

EASTCOAST STEEL LIMITED

26th Annual Report 2008-2009

Regd. Office :

Cuddalore Road, Pillaiyarkuppam Post
Bahour Commune, Pondicherry 607 402.

EASTCOAST STEEL LIMITED

Board of Directors :	Mr. Prithviraj S. Parikh	Chairman
	Mr. Nalin S. Parikh	Director
	Mr. Rajendra Chaturvedi	Director
	Mr. Vilas K. Shah	Director
	Dr. P. K. Mohanty	Director
	Mr. P.K.R.K. Menon	Director & Co. Secretary
Auditors:	M/s. Krishnan & Giri Chartered Accountants Chennai	
Bankers:	State Bank of India Central Bank of India	
Registered Office & Plant:	Cuddalore Road, Pillaiyarkuppam Post, Bahour Commune, Pondicherry- 607 402	
Corporate Office:	Mittal Tower, 'A' Wing, 16th Floor, Nariman Point, Mumbai- 400 021	
Registrar & Share Transfer Agents:	Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai- 400 078	
Depository Services:	National Securities Depository Ltd. Trade World, 4th Floor, Kamla Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai- 400 013	
ISIN No: (Demat)	INE 315F 01013	

NOTICE

Notice is hereby given that the **Twenty Sixth (26th) Annual General Meeting** of the members of **EASTCOAST STEEL LIMITED** will be held at the Registered office of the Company at Cuddalore Road, Pillaiyarkuppam Post, Bahour Commune, Pondicherry-607 402 on Tuesday, 29th September 2009 at 10:00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts for the financial year ended 31st March, 2009 along with the Report of Auditors thereon as well as the Directors' Report.
2. To appoint a Director in place of Mr. Rajendra R. Chaturvedi, who retires by rotation and, being eligible to, offer himself for re-appointment.
3. To appoint a Director in place of Mr. Nalin S. Parikh, who retires by rotation and, being eligible to, offer himself for re-appointment.
4. To appoint auditors and to fix their remuneration, and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. Krishnan & Giri, Chartered Accountants, Chennai, be and are hereby re-appointed as auditors of the Company to hold the office for the period commencing from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 269 and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof), read with Schedule XIII to the Act, and subject to such other approvals, if any required, the Company hereby approves and confirms the appointment of Mr. Prithviraj S. Parikh as Executive Director of the Company w.e.f. January 30, 2009 and with remuneration as set out in the Explanatory Statement.

"FURTHER RESOLVED THAT consent be and is hereby granted to Board of Directors of the Company to alter or vary the terms and conditions of appointment including remuneration of Mr. Prithviraj S. Parikh."

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

"RESOLVED THAT the Company hereby approves and confirms the re-issue of 25,376 equity shares forfeited earlier, to WRM Private Limited as on 31st March, 2009 as approved by the Stock Exchanges at Madras & Bombay."

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

"RESOLVED THAT the Company do hereby accord its consent under section 293(1)(a) of the Companies Act, 1956, to mortgaging /hypothecating and/or charging by the Board of Directors of the Company of all or any of the immovable and /or movable properties of the Company, wherever situate, both present and future or the whole or substantially the whole of the undertaking or undertakings of the Company in such form and in such manner as the Board of Directors may think fit, together with the power to take over the management of the business and concern

of the Company in certain events for securing any loans and/or advances already obtained or that may be obtained from any banks/financial institutions/other bodies corporate and/or other lender person/persons and/or to secure any debentures issued and /or that may be issued and all interests, compound/additional interest, commitment charge, costs, charges, expenses and all other moneys payable by the Company to the concerned lenders within the overall limit of Rs. 60 Crores (Rupees Sixty Crores only) which is already sanctioned by the Company in 11th annual general meeting held on 20th May 1994."

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

"RESOLVED THAT pursuant to section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to statutory norms/ guidelines and subject to such other approvals and sanctions, if any, and approval of SEBI, Stock Exchanges, as may be required and subject to such conditions and modifications as may be prescribed, consent of the Company be and is hereby accorded to the Board to offer, issue and allot 24,48,234 New Equity Shares of Rs.10/- each for cash at par per share as follows:-

- (a) 24,48,234 Equity Shares of Rs.10/- each at par per share be offered to all such Members of the Company whose names appear on the Register of Members of the Company as holders of Equity Shares of the Company for cash on right basis, in the ratio as nearly as circumstances permit, of 1 equity share for every 2 equity shares held by them, fractional entitlement being ignored (hereinafter referred to as Right Shares) ; and

The above issue of new equity shares shall be made upon and subject, inter alia, to the following principal terms and conditions:-

- (i) The amount of Rs.10/- per share shall be called up/payable in one or more installments and on such date(s) as the Board of Directors may decide.
- (ii) The Right Shares shall not be offered/ allotted to those shareholders who have defaulted in payment of allotment money due on shares allotted to them originally.
- (iii) The issue and allotment of Rights shares to non-residents members of the Company shall be subject to sanction, if any, of Reserve Bank of India as may be required
- (iv) The new Equity Shares shall be issued subject to Memorandum and Articles of Association of the Company.
- (v) The aforesaid offer of new equity shares shall be made by Letter of Offer/ Notice specifying the number of shares offered and limiting the time, not being less than 15 days from the date of the offer, within which if the offer is not accepted, it will be deemed to have been declined, with liberty of the Board to extend the time for acceptance as aforesaid either generally or in respect of any particular holder or holders
- (vi) The offer of Rights Shares as aforesaid shall include a right exercisable by the members concerned to renounce the Rights Shares offered to them in whole or in part in favour of any other resident Indians/ non-resident Indians, subject to the right of the Board to refuse allotment and registration of shares in favour of a person not approved by the Board;
- (vii) Any member receiving offer of Rights Shares as aforesaid and taking up all the Rights Shares offered to him shall also be entitled to apply for additional Rights Shares out of such shares as are not taken up by the member to whom they are offered;
- (viii) The aforesaid new Equity Shares so issued shall upon allotment have the same rights of voting as the existing equity shares and be treated for all

other purposes pari-passu with the existing equity shares of the Company and that the equity shares so allotted during the financial year shall be entitled to dividend, if any, for the financial year in which the allotment has been made and subsequent years;

- (ix) No letter of allotment will be issued in respect of the new Equity Shares. The share certificate in their respect shall be completed and be ready for delivery within 15 days after the allotment thereof;
- (x) The Board shall have full authority to dispose off and allot any Rights Shares which remain unsubscribed or unallotted in terms aforesaid to resident Indians/non-resident Indians and/or promoters, upon such terms and conditions and in such manner as the Board may think proper and expedient, provided, they are eligible for the same by virtue of being existing shareholders of the company.
- (xi) For the purpose of giving effect to this resolution, the Board be and is hereby authorized to prescribe the terms and conditions of the offer, and other documents that may be necessary in respect of the offer and issue of the aforesaid new equity shares, to determine the amount payable on application, allotment and by way of further calls, if any, in respect thereof, to give such other directions as the Board may deem fit and proper and to do all such acts, deeds, things and matters of whatsoever nature that may be incidental thereto, including but not limited to settling of any question, doubt or difficulty that may arise in regard to the issue, offer and allotment of the said shares, as the Board in its absolute discretion considers necessary, expedient and proper;
- (xii) All or any of the powers conferred on the Board by this resolution may be exercised by the Board or such committee thereof as the Board may prescribe in this behalf."

By Order of the Board of Directors

P.K.R.K. Menon

Director & Company Secretary

Place: Mumbai

Dated: 3rd September 2009

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself / herself and the Proxy need not be a member of the Company. A proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Annual General Meeting.
2. The explanatory statement setting out material facts concerning the special business mentioned under item nos. 5 to 8 of the notice as required under Section 173 (2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, 19th September 2009 to Tuesday, 29th September 2009 (both days inclusive).
4. All the documents referred to in accompanying notice and explanatory statement are open for inspection by the members at the registered office of the Company on any working day between 11:00 A.M. and 01:00 P.M. up to the date of Annual General Meeting.

