

Corporate Information

Chairman	Mr. P. K. Khaitan
Directors	Mr. B. Khaitan Mr. Naresh Chandra Dr. Jamshed J. Irani Mr. M. B. N. Rao Mr. S. Y. Rajagopalan
Managing Director	Mr. Umang Kejriwal
Joint Managing Director	Mr. Mayank Kejriwal
Wholtime Directors	Mr. Uddhav Kejriwal Mr. V. M. Ralli Mr. M. K. Jalan Mr. R. S. Singh
Company Secretary	Mr. A. K. Kanodia
Auditors	Lodha & Co. Chartered Accountants
Solicitors	Khaitan & Co.
Bankers	Bank of India DBS Bank Limited HSBC Limited HDFC Bank Limited ICICI Bank Limited IDBI Bank Limited IndusInd Bank Limited ING Vysya Bank Limited Punjab National Bank Standard Chartered Bank State Bank of India
Works	Khardah, West Bengal Haldia, West Bengal Elavur, Tamil Nadu Parbatpur, Jharkhand
Head Office & Corporate Office	G. K. Tower 19, Camac Street, Kolkata 700 017
Registered Office	Rathod Colony, P.O. Rajgangpur - 770 017 Dist. Sundergarh, Odisha

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Notice

Notice is hereby given that the Fifty Eighth Annual General Meeting of the Company will be held at the Registered Office of the Company at Rathod Colony, P.O. Rajgangpur, District. Sundergarh, Odisha-770 017 on Thursday, the August 22, 2013 at 11:30 AM to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013, Statement of Profit & Loss for the Financial year ended on that date, Cash Flow Statement for the Financial year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To consider declaration of dividend by the Company, as recommended by the Board of Directors for the Financial year ended March 31, 2013.
3. To appoint a Director in place of Mr. M. B. N. Rao, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Naresh Chandra, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Dr. Jamshed J. Irani, who retires by rotation and is eligible for re-appointment.
6. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution :

"RESOLVED THAT M/s. Lodha & Co., Chartered Accountants, 14, Government Place, East, Kolkata 700069, having Firm Registration No. 301051E , be and are hereby reappointed as Statutory Auditors of the Company to hold such office from the conclusion of this Annual General Meeting of the Company until the conclusion of next Annual General Meeting and the Board of Directors of the Company be and are hereby authorised to fix their remuneration plus other applicable expenses in connection with statutory audit and/or continuous audit and also such other remuneration, as may be decided by the Board /Committee of the Board, for performing the duties other than those referred to hereinabove and the remuneration so fixed may be paid at such intervals during the year as may be decided by the Board/Committee of the Board."

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

A. K. Kanodia
Company Secretary

May 10, 2013
Kolkata

NOTES :

- (a) The relevant details in respect of item Nos. 3 to 5 above, pursuant to Clause 49 of the Listing Agreement, are annexed hereto.
- (b) **EVERY SHAREHOLDER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM/HER AND SUCH PROXY NEED NOT BE A SHAREHOLDER. THE PROXY FORMS SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.**
- (c) Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Resolution of the Board of Directors authorizing their representative to attend and vote on their behalf at the Meeting.
- (d) The Register of Members and Share Transfer books of the Company will remain closed from 16th August, 2013 to 22nd August, 2013 (both days inclusive).
- (e) The dividend on Equity shares, if declared, shall be paid to those members whose names appear in the Register of Members of the Company as on 14th August, 2013. With respect to shares held in electronic form the dividend will be payable to the beneficial owners of the shares as on the closing hours of business on 14th August, 2013 as per details furnished by the Depositories for this purpose.
- (f) The Unclaimed dividend for the financial year 2004-05 has been transferred by the Company to the Investor Education & Protection Fund constituted by the Central Government under Section 205A & 205C of the Companies Act, 1956. Members who have not encashed their dividend in respect of subsequent years are requested to check with the Company's Registered Office at Rathod Colony, Rajgangpur, Dist. Sundergarh, Odisha-770017. Members are requested to note that in terms of Section 205C of the Companies Act, 1956 any dividend unpaid/unclaimed for a period of 7 years from the date when it first became due for payment is required to be transferred to the Investor Education and Protection Fund of the Central Government. Thereafter, no claim shall be entertained in respect of the dividend transferred to the Fund.
- (g) Members desirous of getting any information in respect of the Accounts of the Company are requested to send their queries in writing to the Company at the Registered Office so as to reach at least 7 days before the date of the meeting so that the required information can be made available at the meeting. Members / Proxies attending the meeting are requested to bring their copy of the Annual Report for reference at the meeting as also the Attendance Slip duly filled in for attending the meeting.
- (h) Shareholders are requested to provide particulars of their bank account details for availing 'National Electronic Clearing Service' (NECS) facility. Further, NECS facility is also available to the beneficial owners of shares in demat form. Those desirous of availing the facility may provide their mandate for physical holding to the Company and for demat holding to their DP in writing.
- (i) Equity Shares of the Company fall under the category of compulsory dematerialised trading by all investors. Considering the advantages of scripless trading, shareholders are requested to consider dematerialisation of their shareholding so as to avoid inconvenience.
- (j) Members are also requested to notify their email addresses, if any, to the Company/Registrar & Share Transfer Agent so that all correspondence can be sent to them electronically in view of Circular No. 17/95/2011 CL-V dated 21st April, 2011 issued by Ministry of Corporate Affairs. Members willing to receive such correspondence physically free of cost should inform the Company.
- (k) Shareholders are requested to give us their valuable suggestions for improvement of our investor services.

Annexure as referred to in the notes on notice

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

Mr. M.B.N. Rao

Mr. M B N Rao, aged 64 years, is a B. Sc (Ag), ACIB (London), FIIB. DCS (Cambridge), IDCS (London). He is the Former Chairman & Managing Director of Canara Bank having rich experience in the field of banking and finance in India and abroad. He also held position of Chairman of the Indian Banks' Association, Chairman of various companies engaged in Banking, Insurance, Mutual Funds and Merchant Banking. He is a Graduate in agriculture, Fellow of the Indian Institute of Banking and Finance, Associate of the Chartered Institute of Banking, London and holds diplomas in Computer Studies from Cambridge and National Computing Centre, London. He is holding 1000 equity shares of the Company. His directorships in other Public Limited Companies are as follows :

Sl. No.	Name of the Company	Nature of Interest	Chairmanship/ Membership of Committee
1.	Cholamandalam Investment and Finance Company Limited	Chairman	Audit Committee - Member
2.	E.I.D. Parry (India) Limited	Director	Audit Committee - Member
3.	Madras Cements Limited	Director	-
4.	TAZ GVK Hotels and Resorts Ltd.	Director	Audit Committee- Member
5.	Neyveli Lignite Corporation Ltd.	Director (Appointed by GOI)	Audit Committee- Member
6.	Aircel Limited	Director	-
7.	Aircel Cellular Limited	Director	-
8.	Dishnet Wireless Limited	Director	-
9.	Apollo Munich Health Insurance Company Limited	Director	Audit Committee- Chairman
10.	CRISIL Risk and Infrastructure Solutions Limited	Director	-
11.	Indian Clearing Corporation Limited	Director	Audit Committee- Chairman
12.	Lanco Amarkantak Power Limited	Director	Audit Committee- Chairman
13.	Lanco Power Limited	Director	Audit Committee- Member
14.	Nuziveedu Seeds Limited	Director	Audit Committee- Member

Mr. Naresh Chandra

Mr. Naresh Chandra, aged 78 years, is a retired IAS. He is a qualified M.Sc. (Mathematics) and has held senior posts in the Indian Civil Service. He was the advisor to the Governor of Jammu & Kashmir from 1986 to 1989, Cabinet Secretary to the Indian Government from 1990 to 1992, senior advisor to the Prime Minister of India from 1992 to 1995, Governor of the State of

Gujarat from 1995 to 1996, and India's ambassador to the United States from 1996 to 2001. After he retired from the civil service, he was appointed by the Indian Government to chair a committee on Corporate Governance. He is holding 1,000 equity shares of the Company. His directorships in other Public Limited Companies are as follows :

Sl. No.	Name of the Company	Nature of Interest	Chairmanship/ Membership of Committee
1.	Hindustan Motors Limited	Director	Audit Committee - Chairman
2.	Bajaj Auto Limited	Director	Audit Committee - Member and Shareholders' / Investors' Grievance Committee - Member
3.	Bajaj Finserv Limited	Director	Audit Committee - Member
4.	Bajaj Holdings and Investments Ltd.	Director	Audit Committee - Member
5.	Balrampur Chini Mills Limited	Chairman	-
6.	Cairn India Limited	Director	Audit Committee - Member
7.	Gammon Infrastructure Project Ltd.	Director	Audit Committee - Member
8.	EROS International Media Limited	Chairman	Audit Committee - Member
9.	AVTEC limited	Director	-

Dr. Jamshed Jiji Irani

Dr. Jamshed Jiji Irani, aged 76 years, has held senior positions in various companies, including Managing director of Tata Iron and Steel Co. Limited. Dr. Irani is a Fellow member of the Institute of Metals, Institution of Engineers, All India Management Association, Institute of Standards Engineers, Indian Academy of Sciences and Institution of Industrial Managers. He is holding 1,000 equity shares of the Company. His directorships in other Public Limited Companies are as follows :

Sl. No.	Name of the Company	Nature of Interest	Chairmanship/ Membership of Committee
1.	Repro India Limited	Director	-
2.	Housing Development Corporation Limited	Director	-
3.	Kansai Nerolac Paints Limited	Chairman	-

None of the Directors is interested or concerned other than those whose reappointment is sought in the respective Resolutions.

The Board of Directors commends the Resolutions for your approval.

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

A. K. Kanodia
Company Secretary

May 10, 2013
Kolkata

Directors' Report

To,
The Members

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

Financial Results		Rs. in Crores	
Sl.no.	Particulars	FY 2012-13	FY 2011-12
i.	Revenue from operations	1934.55	1916.66
ii.	Other Income	95.05	70.77
iii.	Total Revenue	2029.60	1987.43
iv.	Profit before Taxation (PBT)	120.98	22.58
v.	Less : Tax including Deferred Tax	23.75	(19.80)
vi.	Profit after Taxation (PAT)	97.23	42.38
vii.	Add : Profit brought forward from previous year	113.58	86.19
viii.	Add : Transfer from Debenture Redemption Reserve	50.00	25.00
ix.	Amount available for appropriation	260.81	153.57
	Appropriation		
	Less : Transfer to Debenture Redemption Reserve	10.00	16.00
	Less : Transfer to General Reserve	45.00	5.00
	Less : Proposed Dividend including tax thereon	19.11	18.99
	Total	74.11	39.99
x.	Surplus carried to Balance Sheet	186.70	113.58

Your Company's Revenue from operation has increased from Rs. 1916.66 crores in 2011-12 to Rs. 1934.55 crores in 2012-13.

Dividend

Your Directors recommend a dividend of Rs.0.50 per equity share i.e. 50% for the financial year ended March 31, 2013. The dividend, on approval by members, will absorb Rs.19.11 crores, inclusive of tax of Rs.2.78 crores on distribution of dividend.

Operations

The Company's Revenue from operations has increased from Rs.1916.66 crores in 2011-12 to Rs.1934.55 crores in 2012-13. Export sales showed an increase from Rs.822.69 crores to Rs.936.68 crores, an increase of 14% due to higher proportion of sales in the export market. The Company's profit (PAT) for the financial year was Rs.97.23 crores as against Rs.42.38 crores of previous financial year which is an increase of 129.42% since last financial year.

During the year Ductile Iron (DI) pipes production was 2,84,849 MT as against 2,70,168 MT in the previous year, showing a marginal increase in production. Production of DI Fittings during the year was 6,214 MT as compared to 6,063 MT in previous year. The production of Cast Iron (CI) pipes at Elavur was 24,451 MT as against 19,177 MT in the previous year.

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

Future Prospects

Demand for Ductile Iron Pipes and Fittings in the domestic market remains stable. Your

Company continues to maintain its dominant position in the market against competitors. In the Export market, market shares have increased in the European markets even after the crisis in Europe. A new office and stockyard has been set up in Germany and it should start initial business in the current fiscal. Initial business has also started with government orders in Brazil and other South American markets. We will maintain our emphasis in the Gulf markets where we have opened subsidiaries in Qatar and UAE.

Directors

Mr. M. B. N. Rao, Mr. Naresh Chandra and Dr. Jamshed Jiji Irani, Directors, retire by rotation at the ensuing Annual General Meeting (AGM) and are eligible for re-appointment at the ensuing AGM.

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

Directors' Responsibility Statement

Your Directors hereby confirm :

- a) that in the preparation of annual accounts, containing financial statements for the financial year ended March 31, 2013 the applicable accounting standards have been followed and there were no material



Directors' Report (Contd.)

departures therefrom requiring any explanation;

- b) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company and the profit for that period;
- c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual accounts have been prepared on a 'going concern' basis.

Consolidated Financial Statements

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

Auditors and Auditors' Report

Statutory Auditors

M/s. Lodha and Co., Chartered Accountants, Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting of the Company. They have offered themselves for reappointment as Statutory Auditors and confirmed that their reappointment, if made, will be within the prescribed limits under section 224(1B) of the Companies Act, 1956.

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

Your Company has the rating for long-term/medium term debt and various Bank facilities as "CARE AA (Double A minus)" including the Non-Convertible Debentures (NCDs) of the Company (outstanding Rs. 120 crores as at 31st March, 2013).

Cost Auditors

The Central Government's directions vide their Order dated 2nd May, 2011 & 30th June, 2011 pursuant to Section 233B of the Companies Act, 1956, requires audit of the cost accounting records of the Company relating to Pig Iron, DI Pipe, DI Fittings, CI Pipe, Sponge Iron & Power Generating units for every financial year on & from 2011-12. The mines related activities will come under purview of this audit on & from the date when commercial production will start. Subject to the approval of Central Government. M/s. S. G. & Associates, partnership firm of Cost Accountants in Kolkata, has been reappointed as Cost Auditors for Financial Year 2013-14 for all the applicable units and products of the Company.

Cost Audit Report for the financial year 2012-13 will be filed within due date.

The Cost Audit Report for the financial year 2011-12 was filed on 24th December, 2012 within the due date of 28th February, 2013.

Besides the audit, the Company has to submit a 'Compliance Report' for the cost accounting records of the Company as a whole including all its activities duly certified by a Cost Accountant. For this purpose, the Company has appointed a qualified Cost Accountant for the financial year 2013-14. The Compliance Certificate for Financial Year 2011-12 was filed by the Company on 25th December, 2012, due date for the same being 28th February, 2013.

Subsidiary, Associate Companies and Joint Ventures

As on March 31, 2013, your Company has the following Subsidiaries, Associate Companies and Joint Ventures :-

S.No.	Name of the Company	Status
1.	Electrosteel Algeria SPA	Subsidiary
2.	Electrosteel Castings (UK) Limited	Subsidiary
3.	Electrosteel Castings Gulf FZE	Subsidiary
4.	Electrosteel Doha for Trading LLC	Subsidiary
5.	Electrosteel Europe S.A.	Subsidiary
6.	Electrosteel Trading S.A, Spain	Subsidiary
7.	Electrosteel USA, LLC	Subsidiary
8.	Singardo International Pte Limited	Subsidiary
9.	Electrosteel Brasil Ltda. Tubos e Conexoes Duteis	Subsidiary
10.	Mahadev Vyapaar Private Limited	Subsidiary
11.	WaterFab LLC	Step down subsidiary (subsidiary of Electrosteel USA, LLC)
12.	Electrosteel Steels Limited	Associate Company
13.	Electrosteel Thermal Power Ltd.	Associate Company
14.	Lanco Industries Limited	Associate Company
15.	Domco Private Limited	Joint Venture
16.	North Dhadhu Mining Company Private Limited	Joint Venture



Directors' Report (Contd.)

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

In terms of the general exemption granted by Government of India, Ministry of Corporate Affairs, vide General Circular No. 2/2011 dated 8th February, 2011, the Board of Directors of your Company at its meeting held on 10th May, 2013 has given its consent for not attaching the Balance Sheet, Statement of Profit and Loss, and Reports of the Board of Directors and the Auditors' thereon of these subsidiary/ step down subsidiary companies for the financial year ended 31st March, 2013. However, a statement containing brief financial details of the Company's subsidiaries for the financial year ended 31st March, 2013 is included in the Annual Report, as to comply with the terms of the general exemption. The Company undertakes that annual accounts of the subsidiary companies and the related detailed information shall be made available to the shareholders of the Company and subsidiary companies seeking such information at any point of time. Moreover, the annual accounts of the subsidiary companies will also be kept for inspection for members at the Company's Head Office and at the Head Office of the subsidiary company concerned.

Credit Rating

Your Company has been rated as "CARE AA- (Double A minus)" for long-term/medium term debt and various Bank facilities as including the Non-Convertible Debentures (NCDs) of the Company (outstanding Rs. 120 Crores as at 31st March, 2013). "CARE AA- (Double A minus)" rating indicates high degree of safety regarding timely servicing of financial obligation and lower credit risk.

EEPC INDIA, Eastern Region has given "AWARD FOR EXPORT EXCELLENCE" for star performers as large enterprise in the product group of sanitary and Industrial Castings for our outstanding contribution to engineering exports during the year 2010-11.

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

Awards

EEPC INDIA, Eastern Region has given "AWARD FOR EXPORT EXCELLENCE" for star performers as large enterprise in the product group of sanitary and Industrial Castings for our outstanding contribution to engineering exports during the year 2010-11.

Energy, Technology and Foreign Exchange Earnings and Outgo

Statement containing necessary information as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto as annexure 'A' and forms part of this Report.

Reports on Corporate Governance and Management and Discussion Analysis

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

Report on Corporate Governance Practices, the Auditors' Certificate on compliance of mandatory requirements thereof and Report on Management Discussion and Analysis are given as annexure and form part of this report.

Particulars of Employees

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

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

Acknowledgement

Your Directors take this opportunity to thank the Financial Institutions, Banks, Government Authorities, Customers, Shareholders, Investors and other stakeholders for their continued trust and support to the Company.

On behalf of the Board of Directors

May 10, 2013
Kolkata

P. K. Khaitan
Chairman



Annexure 'A'

To Directors' Report

CONSERVATION OF ENERGY

(a) Energy conservation steps taken :

- Installed capacitors at Plant load end and at 33KV HT line has increased the power factor from 93% to 96 %.
- Installing a visual display of 33 KV lines Maximum Demand at high consumption area of the Induction furnaces with alarm systems and improved control has helped to reduce the same.
- Close monitoring of the Oil consumption by standardizing the tank dip measurements, computerizing department wise Oil intake and consumption to eliminate human error has attributed to less consumption of the Oil from the last financial year.
- Consumption of coal gas, which is cheaper than Low Viscosity Furnace Oil (LVFO) has also been increased and this has resulted also in the less consumption of fossil fuels in the financial year.

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

- Digital oil meters are being installed in all LVFO intake and consumption points and tank level meters for major LVFO storage tanks so that exact data of oil availability and consumption is available at any moment of time for better control and lesser consumption.
- For reducing the purchase fuel (oil and gas) by more consumption of Blast Furnace Gas, some modifications will be carried out in the annealing furnace system in the annual shut down.



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

(c) Impact of measures of (a)&(b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

Above have already resulted in improvement of energy consumption as is evident from the reflection thereof in Form - A

(d) Total energy consumption & energy consumption per unit of production

As per Form- A attached

TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT (R&D)

In keeping with the Company's Policy and culture and to ensure the profitability and sustainability of the organization, your Company is focusing on their core strength area, "Technology". To sustain the growth, your Company has further penetrated in niche markets with the specialized product.

Your Company has installed special lining and coating facility and has tied up with the world's leading Industrial coating manufacturers.

As a solution for highly corrosive sewerage application, in addition to High Alumina Cement

lined pipes, your Company has started to offer Ceramic Epoxy Coated pipes and Fittings. The Company is getting a good response in the market for such products.

Your Company had faced stiff challenge from the competitors to sell the special boltless restraining system (Electrolock) that was launched last year. You will be happy to know that most of the stumbling blocks are now removed and this product has been able to establish its position in European market.

FOREIGN EXCHANGE EARNINGS & OUTGO

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

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

b) Total foreign exchange used and earned :

Foreign exchange used - Rs. 486.22 crores

Foreign exchange earned - Rs. 850.82 crores

Form - A**Form for disclosure of particulars with respect to conservation of energy : 2012-13****(a) Power & Fuel**

Particulars	Units	Current Year ended 31.03.2013	Previous Year ended 31.03.2012
1. Electricity			
(a) Purchased			
Units	Kwh '000	144882.30	139922.98
Total Amount	Rs. Lakhs	9345.53	8050.09
Rate/Unit	Rs.	6.45	5.75
(b) Own Generation			
i) Though diesel Generator			
Units	Kwh '000	1672.53	1578.88
Unit/litre of Diesel Oil	Kwh	3.51	3.42
Cost/Unit Variable	Rs.	13.05	12.88
ii) Though Steam Turbine Generator*			
Units	Kwh '000	103605.17	97474.98
Unit/litre of Diesel Oil	Kwh	302.82	324.26
Cost/Unit Variable	Rs.	0.16	0.15
2. Furnace Oil incl. Diesel			
Quantity	KL	7997.97	8142.26
Total Amount	Rs. Lakhs	3750.98	3810.45
Average Rate	Rs./KL	46899.15	46798.42
3. Coke & Coal			
Quantity	MT	344407.21	338062.88
Total Amount	Rs. Lakhs	39758.22	43340.86
Average Rate	Rs./MT	11543.96	12820.35
4. Coal Gas			
Quantity	NM ³ '000	11009.26	9229.08
Total Amount	Rs. Lakhs	1003.65	879.55
Average Rate	Rs./NM ³	9.12	9.53

*Includes 63173 (previous year 61870) kwh surplus power exported to Grid.

(b) Consumption per Unit of Production (MT)

Pipes and Allied Products	31.03.2013	31.03.2012
Electricity (KWH)	541	536
Furnace Oil (Ltr.)	23	25
Coke & Coal (Kg.)	996	1022
Coal Gas (NM ³)	32	28

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

Management

Discussion and Analysis Report

OVERVIEW

The Company is engaged in the business of manufacturing Ductile Iron (DI) Pipes, Fittings and Cast Iron (CI) Pipes. Your Company is the first to set up a Ductile Iron Pipe Plant in India. Today it is India's leading pipeline solution provider. It has a strong brand presence around the Globe. Apart from manufacturing pipes, the Company also undertakes turnkey solutions for water transportation and sewerage management, which includes manufacturing DI Pipes, supplying and laying various types of pipes, operating the system and transferring to the owners. Since 1994, the Company has maintained its edge over its competitors.

INDUSTRY OUTLOOK

The Indian pipe industry with presence across all the categories of pipes (steel, cement and plastic) has become a major exporting hub to the regions like Middle East, US and Europe due to its locational advantage and global accreditations.

To transport sufficient quantities of water from different sources to treatment plants with minimal loss and then transport it to the end users, a strong reliable transport medium is required. Earlier, the only major means available for the use in water transportation application (supply and sanitation) were the CI pipes. The DI pipes were first introduced in 1955, which has since been recognized as the industry standard for modern water and wastewater systems. DI pipes are preferred over CI pipes on account of being lighter, stronger, more durable and cost efficient these being corrosion resistant, ductile, etc. The

DI pipes also have higher water carrying capacity. The DI pipes can also be laid out much faster and are virtually maintenance free. In addition, DI pipes require less support and provide greater flow area as compared to pipes made from other materials.

The operating environment for the Indian pipe industry was challenging during FY 2012-13. It is expected that the demand for Indian pipe industry will improve from FY 2013-14 and remain healthy over the longer term, both on the global as well as domestic fronts, on the back of increasing demand arising from oil & gas and infrastructure projects.

Demand for DI Pipe is gradually increasing and the current annual demand stands at approximate 1 Million Ton. In line with increasing demand, new plants have also come up in the recent years as a result of which the production capacity has gone up to approximate 1.2 Million Ton. This may result in excess production being sold in overseas market.

Demand drivers for DI pipes

The following factors would drive the demand for DI pipes:

1. Thrust of the government to provide drinking water and sanitation to 100% of the population and make funds available to achieve it.
2. The need to conserve water and reduce leakage. The need to focus on life cycle cost rather than initial cost; and to consider inconvenience to public in replacement of pipes.



Management Discussion (Contd.)

3. The over reliance on ground water for rural water supply has resulted in twin problem of sustainability and water quality and suggested a shift to surface water source for tackling this issue. This will result in substantial increase in requirement of pipes.
4. Expectations and assertions from people all over for a strong water supply and good drainage system.

« FY 2012-13 vs.2011-12

The Company's Revenue from operations has increased from Rs. 1916.66 crores in 2011-12 to Rs.1934.55 crores in 2012-13. Export sales showed an increase from Rs.822.69 crores to Rs.936.68 crores, an increase of 14% due to higher proportion of sales in the Export market. The Company's profit (PAT) for the FY 2012-13 was Rs.97.23 crores as against Rs. 42.38 crores for FY 2011-12, which is an increase of approximately 130%.

« Ductile Iron (DI) Pipes

The production of DI pipes during the year 2012-13 was 2,84,849 MT against last year's production of 2,70,168 MT.

Year	DI Pipe production in MT
2012-13	2,84,849
2011-12	2,70,168
2010-11	2,70,327

More variety and value added products were produced during the year to meet higher exports. The production during the year increased mainly due to continual improvement in productivity and debottlenecking in the manufacturing facilities.

Over the years, your Company has realized that to remain cost competitive, the Company must have control over its basic raw material cost and accordingly your Company initiated the process to get Coal & Iron Ore Mine allocation.

« Cast Iron (CI) Pipes

Production of Cast Iron pipes during the FY 2012-13 was higher at 24,451 MT against 19,177 MT in the previous year.

« DI Fittings & Accessories

Production of DI Fittings during the FY 2012-13 is 6,063 MT as against 6,214 MT in the FY 2011-12. The Company is improving the performance of the division by targeting more value added products and higher exports to niche markets.

« Raw Materials Management

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

Over the years, the Company has realized that to remain cost competitive, the Company must have control over its basic raw material cost and accordingly the Company initiated the process to get Coal & Iron Ore Mine allocation. In 2005, the Company has been allocated coking coal mine facilities in the State of Jharkhand and is in process of developing it, thus enabling the

Company to source prime coking coal from this mine. As the Indian coal has a higher percentage of ash, the Company has also set up a Washery of 2 million TPA to reduce the ash from coking coal which will soon start yielding benefits to the Company.

The Company has also been allocated an Iron Ore Mine at Kodolibad in the State of Jharkhand. The Company has already received 1st stage forest clearance and processing for 2nd stage forest clearance & expects to receive the Environmental Clearance from MOEF and SPCB shortly and on receipt of these consents the mining lease would be executed by Jharkhand Government and mining operation would be started.

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

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

To facilitate the raw-material movement, the Company is coming up with private railway sidings at following different locations viz.

1. Barajamda
2. Jaraikela
3. Haldia

⇒ At Barajamda, railway siding has already been commissioned and officially notified by Indian Railways on 30.04.12.

⇒ The Company has already invested two rakes



Management Discussion (Contd.)

under Wagon Investment Scheme (WIS) of Indian Railway which are connected with private siding at Baracaldo. Now the Company can avail the logistic benefit as well as freight rebate from this private siding.

- ⇒ At Haldia, siding is in the final stage of commissioning and is likely to be operational soon.
- ⇒ At Jaraikela, Detail Project Report is already approved by Railways and the project is in early stages.

« Power Plant

12 MW Power Plant at Haldia has contributed 63.17 million units in FY 2012-13 to SEB grid in place of 61.87 million units in FY 2011-12. Power Generation was higher due to improved temperature of the waste gases going into the boilers.

« Captive Coke Oven Plant

During the year, the Coke Oven Plant at Haldia produced 1,67,550 MT of Metallurgical Coke in FY 2012-13 against 1,82,682 MT in FY 2011-12 for captive consumption in Blast Furnace at Khardah Works. Power plant is an ongoing CDM project registered with UNFCCC.

« Export

This year again your Company maintained its thrust in exports by entering new markets like South America as well as consolidated its dominant position in the existing markets. The Company is strengthening its position in export market inspite of strong competition from new players and the ongoing crisis in the European markets, which resulted in increase in Exports by approximate 14% compared to last year.

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

To cater the ever increasing market of Polyurethane Coating and Ceramic Epoxy Linings (Electrotuff), special coating lining facility with Storage Facility has been developed by the Company.

EEPC INDIA, Eastern Region has given "AWARD FOR EXPORT EXCELLENCE" for star performers as large enterprise in the product group of sanitary and Industrial Castings for our outstanding contribution to engineering exports during the year 2010-11.

« Turnkey Projects

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

« Quality and Approvals

To sustain growth and profitability, your Company is entering in new and more challenging markets all over the world including South America, Africa, Middle East etc. While the Quality of the Product is assumed to be granted, the market demands for World Class System which delivers a Quality Product with On Time Delivery of Full Quantity having a World Class Packaging but having Minimum Impact on Environment.

Your Company is well aware of these requirements and progressing in right direction to fulfill the requirements of the customers.

To satisfy the requirement of new customers apart from existing product approval agencies

like BSI (UK), DVGW (Germany), FM (USA), UL (USA), your Company has taken approval from OVWG (Austria), IGH (Croatia). The continuous periodic audits from these renowned Certifying Agencies ensure that the System is always in place which results into a product which can compete with the best in the world.

A large quantity of your product is used for carrying drinking water. So, the strict control is exercised on the quality of the ingredients used in your product and these are approved by the leading laboratories like WRAS (UK), Hygiene Institute (Germany), ACS (France), NSF (USA) etc. These certifications give the confidence to Water Distribution Agencies and Ministries all over the world to use your product.

To diversify the product range your Company has further added the special coatings and linings. To cater the ever increasing market of Polyurethane Coating and Ceramic Epoxy Linings (Electrotuff), special coating lining facility with Storage Facility has been developed at a place approximately 50km from the existing production facility in Kolkata. You will be pleased to know that the production has started in new facility at the beginning of this calendar year.

« Safety, Health & Environment

Your Company believes that good safety, health and environment programmes not only reduce the risk, injury and environmental impact but also help to enhance the productivity. With this philosophy in mind the Company with its dedicated team is constantly endeavoring to reach the target zero accident, zero pollution



Management Discussion (Contd.)

and zero health impairment. Some of the steps taken on these accounts are as under :

« Safety & Health

- Your Company is effectively maintaining Quality Management System (ISO 9001:2008) and the Environmental Management System Standard (ISO: 14001:2004) in the manufacturing plants i.e. at Khardah, Elavur and Haldia.
- Use of JIPM - TPM methodology of KYT (Danger Prediction Drill) is being continuously enhanced to further improve the consciousness of workmen and supervisors. In addition, to avoid failure, mistake proof (Pokayoke) and Safety assurance perfect line (SAPL) have been introduced.
- Involvement of workmen at all levels is continuously enhanced by creating safety volunteers in each shop.
- Safety related quiz competition, slogan competition, poster competition among staff, workers and contractor's workmen is organized during observation of 'National Safety Day / Week' & other occasions for augmentation of safety awareness amongst our employees.
- Active participation of Senior Managers, Staffs, Workmen, Contractors and Transporters in the safety management system continuously enhances the safe operating practices.
- The Company has been implementing Health and Safety requirement, as applicable, as a part of Occupational Health & Safety Management System.

« Environment

- Your Company has been implementing and updating statutory and regulatory requirements and meeting compliance as applicable.

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

- The Company is committed to protection of environment and prevention of pollution through continual improvement of process, technology and equipment.
- Conservation of natural resources is thrust area of your Company.
- Creating environmental awareness amongst employees, contractors and local community including school children is an on-going activity of the Company.
- The Company is sponsoring Environmental Awareness programs in collaboration with WBPCB and local NGOs on the occasion of World Environment Day each year.

