

**EASTCOAST STEEL LIMITED**

**27<sup>TH</sup>**

**ANNUAL REPORT**

**2009-2010**

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# EASTCOAST STEEL LIMITED

<b><u>Board of Directors:</u></b>	Mr. Prithviraj S. Parikh	Chairman & Executive Director
	Mr. Nalin S. Parikh	Director
	Mr. Rajendra Chaturvedi	Director
	Mr. Vilas K. Shah	Director
	Dr. P. K. Mohanty	Director
	Mr. Premratan Damani	Director
	Mr. Ojas K. Parikh	Director
	Mr. P.K.R.K. Menon	Director & Co. Secretary
<b><u>Auditors:</u></b>	M/s. Krishnan & Giri	
	Chartered Accountants	
	Chennai	
<b><u>Bankers:</u></b>	State Bank of India	
	Central Bank of India	
<b><u>Registered Office &amp; Plant:</u></b>	Cuddalore Road, Pillayarkuppam Post, Bahour Commune, Pondicherry- 607 402	
<b><u>Corporate Office:</u></b>	Mittal Tower, 'A' Wing, 16 <sup>th</sup> Floor, Nariman Point, Mumbai- 400 021	
<b><u>Registrar &amp; Share Transfer Agents:</u></b>	Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai- 400 078 Tel: 022- 2596 3838 Fax: 022- 2594 6969 E-Mail: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>	
<b><u>Depository Services:</u></b>	National Securities Depository Ltd. Trade World, 4 <sup>th</sup> Floor, Kamla Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai- 400 013	
<b><u>ISIN No: (Demat)</u></b>	INE 315F 01013	

## NOTICE

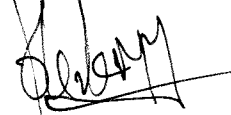
Notice is hereby given that the **Twenty Seventh (27<sup>th</sup>) Annual General Meeting** of the members of **EASTCOAST STEEL LIMITED** will be held at the Registered office of the Company at Cuddalore Road, Pillayarkuppam Post, Bahour Commune, Pondicherry- 607 402 on Wednesday, 29<sup>th</sup> September 2010 at 10:00 A.M. to transact the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at March 31, 2010, the Profit & Loss A/c for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Prithviraj S. Parikh who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. P.K.R.K. Menon who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Mr. Ojas K. Parikh as a Regular Director who was earlier appointed as an Additional Director at the board meeting held on 28-01-2010.
5. To appoint Mr. Premratan Damani as a Regular Director who was earlier appointed as an Additional Director at the board meeting held on 28-01-2010.
6. To appoint auditors and fix their remuneration and for this purpose to consider and, if thought fit, to pass, with or without modification, the following resolution;

**“RESOLVED THAT** pursuant to the provisions of Section 224 of the Companies Act, 1956, M/s. Chaturvedi & Shah, Chartered Accountants, Mumbai, be and are hereby appointed as Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting, that the Audit Committee of the Board of Directors, be and is hereby authorized to determine the remuneration payable to the Auditors.”

**By order of the Board of Directors**



**P.K.R.K. Menon**

Director & Company Secretary

Place: **Mumbai**

Date: **29<sup>th</sup> July 2010**

### **NOTES:**

1. Mr. Ojas K. Parikh and Mr. Premratan Damani were earlier appointed as additional directors on the board at the meeting of board of directors held on 28-01-2010. The other directors are of the opinion that the experience and services rendered by these two directors will be beneficial in future and it is in the interest of the company to continue their services as directors on board of the company. The board recommends both of their appointment as Regular directors on the board.

2. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself / herself and the Proxy need not be a member of the Company. A proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Annual General Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 20<sup>th</sup> September 2010 to 29<sup>th</sup> September 2010 (both days inclusive).
4. The members who hold shares in dematerialized form are requested to bring their Client ID and DP ID No. for easy identification of attendance at the meeting. The members who hold shares in physical form are requested to notify the change in their address, if any, to the Company immediately. Also, members holding shares in different folios in physical form are requested to apply to our R&T Agents for consolidation of the same.
5. Members/ proxies should bring duly filled attendance slips attached herewith for attending the meeting along with their copies of the Annual Report.
6. A Brief Profile of Directors seeking re-appointment is given hereunder:

**Mr. Prithviraj S. Parikh**

Mr. Prithviraj S. Parikh, aged 65, has done his Masters in Engineering in U.S. Returning to India he joined family owned business of manufacturing steel by electric arc furnace as a director on the board of Western Ministil Limited in 1972-73 and began his career as an Industrialist. He was closely connected with setting up the plant at Mulund which he continued to manage till 1995-96. Thereafter, he did actively participate in setting up and commission the Mini Steel Plant at Pondicherry in the name and style Eastcoast Steel Limited. Having been in steel industry both manufacturing and marketing for over three and half decades, he has a vast and varied experience. He has good exposure in merchandising and trade in international steel market.