5. The members who hold shares in dematerialized form are requested to bring their client id and DPID no. for easy identification of attendance at the meeting. The members who hold shares in physical form are requested to notify the change in their address, if any, to the Company immediately. Also, members holding shares in different folios in physical form are requested to apply to our R&T Agents for consolidation of the same.
6. Members/ proxies should bring duly filled attendance slips attached herewith for attending the meeting along with their copies of the Annual Report.
7. A Brief Profile of Directors seeking re-appointment is given hereunder:

Mr. Rajendra R. Chaturvedi

Mr. Rajendra Chaturvedi, 62, has done his diploma in Textile Technology from The British Institute, London. After completion of his diploma, he joined the family business in 1980 and has been managing the business affairs of the family group of Companies for over two and half decades. Mr. Rajendra Chaturvedi has proven talents in administration and management. Mr. Rajendra Chaturvedi is a director of the Company since October 23, 2003.

Mr. Rajendra Chaturvedi is also director of Western Ministil Limited and Girdhar Morari Agro Research Pvt. Limited.

Mr. Rajendra Chaturvedi does not hold any shares in the company.

Mr. Nalin S. Parikh

Mr. Nalin S. Parikh, 74, has completed B.Com, B.A, LLB and MBA. He has vast experience over 50 years as an administrator. Mr. Nalin S. Parikh has a good insight in international trade, more particularly in steel and foreign trade of iron and steel products and has been the principal importer for steel in special applications in automobiles, engineering and other industries. Mr. Nalin S. Parikh is a director of the Company since January 22, 1990.

Mr. Nalin S. Parikh is also director of Asta India Pvt. Ltd., Dignesh Properties & Estates Pvt. Ltd., K. Parikh Agencies Pvt. Ltd., Metdist Industries Pvt. Ltd., Metmin Exploration Pvt. Ltd., Metmin Finance & Holdings Pvt. Ltd., Metmin Investment & Trading Pvt. Ltd., WRM Pvt. Ltd., Anjana Fincap Pvt. Ltd. and Fleurette Investments Pvt. Ltd.

Mr. Nalin S. Parikh holds 8,250 equity shares in the company

ANNEXURE TO NOTICE

Explanatory Statement As Required Under Section 173 (2) Of Companies Act, 1956

Item No. 5

Mr. Prithviraj S. Parikh is Director of the Company since 8th January, 1987. In view to strengthen the management of day to day affairs of the Company, the Board of Directors appointed Mr. Prithviraj S. Parikh as a Whole Time Director w.e.f. 30th January, 2009. Mr. P.S. Parikh, Executive Director, is entrusted with powers of overall supervision and functioning of the Company and handling day to day affairs of the Company. He shall further carry out such duties as may be entrusted to him by Board from time to time and exercise such powers as may be assigned to him, subject to the superintendence, control and directions of the Board in connection therewith and in the best interest of the Company.

The Board of Directors decided that no remuneration shall be paid to Mr. Prithviraj S. Parikh till 31st March, 2009 and he will be eligible for the remuneration w.e.f. 1st April, 2009. The Board of Directors proposed to give remuneration to Mr. Prithviraj S. Parikh of Rs. 50,000/- per month inclusive of all the perquisites and benefits from the Company. Your Directors believe that continued association of Mr. Prithviraj S. Parikh as an Executive Director of the Company would be immense benefit to the company and accordingly recommend the resolution mentioned at item no. 5 of the notice for your approval.

None of the directors, except Mr. Prithviraj S. Parikh and Mr. Nalin S. Parikh, are concerned or interested in the resolution.

Item No. 6

The Board of Directors has forfeited 25,376 equity shares for non payment of allotment money of Rs. 5/- along with Rs. 25/- by way of premium aggregating Rs. 30/- per share, at the Board Meeting held on 31st October, 2008. Subsequently, the matter was reported to Bombay Stock Exchange and Madras Stock Exchange with necessary information. WRM Private Limited has expressed their desire to purchase the shares against payment of outstanding allotment money of Rs. 5/- along with Rs. 25/- by way of premium aggregating Rs. 30/- per share. The Board of Directors has obtained the approval of Bombay Stock Exchange for reissue of forfeited shares. These 25,376 forfeited shares are reissued to WRM Private Limited as on 31st March, 2009.

Your Directors recommend the resolution mentioned at item no. 6 of the notice for your approval. Mr. Nalin S. Parikh, Mr. Prithviraj S. Parikh & Mr. P.K.R.K. Menon being directors of the allottee Company are interested in the resolution.

Item No. 7

The Board had been authorised under Section 293(1)(d) and all other applicable provisions of the Companies Act, 1956, to borrow monies upto Rs. 60 Crores (Rupees Sixty Crores only) which was in excess of the aggregate of paid-up capital and free reserves of the Company. Keeping in view of the Company's business requirements and its plans for diversification and growth, in order to borrow loans from Banks, Institutions, Non-Banking Financial Corporations, Bodies Corporate, and/ or other lenders, etc. Since the Board needs authorisation to mortgage or hypothecate the assets of the Company, the consent of the shareholders in General meeting is required under section 293(1)(a) of Companies Act, 1956 authorising the Board of Directors with necessary powers.

The Board recommends the resolution for approval of the members.

None of the directors of the Company is, in any way, concerned or interested in the said resolution.

Item No. 8

The Company is negotiating for settlement of the outstanding dues claimed by Pondicherry Electricity Department based on the civil appeal/application pending before the Supreme Court of India/Lok Adalat, New Delhi.

Once the settlement with Pondicherry Electricity Department has been completed as aforesaid, the Company proposes to revive its activities. The proceeds of the right issue will be used for settlement of the claim as may be determined by the judicial authorities. Surplus proceeds, if any, obtained out of this Rights Issue shall be retained by the Company for the general corporate purposes as may be deemed fit and proper by the Board of Directors and as recommended by the Audit Committee. The other objects clauses of the Memorandum of Association have also been proposed to be suitably altered/added, for which postal ballot papers are being separately mailed.

The Rights issue of shares will be in the ratio of 1 (one) new equity shares for every 2 (two) equity shares held.

It is proposed to list the new Equity Shares so offered in Madras Stock Exchange and Bombay Stock Exchange.

The Board recommends the resolution for approval of the members.

None of the directors is interested in the resolution except as shareholders.

By Order of the Board of Directors

P.K.R.K. Menon
Director & Company Secretary

Place: Mumbai
Dated: 3rd September 2009

DIRECTORS' REPORT

1. Your Directors are presenting herewith the twenty-sixth Annual Report together with the Audited Accounts for the year ended 31st March 2009.

2. FINANCIAL RESULTS

	(Rs. in Lacs)	
	2008-09	2007-08
Sales & Other Income	13.47	82.21
Profit/ (Loss) before Interest & Depreciation	(42.03)	42.83
Finance Charges	20.54	21.39
Depreciation	4.80	5.29
Profit/ (Loss) before Tax	(67.37)	16.15
Taxation (Fringe Benefit Tax)	0.39	0.14
Balance in P&L A/c carried forward	(67.76)	16.01
Debit Balance in P&L A/c	(1255.32)	(1271.33)
Less: General Reserves adjusted	248.00	—
Balance carried forward to Balance Sheet	(1007.32)	(1255.32)

3. DIVIDEND

In view of the losses carried forward of Rs. 1075.08 Lacs as at 31-03-2009, the Board of Directors regret their inability to propose any dividend for the year under review.

4. OPERATING RESULTS

The Company had suspended production at its plant located in Pondicherry owing to uneconomical operation and is looking forward to the market conditions to improve, so as to commence appropriate industrial activity which can be profitably undertaken. The current year's operations have resulted in a loss of Rs.67.37 lakhs as against a profit of Rs.16.15 lakhs in the previous year.