« Corporate Social Responsibility (CSR)

The Company has already started CSR work related to medical, health & sanitation, child education & peripheral development in the vicinity of the mine locality.

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

- a) Our charitable Homeopathic medical centers at Adarshapally & at Shibnath High School at Khardah, involving local people, continue to provide services to the needy people of the society.
- b) Sponsorship of various Sports Tournament

involving local schools and clubs is a regular feature.

- c) Local good & bright students are always felicitated and encouraged. Distribution of education kit amongst poor children.
- d) Creating environmental awareness amongst local school children /locality by sponsoring quiz programmes / drawing competitions in collaboration with WBPCB and local NGO.
- e) Participation in Science Exhibitions, Environmental fairs, Holistic gatherings to be able to mix up with local people and their culture.
- f) Local un-employed youths are encouraged to start small scale business and supply materials. Local businessmen are also encouraged for contractual business.
- g) Organizing cultural programmes and promoting recreational activities amongst local people and cultural organizations.
- h) Setting up of Drinking water Kiosks in the local area during summer season.
- i) Participating in Blood donation camps, organizing Health Camps in collaboration with NGOs and local Clubs.
- j) Providing financial help to needy and poor people and distribution of clothes/ shawls etc.

« Information Technology

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



Management Discussion (Contd.)

☑ **Business Application**

- ▶ SAP R3 as ERP system for all three manufacturing units supporting their organic growth.
- ▶ SAP B1 for international subsidiaries
- ▶ Business Analytics for MIS and Decision support System
- ▶ The Company emphasized upon collaboration approach to build strong relationship with business partners as a key success factor and implementing vendor portal solution at group level.

☑ **Network and Communication**

- ▶ A Wide Area Network connecting more than 20 diverse geographic locations across India including manufacturing plants, Corporate Office, Coal Mines, and sales offices.
- ▶ To maintain the business continuity, the mission critical communication facilities having single point of failure has been upgraded with redundancy and load sharing.

☑ **Data and Network Security**

Data and network security is the key concern now for any corporate. The Company is equally alert about the threats and have taken sufficient measures to protect data and to stay away from intrusions and cyber attacks.

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

◀◀ **Human Resources/ Industrial Relations**

It is an established verity that effective man management is the key to any business success. Your Company runs on a firm belief, that without motivated and knowledge based

Your Company continues to have harmonious and cordial relations with its employees, workmen and trade unions. These relations have been built over the years on a foundation of mutual trust which has resulted in an atmosphere of improved productivity, quality, enthusiasm and motivation.

human capital, success cannot be achieved in the long run in global market which is under extreme competitive conditions. Your Company engages human capitals that are upto date on latest technology, knowledge and skills. Special care is taken to ensure that the competence of the human capital keeps improving through developmental programmes in all the areas, be it managerial, leadership, technical, financial, IT, logistics and others.

After achieving the 'AWARD FOR EXCELLENCE IN CONSISTENT TPM COMMITMENT' in 2010, we are sustaining as well as further improving various improvement initiatives. This year we started "Kaizen Competition" to strengthen our "Kaizen culture".

Your Company has developed a feeling of mutual trust and belief with its employees who are always eager to undergo any challenge that demands toughness of mental structure and tenacity for the purpose. Reward and recognition of talent within the organization has been a regular phenomenon for your Company. Despite the fact that there is increase of inter/intra union rivalry, your company maintains a congenial atmosphere within the organization with the employees having the deep notion of "Duty First". The employees' commitment is so strong that they feel that they are owners pride and competitors envy.

« Risks and Concerns

This has been dealt with separately in the Annual Report under "Risk Management".

« Internal Control Systems and their adequacy

Your Company has adequate internal control system in all the areas. It ensures the efficiency of the operations, financial reporting and statutory compliances. Apart from the internal control system, an independent internal auditor also reviews all activities in a systematic and structured manner. The Audit Committee regularly reviews the observations and suggestions of the internal auditors and takes the necessary corrective actions.

« Threats

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

« Outlook

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

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing the Company's



estimates, predictions, expectations may be "forward-looking" within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed or implied in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods in which the Company operates, input availability and prices, changes in government regulations, tax laws and other statutes, economic developments within the country and the countries within which the Company conducts business and other factors such as litigation and industrial relations. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of subsequent developments, information or events.

Risk Management

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

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

The Company has already undertaken an extensive Risk Management effort that includes introducing Risk Management Manual, compiling a comprehensive profile of the key risks to the Company, identifying key gaps in managing those risks and developing preliminary action plans to address those risks. The worldwide activities of the Company are exposed to varying degrees of risk and uncertainty. The Company has identified and categorized the risk associated with its business into Economic Risk, Competitor Risk, Industrial Risk, Environmental Risk, Foreign Exchange Risk and Payment Risk.

Economic Risk

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

To counter this, the Company has taken various

steps including backward integration which comprises owning of coal mines and iron ore mines and brown field expansions e.g. sinter plant, setting up sponge iron plant, coke oven plant, power plant from waste heat recovery, upgrading and expanding manufacturing capacities and increasing efforts on R&D. In addition, cost control measures are an ongoing process.

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

Competitor Risk

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

The Company continues to focus on increasing its market share and taking marketing initiatives that help customers in taking better informed decisions. The quality improvement efforts have established the brand image of the product as the most preferred brand with the customers. With the thrust given by Government of India on water and water related projects and with the estimated growth in water requirement, the demand of DI Pipes is expected to grow substantially and the Company is confident of retaining its market share.



Industrial Risk

Labour unrest can erupt anytime in a company and cause hindrance in the smooth operation of the plant. The Company boasts that in spite of multiplicity of Trade Unions; labour relation has been excellent throughout the year. As a consequence of such tuneful, controlled and amiable relations there has not been a single man day lost over the past one decade. The Company is optimistic that labour relation will strengthen further and act as a catalyst in the running of the organization.

Environmental Risk

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

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

The Company is exposed to the risk of Environment and Pollution Controls, which is associated with such type of industries. The Company is committed to the protection of environment & conservation of the natural resources, welfare of the people around and is adopting technology, process through continual improvement.

The Company is ISO 14001: 2004 certified and is adhering strictly to the emission norms applicable for the industry. It is continuously

updating systems to keep abreast of latest requirements from the authorities and related to society.

Foreign Exchange Risk

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

The Company has adopted a comprehensive risk management review system wherein it actively hedges its foreign exchange exposures within defined parameters, through use of hedging instruments such as forward contracts, options and swaps. The Company periodically reviews and audits its risk management initiatives through an independent expert.

Payment Risk

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

Since major water infrastructure projects are Government funded or foreign aided, the risk involved in payment default is minimum. Further, evaluating the credit worthiness of the customers has minimized the risk of default by other segment customers. Besides, the risk of export receivables is covered under Credit Insurance.

The Company is committed to achieve and maintain the highest standards of Corporate Governance.

Corporate Governance Report for the year 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 the Company in relation to Corporate Governance is to ensure fairness, transparency, integrity, equity, honesty and accountability in its dealings with its customers, dealers, employees, lenders, Government and other stakeholders including shareholders. The Company is committed to achieve and maintain the highest standards of Corporate Governance.

2. Board of Directors

Composition as on March 31, 2013

The Board of Directors of Company consists of Twelve members which comprises of :

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

The composition of the Board during the financial year 2012-13 was in conformity with clause 49 of the Listing Agreement entered into with the stock exchanges. The Chairman of the Board is a Non-Executive Director.

Name of the Directors	Category	No. of other Directorship(s) in Public Limited Companies incorporated in India	No. of Membership(s) in other Board Committees	No. of Chairmanship(s) in Other Board Committees
Mr. Pradip Kumar Khaitan	Non-Independent, Non-Executive	14	4	-
Mr. Umang Kejriwal	Promoter, Executive	9	-	-
Mr. Mayank Kejriwal	---do---	8	-	-
Mr. Uddhav Kejriwal	---do---	3	-	-
Mr. Vyas Mitre Ralli	Non-Promoter, Executive	-	-	-
Mr. Rama Shankar Singh	---do---	-	-	-
Mr. Mahendra Kumar Jalan	---do---	-	-	-
Dr. Jamshed Jiji Irani	Independent, Non-Executive	3	-	-
Mr. Binod Khaitan	---do---	2	-	-
Mr. Naresh Chandra	---do---	11	9	1
Mr. M B N Rao	---do---	14	9	3
Mr. S Y Rajagopalan	Non-Independent, Non-Executive	1	-	-

Corporate Governance (Contd.)

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

During the financial year ended March 31, 2013, six Board meetings were held on the following dates: May 11, 2012; May 28, 2012; August 14, 2012; October 11, 2012; November 12, 2012 and January 14, 2013. The gap between any two consecutive meetings did not exceed four months. The attendance details of each Director at the Board meetings and at the last Annual General Meeting (AGM) is given below :

Name of the Directors	No. of Board meetings attended in FY 2012-13	Attendance at the last AGM held on 7th September 2012
Mr. Pradip Kumar Khaitan	6	No
Mr. Umang Kejriwal	6	No
Mr. Mayank Kejriwal	5	No
Mr. Uddhav Kejriwal	4	No
Mr. Vyas Mitre Ralli	5	No
Mr. Rama Shankar Singh	–	No
Mr. Mahendra Kumar Jalan	4	No
Dr. Jamshed Jiji Irani	3	No
Mr. Binod Khaitan	6	Yes
Mr. Naresh Chandra	5	No
Mr. M B N Rao	5	No
Mr. S Y Rajagopalan	6	No

Code of Conduct

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

The terms of reference of the Audit Committee are in line with requirements of Clause 49 of the Listing Agreement.

3. Audit Committee

Pursuant to Section 292A of the Companies Act, 1956, the Audit Committee was constituted on January 30, 2001. The Committee is entrusted with the powers and role specifically laid out to comply with the requirements of Clause 49 of the Listing Agreements with the Stock Exchanges in India and the spirit of Corporate Governance.

Composition of Audit Committee

As on March 31, 2013 the Audit Committee comprised of three non-executive independent Directors and one executive Director, all having financial and accounting knowledge. The members of the Audit Committee are Mr. Binod Khaitan, Mr. Naresh Chandra, Mr. M.B.N.Rao and Mr. Umang Kejriwal. Mr. Binod Khaitan who is an independent, non-executive Director is the Chairman of the Committee. The Company's Statutory Auditors and the Internal Auditors are permanent invitees at Audit Committee meetings. Mr. A. K. Kanodia, Company Secretary of the Company acts as the Secretary to the Audit Committee.

Terms of reference

The Audit Committee reviews the adequacy of internal controls, reliability of financial statements, the Company's financial reporting process, accounting and financial policies and practices, monitors the risk management, reviews policies adopted by the Company and ensures compliance with regulatory guidelines, reviews

reports furnished by the internal and statutory auditors and ensures that suitable corrective and follow-up actions are taken. The terms of reference of the Audit Committee are in line with requirements of Clause 49 of the Listing Agreement. 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 five audit committee meetings were held on May 28, 2012; August 14, 2012; October 11, 2012; November 12, 2012 and January 14, 2013. The gap between any two consecutive meetings did not exceed four months.

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

4. Remuneration Committee

The Company is yet to form a remuneration committee, though the compensation of the executive and non-executive Directors has the approval of the Board of Directors and shareholders of the Company. The commission is paid to the Directors as approved by the shareholders.

Corporate Governance (Contd.)

Details of remuneration paid to Directors in 2012-13

Name of the Directors	Salary* (Rs.)	Benefits (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Mr. Pradip Kumar Khaitan	-	-	2,50,000	1,20,000	3,70,000
Mr. Umang Kejriwal	60,00,000	31,37,362	90,00,000	-	1,81,37,362
Mr. Mayank Kejriwal	60,00,000	29,57,192	90,00,000	-	1,79,57,192
Mr. Uddhav Kejriwal	34,75,000	40,39,620	65,00,000	-	1,40,14,620
Mr. Vyas Mitre Ralli	30,60,000	90,78,517	-	-	1,21,38,517
Mr. Rama Shankar Singh	30,60,000	91,85,620	-	-	1,22,45,620
Mr. Mahendra Kumar Jalan	30,60,000	91,30,118	-	-	1,21,90,118
Dr. Jamshed Jiji Irani	-	-	12,00,000	60,000	12,60,000
Mr. Naresh Chandra	-	-	12,00,000	2,00,000	14,00,000
Mr. Binod Khaitan	-	-	2,50,000	2,80,000	5,30,000
Mr. M. B. N. Rao	-	-	6,00,000	2,40,000	8,40,000
Mr. S. Y. Rajagopalan	-	-	4,00,000	1,20,000	5,20,000

*This represents the fixed component.

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

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

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

5. Shareholders' / Investors' Grievances Committee

The Company constituted a Shareholders'/ Investors' Grievances Committee on May 15, 2002 to oversee the redressal of grievances of shareholders and investors on issues like share transfer, non-receipt of annual report / declared dividends, among others.

A Code of Conduct has been laid down for all Board Members and Senior Management of the Company who have affirmed compliance with the same.

In accordance with Clause 49 para IV (G)(iii) & (iv) of the Listing Agreement of the stock exchanges, the Board has delegated powers of share transfers and mitigation of shareholders grievances to M/s. Maheshwari Datamatics Pvt. Ltd. (MDPL), the Registrar and Share Transfer Agent (RTA) of the Company having its office at 6, Mangoe Lane, Kolkata-700 001. MDPL reviews share transfers every fortnight.

Composition as on March 31, 2013

As on March 31, 2013 the Committee comprised of Mr. Binod Khaitan (Chairman - independent, non-executive) and Mr. Uddhav Kejriwal (Promoter, executive). Mr. Uddhav Kejriwal resigned from the membership of this Committee and Mr. Mahendra Kumar Jalan was inducted as a member of this Committee with effect from May 10, 2013.

Compliance Officer

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

Shareholders' Complaints

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

Pending Share Transfers


No share was pending for transfer as on March 31, 2013.

6. General Body Meetings

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

Financial Year	Date of AGM	Venue	Time
2011 - 2012	September 07, 2012	Rathod Colony, Rajgangpur Dist. Sundergarh Odisha-770 017	10.30 a.m.
2010 - 2011	July 11, 2011	Rathod Colony, Rajgangpur Dist. Sundergarh Odisha-770 017	11.30 a.m.
2009 - 2010	July 12, 2010	Rathod Colony, Rajgangpur Dist. Sundergarh Odisha-770 017	11.00 a.m.

Corporate Governance (Contd.)

- 
- B. Special Resolutions were passed at the AGM held on July 12, 2010, July 11, 2011 and September 07, 2012.
- C. Last year one Special Resolution under section 372A of the Companies Act, 1956 was passed through Postal Ballot by the shareholders of the Company. Detail of the aforesaid Special Resolution passed through postal ballot during last year is as under:
- i) **Person who conducted the postal ballot exercise :** The Board of Directors appointed Mr. Sushil Kumar Chhawchharia, Practicing Chartered Accountant, as the Scrutinizer to conduct postal ballot voting process. Mr. Chhawchharia conducted the process and submitted his report to the Chairman.
 - ii) **Procedure followed :** The Postal Ballot Notice and accompanying documents were dispatched to shareholders alongwith postage pre-paid envelope. A calendar of events along with Board Resolution was submitted to the Registrar of Companies, Odisha.
 - iii) **Details of voting pattern :** After scrutinizing all the ballot forms received, the Scrutinizer reported that the shareholders representing 99.94% of the total voting strength voted in favour of the Resolution, based on which the result was declared and the Resolution was carried out by the requisite majority.
- The Company proposes to pass an Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956 through Postal Ballot in the financial year 2013-14 to increase the limit under said section for authority to create charge upto Rs.4500 crores.
- D. Information about Directors proposed to be re-appointed as required under Clause 49 IV(G)(i) of the Listing Agreement with the Stock exchanges forms part of the explanatory statement of the notice for Annual General Meeting annexed to the Annual Report.

7. Disclosures

None of the transactions with any of the Related Parties were in conflict with the interests of the Company. However, the details of Related Party relationships and transactions are disclosed in Notes on financial statements No. 2.37. The Company complied with regulatory requirements on capital markets. During the year under review, no penalties/strictures have been imposed against on the Company. All mandatory requirements of Clause 49 of the Listing Agreement have been complied with and the disclosure on adoption of non-mandatory requirements is dealt with at the end of the report.

8. Means of Communication

The Company's quarterly/yearly financial results are published in widely circulated national and local dailies like The Economic Times, Times of India, Business Line, Business Standard, Financial Express and Kalinga Mail. The Company's results and official news releases are also displayed on the Company's web site www.electrosteel.com.

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

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

9. General Shareholder information

Date, time and venue of the next Annual General Meeting	22nd August, 2013, Thursday at 11.30 A.M At Rathod Colony, P.O. : Rajgangpur, Dist. Sundergarh, Odisha - 770017
Financial Year	April 1st to March 31st
Book Closure Period	16th August, 2013 to 22nd August, 2013 (both days inclusive)
Dividend Payment Date	Credit/despatch of Dividend Warrants between 23rd August, 2013 and 20th September, 2013.
Outstanding ADRs / GDRs / warrants or any convertible instruments, conversion date and likely impact on equity.	<p>Warrants : 3,35,68,312 nos. (entitles the holder to receive 1 (one) Equity Share of Re.1/- each upon conversion at any time during normal business hours on and after three years from date of allotment i.e 08.02.2010 and upto sixty months from the date of allotment in no event thereafter)</p> <p>The paid-up equity capital will increase by Rs. 335.68 Lakhs on conversion of aforesaid warrants.</p> <p>Global Deposits Receipts (GDRs) : 27,70,000 nos.</p>
Listing at Stock Exchanges	
Equity and Warrants	<p>a) BSE Limited P. J. Towers, Dalal Street, Mumbai 400 001</p> <p>b) The National Stock Exchange of India Limited Exchange Plaza, 5th Floor Bandra Kurla Complex, Bandra (East) Mumbai 400 051</p>
Global Depository Receipt (GDR)	London Stock Exchange Plc. 10, Patemoster Square London-EC4M7LS
Stock Code	Equity Shares & Warrants BSE - 500128 NSE – ELECTCAST GDR London Stock Exchange-B0K6M89
Listing Fee	Listing fees for 2013-14 have been paid to BSE, NSE and London Stock Exchange.

Corporate Governance (Contd.)

Stock Market Price for the financial year 2012-13

Month	BSE Limited (BSE)			The National Stock Exchange of India Limited (NSE)		
	Month's High Price (Rs.)	Month's Low Price (Rs.)	Volume (No.)	Month's High Price (Rs.)	Month's Low Price (Rs.)	Volume (No.)
April-12	24.00	20.10	14,75,746	23.80	20.05	31,92,154
May-12	20.70	16.55	9,85,283	22.25	16.50	26,38,474
June-12	17.95	16.75	12,45,348	18.00	16.75	30,31,748
July-12	22.00	17.30	40,68,816	21.55	17.25	55,87,617
August-12	19.70	17.30	9,02,849	19.90	17.60	22,42,967
September-12	21.40	17.00	14,45,527	21.15	16.60	33,44,437
October-12	26.10	19.05	58,72,884	26.00	19.50	1,22,02,352
November-12	29.20	24.15	70,33,093	29.40	24.10	90,82,160
December-12	27.00	22.85	77,27,972	27.55	22.85	1,23,29,021
January-13	28.50	23.25	53,97,974	28.50	23.20	1,24,57,798
February-13	26.15	19.30	38,73,593	26.15	19.35	77,18,176
March-13	20.50	14.65	21,74,541	20.50	14.60	52,81,208

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

BSE Sensex		NSE Nifty	
% change in ECL share price	% change in sensex	% change in ECL share price	% change in index
-23.27%	8.23%	-23.46%	7.31%

Shareholding pattern as on March 31, 2013

Sr. No.	Shareholder Category	No. of Equity Shares	% Shareholding
A.	Promoter and Promoter Group		
1.	Individuals / Hindu Undivided Family	40880003	12.51
2.	Bodies Corporate	118076252	36.14
B.	Public Shareholding		
1.	Institutions	45713872	13.99
2.	Non Institutions		
	a. Bodies Corporate	51220364	15.67
	b. Individuals and others	68092214	20.84
3.	GDRs	2770000	0.85
	Total	326752705	100.00

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

Distribution of shareholding as on March 31, 2013

Equity Shares held	No. of holders	% of Shareholder	No. of Shares held	% of Shares held
Upto 500	43492	68.41	8698526	2.66
501 to 1,000	8887	13.98	7791167	2.38
1,001 to 2,000	5390	8.48	8918603	2.73
2,001 to 3,000	1753	2.76	4579417	1.40
3,001 to 4,000	1007	1.58	3722876	1.14
4,001 to 5,000	801	1.26	3817296	1.17
5,001 to 10,000	1155	1.82	8609177	2.64
10,001 and Above	1086	1.71	280615643	85.88
Grand Total :	63571	100.00	326752705	100.00

Share transfer system	Share transfers are registered and returned within the period of 7 days from the date of lodgment if the documents are complete in all respects. As per directives issued by the SEBI, it is compulsory to trade in the Company's equity shares in dematerialized form. The Company offers the facility of transfer cum dematerialization to its shareholders.
Registrar and Share Transfer Agent for physical & dematerialised shares	Maheshwari Datamatics Pvt. Ltd. 6, Mangoe Lane, 2nd Floor, Kolkata-700 001. Phone: 033-22482248/22435029 Fax: 033-22484787 E-mail: mdpl@cal.vsnl.net.in
Dematerialization of shares and liquidity	The Company's shares are tradable compulsorily in electronic form and are available for trading in the depository systems of both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The International Securities Identification Number (ISIN) of the Company, as allotted by NSDL and CDSL, is INE086A01029. As on March 31, 2013, 98.83% of the shares stand dematerialized.
Plant locations	Unit 1 : 30, B.T. Road, Sukchar, Khardah 24-Parganas (North), West Bengal-743 179 Unit 2 : Gummodipoondi Taluk P.O. Elavur, District. Chengal, MGR Tamil Nadu-601 211

Corporate Governance (Contd.)

Plant locations	Unit 3 : Haldia Kasberia P.O.Khanjan Chawk Haldia, Midnapore (East), West Bengal Unit 4 : Parbatpur Coal Mine, P.O. Batbinor District : Bokaro -827013, Jharkhand
Address for Communication	Mr. A. K. Kanodia Company Secretary Electrosteel Castings Limited G.K. Tower, 19, Camac Street, Kolkata-700 017 Phone: (033) 2283 9990 Email: anand.kanodia@electrosteel.com

10. Status of compliance with non-mandatory requirements

Audit qualifications

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

Other Items

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

For and on behalf of
Electrosteel Castings Limited

Place : Kolkata
Date : 10th May, 2013

P. K. KHAITAN
Chairman

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

To,
The Members of
Electrosteel Castings Limited

I hereby declare that to the best of my knowledge and belief, all the Members of the Board and senior management personnel of the Company have affirmed their respective compliance with the Code of Conduct of the Company for the year ended March 31, 2013.

Place : Kolkata
Date : May 10, 2013

U.KEJRIWAL
Managing Director

Auditors'

Certificate

on Corporate Governance

**To The Members of
Electrosteel Castings Limited**

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

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

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

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

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

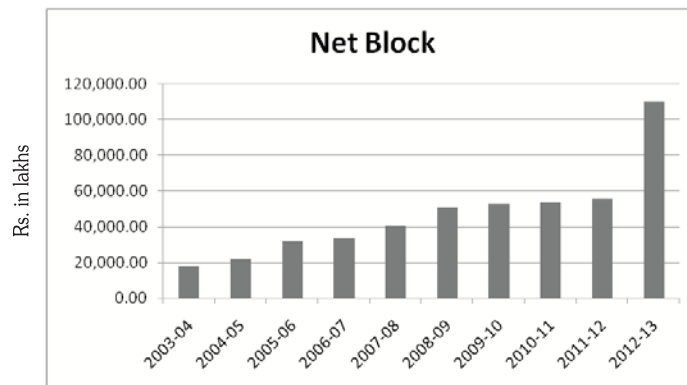
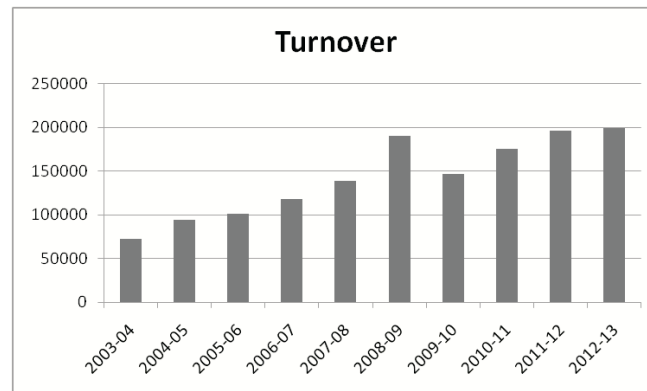
Place : Kolkata
Date : 10th May, 2013

R. P. Singh
Partner
Membership no.: 52438

Ten Years Financial Summary

Rs. in lakhs

Year	Turnover	Gross Profit	Depreciation	Tax	Profit After Tax	Gross Block	Net Block	Capital Employed
2003-04	72444.91	13130.02	2278.67	3483.14	7368.21	30204.37	17821.81	85358.26
2004-05	94198.00	14985.84	2518.02	3600.08	8867.74	35965.68	21690.40	100829.20
2005-06	100312.88	13643.90	2856.18	3142.94	7644.78	48295.10	31698.03	117140.97
2006-07	117621.51	19208.81	3366.78	5226.05	10615.98	53309.28	33863.80	150580.12
2007-08	138442.11	14726.11	3660.59	(156.16)	5201.58	62779.30	40479.08	190943.89
2008-09	189557.52	26117.43	5212.48	6865.54	14039.41	78184.12	50688.80	243673.62
2009-10	146664.11	36021.73	5230.06	10162.78	20628.89	84200.94	52462.54	287267.53
2010-11	174967.18	26930.00	5441.26	6025.00	15463.74	91435.90	53804.79	320054.39
2011-12	195671.85	7684.59	5426.03	(1979.72)	4238.28	99166.78	55547.65	351714.07
2012-13	198231.53	17406.75	5308.68	2375.36	9722.71	158917.71	109450.41	467139.33



Independent Auditors' Report

To the Members of
Electrosteel Castings Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Electrosteel Castings Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and notes thereon.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

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

Auditors' Report (Contd.)

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
 - (c) The Balance Sheet, Statement of Profit

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

- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- (e) 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 Companies Act, 1956.

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

R. P. Singh
Partner
Membership No. : 52438

Place: Kolkata
Date : 10th May, 2013



Annexure to the Auditor's Report

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

- i)
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets except in case of furniture and fixture.
 - b. During the year, fixed assets have been physically verified by the management according to a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verifications.
 - c. In our opinion, during the year, the Company has not disposed off substantial part of its fixed assets. In our opinion, the disposal of such assets has not affected the going concern
- ii)
 - a. As informed, the inventories of the Company except for materials in transit and those lying with third parties have been physically verified by the management during the year. In our opinion and according to the information and explanations given to us, the frequency of such verification is reasonable.
 - b. As the Company's inventory of raw materials comprises mostly of bulk materials such as coal, coke, iron ore, etc. requiring technical expertise for quantification, the Company has hired an independent agency for the physical verification of the stock of these materials. Considering the above, in our opinion, the procedures for physical status of the Company.

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

Auditors' Report (Contd.)

- b. According to the information and explanations given to us, the details of disputed dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax, and Cess, if any, as at 31st March, 2013, are as follows :

Name of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act	Excise Duty	337.78	1996-1999 2004-2011	Tribunal
		8.30	2005-2006	Commissioner (Appeals)
The Central Excise Act	Service Tax	1212.94	2005-2011	Tribunal
		9.44	2008-2010	Commissioner (Appeals)
Sales Tax Act	Sales Tax	3,182.06	1974-1978, 1985-1987, 1989-1993, 1997-1998, 1999-2000, 2004-2005, 2006-2010	Tribunal
		247.21	2002-2003	Special Commissioner
		16.48	2005-2006, 2010-2011	Jt. Commissioner
		0.57	2004-2009	Deputy Commissioner
		18.69	2009-2010	Deputy Commissioner (Appeals)
		2,197.85	2008-2010	Additional Commissioner
Income Tax Act, 1961	Income Tax	9.39	Assessment Year 2010-2011	Commissioner (Appeals)
		33.07	Assessment Year 2011-2012	Commissioner (Appeals)

- x) The Company does not have any accumulated losses as at the end of the year and the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) In our opinion and on the basis of information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- xii) According to the information and explanations given and based on documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, clause 4(xiii) of the Order is not applicable to the Company.
- xiv) Based on our examination of documents and records and evaluation of the related internal controls, in respect of dealings/trading in securities, in our opinion, proper records have been maintained of the transactions and contracts and timely entries have been made in those records. We also report

- that the Company has held the shares, securities, debentures and other investments in its own name.
- xv) The Company has given guarantees for loans taken by others from banks and financial institutions. In our opinion and according to the information and explanations given to us, the terms and conditions of these guarantees are prima facie not prejudicial to the interest of the Company.
- xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised other than Rs.20,875 Lakhs which have been temporarily invested in fixed deposits with banks and Rs. 7,500 Lakhs lying in banks pending utilization for the intended use.
- xvii) According to the information and explanations given to us and based on an overall examination of the balance sheet of the Company, in our opinion, no funds raised on short term basis have been used for long term investment.
- xviii) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- xix) The Company has created securities / charges in respect of secured debentures issued.
- xx) The Company has not raised any money by public issue during the period under audit.
- xxi) During the course of our examination of books of account carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such cases by the management.

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

R. P. Singh
Partner

Place: Kolkata
Date : 10th May, 2013

Membership No. : 52438

Balance Sheet as at March 31, 2013

Particulars	Note No.	Amount Rs. in lakhs	
		As at 31.03.2013	As at 31.03.2012
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2.1	32,67.53	32,67.53
Reserves and Surplus	2.2	23,21,76.94	16,70,34.91
		23,54,44.47	17,03,02.44
NON-CURRENT LIABILITIES			
Long-term borrowings	2.3	12,06,22.22	8,56,82.64
Deferred tax liabilities (Net)	2.4	33,97.92	20,80.61
Other long term liabilities	2.5	10,25.49	4,12.40
Long-term provisions	2.6	10,56.33	10,17.87
		12,61,01.96	8,91,93.52
CURRENT LIABILITIES			
Short-term borrowings	2.7	8,56,67.93	6,75,45.44
Trade payables	2.8	1,44,42.59	3,39,33.04
Other current liabilities	2.9	3,02,03.50	3,47,61.87
Short-term provisions	2.10	67,35.39	1,13,98.67
		13,70,49.41	14,76,39.02
TOTAL		49,85,95.84	40,71,34.98
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.11	10,93,66.26	5,53,70.47
Intangible assets	2.11	84.15	1,77.18
Capital work-in-progress	2.32	9,86,09.30	6,55,81.32
		20,80,59.71	12,11,28.97
Non-current investments	2.12	10,28,40.52	8,65,65.27
Long-term loans and advances	2.14	83,54.49	73,39.42
Other non-current assets	2.15	13,96.36	11,16.35
		32,06,51.08	21,61,50.01
CURRENT ASSETS			
Current investments	2.13	1,14,19.12	2,53,06.85
Inventories	2.16	4,51,73.59	5,52,94.32
Trade receivables	2.17	6,56,61.32	6,19,20.21
Cash and bank balances	2.18	3,20,43.54	1,56,46.92
Short-term loans and advances	2.19	1,45,30.82	2,28,73.98
Other current assets	2.20	91,16.37	99,42.69
		17,79,44.76	19,09,84.97
TOTAL		49,85,95.84	40,71,34.98

Summary of significant accounting policies 1
Notes on financial statements 2.1 - 2.44

The notes are an integral part of the financial statements

As per our report of even date.