Mr. Prithviraj S. Parikh is also director in following companies:

1. Western Ministil Limited
2. Anagha Properties Pvt. Ltd.
3. Aspher Foods Pvt. Ltd.
4. Bombay Warehousing Co. Pvt. Ltd.
5. Gunjar Finance & Investment Pvt. Ltd.
6. K Parikh Agencies Pvt. Ltd.
7. Satori Realty Pvt. Ltd.
8. Western India Steel Co. Pvt. Ltd.
9. Wist Overseas Pvt. Ltd.
10. WRM Pvt. Ltd.

Mr. Prithviraj S. Parikh holds 64,830 shares in the company.

**Mr. P.K.R.K. Menon**

Mr. P.K.R.K. Menon, aged 67, is a Professional Corporate Executive having over four decades of experience in administration, finance & commercial matters. Mr. Menon has Post Graduate degrees in Commerce, Law and Management. He is Fellow of The Institute of Company Secretaries of India, New Delhi. He holds the Life Membership in All India Management Association, New Delhi, Bombay Management Association and Bombay Productivity Council. He has an overall experience/ exposure in General Management covering personnel, material, marketing, etc.

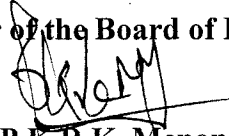
Mr. P.K.R.K. Menon is also director in following companies:

1. Western Ministil Limited
2. Western India Steel Co. Pvt. Ltd.

3. Wist Overseas Pvt. Ltd.
4. WRM Pvt. Ltd.
5. Skandwil India Pvt. Ltd.

Mr. P.K.R.K. Menon holds 1,100 equity shares in the company.

**By order of the Board of Directors**



**P.K.R.K. Menon**

Director & Company Secretary

Place: **Mumbai**

Date: **29<sup>th</sup> July 2010**

# **EASTCOAST STEEL LIMITED**

## **DIRECTORS' REPORT**

1. Your Directors are presenting herewith the twenty-seventh (27<sup>th</sup>) Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March 2010.

### **2. FINANCIAL RESULTS**

	<b>(Rs. in Lacs)</b>	
	<b><u>2009-10</u></b>	<b><u>2008-09</u></b>
Other Income	6.54	13.47
Profit/ (Loss) before Interest & Depreciation	(35.98)	(42.03)
Finance Charges	12.05	20.54
Depreciation	3.39	4.80
Profit/ (Loss) before Tax	(51.42)	(67.37)
Taxation	0.14	0.39
Balance in P&L A/c carried forward	(51.56)	(67.76)
Debit Balance in P&L A/c	(1,075.08)	(1,255.32)
Less: General Reserves adjusted	----	248.00
Balance carried forward to Balance Sheet	<b><u>(1,126.64)</u></b>	<b><u>(1,075.08)</u></b>

### **3. DIVIDEND**

In view of the losses carried forward of Rs. 1,126.64 Lacs as at 31-03-2010, the Board of Directors regret their inability to propose any dividend for the year under review.

### **4. OPERATING RESULTS**

The Company had suspended production at its plant located in Pondicherry owing to uneconomical operation and since then the activities are at a standstill. The current year's operations have therefore resulted in a loss of Rs.51.42 lacs (Loss of Rs.67.37 lacs in the previous year)

### **5. FINANCE**

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

However, borrowings on account of unsecured loans have increased from Rs.78,29,872 (Previous year) to Rs.1,36,34,617 during the year under review.

### **6. INDUSTRIAL RELATIONS**

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

### **7. CORPORATE GOVERNANCE**

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

## 8. BOARD OF DIRECTORS

Mr. Prithviraj S. Parikh and Mr. P.K.R.K. Menon will retire by rotation at the forthcoming 27<sup>th</sup> Annual General Meeting of the Company. Being eligible, they have offered themselves for re-election. The Board proposes that both these persons are required to be continued for the benefit of the Company.