5. FINANCE

The Company has re-issued 25,376 equity shares forfeited earlier for a consideration of Rs. 30/- per share, of which Rs. 5/- each has been appropriated towards allotment money and Rs. 25/- each towards share premium after obtaining the requisite approval/permission from The Bombay Stock Exchange Ltd. This matter is being placed at the ensuing 26th Annual General Meeting scheduled to be held on 29th September 2009 for the purpose of ratification.

The Company has not accepted any deposits from the public during the year under review.

No provision has been made for tax in view of the loss carried forward except for F.B.T.

6. INDUSTRIAL RELATIONS

The Company has retained a few members of essential staff only in order to carry out the functions such as watch and ward, maintenance, etc. The industrial relations have continued to remain quite cordial.

7. CORPORATE GOVERNANCE

The Company considers that good corporate governance is an important step towards building investors' confidence, improving investor protection and optimizing shareholder values in the long term. Accordingly, and pursuant to Clause 49 of the Listing Agreement with the Stock Exchange (s), a Report on compliance of Corporate Governance duly certified by M/s. Ashish Bhatt & Associates, Company Secretaries in wholetime practice, alongwith a note on management discussion and analysis have been annexed to and forming part of this report.

8. BOARD OF DIRECTORS

Mr. Nalin S. Parikh and Mr. Rajendra Chaturvedi will retire by rotation at the forthcoming 26th Annual General Meeting of the Company. Being otherwise eligible, they have offered themselves for re-election. The Board propose that both these persons are required to be continued for the benefit of the Company.

The personal profile of these two Directors is given hereunder, for information of members.

Data	Mr. Nalin S. Parikh	Mr. Rajendra Chaturvedi
(a) Brief Resume	Born on 02-01-1935 B.Com., B.A., LL.B., M.B.A.	Born on 16-02-1947 Diploma Holder in Textile Technology.
(b) Experience	Over 50 years – Vast experience as an administrator. Travelled widely and has a good insight in international trade, more particularly in steel and foreign trade of Iron & Steel products. Has been the principal importer for steel in Special applications in Automobiles, engineering and other industries.	After completing his Diploma in Textile Technology from The British Institute, London, joined the family owned Business in 1980. Has been managing the business affairs of the family group of Companies for over two and a half decades. Proven talents in administration and management.
(c) Name of Companies in which he holds directorship and Membership in their Committee	Asta India Pvt. Ltd. Dignesh Properties & Estates Pvt. Ltd. K. Parikh Agencies Pvt. Ltd. Metdist industries Pvt. Ltd. Metmin Exploration Pvt. Ltd. Metmin Finance & Holdings Pvt. Ltd. Metmin Investment & Trading Pvt. Ltd. WRM Pvt. Ltd. Anjana Fincap Pvt. Ltd. Fleurette Investments Pvt. Ltd.	Western Ministil Ltd. Girdhar Morari Agro Research Pvt. Ltd.

None of these directors is paid any remuneration except sitting fees.

Mr. P.S. Parikh, Director, was designated as the Executive Director by the Board on 30-01-2009. However, considering the present financial position of the Company, the Board had deferred payment of remuneration to him till 01-04-2009. It has been proposed that Mr. Parikh be paid a consolidated remuneration of Rs.50,000/- per month subject to the approval of the members at the ensuing 26th Annual General Meeting scheduled to be held on 29th September 2009.

9. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that

- i) in the preparation of the accounts for the financial year ended 31st March 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss sustained by the Company;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the Directors have prepared the annual accounts for the financial year ended 31st March 2009 on a "going concern" basis.

10. AUDITORS

The Company's Auditors - M/s. Krishnan & Giri, Chartered Accountants, Chennai, retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for re-appointment.

11. NOTICE OF DISCLOSURE

The S.L.P. filed by Pondicherry Electricity Department against the Company in 2002 is still pending for disposal. It may be recalled that the petitioners were not granted any relief at the time of admission by the Supreme Court of India, New Delhi. The Company has, however, moved an application to refer the matter for mediation with LOK ADALAT in February 2009, which is being granted.

12. STATUTORY INFORMATION

(As required under Section 217 of the Act)

- 217(1)(e) Conservation of energy, R. & D., Absorption of Technology and Foreign exchange Earnings and outgoes - The required information is NIL as the Company's Plant is closed down from April 1995.
- 217(2A) There were no employees in the Company during the year falling under this description.
- 217 (2AA) Directors' Responsibility Statement: Separately given at Sr. No. 9 of this report.
- 217 (2B) Buyback of shares: There was no scheme of buyback of shares of the Company during the year.

13. ACKNOWLEDGEMENTS

The Board of Directors are pleased to place on record, their gratitude for the assistance & guidelines extended by the Government and other statutory agencies all along. The Directors also place on record, their appreciation to the employees for their support and co-operation.

By Order of the Board of Directors

P.S. Parikh
Chairman

Place: Mumbai
Dated: 31st July 2009

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy on code of governance is aimed at assisting the board of directors in efficient conduct of the business and in meeting its obligations to stakeholders. The Company has adopted a codified corporate governance charter, *inter alia*, to discharge its corporate responsibilities and achieve its financial objectives.

2. BOARD OF DIRECTORS

The strength of Company's board is 6 (six) directors. Mr. P.S. Parikh is the chairman and during the year he is appointed as an executive director w.e.f. 30/01/2009. The information on composition, category and attendance of directors at the board meetings held during the year ended March 31, 2009 and at the last Annual General Meeting of the Company and their directorship / committee membership in other public companies is as under:

Name of Director	Category	No. of Board Meetings		Attendance at last AGM	Other directorships in public companies	Committee position held in other Public Companies		Number of shares held as on 30-06-2009
		Held	Attended			Member	Chairman	
Mr. Prithviraj S. Parikh	Executive (w.e.f. 30-01-2009)	5	5	N	1	-	-	39,320
Mr. Nalin S. Parikh	Non-Executive	5	5	N	-	-	-	8,250
Mr. Rajendra Chaturvedi	Non-Executive Independent	5	5	N	1	-	-	Nil
Dr. P.K.Mohanty	Non-Executive Independent	5	3	N	6	1	-	Nil
Mr. P.K.R.K. Menon	Non-Executive	5	5	Y	1	-	-	1,100
Mr. Vilas K. Shah	Non-Executive Independent	5	5	Y	1	-	1	1,700

Note:

- (1) The Board of Directors of the Company has laid down a **Code of Conduct** for all its members and senior management personnel, which they are bound to observe in the course of conduct of business of the Company. These codes of conduct have also been posted on the website of the Company. Each of the directors and senior managerial personnel including all functional heads, to whom the code has been made applicable, have affirmed their compliance with the code.
- (2) The directors have constituted committees for the efficient management and adherence to the corporate norms. Accordingly, an Audit committee and Shareholders' / Investors' Grievance Committee have been formed.
- (3) During the year ended March 31, 2009, 5 (five) meetings of the Board of Directors were held on 04/04/2008, 28/04/2008, 30/07/2008, 31/10/2008 and 30/01/2009.

3. AUDIT COMMITTEE

The Audit Committee comprises of Mr. Vilas K. Shah, Dr. P. K. Mohanty, Mr. Rajendra Chaturvedi and Mr. P.K.R.K. Menon. Mr. Vilas K. Shah is the Chairman of the Committee. The terms of reference and powers of the Audit Committee are those

prescribed under Clause 49 of the Listing Agreement. The information on meetings of and attendance at the audit committee meetings held during the year ended March 31, 2009 is as under:

Name of Director	No. of meetings	
	Held	Attended
Mr. Vilas K. Shah	4	4
Dr. P.K. Mohanty	4	2
Mr. Rajendra Chaturvedi	4	4
Mr. P.K.R.K. Menon	4	4

Note:

- (1) During the year ended March 31, 2009, 4 (four) meetings of the Audit Committee were held on 28/04/2008, 30/07/2008, 31/10/2008 and 30/01/2009.
- (2) The necessary quorum was present at the meetings.
- (3) The minutes of Audit Committee were discussed and taken note by the Board of Directors.

