
	Trade receivables	—	24.55
2	Singardo International PTE Ltd.		
	Transactions:		
	Reimbursement of travel expenses	—	4.84
3E	Electrosteel Europe SA		
	Transactions:		
	Export Sales (including trail run sales)	—	108.42
	Closing Balance:		
	Trade receivables	—	50.70
4.	Sree Khemisati Construction Pvt. Limited		
	Transactions:		
	Reimbursement of Expenses	6.88	—
	Closing Balance:		
	Year End Payables	1.33	—
5.	Tulsi Highrise Pvt. Ltd.		
	Transactions:		
	Payment of Rent	1.57	—
6.	Wilcox Merchants Pvt. Ltd.		
	Transactions:		
	Payment of Rent	1.57	—
7	Mr. Umang Kejriwal		
	Transactions:		
	Sitting fees	0.30	0.20
8	Mr. Nigam Chander Bahl		
	Transactions:		
	Payment of remuneration	115.22	114.93
9	Ms. Radha Kinkari Kejriwal		
	Transactions:		
	Payment of remuneration	10.78	5.88

29.E Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	31 March 2013 Rs. in Lakhs	31 March 2012 Rs. in Lakhs
Net Profit / (Loss) attributable to equity shareholders	(28,001.25)	(14,981.70)
Weighted average number of equity shares in calculating EPS	2,123,436,393	2,034,735,023
Nominal value of Equity Shares	10.00	10.00
Basic & Diluted EPS	(1.32)	(0.74)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

30. Accounting for Taxes on Income

Since the major part of the Company's activities during the period were for the setting up of the project, no provision for deferred tax assets has been made under Accounting Standard 22 'Accounting for Taxes in Income' issued by ICAI, in accordance with the transitional provisions.

31. Capital and other commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for

31 March, 2013 Rs. in Lakhs	31 March, 2012 Rs. in Lakhs
78,800.00	66,162.43
5,264.09	1,586.64
249.31	892.21
53.99	78.39

32. Contingent liabilities

Show cause notice from Central Excise Authorities alleging wrong availment of Cenvat credit (includes demand raised and disputed-Rs. 68.24 Lacs)

Bills Discounted with Bank

Sales Tax litigation

Civil and criminal proceedings pending against the Company, the financial liability thereof, if any, is unascertainable.

33. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

The Company has circulated confirmation for the identification of suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006. On the basis of information available with the Company under the aforesaid Act, there are no Enterprises to whom the Company owes dues which are outstanding at year end. This has been relied upon by the Auditors.

34. Value of import calculated on CIF basis

Raw Materials

Stores & Spare Parts

Capital Goods

31 March, 2013 Rs. in Lakhs	31 March, 2012 Rs. in Lakhs
20,604.85	8,074.38
14.45	529.35
8,717.83	60,590.31
29,337.13	69,194.04
—	94.23
—	94.23

35.E Earnings in foreign exchange

FOB value of exports

36.E Expenditure in foreign currency

Consultancy and professional fees

Travelling and Conveyance

Salaries, Wages & Bonus

Rent

Interest paid

Financing Charges

Others

52.82	63.49
169.73	658.40
194.85	135.52
51.20	44.05
3,142.71	3,211.87
—	20.11
59.60	60.37
3,670.91	4,193.81

37. Valuation of Current Assets, Loan & Advances

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

Vendor balances appearing under Long-term liabilities, trade Payables & other liabilities, loans & advances and trade receivables are subject to reconciliation/ confirmation and adjustments in this respect are carried out as and when amount thereof, if any, are ascertained.