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

<b>Data</b>	<b>Mr. Prithviraj S. Parikh</b>	<b>Mr. P.K.R.K. Menon</b>
(a) Brief Resume	Born on 19-02-1946 M.S., M.E. from New York University	Born on 09-08-1943 M.Com, L.L.M., M.B.A., F.C.S., D.B.M., D.F.M., D.C.P.
(b) Experience	Over three decades in management of Steel Industry & allied activities, International Trade, etc.	Over four decades in Administration & Finance in Industry and Trade- Steel, engineering, etc.
(c) Name of Companies in which he holds directorship and Membership in their Committee	Western Ministil Limited Gunjar Finance & Investment Pvt. Ltd. K. Parikh Agencies Pvt. Ltd. WRM Pvt. Ltd. Aspher Foods Pvt. Ltd. Anagha Properties Pvt. Ltd. Western India Steel Co. Pvt. Ltd. Satori Realty Pvt. Ltd. Wist Overseas Pvt. Ltd.	Western Ministil Ltd. WRM Pvt. Ltd. Western India Steel Co. Pvt. Ltd. Wist Overseas Pvt. Ltd. Skandwil India Pvt. Ltd.

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

Mr. Prithviraj S. Parikh, Director, was designated as the Executive Director by the Board on 30-01-2009. However, having regard to the present financial position of the Company, the Board had deferred payment of remuneration to him although the members at the 26<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September 2009 have approved the payment of Rs.50,000/- p.m. as and by way of consolidated remuneration.

## 9. DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of the accounts for the financial year ended 31<sup>st</sup> March 2010 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss sustained by the Company;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the Directors have prepared the annual accounts for the financial year ended 31<sup>st</sup> March 2010 on a "going concern" basis.

## 10. AUDITORS

M/s. Krishnan & Giri, Chartered Accountants, Auditors of the company have expressed their unwillingness to be appointed as auditors of the company for the financial year 2010-11 vide their letter dated 26-07-2010 under section 224 (2) of the Companies Act, 1956.

Company has received a proposal from M/s. Chaturvedi & Shah, Chartered Accountants, Mumbai, of their willingness to be appointed as Auditors of the company. Based upon their willingness, Board of Directors, vide their meeting dated 29-07-2010, has recommended their appointment subject to the approval of General Body meeting at the ensuing Annual General Meeting. The company has also received a certificate from the proposed auditors that they are qualified under section 224 (1B) of the Companies Act, 1956 to act as the Auditors of the Company, if appointed.

## 11. NOTICE OF DISCLOURE

The S.L.P. filed by Pondicherry Electricity Department against the Company in 2002 is still pending for disposal. It may be recalled that the petitioners were not granted any relief at the time of admission by the Supreme Court of India, New Delhi. The Company has however, moved an application to refer the matter for mediation with LOK ADALAT in February 2009, which is being granted and the matter is pending before the said forum for hearing and disposal. Attention is drawn to the Note No. 10 (a) of Schedule 11 of the Notes annexed to and forming part of the Accounts, in which the matter has been dealt with in greater details.

The Govt. of Puducherry has issued a notification under G.O.Ms.No.58 dtd. 31-03-2010 that an area of approximately 4.00 Acres of land, most of which belongs to the company, be acquired for housing. The company's objection to the move on the part of the govt. for the said proposed acquisition is being put up in consultation and guidance from the legal advisor/ advocate.

## 12. STATUTORY INFORMATION (As required under Section 217 of the Act)

217(1)(e): Conservation of energy, R. & D., Absorption of Technology and Foreign exchange Earnings and Outgoes:- The required information is NIL as the Company's Plant is closed down from April 1995.

217(2A): There were no employees in the Company during the year falling under this description.

217(2AA): Directors' Responsibility Statement:- Separately given in Sr. No. 9 of this report.

217(2B): Buyback of shares:- There was no scheme of buyback of shares of the Company during the year under review.

## 13. ACKNOWLEDGEMENTS

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

**By Order of the Board of Directors**



**Prithviraj S. Parikh**  
Chairman &  
Executive Director

Place: **Mumbai**  
Date: **29<sup>th</sup> July 2010**



## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

### 2. BOARD OF DIRECTORS

The strength of Company's board is 8 (Eight) directors. Mr. Prithviraj S. Parikh is the chairman and he is an executive director. The information on composition, category and attendance of directors at the board meetings held during the year ended March 31, 2010 and at the last Annual General Meeting of the Company and their directorship / committee membership in other public companies is as under:

Name of Director	Category	No. of Board Meetings		Attendance at last AGM	Other directorships in public companies	Committee position held in other Public Companies		Number of shares held as on 31-03-2010
		Held	Attended			Member	Chairman	
Mr. Prithviraj S. Parikh	Executive Non Independent	6	5	Y	1	-	-	64,830
Mr. Nalin S. Parikh	Non-Executive Non Independent	6	6	-	-	-	-	8,250
Mr. Rajendra Chaturvedi	Non-Executive Independent	6	6	-	1	-	-	0
Dr. P. K. Mohanty	Non-Executive Independent	6	3	-	9	1	-	0
Mr. P.K.R.K. Menon	Non-Executive Non Independent	6	6	Y	1	-	-	1,100
Mr. Vilas K. Shah	Non-Executive Independent	6	6	Y	1	-	1	1,700
*Mr. Prem Ratan Damani	Non-Executive Independent	6	0	-	4	-	-	0
* Mr. Ojas Kirti Parikh	Non-Executive Non Independent	6	1	-	-	-	-	6,780

\* Mr. Prem Ratan Damani and Mr. Ojas Kirti Parikh were appointed as the additional directors on January 28, 2010.

**Note:**

- (1) The Board of Directors of the Company has laid down a **Code of Conduct** for all its members and senior management personnel, which they are bound to observe in the course of conduct of business of the Company. These codes of conduct have also been posted on the website of the Company [www.eastcoaststeel.com](http://www.eastcoaststeel.com). Each of the directors and senior managerial personnel including all functional heads to whom the code has been made applicable, have affirmed their compliance with the code.

- (2) The directors have constituted committees for the efficient management and adherence to the corporate norms. Accordingly, an Audit committee and Shareholders'/ Investors' Grievance Committee have been formed.
- (3) During the year ended March 31, 2010, 6 (Six) meetings of the Board of Directors were held on 30/04/2009, 31/07/2009, 03/09/2009, 23/10/2009, 16/12/2009 and 28/01/2010.

### 3. AUDIT COMMITTEE

The Audit Committee comprises of Mr. Vilas K. Shah, Dr. P. K. Mohanty and Mr. Rajendra Chaturvedi. Mr. P.K.R.K. Menon, being a company secretary, acted as a secretary to the committee. Mr. Vilas K. Shah is the Chairman of the Committee who is the Chartered Accountant (C.A.) by profession and is the non-executive independent director of the company. The terms of reference and powers of the Audit Committee are those prescribed under Clause 49 of the Listing Agreement. The information on meetings of and attendance at the audit committee meetings held during the year ended March 31, 2010 is as under:

Name of Director	No. of meetings	
	Held	Attended
Mr. Vilas K. Shah	4	4
Dr. P.K. Mohanty	4	3
Mr. Rajendra Chaturvedi	4	4
Mr. P.K.R.K. Menon (Secretary)	4	4

#### Note:

- (1) During the year ended March 31, 2010, 4 (Four) meetings of the Audit Committee were held on 30/04/2009, 31/07/2009, 23/10/2009 and 28/01/2010.
- (2) The necessary quorum was present at the meetings.
- (3) The minutes of Audit Committee were discussed and taken on record by the Board of Directors.

### 4. REMUNERATION COMMITTEE

#### (i) Non-executive Directors

Since the closure of the Company's plant in April 1995, the non-executive directors are only paid sitting fees for attending meetings of the Board and Committee(s) thereof except Mr. P.K.R.K. Menon, who is being paid remuneration of Rs.4,20,000/- per annum plus Bonus of Rs.35,000/- plus Medical Expenses of Rs.15,000/- per annum for the services rendered as a Company Secretary.

The details of sitting fees paid to the Non-executive directors during the year ended on March 31, 2010 are as under:

Name of Director	Sitting Fees (Rs.)
Mr. Nalin S. Parikh	27,500/-
Mr. Rajendra Chaturvedi	25,000/-
Dr. P. K. Mohanty	30,000/-
Mr. P.K.R.K. Menon	Nil
Mr. Vilas K. Shah	45,000/-
Mr. Prem Ratan Damani	Nil
Mr. Ojas Kirti Parikh	2,500/-
<b>Total</b>	<b>1,30,000/-</b>

**(ii) Executive Director**

Mr. Prithviraj S. Parikh is the Executive Director of the company. There was no remuneration paid to him during the financial year 2009-10, except sitting fees, the details are as under:

<b>Name of the Director</b>	<b>Sitting Fees (Rs.)</b>
Mr. Prithviraj S. Parikh	22,500/-

**Note:**

- (1) The non-executive directors are only being paid sitting fees at present. The Board of Directors shall unanimously decide the amount of sitting fees to be paid to them from time to time, based on the authority granted by the Articles of Association of the Company.
- (2) Considering the current financial position of the Company, Mr. Prithviraj S. Parikh, Executive Director, has accepted only sitting fees. He is neither paid any remuneration nor other benefits during the financial year 2009-10.