4. REMUNERATION COMMITTEE

Since the closure of the Company's plant in April 1995, the Directors are not drawing any remuneration, save & except Mr. P.K.R.K. Menon, who is being paid remuneration of Rs.4,20,000/- per annum plus Bonus of Rs. 30,000 plus Medical Expenses of Rs.15,000/- per annum for the services rendered as a Company Secretary. Also, the salary proposed to be paid to Mr. P.S. Parikh as an Executive Director will be w.e.f. 01-04-2009 as may be decided by the board in accordance with the recommendations of the remuneration committee.

The details of sitting fees paid to the Non-executive directors during the year ended on March 31, 2009 are as under:

Name of Director	Sitting Fees (Rs.)
Mr. Prithviraj S. Parikh (Refer Note No.2 below)	22,500
Mr. Nalin S. Parikh	22,500
Mr. Rajendra Chaturvedi	22,500
Dr. P. K. Mohanty	22,500
Mr. P.K.R.K. Menon	NIL
Mr. Vilas K. Shah	32,500
Total	1,22,500

Note:

- (1) The non-executive directors are only being paid sitting fees at present. The Board of Directors shall unanimously decide the amount of sitting fees to be paid from time to time, based on the authority granted by the Articles of Association of the Company.
- (2) Mr. P. S. Parikh has been appointed as an executive director on 30/01/2009. The remuneration will be fixed by the board and will be paid w.e.f. 01-04-2009 as may be determined by the board within limits prescribed under the Companies Act, 1956 and rules framed there under, to which he has consented. Sitting fee has been paid to Mr. P. S. Parikh as non-executive director to attend the board and other committee meetings up to 30-01-2009.

5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Company has constituted the Shareholders' / Investors' Grievance Committee. Dr. P. K. Mohanty is the Chairman of the Committee and is Non Executive and Independent Director. Mr. P.K.R.K. Menon, Company Secretary of the company, is a compliance officer Mr. P.S. Parikh and Mr. N.S. Parikh are members of the committee. The Complaints received from the investors are being regularly attended to and are resolved to their satisfaction. The status of the Investors Complaints is reviewed by the Investors Grievance Committee. During the year ended March 31, 2009 the Company has received 17 (seventeen) grievances from the Investors and all of the grievances resolved to the satisfaction of the investors. The 49,654 share transfers received in physical form during the year have been processed before the end of the year. The Company has forfeited 25,376 equity shares during the year.

6. MANAGEMENT DISCUSSION AND ANALYSIS**(i) Industry Structure & development**

Steel Industry in general did perform fairly well. However, the large Companies with integrated steel making facilities alone stole the lime light. The demand almost throughout the year firmed up both in domestic & international markets.

(ii) Segment-wise or Product-wise performance

The company's activities stood at a standstill throughout the year & therefore, no details to report in terms of performance.

(iii) Outlook

The company is no longer engaged in steel making. The proposal for diversification is under consideration although not finalized.

(iv) Opportunities & Threats

Although the company's activities have remained suspended since April 1995, it has considerable possibilities to diversify in view of the strategic location at Pondicherry. No imminent threats are foreseen as of now to remain afloat till diversified activities take root.

(v) Risks & Concern

In view of the company having not undertaken any activity, the risk & concern factor has not been of much significance.

(vi) Internal Control

The present internal control system is adequate enough to meet the requirements.

(vii) Financial performance with respect to operations etc.

As reported earlier, there have been no operations during the year. However, the maintenance, housekeeping, statutory corporate expenses, etc. have been kept low to the minimum as far as possible.

(viii) Material developments in human resources, industrial relations, etc.

After the closure of the plant, the company has kept minimum number of employees for obvious reasons. However, the management is aware of its social responsibility and shall endeavor to fulfill the obligations, when operations restart and revenue earned in due course.

7. GENERAL BODY MEETINGS WERE HELD AS UNDER DURING THE THREE PREVIOUS YEARS

The last three General Body Meetings were held at registered office of the Company at Cuddalore Road, Pillaiyarkuppam Post, Bahour Commune, Pondicherry.

The details of last three Annual General Meetings of the Company are as follows:-

Meeting	Date	Time	Special Resolutions Passed
25 th AGM	15/09/2008	10.00 am	No Special Resolution was passed
24 th AGM	14/09/2007	10.00 am	No Special Resolution was passed
23 rd AGM	15/09/2006	10.00 am	<ul style="list-style-type: none"> • For Amendment of Article 150 of Articles of Association • For Appointment of Registrar & Transfer Agent

There was no special resolution passed through postal ballot during the period under review. However the Company is proposing to pass a resolution through postal ballot during the current year for certain amendments in object clause of Memorandum of Association.

8. DISCLOSURES

- The Company has not entered into any materially significant related party transactions that may have potential conflict with the interest of the Company at large.
- To the best of the Company's knowledge there has been no incidence of non-compliance with laws governing capital market during the last three years. During the last three years, no penalty or strictures have been imposed on the Company by the stock exchanges, SEBI or any statutory authority on any matter related to capital market.
- The Company is yet to adopt Whistle Blower Policy.
- Details of Compliance with mandatory requirements of clause 49 of the listing agreement and status on non-mandatory requirement are set out in this report.

9. MEANS OF COMMUNICATION

The quarterly/half yearly results along with Notes appended thereto, were published in "Trinity Mirror & Makkal Kural" circulating in and around Pondicherry. The company's website can also be accessed at www.eastcoaststeel.com

10. GENERAL SHAREHOLDER INFORMATION

- Registered Office** : Cuddalore Road, Pillaiyarkuppam Post, Bahour Commune, Pondicherry-607402
Phone: 0413 - 2611117
Fax: 0413-2611423.
- Annual General Meeting** : Date: 29/09/2009 at 10.00 a.m.
Venue: At the Registered office as above.
- Date of Book Closure** : 19/09/2009 to 29/09/2009
(Both days inclusive)
- Dividend Payment Date** : Not Applicable
- Listing on Stock Exchanges** : **Madras Stock Exchange Ltd.,**
Exchange Building, Post Box No 183,
11, Second Line Beach, Madras,
Chennai - 600001
&
Bombay Stock Exchange Ltd.,
Phiroze Jeejeebhoy Tower,
Dalal Street, Mumbai - 400 001
(Stock Code: 520081)
- Demat ISIN Number in NSDL** : INE315F01013

(vii) Market Price Data at Bombay Stock Exchange

Month	High (Rs.)	Low (Rs.)
April- 2008	9.03	6.82
May- 2008	10.37	7.70
June- 2008	10.35	8.63
July- 2008	9.03	7.05
August-2008	10.74	7.70
September-2008	9.22	5.85
October- 2008	7.45	5.68
November-2008	9.92	7.01
December- 2008	11.45	10.29
January -2009	11.98	11.39
February- 2009	10.83	10.83
March- 2009	10.75	8.84

Note: No transaction has been quoted on the Madras Stock Exchange during the year April 2008 to March 2009.

(viii) Financial Calendar : From 1st April to 31st March.

Financial reporting for

- The quarter ending June 30,2008 : End July 2008
- The quarter ending September 30,2008 : End October 2008
- The quarter ending December 31,2008 : End January 2009
- The quarter ending March 31,2009 : End April 2009

(ix) Registrars and Share Transfer Agents:

Link Intime India Private Limited.

C-13, Pannalal Silk Mills Compound,

L.B.S.Marg, Bhandup-West, Mumbai - 400078.