For Lodha & Co.
Chartered Accountants

R. P. Singh
Partner
Kolkata
May 10, 2013

For and on behalf of the Board
Chairman P. K. Khaitan
Managing Director U. Kejriwal
Company Secretary A. K. Kanodia

Statement of Profit & Loss for the year ended March 31, 2013

Particulars	Note No.	Amount Rs. in lakhs	
		For the year ended 31.03.2013	For the year ended 31.03.2012
Revenue from operations	2.21	19,34,54.73	19,16,66.15
Other income	2.22	95,05.28	70,77.24
Total Revenue		20,29,60.01	19,87,43.39
Expenses			
Cost of materials consumed	2.23	9,66,46.94	9,54,19.81
Purchases of Stock-in-Trade	2.24	48,41.29	97,33.67
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	2.25	9,15.04	- 4,68.62
Employee benefits expense	2.26	1,37,49.04	1,23,09.23
Finance costs	2.27	1,11,24.18	1,00,64.79
Depreciation and amortization expense	2.11	53,08.68	54,26.03
Other expenses	2.28	5,82,76.77	6,39,99.92
Total expenses		19,08,61.94	19,64,84.83
Profit before tax		1,20,98.07	22,58.56
Tax expense:			
Current tax	2.29	10,58.05	3,48.35
Deferred tax	2.4	13,17.31	-23,28.07
Profit for the period		97,22.71	42,38.28
Earnings per equity share:	2.31		
Equity share of par value of Re 1/- each			
Basic (Rs.)		2.98	1.30
Diluted (Rs.)		2.98	1.30
Number of shares used in computing earning per share			
Basic		32,67,52,705	32,67,52,705
Diluted		32,67,52,705	32,67,52,705
Summary of significant accounting policies	1		
Notes on financial statements	2.1 - 2.44		

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

For Lodha & Co.
Chartered Accountants

R. P. Singh
Partner
Kolkata
May 10, 2013

For and on behalf of the Board

Chairman P. K. Khaitan
Managing Director U. Kejriwal
Company Secretary A. K. Kanodia

Cash Flow Statement for the year ended March 31, 2013

Amount Rs. in lakhs

	Year ended March 31 2013	Year ended March 31 2013	Year ended March 31 2012	Year ended March 31 2012
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Taxes		1,20,98.07		22,58.56
Add : Depreciation/Amortisation	53,08.68		54,26.03	
Foreign Exchange (gain) / loss	-19,63.93		9,91.10	
Bad Debts & Pipe rectification LD charges (net of provision)	2,49.86		29.19	
Pipe mould written off	3,63.32		2,65.57	
Provision for others	20,17.12		-27,89.44	
Provision for Doubtful debts	2,10.00			
Provision for losses on mark to market basis on derivative transactions	96.28		68,61.35	
Interest	1,11,24.18	1,74,05.51	1,00,64.79	2,08,48.59
		2,95,03.58		2,31,07.15
Less: Interest Received	8,31.57		30,16.54	
Income from Investments	19,48.90		33,30.26	
Provisions / Liabilities no longer required written back	50,60.16		6,10.68	
Profit/(Loss) on sale / discard of Fixed Assets (Net)	-3.81	78,36.82	-14.70	69,42.78
Operating Profit before Working Capital changes		2,16,66.76		1,61,64.37
Less: Increase/(Decrease) in Inventories	-1,01,20.72		33,14.74	
Increase/(Decrease) in Trade Receivables	53,56.08		1,44,06.84	
Increase/(Decrease) in Loans & Advances	-84,63.52		1,71,21.50	
(Increase)/Decrease in Trade Payables	1,79,47.25	47,19.09	15,97.13	3,64,40.21
Cash generation From Operations		1,69,47.67		-2,02,75.84
Less: Direct Taxes paid		17,26.20		15,74.95
Net cash flow from Operating activities		1,52,21.47		-2,18,50.79
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets / movements in Capital work in progress	-2,94,49.42		-2,28,82.34	
Share Application money paid	-		-1,73.61	
Fixed Assets sold/discarded	26.85		10.40	
(Purchase)/Sale of Investment (net)	1,53,53.85		3,33,23.97	
Investment in subsidiaries, associate and joint venture	-1,60,40.44		-17,01.67	
Advances and Loans to subsidiaries	-62.83		11,05.30	
Interest Received	10,00.78		28,55.95	
Dividend received from subsidiary	16.77		-	
Dividend received	14.09		3,37.05	
Other bank balance: deposits within 3 to 12 months maturity	20,12.76	-2,71,27.59	33,69.96	1,62,45.01
Net Cash flow from Investing activities		-2,71,27.59		1,62,45.01
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds/(Repayments) from borrowings (net)	1,87,12.17		1,50,96.40	
(Repayment) of ZCCB including redemption premium and withholding tax	-		-1,28,16.51	
Proceeds / (Redemption / Repayment) of Debentures/Term Loan	2,41,39.31		1,73,70.59	
	4,28,51.48		1,96,50.48	
Interest Paid	-1,06,52.34		-92,51.58	
Dividend paid	-16,42.34		-40,68.84	
Tax on Dividend	-2,65.04	3,02,91.76	-6,62.59	56,67.47
Net cash flow from Financing activities		3,02,91.76		56,67.47
Cash and Cash equivalents (A+B+C)		1,83,85.64		61.69
Cash and Cash equivalents as at 1st April		67,75.15		67,25.23
Add / (Less) : Unrealised exchange gain / (loss) on Bank balances, ECB Proceeds (net)		23.73		-11.77
Cash and Cash equivalents as at 31st March (Refer note 2.18)		2,51,84.52		67,75.15
Note : 1) Cash and Cash equivalents represents cash in hand and deposits/balances with Banks		2,51,84.52		67,75.15
2) The Cash flow statement has been prepared under indirect method as per Accounting Standard 3 on Cash Flow Statement				

As per our report of even date.

For Lodha & Co.
Chartered AccountantsR. P. Singh
Partner
Kolkata
May 10, 2013

For and on behalf of the Board

Chairman P. K. Khaitan
Managing Director U. Kejriwal
Company Secretary A. K. Kanodia

Notes on Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

1.2 USE OF ESTIMATES

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

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

1.3 FIXED ASSETS, DEPRECIATION AND AMORTIZATION

1) Tangible Assets

(i) Gross Block :

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

(ii) Depreciation and Amortization :

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

Notes on Financial Statements

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

2) Intangible Assets

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

1.4 INVESTMENTS

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

1.5 INVENTORIES

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

1.6 IMPAIRMENT

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

Notes on Financial Statements

1.7 FOREIGN CURRENCY TRANSACTIONS AND DERIVATIVES

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

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

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

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

1.8 REVENUE RECOGNITION

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

1.9 SALES

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

1.10 EMPLOYEE BENEFITS

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

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

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

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

1.11 BORROWING COSTS

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

Notes on Financial Statements

1.12 RESEARCH AND DEVELOPMENT

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

1.13 EXPORT BENEFITS

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

1.14 GOVERNMENT GRANTS

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

1.15 INCOME TAX

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

1.16 PROVISIONS, CONTINGENCIES AND CONTINGENT ASSETS

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

Notes on Financial Statements

2. NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

2.1 SHARE CAPITAL	Amount Rs. in lakhs	
	As at March 31, 2013	As at March 31, 2012
Particulars		
Authorised		
Equity shares, Re 1/- par value		
500000000 (500000000) equity shares	50,00.00	50,00.00
Issued, Subscribed and Paid-up		
Equity shares, Re 1/- par value		
326752705 (326752705) equity shares fully paid up	32,67.53	32,67.53
	<u>32,67.53</u>	<u>32,67.53</u>

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

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

2.1.3 During the year ended March 31, 2013 the amount of per share dividend recognized as distribution to equity shareholders was Re. 0.50

2.1.4 Reconciliation of the number of shares outstanding.

Particulars	No. of shares	
	As at March 31, 2013	As at March 31, 2012
Number of shares at the beginning	32,67,52,705	32,67,52,705
Number of shares at the end	32,67,52,705	32,67,52,705
2.1.5 Shareholders holding more than 5% shares		
Name of share holders		
Murari Investment & Trading Company Ltd.	3,00,53,080	3,00,53,080
G. K. & Sons Private Ltd.	2,37,63,602	2,37,63,602
G.K.Investments Ltd.	2,17,39,560	2,17,39,560
Uttam Commercial Company Ltd.	1,85,90,570	1,85,90,570
Electrocast Sales India Ltd.	1,69,31,750	1,69,31,750
Stemcor Metals Ltd.	1,92,43,836	1,92,43,836

Notes on Financial Statements

		Amount Rs. in lakhs	
2.2 RESERVES AND SURPLUS			
Particulars	Ref. Note No.	As at March 31, 2013	As at March 31, 2012
Capital reserve			
Capital subsidy as per last Balance Sheet		46.52	46.52
Others			
Amount forfeited on warrants not exercised as per last Balance Sheet		30,94.71	30,94.71
Amount received on issue of warrants as per last Balance Sheet	2.2.1	10,07.05	10,07.05
		41,48.28	41,48.28
Securities Premium Account as per last Balance Sheet		6,10,28.68	6,15,48.56
Less: Provision for premium on redemption of ZCCB		-	5,19.88
		6,10,28.68	6,10,28.68
Revaluation Reserve	2.11.1		
Created during the year		5,73,30.74	-
		5,73,30.74	-
Debenture Redemption Reserve as per last Balance Sheet		50,00.00	59,00.00
Add: Transfer from Surplus		10,00.00	16,00.00
		60,00.00	75,00.00
Less: Transfer to Surplus		50,00.00	25,00.00
		10,00.00	50,00.00
General reserve as per last Balance Sheet		8,55,00.00	8,50,00.00
Add: Transfer from Surplus		45,00.00	5,00.00
		9,00,00.00	8,55,00.00
Surplus as per last Balance Sheet		1,13,57.95	86,18.47
Add: Net profit after tax transferred from Statement of Profit and Loss		97,22.71	42,38.28
Add: Transfer from debenture redemption reserve		50,00.00	25,00.00
Amount available for appropriation		2,60,80.66	1,53,56.75
Appropriations:			
Proposed dividend	2.1.2 & 2.1.3	16,33.76	16,33.76
Tax on dividend		2,77.66	2,65.04
Amount transferred to debenture redemption reserve		10,00.00	16,00.00
Amount transferred to general reserve		45,00.00	5,00.00
Balance in Surplus		1,86,69.24	1,13,57.95
		23,21,76.94	16,70,34.91

2.2.1 The Company through Qualified Institutional Placements had issued 33568312 warrant at a price of Rs. 3 each, entitling the holder to 1 (one) equity share. As per terms and conditions of the issue, the warrant holders have an option to convert, warrant into equity at any time on or after three years and upto five years from the date of allotment (i.e. 08/02/2010) at exercise price of Rs. 59.58 per share. The warrant issue price aggregating to Rs. 1007.05 lakhs, being non adjustable/non refundable has been credited to Capital Reserve.

Notes on Financial Statements

Amount Rs. in lakhs

2.3 LONG TERM BORROWINGS

Particulars	Ref. Note No.	As at March 31, 2013		As at March 31, 2012	
		Non Current	Current	Non Current	Current
SECURED LOANS					
10.75% Non Convertible Debentures	2.3.1	1,20,00.00	-	-	-
9.15% Non Convertible Debentures	2.3.2	-	-	-	2,00,00.00
Term loans - from banks					
External Commercial Borrowings	2.3.4.1 & 2.3.4.2	10,35,67.07	1,39,92.43	7,45,24.55	-
Term loan from a financial institution	2.3.3.1 & 2.3.3.2	50,55.15	61,02.94	1,11,58.09	61,02.94
		<u>12,06,22.22</u>	<u>2,00,95.37</u>	<u>8,56,82.64</u>	<u>2,61,02.94</u>

2.3.1 10.75% Non Convertible Debentures (privately placed) are secured by first pari-passu charge on company's fixed assets (immovable and movable) including land and buildings both present and future other than assets located at Chennai and Elavur and excluding furniture and fixture, vehicles and other intangible assets. These Debentures were allotted on 11th April, 2012 and are redeemable at par in three equal annual installments at the end of 3rd, 4th & 5th year from the date of allotment i.e. 11th April, 2015. However, there is a Put and Call option available to the issuer / investor which can be exercised at the end of three years from the date of allotment.

2.3.2 9.15% Non Convertible Debentures (privately placed) were secured by second pari-passu charge on Company's fixed assets (immovable and movable) including land and buildings both present and future other than certain property located at Chennai and Elavur. These Debentures were allotted on 8th February, 2010 and were redeemed during the year.

2.3.3.1 Term loan from a financial institution are secured by way of first pari-passu charge over the movable fixed assets, lands and other immovable properties of the Company both present and future other than assets located at Chennai and Elavur.

2.3.3.2 Term loan of Rs. 15000 lakhs is repayable in 16 quarterly equal installments of Rs. 937.50 lakhs from 14th August 2010 and term loan of Rs. 10000 lakhs is repayable in 17 quarterly equal installments of Rs. 588.23 lakhs from 30th December 2011. The interest rate ranges from 10% to 13%.

2.3.4.1 External Commercial Borrowings of Rs. 42082.50 lakhs is secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than assets located at Chennai and Elavur, and External Commercial Borrowings of Rs. 75477.00 lakhs is secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than assets located at Chennai and Elavur.

2.3.4.2 External Commercial Borrowings of Rs. 42082.50 lakhs is repayable in 3 annual installments of 33.25% in July'2013, 33.25% in July'2014 & 33.50% in July'2015 and external commercial borrowings of Rs. 75477.00 lakhs is repayable in 12 Semi annual installments from 29th August'2015. The interest rate ranges from 6M Libor + 200 to 500 bps.

Notes on Financial Statements

2.4 DEFERRED TAX LIABILITIES (NET)

Amount Rs. in lakhs

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

Particulars	Opening as on 01.04.2012	Charge or Credit during the Year	Closing as at 31.03.2013
Deferred Tax Assets :			
1. Expenses Allowable on payment Basis	3,77.59	48.44	4,26.03
2. Provision for doubtful debts and advances	2,39.72	82.79	3,22.51
3. Provision for losses on Derivatives on Mark to Market basis	22,26.16	-21,93.43	32.73
4. Others	6,89.45	7,64.70	14,54.15
Deferred Tax Liabilities:			
1. Depreciation etc.	52,66.51	-56.93	52,09.58
2. Liquidated Damages and Retention money	3,47.02	76.74	4,23.76
Net Deferred Tax Liability	20,80.61	13,17.31	33,97.92

2.5 OTHER LONG TERM LIABILITIES

Particulars	Ref. note no.	As at March 31, 2013	As at March 31, 2012
Trade payables		9,57.61	3,84.19
Others		67.88	28.21
		10,25.49	4,12.40

2.6 LONG TERM PROVISION

Provision for employee benefits		7,56.33	7,17.87
Others		3,00.00	3,00.00
		10,56.33	10,17.87

2.7 SHORT TERM BORROWINGS

SECURED LOANS

Repayable on demand from banks	2.7.1		
Indian Currency		1,05,56.19	2,39,16.91
Foreign Currency		5,63,30.96	1,88,84.56
		6,68,87.15	4,28,01.47

UNSECURED LOANS

Repayable on demand from banks			
Indian Currency		50,00.00	-
Foreign Currency		1,21,97.07	1,72,43.97
From a related party		83.71	-
Commercial papers		15,00.00	75,00.00
		1,87,80.78	2,47,43.97
		8,56,67.93	6,75,45.44

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

Notes on Financial Statements

2.8 TRADE PAYABLES		Amount Rs. in lakhs	
Particulars	Ref. Note No.	As at March 31, 2013	As at March 31, 2012
Trade payables	2.8.1 & 2.8.2	1,44,42.59	3,39,33.04
		1,44,42.59	3,39,33.04
2.8.1 Including acceptances of Rs. Nil (previous year Rs. 10562.71 lakhs)			
2.8.2 Disclosure of Trade payables is based on the information available with the company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" (the Act). There are no delays in payment made to such suppliers and there is no amount outstanding as at the balance sheet date.			
2.9 OTHER CURRENT LIABILITIES			
Current maturities of long-term debt	2.3		
Secured		2,00,95.37	2,61,02.94
Interest accrued but not due on borrowings		18,55.66	8,62.83
Advance from customers		21,26.00	31,19.66
Unclaimed dividends	2.9.1	1,33.02	1,41.59
Other payables			
Credit balances in current account with banks		14,95.87	87.65
Statutory deductions / payables		11,43.38	5,04.07
Excise duty on stock		8,08.88	9,61.05
Capital vendors		11,76.53	12,67.87
Others	2.9.2	13,68.79	17,14.21
		3,02,03.50	3,47,61.87
2.9.1 The same is not due for payment to Investor Education and Protection Fund.			
2.9.2 Includes Rs. 1219.10 lakhs (previous year Rs. 1568.33 lakhs) payable to banks on account of derivatives settlement			
2.10 SHORT TERM PROVISIONS			
Provision for employee benefits		12,15.99	9,34.04
Others			
Provision for taxation (net of advance tax)		1,34.14	29.27
Provision for dividend	2.1.2 & 2.1.3	16,33.76	16,33.76
Provision for tax on dividend		2,77.66	2,65.04
Provision for losses on derivative transactions on mark to market basis	2.28.4	11,68.96	80,32.02
Other Provisions	2.10.1	23,04.88	5,04.54
		67,35.39	1,13,98.67
2.10.1 Other provisions include (a) provision relating to indirect taxes in respect of proceedings of various excise duty matters – carrying amount at the end of the year Rs. 500.00 lakhs (previous year Rs. 500.00 lakhs). No amount was used and reversed during the year. Outflows in these cases would depend on the final developments/outcomes; (b) Other class of provisions related to disputed customer claims/rebates/demands – carrying amount at the end of the year Rs. 1500.00 lakhs (previous year Rs. nil).			

Notes on Financial Statements

2.11. FIXED ASSETS

Amount Rs. In Lakhs

Description	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK			
	Cost as on April 01, 2012	Additions	Revaluation	Sales/ Adjustments	Other Adjustments	Cost as on March 31, 2013	Upto March 31, 2012	For The Year	Sales/ Adjustments	Upto March 31, 2013	As on March 31, 2013	As on March 31, 2012
1	2	3	4	5	6	7	8	9	10	11	12	13
Tangible Assets												
LAND-FREEHOLD	44,60.17	1,77.18	5,27,78.68	-	-	5,74,16.03	-	-	-	-	5,74,16.03	44,60.17
LAND-LEASEHOLD	13,45.62	-	-	-	-	13,45.62	94.65	14.93	-	1,09.58	12,36.04	12,50.97
BUILDINGS	1,09,09.54	5,02.13	45,52.06	-	-	1,59,63.73	46,36.59	4,64.96	-	51,01.55	1,08,62.18	62,72.95
RAILWAY SIDING	42,89.90	22.40	-	-	1,81.61	44,93.91	1,44.52	4,25.58	-	5,70.10	39,23.81	41,45.38
PLANT AND EQUIPMENTS	7,53,68.87	14,74.22	-	9,65.13	9,41.24	7,68,19.20	3,71,35.19	53,70.51	601.15	4,19,04.55	3,49,14.65	3,82,33.68
OFFICE EQUIPMENT	6,20.06	31.56	-	-	-	6,51.62	2,84.53	37.59	-	3,22.12	3,29.50	3,35.53
FURNITURE AND FIXTURES	5,89.08	20.30	-	0.32	-	6,09.06	4,07.74	42.84	0.32	4,50.26	1,58.80	1,81.34
VEHICLES	9,78.15	1,51.25	-	1,16.78	-	10,12.62	4,88.81	86.44	86.77	4,88.48	5,24.14	4,89.34
LIVESTOCK	1.11	0.00	-	-	-	1.11	-	-	-	-	1.11	1.11
Total	9,85,62.50	23,79.04	5,73,30.74	10,82.23	11,22.85	15,83,12.90	4,31,92.03	64,42.85	6,88.24	4,89,46.64	10,93,66.26	5,53,70.47
Intangible Assets												
COMPUTERS SOFTWARES	5,88.96	0.53	-	-	-	5,89.49	4,24.51	92.03	-	5,16.54	72.95	164.45
MINING RIGHTS	15.32	-	-	-	-	15.32	2.59	1.53	-	4.12	11.20	12.73
Total	6,04.28	0.53	-	-	-	6,04.81	4,27.10	93.56	-	5,20.66	84.15	1,77.18
Grand Total	9,91,66.78	23,79.57	5,73,30.74	10,82.23	11,22.85	15,89,17.71	4,36,19.13	65,36.41	6,88.24	4,94,67.30	10,94,50.41	5,55,47.65
PREVIOUS YEAR	9,14,35.90	78,16.37	-	9,19.29	8,33.80	9,91,66.78	3,76,31.11	66,16.65	6,28.63	4,36,19.13	5,55,47.65	-

Notes :

- 2.11.1 Freehold Land and Buildings pertaining to Elavur, Khardah and Haldia Units of the Company have been revalued by an approved valuer as on 31st March, 2013 on direct sales approach basis and depreciated replacement cost approach basis respectively. Accordingly, net increase of Rs. 5,27,78.68 lakhs and Rs. 4,55,20.06 lakhs in the value of Freehold Land and Buildings respectively due to such revaluation has been transferred to Revaluation Reserve.
- 2.11.2 Plant and Equipments includes (a) Rs.82,02 lakhs (Previous year Rs. 80,02 lakhs) being contribution for laying the Power line, the ownership of which does not vest with the Company; (b) Rs. 24,98.72 lakhs (Previous year Rs. 24,98.72 lakhs) being cost of wagons procured under "Wagon Investment Scheme".
- 2.11.3 Depreciation and amortization for the year includes Rs. 1,22,73 lakhs (Previous year Rs. 1,19,02 lakhs) transferred to Pre-operative expenses.
- 2.11.4 Leasehold Land of Rs. 2,40,00 lakhs(Previous Year Rs. 2,40,00 lakhs) is pending execution of lease agreement and registration thereof.
- 2.11.5 Freehold land includes Rs. 40,06 lakhs (Previous year Rs. 38,95 lakhs) in respect of which the execution of conveyance deeds is under process.
- 2.11.6 Other adjustment(net) includes Rs. Nil (Previous Year Rs. 4,74,39 lakhs) being interest capitalised during the year. Rs. 1,12,85 lakhs (Previous Year Rs. 3,59,41 lakhs) representing foreign exchange fluctuation.
- 2.11.7 Railway siding includes Rs. 4,23,98 lakhs (Previous year Rs. 4,03,59 lakhs) being amount incurred for construction, the ownership of which does not vest with the Company.
- 2.11.8 Land with factory buildings (net block Rs. 13,69,51.18 lakhs) at Elavur plant of the Company are mortgaged in the favour of lender to Electrosteel Steels Limited, an associate of the Company.
- 2.11.9 Refer note 2.3

Notes on Financial Statements

2.12 NON-CURRENT INVESTMENTS - AT COST

(Fully paid up except otherwise stated)

Amount Rs. in lakhs

Particulars	As at March 31, 2013		As at March 31, 2012	
	Holding	Value	Holding	Value
(A) Trade				
Equity Shares				
Quoted				
R.G. Ispat Limited (Face value of Rs.10/- each)	50	—	50	—
Unquoted				
Rainbow Steels Limited (Face value of Rs.10/- each)	100	0.01	100	0.01
Metal Scrap Trade Corporation Limited (Face value of Rs. 10/- each)	1000	0.05	1000	0.05
		<u>0.06</u>		<u>0.06</u>
(B) Others				
Equity Shares				
Quoted				
Associates				
Lanco Industries Limited (Face value of Rs. 10 each)	19301218	63,33.53	19301218	63,33.53
Electrosteel Steels Limited (Face value of Rs. 10 each)	866750000	8,87,72.65	708000000	7,28,97.65
Unquoted				
Subsidiaries				
Electrosteel Europe SA (Face value of Euro 10 each)	380000	23,23.41	380000	23,23.41
Electrosteel Algeria SPA (Face value of 1000 Algerian Dinar each)	82500	5,20.33	82500	5,20.33
Electrosteel Castings (UK) Ltd. (Face value of Gbp 1 each)	1100000	10,59.26	1100000	10,59.26
Singardo International Pte Ltd(Face value of SGD 1 each)	1500000	4,39.89	1500000	4,39.89
Electrosteel USA, LLC	#	11,48.54	#	11,48.54
Electrosteel Trading S.A.Spain (Face value of Euro 1 each)	65000	45.10	65000	45.10
Mahadev Vyapaar Pvt Ltd (Face value of Rs 10 each)	10000	12,03.00	10000	12,03.00
Electrosteel Castings Gulf FZE (Face value of UAE Dhiram 1000000 each)	1	1,50.60	-	-
Electrosteel Doha for Trading LLC (Face alue of QAR 1000 each)	98	14.84	-	-
Associate				
Electrosteel Thermal Power Ltd. (Face value of Rs. 10 each)	15000	1.50	15000	1.50
Joint Venture				
Domco Pvt Ltd (Face Value of Rs. 100 each)	30000	30.00	30000	30.00
North Dhadhu Mining Company Pvt Ltd (Face value of Rs. 10 each)	8228053	8,22.81	5880000	5,88.00
Other Companies				
N Marshall Hi-tech Engineers Pvt. Ltd.(Face value of Rs. 10 each)	50000	5.00	50000	5.00
		<u>10,28,70.46</u>		<u>8,65,95.21</u>
Quoted Preference Share				
Mukand Limited (0.01% Cumulative Redeemable Preference Shares face value of Rs. 10 each)	16	-	16	-
		<u>10,28,70.46</u>		<u>8,65,95.21</u>
Less : Provision for diminution in value of investment		30.00		30.00
		<u>10,28,40.46</u>		<u>8,65,65.21</u>
Total - Non -Current Investments		<u>10,28,40.52</u>		<u>8,65,65.27</u>
# Towards 100% Capital Contribution				
Aggregate amount of Quoted Investments		9,51,06.18		7,92,31.18
Aggregate amount of Unquoted Investments		77,34.34		73,34.09
Aggregate amount of Market value of Quoted Investments		4,60,90.63		4,93,93.77

Notes on Financial Statements

- 2.12.1 500000000 Equity shares of Rs 10/- each fully paid up of Electrosteel Steels Limited aggregating Rs. 50000.00 lakhs held by the Company as Investment have been pledged in favour of Electrosteel Steels Limited lenders for securing financial assistance to Electrosteel Steels Limited.
- 2.12.2 The Company's investment in Electrosteel Steels Limited being strategic and long term in nature, no provision has been considered necessary with regard to diminution in market value of these investment.
- 2.12.3 The Company has investment in equity shares of Domco Private Limited (DPL), a Company incorporated in India, and has joint control (proportion of ownership interest of the Company being 50%) over DPL along with other venturers (the Venturers). The Venturers had filed a petition before the Company Law Board, Principal Bench, New Delhi (CLB) against the Company on various matters including for forfeiture of the Company's investment in equity shares of the DPL. The Company had inter alia filed petition before the Hon'ble High Court of Jharkhand at Ranchi. The Hon'ble High Court of Jharkhand at Ranchi upheld the Company's appeal and decided that the matter would have to be referred for Arbitration. The Venturer has challenged the aforesaid judgment in the Divisional Bench of the Hon'ble High Court of Jharkhand at Ranchi. Pending final outcome of the matter and since, the other Venturer are not providing the financial statements of DPL, and thereby disclosures as regards to contingent liability, capital commitments, if any, aggregate amounts of the assets, liabilities, income and expenses related to the Company's interest in DPL has not been made in these financial statements.
- 2.12.4 (a) The North Dhadhu Coal Block located in the state of Jharkhand was allocated to the Company, M/s. Adhunik Alloys & Power Limited (AAP), M/s. Jharkhand Ispat Pvt. Ltd. (JPL) and M/s. Pawanjay Steel & Power Limited (PSPL) (collectively referred to as venturers) for working through a joint venture company. Accordingly, North Dhadhu Mining Company Private Limited (NDMCPL), a company in which the Company has joint control (proportion of ownership interest of the Company being 48.98 %) along with other venturers was formed. The Company has investment of Rs. 822.81 Lakhs in equity shares of NDMCPL.

(b) During the year, the Ministry of Coal, Government of India issued an order for de-allocation of North Dhadhu Coal block and deduction of Bank Guarantee of Rs. 56.03 Crores issued for the same. The Company's share in the Bank Guarantee is Rs 27.45 crores. On a writ petition filed by the Company for quashing the order, stay has been granted by the Hon'ble High Court of Jharkhand. Pending final judgement, no provision is considered necessary in respect of Company's investment in NDMCPL and amount of Bank Guarantee.