**5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE**

The Company has constituted the Shareholders' / Investors' Grievance Committee. Dr. P. K. Mohanty is the Chairman of the Committee and is Non Executive and Independent Director. Mr. Prithviraj S. Parikh and Mr. Nalin S. Parikh are the other members of the committee. Mr. P.K.R.K. Menon, Company Secretary, is the compliance officer. The Complaints received from the investors are being regularly attended to and are resolved to their satisfaction. The status of the Investors Complaints has been reviewed by the Investors Grievance Committee. During the year ended March 31, 2010, the Company has received 11 (Eleven) grievances from the investors and all of the grievances resolved to the satisfaction of the investors. The 42,214 share transfers received in physical form during the year have been processed before the end of the year.

**6. MANAGEMENT DISCUSSION AND ANALYSIS**

**(i) Industry Structure & development**

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

**(ii) Segment-wise or Product-wise performance**

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

**(iii) Outlook**

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

**(iv) Opportunities & Threats**

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

**(v) Risks & Concern**

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

**(vi) Internal Control**

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

**(vii) Financial performance with respect to operations etc.**

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

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

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

**7. GENERAL BODY MEETINGS**

The last three General Body Meetings were held at registered office of the Company at Cuddalore Road, Pillayarkuppam Post, Bahour Commune, Pondicherry- 607 402.

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

Meeting	Date	Time	Special Resolutions Passed
26 <sup>th</sup> AGM	29/09/2009	10.00 am	<ul style="list-style-type: none"><li>• For ratification of re-issue of 25,376 equity shares forfeited earlier.</li><li>• For issue of Right Equity Shares to the existing shareholders.</li></ul>
25 <sup>th</sup> AGM	15/09/2008	10.00 am	No Special Resolution was passed
24 <sup>th</sup> AGM	14/09/2007	10.00 am	No Special Resolution was passed

During the financial year 2009-10 one postal ballot was conducted. Notice dated 03/09/2009 was issued for seeking the approval of the shareholders to the special resolutions, the details are as under:

1. For addition of Clause 47 & 48 in Other Object Clause of Memorandum of Association
2. For commencement of the business for the same.

The result of the Postal Ballot was declared on 08-10-2009 at the registered office of the company.

**8. DISCLOSURES**

- (i) The Company has not entered in to any materially significant related party transactions that may have potential conflict with the interest of the Company at large.
- (ii) To the best of the Company's knowledge there has been no incidence of non-compliance with laws governing capital market during the last three years. During the last three years, no penalty or strictures have been imposed on the Company by the stock exchanges, SEBI or any statutory authority on any matter related to capital market.
- (iii) The Company has a Whistle Blower Policy in place, but nothing untoward has been reported during the year under review.

- (iv) Details of Compliance with mandatory requirements of clause 49 of the listing agreement and status on non-mandatory requirement are set out in this report.

## 9. MEANS OF COMMUNICATION

The quarterly/ half yearly unaudited financial results along with notes appended thereto and notice for the board and annual general meeting were published in “Trinity Mirror & Makkal Kural” circulating in and around Pondicherry. The company’s website can also be accessed at [www.eastcoaststeel.com](http://www.eastcoaststeel.com)

## 10. GENERAL SHAREHOLDERS’ INFORMATION

- (i) **Registered Office** : Cuddalore Road, Pillayarkuppam Post, Bahour Commune, Pondicherry-607402  
Phone: 0413 – 2611117; Fax: 0413-2611423.
- (ii) **Annual General Meeting** : Date: 29<sup>th</sup> September 2010 at 10.00 a.m.  
Venue: At the Registered office as above.
- (iii) **Date of Book Closure** : 20<sup>th</sup> September 2010 to 29<sup>th</sup> September 2010  
(Both days inclusive)
- (iv) **Dividend Payment Date** : Not Applicable, since no dividend has been declared.
- (v) **Listing on Stock Exchanges** : **Madras Stock Exchange Ltd.,**  
Exchange Building, Post Box No 183,  
30, Second Line Beach, Madras,  
Chennai - 600001  
&  
**Bombay Stock Exchange Ltd.,**  
Phiroze Jeejeebhoy Tower,  
Dalal Street, Mumbai - 400 001  
(Scrip Code: 520081)
- (vi) **Demat ISIN Number in NSDL**: INE315F01013