Ph: 2594 6970 Fax: 2594 6969

E-Mail: helpline@linkintime.co.in

(x) Share Transfer System

The transfer of shares in physical form is processed and completed by Link Intime India Private Limited, the Registrar & Transfer Agents of the Company within a period of fifteen days from the date of receipt thereof.

In case of shares in electronics form, the transfers are processed by NSDL through the respective Depository Participants.

(xi) Distribution of Shareholding (as on 31-03-2009)

Range	No. of shares	% of Shareholder	Share Amount (Rs)	% of Amount
1 to 500	1214473	89.31	12,144,730	24.80
501 to 1000	429170	6.44	4,291,700	8.76
1001 to 2000	312355	2.37	3,123,550	6.37
2001 to 3000	141595	0.65	1,415,950	2.89
3001 to 4000	74110	0.25	741,100	1.51
4001 to 5000	86501	0.23	865,010	1.78
5001 to 10,000	238588	0.39	2,385,880	4.88
10,001 and above	2399676	0.36	23,996,760	49.01
Total	4896468	100.00	48,964,680	100.00

(xii) Dematerializations of Shares and Liquidity (as on 31-03-2009)

Category	No. of Shares	% of Total Capital
Electronic Form	31,54,394	64.42
Physical Form	17,42,074	35.58
Total	48,96,468	100.00

(xiii) Outstanding GDR/Warrants and Convertible Bonds, conversion date and likely impact on equity: Not Applicable

(xiv) Factory Location (Where the erstwhile mini steel plant was located):

Cuddalore Road, Pillaiyarkuppam Post,
Bahour Commune, Pondicherry -607 402

(xv) Investor Correspondence: Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai - 400 078.
Ph: 2594 6970 Fax: 2594 6969
E-Mail: helpline@linkintime.co.in

11. NON-MANDATORY REQUIREMENTS: None, in particular, is required to be stated.

DECLARATION

As provided under clause 49 of the listing agreement with the stock exchange, all the members of the Board & Senior management personnel have affirmed compliance to the code of conduct of the company for the year ended 31st March, 2009.

For Eastcoast Steel Limited

P. S. Parikh
Chairman

Place: Mumbai
Dated: 31st July 2009

CERTIFICATE**On Corporate Governance to the members of Eastcoast Steel Limited**

We have examined the compliance of conditions of Corporate Governance by Eastcoast Steel Limited ("the Company") for the year ended on 31st March 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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 conditions of Corporate Governance.

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 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 Ashish Bhatt & Associates
Company Secretaries

Ashish Bhatt
Membership No 4650
CP No 2956

Place: Mumbai
Date: 31st July 2009

AUDITOR'S REPORT**TO THE MEMBERS OF
EASTCOAST STEEL LIMITED**

We have audited the attached Balance Sheet of **EASTCOAST STEEL LIMITED, PONDICHERRY**, as at 31st March, 2009, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph '1' above :-
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of account as required by law have been maintained by the Company so far as it appears from our examination of such books.
 - c. The Balance Sheet and the Profit and Loss Account and the Cash Flow Statement in this report are in agreement with the books of account and comply with the Accounting Standards specified in Sec. 211 (3c) of the Companies Act, 1956.
 - d. On the basis of written representation received from the Directors as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors are disqualified as at March 31, 2009 from being appointed as a director u/s 274 (1) (g) of the Companies Act, 1956.
 - e. In our opinion and to the best of our information and explanations given to us, the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - i. in the case of Balance Sheet of the state of affairs of the company as at 31st March 2009 and
 - ii. in the case of Profit and Loss Account of the **Loss** for the year ended as on that date; and
 - iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **KRISHNAN & GIRI**
Chartered Accountants

R.SAPTAGIRI
Partner

Membership No: 38623

Place : Chennai
Dated : 31st July 2009

ANNEXURE TO AUDITORS' REPORT**RE : EASTCOAST STEEL LIMITED, PONDICHERRY
REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE**

1. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. All the assets have been physically verified by the management during the year which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No serious discrepancies were noticed on such verification. None of the Fixed Assets were disposed off during the year and therefore do not affect the going concern status of the company.
2. The company has no stock of raw materials or finished goods during the year. Further it has not carried out any manufacturing activity nor procured any raw materials during the year under review. Therefore, we have no observation with regard to the physical verification or reporting of discrepancy.
3. In our opinion, the terms and conditions on which loans have been taken from the parties listed in the register maintained under Sec. 301 of the Companies Act, 1956, are prima facie not prejudicial to the interests of the Company. The company has taken a loan from one party and the balance amount due as at the close of the year is Rs.78.30 Lacs. The company has not advanced amounts to any party listed in the register maintained under Section 301 of the Companies Act, 1956.
4. The company has not carried on any activities during the year. Hence in our opinion, clauses 4(iv) and (v) are not applicable to the company.
5. In our opinion, and according to the information and explanations given to us, the company has not accepted any deposit within the meaning of provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
6. In our opinion, the Company's internal audit system is commensurate with the size and nature of its business.
7. The Company has not carried on any manufacturing operations during the year. Hence, the question of cost records required to be maintained Under Section 209(1)(d) of the Companies Act, 1956 does not arise.
8. (a) According to the books and records as produced and examined by us in accordance with generally accepted auditing practices in India and on the information and explanations given to us, undisputed statutory dues in respect of Provident Fund, Employees state Insurance dues, Investors' Education & Protection Fund, Income Tax, Wealth Tax and other material statutory dues, whichever are applicable, have been regularly deposited by the company during the year with the appropriate authorities.
(b) According to the information and explanations given to us, there were no arrears of dues of Income Tax, Sales tax, Customs Duty, Excise Duty, Service Tax, Education Cess outstanding as on 31st March, 2009 for a period of more than six months from the date they became payable.
9. On the basis of the audited financial statements, the accumulated loss of the company at the close of the year is more than 50% of its net worth. Further it has incurred cash loss during the year although it has not incurred cash loss in the immediately preceding financial year.
10. The company has not issued any debentures nor does it have any secured loans. Hence, question of default in repayment does not arise.

11. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the Order is not applicable.
12. The company is not a Chit fund, Nidhi, Mutual benefit fund or a Society. Accordingly, clause 4(xiii) of the Order is not applicable.
13. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the Order is not applicable.
14. On the basis of information and explanations given to us, the company has not given guarantee to any Bank on behalf of other parties.
15. The company has not taken any term loans during the year. Hence clause 4(xvi) is not applicable to the company.
16. In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements, the funds raised on short term basis have not been used for long term investment.
17. The company has not made any preferential allotment of shares during the year to any party listed in the register maintained under Section 301 of the Companies Act, 1956. However, during the year under review, the company has, consequent to forfeiture of shares, reissued 25376 Equity shares of Rs10/- each to a party listed in the register maintained Under Section 301 of the Companies Act, 1956.
18. The company has not issued debentures. Hence, clause 4(xix) of the Order is not applicable to the company.
19. The company has not raised any money by way of public issues during the year.
20. During the course of our examination of the books of accounts and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of material fraud on or by the company, noticed or reported during the year nor have we been informed of such case by the management.