2.12.5 Information on other joint venture (other than 2.12.3)

Sl. No.	Name of the Joint Venture	Country of Incorporation	Percentage of ownership interest
(i)	North Dhadhu Mining Private Limited	India	48.98
Amount Rs. In lakhs			
(ii)	Contingent liabilities in respect of Joint Ventures.		
	A) Guarantee given by banks on behalf of the Company		
(iii)	Interest in assets, liabilities, revenue and expenses with respect to jointly controlled entities.		
	A) Assets:		
	a) Fixed Assets (Net Block) :		
	Capital Work-in-Progress	0.35	0.40
	b) Current Assets	6,92.71	6,58.81
	Cash & Bank Balances	1,22.07	1,00.97
	Long term loans & advances	6.17	14.91
	Short term loans & advances	2.40	6.43
	B) Current Liabilities :		
	a) Other current liabilities	0.92	0.93

2.13 CURRENT INVESTMENTS - AT COST

(Fully paid up except otherwise stated)

Others Non-trade

Equity Shares (Quoted)

	As at March 31, 2013	As at March 31, 2012		
	Holding	Value	Holding	Value
Coal India Limited (Face value of Rs. 10 each)	22000	57.86	24000	63.13
Jindal Drilling & Industries Ltd (Face value of Rs. 5 each)	176500	5,19.99	176500	5,19.99
Manganese Ore India Ltd (Face value of Rs. 10 each)	3794	14.23	3794	14.23
Reliance Industries Ltd (Face value of Rs. 10 each)	18000	1,60.19	18000	1,60.19
Andhra Bank (Face value of Rs. 10 each)	5000	7.87	5000	7.87
Container Corporation of India Ltd. (Face value of Rs. 10 each)	500	6.48	500	6.48
3I Infotech Ltd. (Face value of Rs. 10 each)	60000	18.01	60000	18.01
BGR Energy Systems Ltd. (Face value of Rs. 10 each)	1500	5.48	1500	5.48
Bharat Heavy Electricals Ltd. (Face value of Rs. 2 each)	12500	41.94	12500	41.94
Fortis Healthcare (India) Ltd. (Face value of Rs. 10 each)	4000	5.75	4000	5.75
GTL Infrastructure Ltd. (Face value of Rs. 10 each)	60000	8.25	60000	8.25
Gujarat Fluorochemicals Ltd. (Face value of Re 1 each)	500	2.36	500	2.36
Garden Silk Mills Ltd. (Face value of Rs. 10 each)	1000	0.80	1000	0.80
Himatsingka Seide Ltd. (Face value of Rs. 5 each)	-	-	5000	1.88
Jyoti Structures Ltd. (Face value of Rs. 2 each)	5000	3.59	5000	3.59
Larsen & Tubro Ltd. (Face value of Rs. 2 each)	-	-	1000	13.31

Notes on Financial Statements

2.13 CURRENT INVESTMENTS- AT COST (Contd.)

(Fully paid up except otherwise stated)

Amount Rs. in lakhs

	As at March 31, 2013		As at March 31, 2012	
	Holding	Value	Holding	Value
Others Non-trade				
L&T Finance Holdings Ltd. (Face value of Rs. 10 each)	-	-	2500	1.31
Navin Fluorine International Ltd. (Face value of Rs. 10 each)	1104	4.34	2304	9.06
National Aluminium Company Ltd. (Face value of Rs. 5 each)	2500	1.95	2500	1.95
Oil India Ltd. (Face value of Rs. 10 each)	-	-	3125	16.74
Oil & Natural Gas Corporation Ltd. (Face value of Rs. 5 each)	-	-	2000	5.54
PTC India Ltd. (Face value of Rs. 10 each)	-	-	2000	1.46
Punjab National Bank (Face value of Rs. 10 each)	2000	19.85	2000	19.85
Pilani Investment and Industries Corporation Ltd. (Face value of Rs. 10 each)	700	17.17	700	17.17
Sterlite Industries (India) Ltd. (Face value of Re 1 each)	5000	6.27	5000	6.27
Taj GVK Hotels & Resorts Ltd. (Face value of Rs. 2 each)	5000	4.93	5000	4.93
Timex Group India Ltd. (Face value of Re 1 each)	1000	0.28	1000	0.28
Tata Teleservices (Maharashtra) Ltd. (Face value of Rs. 10 each)	25000	4.91	25000	4.91
Zee News Ltd. (Face value of Re 1 each)	-	-	25000	3.55
		9,12.50		9,66.28
Less:Provision		2,67.68		50.56
Total -Equity Shares		6,44.82		9,15.72
Bonds (Quoted)				
10.25% Reliance Capital Ltd. NCD 31st October 2022 of Rs. 1000000 each	4.00	41.24	-	-
10.10% Reliance Capital Ltd. NCD 28th September 2022 of Rs. 1000000 each	11.00	1,10.00	-	-
10.00% Reliance Capital Ltd. NCD 3rd November 2017 of Rs. 1000000 each	2.00	20.20	-	-
10.40% Reliance Capital SR-T-44 NCD 27th September 2022 of Rs. 1000000 each	17.00	1,71.92	-	-
9.03% Gujarat State Petroleum Corp Ltd. SR-1 NCD 22nd March 2028 of Rs. 1000000 each	100.00	10,00.00	-	-
9.40% Rajasthan Rajya Vidyut Prasaran Nigam Ltd. BD 22nd March 2025 of Rs. 1000000 each	62.00	6,20.00	-	-
10.75% SREI Equipment Finance Pvt. Ltd. NCD 3rd August 2014 of Rs. 1000000 each	72.00	7,20.94	-	-
10.40% Reliance Capital Ltd. NCD 29th July 2022 of Rs. 1000000 each	29.00	2,90.00	-	-
10.75% Reliance Capital Limited 30th September 2021 of Rs. 1000000 each	-	-	55.00	5,50.00
10.40% TISCO 15th May 2019 of Rs. 1000000 each	-	-	8.00	81.82
9.35% Nabard Bonds 29th January 2016 of Rs. 1000000 each	-	-	6.00	60.00
9.83% Bajaj Finance 18th May 2021 of Rs. 1000000 each	-	-	3.00	30.00
11.75% SREI infrastructure Finance Ltd. 2016 of Rs. 1000000 each	-	-	57.00	5,75.70
11.75% SREI infrastructure Finance Ltd. 2017 of Rs. 1000000 each	-	-	38.00	3,82.00
11.90% SREI infrastructure Finance Ltd.of Rs. 100000 each	-	-	1480.00	14,97.34
11.90% SREI infrastructure Finance Ltd.2022 of Rs. 100000 each	-	-	344.00	3,44.11
11.40% SREI infrastructure Finance Ltd.of Rs. 1000000 each	-	-	35.00	3,50.00
12.60% SREI Equip NCD July 2017 of Rs. 1000000 each	-	-	84.00	8,40.08
10.05% AIR India 27th September 2031 of Rs. 1000000 each	-	-	104.00	10,80.08
Total -Bonds		29,74.30		57,91.13
Units of Mutual Funds				
Quoted				
Reliance Fixed Horizon XIV-Series 7-Growth Plan	-	-	2000000.000	20,00.00
Reliance Fixed Horizon Fund Xiv- Series 9-Growth Plan	-	-	1000000.000	10,00.00
Kotak FMP 370 days series-66	-	-	2000000.000	20,00.00
Reliance Fixed Horizon xxi-series 16-368 days -Growth Option	-	-	5000000.000	5,00.00
ICICI Pru FMP Series 59+1 yr plan F -Growth	-	-	5000000.000	5,00.00
Reliance Fixed Horizon -xxi series 2-Growth	-	-	5000000.000	5,00.00
DSP BlackRock -12M-Series 23-Growth Option	-	-	5000000.000	5,00.00
BSL FTP Series EB-Growth	-	-	5000000.000	5,00.00
Reliance Fixed Horizon Fund-XX1-Series 4	-	-	5000000.000	5,00.00
BSL FTP Series EF-Growth	-	-	7500000.000	7,50.00
KOTAK FMP Series 72	-	-	7500000.000	7,50.00
TATA FMP-Series 39-Scheme A	-	-	10000000.000	10,00.00
ICICI FMP Series 61-1 Year PLAN E	-	-	5000000.000	5,00.00
HDFC FMP 370D JAN12(4)-Growth	-	-	5000000.000	5,00.00
ICICI FMP Series 61-1 Year PLAN A	-	-	4000000.000	4,00.00

Notes on Financial Statements

2.13 CURRENT INVESTMENTS- AT COST (Contd.) (Fully paid up except otherwise stated)

Amount Rs. in lakhs

	As at March 31, 2013		As at March 31, 2012	
	Holding	Value	Holding	Value
Others Non-trade				
IDFC FMP Yearly Series -48 Growth	-	-	4000000.000	4,00.00
UTI FTP Series X-V11(368 days)-Growth	-	-	4000000.000	4,00.00
BSL FTP-Series E1	-	-	4000000.000	4,00.00
KOTAK FMP SERIES -74	-	-	4000000.000	4,00.00
TATA FMP-Series 39-Scheme D-Growth	-	-	4000000.000	4,00.00
UTI-Y-FMP-01/12	-	-	2000000.000	2,00.00
IDBI FMP -SERIES 11-370 DAYS (MARCH 2012)-D	-	-	5000000.000	5,00.00
HDFC FMP 370D MAR12(1)-Growth	-	-	10000000.000	10,00.00
Birla Sun Life Dynamic Bond Fund Retail- Growth- Regular Plan	1834520.597	3,25.00	1834520.597	3,25.00
IDFC-Super Saver Income Fund -Short Term Plan- Growth- Regular Plan	806663.501	1,75.00	806663.501	1,75.00
Principal PNB FMP Series A4- 367 Days (FMP-77)- Growth Plan	5000000.000	5,00.00	5000000.000	5,00.00
AXIS FIXED TERM PLAN-SERIES 21 (394 Days)	5000000.000	5,00.00	5000000.000	5,00.00
HDFC Fixed Maturity Plan 400D March 2012 (1)	5000000.000	5,00.00	5000000.000	5,00.00
Reliance Fixed Horizon Fund-XX1-Series 18- Growth Plan	5000000.000	5,00.00	5000000.000	5,00.00
Kotak FMP Series 84 -Growth	5000000.000	5,00.00	5000000.000	5,00.00
Reliance Fixed Horizon Fund XXII Series 36- Growth Plan	8000000.000	8,00.00	-	-
HDFC Fixed Maturity Plans - Series 371D December 2012 (1)	7000000.000	7,00.00	-	-
Birla Sun Life Interval Income Fund - Annual Plan- Growth	5000000.000	5,00.00	-	-
IDFC Fixed Term Regular Plan Series - 7- Growth	5000000.000	5,00.00	-	-
ICICI Prudential Fixed Maturity Plan Series 66 - 368 Days Plan B Regular Cumulative	4000000.000	4,00.00	-	-
BSL Interval Income Fund - Annual Plan II Regular- Growth	4000000.000	4,00.00	-	-
Reliance Yearly Interval Fund - Series V- Growth Plan	5000000.000	5,00.00	-	-
HDFC Fixed Maturity Plans - 384D March 2013-1	5000000.000	5,00.00	-	-
Reliance Fixed Horizon Fund - XXIII - Series 6- Growth Plan	5000000.000	5,00.00	-	-
Total -Units of Mutual Funds		78,00.00		1,86,00.00
Total -Current Investments		1,14,19.12		2,53,06.85
Aggregate amount of Quoted Investments				
- In Mutual Funds	78,00.00		1,86,00.00	
- In Bonds	29,74.30		5,791.13	
- In Equity Shares	<u>6,44.82</u>	1,14,19.12	<u>9,15.72</u>	2,53,06.85
Aggregate amount of Market value of Quoted Investments				
- In Mutual Funds		88,31.14		1,92,96.25
- In Bonds		29,91.58		61,00.93
- In Equity Shares		6,44.82		9,15.72
		<u>1,24,67.54</u>		<u>2,63,12.90</u>

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

Notes on Financial Statements

2.14 LONG TERM LOANS AND ADVANCES

Amount Rs. in lakhs

Particulars	Ref. Note No.	As at March 31, 2013	As at March 31, 2012
UNSECURED, CONSIDERED GOOD			
Capital Advances		24,85.39	15,56.31
Security Deposits	2.14.4	58,47.57	55,22.58
Others			
Prepaid expenses		12.06	17.08
Others	2.14.1 & 2.14.2	9.47	2,43.45
		83,54.49	73,39.42

2.14.1 Includes loans and advances to employees.

2.14.2 Includes Rs. Nil (previous year Rs. 234.59 lakhs) paid towards share application money.

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

2.14.4 Security deposits include Rs. 557.50 lakhs (previous year Rs. 557.50 lakhs) with private limited Companies in which directors are interested as a member / director and Rs. 4246.68 lakhs (previous year Rs. 4246.68 lakhs) with related parties.

2.15 OTHER NON-CURRENT ASSETS

UNSECURED, CONSIDERED GOOD

Long term Trade Receivables	2.15.1	13,96.36	11,16.15
Others		-	0.20
		13,96.36	11,16.35

2.15.1 Refer Note No. 2.7

2.16 INVENTORIES

Raw materials		2,33,48.66	2,39,36.22
Raw materials (goods in transit)		16.70	1,00,55.10
Finished goods	2.16.2	1,21,40.10	1,22,06.75
Process stock	2.16.2	27,23.95	34,54.15
Stores and spares		57,97.20	46,99.35
Stores and spares (goods in transit)		2,51.50	-
		4,42,78.11	5,43,51.57
Work-in-progress (Turnkey Projects)	2.16.2	10,42.36	11,60.55
Less: Progress payment received		1,46.88	2,17.80
		8,95.48	9,42.75
		4,51,73.59	5,52,94.32

2.16.1. Refer note no. 2.7 and 2.17

Notes on Financial Statements

		Amount Rs. in lakhs	
Particulars	Ref. Note No.	As at March 31, 2013	As at March 31, 2012
2.16.2	Details of Inventories		
	Finished goods		
	D.I. Spun pipes	76,59.82	70,33.98
	C.I. Spun pipes	12,58.23	6,63.40
	Metallurgical Coke	6,37.54	24,78.03
	Others	<u>25,84.51</u>	<u>20,31.34</u>
		<u>1,21,40.10</u>	<u>1,22,06.75</u>
	Process stock		
	D.I. Spun pipes	18,25.75	26,62.89
	D.I. Fittings	7,34.17	4,80.99
	Others	<u>1,64.03</u>	<u>3,10.27</u>
		<u>27,23.95</u>	<u>34,54.15</u>
	Work-in-progress (Turnkey Projects)		
	Pipes	6,34.67	6,79.20
	Others	<u>4,07.69</u>	<u>4,81.35</u>
		<u>10,42.36</u>	<u>11,60.55</u>
2.17	TRADE RECEIVABLES		
	CURRENT		
	Trade outstanding for period exceeding six months from the date they become due for payment		
	Unsecured Considered good	1,22,19.36	66,79.47
	Doubtful	2,10.00	-
	Less : Provision for doubtful	<u>2,10.00</u>	<u>-</u>
		<u>1,22,19.36</u>	<u>66,79.47</u>
	Others	<u>5,34,41.96</u>	<u>5,52,40.74</u>
		<u>6,56,61.32</u>	<u>6,19,20.21</u>
2.17.1	Balances of Trade receivables including for Turnkey Contracts, Work-in-progress, Creditors and advances are subject to confirmation/reconciliation and adjustments in this respect are carried out as and when amounts thereof, are ascertained.		
2.17.2	Refer Note No. 2.7		
2.18	CASH AND BANK BALANCES		
	Cash and Cash Equivalents		
	Cash on hand	10.33	5.10
	Balances with banks		
	In current and cash credit accounts	1,05,41.80	16,12.23
	In Fixed Deposit accounts (including interest accrued thereon)	1,44,99.37	50,16.23
	In dividend accounts	<u>1,33.02</u>	<u>1,41.59</u>
		<u>2,51,84.52</u>	<u>67,75.15</u>
	Other balance with banks		
	In current accounts	2,98.61	-
	Margin money/Fixed deposits (having original maturity of more than 3 months)	<u>65,60.41</u>	<u>88,71.77</u>
		<u>3,20,43.54</u>	<u>1,56,46.92</u>
2.18.1	Fixed Deposits with Banks include Fixed Deposit of Rs. 20.79 lakhs (previous year Rs. 10.00 lakhs) lodged with Government Departments, Customers and Bank.		
2.18.2	Represents amount lying in Escrow account pursuant to the stipulation made by Ministry of Coal, for Mine Closure Plan and shall be utilised for expenses to be incurred towards closure of the mine.		

Notes on Financial Statements

2.19 SHORT TERM LOANS AND ADVANCES

Amount Rs. in lakhs

Particulars	Ref. Note No.	As at March 31, 2013	As at March 31, 2012
UNSECURED, CONSIDERED GOOD			
Loans and advances to related parties		34,63.04	85,12.55
Other loans and advances			
Security Deposits		5,20.05	4,84.93
Inter corporate deposits		-	32,00.00
For supply of goods and rendering of services		11,56.34	40,08.17
Balance with Government authorities		82,39.63	55,42.44
MAT credit entitlement	2.29.1	8,50.56	7,00.21
Prepaid expenses		1,78.03	2,09.84
Others		1,23.17	2,15.84
		1,45,30.82	2,28,73.98
DOUBTFUL ADVANCES			
Loans and advances to related parties		7,00.00	7,00.00
Others		38.85	28.26
		7,38.85	7,28.26
Less: Provision for doubtful advances		7,38.85	7,28.26
		-	-
		1,45,30.82	2,28,73.98

2.19.1 Disclosure of Loans and Advances as per the requirement of clause 32 of the listing agreement with the stock exchanges in India.

	Amount Outstanding at the year end 2012-13 (Rs. in lakhs)	Maximum Amount Outstanding during the year 2012-13 (Rs. in lakhs)	Amount Outstanding at the year end 2011-12 (Rs. in lakhs)	Maximum Amount Outstanding during the year 2011-12 (Rs. in lakhs)
Loans and advances in the nature of loans to Subsidiaries and Associates :				
(a) Electrosteel Europe SA	1,15.01	1,93.93	81.07	81.07
(b) Electrosteel Algeria SPA	-	64.79	-	18,27.00
(c) Mahadev Vyapaar Private Limited	4,60.37	4,73.89	4,31.49	4,39.99
Loans and advances in the nature of loans to Employees where there is :				
(a) Repayment beyond seven years	-	-	-	-
(b) No interest or Interest below section 372A of the Companies Act, 1956 - To employees as per general rules of the Company.	63.86	74.16	53.49	54.26
Loans and advances in the nature of loans to Firms/ Companies in which directors are interested				
Loans and advance in the nature of loans and loanee has invested in :				
(a) Shares of Parent Company	-	-	-	-
(b) Shares of a Subsidiary (including sub/fellow subsidiary)	-	-	-	-

Notes on Financial Statements

		Amount Rs. in lakhs	
2.20 OTHER CURRENT ASSETS		As at	As at
Particulars	Ref. Note No.	March 31, 2013	March 31, 2012
Interest receivable		134.80	304.01
Incentive/Subsidy receivable		3,740.57	2,949.49
Export incentive receivable		3,860.09	5,266.87
Forward Premium receivable		798.01	997.93
Others		582.90	424.39
		<u>9,116.37</u>	<u>9,942.69</u>
		For the year ended	For the year ended
		31.03.2013	31.03.2012
2.21 REVENUE FROM OPERATIONS			
Sale of products	2.21.1	1,90,963.25	1,84,653.04
Sale of services (Turnkey contracts)		1301.72	3,133.52
Other operating revenues			
Incentive on exports		4,615.67	5,946.52
Others		1,350.89	1,938.77
		<u>1,98,231.53</u>	1,95,671.85
Less : Excise duty		4,776.80	4,005.70
		<u>1,93,454.73</u>	<u>1,91,666.15</u>
2.21.1 Details of products sold			
Finished goods sold			
D.I. Spun pipes		1,40,498.04	1,30,041.91
C.I. Spun pipes		9,707.42	7,432.01
Others		39,254.27	40,463.46
		<u>1,89,459.73</u>	<u>1,77,937.38</u>
Traded goods sold			
Coke and Coal		1,055.14	3,250.65
D.I. Spun pipe		-	2,353.85
Others		448.38	1,111.16
		<u>1,503.52</u>	<u>6,715.66</u>
2.22 OTHER INCOME			
Interest income on			
Current investments		326.71	2,455.36
Interest on loans, deposits, overdue debts etc.		504.86	561.18
Dividend income			
Investment in subsidiaries (non current)		16.77	-
Current investments		13.81	46.63
Non current investments		0.28	290.42
Net gain or loss on sale / redemption of investments			
Current investments (net)		1,918.04	2,993.21
Net gain or loss on foreign currency transaction and translation		1,543.04	-
Provision no longer required written back	2.28.4	5,060.16	592.42
Miscellaneous income		121.61	138.02
		<u>9,505.28</u>	<u>7,077.24</u>

Notes on Financial Statements

		Amount Rs. in lakhs	
2.23 COST OF MATERIALS CONSUMED		For the year ended	For the year ended
Particulars	Ref. note no.	31.03.2013	31.03.2012
Raw materials consumed	2.23.1	<u>9,66,46.94</u>	<u>9,54,19.81</u>
2.23.1 Details of materials consumed			
Iron ore		2,84,21.57	2,62,71.29
Coal		3,46,72.49	3,81,19.56
Others		<u>3,35,52.88</u>	<u>3,10,28.96</u>
		<u>9,66,46.94</u>	<u>9,54,19.81</u>
2.24 PURCHASES OF STOCK IN TRADE			
D.I. Pipes		-	20,64.18
Coke and coal		10,54.51	32,50.65
Others		<u>37,86.78</u>	<u>44,18.84</u>
		<u>48,41.29</u>	<u>97,33.67</u>
2.25 (INCREASE)/DECREASE IN INVENTORIES			
Closing Stock:			
Finished goods		1,21,40.10	1,22,06.75
Stock-in-trade		-	-
Process stock		27,23.95	34,54.15
Work in Progress (Turnkey projects)		<u>10,42.36</u>	<u>11,60.55</u>
		<u>1,59,06.41</u>	<u>1,68,21.45</u>
Less: Opening stock			
Finished goods		1,22,06.75	1,19,90.02
Stock-in-trade		-	0.37
Process stock		34,54.15	27,63.05
Work in Progress (Turnkey projects)		<u>11,60.55</u>	<u>15,99.39</u>
		<u>1,68,21.45</u>	<u>1,63,52.83</u>
		<u>9,15.04</u>	<u>-4,68.62</u>
2.26 EMPLOYEE BENEFITS EXPENSE			
Salaries and wages		1,24,36.43	1,12,56.27
Contribution to provident and other funds		6,89.27	4,72.46
Staff welfare expenses		<u>6,23.34</u>	<u>5,80.50</u>
		<u>1,37,49.04</u>	<u>1,23,09.23</u>
2.27 FINANCE COSTS			
Interest expense		89,30.44	92,85.88
Net loss on foreign currency transactions and translation		18,62.80	5,34.05
Other borrowing cost		<u>3,30.94</u>	<u>2,44.86</u>
		<u>1,11,24.18</u>	<u>1,00,64.79</u>

Notes on Financial Statements

		Amount Rs. in lakhs	
2.28 OTHER EXPENSES		For the year ended	For the year ended
Particulars	Ref. note no.	31.03.2013	31.03.2012
Consumption of stores and spare parts	2.28.2	1,26,16.42	1,16,60.68
Power and fuel		1,48,46.03	1,42,11.58
Rent	2.28.5	7,78.18	5,61.03
Repairs to buildings		1,23.55	1,27.95
Repairs to machinery		1,54.11	2,96.88
Insurance		2,59.90	2,37.37
Rates and taxes		4,31.84	5,18.16
Directors fees and commission		54.94	45.60
Packing & forwarding charges [net of realisation Rs. 3666.74 lakhs] (previous year Rs.3100.25 lakhs)		1,22,47.15	76,32.89
Commission to selling agents		51,48.70	40,95.93
Job charges		21,41.55	20,47.21
Excise duty on stock		-65.32	1,91.76
Bad debts		-	29.19
Loss on sale of fixed assets (net)		3.81	14.70
Provision for bad and doubtful debts		2,10.00	-
Net loss on foreign currency translation		-	83,61.48
Provision for diminution in value of current investments		2,17.13	50.56
Provision for losses on mark to market basis on derivative transactions	2.28.4	96.28	68,61.35
Miscellaneous expenses	2.28.1, 2.28.3 & 2.28.6	90,12.50	70,55.60
		5,82,76.77	6,39,99.92
2.28.1 Miscellaneous expenses includes auditors remuneration.			
(a) Audit Fees		13.00	13.00
(b) Other services- Certificates, etc.		7.15	5.20
2.28.2 Stores and spares consumption include pipe moulds written off			
		3,63.32	2,65.57
2.28.3 Miscellaneous expenses include Charity and Donation of Rs. 251.97 lakhs (previous year Rs. 15.78 lakhs).			
2.28.4 The Marked-to-Market losses on derivative contract for the year stood at Rs. 96.28 lakhs (previous year Rs. 6861.35 lakhs). Even though such losses have not been determined and accrued during the year, keeping in view the announcement of Institute of Chartered Accountants of India dated March 29, 2008 regarding Accounting for Derivatives, the Company has recognized losses in the Statement of Profit and Loss for the year or capitalised as the case may be. Such losses crystallised during the year have been considered as revenue or capitalised depending upon the nature thereof and resultant excess amount of provision of Rs. 5060.16 lakhs being no longer required have been written back in these financial statements.			
2.28.5 The Company has certain operating lease arrangements for office accommodations etc. with tenure extending upto 9 years. Term of certain lease arrangements include escalation clause for rent on expiry of 36 months from the commencement date of such lease and deposit / refund of security deposit etc. Expenditure incurred on account of rent during the year and recognized in the Statement of Profit and Loss amounts to Rs. 431.63 lakhs (previous year Rs. 561.03 lakhs).			
2.28.6 During the year, the Company has incurred Rs. 113.20 lakhs (previous year Rs 91.44 lakhs) on account of research and development expenses which has been charged to Statement of Profit and Loss.			

Notes on Financial Statements

2.29 TAX EXPENSES

Amount Rs. in lakhs

Particulars	Ref. note no.	For the year ended 31.03.2013	For the year ended 31.03.2012
Provision for current tax		12,08.40	-
Minimum Alternate Tax		-	10,48.56
Less: MAT Credit Entitlement	2.29.1	1,50.35	7,00.21
		<u>10,58.05</u>	<u>3,48.35</u>

2.29.1 The Company is entitled to MAT credit and accordingly based on evidences MAT credit of Rs. 150.35 lakhs (previous year Rs. 700.21) has been recognised in these financial statements.

2.30 Employee Benefits

The disclosures required under Accounting Standard 15 on "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below :

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized for the year are as under :

	For the year ended 31.03.2013	For the year ended 31.03.2012
Employer's Contribution to Provident Fund	2,98.22	2,57.54
Employer's Contribution to Pension Fund	1,12.35	1,07.90
Employer's Contribution to Superannuation Fund	67.39	67.70

Defined Benefit Plan

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

Gratuity (Funded)

	2012-13	2011-12
a) Change in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:		
Liability at the beginning of the year	12,54.18	11,80.69
Interest Cost	1,23.62	97.39
Current Service Cost	1,06.64	95.21
Actuarial (gain) / loss on obligations	95.64	-23.58
Benefits paid	-87.19	-95.53
Liability at the end of the year	<u>14,92.89</u>	<u>12,54.18</u>

Notes on Financial Statements

Amount Rs. in lakhs

	Gratuity (Funded)	
	2012-13	2011-12
b) Changes in the Fair Value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows:		
Fair value of Plan Assets at the beginning of the year	7,39.04	6,72.05
Expected Return on Plan Assets	71.15	56.44
Contributions by the Company	1,14.76	1,08.43
Benefits paid	-87.19	-95.54
Actuarial gain / (loss) on Plan Assets	4.34	-2.34
Fair value of Plan Assets at the end of the year	8,42.10	7,39.04
Total actuarial gain / (loss) to be recognised	-91.31	21.24
c) Actual return on Plan Asset		
Expected return on Plan assets	71.15	56.44
Actuarial gain / (loss) on Plan Assets	4.34	-2.34
Actual Return on Plan Assets	75.49	54.10
d) Amount Recognized in Balance Sheet		
Liability at the end of the year	14,92.89	12,54.18
Fair value of Plan Assets at the end of the year	8,42.10	7,39.04
	6,50.79	5,15.14
e) Expenses Recognized in the Revenue Statement		
Current Service Cost	1,06.64	95.21
Interest Cost	1,23.62	97.39
Expected Return on Plan Assets	-71.15	-56.44
Net Actuarial (gain) / loss to be Recognized	91.31	-21.24
Expenses Recognized in Statement of Profit and Loss	2,50.42	1,14.92
f) Balance Sheet Reconciliation		
Opening Net Liability	5,15.12	5,08.63
Expenses as above	2,50.42	1,14.92
Employers Contribution	-1,14.76	-1,08.43
Amount Recognized in Balance Sheet	6,50.78	5,15.12

	Gratuity (Funded)				
	2012-13	2011-12	2010-11	2009-10	2008-09
Defined Benefit Obligation at the end of the year	14,92.89	12,54.18	11,80.69	10,64.79	8,85.88
Fair value of planned asset at the end of the year	8,42.10	7,39.04	6,72.05	7,04.89	5,85.66
Funded status	6,50.79	5,15.14	5,08.64	3,59.90	3,00.22

Notes on Financial Statements

NOTES ON ACCOUNTS (Contd.)

Amount Rs. in lakhs

Compensated Absences

The obligation for compensated absences is recognized in the same manner as gratuity. The actuarial liability of Compensated Absences (unfunded) of accumulated privileged and sick leaves of the employees of the Company as at 31.03.2013 is given below:

Particulars	As at 31.03.2013	As at 31.03.2012
Privileged Leave	8,28.28	7,38.69
Sick Leave	4,84.15	3,88.99
g) Principal Actuarial assumptions as at the Balance Sheet date		
Discount Rate	8.25%	8.00%
Rate of Return on Plan Assets	9.00%	8.00%

Notes:

- i) Assumptions relating to future salary increases, attrition, interest rate for discount & overall expected rate of return on Assets have been considered based on relevant economic factors such as inflation, market growth & other factors applicable to the period over which the obligation is expected to be settled.
- ii) The Company expects to contribute Rs 200.00 lakhs (previous year Rs 130.00 lakhs) to Gratuity fund in 2013-14.

2.31 Calculation of Earning Per Share is as follows:

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
(a) Net profit for basic and diluted earnings per share as per Statement of Profit and Loss	97,22.71	42,38.28
Net profit for basic and diluted earnings per share	97,22.71	42,38.28
(b) Weighted average number of equity shares for calculation of basic and diluted earnings per share (Face value Re. 1/- per share)		
i) Basic earnings per share	32,67,52,705	32,67,52,705
ii) Diluted earnings per share	32,67,52,705	32,67,52,705
(c) Weighted average number of equity shares outstanding	32,67,52,705	32,67,52,705
(d) Earnings per share:		
a) Basic (Rs.)	2.98	1.30
b) Diluted (Rs.)	2.98	1.30

Notes on Financial Statements

Amount Rs. in lakhs

- 2.32 (a) The expenses incurred for projects/assets during the construction/mine development period are classified as “Pre-operative Expenses” pending capitalization and are included under capital work in progress and will be allocated to the assets on completion of the project/assets. Consequently expenses disclosed under the respective head are net of amount classified as preoperative expenses by the Company. The details of these expenses are as follows :

Particulars	As at March 31, 2013	As at March 31, 2012
Preoperative expenses brought forward	3,26,39.33	1,52,83.86
Add: Relating to earlier years	-	48,41.81
Salaries and Wages	11,00.25	9,09.06
Contribution to Provident and Other Funds	40.84	31.89
Staff welfare expenses	1.51	2.49
Stores and Spares Consumption	22.57	76.59
Handling and Transportation	1.01	5.65
Power and Fuel	30.06	2,20.21
Repairs to Machinery	0.02	0.25
Rent	18.53	19.45
Insurance	15.08	33.41
Miscellaneous Expenses	9,82.72	11,81.57
Royalty on Coal	1,68.70	61.00
Interest Paid	31,23.83	22,44.20
Finance charges	7,10.98	28,76.68
Depreciation and amortisation expense	12,27.73	11,90.62
Excise duty on coal Stock	1,58.66	2,38.09
Loss on exchange fluctuation	42,37.51	65,92.20
(Gain)/Loss on derivatives	84,78.88	5,61.06
Total preoperative/development expenses	5,29,58.21	3,63,70.09
Less:		
Allocated/Transferred during the year to completed assets	4.03	15,54.52
Sale of coal to associate [611.78 MT. (previous year nil)]	24.41	-
Sale of inferior grade coal [8437.74 MT. (previous year nil)]	1,57.25	-
Less: Excise Duty	10.13	-
Less: Royalty, clean energy cess and stowing duty	26.64	-
Net Sales	1,44.89	-
Coal transferred for Captive Consumption [76076.34 MT. (Previous Year 37119.40 MT)]	18,04.00	5,94.59
Other Income	11.02	-
Increase/(Decrease) in stock of Coal		
Opening Stock 108218.06 MT. (Previous Year 39503.58 MT.)	18,21.31	4,54.29
Less Closing Stock 121758.00 MT. (Previous Year 108218.06 MT.)	25,71.26	18,21.31
Interest on deposit is [net of provision for current tax Rs. 622.66 (previous year Rs. Nil)]	11,74.90	2,14.63
Total preoperative expenses carried forward pending allocation	4,90,69.42	3,26,39.33

- 2.32 (b) Capital work in progress includes overburden removable expenses relating to mines amounting to Rs. 1,19,42.27 lakhs (previous year Rs. 85,54.89 lakhs).