38. Imported & Indigenous Raw Materials, components and Spares Parts Consumed

	for the year 2012-13		for the year 2011-12	
	Value Rs. in Lakhs	% of total consumption	Value Rs. in Lakhs	% of total consumption
Raw Materials				
Imported	46.83	0.25%	—	—
Indigenous	18,839.67	99.75%	8,804.68	100.00%
Stores & Spares Parts				
Imported	—	—	—	—
Indigenous	573.00	100.00%	344.86	100.00%

39. Previous year figures have been reclassified wherever appropriate to confirm to current year's presentation.

40. All the figures in these notes are in 'Rs. in lakhs' except otherwise stated.

As per our Report of even date

For B. Chhawchharia & Co.
Firm Registration No. 305123E
Chartered Accountants

Vikram Dhanania
Partner
M. No. 060568

Kolkata
May 6, 2013

For and on behalf of the Board

N C Bahl *Wholetime Director*

Lalit Kumar Singhi *Director*

Vikram Saraogi *Company Secretary*



ELECTROSTEEL STEELS LIMITED

Regd. Office : 801 Uma Shanti Apartments, Kanke Road,
Ranchi 834008, Jharkhand, Ph:06512231636

ADMISSION SLIP

SIXTH ANNUAL GENERAL MEETING - TUESDAY, 23RD JULY, 2013 - 12.30 P.M.

Name of Shareholder	Folio No. / DP id & Client id	No. of shares held

I/We certify that I am / We are the registered shareholder(s)/proxy for the registered shareholder(s) of the Company.

I/We hereby record my/our presence at the SIXTH ANNUAL GENERAL MEETING of the Company to be held at, Basil Banquet Hall, Hotel Landmark, Jatin Chandra Road, Lalpur, Ranchi - 834001 on Tuesday, 23rd July 2013.

Signature of Member(s)/Proxy

Note : Please fill this attendance slip and hand it over at the ENTRANCE OF THE HALL.

------(TEAR HERE)-----



ELECTROSTEEL STEELS LIMITED

Regd. Office : 801 Uma Shanti Apartments, Kanke Road,
Ranchi 834008, Jharkhand, Ph:06512231636

FORM OF PROXY

I/We..... (name of the member/shareholder) of
..... (address of the member/shareholder)
being a Member(s) of Electrosteel Steels Limited, hereby appoint
(name of the proxy) of (address of the proxy) or failing him
..... (name of the alternative proxy) of
(address of the alternative proxy) as my/our proxy to attend and vote for me/us on my/our behalf at the SIXTH ANNUAL GENERAL MEETING of the Company to be held at Basil Banquet Hall, Hotel Landmark, Jatin Chandra Road, Lalpur, Ranchi - 834001 on Tuesday, 23rd July 2013 and/or at any adjournment thereof.

Signed thisday of 2013.

DP ID :

Folio No. / Client ID No. :

No. of Shares held :

Affix a
Revenue
Stamp

Signature

Note :

1. Please do not fail to put proper revenue stamp and your signature, while sending this form to the Company.
2. The proxy form must be returned so as to reach the Registered Office of the Company not less than FORTY EIGHT HOURS before the time for holding the aforesaid meeting.

Dear Shareholders,

Subject: Green Initiative in Corporate Governance: Go Paperless

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

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

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

You are therefore requested to register your email address with your depositories or by signing and returning the enclosed slip to the Company or by way of an email to eil.investors@electrosteel.com; psrchmurthy@karvy.com; at the earliest.

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

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

We are sure that as a responsible citizen, you shall cooperate with the Company in implementation of the green initiative.

Thanking you,

Yours faithfully,

For **Electrosteel Steels Limited**

Sd/-

Vikram Saraogi
Company Secretary

----- (Tear Here) -----

DP ID

CLIENT ID

FOLIO NO.

To,
The Company Secretary
Electrosteel Steels Limited
"G. K. Tower"
19, Camac Street
Kolkata - 700 017.

Dear Sir,

I agree to receive all future communications from Electrosteel Steels Limited at my below email id:-

E-mail id : _____

Alternative email id : _____

Thanking you,

Yours faithfully,

Signature of Sole / 1st Holder

Name

Date