For **KRISHNAN & GIRI**
Chartered Accountants

Place : Chennai
Dated : 31st July 2009

(R.SAPTAGIRI)
Partner
Membership No: 38623

BALANCE SHEET AS AT 31ST MARCH 2009

	Schedule No	Rs.	AS AT 31-03-2009 Rs.	AS AT 31-03-2008 Rs.
SOURCE OF FUNDS:				
SHAREHOLDERS FUNDS:				
Share Capital	1	48964680		48825675
Reserves & Surplus	2	71962400		96119875
			120927080	144945550
LOANS :				
Unsecured Loans	3		7829872	19825847
			<u>128756952</u>	<u>164771397</u>
APPLICATION OF FUNDS:				
FIXED ASSETS:				
Gross Block	4	20722941		20722941
Less: Accumulated Depreciation		6780184		6300251
			13942756	14422689
INVESTMENTS:				
	5		56475	56475
CURRENT ASSETS, LOANS & ADVANCES:				
Cash & Bank Balances	6	603225		978687
Loans & Advances		8661740		24982803
			9264965	25961490
LESS: CURRENT LIABILITIES & PROVISIONS				
Current Liabilities	7	756190		664222
Provisions		1259000		536696
			2015190	1200918
Net Current Assets			7249775	24760571
DEBIT BALANCE IN PROFIT & LOSS A/C				
			107507946	125531661
			<u>128756952</u>	<u>164771397</u>

As per our Report of even date

For **KRISHNAN & GIRI**
Chartered Accountants

For and on Behalf of The Board of Directors

R.SAPTAGIRI
Partner
Membership No: 38623**P.S.PARIKH**
Chairman &
Executive Director**N.S.PARIKH**
Director**P.K.R.K.MENON**
Director &
Co. SecretaryMUMBAI
31st July 2009

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	Schedule No	Year Ended 31-03-2009 Rs.	31-03-2008 Rs.
INCOME:			
Other Income	8	1346826	8220880
		<u>1346826</u>	<u>8220880</u>
EXPENDITURE:			
Establishment Administrative & Other Expenses	9	5550102	3938319
Financial Charges	10	2054309	2138753
		<u>7604411</u>	<u>6077072</u>
PROFIT/(LOSS) BEFORE DEPRECIATION & TAXES		-6257585	2143808
DEPRECIATION	4	479933	528797
PROFIT/(LOSS) BEFORE TAXES		-6737518	1615011
FRINGE BENEFIT TAX		38768	14000
PROFIT/(LOSS) FOR THE YEAR		-6776286	1601011
BALANCE LOSS BROUGHT FORWARD		-125531661	-127132672
Loss transferred to General Reserve		24800000	0
BALANCE CARRIED TO BALANCE SHEET		<u>-107507946</u>	<u>-125531661</u>
Basic & Diluted Earnings Per Share (Refer Note No 16 of Schedule 11)		-1.38	0.33

As per our Report of even date

For **KRISHNAN & GIRI**
Chartered Accountants

For and on Behalf of The Board of Directors

R.SAPTAGIRI
Partner
Membership No: 38623

P.S.PARIKH
Chairman &
Executive Director

N.S.PARIKH
Director

P.K.R.K.MENON
Director &
Co. Secretary

MUMBAI
31st July 2009

SCHEDULES TO THE ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH 2009

	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
<u>SCHEDULE 1</u>		
<u>SHARE CAPITAL</u>		
<u>Authorised :</u>		
1,00,00,000 Equity Shares of Rs.10/- each	100000000	100000000
<u>Issued :</u>		
48,96,468 Equity Shares (previous year 48,96,468) of Rs.10/- each		
<u>Subscribed and Paid up :</u>		
48,96,468 Equity Shares (previous year 48,96,468) of Rs.10/- each	48964680	48964680
Less : Calls in arrears	-	139005
	<u><u>48964680</u></u>	<u><u>48825675</u></u>
<u>SCHEDULE 2</u>		
<u>RESERVES AND SURPLUS</u>		
(a) Capital Reserves:		
i. Subsidy received from Government	2500000	2500000
ii. Share Premium Account	69462400	68819875
	<u>71962400</u>	<u>71319875</u>
(b) General Reserve	24800000	24800000
Less: Debit balance in P&L A/c to the extent adjusted	24800000	-
	<u>-</u>	<u>24800000</u>
	<u><u>71962400</u></u>	<u><u>96119875</u></u>
<u>SCHEDULE 3</u>		
<u>UNSECURED LOANS:</u>		
From a Corporate Entity	<u><u>7829872</u></u>	<u><u>19825847</u></u>

SCHEDULE 4 :

FIXED ASSETS

(Amount in Rs.)

Particulars	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	Balance as on 1-4-2008	Additions	Deletions	Balance as on 31-3-2009	Upto 1-4-2008	For the Year	Adjustments during the year	Total upto 31-3-2009	W.D.V. as on 31-3-2009	W.D.V. as on 31-3-2008
FREE HOLD LAND	2832179	0	0	2832179	0	0	0	0	2832179	2832179
OFFICE BUILDING	13924924	0	0	13924924	3436871	226977	0	3663848	10261076	10488053
FURNITURE & FIXTURES	1278841	0	0	1278841	1257649	80951	0	1338600	-59759	21192
OFFICE EQUIPMENT	1978392	0	0	1978392	1509005	93374	0	1602379	376013	469387
VEHICLES	540000	0	0	540000	84329	51300	0	135629	404371	455671
COMPUTER	168605	0	0	168605	12397	27331	0	39728	128877	0
TOTAL	20722941	0	0	20722941	6300251	479933	0	6780184	13942757	14266482
PREVIOUS YEAR FIGURES	24647612	168605	4093276	20722941	6919825	528797	1148371	6300251	14422691	17727788

	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
SCHEDULE 5		
INVESTMENTS (Long Term, Non tradable, unquoted, at cost)		
In National Savings Certificates (pledged with Pondicherry State Electricity Board and Commercial Tax Authorities)	<u>56475</u>	<u>56475</u>
SCHEDULE 6		
CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS :		
CASH & BANK BALANCES		
Cash on hand	135456	101067
Balances with Banks : (in Current Accounts)		
Scheduled Banks	<u>467768</u>	<u>877620</u>
	<u>603225</u>	<u>978687</u>
LOANS AND ADVANCES :		
(Unsecured, Considered good unless otherwise stated)		
Interest accrued on investments	476209	127894
Deposit with HDFC (Refer Note No: 9 (b) of Schedule 11)	6000000	22970571
Advances recoverable in cash or in kind or for value to be received	1742574	1441382
Deposits	<u>442957</u>	<u>442957</u>
	<u>8661740</u>	<u>24982803</u>
SCHEDULE 7		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES :		
Sundry Creditors for Expenses	<u>240249</u>	<u>158425</u>
	<u>240249</u>	<u>158425</u>
Statutory dues	<u>515941</u>	<u>505797</u>
	<u>756190</u>	<u>664222</u>
PROVISIONS:		
Provision for Gratuity	855000	536696
Provision for Leave Encashment	<u>404000</u>	<u>-</u>
	<u>1259000</u>	<u>536696</u>
	<u>2015190</u>	<u>1200918</u>

	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
SCHEDULE 8		
OTHER INCOME :		
Profit on Sale of Fixed Assets	-	4960439
Interest Receipts	1346826	1676099
Claim received	-	1184343
Rent Receipts	-	400000
	1346826	8220880
SCHEDULE 9		
ESTABLISHMENT, ADMINISTRATIVE AND OTHER EXPENSES :		
Salaries & Wages	1852350	1202165
Bonus & Ex-gratia	88778	82639
Gratuity & Leave Encashment Benefits	722304	102053
Staff Welfare Expenses	8846	9842
Medical Expenses	42433	40829
Contribution of PF / ESIC	114807	96126
Power & Fuel	103291	38661
Electricity Charges	29885	47839
Repairs & Maint - Buildings	358975	130472
Repairs - Others	130796	316099
Telephone & Telex Charges	111808	91716
Courier/Postage	51525	46264
Travelling & Conveyance	330838	540129
Running & Maintenance of vehicles	193938	148617
Printing & Stationery	58570	50109
Rent, Rates and Taxes	207065	312821
Insurance Premium	44174	58716
Legal and Professional Charges	588711	141124
Remuneration to Auditors		
- Statutory Audit	33090	28090
- Tax Matters	6685	5618
- Other matters	10112	9830
Share Registrar's Expenses	33657	33708
Directors Sitting Fees	137500	95000
Office Equipment Maintenance	37119	44547
Advertisement	40665	26585
Entertainment Expenses	16603	11445
Membership, Subscription & Conference Exp	127000	6818
Stocks written off/Balances Written off	-	156592
Miscellaneous Expenses	68579	63865
	5550102	3938319
SCHEDULE 10		
INTEREST AND FINANCE CHARGES :		
Interest	2051512	2131050
Bank Charges	2797	7703
	2054309	2138753

SCHEDULE: 11**NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS:****ACCOUNTING POLICIES:****1. Basis of Accounting:**

The financial statements are prepared on an accrual basis of accounting in accordance with generally accepted accounting principles and provisions of Companies Act, 1956 read with the Companies (Accounting Standards) Rules, 2006.