Notes on Financial Statements

Amount Rs. in lakhs

2.33 (a) Category wise outstanding derivatives contracts entered for hedging as on March 31, 2013 are as follows :-

Sl. No.	Category	Currency	2012-13	2012-13	2011-12	2011-12
			No. of Deals	Amount in Foreign Currency	No. of Deals	Amount in Foreign Currency
1	Sell Forward	USD/INR	17	21,92,44,62	66	1441703,66
2	Sell Forward	SGD/USD	7	1,60,01,68	8	1,83,98,51
3	Sell Forward	GBP/USD	9	4,17,11,31	11	6,34,45,23
4	Sell Forward	EURO/USD	19	13,62,61,21	18	20,00,00,00
5	Sell Forward	EURO/INR	9	14,42,92,19	15	22,30,40,15
6	Sell Forward	USD/EURO	3	2,36,23,74	1	2,68,32,50
7	Sell Forward	USD/GBP	1	79,27,00	-	-
8	Buy Forward	USD/INR	31	41,48,90,67	24	26,75,00,00
9	Option (FWDS)	USD	-	-	5	10,00,00,00
10	Option (ECB)	USD	5	14,18,00,00	2	16,00,00,00
11	Interest Rate Swap	USD	17	1,03,36,00,00	3	35,00,00,00
12	Interest Rate Cap	USD	4	2,00,00,00	-	-

(b) Unhedged Foreign Currency exposures of the Company as on March 31, 2013 are as follows :-

Nature	Currency	2012-13	2011-12
		Amount in Foreign Currency	Amount in Foreign Currency
Payables			
Imports	USD	2,11,55,55	2,41,96,84
ECB Payable (include accrued interest)	USD	1,75,40,49,78	1,39,19,81,69
Buyer's Credit /Acceptances (include accrued interest)	USD	58,80,99,43	40,35,74,36
Buyer's Credit /Acceptances (include accrued interest)	EURO	34,65,12	-
Imports	EURO	27,86,74	17,00,63
Imports	GBP	75,76	75,76
Imports	AED	9,44,00	10,17,91
Imports	HKD	9,34,35	2,44,59
Imports	JPY	-	9,07,09
Imports	BHD	2,77,59	-
Imports	AUD	1,78,99	2,17,10
Receivable			
Exports	GBP	3,24,30,25	2,14,11,46
Exports	SGD	2,17,78,64	80,93,85
Others	USD	-	44,91
Others	AED	-	11,09,97
Others	BHD	1,09,35,48	-

Notes on Financial Statements

Amount Rs. in lakhs

2.34 As regards construction contracts in progress as on 31.03.2013, aggregate amount of costs incurred and recognised profit (less recognized losses) upto the year end (to the extent ascertained by the management), aggregate amount of advances received and aggregate amount of retentions are Rs. 19038.15 lakhs, Rs. 146.88 lakhs and Rs. 1268.47 lakhs respectively. (previous year Rs. 17961.59 lakhs, Rs. 596.34 lakhs and Rs. 1010.09 lakhs respectively).

		As at 31.03.2013		As at 31.03.2012	
		869.69		3300.28	
		in million Rs. in lakhs		in million Rs. in lakhs	
2.35	(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances):				
	(b) Other commitments				
	i) Forward contract outstanding				
	In USD	66.57	3,60,94.89	1,73.60	8,83,12.16
	In EURO	28.06	2,05,77.37	42.30	2,87,14.19
	In GBP	4.17	34,76.66	6.34	51,67.16
	In SGD	1.60	6,98.90	1.84	7,44.46
	ii) Capital Commitment towards subscription to equity capital in Electrosteel Brasil Ltda. Tubos e Conexoes Duteis		69.60	-	-
2.36	Contingent Liabilities not provided for in respect of:				
	a) Various show cause notices/demands issued/ raised, which in the opinion of the management are not tenable and are pending with various forum / authorities :				
	i) Sales Tax		56,95.24		29,89.35
	ii) Excise, Custom Duty and Service tax [net of provision of Rs. 500.00 lakhs (previous year Rs. 500.00 lakhs)]		1,02,56.29		98,47.05
	iii) Income Tax		42.60		-
	b) Employees State Insurance Corporation has raised demand for contribution in respect of Gross Job Charges for the year 2001-02, 2003-04 and March'08 to January'10. In the opinion of the management demand is adhoc and arbitrary and is not sustainable legally.		92.51		98.76
	c) Demand of Tamilnadu Electricity Board disputed by the Company.		8.20		8.20
	d) During the year 1994 UPSEB had raised demand for electricity charges by revising the power tariff schedule applicable to the Company retrospectively from Feb'86. In the opinion of the management the revised power tariff is not applicable to the Company and accordingly the Company disputed the demand and the matter is pending before Hon'ble High Court at Allahabad.		2,61.74		2,61.74
	e) Corporate guarantee issued by the Company in favour of lenders of :				
	(i) Subsidiary Companies		44,37.91		24,32.62
	(ii) Associate Company		4,52,00.00		2,50,00.00
	f) Standby Letter of Credit issued by banks on behalf of the company in favour of				
	(i) Subsidiary Companies		2,37,45.04		3,25,95.99
	g) Guarantees given by banks on behalf of the Company (including Rs. 2745.47 lakhs referred in 2.12.5)		1,61,44.87		1,60,31.09
	h) Bills Discounted with Banks.		80,33.11		32,47.28
	i) The Company has disputed downward revision in the prices affected by the purchaser subsequent to sale of certain specified materials. In the opinion of the management and also on the merit of the case, as advised legally no liability is likely to arise. The matter is subjudice and pending final judgement the amount payable, if any is not ascertainable presently.				

Note: Future cash outflows, if any, in respect of (a) to (d), and (i) above is dependent upon the outcome of judgments / decisions.

Notes on Financial Statements

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

A) Names of related parties and description of relationship

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

Notes on Financial Statements

B) Related Party Transaction

Amount Rs. in lakhs

	Subsidiary	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.13	Outstanding as on 31.03.12
Sale								
Electrosteel USA, LLC	16,29.59	-	-	-	-	16,29.59	12,95.02	-
Electrosteel Europe SA	2,61,10.77	-	-	-	-	2,61,10.77	1,73,50.73	-
Electrosteel Algeria SPA	75,84.71	-	-	-	-	75,84.71	16,23.69	-
Electrosteel Castings (UK) Limited	53,00.32	-	-	-	-	53,00.32	62,32.47	-
Singardo International Pte Ltd.	33,85.55	-	-	-	-	33,85.55	16,54.34	-
Electrosteel Steels Limited	-	11,35.89	-	-	-	11,35.89	65,66.03	-
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	-	-	-	4.61	-
Lanco Industries Ltd.	-	11,29.58	-	-	-	11,29.58	26.06	-
Total	4,40,10.94	22,65.47	-	-	-	4,62,76.41	3,47,52.95	-
Previous Year								
Electrosteel USA, LLC	9,37.59	-	-	-	-	9,37.59	-	9,78.31
Electrosteel Europe SA	2,76,96.58	-	-	-	-	2,76,96.58	-	1,72,31.69
Electrosteel Algeria SPA	73,04.89	-	-	-	-	73,04.89	-	10,69.59
Electrosteel Castings (UK) Limited	1,01,36.72	-	-	-	-	1,01,36.72	-	69,94.47
Singardo International Pte Ltd.	22,04.81	-	-	-	-	22,04.81	-	10,71.96
Electrosteel Steels Limited	-	5474.17	-	-	-	54,74.17	-	54,35.14
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	-	-	-	-	4.61
Lanco Industries Ltd.	-	32,79.41	-	-	-	32,79.41	-	14.30
Purchase								
Lanco Industries Ltd.	-	61,65.31	-	-	-	61,65.31	22.26	-
Electrosteel Steels Limited	-	31,83.84	-	-	-	31,83.84	32,07.26	-
Total	-	93,49.15	-	-	-	93,49.15	32,29.52	-
Previous Year								
Singardo International Pte Ltd.	1,08.34	-	-	-	-	1,08.34	-	-
Lanco Industries Ltd.	-	54,34.30	-	-	-	54,34.30	-	3,62.17
Electrosteel Steels Limited	-	3,85.68	-	-	-	3,85.68	-	24.55
Job Charges Received								
Electrosteel Steels Limited	-	7,93.49	-	-	-	7,93.49	20,89.73	-
Total	-	7,93.49	-	-	-	7,93.49	20,89.73	-
Previous Year								
Electrosteel Steels Limited	-	25,90.28	-	-	-	25,90.28	-	12,91.07
Job Charges Paid								
Electrosteel Steels Limited	-	57.24	-	-	-	57.24	55.96	-
Total	-	57.24	-	-	-	57.24	55.96	-
Previous Year								
Remuneration								
Mr. Umang Kejriwal (MD)	-	-	-	1,81.37	-	1,81.37	94.34	-
Mr. Mayank Kejriwal (JMD)	-	-	-	1,79.57	-	1,79.57	98.25	-
Mr. Uddhav Kejriwal (Director)	-	-	-	1,40.15	-	1,40.15	71.54	-
Mr. Vyas Mitre Ralli (Director)	-	-	-	1,21.39	-	1,21.39	6.30	-
Mr. Mahendra Kumar Jalan (Director)	-	-	-	1,21.90	-	1,21.90	6.98	-
Mr. Rama Shankar Singh (Director)	-	-	-	1,22.46	-	1,22.46	8.57	-
Total	-	-	-	8,66.84	-	866.84	285.98	-
Previous Year								
Mr. Umang Kejriwal (MD)	-	-	-	1,33.95	-	1,33.95	-	90.00
Mr. Mayank Kejriwal (JMD)	-	-	-	1,33.04	-	1,33.04	-	90.00
Mr. Uddhav Kejriwal (Director)	-	-	-	1,28.15	-	1,28.15	-	65.00
Mr. Vyas Mitre Ralli (Director)	-	-	-	1,15.27	-	1,15.27	-	-
Mr. Mahendra Kumar Jalan (Director)	-	-	-	1,16.26	-	1,16.26	-	-
Mr. Rama Shankar Singh (Director)	-	-	-	1,12.40	-	1,12.40	-	-
Rent Paid								
Global Exports Ltd.	-	-	-	-	15.00	15.00	-	-
Badrinath Industries Ltd.	-	-	-	-	15.00	15.00	-	-
Mahadev Vyapar Private Limited	18.00	-	-	-	-	18.00	9.85	-
Others	-	-	-	-	1,13.92	1,13.92	-	-
Total	18.00	-	-	-	1,43.92	1,61.92	9.85	-

Notes on Financial Statements

B) Related Party Transaction (Contd.)

Amount Rs. in lakhs

	Subsidiary	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.13	Outstanding as on 31.03.12
Previous Year								
Global Exports Ltd.	-	-	-	-	15.00	15.00	-	-
Badrinath Industries Ltd.	-	-	-	-	15.00	15.00	-	-
Mahadev Vyapaar Private Limited	9.45	-	-	-	-	9.45	-	8.51
Others	-	-	-	-	1,13.00	1,13.00	-	-
Service Charges Paid								
Global Exports Ltd.	-	-	-	-	75.00	75.00	-	-
Total	-	-	-	-	75.00	75.00	-	-
Previous Year								
Global Exports Ltd.	-	-	-	-	49.00	49.00	-	-
Loan Given								
Lanco Industries Ltd.	-	20,00.00	-	-	-	20,00.00	-	-
Total	-	20,00.00	-	-	-	20,00.00	-	-
Previous Year								
Loan Taken								
Electrosteel Castings Gulf FZE	95.76	-	-	-	-	95.76	96.10	-
Total	95.76	-	-	-	-	95.76	96.10	-
Previous Year								
Reimbursements of expenses paid								
Electrosteel USA, LLC	2,36.87	-	-	-	-	2,36.87	-	-
Electrosteel Europe SA	2,09.00	-	-	-	-	2,09.00	60.75	-
Lanco Industries Ltd.	-	3.34	-	-	-	3.34	-	-
Total	4,45.87	3.34	-	-	-	4,49.21	60.75	-
Previous Year								
Electrosteel USA, LLC	2,09.92	-	-	-	-	2,09.92	-	-
Singardo International Pte Ltd.	1.16	-	-	-	-	1.16	-	-
Reimbursements of expenses received								
Electrosteel Castings (UK) Limited	64.33	-	-	-	-	64.33	-	-
Electrosteel Europe SA	1,15.83	-	-	-	-	1,15.83	1,15.01	-
Electrosteel Steels Limited	-	7.14	-	-	-	7.14	4.52	-
Mahadev Vyapaar Private Limited	18.90	-	-	-	-	18.90	18.90	-
Electrosteel Castings Gulf FZE	12.69	-	-	-	-	12.69	12.39	-
Total	2,11.75	7.14	-	-	-	2,18.89	1,50.82	-
Previous Year								
Electrosteel Castings (UK) Limited	21.16	-	-	-	-	21.16	-	-
Electrosteel Europe SA	81.07	-	-	-	-	81.07	-	81.07
Singardo International Pte Ltd.	2.70	-	-	-	-	2.70	-	-
Lanco Industries Ltd.	-	13.38	-	-	-	13.38	-	0.44
Share Application Money Paid								
North Dhadhu Mining Company Pvt. Ltd.	-	-	0.21	-	-	0.21	-	-
Electrosteel Castings Gulf FZE	1,50.60	-	-	-	-	1,50.60	-	-
Electrosteel Doha for Trading LLC	14.84	-	-	-	-	14.84	-	-
Total	1,65.44	-	0.21	-	-	1,65.65	-	-
Previous Year								
North Dhadhu Mining Company Pvt. Ltd.	-	-	1,73.61	-	-	1,73.61	-	2,34.60
Corporate Guarantee, Standby Letter of Credit								
Electrosteel Europe SA	34,80.09	-	-	-	-	34,80.09	34,80.09	-
Electrosteel Algeria SPA	-	-	-	-	-	-	1,73,76.00	-
Electrosteel Castings (UK) Limited	24,76.24	-	-	-	-	24,76.24	53,65.19	-
Singardo International Pte Ltd.	10,86.00	-	-	-	-	10,86.00	19,61.67	-
Electrosteel Steels Limited	-	4,52,00.00	-	-	-	4,52,00.00	4,52,00.00	-
Total	70,42.33	4,52,00.00	-	-	-	5,22,42.33	7,33,82.95	-
Previous Year								
Electrosteel Europe SA	-	-	-	-	-	-	-	48,19.18
Electrosteel Algeria SPA	1,01,74.00	-	-	-	-	1,01,74.00	-	2,59,43.70
Electrosteel Castings (UK) Limited	-	-	-	-	-	-	-	28,50.50
Singardo International Pte Ltd.	-	-	-	-	-	-	-	14,15.22
Electrosteel Steels Limited	-	2,50,00.00	-	-	-	2,50,00.00	-	2,50,00.00

Notes on Financial Statements

B) Related Party Transaction (Contd.)

Amount Rs. in lakhs

	Subsidiary	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.13	Outstanding as on 31.03.12
Bank Guarantee								
North Dhadhu Mining Company Pvt. Ltd.	-	-	-	-	-	-	27,45.47	-
Total							27,45.47	-
Previous Year								
North Dhadhu Mining Company Pvt. Ltd.	-	-	-	-	-	-	-	27,45.47
Investment								
Electrosteel USA, LLC	-	-	-	-	-	-	11,48.54	-
Electrosteel Europe SA	-	-	-	-	-	-	23,23.41	-
Electrosteel Algeria SPA	-	-	-	-	-	-	5,20.33	-
Electrosteel Castings (UK) Limited	-	-	-	-	-	-	10,59.26	-
Electrosteel Trading S.A, Spain	-	-	-	-	-	-	45.10	-
Mahadev Vyapaar Private Limited	-	-	-	-	-	-	12,03.00	-
Singardo International Pte Ltd.	-	-	-	-	-	-	4,39.89	-
Electrosteel Castings Gulf FZE	1,50.60	-	-	-	-	1,50.60	1,50.60	-
Electrosteel Doha for Trading LLC	14.84	-	-	-	-	14.84	14.84	-
Lanco Industries Ltd.	-	-	-	-	-	-	63,33.53	-
Electrosteel Steels Limited	-	1,52,00.00	-	-	-	1,52,00.00	8,87,72.65	-
North Dhadhu Mining Company Pvt. Ltd.	-	-	2,34.81	-	-	2,34.81	8,22.81	-
Domco Private Limited	-	-	-	-	-	-	30.00	-
Electrosteel Thermal Power Ltd.	-	-	-	-	-	-	1.50	-
Total	1,65.44	1,52,00.00	2,34.81	-	-	1,56,00.25	10,28,65.46	-
Previous Year								
Electrosteel USA, LLC	44.40	-	-	-	-	44.40	-	11,48.54
Electrosteel Europe SA	-	-	-	-	-	-	-	23,23.41
Electrosteel Algeria SPA	-	-	-	-	-	-	-	5,20.33
Electrosteel Castings (UK) Limited	-	-	-	-	-	-	-	10,59.26
Electrosteel Trading S.A, Spain	45.10	-	-	-	-	45.10	-	45.10
Mahadev Vyapaar Private Limited	12,03.00	-	-	-	-	12,03.00	-	12,03.00
Singardo International Pte Ltd.	-	-	-	-	-	-	-	4,39.89
Lanco Industries Ltd.	-	-	-	-	-	-	-	63,33.53
Electrosteel Steels Limited	-	4,09.17	-	-	-	4,09.17	-	7,28,97.65
North Dhadhu Mining Company Pvt. Ltd.	-	-	-	-	-	-	-	5,88.00
Domco Private Limited	-	-	-	-	-	-	-	30.00
Electrosteel Thermal Power Ltd.	-	-	-	-	-	-	-	1.50
Commission								
Electrosteel Europe SA	1,48.09	-	-	-	-	1,48.09	1,54.79	-
Electrosteel Algeria SPA	24.02	-	-	-	-	24.02	16.02	-
Singardo International Pte Ltd.	25.68	-	-	-	-	25.68	-	-
Electrosteel Castings Gulf FZE	30.89	-	-	-	-	30.89	-	-
Total	2,28.68	-	-	-	-	2,28.68	1,70.81	-
Previous Year								
Electrosteel Europe SA	49.60	-	-	-	-	49.60	-	41.61
Electrosteel Algeria SPA	54.18	-	-	-	-	54.18	-	8.73
Electrosteel USA, LLC	8.04	-	-	-	-	8.04	-	-
Singardo International Pte Ltd.	20.70	-	-	-	-	20.70	-	-
Security Deposits								
Lanco Industries Ltd.	-	-	-	-	-	-	40,57.00	-
Electrosteel Thermal Coal Ltd.	-	-	-	-	-	-	1,89.68	-
Total	-	-	-	-	-	-	42,46.68	-
Previous Year								
Lanco Industries Ltd.	-	-	-	-	-	-	-	40,57.00
Electrosteel Thermal Coal Ltd.	-	-	-	-	4.68	4.68	-	1,89.68
Dividend Received								
Singardo International Pte Ltd.	16.77	-	-	-	-	16.77	-	-
Total	16.77	-	-	-	-	16.77	-	-
Previous Year								
Lanco Industries Ltd.	-	2,89.52	-	-	-	2,89.52	-	-
Rent Receipts								
Electrosteel Steels Limited	-	82.22	-	-	-	82.22	-	-
G. K. & Sons Private Limited	-	-	-	-	3.60	3.60	4.04	-
Electrocast Sales India Ltd.	-	-	-	-	3.60	3.60	3.37	-
Lanco Industries Ltd.	-	3.36	-	-	-	3.36	-	-
Total	-	85.58	-	-	7.20	92.78	7.41	-
Previous Year								

Notes on Financial Statements

B) Related Party Transaction (Contd.)

Amount Rs. in lakhs

	Subsidiary	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.13	Outstanding as on 31.03.12
Electrosteel Steels Limited	-	1,01.70	-	-	-	1,01.70	-	-
G. K. & Sons Private Limited	-	-	-	-	3.60	3.60	-	0.90
Electrocast Sales India Ltd..	-	-	-	-	3.60	3.60	-	0.90
Lanco Industries Ltd.	-	0.36	-	-	-	0.36	-	0.36
Service Charges Received								
Electrosteel Steels Limited	-	12.56	-	-	-	12.56	27.88	-
Total	-	12.56	-	-	-	12.56	27.88	-
Previous Year								
Electrosteel Steels Limited	-	39.81	-	-	-	39.81	-	31.46
Sale of DEPB								
Previous Year								
Electrosteel Steels Limited	-	45.56	-	-	-	45.56	-	5.02
Sale of Fixed Asset								
Lanco Industries Ltd.	-	5.88	-	-	-	5.88	-	-
Total	-	5.88	-	-	-	5.88	-	-
Previous Year	-	-	-	-	-	-	-	-
Purchase of Fixed Asset								
Electrosteel Steels Limited	-	25.55	-	-	-	25.55	25.55	-
Total	-	25.55	-	-	-	25.55	25.55	-
Previous Year	-	-	-	-	-	-	-	-
Advances Given								
Electrosteel Steels Limited	-	96,38.20	-	-	-	96,38.20	61,38.20	-
Mahadev Vyapaar Private Limited	25.50	-	-	-	-	25.50	4,51.32	-
Total	25.50	96,38.20	-	-	-	96,63.70	65,89.52	-
Previous Year								
Electrosteel Steels Limited	-	80,00.00	-	-	-	80,00.00	-	80,00.00
Mahadev Vyapaar Private Limited	4,39.99	-	-	-	-	4,39.99	-	4,39.99
Interest Received								
Lanco Industries Ltd.	-	3.18	-	-	-	3.18	-	-
Total	-	3.18	-	-	-	3.18	-	-
Previous Year	-	-	-	-	-	-	-	-

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

(Rs. in lakhs)

Particulars	2012-13			2011-12		
	Within India	Outside India	Total	Within India	Outside India	Total
Sales (gross)	9,85,96.73	9,36,68.24	19,22,64.97	10,51,71.82	8,26,14.74	18,77,86.56
Trade receivables and other assets	46,27,22.46	3,58,73.38	49,85,95.84	37,24,83.16	3,46,51.82	40,71,34.98

2.39 C.I.F. value of imports

	2012-13	2011-12
(a) Raw Materials	2,45,79.20	4,40,06.84
(b) Stores and spare parts	29,23.62	29,42.58
(c) Capital Goods	17,18.41	40,33.52

Notes on Financial Statements

2.40 Expenditure in Foreign Currency

	Amount Rs. in lakhs	
	2012-13	2011-12
(a) Travelling Expenses	1,05.21	2,31.34
(b) Journals & Periodicals	4.86	3.78
(c) Technical/Consultancy Fees	4,20.92	5,22.47
(d) Interest Paid	49,87.63	33,76.85
(e) Commission	20,00.34	15,11.78
(f) Ocean Freight	67,44.95	54,66.82
(g) Others	49,99.11	33,12.24
(h) Payment of Dividend on Equity Shares in foreign currency		
- No. of Non-Resident holders	2	2
- No. of shares held	27480414	27480414
- Dividend	1,37.40	3,43.51

2.41 Value of Imported & Indigenous Raw Materials, Stores and Spare Parts Consumed :

	2012-13		2011-12	
	Amount Rs. in lakhs	%	Amount Rs. in lakhs	%
Raw materials				
Imported	3,55,63.44	37	4,22,50.00	44
Indigenous	6,10,83.50	63	5,31,69.81	56
	9,66,46.94	100	9,54,19.81	100
Stores and spare parts				
Imported	26,92.05	21	29,59.08	25
Indigenous	99,24.37	79	87,01.60	75
	1,26,16.42	100	1,16,60.68	100

2.42 Earnings in Foreign Exchange

	2012-13	2011-12
(a) FOB Value of Exports	8,48,63.31	7,52,39.89
(b) Others	2,19.48	3,45.40

2.43 In accordance with the amendment to AS-11, exchange loss/gain arising on long term foreign currency loans, is being adjusted to the cost of fixed assets. Accordingly, such losses amounting to Rs. 4792.70 lakhs (previous year Rs. 6951.67 lakhs) have been adjusted to Capital work in progress and Fixed assets. During the year, based on clarification issued by Ministry of Corporate Affairs vide its circular 25/2012/09.08.12, Rs. 534.05 lakhs charged to Statement of Profit and Loss in the previous year has been written back under respective head of account and adjusted to the cost of fixed assets / capital work in progress.

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

As per our report of even date.

For Lodha & Co.
Chartered Accountants

R. P. Singh
Partner
Kolkata
May 10, 2013

For and on behalf of the Board

Chairman P. K. Khaitan
Managing Director U. Kejriwal
Company Secretary A. K. Kanodia

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

Section 212

	Electrosteel Castings (UK) Limited	Singardo International Pte. Limited	Electrosteel Europe S.A.	Electrosteel Algerie SPA *1	Electrosteel USA, LLC *2	Electrosteel Trading S.A. Spain	Electrosteel Doha for Trading LLC	Electrosteel Castings Gulf FZE	Electrosteel Tubos e Conexoes Duteis	Mahadev Vyapaar Private Limited
1. Financial Year of Subsidiary	Twelve months ended 31st March 2013	Twelve months ended 31st March 2013	Twelve months ended 31st March 2013	Twelve months ended 31st March 2013	Twelve months ended 31st March 2013	Twelve months ended 31st March 2013	Twelve months ended 31st March 2013	Twelve months ended 31st March 2013	Twelve months ended 31st March 2013	Twelve months ended 31st March 2013
2. Holding Company's Interest : Fully paid up equity shares : Face value of each : (a) Number of shares (b) Extent of Holding	£1 11,00,000 100%	US\$1 15,00,000 53.76%	€10 3,80,000 100%	DZD 1,000 82,500 100%	\$1 *3 100%	€1 65,000 100%	QAR 1,000 98 49%	AED 10,00,000 1 100%	*4 *4 *4	Rs. 10 10,000 100%
3. Net aggregate amount of profit/(Loss) of the Subsidiary, so far as they concern members of the Holding Company. (a) Dealt with in the accounts of Holding Company (i) For the said financial year of the Subsidiary (ii) For the previous financial years of the Subsidiary since it became the Holding Company's Subsidiary. (b) Not dealt with in the Accounts of Holding Company (i) For the said financial year of the Subsidiary (ii) For the previous financial years of the Subsidiary since it became the Holding Company's Subsidiary	GBP Nil Nil	US\$ Nil Nil	EURO Nil Nil	Algerian Dinars \$ Nil Nil	\$ Nil Nil	EURO Nil Nil	Qatari Riyals Nil Nil	UAE Dirhams Nil Nil	BRL Nil Nil	Rs. Nil Nil
4. Material changes, if any, between the end of the financial year of the subsidiary company and that of the Holding Company.	(60,036) 228,852 NA	128,416 275,890 NA	(459,830) 709,763 NA	(102,060,459) (71,168,072) NA	(272,618) (364,214) NA	210 Nil NA	(153,456) Nil NA	138,148 Nil NA	- - NA	(21,00,684) (307,086) NA

Notes :

*1. The financial year of the company ends on December 31st. However, the results given are as of March 31, 2013

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

*3. Towards 100% Capital Contribution

*4. Capital contribution pending

Kolkata

May 10, 2013

For and on behalf of the Board

Chairman

P. K. Khaitan

Managing Director

U. Kejriwal

Company Secretary

A. K. Kanodia

Auditors' Report

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

We have audited the accompanying consolidated financial statements of Electrosteel Castings Limited ("the Company"), its subsidiaries, joint ventures and associates which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

As stated in Note No. 2.41 to the Consolidated Financial Statements, the financial Statements of following joint venture North Dhadhu Mining Company Pvt. Ltd respectively for the year ended 31st March,2013 as compiled for consolidation purposes, have been prepared by the management, and have

not been subjected to audits by their auditors. The financial statements of the joint ventures reflects total assets of Rs. 823.73 Lakhs as at March 2013, total revenue of Rs. Nil Lakhs and net cash flow of Rs. 87.82 Lakhs for the year ended as on that date.

Opinion

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

- (a) In the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the consolidated Statement of Profit and Loss, of the Loss for the year ended on that date; and
- (c) In the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matters

- (a) We did not audit the financial statements of any of the subsidiary companies whose financial statements reflect total assets of Rs. 58,111.26 Lakhs as at 31st March 2013, total revenue of Rs 74,657.53 Lakhs and Net cash flows of Rs. 1,253.85 Lakhs for the year ended as on that date. The financial statements of these subsidiaries were audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.
- (b) We did not audit the financial statements of associates of the Company, which were audited by the other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of such associates, is based solely on the reports of the other auditors.
- (c) We did not audit the financial statements of North Dhadhu Mining Company Pvt Limited, a jointly controlled entity whose financial statements reflect the Company's proportionate share of total assets of Rs. 823.73 Lakhs as at 31st March 2013, total revenue of Rs. NIL and net cash flows of Rs. 87.82 Lakhs for the year ended as on that date. The financial statements of the said jointly controlled entity was not audited by their auditors and our opinion, in so far as it relates to the amounts included in respect of the said jointly controlled entity, is based solely on the management accounts.

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

Place: Kolkata
Date: 10th May 2013

R.P. Singh
Partner
Membership No: 52438

Consolidated Balance Sheet as at March 31, 2013

Particulars	Note No.	Amount Rs. in lakhs	
		As at 31.03.2013	As at 31.03.2012
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2.1	32,67.53	32,67.53
Reserves and Surplus	2.2	21,93,11.10	16,62,80.69
		22,25,78.63	16,95,48.22
Minority Interest		9,28.98	10,65.50
NON-CURRENT LIABILITIES			
Long-term borrowings	2.3	12,17,82.15	8,65,70.65
Deferred tax liabilities (Net)	2.4	33,75.25	20,65.63
Other Long term liabilities	2.5	10,31.41	4,14.06
Long-term provisions	2.6	10,56.33	10,17.87
		12,72,45.14	9,00,68.21
CURRENT LIABILITIES			
Short-term borrowings	2.7	10,10,23.03	6,93,35.95
Trade payables	2.8	1,85,04.55	3,95,19.80
Other current liabilities	2.9	3,15,96.16	5,19,96.57
Short-term provisions	2.10	68,55.32	1,14,65.23
		15,79,79.06	17,23,17.55
TOTAL		50,87,31.81	43,29,99.48
ASSETS			
NON-CURRENT ASSETS			
Goodwill		14,30.25	14,30.49
Fixed assets			
Tangible assets	2.11	11,31,68.69	5,83,91.08
Intangible assets	2.11	1,75.56	2,78.79
Capital work-in-progress	2.11 & 2.32	9,93,02.02	6,64,23.84
		21,26,46.27	12,50,93.71
Non-current investments	2.12	8,67,77.48	8,20,83.70
Long-term loans and advances	2.14	84,12.88	75,08.72
Other non-current assets	2.15	13,96.36	11,16.35
		31,06,63.24	21,72,32.97
CURRENT ASSETS			
Current investments	2.13	1,14,19.12	2,53,06.85
Inventories	2.16	6,54,09.64	7,95,61.22
Trade receivables	2.17	6,01,01.82	5,75,47.29
Cash and bank balances	2.18	3,46,13.44	1,69,41.88
Short-term loans and advances	2.19	1,71,51.43	2,63,87.14
Other current assets	2.20	93,73.12	1,00,22.13
		19,80,68.57	21,57,66.51
TOTAL		50,87,31.81	43,29,99.48
Summary of significant accounting policies	1		
Notes on consolidated financial statements	2.1 - 2.45		

The notes are an integral part of the consolidated financial statements

As per our report of even date.

For Lodha & Co.
Chartered Accountants

R. P. Singh
Partner
Kolkata
May 10, 2013

For and on behalf of the Board

Chairman P. K. Khaitan
Managing Director U. Kejriwal
Company Secretary A. K. Kanodia

Consolidated Statement of Profit & Loss for the year ended March 31, 2013

Amount Rs. in lakhs

Particulars	Note No.	For the year ended 31.03.2013	For the year ended 31.03.2012
Revenue from operations	2.21	22,14,06.50	21,01,74.73
Other income	2.22	95,49.03	74,16.83
Total Revenue		23,09,55.53	21,75,91.56
Expenses			
Cost of materials consumed	2.23	9,66,46.94	9,54,19.81
Purchases of Stock-in-Trade	2.24	1,43,04.89	2,00,61.56
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	2.25	49,45.89	-63,57.26
Employee benefits expense	2.26	1,82,61.76	1,58,98.57
Finance costs	2.27	1,25,65.71	1,10,80.33
Depreciation and amortization expense	2.11	55,70.33	56,57.63
Other expenses	2.28	6,74,44.81	7,46,83.51
Total expenses		21,97,40.33	21,64,44.15
Profit before tax		1,12,15.20	11,47.41
Tax expense:			
Current tax	2.29	10,44.73	6,20.95
Deferred tax	2.4	13,09.62	-23,26.47
Profit / (Loss) for the period		88,60.85	28,52.93
Add: Share of Profit/(loss) in Associates		-1,12,00.01	-54,36.17
Add/(Less): Share of Unrealised Profit		18.79	19.40
Net Profit/(Loss) before Minority Interest		-23,20.37	-25,63.84
Minority Interest		68.54	133.84
Net Profit/(Loss) for the period		-23,88.91	-26,97.68
Earnings per equity share:	2.31		
Equity share of par value of Re 1/- each			
Basic (Rs.)		-0.73	-0.83
Diluted (Rs.)		-0.73	-0.83
Number of shares used in computing earning per share			
Basic		32,67,52,705	32,67,52,705
Diluted		32,67,52,705	32,67,52,705
Summary of significant accounting policies	1		
Notes on consolidated financial statements	2.1 - 2.45		

The notes are an integral part of the consolidated financial statements

As per our report of even date.