### (vii) Market Price Data at Bombay Stock Exchange

Month	High (Rs.)	Low (Rs.)
April- 2009	8.81	8.40
May- 2009	11.02	9.16
June- 2009	9.99	9.99
July- 2009	13.00	10.48
August-2009	13.55	11.60
September-2009	12.60	7.01
October- 2009	7.35	5.90
November-2009	6.90	5.60
December- 2009	7.60	6.00
January -2010	8.13	6.40
February- 2010	7.66	6.04
March- 2010	6.65	4.67

**Note:** No transaction has been quoted on the Madras Stock Exchange during the year April 2009 to March 2010.

(viii) **Financial Calendar** : From 1<sup>st</sup> April to 31<sup>st</sup> March.

Financial reporting for

- The quarter ending June 30, 2009 : End July 2009

- The quarter ending September 30, 2009 : End October 2009
- The quarter ending December 31, 2009 : End January 2010
- The quarter ending March 31, 2010 : End April 2010

**(ix) Registrar and Share Transfer Agents:**

Link Intime India Private Limited.  
C-13, Pannalal Silk Mills Compound,  
L.B.S.Marg, Bhandup-West,  
Mumbai - 400078.  
Ph: 022- 2594 6970 / 2596 3838  
Fax: 022- 2594 6969  
E-Mail: rnt.helpdesk@linkintime.co.in

**(x) Share Transfer System**

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

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

**(xi) Distribution of Shareholding (as on 31/03/2010)**

Range	No. of shares	% of Shareholder	Share Amount (Rs)	% of Amount
1 to 500	1199920	89.36	11999200	24.51
501 to 1000	420890	6.38	4208900	8.60
1001 to 2000	304818	2.32	3048180	6.22
2001 to 3000	141555	0.66	1415550	2.89
3001 to 4000	80560	0.28	805600	1.65
4001 to 5000	83270	0.22	832700	1.70
5001 to 10,000	226138	0.37	2261380	4.62
10,001 and above	2439317	0.41	24393170	49.81
<b>Total</b>	<b>4896468</b>	<b>100</b>	<b>48964680</b>	<b>100</b>

**(xii) Dematerialization of Shares and Liquidity (as on 31/03/2010)**

Category	No. of Shares	% of Total Capital
Electronic Form	3,196,439	65.28
Physical Form	1,700,029	34.72
<b>Total</b>	<b>48,96,468</b>	<b>100.00</b>

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

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

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

**(xv) Investor Correspondence:**

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W), Mumbai - 400 078.  
Ph: 022- 2594 6970 / 2596 3838 Fax: 022- 2594 6969  
E-Mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)


**NON-MANDATORY REQUIREMENTS:** None in particular which is required to be stated.

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**DECLARATION**

As provided under clause 49 of the listing agreement with the stock exchange, all the members of the Board & Senior management personnel have affirmed compliance to the code of conduct of the company for the year ended 31<sup>st</sup> March, 2010.

**For East Coast Steel Limited**



**Prithviraj S. Parikh**  
Chairman &  
Executive Director

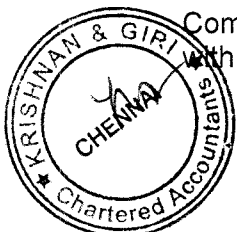
Place: **Mumbai**  
Date: **29<sup>th</sup> July 2010**

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

We have audited the attached Balance Sheet of **EASTCOAST STEEL LIMITED** as at 31<sup>st</sup> March, 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph '1' above :-
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper books of account as required by law have been maintained by the Company so far as it appears from our examination of such books.
  - c. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
  - d. In our opinion, the Balance Sheet, the Profit & Loss A/c and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3c) of the Companies Act, 1956.
  - e. On the basis of written representation received from the Directors as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors are disqualified as at March 31, 2010 from being appointed as a director u/s 274 (1) (g) of the Companies Act, 1956.
  - f. In our opinion and to the best of our information and explanations given to us, the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:



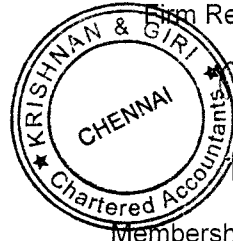


- i. in the case of Balance Sheet of the state of affairs of the company as at 31st March 2010 and
- ii. in the case of Profit and Loss Account of the **Loss** for the year ended as on that date; and
- iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For Krishnan & Giri**