2. Fixed Assets & Depreciation:

(a) Fixed Assets are stated at Cost of acquisition or installation and includes erection and construction expenses.

(b) Depreciation has been provided on the basis of Straight Line method at the rates and in the manner specified in schedule XIV of the Companies Act 1956.

3. Investments: Investments are stated at Cost.**4. Valuation – Inventories:** Not applicable as stocks being 'Nil'**5. Provisions and Contingent Liabilities:**

The company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

6. Retirements Benefits, etc:

Retirement benefits are accounted for on accrual basis as per Revised Accounting Standard -15 on the basis of actuarial valuation.

7. Foreign Currency Transactions:

Transactions in foreign currency are recorded at the exchange rate prevailing at the date of transaction. Exchange difference arising on foreign currency transaction other than fixed assets, are recognized as income or expenses in the Profit & Loss Account. Exchange differences on unpaid liability arising on foreign currency transaction for fixed assets are adjusted with the cost of the fixed assets.

8. Taxes:

Income tax expense comprises current tax, deferred tax charge or credit and fringe benefit tax. The deferred tax charge or credit and the corresponding deferred tax liability and assets are recognized using the tax rates that have been enacted or substantially enacted on the Balance Sheet date.

Deferred tax assets arising from unabsorbed depreciation or carry forward losses are recognized only if there is virtual certainty of realization of such amounts. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Deferred tax assets are reviewed at each Balance Sheet date to reassess their reliability.

NOTES ON ACCOUNTS:**9. Contingent Liabilities:**

Particulars	Year ended 31-03-2009 (Rs. in Lacs)	Year ended 31-03-2008 (Rs. in Lacs)
Contingent Liabilities	Nil	Nil
(a) The Electricity Dept. Pondicherry has filed a special leave petition before the Supreme Court of India, challenging the findings of the Madras High Court in respect of demand towards Electricity Charges. The company has been legally advised that the case can be successfully contested/defended and hence no provision is made.		
(b) The High Court of Judicature at Madras had allowed the company to withdraw the part of the amount held in fixed deposits with HDFC bank in accordance with the directions of the Supreme Court of India, New Delhi, in the matter pending disposal		

of SLP (civil) No: 22896 of 2008. The Company has retained fixed deposits worth Rs.60,00,000/- in compliance of the order dated 18th November 2008 of The High Court of Madras. Since, the Company has been advised that no liability will be fastened on account of this matter eventually, based on the facts and circumstances of the case, no provision has been made, save and except the aforesaid amount lying in fixed deposit with HDFC Bank. (See Schedule 6 of the Balance Sheet)

10. No provision for taxation is necessary, in view of the losses incurred for the year.
11. The Company does not owe any amount to micro, small and medium enterprises as defined in the micro, small and medium enterprise Development Act, 2006.
12. The Company has not been carrying on any operations. Hence information pursuant to AS 17 on Segment Reporting is not applicable to the Company.
13. The Company has appointed Mr.P.K.R.K.Menon, director of the Company, as a Company Secretary w.e.f. 01.10.2003, being qualified for such assignment. This is in compliance of the statutory requirements, for he does not exercise any executive powers as a director nor draws remuneration. However he has been paid remuneration for the services rendered as the Company Secretary.
14. The Company has suspended its operation and its activities have come to a standstill. In view thereof and in consideration of prudence, the Company has not recognised Deferred Tax Asset in respect of Set off of available losses & timing differences.
15. In the opinion of the Board, Current Assets, Loans & Advances have value on realization in the ordinary course of business approximately the same at which these are stated in the Balance Sheet and provision for all known liabilities have been made and the same are not in excess of the amount reasonably necessary.
16. Basic and Diluted Earning per Share:

For the purpose of calculation of Basic and Diluted Earning per Share, the following amounts are considered:

Particulars	(Rs. In Lacs)	
	Year ended 31-03-2009	Year ended 31-03-2008
a) Net Profit after Tax	(67.76)	16.01
Less: Dividend and Tax thereon	—	—
Net Profit available for Equity Shareholders	(67.76)	16.01
b) Weighted Average No. of Equity Shares (Nos.)	4896468	4896468
c) Basic and Diluted Earning per Share	(1.38)	0.33

17. Employee benefits Obligations:

(i) Defined contribution plans:

The Company offers its employees defined contribution plan in the form of provident fund, family pension fund and superannuation fund. Provident fund, family pension fund covers substantially for all regular employees. Contributions are paid during the year into separate funds. While both the employees and the Company pay predetermined contributions into the provident fund and pension fund, no fund has been created by the Company for gratuity. The Company's contribution to the provident fund and family pension fund has been charged to the Profit & Loss account.

(ii) Defined Benefit Plans:

The Company offers its employees defined benefit plans in the form of gratuity (a lumpsum amount). Benefits under the defined benefit plans are based on years of service and the employee's last drawn salary immediately before exit. The gratuity scheme covers substantially all regular employees. However the Company has not created any fund in accordance with the scheme. Commitments are actuarially determined at year end. On adoption of the revised Accounting Standard (AS 15) on "Employee Benefits" notified under the Companies (Accounting Standards) Rules, 2006, actuarial valuation is done based on "Projected Unit Credit Method". Gains and loss of changed actuarial assumptions are charged to Profit & Loss Account. The obligation for leave

Encashment benefits is recognized in the manner similar to Gratuity.
The net value of the defined benefit commitment is detailed below:

	Gratuity (Non funded)		Leave Encashment (Non funded)	
	As at 31.03.09 Rs	As at 31.03.08 Rs	As at 31.03.09 Rs	As at 31.03.08 Rs
Obligation				
Present value of obligation	8,55,000	5,36,696	4,04,000	Nil
Fair Value of Plan Assets	Nil	Nil	Nil	Nil
Net Liability recognized in the Balance Sheet	8,55,000	5,36,696	4,04,000	Nil

Plan Assets	Gratuity (Non funded)		Leave Encashment (Non funded)	
	As at 31.03.09 Rs	As at 31.03.08 Rs	As at 31.03.09 Rs	As at 31.03.08 Rs
Opening Balance	Nil	Nil	Nil	Nil
Expected Return	Nil	Nil	Nil	Nil
Contributions by the Company	Nil	Nil	Nil	Nil
Benefits paid	Nil	Nil	Nil	Nil
Acturial Gain	Nil	Nil	Nil	Nil
Closing balance 31.03.09	Nil	Nil	Nil	Nil

The Company has not created any fund into which contributions are made. Hence furnishing of information on Return on Plan Assets does not arise.

Expense recognized in the Profit & Loss Account	Gratuity (Non funded)		Leave Encashment (Non funded)	
	Year ended 31.03.09 Rs	Year ended 31.03.08 Rs	Year ended 31.03.09 Rs	Year ended 31.03.08 Rs
Current Service Cost	60,000	Nil	4,04,000	Does Not Arise
Interest Cost	40,000	Nil	Nil	Nil
Expected Return on Plan Assets	Nil	Nil	Nil	Nil
Benefits paid directly	Nil	1,02,053	Nil	Nil
Net Acturial (Gain)/loss	2,18,000	Nil	Nil	Nil
Expense charged to Profit & Loss Account	3,18,000	1,02,053	4,04,000	Nil

Acturial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions, which if changed, would affect the defined benefit commitment's size.