For Lodha & Co.
Chartered Accountants

R. P. Singh
Partner
Kolkata
May 10, 2013

For and on behalf of the Board

Chairman P. K. Khaitan
Managing Director U. Kejriwal
Company Secretary A. K. Kanodia

Consolidated Cash Flow Statement for the year ended March 31, 2013

	(Rs. in lakhs)			
	Year ended March 31 2013	Year ended March 31 2013	Year ended March 31 2012	Year ended March 31 2012
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Taxes		11,12,15.20		11,47.41
Add : Depreciation/Amortisation	55,70.33		56,57.63	
Foreign Exchange loss / (gain)	(20,03.24)		9,91.10	
Bad Debt & Pipe rectification LD charges	84.09		2,17.71	
Pipe mould written off	3,62.33		2,65.57	
Provision for Doubtful debts	3,67.24		-	
Provision for others	21,48.20		(26,64.13)	
Provision for losses on mark to market basis on derivative transactions	95.11		68,61.42	
Interest	1,25,65.71	1,91,89.77	1,10,80.33	2,24,09.63
		3,04,04.97		2,35,57.04
Less: Interest Received	8,33.18		30,23.76	
Income from Investments	19,32.15		30,30.43	
Provisions / Liabilities no longer required written back	50,60.16		6,21.14	
Profit/(Loss) on sale/discard of Fixed Assets (Net)	(8.35)	78,17.14	(18.39)	66,56.94
Operating Profit before Working Capital changes		2,25,87.83		1,69,00.10
Less: Increase/(Decrease) in Inventories	(1,41,51.58)		91,92.92	
Increase/(Decrease) in Trade Receivables	(2,28,36.58)		4,69,61.44	
Increase/(Decrease) in Loans & Advances	(98,67.53)		1,46,46.08	
(Increase)/Decrease in Other Current Liabilities	96.65		-	
(Increase)/Decrease in Trade Payables	4,66,00.93	(158.11)	(3,08,95.92)	3,99,04.52
Cash generation From Operations		2,27,45.94		(2,30,04.42)
Less: Direct Taxes paid (Net of Refund)		11,23.22		24,93.29
Net cash flow from Operating activities		2,16,22.72		(2,54,97.71)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets / movements in Capital work in progress	(3,02,98.19)		(2,49,08.13)	
Share Application money paid	-		(34.65)	
Fixed Assets sold/discarded	27.84		11.36	
(Purchase)/Sale of Investment (net)	1,53,53.85		3,33,23.97	
Investment in associate, joint venture & associates	(1,60,40.44)		(16,12.18)	
Interest Received	10,02.39		28,63.17	
Other bank balance: deposits within 3 to 12 months maturity	20,12.75		33,69.96	
Dividend received	14.10	(2,79,27.70)	337.06	1,33,50.56
Net Cash flow from Investing activities		(2,79,27.70)		1,33,50.56
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of share capital	(20.06)		414.28	
Proceeds/(Repayment) from borrowings (net)	1,79,50.68		3,93,92.98	
(Repayment) of ZCCB including redemption premium and withholding tax	-		(1,28,16.51)	
Repayment of Finance Lease	(17.67)		-	
Proceeds from Bank OD	(20,65.89)		-	
Proceeds / (Redemption / Repayment) of Debentures/Term Loan	2,41,39.31		-	
	3,99,86.37		2,69,90.75	
ZCCB Issue expenses				
Interest Paid	(1,20,93.87)		(1,02,67.12)	
Dividend paid	(16,61.90)		(40,68.84)	
Tax on Dividend	(2,65.04)	2,59,65.56	(6,62.59)	1,19,92.20
Net cash flow from Financing activities		2,59,65.56		11,99,2.20
Cash and Cash equivalents (A+B+C)		1,96,60.58		(1,54.95)
Cash and Cash equivalents as at 1st April		80,70.11		82,36.83
Add/(Less): Unrealised exchange gain/(loss) on Bank balances, ECB Proceeds (net)		23.73		(11.77)
Cash and Cash equivalents as at 31st March (Refer Note 2.18)		2,77,54.42		80,70.11
Note : 1) Cash and Cash equivalents represents cash in hand and deposits/balances with Banks		2,77,54.42		80,70.11
2) The Cash flow statement has been prepared under indirect method as per Accounting Standard 3 on Cash Flow Statement				

As per our report of even date.

For Lodha & Co.
Chartered AccountantsR. P. Singh
Partner
Kolkata
May 10, 2013

For and on behalf of the Board

Chairman P. K. Khaitan
Managing Director U. Kejriwal
Company Secretary A. K. Kanodia

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Name of the subsidiaries	Country of Incorporation	Proportion of ownership interest
Electrosteel Europe SA	France	100%
Electrosteel Algerie SPA	Algeria	100%
Electrosteel Castings (UK) Limited	United Kingdom	100%
Electrosteel USA, LLC	USA	100%
WaterFab LLC (acquired 100% share capital through wholly owned subsidiary Electrosteel USA, LLC)	USA	
Electrosteel Trading S.A, Spain	Spain	100%
Mahadev Vyapaar Private Limited	India	100%
Singardo International Pte Limited	Singapore	53.76%
Electrosteel Castings Gulf FZE*	UAE	100%
Electrosteel Doha for Trading LLC@	Qatar	49%
Electrosteel Brasil Ltda. Tubos e Conexoes Duteis	Brazil	100%
Name of the Associate Companies	Country of Incorporation	Proportion of ownership interest
Lanco Industries Limited	India	48.54%
Electrosteel Steels Limited	India	39.64%
Electrosteel Thermal Power Limited	India	30.00%
Name of the Joint Venture Companies	Country of Incorporation	Proportion of ownership interest
Domco Private Limited	India	50.00%
North Dhadhu Mining Company Pvt Ltd	India	48.98%

* Incorporated during the year

@ In terms of shareholders agreement the Company is entitled to 97% share in the profit/loss.

1.3 CONSOLIDATION PROCEDURE :

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

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

1.4 Investments other than in subsidiaries, joint ventures and associates have been accounted as per AS-13 on "Accounting for Investments".

1.5 OTHER SIGNIFICANT ACCOUNTING POLICIES :

1.5.1 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

1.5.2 USE OF ESTIMATES

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

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

1.5.3 FIXED ASSETS, DEPRECIATION AND AMORTIZATION

1) Tangible Assets

(i) Gross Block :

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

(ii) Depreciation and Amortisation :

[A] In case of the Company :

(a) Depreciation on Fixed Assets, except otherwise stated, is provided as per Schedule XIV of the Companies Act, 1956 on straight line method in respect of Plant and Equipment of Ductile Iron Foundry Works, Coal Mine, Mini Blast Furnace Plant, Captive Power Plant, Sponge Iron Plant, Coke Oven Plant and Sinter Plant and on written down value method on other assets. Certain Plant and Equipment have been considered Continuous Process Plant on the basis of technical assessment. Depreciation on upgradation of fixed assets (tangible) is provided over the remaining useful life of the mother plant / fixed assets.

(b) Assets costing Rs. Five Thousand or less are being depreciated fully in the year of addition/acquisition.

(c) Pipe Moulds above 350 mm for Ductile Iron Foundry Works are depreciated over a period of 3 years. Pipe Moulds upto 350 mm are charged to consumption in the year of issue.

(d) Blast Furnace and Coke Oven Battery relining are depreciated on straight line method over a period of 2 and 5 years respectively (average expected life) as per technical assessment. Wagons acquired under "Wagon Investment Scheme" are depreciated over a period of 10 years and Heavy Earth Moving Machinery used for coal mines are depreciated over a period of 5 years on straight line method. Railway siding constructed on government land is amortised over the period of ten years.

(e) Leasehold land is amortised on straight line method over the period of the lease.

(f) Machinery Spares which can be used only in connection with an item of Fixed Asset and whose use are expected to be irregular, are amortised over the useful life of the respective fixed assets and the amount amortised is included under stores and spares consumed.

[B] In case of the subsidiaries, depreciation is provided on straight line method on the basis of estimated useful life of the assets applying the depreciation rates ranging from 3.03% to 35% per annum. In case of Singardo International Pte. Ltd., and Electrosteel Castings (UK) Ltd. assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

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

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

2) Intangible Assets

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

1.5.4 INVESTMENTS

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

1.5.5 INVENTORIES

(i) Inventories are valued at lower of the cost or net realisable value. Cost of inventories is ascertained on 'weighted average' basis. Materials and other supplies held for use in the production of inventories are not written down below cost if the related finished products are expected to be sold at or above cost.

(ii) In case of subsidiaries

(a) Inventories of Electrosteel Algeria SPA are valued at weighted average price method

(b) Inventories of USA is valued at lower of cost or market, with cost determined on the basis of the average cost of all similar item.

(iii) Cost in respect of raw materials and stores and spares include expenses incidental to procurement of the same. Cost in respect of finished goods represents prime cost, and includes appropriate portion of overheads and excise duty wherever applicable. Cost in respect of purchased finished goods comprises of procurement cost and other expenses incurred in bringing such goods to the present location and condition.

(iv) Cost in respect of process stock represents, cost incurred upto the stage of completion.

(v) Cost in respect of Work-in-progress represents cost of materials remaining uncertified / incomplete under the Turnkey Contracts undertaken by the Company.

1.5.6 IMPAIRMENT

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

1.5.7 FOREIGN CURRENCY TRANSACTIONS

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

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

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

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

1.5.8 REVENUE RECOGNITION

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

1.5.9 SALES

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

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

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

1.5.10 DIVIDEND POLICY

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

1.5.11 EMPLOYEE BENEFITS

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

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

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

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

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

1.5.12 BORROWING COSTS

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

1.5.13 RESEARCH AND DEVELOPMENT

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

1.5.14 EXPORT BENEFITS

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

1.5.15 GOVERNMENT GRANTS

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

1.5.16 INCOME TAX

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

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

1.5.17 LEASES

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

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

1.5.18 PROVISIONS, CONTINGENCIES AND CONTINGENT ASSETS

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

Notes on Consolidated Financial Statements

2. NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Amount Rs. in lakhs

2.1 SHARE CAPITAL

Particulars	As at March 31, 2013	As at March 31, 2012
Authorised		
Equity shares, Re 1/- par value		
500000000 (500000000) equity shares	50,00.00	50,00.00
Issued, Subscribed and Paid-up		
Equity shares, Re 1/- par value		
326752705 (326752705) equity shares fully paid up	32,67.53	32,67.53
	<u>32,67.53</u>	<u>32,67.53</u>

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

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

2.1.3 During the year ended 31 March 2013, the amount of per share dividend recognized as distribution to equity shareholders was Re. 0.50

2.1.4 Reconciliation of the number of shares outstanding.

No. of shares

Particulars	Ref. note no.	As at March 31, 2013	As at March 31, 2012
Number of shares at the beginning		32,67,52,705	32,67,52,705
Number of shares at the end		32,67,52,705	32,67,52,705
2.2 RESERVES AND SURPLUS			
Capital reserve			
Capital subsidy as per last Balance Sheet		66.01	66.01
Others			
Amount forfeited on warrants not exercised as per last Balance Sheet		30,94.71	30,94.71
Amount received on issue of warrants as per last Balance Sheet	2.2.1	10,07.05	10,07.05
		<u>41,67.77</u>	<u>41,67.77</u>
Securities Premium Account as per last Balance Sheet		6,10,28.68	6,15,48.56
Less: Provision for premium on redemption of ZCCB		-	5,19.88
		<u>6,10,28.68</u>	<u>6,10,28.68</u>
Revaluation Reserve			
Created during the year	2.11.1	5,73,30.74	-
		<u>5,73,30.74</u>	<u>-</u>

Notes on Consolidated Financial Statements

Particulars	Ref. Note No.	Amount Rs. in lakhs	
		As at March 31, 2013	As at March 31, 2012
Debenture Redemption Reserve as per last Balance Sheet		50,00.00	59,00.00
Add: Transfer from Surplus		10,00.00	16,00.00
		60,00.00	75,00.00
Less : Transfer to Surplus		50,00.00	25,00.00
		10,00.00	50,00.00
Legal reserve as per last Balance Sheet		33.82	33.82
Add: Transfer from Surplus		65.49	0.00
		99.31	33.82
General reserve as per last Balance Sheet		8,50,58.48	8,45,58.73
Add : Transfer from Surplus		45,00.00	5,00.00
		8,95,58.48	8,50,58.73
Less : Transfer to Surplus in respect of Retained Earnings of Subsidiary		-	0.25
		8,95,58.48	8,50,58.48
Surplus as per last Balance Sheet		1,09,91.94	1,51,88.17
Add : Net profit after tax transferred from Statement of Profit and Loss		-23,88.91	-26,97.68
Add : Transfer from debenture redemption reserve		50,00.00	25,00.00
Amount available for appropriation		1,36,03.03	1,49,90.49
Appropriations :			
Proposed dividend	2.1.2 & 2.1.3	16,33.76	16,33.76
Tax on dividend		2,77.66	2,65.04
Amount transferred to debenture redemption reserve		10,00.00	16,00.00
Amount transferred from retained earnings of subsidiaries		-	-0.25
Amount transferred to general reserve		45,00.00	5,00.00
Amount transferred to legal reserve		65.49	-
Balance in Surplus		61,26.12	1,09,91.94
		21,93,11.10	16,62,80.69

2.2.1 The Company through Qualified Institutional Placements had issued 33568312 warrant at a price of Rs. 3 each, entitling the holder to 1 (one) equity share. As per terms and conditions of the issue, the warrant holders have an option to convert, warrant into equity at any time on or after three years and upto five years from the date of allotment (i.e. 08/02/2010) at exercise price of Rs. 59.58 per share. The warrant issue price aggregating to Rs. 1007.05 lakhs, being non adjustable/non refundable has been credited to Capital Reserve.

Notes on Consolidated Financial Statements

Amount Rs. in lakhs

2.3 LONG TERM BORROWINGS

Particulars	Ref. Note No.	As at March 31, 2013		As at March 31, 2012	
		Non Current	Current	Non Current	Current
SECURED LOANS					
10.75% Non Convertible Debentures	2.3.1	1,20,00.00	–	–	–
9.15% Non Convertible Debentures	2.3.2	–	–	–	2,00,00.00
Term loans-from banks					
External Commercial Borrowing	2.3.4.1 & 2.3.4.2	10,35,67.07	1,39,92.43	7,45,24.55	–
Term loan from a financial institution	2.3.3.1 & 2.3.3.4	54,79.12	61,21.92	1,11,58.09	61,02.94
Finance Lease	2.3.5	57.34	24.24	41.79	20.12
Others	2.3.6	678.62	90.48	846.22	88.24
		12,17,82.15	2,02,29.07	8,65,70.65	2,62,11.30

- 2.3.1 10.75% Non Convertible Debentures (privately placed) are secured by first pari-passu charge on company's fixed assets (immovable and movable) including land and buildings both present and future other than assets located at Chennai and Elavur excluding furniture and fixture, vehicles and other intangible assets. These debentures were allotted on 11th April, 2012 and are redeemable at par in three equal annual installments at the end of 3rd, 4th & 5th year from the date of allotment i.e. 11th April, 2015. However, there is a Put and Call option available to the issuer / investor which can be exercised at the end of three years from the date of allotment.
- 2.3.2 9.15% Non Convertible Debentures (privately placed) were secured by second pari-passu charge on company's fixed assets (immovable and movable) including land and buildings both present and future other than certain property located at Chennai and Elavur. These debentures were allotted on 8th February, 2010 and were redeemed during the year.
- 2.3.3.1 Term loan from a financial institution are secured by way of first pari-passu charge over the movable fixed assets, lands and other immovable properties of the company both present and future other than assets located at Chennai and Elavur.
- 2.3.3.2 Term loan of Rs. 15000 lakhs is repayable in 16 quarterly equal installments of Rs. 937.50 lakhs from 14th August 2010 and term loan of Rs. 10000 lakhs is repayable in 17 quarterly equal installments of Rs. 588.23 lakhs from 30th December 2011. The interest rate ranges from 10% to 13%.
- 2.3.3.3 Bank loan of Rs 423.97 lakhs is repayable in 187 monthly equal installments of Rs 2.37 lakhs from August 2013. The loan has a fixed interest rate of 1.88% in the first year, 1.98% in the second year and there after at an interest rate of 0.5% over the banks commercial financing rate.
- 2.3.3.4 In one of the subsidiary there is a legal mortgage on building and is secured by personal guarantee of one of its director.
- 2.3.4.1 External Commercial Borrowings of Rs. 42082.50 lakhs is secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than assets located at Chennai and Elavur, and External Commercial Borrowings of Rs. 75477.00 lakhs is secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than assets located at Chennai and Elavur.
- 2.3.4.2 External Commercial Borrowings of Rs. 42082.50 lakhs is repayable in 3 annual installments of 33.25% in July'2013, 33.25% in July'2014 & 33.50% in July'2015 and external commercial borrowings of Rs. 75477.00 lakhs is repayable in 12 Semi annual installments from 29th August'2015. The interest rate ranges from 6M Libor + 200 to 500 bps.
- 2.3.5 The carrying amounts of financial lease represent their fair values. The flat interest rate is 2.2% per annum. The company's obligation under finance lease is secured by lessor's title to the leased asset.
- 2.3.6 Loan from others includes Rs 904.82 lakhs which is repayable in 120 equal monthly installments of Rs 7.54 lakhs from 25th October 2011.

Notes on Consolidated Financial Statements

2.4 DEFERRED TAX LIABILITIES (NET)

Amount Rs. in lakhs

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

Particulars	Opening as on 01.04.2012	Charge or (Credit) during the Year	Closing as at 31.03.2013
Deferred Tax Assets :			
1. Expenses Allowable on payment Basis	3,77.59	48.44	4,26.03
2. Provision for doubtful debts and advances	2,39.72	82.79	3,22.51
3. Provision for losses on Derivatives on Mark to Market basis	22,26.16	-21,93.43	32.73
4. Others	7,07.60	7,72.39	14,79.99
Deferred Tax Liabilities :			
1. Depreciation etc.	52,69.68	-56.93	52,12.75
2. Liquidated Damages and Retention money	3,47.02	76.74	4,23.76
Net Deferred Tax Liability	20,65.63	13,09.62	33,75.25

2.5 OTHER LONG TERM LIABILITIES

Particulars	Ref. Note No.	As at March 31, 2013	As at March 31, 2012
Trade payables		9,57.61	3,84.19
Others	2.5.1	73.80	29.87
		10,31.41	4,14.06
2.5.1 Includes Hire Purchase creditors Rs Nil (previous year Rs 1.66 lakhs)			
2.6 LONG TERM PROVISION			
Provision for employee benefits		7,56.33	7,17.87
Others		3,00.00	3,00.00
		10,56.33	10,17.87
2.7 SHORT TERM BORROWINGS			
SECURED LOANS			
Repayable on demand from banks	2.7.1		
Indian Currency		1,05,56.19	2,39,16.90
Foreign Currency	2.3.6 & 2.7.3	6,09,38.27	2,06,16.83
		7,14,94.46	4,45,33.73
UNSECURED LOANS			
Repayable on demand from banks			
Indian Currency		50,00.00	-
Foreign Currency		2,29,76.36	1,72,43.97
Commercial papers		15,00.00	75,00.00
Others	2.7.2	52.21	58.25
		2,95,28.57	2,48,02.22
		10,10,23.03	6,93,35.95

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

2.7.2 Includes interest free loan from a share holder amounting to Rs 52.21 lakhs (Previous year Rs 48.25 lakhs)

2.7.3 Loans repayable on demand being Working Capital facilities from Banks includes Rs 2886.79 lakhs secured over the assets of one of the subsidiary including freehold and lease hold property.

Notes on Consolidated Financial Statements

		Amount Rs. in lakhs	
2.8 TRADE PAYABLES		As at	As at
Particulars	Ref. Note No.	March 31, 2013	March 31, 2012
Trade payables	2.8.1	1,85,04.55	3,95,19.80
		1,85,04.55	3,95,19.80
2.8.1 Including acceptances of Rs. 353.47 lakhs (previous year Rs. 1,07,91.16 lakhs)			
2.9 OTHER CURRENT LIABILITIES			
Current maturities of long-term debt	2.3		
Secured		2,02,04.83	2,61,91.18
Current maturities of long-term finance lease	2.3		
Secured		24.24	20.12
Interest accrued but not due on borrowings		18,80.02	8,62.83
Advance from customers		21,29.48	31,89.34
Unclaimed dividends	2.9.1	1,33.02	1,41.59
Other payables			
Credit balances in current account with banks		20,41.73	1,68,16.86
Statutory deductions/payables		17,17.67	8,16.97
Excise duty on stock		8,08.88	9,61.05
Capital vendors		12,43.11	12,79.55
Others	2.9.2	14,12.26	17,16.15
		3,15,95.24	5,19,95.64
Share of Joint venture	2.12.4	0.92	0.93
		3,15,96.16	5,19,96.57
2.9.1 The same is not due for payment to Investor Education and Protection Fund.			
2.9.2 Includes Rs. 1219.10 lakhs (previous year Rs. 15,68.33 lakhs) payable to banks on account of derivative settlement			
2.10 SHORT TERM PROVISIONS			
Provision for employee benefits		12,19.85	9,87.38
Others			
Provision for taxation (net of advance tax)		1,42.03	-
Provision for dividend	2.1.2 & 2.1.3	16,33.76	16,33.76
Provision for tax on dividend		2,77.66	2,65.04
Provision for losses on derivative transactions on mark to market basis	2.28.4	12,72.03	80,69.52
Other Provisions	2.10.1	23,09.99	5,09.53
		68,55.32	1,14,65.23

2.10.1 Other provisions include (a) provision relating to indirect taxes in respect of proceedings of various excise duty matters – carrying amount at the end of the year Rs. 500.00 lakhs (previous year Rs. 500.00 lakhs). No amount was used and reversed during the year. Outflows in these cases would depend on the final developments/outcomes; (b) Other class of provisions related to disputed customer claims/rebates/demands – carrying amount at the end of the year Rs. 1500.00 lakhs (previous year Rs. nil).

Notes on Consolidated Financial Statements

2.11. FIXED ASSETS

Amount Rs. In Lakhs

Description	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
	Cost as on April 01, 2012	Additions	Revaluation	Sales	Other Adjustments	Cost as on March 31, 2013	Up to March 31, 2012	For The Year	Sales	Up to March 31, 2013	As on March 31, 2013	As on March 31, 2012
1	2	3	4	5	6	7	8	9	10	11	12	13
Tangible Assets												
Land-freehold	47,55.61	1,89.58	5,27,78.68	-	-	5,77,23.87	-	-	-	-	5,77,23.87	47,55.61
Land-leasehold	30,69.04	44.61	-	-	-	31,13.65	94.65	14.93	-	1,09.58	30,04.07	29,74.39
Buildings	1,12,53.48	11,64.79	45,52.06	-	-	1,69,70.33	46,86.06	4,86.68	-	51,72.74	1,17,97.59	65,67.42
Railway siding	42,89.90	22.40	-	-	1,81.61	44,93.91	1,44.52	4,25.58	-	5,70.10	39,23.81	41,45.38
Plant and equipments	7,62,56.85	15,77.81	-	10,08.14	9,41.24	7,77,67.76	3,75,86.81	54,80.38	6,35.78	4,24,31.41	3,53,36.35	3,86,70.04
Office equipment	7,15.54	1,20.83	-	0.59	-	8,35.78	3,52.36	50.88	0.45	4,02.79	4,32.99	3,63.18
Furniture and fixtures	8,33.96	78.50	-	5.82	-	9,06.64	5,46.74	75.86	5.81	6,16.79	2,89.85	2,87.22
Vehicles	11,88.61	1,87.24	-	12,62.26	-	12,49.59	5,62.28	1,24.87	96.26	5,50.89	6,38.70	6,26.33
Livestock	1.11	-	-	-	-	1.11	-	-	-	-	1.11	-
Total	10,23,64.10	33,85.76	5,73,30.74	11,40.81	11,22.85	16,30,62.64	4,39,73.42	66,59.18	7,38.30	4,98,94.30	11,31,68.34	5,83,90.68
Share of Joint Venture	0.59	-	-	-	-	0.59	0.19	0.05	-	0.24	0.35	0.40
Total	10,23,64.69	33,85.76	5,73,30.74	11,40.81	11,22.85	16,30,63.23	4,39,73.61	66,59.23	7,38.30	4,98,94.54	11,31,68.69	5,83,91.08
Intangible Assets												
Computers softwares	7,48.74	35.60	-	-	-	7,84.34	4,82.68	1,37.30	-	6,19.98	1,64.36	2,66.06
Mining Rights	15.32	-	-	-	-	15.32	2.59	1.53	-	4.12	11.20	12.73
Total	7,64.06	35.60	-	-	-	7,99.66	4,85.27	1,38.83	-	6,24.10	1,75.56	2,78.79
Grand Total	10,31,28.75	34,21.36	5,73,30.74	11,40.81	11,22.85	16,38,62.89	4,44,58.88	67,98.06	7,38.30	5,05,18.64	11,33,44.25	5,86,69.87
Previous Year	9,33,44.31	98,82.20	-	9,31.55	8,33.79	10,31,28.75	3,82,46.86	68,48.25	6,36.23	4,44,58.88	5,86,69.87	-

Notes:

- 2.11.1 Freehold Land and buildings pertaining to Elavur, Khardah and Haldia Units of the Company has been revalued by an approved valuer as on 31st March 2013 on direct sales approach basis and depreciated/replacement cost approach basis respectively. Accordingly, net increase of Rs 52778.68 Lakhs and Rs. 4552.06 Lakhs in the value of Freehold Land and Building respectively due to such revaluation has been transferred to Revaluation Reserve.
- 2.11.2 Plant and Equipments includes (a) Rs.827.02 lakhs (Previous year Rs. 803.02 lakhs) being contribution for laying the Power line, the ownership of which does not vest with the company. (b) Rs. 2498.72 lakhs (Previous year Rs. 2498.72 lakhs) being cost of wagons procured under "Wagon Investment Scheme".
- 2.11.3 Depreciation and amortization for the year includes Rs. 1227.73 lakhs (Previous year Rs. 1190.62 lakhs) transferred to Pre-operative expenses.
- 2.11.4 Leasehold Land of Rs. 240.00 lakhs (Previous Year Rs. 240.00 lakhs) is pending execution of lease agreement and registration thereof.
- 2.11.5 Freehold land includes Rs. 405.06 lakhs (Previous year Rs.389.58 lakhs) in respect of which the execution of conveyance deeds is under process.
- 2.11.6 Other adjustment(incl) includes Rs. Nil (Previous Year Rs 474.39 lakhs) being interest capitalised during the year. Rs. 1122.85 lakhs(Previous Year Rs. 359.41 lakhs) representing foreign exchange fluctuation.
- 2.11.7 Railway siding includes Rs. 4239.98 lakhs (Previous year Rs. 4035.96 lakhs) being amount incurred for construction, the ownership of which does not vest with the company.
- 2.11.8 Land with factory buildings (net block Rs. 13695.18 lakhs) at Elavur plant of the Company are mortgaged in the favour of lender to Electrosteel Steels limited, an associate of the Company.
- 2.11.9 Classification of assets into leasehold and freehold is as per the respective subsidiaries.
- 2.11.10 Refer note 2.3 and 2.7.3
- 2.11.11 **Capital Work-in-progress**

Particulars

Capital Work-in-progress

Share of Joint Venture (Note 2.12.5)

(includes depreciation for the year Rs. 0.05 lakhs (previous year Rs. 0.05 lakhs))

As at	As at
March 31, 2013	March 31, 2012
9,86,09.31	6,57,65.03
6,92.71	6,38.81
9,93,02.02	6,64,23.84

Notes on Consolidated Financial Statements

2.12 NON-CURRENT INVESTMENTS- AT COST (Fully paid up except otherwise stated)

Amount Rs. in lakhs

Particulars	Rs. in lakhs	As at March 31, 2013		As at March 31, 2012	
		Holding	Value	Holding	Value
(A) Trade Equity Shares					
Quoted					
R.G. Ispat Limited (Face value of Rs.10/- each)		50	0.00	50	0.00
Saint Gobin- PAM (Face Value of Euro 4/- each)		14	0.26	14	0.26
Van Roll (Face Value of Euro 0.071 each)		10	0.05	10	0.05
Unquoted					
Rainbow Steels Limited(Face value of Rs. 10/- each)		100	0.01	100	0.01
Metal Scrap Trade Corporation Limited.(Face value of Rs. 10/- each)		1000	0.05	1000	0.05
			<u>0.37</u>		<u>0.37</u>
(B) Others					
Equity Shares					
Quoted					
Associates					
Lanco Industries Limited (Face value of Rs.10/- each)	1,45,77.84	19301218	1,38,96.88	19301218	1,45,77.8
Add : Share of Profit/(Loss) for the year(Net)	(680.96)				
Less : Dividend Received	-				
Electrosteel Steels Ltd. (Face value Rs. 10/-each)	6,74,99.13	866750000	7,28,73.97	708000000	6,74,99.13
[Cost of acquisition includes goodwill of Rs. 2451.21 lakhs (Previous Year Rs. 754.90 lakhs)]					
Add : Addition during the year	1,58,75.00				
Add : Share of Profit/(Loss) for the year(Net)	(1,05,00.16)				
Unquoted					
Associate					
Electrosteel Thermal Power Ltd.(Face value of Rs.10/- each)	1.36	15000	1.26	15000	1.36
[Cost of acquisition including goodwill of rs. 0.70 lakhs (Previous Year Rs. .70 lakhs)]					
Add : Share of Profit/(Losses) for the year	(0.10)				
Joint Venture					
Domco Pvt Ltd (Face value of Rs 100/- each)		30000	30.00	30000	30.00
North Dhadhu Mining Company Pvt Ltd (Face value of Rs10/- each)	8,22.81	8228053	-	5880000	-
[Cost of acquisition including goodwill of Rs. nil (Previous Year Rs. 0.24 lakhs)]					
Less : Proportionate Consolidation	822.81				
Other Companies					
N Marshall Hi-tech Engineers Pvt. Ltd.(Face value of Rs.10/- each)		50000	5.00	50000	5.00
			<u>8,68,07.11</u>		<u>8,21,13.33</u>
Quoted Preference share					
Mukand Limited (0.01% Cumulative Redeemable Preference Shares face value of Rs10/-each)		16	-	16	-
			<u>8,68,07.11</u>		<u>8,21,13.33</u>
Less : Provision for Investment			30.00		30.00
			<u>8,67,77.11</u>		<u>8,20,83.33</u>
Total-Non Current Investments			<u>8,67,77.48</u>		<u>8,20,83.70</u>
Aggregate amount of Quoted Investments			8,67,71.16		8,20,77.28
Aggregate amount of Unquoted Investments			6.32		6.42
Aggregate amount of Market value of Quoted Investments			4,60,90.92		4,93,93.77

Notes on Consolidated Financial Statements

- 2.12.1 50000000 Equity shares of Rs 10/- each fully paid up of Electrosteel Steels Limited aggregating Rs. 50000.00 lakhs held by the Company as Investment have been pledged in favour of Electrosteel Steels Limited lenders for securing financial assistance to Electrosteel Steels Limited.
- 2.12.2 The Company's investment in Electrosteel Steels Limited being strategic and long term in nature, no provision has been considered necessary with regard to diminution in market value of these investment.
- 2.12.3 The Company has investment in equity shares of Domco Private Limited (DPL), a Company incorporated in India, and has joint control (proportion of ownership interest of the Company being 50%) over DPL along with other venturers (the Venturers). The Venturers had filed a petition before the Company Law Board, Principal Bench, New Delhi (CLB) against the Company on various matters including for forfeiture of the Company's investment in equity shares of the DPL. The Company had inter alia filed petition before the Hon'ble High Court of Jharkhand at Ranchi. The Hon'ble High Court of Jharkhand at Ranchi upheld the Company's appeal and decided that the matter would have to be referred for Arbitration. The Venturer has challenged the aforesaid judgment in the Divisional Bench of the Hon'ble High Court of Jharkhand at Ranchi. Pending final outcome of the matter and since, the other Venturer are not providing the financial statements of DPL, and thereby disclosures as regards to contingent liability, capital commitments, if any, aggregate amounts of the assets, liabilities, income and expenses related to the Company's interest in DPL has not been made in these financial statements.
- 2.12.4 (a) The North Dhadhu Coal Block located in the state of Jharkhand was allocated to the Company, M/s. Adhunik Alloys & Power Limited (AAP), M/s. Jharkhand Ispat Pvt. Ltd. (JPL) and M/s. Pawanjay Steel & Power Limited (PSPL) (collectively referred to as venturers) for working through a joint venture company. Accordingly, North Dhadhu Mining Company Private Limited (NDMCPL), a company in which the Company has joint control (proportion of ownership interest of the Company being 48.98 %) along with other venturers was formed. The Company has investment of Rs. 822.81 lakhs in equity shares of NDMCPL.
- (b) During the year, the Ministry of Coal, Government of India issued an order for de-allocation of North Dhadhu Coal block and deduction of Bank Guarantee of Rs. 56.03 Crores issued for the same. The Company's share in the Bank Guarantee is Rs 27.45 crores. On a writ petition filed by the Company for quashing the order, stay has been granted by the Hon'ble High Court of Jharkhand. Pending final judgment, no provision is considered necessary in respect of Company's investment in NDMCPL and amount of Bank Guarantee.