Chartered Accountants

Firm Registration No:1512S



*[Handwritten signature]*

**R.Saptagiri**

Partner

Membership No: 38623

Place: Chennai

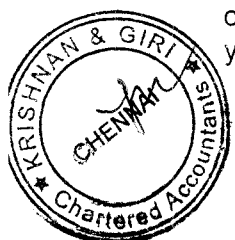
Date: 29<sup>th</sup> July 2010

**ANNEXURE**

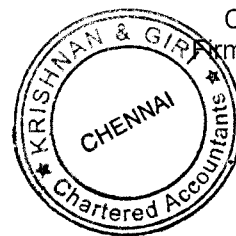
**RE: EASTCOAST STEEL LIMITED**

**(REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE)**

1. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. All the assets have been physically verified by the management during the year which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No serious discrepancies were noticed on such verification. None of the Fixed Assets were disposed off during the year and therefore do not affect the going concern status of the company.
2. The company has no stock of raw materials or finished goods during the year. Further it has not carried out any manufacturing activity nor procured any materials during the year under review. Therefore, we have no observation in respect of its inventory.
3. In our opinion, the terms and conditions on which loans have been taken from the parties listed in the register maintained under Section 301 of the Companies Act, 1956, are prima facie not prejudicial to the interests of the Company. The company has taken loan from one party and the balance amount due as on the close of the year is Rs.136.35 Lakhs. The company has not advanced amounts to any party listed in the register maintained under Section 301 of the Companies Act, 1956.
4. The company has not carried on any activities during the year. Hence in our opinion clauses 4 (iv) and (v) regarding adequate internal control system and particulars of contracts or arrangements are not applicable to the company.
5. In our opinion, and according to the information and explanations given to us, the company has not accepted any deposit within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
6. In our opinion the Company's internal audit system is commensurate with the size and nature of its business.
7. The Company has not carried on any manufacturing operations during the year. Hence the question of cost records required to be maintained Under Section 209 (1) (d) of the Companies Act, 1956 does not arise.
8. a) According to the information and explanations given to us, Provident Fund dues and Employees state Insurance dues have been regularly deposited during the year with the appropriate authorities.  
b) According to the information and explanations given to us, there are no arrears of undisputed statutory dues including Income Tax, Sales tax, Customs Duty, Provident Fund and Employees' State Insurance outstanding as on 31<sup>st</sup> March, 2010 for a period of more than six months from the date they became payable.  
c) Dues not deposited on account of disputes- Nil
9. On the basis of the audited financial statements, the accumulated loss of the company at the close of the year is more than 50% of its net worth. Further, it has incurred cash loss during the year (previous year cash loss Rs.62.58 Lacs).



10. Since the company has not borrowed any money by way of secured loans, there are no repayment of dues or default on this account.
11. The company has not issued any debentures nor does it have any secured loans.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a Chit fund, Nidhi, Mutual benefit fund or a Society. Accordingly, clause 4 (xiii) of the Order is not applicable.
14. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4 (xiv) of the Order is not applicable.
15. On the basis of information and explanations given to us, the company has not given guarantee to any Bank or other financial institutions on behalf of other parties.
16. The company has not taken any term loans during the year. Hence clause 4 (xvi) is not applicable to the company.
17. In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements, the funds raised on short term basis have not been used for long term investment.
18. The company has not made any preferential allotment of shares to any party listed in the register maintained under Section 301 of the Companies Act, 1956.
19. The company has not issued debentures. Hence, clause 4 (xix) of the Order is not applicable to the company.
20. The company has not raised any money by way of public issues during the year.
21. According the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.



**For Krishnan & Giri**  
Chartered Accountants  
Firm Registration No:1512S

**R.Saptagiri**  
Partner

Membership No: 38623

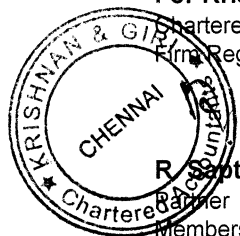
Place: Chennai  
Date: 29<sup>th</sup> July 2010