	Gratuity (Non funded) Year ended 31.03.09	Leave Encashment (Non funded) Year Ended 31.03.08
Rate of Discount applied	7.5%	7.5%
Expected Salary Escalation	9%	9%
Expected Return on plan assets	Does not arise	Does not arise
Mortality table used	LIC (1994/96) Ultimate Mortality Table	

The Institute of Chartered Accountants of India, in May 2007 released its Guidance on the implementation of the Revised Accounting Standard on

'Employee Benefits' (AS 15 Revised 2005). The present value of the obligation, Actuarial assumptions and its charge to the Profit & Loss Account and has been adopted by the Company in the financial year 2008-09.

18. Information pursuant to the provisions of paragraphs 3,4c, 4d of schedule VI to the Companies Act, 1956.

Quantitative information in respect of

	MTS	MTS
(a) Finished Goods (Mild Steel Billets):		
1. Licensed Capacity	1,50,000	1,50,000
2. Installed Capacity	NIL	NIL
3. Own Production		
(i) Opening Stock	00	00
(ii) Production	00	00
(iii) Turnover	NIL	NIL
(iv) Closing stock	00	00
(b) Consumption of Materials: (100% Indigenous)	Rs.	Rs.
Carbon Steel Shredded Scrap	0.00	0.00
Other Materials	0.00	0.00
(c) CIF Value of Imports:		
Spares	Nil	Nil
19. Payments to Company Secretary:		
Remuneration	450000	355000
Reimbursement of Medical Expenses	15000	15000
20. Expenditure in Foreign Currency:	Nil	Nil
21. Related Party Disclosures:		
I. Associate Companies:		
1) Western Ministil Limited (no transaction taken place during the year or previous year)		
2) Western Rolling Mills (P) Ltd.		
Details of transactions entered in to with Associate Companies:		
	(Rs. in Lacs)	
	<u>2008-09</u>	<u>2007-08</u>
i) Amount due to Western Rolling Mills (P) Ltd.	78.30	198.26
ii) Interest paid to Western Rolling Mills (P) Ltd.	20.52	21.31
iii) Rent Paid to Western Rolling Mills (P) Ltd.	1.20	1.20
Nature of Transaction with Associate Companies:		
i) in the nature of advance provided by associate Company;		
ii) interest payment on loan provided by associate Company; and		
iii) for office facility provided by the said associate Company.		
II. Key Managerial Personnel:		

Shri P.S. Parikh Executive Director (w.e.f. 30-01-2009)
(No remuneration has been paid to Mr. P. S. Parikh as an Executive Director during the year. However, sitting fee has been paid to him till 30-01-2009.)

22. Previous Year's figures have been regrouped, rearranged and reclassified wherever necessary.

For KRISHNAN & GIRI
Chartered Accountants

For and on Behalf of The Board of Directors

MUMBAI	R.SAPTAGIRI Partner	P.S.PARIKH Chairman & Executive Director	N.S.PARIKH Director	P.K.R.K.MENON Director & Co. Secretary
31st July 2009	Membership No: 38623			

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH,2009

	Year Ended	
	31-03-2009	31-03-2008
A. Cash flow from Operating Activities:		
Net Profit/(loss) before tax	-6737518	1615011
Adjustment for:-		
Depreciation	479933	528797
Profit on Sale of fixed assets	-	-4960439
Interest and finance charges Paid	2054309	2138753
Interest received	-1346826	-1676099
Operating Cash Flow before Working Capital changes	-5550101	-2353976
Adjustments for:		
Add: Decrease in Loans & Advances	16321063	-898847
Less: Increase in Current Liabilities & Provisions	814272	-6438950
Net changes in Working Capital	11585234	-9691773
Taxes Paid	-38768	-14000
Net Cash Generated from Operating Activities	11546466	-9705772
B. Cash flow from Investing Activities		
Sale of Fixed Assets	-	7905344
Purchase of Fixed Assets	-	-168605
Interest Received	1346826	1676099
Net cash generated from Investing Activities	1346826	9412838
C. Cash Flow from Finance Activities:		
Repayment of Borrowings	-11995975	-
Proceeds from Borrowings	-	2978154
Proceeds from calls in arrears and share premium	781530	-
Interest and Finance Charges Paid	-2054310	-2138753
Net Cash flow from Finance Activities	-13268755	839401
Net Increase in Cash & Cash Equivalents (A+B+C)	-375463	546467
Cash & Cash Equivalents as on 31.03.2008	978687	432220
Cash & Cash Equivalents as on 31.03.2009	603225	978687

For **KRISHNAN & GIRI**
Chartered Accountants

For and on Behalf of The Board of Directors

R.SAPTAGIRI
Partner
Membership No: 38623

P.S.PARIKH
Chairman &
Executive Director

N.S.PARIKH
Director

P.K.R.K.MENON
Director &
Co. Secretary

MUMBAI
31st July 2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Amount in Rs.)

1. REGISTRATION DETAILS

a) Registration Number	17576 of 1989
b) State Code	18
c) Balance Sheet Date	31ST MARCH 2009

2. CAPITAL RAISED DURING THE YEAR

a) Public Issue	Nil
b) Rights Issue	Nil
c) Bonus Issue	Nil
d) Private Placement	Nil

3. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS

a) Total Assets	128756952
b) Total Liabilities	128756952

Source of Funds

a) Paid-up Capital	48964680
b) Reserves & Surplus	71962400
c) Secured Loans	-
d) Unsecured Loans	7829872

Application of Funds

a) Net Fixed Assets	13942756
b) Investments	56475
c) Net Current Assets	7249775
d) Miscellaneous Expenditure	-
e) Deferred Tax Asset	-
f) Accumulated Losses	107507946

4. PERFORMANCE OF COMPANY

a) Turnover & Other Income	1346826
b) Total Expenditure	8084344
c) Profit/(Loss) before Tax	-6737518
d) Profit/(Loss) for the year	-6776286
e) Earnings per Share	-1.38
f) Dividend Rate	Nil

5. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)

a) Item Code No.	720719.09
(ITC Code)	
Product Description	Iron & Steel

For and on Behalf of The Board of Directors

P.S.PARIKH
Chairman &
Executive Director

N.S.PARIKH
Director

P.K.R.K.MENON
Director &
Co. Secretary

MUMBAI
31ST JULY 2009

EASTCOAST STEEL LIMITED

Regd. Office : Cuddalore Road, Pillaiyarkuppam Post, Bahour Commune, Pondicherry 607 402.

ATTENDANCE SLIP FOR THE ANNUAL GENERAL MEETING

Please fill in the Attendance Slip and hand it over at the entrance of the meeting hall.
Joint Shareholders may obtain additional Attendance Slip on request.

Name and Address of Shareholder _____

Folio No. _____ No. of Shares held _____

I hereby record my presence at the Twenty-Sixth Annual General Meeting of
EASTCOAST STEEL LIMITED on Tuesday, 29th September 2009 at Cuddalore Road,
Pillaiyarkuppam Post, Bahour Commune, Pondicherry 607 402.

Signature of the Shareholder or Proxy _____

**PROXY FORM****EASTCOAST STEEL LIMITED**

Regd. Office : Cuddalore Road, Pillaiyarkuppam Post, Bahour Commune, Pondicherry 607 402.

Folio No. _____

I/We _____ being a member / members of
Eastcoast Steel Limited hereby appoint _____

of _____

failing him _____

of _____

as my / our proxy to vote for me / us and on my / our behalf at the Twenty-Sixth Annual
General Meeting to be held on 29th September, 2009 and at any adjournment thereof.

Signed _____ day of _____ 2009.

Affix
Rupee 1
Revenue
Stamp

Note :

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

**BOOK POST***If undelivered please return to :***EASTCOAST STEEL LIMITED****Regd. Office :**

Cuddalore Road, Pillaiyarkuppam Post,
Bahour Commune, Pondicherry 607 402.