2.12.5 Information on other joint venture (other than 2.12.3)

Sl. No. Name of the Joint Venture

(i) North Dhadhu Mining Private Limited

(ii) Contingent liabilities in respect of Joint Ventures.

A) Guarantee given by banks on behalf of the Company

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

A) Assets :

a) Fixed Assets (Net Block) :

Capital Work-in-Progress

b) Current Assets

Cash & Bank Balances

Long term loans & advances

Short term loans & advances

B) Current liabilities :

a) Other current liabilities

Country of Incorporation Percentage of ownership interest

India 48.98

Amount Rs. in lakhs

2012-13	2011-12
27,45.47	27,45.47

0.35	0.40
6,92.71	6,58.81

1,22.07	1,00.97
6.17	14.91
2.40	6.43

0.92	0.93
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2.13 CURRENT INVESTMENTS - AT COST

(Fully paid up except otherwise stated)

Others Non-trade

Equity Shares (Quoted)

	As at March 31, 2013		As at March 31, 2012	
	Holding	Value	Holding	Value
Coal India Limited (Face value of Rs 10 each)	22000	57.86	24000	63.13
Jindal Drilling & Industries Ltd (Face value of Rs 5 each)	176500	5,19.99	176500	5,19.99
Manganese Ore India Ltd (Face value of Rs 10 each)	3794	14.23	3794	14.23
Reliance Industries Ltd (Face value of Rs 10 each)	18000	1,60.19	18000	1,60.19
Andhra Bank (Face value of Rs 10 each)	5000	7.87	5000	7.87
Container Corporation of India Ltd. (Face value of Rs 10 each)	500	6.48	500	6.48
3I Infotech Ltd. (Face value of Rs 10 each)	60000	18.01	60000	18.01
BGR Energy Systems Ltd. (Face value of Rs 10 each)	1500	5.48	1500	5.48
Bharat Heavy Electricals Ltd. (Face value of Rs 2 each)	12500	41.94	12500	41.94
Fortis Healthcare (India) Ltd. (Face value of Rs 10 each)	4000	5.75	4000	5.75
GTL Infrastructure Ltd. (Face value of Rs 10 each)	60000	8.25	60000	8.25
Gujarat Fluorochemicals Ltd. (Face value of Re 1 each)	500	2.36	500	2.36
Garden Silk Mills Ltd. (Face value of Rs 10 each)	1000	0.80	1000	0.80
Himatsingka Seide Ltd. (Face value of Rs 5 each)	-	-	5000	1.88
Jyoti Structures Ltd. (Face value of Rs 2 each)	5000	3.59	5000	3.59
Larsen & Tubro Ltd. (Face value of Rs 2 each)	-	-	1000	13.31
L&T Finance Holdings Ltd. (Face value of Rs 10 each)	-	-	2500	1.31
Navin Fluorine International Ltd. (Face value of Rs 10 each)	1104	4.34	2304	9.06
National Aluminium Company Ltd. (Face value of Rs 5 each)	2500	1.95	2500	1.95
Oil India Ltd. (Face value of Rs 10 each)	-	-	3125	16.74
Oil & Natural Gas Corporation Ltd. (Face value of Rs 5 each)	-	-	2000	5.54
PTC India Ltd. (Face value of Rs 10 each)	-	-	2000	1.46
Punjab National Bank (Face value of Rs 10 each)	2000	19.85	2000	19.85
Pilani Investment and Industries Corporation Ltd. (Face value of Rs 10 each)	700	17.17	700	17.17
Sterlite Industries (India) Ltd. (Face value of Re 1 each)	5000	6.27	5000	6.27
Taj GVK Hotels & Resorts Ltd. (Face value of Rs 2 each)	5000	4.93	5000	4.93
Timex Group India Ltd. (Face value of Re 1 each)	1000	0.28	1000	0.28
Tata Teleservices (Maharashtra) Ltd. (Face value of Rs 10 each)	25000	4.91	25000	4.91
Zee News Ltd. (Face value of Re 1 each)	-	-	25000	3.55
		9,12.50		9,66.28
		2,67.68		50.56
		6,44.82		9,15.72

Less : Provision

Total -Equity Shares

Notes on Consolidated Financial Statements

2.13 CURRENT INVESTMENTS - AT COST (Contd.) (Fully paid up except otherwise stated)

Amount Rs. in lakhs

Others Non-trade	As at March 31, 2012		As at March 31, 2011	
	Holding	Value	Holding	Value
Bonds (Quoted)				
10.25% Reliance Capital Ltd. NCD 31st October 2022 of Rs. 1000000 each	4	41.24	-	-
10.10% Reliance Capital Ltd. NCD 28th September 2022 of Rs. 1000000 each	11	1,10.00	-	-
10.00% Reliance Capital Ltd. NCD 3rd November 2017 of Rs. 1000000 each	2	20.20	-	-
10.40% Reliance Capital SR-T-44 NCD 27th September 2022 of Rs. 1000000 each	17	1,71.92	-	-
9.03% Gujarat State Petroleum Corp Ltd. SR-1 NCD 22nd March 2028 of Rs. 1000000 each	100	10,00.00	-	-
9.40% Rajasthan Rajya Vidyut Prasaran Nigam Ltd. BD 22nd March 2025 of Rs. 1000000 each	62	6,20.00	-	-
10.75% SREI Equipment Finance Pvt. Ltd. NCD 3rd August 2014 of Rs. 1000000 each	72	7,20.94	-	-
10.40% Reliance Capital Ltd. NCD 29th July 2022 of Rs. 1000000 each	29	2,90.00	-	-
10.75% Reliance Capital Limited 30th September 2021 of Rs. 1000000 each	-	-	55	5,50.00
10.40% TISCO 15th May 2019 of Rs. 1000000 each	-	-	8	81.82
9.35% Nabard Bonds 29th January 2016 of Rs. 1000000 each	-	-	6	60.00
9.83% Bajaj Finance 18th May 2021 of Rs. 1000000 each	-	-	3	30.00
11.75% SREI infrastructure Finance Ltd. 2016 of Rs. 1000000 each	-	-	57	5,75.70
11.75% SREI infrastructure Finance Ltd. 2017 of Rs. 1000000 each	-	-	38	3,82.00
11.90% SREI infrastructure Finance Ltd. of Rs. 100000 each	-	-	1480	14,97.34
11.90% SREI infrastructure Finance Ltd. 2022 of Rs. 100000 each	-	-	344	3,44.11
11.40% SREI infrastructure Finance Ltd. of Rs. 1000000 each	-	-	35	3,50.00
12.60% SREI Equip NCD July 2017 of Rs. 1000000 each	-	-	84	8,40.08
10.05% AIR India 27th September 2031 of Rs. 1000000 each	-	-	104	10,80.08
Total -Bonds		29,74.30		57,91.13
Units of Mutual Funds				
Quoted				
Reliance Fixed Horizon XIV-Series 7-Growth Plan	-	-	2000000.000	2000.00
Reliance Fixed Horizon Fund XIV- Series 9-Growth Plan	-	-	1000000.000	1000.00
Kotak FMP 370 days series-66	-	-	2000000.000	2000.00
Reliance Fixed Horizon XXI-Series 16-368 days -Growth Option	-	-	5000000.000	500.00
ICICI Pru FMP Series 59+1 yr plan F -Growth	-	-	5000000.000	500.00
Reliance Fixed Horizon-XXI Series 2-Growth	-	-	5000000.000	500.00
DSP BlackRock -12M-Series 23-Growth Option	-	-	5000000.000	500.00
BSL FTP Series EB-Growth	-	-	5000000.000	500.00
Reliance Fixed Horizon Fund-XX1-Series 4	-	-	5000000.000	500.00
BSL FTP Series EF-Growth	-	-	7500000.000	750.00
KOTAK FMP Series 72	-	-	7500000.000	750.00
TATA FMP-Series 39-Scheme A	-	-	10000000.000	1000.00
ICICI FMP Series 61-1 Year PLAN E	-	-	5000000.000	500.00
HDFC FMP 370D JAN12(4)-Growth	-	-	5000000.000	500.00
ICICI FMP Series 61-1 Year PLAN A	-	-	4000000.000	400.00
IDFC FMP Yearly Series -48 Growth	-	-	4000000.000	400.00
UTI FTP Series X-V11(368 days)-Growth	-	-	4000000.000	400.00
BSL FTP-Series E1	-	-	4000000.000	400.00
KOTAK FMP SERIES -74	-	-	4000000.000	400.00
TATA FMP-Series 39-Scheme D-Growth	-	-	4000000.000	400.00
UTI-Y-FMP-01/12	-	-	2000000.000	200.00
IDBI FMP -SERIES 11-370 DAYS (MARCH 2012)-D	-	-	5000000.000	500.00
HDFC FMP 370D MAR12(1)-Growth	-	-	10000000.000	1000.00
Birla Sun Life Dynamic Bond Fund Retail- Growth- Regular Plan	1834520.597	3,25.00	1834520.597	325.00
IDFC-Super Saver Income Fund -Short Term Plan- Growth- Regular Plan	806663.501	1,75.00	806663.501	175.00
Principal PNB FMP Series A4- 367 Days (FMP-77)- Growth Plan	5000000.000	5,00.00	5000000.000	500.00
AXIS FIXED TERM PLAN-SERIES 21 (394 Days)	5000000.000	5,00.00	5000000.000	500.00
HDFC Fixed Maturity Plan 400D March 2012 (1)	5000000.000	5,00.00	5000000.000	500.00
Reliance Fixed Horizon Fund-XX1-Series 18- Growth Plan	5000000.000	5,00.00	5000000.000	500.00
Kotak FMP Series 84 -Growth	5000000.000	5,00.00	5000000.000	500.00
Reliance Fixed Horizon Fund XXII Series 36- Growth Plan	8000000.000	8,00.00	-	-
HDFC Fixed Maturity Plans - Series 371D December 2012 (1)	7000000.000	7,00.00	-	-
Birla Sun Life Interval Income Fund - Annual Plan- Growth	5000000.000	5,00.00	-	-
IDFC Fixed Term Regular Plan Series - 7- Growth	5000000.000	5,00.00	-	-

Notes on Consolidated Financial Statements

2.13 CURRENT INVESTMENTS- AT COST (Contd.) (Fully paid up except otherwise stated)

Amount Rs. in lakhs

	As at March 31, 2013		As at March 31, 2012	
	Holding	Value	Holding	Value
Others Non-trade				
ICICI Prudential Fixed Maturity Plan Series 66 - 368 Days Plan B Regular Cumulative	4000000.000	4,00.00	-	-
BSL Interval Income Fund - Annual Plan II Regular- Growth	4000000.000	4,00.00	-	-
Reliance Yearly Interval Fund - Series V- Growth Plan	5000000.000	5,00.00	-	-
HDFC Fixed Maturity Plans - 384D March 2013-1	5000000.000	5,00.00	-	-
Reliance Fixed Horizon Fund - XXIII - Series 6- Growth Plan	5000000.000	5,00.00	-	-
Total -Units of Mutual Funds		78,00.00		1,86,00.00
Total- Current Investments		1,14,19.12		2,53,06.85
Aggregate amount of Quoted Investments				
- In Mutual Funds	78,00.00		1,86,00.00	
- In Bonds	29,74.30		57,91.13	
- Equity Shares	6,44.82	1,14,19.12	9,15.72	2,53,06.85
Aggregate amount of Market value of Quoted Investments				
- In Mutual Funds		88,31.14		1,92,96.25
- In Bonds		29,91.58		61,00.93
- Equity Shares		6,44.82		9,15.72
		1,24,67.54		2,63,12.90

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

Notes on Consolidated Financial Statements

2.14 LONG TERM LOANS AND ADVANCES

Amount Rs. in lakhs

Particulars	Ref. note no.	As at March 31, 2013	As at March 31, 2012
UNSECURED, CONSIDERED GOOD			
Capital Advances		24,88.56	18,78.03
Security Deposits	2.14.3	58,66.47	55,22.58
Others			
Prepaid expenses		42.21	42.59
Others	2.14.1	9.47	50.61
		84,06.71	74,93.81
Share of Joint Venture	2.12.5	6.17	14.91
		84,12.88	75,08.72

2.14.1 Includes loans and advances to employees

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

2.14.3 Security deposits include Rs. 557.50 lakhs (previous year Rs. 557.50 lakhs) with private limited companies in which directors are interested as a member / director and Rs. 4246.68 lakhs (previous year Rs. 4246.68 lakhs) with related parties..

2.15 OTHER NON-CURRENT ASSETS

Long term Trade Receivables		13,96.36	11,16.15
Others		–	0.20
		13,96.36	11,16.35

2.15.1 Refer note no. 2.7

2.16 INVENTORIES

Raw materials		2,33,48.66	2,39,36.22
Raw materials (goods in transit)		16.70	1,00,55.10
Finished goods		3,22,71.30	3,64,73.65
Finished goods (goods in transit)		1,04.85	–
Process stock		27,23.95	34,54.15
Stores and spares		57,97.20	46,99.35
Stores and spares (goods in transit)		2,51.50	–
		6,45,14.16	7,86,18.47
Work-in-progress (Turnkey Projects)		10,42.36	11,60.55
Less : Progress payment received		1,46.88	2,17.80
		8,95.48	9,42.75
		6,54,09.64	7,95,61.22

2.16.1. Refer note no. 2.7 and 2.17

Notes on Consolidated Financial Statements

2.17 TRADE RECEIVABLES

Amount Rs. in lakhs

Particulars	Ref. note no.	As at	As at
		March 31, 2013	March 31, 2012
CURRENT			
Trade outstanding for period exceeding six months from the date they become due for payment			
Unsecured Considered good		1,52,85.63	83,85.88
Doubtful		5,80.15	2,54.71
Less: Provision for doubtful		5,80.15	2,54.71
		1,52,85.63	83,85.88
Others		4,48,16.19	4,91,61.41
		6,01,01.82	5,75,47.29

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

2.17.2 Refer note no. 2.7

2.18 CASH AND BANK BALANCES

Cash and Cash Equivalents			
Cash on hand	2.18.2	30.62	18.44
Balances with banks			
In current and cash credit accounts	2.18.3	1,29,69.34	27,92.88
In Fixed Deposit accounts (including interest accrued thereon)		1,44,99.37	50,16.23
In dividend accounts		1,33.02	1,41.59
		2,76,32.35	79,69.14
Share of Joint Venture	2.12.5	1,22.07	1,00.97
		2,77,54.42	80,70.11
Other balances with banks			
In current accounts	2.18.4	2,98.61	-
Margin money/Fixed deposits(having original maturity of more than 3 months)	2.18.1	65,60.41	88,71.77
		3,46,13.44	1,69,41.88

2.18.1 Fixed Deposits with Banks include Fixed Deposit of Rs. 20.79 lakhs (previous year Rs. 10.00 lakhs) lodged with Government Departments, Customers and Bank.

2.18.2 Includes cash held in trust amounting to Rs 0.07 lakhs (previous year Rs. 0.06 lakhs)

2.18.3 Includes Rs 79.24 lakhs (previous year Rs 92.13 lakhs) related to the subsidiary being amount blocked by bank for opening letter of credit.

2.18.4 Represents amount lying in Escrow account pursuant to the stipulation made by Ministry of Coal, for Mine Closure Plan and shall be utilised for expenses to be incurred towards closure of the mine.

Notes on Consolidated Financial Statements

		Amount Rs. in lakhs	
2.19 SHORT TERM LOANS AND ADVANCES			
Particulars	Ref. note no.	As at March 31, 2013	As at March 31, 2012
UNSECURED, CONSIDERED GOOD			
Loans and advances to related parties	2.19.1	29,03.09	80,32.55
Other loans and advances			
Security Deposits		10,89.40	5,10.78
Inter corporate deposits		-	32,00.00
For supply of goods and rendering of services		11,72.86	40,20.03
Loans and advances to employees		19.19	-
Balance with Government authorities		90,98.18	66,42.79
Advance tax (net of provision)		1,66.41	7,21.77
MAT credit entitlement	2.29.1	8,50.56	7,00.21
Prepaid expenses		4,94.12	3,86.24
Others		13,55.22	21,66.34
		<u>1,71,49.03</u>	<u>2,63,80.71</u>
Share of Joint Venture	2.12.5	2.40	6.43
		<u>1,71,51.43</u>	<u>2,63,87.14</u>
DOUBTFUL ADVANCES			
Loans and advances to related parties		7,00.00	7,00.00
Others		38.85	28.26
		<u>7,38.85</u>	<u>7,28.26</u>
Less : Provision for doubtful advances		7,38.85	7,28.26
		-	-
		<u>1,71,51.43</u>	<u>2,63,87.14</u>

2.19.1 Includes Rs 15.43 lakhs (previous year Rs nil) being amount given as interest free loan to share holder.

2.20 OTHER CURRENT ASSETS			
Interest receivable		1,34.80	3,04.01
Incentive/Subsidy receivable		37,40.57	29,49.49
Export incentive receivable		38,60.09	52,66.87
Forward premium receivable		9,02.25	10,35.36
Others		7,35.41	4,66.40
		<u>93,73.12</u>	<u>1,00,22.13</u>
2.21 REVENUE FROM OPERATIONS			
Particulars		For the year ended 31.03.2013	For the year ended 31.03.2012
Sale of products		21,89,15.01	20,31,51.17
Sale of services (Turnkey contracts)		13,01.72	31,33.52
Other operating revenues			
Incentive on exports		46,15.67	59,46.52
Others	2.21.1	13,50.90	19,49.22
		<u>22,61,83.30</u>	<u>21,41,80.43</u>
Less: Excise duty		47,76.80	40,05.70
		<u>22,14,06.50</u>	<u>21,01,74.73</u>

2.21.1 Includes Rs.nil (previous year Rs.10.45 lakhs) on account of Provision for inventories written back.

Notes on Consolidated Financial Statements

		Amount Rs. in lakhs	
2.22 OTHER INCOME		For the year ended	For the year ended
Particulars	Ref. note no.	31.03.2013	31.03.2012
Interest income on			
Current investments		3,26.71	24,55.36
Interest on loans, deposits, overdue debts etc.		5,06.47	5,68.40
Dividend income			
Current investments		13.81	46.64
Non current investments		0.29	0.90
Net gain or loss on sale / redemption of investments			
Current investments (net)		19,18.04	29,93.21
Net gain or loss on foreign currency transaction and translation		8,46.41	-
Provision no longer required written back		50,60.16	5,92.43
Miscellaneous income		8,77.14	7,59.89
		<u>95,49.03</u>	<u>74,16.83</u>
2.23 COST OF MATERIALS CONSUMED			
Raw materials consumed		<u>9,66,46.94</u>	<u>9,54,19.81</u>
2.24 PURCHASES OF STOCK IN TRADE			
D.I. Pipes		94,63.59	1,23,92.08
Coke and coal		10,54.51	32,50.65
Others		37,86.79	44,18.83
		<u>1,43,04.89</u>	<u>2,00,61.56</u>
2.25 (INCREASE)/DECREASE IN INVENTORIES			
Closing Stock :			
Finished goods (including in transit)		3,23,76.15	3,64,73.65
Stock-in-trade		-	-
Process stock		27,23.95	34,54.15
Work in Progress (Turnkey Projects)		10,42.36	11,60.55
		<u>3,61,42.46</u>	4,10,88.35
Less: Opening stock			
Finished goods (including in transit)		3,64,73.65	3,03,63.15
Stock-in-trade		-	5.50
Process stock		34,54.15	27,63.05
Work in Progress (Turnkey Projects)		11,60.55	15,99.39
		<u>4,10,88.35</u>	3,47,31.09
		<u>49,45.89</u>	<u>-63,57.26</u>
2.26 EMPLOYEE BENEFITS EXPENSE			
Salaries and wages		1,62,59.94	1,42,92.79
Contribution to provident and other funds		12,87.26	9,51.56
Staff welfare expenses		7,14.56	6,54.22
		<u>1,82,61.76</u>	<u>1,58,98.57</u>

Notes on Consolidated Financial Statements

		Amount Rs. in lakhs	
2.27 FINANCE COSTS		For the year ended	For the year ended
Particulars	Ref. note no.	31.03.2013	31.03.2012
Interest expense		1,03,65.09	1,03,01.43
Net loss on foreign currency transactions and translation		18,62.80	5,34.04
Other borrowing cost		3,37.82	2,44.86
		<u>1,25,65.71</u>	<u>1,10,80.33</u>
2.28 OTHER EXPENSES			
Consumption of stores and spare parts	2.28.2	1,26,16.42	1,16,60.68
Power and fuel		1,50,38.23	1,43,50.11
Rent	2.28.5	19,49.62	15,64.77
Repairs to buildings		1,23.55	1,27.95
Repairs to machinery		2,52.69	3,69.92
Insurance		10,07.92	6,37.71
Rates and taxes		7,65.63	7,75.73
Directors fees and commission		54.94	46.55
Packing & forwarding charges [net of realisation Rs. 3666.74 lakhs (previous year Rs. 3100.25 lakhs)]		1,55,32.92	1,09,13.09
Commission to selling agents		54,13.34	43,31.01
Job charges		21,41.55	20,47.21
Excise duty on stock		-65.32	1,91.76
Bad debts		90.38	2,17.71
Loss on sale of fixed assets (net)		8.35	18.39
Provision for bad and doubtful debts		3,67.24	1,44.85
Net loss on foreign currency translation		-	1,02,51.36
Provision for diminution in value of current investments		2,17.13	50.56
Provision for losses on mark to market basis on derivative transactions	2.28.4	95.11	68,61.42
Miscellaneous expenses	2.28.1, 2.28.3 & 2.28.6	1,18,35.11	1,01,22.73
		<u>6,74,44.81</u>	<u>7,46,83.51</u>
2.28.1 Miscellaneous expenses includes auditors remuneration.			
(a) Audit Fees		78.38	61.24
(b) Other services- Certificates, etc.		8.87	6.73
2.28.2 Stores and spares consumption include pipe moulds written off		3,63.32	2,65.57
2.28.3 Miscellaneous expenses include Charity and Donation of Rs. 251.97 lakhs (previous year Rs. 15.78 lakhs).			
2.28.4 The Marked-to-Market losses on derivative contract for the year stood at Rs. 95.11 lakhs (previous year Rs. 6861.42 lakhs). Even though such losses have not been determined and accrued during the year, keeping in view the announcement of Institute of Chartered Accountants of India dated March 29, 2008 regarding Accounting for Derivatives, the Company has recognized losses in the Statement of Profit and Loss for the year or capitalised as the case may be. Such losses crystallised during the year have been considered as revenue or capitalised depending upon the nature thereof and resultant excess amount of provision of Rs. 5060.16 lakhs being no longer required have been written back in these financial statements.			
2.28.5 The Company has certain operating lease arrangements for office accommodations etc. with tenure extending upto 9 years. Term of certain lease arrangements include escalation clause for rent on expiry of 36 months from the commencement date of such lease and deposit / refund of security deposit etc. Expenditure incurred on account of rent during the year and recognized in the Statement of Profit and Loss amounts to Rs. 1621.07 lakhs (previous year Rs. 1564.77 lakhs).			
2.28.6 During the year, the Company has incurred Rs. 113.20 lakhs (previous year Rs 91.44 lakhs) on account of research and development expenses which has been charged to Statement of Profit and Loss.			

Notes on Consolidated Financial Statements

2.29 TAX EXPENSES

Amount Rs. in lakhs

Particulars	Ref. note no.	For the year ended	For the year ended
		31.03.2013	31.03.2012
Provision for current tax		11,95.08	2,72.60
Minimum Alternate Tax		–	10,48.56
Less : MAT Credit Entitlement	2.29.1	1,50.35	7,00.21
		10,44.73	6,20.95

2.29.1 The Company is entitled to MAT credit and accordingly based on evidences MAT credit of Rs. 150.35 lakhs (previous year Rs. 700.21) has been recognised in these financial statements.

2.30 Employee Benefits

The disclosures required under Accounting Standard 15 on "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below :

Defined Contribution Plan

Contribution to Defined Contribution Plan recognized for the year are as under :

	For the year ended	For the year ended
	31.03.2013	31.03.2012
Employer's Contribution to Provident Fund	2,98.22	2,57.54
Employer's Contribution to Pension Fund	1,12.35	1,07.90
Employer's Contribution to Superannuation Fund	67.39	67.70

Defined Benefit Plan

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

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

	Gratuity (Funded)	
	2012-13	2011-12
Liability at the beginning of the year	12,54.18	11,80.69
Interest Cost	1,23.62	97.39
Current Service Cost	1,06.64	95.21
Actuarial (gain) / loss on obligations	95.64	-23.58
Benefits paid	-87.19	-95.53
Liability at the end of the year	14,92.89	12,54.18

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

Amount Rs. in lakhs

	Gratuity (Funded)	
	2012-13	2011-12
b) Changes in the Fair Value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows:		
Fair value of Plan Assets at the beginning of the year	7,39.04	6,72.05
Expected Return on Plan Assets	71.15	56.44
Contributions by the Company	1,14.76	1,08.43
Benefits paid	-87.19	-95.54
Actuarial gain / (loss) on Plan Assets	4.34	-2.34
Fair value of Plan Assets at the end of the year	8,42.10	7,39.04
Total actuarial gain / (loss) to be recognised	-91.31	21.24
c) Actual return on Plan Asset		
Expected return on Plan assets	71.15	56.44
Actuarial gain / (loss) on Plan Assets	4.34	-2.34
Actual Return on Plan Assets	75.49	54.10
d) Amount Recognized in Balance Sheet		
Liability at the end of the year	14,92.89	12,54.18
Fair value of Plan Assets at the end of the year	8,42.10	7,39.04
	6,50.79	5,15.14
e) Expenses Recognized in the Revenue Statement		
Current Service Cost	1,06.64	95.21
Interest Cost	1,23.62	97.39
Expected Return on Plan Assets	-71.15	-56.44
Net Actuarial (gain) / loss to be Recognized	91.31	-21.24
Expenses Recognized in Statement of Profit and Loss	2,50.42	1,14.92
f) Balance Sheet Reconciliation		
Opening Net Liability	5,15.12	5,08.63
Expenses as above	2,50.42	1,14.92
Employers Contribution	-1,14.76	-1,08.43
Amount Recognized in Balance Sheet	6,50.78	5,15.12

	2012-13	2011-12	2010-11	2009-10	2008-09
Defined Benefit Obligation at the end of the year	14,92.89	12,54.18	11,80.69	10,64.79	8,85.88
Fair value of planned asset at the end of the year	8,42.10	7,39.04	6,72.05	7,04.89	5,85.66
Funded status	6,50.79	5,15.14	5,08.64	3,59.90	3,00.22

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

Amount Rs. in lakhs

Compensated Absences

The obligation for compensated absences is recognized in the same manner as gratuity. The actuarial liability of Compensated Absences (unfunded) of accumulated privileged and sick leaves of the employees of the Company as at 31.03.2013 is given below:

Particulars	As at	As at
	31.03.2013	31.03.2012
Privileged Leave	8,28.28	7,38.69
Sick Leave	4,84.15	3,88.99
g) Principal Actuarial assumptions as at the Balance Sheet date :		
Discount Rate	8.25%	8.00%
Rate of Return on Plan Assets	9.00%	8.00%

Notes :

- Assumptions relating to future salary increases, attrition, interest rate for discount & overall expected rate of return on Assets have been considered based on relevant economic factors such as inflation, market growth & other factors applicable to the period over which the obligation is expected to be settled.
- The Company expects to contribute Rs 200.00 lakhs (previous year Rs 130.00 lakhs) to Gratuity fund in 2013-14.

2.31 Calculation of Earning Per Share is as follows :

Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
Net profit/(loss) for basic and diluted earnings per share as per Statement of Profit and Loss	-23,88.91	-26,97.68
Net profit for basic and diluted earnings per share	-23,88.91	-26,97.68
(a) Weighted average number of equity shares for calculation of basic and diluted earnings per share (Face value Re. 1/- per share)		
i) Basic earnings per share	32,67,52,705	32,67,52,705
ii) Diluted earnings per share	32,67,52,705	32,67,52,705
(b) Weighted average number of equity shares outstanding	32,67,52,705	32,67,52,705
(c) Earnings per share :		
a) Basic	Rs. -0.73	-0.83
b) Diluted	Rs. -0.73	-0.83

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

Amount Rs. in lakhs

- 2.32 (a) The expenses incurred for projects/assets during the construction/mine development period are classified as “Pre-operative Expenses” pending capitalization and are included under capital work in progress and will be allocated to the assets on completion of the project/assets. Consequently expenses disclosed under the respective head are net of amount classified as preoperative expenses by the Company. The details of these expenses are as follows:

Particulars	As at	As at
	March 31, 2013	March 31, 2012
Preoperative expenses brought forward	3,26,39.33	1,52,83.86
Add: Relating to earlier years	-	48,41.81
Salaries and Wages	11,00.25	9,09.06
Contribution to Provident and Other Funds	40.84	31.89
Staff welfare expenses	1.51	2.49
Stores and Spares Consumption	22.57	76.59
Handling and Transportation	1.01	5.65
Power and Fuel	30.06	2,20.21
Repairs to Machinery	0.02	0.25
Rent	18.53	19.45
Insurance	15.08	33.41
Miscellaneous Expenses	9,82.72	11,81.57
Royalty on Coal	1,68.70	61.00
Interest Paid	31,23.83	22,44.20
Finance charges	7,10.98	28,76.68
Depreciation and amortisation expense	12,27.73	11,90.62
Excise duty on coal Stock	1,58.66	2,38.09
Loss on exchange fluctuation	42,37.51	65,92.20
(Gain)/Loss on derivatives	84,78.88	5,61.06
Total preoperative/development expenses	5,29,58.21	3,63,70.09
Less:		
Allocated/Transferred during the year to completed assets	4.03	15,54.52
Sale of coal to associate [611.78 MT. (previous year nil)]	24.41	-
Sale of inferior grade coal [8437.74 MT. (previous year nil)]	1,57.25	-
Less: Excise Duty	10.13	-
Less: Royalty, clean energy cess and stowing duty	26.64	-
Net Sales	1,44.89	-
Coal transferred for Captive Consumption [76076.34 MT. (Previous Year 37119.40 MT)]	18,04.00	5,94.59
Other Income	11.02	-
Increase/(Decrease) in stock of Coal		
Opening Stock 108218.06 MT. (Previous Year 39503.58 MT.)	18,21.31	4,54.29
Less: Closing Stock 121758.00 MT. (Previous Year 108218.06 MT.)	25,71.26	18,21.31
Interest on deposit is net of provision of for current tax Rs. 622.66 (previous year Rs. Nil)	11,74.90	2,14.63
Total preoperative expenses carried forward pending allocation	4,90,69.42	3,26,39.33

- 2.32 (b) Capital work in progress includes overburden removable expenses relating to mines amounting to Rs. 11942.27 lakhs (previous year Rs. 8554.89 lakhs).

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

Amount Rs. in lakhs

2.33 (a) Category wise outstanding derivatives contracts entered for hedging as on March 31, 2013 are as follows :-

Sl. No.	Category	Currency	2012-13	2012-13	2011-12	2011-12
			No. of Deals	Amount in Foreign Currency	No. of Deals	Amount in Foreign Currency
1	Sell Forward	USD/INR	17	2,19,24,462	66	14,41,70,366
2	Sell Forward	SGD/USD	7	16,00,168	8	18,39,851
3	Sell Forward	GBP/USD	9	41,71,131	11	63,44,523
4	Sell Forward	EURO/USD	19	1,36,26,121	18	2,00,00,000
5	Sell Forward	EURO/INR	9	1,44,29,219	15	2,23,04,015
6	Sell Forward	USD/EURO	3	23,62,374	1	26,83,250
7	Sell Forward	USD/GBP	1	7,92,700	-	-
8	Buy Forward	USD/INR	31	4,14,89,067	24	2,67,50,000
9	Option (FWDS)	USD	-	-	5	1,00,00,000
10	Option (ECB)	USD	5	1,41,80,000	2	1,60,00,000
11	Interest Rate Swap	USD	17	10,33,60,000	3	3,50,00,000
12	Interest Rate Cap	USD	4	20,00,000	-	-

(b) Unhedged Foreign Currency exposures of the Company as on March 31, 2013 are as follows :-

Nature	Currency	2012-13	2011-12
		Amount in Foreign Currency	Amount in Foreign Currency
Payables			
Imports	USD	2115555	2419684
ECB Payable (include accrued interest)	USD	175404978	139198169
Buyer's Credit /Acceptances (include accrued interest)	USD	58809943	40357436
Buyer's Credit /Acceptances (include accrued interest)	EURO	346512	-
Imports	EURO	278674	170063
Imports	GBP	7576	7576
Imports	AED	94400	101791
Imports	HKD	93435	24459
Imports	JPY	-	90709
Imports	BHD	27759	-
Imports	AUD	17899	21710
Trade & other payables	EURO	-	196864
Loan & borrowings	SGD	195043	389738
Loan & borrowings	EURO	706055	294117
Receivables			
Exports	GBP	3243025	2141146
Exports	SGD	2177864	809385
Others	USD	-	4491
Others	AED	-	110997
Others	BHD	1093548	-
Others	SGD	238095	92499
Trade & other receivables	SGD	53224	680473

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

Amount Rs. in lakhs

2.34 As regards construction contracts in progress as on 31.03.2013, aggregate amount of costs incurred and recognised profit (less recognised losses) upto the year end (to the extent ascertained by the management), aggregate amount of advances received and aggregate amount of retentions are Rs. 19038.15 lakhs, Rs. 146.88 lakhs and Rs. 1268.47 lakhs respectively. (previous year Rs. 17961.59 lakhs, Rs. 596.34 lakhs and Rs. 1010.09 lakhs respectively).

	2012-13		2011-12	
	in million	Rs. in lakhs	in million	Rs. in lakhs
2.35 (a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) :		8,69.69		33,00.28
(b) Other commitments				
i) Forward contract outstanding				
In USD	66.57	3,60,94.89	173.60	8,83,12.16
In EURO	28.06	2,05,77.37	42.30	2,87,14.19
In GBP	4.17	34,76.66	6.34	51,67.16
In SGD	1.60	6,98.90	1.84	7,44.46
ii) Capital Commitment in towards subscription to equity capital in Electrosteel Brasil Ltda. Tubos e Conexoes Duteis		69.60	-	-
2.36 Contingent Liabilities not provided for in respect of :				
a) Various show cause notices/demands issued/ raised, which in the opinion of the management are not tenable and are pending with various forum / authorities:				
i) Sales Tax		56,95.24		29,89.35
ii) Excise, Custom Duty and Service tax [net of provision of Rs. 500.00 lakhs (previous year Rs. 500.00 lakhs)]		1,02,56.29		98,47.05
iii) Income Tax		42.60		-
b) Employees State Insurance Corporation has raised demand for contribution in respect of Gross Job Charges for the year 2001-02, 2003-04 and March'08 to January'10. In the opinion of the management demand is adhoc and arbitrary and is not sustainable legally.		92.51		98.76
c) Demand of Tamilnadu Electricity Board disputed by the Company.		8.20		8.20
d) During the year 1994 UPSEB had raised demand for electricity charges by revising the power tariff schedule applicable to the Company retrospectively from Feb'86. In the opinion of the management the revised power tariff is not applicable to the Company and accordingly the Company disputed the demand and the matter is pending before Hon'ble High Court at Allahabad.		2,61.74		2,61.74
e) Corporate guarantee issued by the Company in favour of lenders of :				
i) Subsidiary Companies		44,37.91		24,32.62
ii) Associate Company		4,52,00.00		2,50,00.00
f) Standby Letter of Credit issued by banks on behalf of the Company in favour of				
i) Subsidiary Companies		2,37,45.04		3,25,95.99
g) Guarantees given by banks on behalf of the Company				
i) The Company		1,61,44.87		1,60,31.09
ii) The Subsidiary		3,17.16		1,98.23
h) Bill Discounting				
(i) The Subsidiary		1,54.54		-
i) Letter of Credit		29.30		52.04
j) Receivables factored		31,54.93		22,07.46

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

Amount Rs. in lakhs

- k) The Company has disputed downward revision in the prices affected by the purchaser subsequent to sale of certain specified materials. In the opinion of the management and also on the merit of the case, as advised legally no liability is likely to arise. The matter is subjudice and pending final judgment the amount payable, if any is not ascertainable presently.

Note : Future cash outflows, if any, in respect of (a) to (d), and (k) above is dependent upon the outcome of judgments / decisions.

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

(a) Operating lease

Name of the Companies

	Due within one year		Due between two and five years	
	2012-13	2011-12	2012-13	2011-12
1. Singardo International Pte. Ltd.	193.93	64.45	82.56	-
2. Electrosteel Castings (UK) Limited	-	7.33	126.29	72.48
3. Electrosteel USA LLC.	48.52	38.66	188.05	165.33

(b) Finance Lease

1. Singardo International Pte. Ltd.	21.77	23.17	22.47	42.47
2. Electrosteel Europe S.A	28.91	20.66	43.82	30.68

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

Particulars	2012-13			2011-12		
	Within	Outside	Total	Within	Outside	Total
	India	India		India	India	
Sales (gross)	9,85,96.73	12,16,20.00	22,02,16.73	10,51,71.82	10,11,12.87	20,62,84.69
Trade receivables and other assets	46,31,72.52	4,55,59.29	50,87,31.81	37,62,19.49	5,67,79.99	43,29,99.48
Cost incurred for acquisition of Tangible and Intangible assets	3,65,42.80	879.59	3,74,22.39	3,10,36.27	22,82.90	3,33,19.17

- 2.39 In respect of unrealised profits resulting from intragroup transactions that are included in the carrying amount of inventory are eliminated in full. The aforesaid inventory is as certified by the respective management.
- 2.40 In accordance with the amendment to AS-11, exchange loss/gain arising on long term foreign currency loans, is being adjusted to the cost of fixed assets. Accordingly, such losses amounting to Rs. 4792.70 lakhs (previous year Rs. 6951.67 lakhs) have been adjusted to Capital work in progress and Fixed assets. During the year, based on clarification issued by Ministry of Corporate Affairs vide its circular 25/2012/09.08.12, Rs. 534.05 lakhs charged to Statement of Profit and Loss in the previous year has been written back under respective head of account and adjusted to the cost of fixed assets / capital work in progress.
- 2.41 The Financial Statement of North Dhadhu Mining Company Private Limited for the year ended 31st March, 2013 has not been subjected to audit by their Auditors.

Notes on Consolidated Financial Statements

NOTES ON ACCOUNTS (Contd.)

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

A) Names of related parties and description of relationship

- | | |
|---|---|
| 1) Associate Company | Lanco Industries Ltd.
Electrosteel Steels Limited
Electrosteel Thermal Power Ltd. |
| 2) Joint Venture | North Dhadhu Mining Company Pvt. Ltd.
Domco Private Limited |
| 3) Key Management Personnel (KMP) and their relative | Mr. Umang Kejriwal (Managing Director)
Mr. Mayank Kejriwal (Joint Managing Director)
Mr. Uddhav Kejriwal (Wholetime Director)
Mr. Vyas Mitre Ralli (Wholetime Director)
Mr. Mahendra Kumar Jalan (Wholetime Director)
Mr. Rama Shankar Singh (Wholetime Director)
Smt. Uma Kejriwal-mother of Mr. Umang Kejriwal-Managing Director
and Mr. Mayank Kejriwal - Joint Managing Director
Umang Kejriwal (H.U.F.) |
| 4) Enterprise where KMP/Relatives of KMP have significant influence or control | Global Exports Ltd.
G. K. & Sons Private Limited
Badrinath Industries Ltd.
Akshay Ispat & Ferro Alloys Pvt. Ltd.
Electrocast Sales India Ltd
Tulsi Highrise Pvt. Ltd.
Wilcox Merchants Pvt. Ltd.
Murari Investment & Trading Company Ltd.
Electrosteel Thermal Coal Ltd. |

Notes on Consolidated Financial Statements

						Amount Rs. in lakhs	
	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.13	Outstanding as on 31.03.12
Sale							
Electrosteel Steels Limited	11,35.89	-	-	-	11,35.89	65,66.03	-
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	-	-	4.61	-
Lanco Industries Ltd.	11,29.58	-	-	-	11,29.58	26.06	-
Total	22,65.47	-	-	-	22,65.47	65,96.70	-
Previous Year							
Electrosteel Steels Limited	54,74.17	-	-	-	54,74.17	-	54,35.14
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	-	-	-	4.61
Lanco Industries Ltd.	32,79.41	-	-	-	32,79.41	-	14.30
Purchase							
Lanco Industries Ltd.	61,65.31	-	-	-	61,65.31	22.26	-
Electrosteel Steels Limited	31,83.84	-	-	-	31,83.84	32,07.26	-
Total	93,49.15	-	-	-	93,49.15	32,29.52	-
Previous Year							
Lanco Industries Ltd.	54,34.30	-	-	-	54,34.30	-	3,62.17
Electrosteel Steels Limited	3,85.68	-	-	-	3,85.68	-	24.55
Job Charges Received							
Electrosteel Steels Limited	7,93.49	-	-	-	7,93.49	20,89.73	-
Total	7,93.49	-	-	-	7,93.49	20,89.73	-
Previous Year							
Electrosteel Steels Limited	25,90.28	-	-	-	25,90.28	-	12,91.07
Job Charges Paid							
Electrosteel Steels Limited	57.24	-	-	-	57.24	55.96	-
Total	57.24	-	-	-	57.24	55.96	-
Previous Year							
Electrosteel Steels Limited	-	-	-	-	-	-	-
Remuneration							
Mr. Umang Kejriwal (MD)	-	-	1,81.37	-	1,81.37	94.34	-
Mr. Mayank Kejriwal (JMD)	-	-	1,79.57	-	1,79.57	98.25	-
Mr. Uddhav Kejriwal (Director)	-	-	1,40.15	-	1,40.15	71.54	-
Mr. Vyas Mitre Ralli (Director)	-	-	1,21.39	-	1,21.39	6.30	-
Mr. Mahendra Kumar Jalan (Director)	-	-	1,21.90	-	1,21.90	6.98	-
Mr. Rama Shankar Singh (Director)	-	-	1,22.46	-	1,22.46	8.57	-
Total			8,66.84	-	8,66.84	2,85.98	-
Previous Year							
Mr. Umang Kejriwal (MD)	-	-	1,33.95	-	1,33.95	-	90.00
Mr. Mayank Kejriwal (JMD)	-	-	1,33.04	-	1,33.04	-	90.00
Mr. Uddhav Kejriwal (Director)	-	-	1,28.15	-	1,28.15	-	65.00
Mr. Vyas Mitre Ralli (Director)	-	-	1,15.27	-	1,15.27	-	-
Mr. Mahendra Kumar Jalan (Director)	-	-	1,16.26	-	1,16.26	-	-
Mr. Rama Shankar Singh (Director)	-	-	1,12.40	-	1,12.40	-	-
Rent Paid							
Global Exports Ltd.	-	-	-	15.00	15.00	-	-
Badrinath Industries Ltd.	-	-	-	15.00	15.00	-	-
Others	-	-	-	1,13.92	1,13.92	-	-
Total	-	-	-	1,43.92	1,43.92	-	-
Previous Year							
Global Exports Ltd.	-	-	-	15.00	15.00	-	-
Badrinath Industries Ltd.	-	-	-	15.00	15.00	-	-
Others	-	-	-	1,13.00	1,13.00	-	-
Service Charges Paid							
Global Exports Ltd.	-	-	-	75.00	75.00	-	-
Total	-	-	-	75.00	75.00	-	-
Previous Year							
Global Exports Ltd.	-	-	-	49.00	49.00	-	-
Loan Given							
Lanco Industries Ltd.	20,00.00	-	-	-	20,00.00	-	-
Total	20,00.00	-	-	-	20,00.00	-	-

Notes on Consolidated Financial Statements

	Amount Rs. in lakhs						
	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.13	Outstanding as on 31.03.12
Previous Year							
Lanco Industries Ltd.	-	-	-	-	-	-	-
Reimbursements of expenses paid							
Lanco Industries Ltd.	3.34	-	-	-	3.34	-	-
Total	3.34	-	-	-	3.34	-	-
Previous Year							
Lanco Industries Ltd.	-	-	-	-	-	-	-
Reimbursements of expenses received							
Electrosteel Steels Limited	7.14	-	-	-	7.14	4.52	-
Total	7.14	-	-	-	7.14	4.52	-
Previous Year							
Lanco Industries Ltd.	13.38	-	-	-	13.38	-	0.44
Share Application Money Paid							
North Dhadhu Mining Company Pvt. Ltd.	-	0.21	-	-	0.21	-	-
Total	-	0.21	-	-	0.21	-	-
Previous Year							
North Dhadhu Mining Company Pvt. Ltd.	-	1,73.61	-	-	1,73.61	-	2,34.60
Corporate Guarantee and Standby Letter of Credit							
Electrosteel Steels Limited	4,52,00.00	-	-	-	4,52,00.00	4,52,00.00	-
Total	4,52,00.00	-	-	-	4,52,00.00	4,52,00.00	-
Previous Year							
Electrosteel Steels Limited	2,50,00.00	-	-	-	2,50,00.00	-	2,50,00.00
Bank Guarantee							
North Dhadhu mining Company Pvt. Ltd.	-	-	-	-	-	27,45.47	-
Total	-	-	-	-	-	27,45.47	-
Previous Year							
North Dhadhu mining Company Pvt. Ltd.	-	-	-	-	-	-	27,45.47
Investment							
Lanco Industries Ltd.	-	-	-	-	-	63,33.53	-
Electrosteel Steels Limited	1,52,00.00	-	-	-	1,52,00.00	8,87,72.65	-
North Dhadhu mining Company Pvt. Ltd.	-	2,34.81	-	-	2,34.81	8,22.81	-
Domco Private Limited	-	-	-	-	-	30.00	-
Electrosteel Thermal Power Ltd.	-	-	-	-	-	1.50	-
Total	1,52,00.00	2,34.81	-	-	1,54,34.81	9,59,60.49	-
Previous Year							
Lanco Industries Ltd.	-	-	-	-	-	-	63,33.53
Electrosteel Steels Limited	4,09.17	-	-	-	4,09.17	-	7,28,97.65
North Dhadhu Mining Company Pvt. Ltd.	-	-	-	-	-	-	5,88.00
Domco Private Limited	-	-	-	-	-	-	30.00
Electrosteel Thermal Power Ltd.	-	-	-	-	-	-	1.50
Security Deposits							
Lanco Industries Ltd.	-	-	-	-	-	40,57.00	-
Electrosteel Thermal Coal Ltd.	-	-	-	-	-	189.68	-
Total	-	-	-	-	-	42,46.68	-
Previous Year							
Lanco Industries Ltd.	-	-	-	-	-	-	40,57.00
Electrosteel Thermal Coal Ltd.	-	-	-	4.68	4.68	-	1,89.68
Dividend Received							
Lanco Industries Ltd.	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
Previous Year							
Lanco Industries Ltd.	2,89.52	-	-	-	2,89.52	-	-
Rent Receipts							
Electrosteel Steels Limited	82.22	-	-	-	82.22	-	-
G. K. & Sons Private Limited	-	-	-	3.60	3.60	4.04	-
Electrocast Sales India Ltd.,	-	-	-	3.60	3.60	3.37	-
Lanco Industries Ltd.	3.36	-	-	-	3.36	-	-
Total	85.58	-	-	7.20	92.78	7.41	-

Notes on Consolidated Financial Statements

	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Amount Rs. in lakhs	
						Outstanding as on 31.03.13	Outstanding as on 31.03.12
Previous Year							
Electrosteel Steels Limited	1,01.70	-	-	-	1,01.70	-	-
G. K. & Sons Private Limited	-	-	-	3.60	3.60	-	0.90
Electrocast Sales India Ltd..	-	-	-	3.60	3.60	-	0.90
Lanco Industries Ltd.	0.36	-	-	-	0.36	-	0.36
Service Charges Received							
Electrosteel Steels Limited	12.56	-	-	-	12.56	27.88	-
Total	12.56	-	-	-	12.56	27.88	-
Previous Year							
Electrosteel Steels Limited	39.81	-	-	-	39.81	-	31.46
Sale of DEPB	-	-	-	-	-	-	-
Electrosteel Steels Limited	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
Previous Year							
Electrosteel Steel Limited	45.56	-	-	-	45.56	-	5.02
Sale of Fixed Asset							
Lanco Industries Ltd.	5.88	-	-	-	5.88	-	-
Total	5.88	-	-	-	5.88	-	-
Previous Year							
Lanco Industries Ltd.	-	-	-	-	-	-	-
Purchase of Fixed Asset							
Electrosteel Steels Limited	25.55	-	-	-	25.55	25.55	-
Total	25.55	-	-	-	25.55	25.55	-
Previous Year							
Electrosteel Steels Limited	-	-	-	-	-	-	-
Advances Given							
Electrosteel Steels Limited	96,38.20	-	-	-	96,38.20	61,38.20	-
Total	96,38.20	-	-	-	96,38.20	61,38.20	-
Previous Year							
Electrosteel Steels Limited	80,00.00	-	-	-	80,00.00	-	80,00.00
Interest Received							
Lanco Industries Ltd.	3.18	-	-	-	3.18	-	-
Total	3.18	-	-	-	3.18	-	-
Previous Year							
Lanco Industries Ltd.	-	-	-	-	-	-	-

2.43 During the year its subsidiary Singardo International Pte Limited has reduced its share capital by 460000 ordinary shares through capital reduction, consequently, the shareholding of the company has increased from 46.15% to 53.76%.

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

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

As per our report of even date.

For Lodha & Co.
Chartered Accountants

R. P. Singh
Partner

Kolkata
May 10, 2013

For and on behalf of the Board

Chairman P. K. Khaitan

Managing Director U. Kejriwal

Company Secretary A. K. Kanodia

Notes on Consolidated Financial Statements

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

(Rs in lakhs.)

Sl. No.	Name of the Subsidiary	Reporting Currency	Year	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment other than investment in subsidiary	Turnover	Profit before Tax	Provision for Taxation	Profit after Taxation	Proposed dividend	Country
1	Electrosteel Algérie SPA*	DZD	2012-13	0.69	5,67.77	(11,25.08)	1,14,93.87	1,14,93.87	-	1,29,88.85	(7,02.39)	-	(7,02.39)	-	Algeria
			2011-12	0.69	5,70.83	(4,24.97)	1,27,35.92	1,27,35.92	-	1,01,75.55	(4,92.43)	-	(4,92.43)	-	Algeria
2	Electrosteel Castings (UK) Limited	GBP	2012-13	82.54	9,07.96	68.57	1,18,67.54	1,18,67.54	-	1,45,86.51	(58.77)	(9.22)	(49.55)	-	United Kingdom
			2011-12	81.44	8,95.87	1,16.56	1,45,73.22	1,45,73.22	-	1,60,05.06	1,86.38	-	1,86.38	-	United Kingdom
3	Electrosteel Europe S.A.	EURO	2012-13	69.60	26,44.87	12,65.24	2,86,55.63	2,86,55.63	0.39	3,55,03.56	(3,38.55)	(18.50)	3,20.05	-	France
			2011-12	67.88	25,79.28	15,45.98	2,85,22.24	2,85,22.24	0.38	3,79,37.55	7,38.31	2,56.55	4,81.76	-	France
4	Singard International Pte. Limited	SGD	2012-13	43.78	12,78.69	7,16.38	50,47.79	50,47.79	-	61,84.43	62.95	6.72	56.23	35.57	Singapore
			2011-12	40.46	14,51.61	6,42.97	37,13.08	37,13.08	-	50,07.05	1,29.28	17.65	1,11.63	-	Singapore
5	Electrosteel USA, LLC#	USD	2012-13	54.30	13,57.50	(8,40.68)	18,39.84	18,39.84	-	20,24.60	(1,48.03)	-	(1,48.03)	-	USA
			2011-12	50.87	12,71.75	(6,48.90)	16,42.04	16,42.04	-	11,22.52	(1,85.28)	-	(1,85.28)	-	USA
6	Electrosteel Trading S. A., Spain	EURO	2012-13	69.60	45.24	0.15	7,05.58	7,05.58	-	12,87.34	0.15	-	0.15	-	Spain
			2011-12	67.88	44.12	(0.98)	44.12	44.12	-	-	(0.98)	-	(0.98)	-	Spain
7	Electrosteel Doha for Trading LLC	QAR	2012-13	14.91	29.83	(22.89)	68.59	68.59	-	-	(22.89)	-	(22.89)	-	Qatar
			2011-12	-	-	-	-	-	-	-	-	-	-	-	Qatar
8	Electrosteel Castings Gulf FZE	AED	2012-13	14.78	147.84	20.42	169.76	169.76	-	-	20.42	-	-	-	UAE
			2011-12	-	-	-	-	-	-	-	-	-	-	-	UAE
9	Electrosteel Brasil Ltda. Tubos Conexoes Duteis	BRL	2012-13	-	-	-	-	-	-	-	-	-	-	-	Brazil
			2011-12	-	-	-	-	-	-	-	-	-	-	-	Brazil
10	Mahadev Vijaapar Private Limited	Rs	2012-13	-	1.00	(25.76)	450.06	450.06	-	22.37	(21.01)	-	(21.01)	-	India
			2011-12	-	1.00	(4.75)	447.75	447.75	-	9.45	(3.07)	-	(3.07)	-	India

Notes : 1. Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on 31.03.2013

2. * The financial year of the Company ends on December 31st. However, the results given are as of March 31, 2013

3. # Includes information of its wholly owned subsidiary WaterFab LLC.

Dear Shareholders,

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.

SEBI vide its circular ref. no. CIR/CFD/DIL/2011 dated 5th October 2011, has directed the listed Companies to send the soft copies of full Annual Reports to all those shareholders who have registered their e-mail addresses for the purpose.

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/registered e-mail addresses 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 jitendrap.singh@electrosteel.com / manisha.saboo@electrosteel.com / mdpl@cal.vsnl.net.in at the earliest.

Please note that these documents will also be available on the Company's website <http://www.electrosteel.com> for download by the shareholders. The physical copies of the Annual Report will also be available at our Registered Office at Rajgangpur 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, upon receipt of a requisition from you, any time, as a shareholder of the Company.

We are sure that as a responsible citizen, you would appreciate and cooperate with the "Green Initiative" taken by your Company and in implementation of the same.

Thanking you,

Yours faithfully,

For **Electrosteel Castings Limited**

Sd/-

A. K. Kanodia
Company Secretary

----- TEAR HERE -----

DP ID CLIENT ID FOLIO NO

To,
The Company Secretary
Electrosteel Castings Limited
Corporate Office : 19, Camac Street
Kolkata - 700 017

Dear Sir,

I hereby give my consent to receive all future communications from Electrosteel Castings Limited at my below email id and/or at my e-mail registered with my/our depository:-

E-mail id

Alternative email id

Thanking you,

Yours faithfully,

.....
Signature of Sole / 1st Holder

.....
Name

.....
Date

TEAR HERE

NECS MANDATE FORM

Maheswari Datamatics Pvt. Ltd.
Unit : Electrosteel Castings Ltd.
6, Mangoe Lane, 2nd Floor
(Surendra Mohan Ghosh Sarani)
Kolkata - 700 001

← For Shares held in Physical Mode
Please complete the form and mail to

Shares held in Electronic Mode
Should inform respective DPs

Dear Sirs,

Change in mode of payment to NECS

I hereby consent to have the amount of dividend on my equity shares credited through the National Electronic Clearing Service (NECS). The particulars are:

1. Folio No. / Client ID No. / DPID No. _____
(Folio No. given in equity share certificate(s)/Customer ID Nos. given by your DPs)
2. Shareholder's Name _____
3. Shareholder's Address _____

4. Income Tax Permanent Account Nos:- 10 Digits (for issue of TDS certificate) _____
(PAN should be latest and correct)
5. Particulars of the Bank
 - Bank Name _____
 - Bank Name and Address _____
 - Mention the 9 digit-code number of the Bank and branch appearing on the MICR cheque issued by the bank.

(Please attach the photocopy of a cheque or a cancelled bank cheque issued by your bank for verifying the accuracy of the code number)

- Account type (Please ✓) Savings Current Cash Credit
- Account number (as appearing on the MICR cheque book)

6. Date from which the mandate should be effective

I hereby, declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information or non availability of NECS facility with Company's banks at my place / city, I would not hold the Company / Registrar & Share Transfer Agents of the Company responsible. I also undertake to advise any change in the particulars of my account to facilitate updation of records for purpose of credit of dividend amount through NECS

Signature of the first/sole shareholder

TEAR HERE



ELECTROSTEEL CASTINGS LIMITED

Registered Office: Rathod Colony, Rajgangpur, Dist. Sundergarh, Odisha-770017
58th Annual General Meeting - August 22, 2013, Thursday at 11-30 A.M.

ADMISSION SLIP

Full Name of the member in Block Letters.....

Folio No..... DP ID No.*..... Client ID No.*.....

*Applicable for member holding shares in electronic form.

I certify that I am a registered shareholder of the Company and hold..... shares
please ✓ in the box

MEMBER

PROXY

Member's Signature

Name of the Proxy in Block Letters

Proxy's Signature

Note: 1. Shareholder/Proxyholder wishing to attend the meeting must bring the Admission Slip to the meeting and hand it over at the entrance duly signed.

TEAR HERE

ELECTROSTEEL CASTINGS LIMITED

PROXY FORM

I/We.....

of.....

being a member/members of Electrosteel Castings Limited hereby appoint

.....of.....

or failing him.....of.....

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, the August 22, 2013.

as witness my/our hand(s) this day of..... 2013

signed by the said

Folio No.....

No. of Shares held.....

Affix
Rupee 1/-
Revenue
Stamp

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



ELECTROSTEEL CASTINGS LIMITED


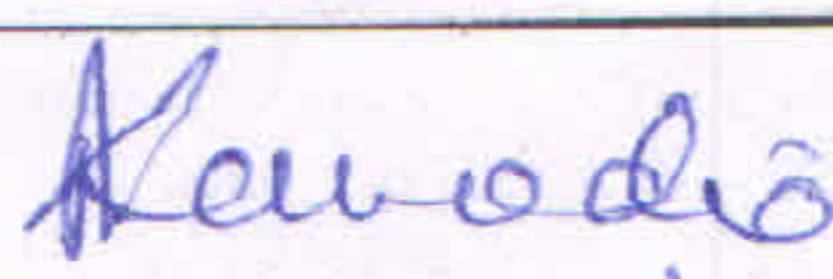
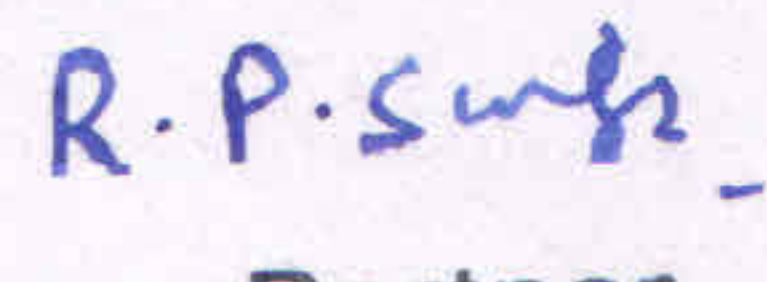
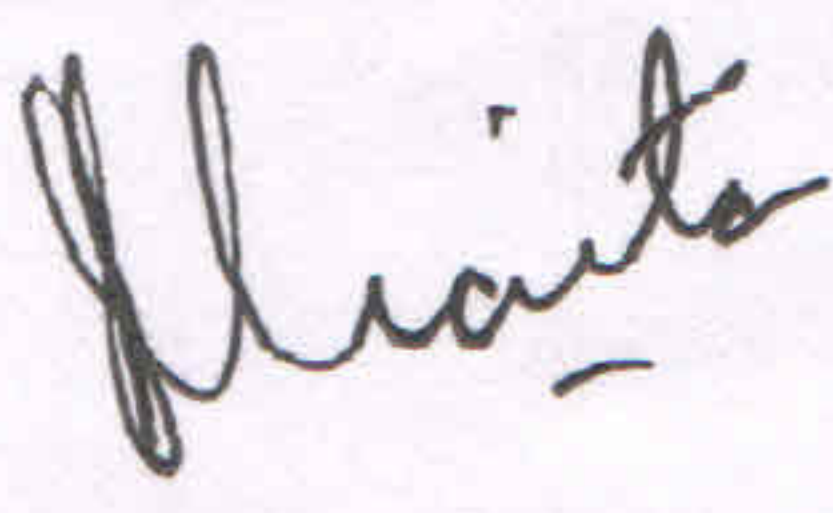
G. K. TOWER, 19 CAMAC STREET, KOLKATA-700 017 (INDIA)

TEL : Board Number 91-33-22839990, 40090600

Fax : (Directors) 91-33-22894336, (Sales) 91-33-22894337, (Export) 91-33-22894338, (Finance) 91-33-22894339

FORM A

Covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	Electrosteel Castings Limited
2.	Annual financial statements for the year ended	31 st March, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	Signed by-	
	<ul style="list-style-type: none">CEO/Managing Director	
	<ul style="list-style-type: none">CFO	 For Lodha & Co. Chartered Accountants
	<ul style="list-style-type: none">Auditor of the company (M/s. Lodha & Company)	 Partner
	<ul style="list-style-type: none">Audit Committee Chairman	



Website : www.electrosteel.com

Regd. Office : Rajgangpur, Orissa



FM : 45346