**EASTCOAST STEEL LIMITED**  
**BALANCE SHEET**  
**AS AT 31ST MARCH 2010**


	Schedule No	Rs.	AS AT	
			31st March 2010 Rs.	31st March 2009 Rs.
<b><u>SOURCE OF FUNDS</u></b>				
<b>SHAREHOLDERS FUNDS:</b>				
Share Capital	1	4,89,64,680		4,89,64,680
Reserves & Surplus	2	<u>7,19,62,400</u>	12,09,27,080	<u>7,19,62,400</u> 12,09,27,080
<b>LOANS:</b>				
Unsecured Loans	3		1,36,34,617	78,29,872
			<u>13,45,61,697</u>	<u>12,87,56,952</u>
<b><u>APPLICATION OF FUNDS</u></b>				
<b>FIXED ASSETS:</b>				
Gross Block	4	2,07,22,941		2,07,22,941
Less: Accumulated Depreciation		<u>71,19,406</u>	1,36,03,534	<u>67,80,184</u> 1,39,42,756
<b>INVESTMENTS:</b>				
	5		56,475	56,475
<b>CURRENT ASSETS, LOANS &amp; ADVANCES:</b>				
Cash & Bank Balances	6	7,41,017		6,03,224
Loans & Advances		<u>92,14,641</u>		<u>86,61,740</u>
			99,55,659	92,64,964
<b>Less: CURRENT LIABILITIES &amp; PROVISIONS:</b>				
Current Liabilities	7	4,38,177		7,56,190
Provisions		<u>12,80,000</u>		<u>12,59,000</u>
			17,18,177	20,15,190
Net Current Assets (I - II)			82,37,482	72,49,774
<b>DEBIT BALANCE IN PROFIT &amp; LOSS A/C</b>			11,26,64,206	10,75,07,947
			<u>13,45,61,697</u>	<u>12,87,56,952</u>

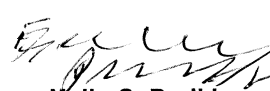
As per our Report of Even date

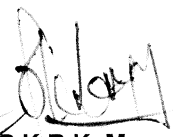
**For Krishnan & Giri**  
Chartered Accountants  
Firm Registration No: 1512S  
  
**R. S. Prtagiri**  
Partner  
Membership No: 38623



**For and on behalf of the Board of Directors**

 **Prithviraj S. Parikh**  
Chairman &  
Executive Director

 **Nalin S. Parikh**  
Director

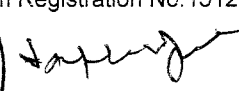
 **P.K.R.K. Menon**  
Director  
Company Secretary

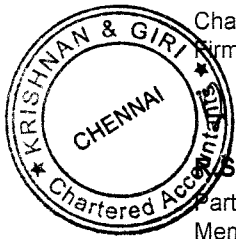
Place: Mumbai  
Dated: 29th July 2010

**EASTCOAST STEEL LIMITED**  
**PROFIT & LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST MARCH 2010**

	Schedule No	YEAR ENDED	
		31st March 2010 Rs.	31st March 2009 Rs.
<b>INCOME:</b>			
Other Income	8	6,54,244	13,46,826
		<b>6,54,244</b>	<b>13,46,826</b>
<b>EXPENDITURE:</b>			
Establishment Administrative & Other Expenses	9	42,51,738	55,50,102
Financial Charges	10	12,05,374	20,54,309
		<b>54,57,112</b>	<b>76,04,411</b>
<b>PROFIT/(LOSS) BEFORE DEPRECIATION</b>		<b>-48,02,867</b>	<b>-62,57,585</b>
DEPRECIATION	4	3,39,222	4,79,933
<b>PROFIT/(LOSS) AFTER DEPRECIATION</b>		<b>-51,42,089</b>	<b>-67,37,518</b>
<b>TAXES</b>		<b>14,170</b>	<b>38,768</b>
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>-51,56,259</b>	<b>-67,76,286</b>
<b>BALANCE LOSS BROUGHT FORWARD</b>		<b>-10,75,07,947</b>	<b>-12,55,31,661</b>
Loss Transferred to General Reserve		0	2,48,00,000
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>-11,26,64,206</b>	<b>-10,75,07,947</b>
Basic & Diluted Earnings Per Share (Refer Note No 14 of Schedule 11)		-1.05	-1.38

As per our Report of even date

**For Krishnan & Giri**  
Chartered Accountants  
Firm Registration No:1512S  
  
**Saptagiri**  
Partner  
Membership No: 38623



**For and on behalf of the Board of Directors**

 <b>Prithviraj S. Parikh</b> Chairman & Executive Director	 <b>Nalin S. Parikh</b> Director	 <b>P.K.R.K. Menon</b> Director & Company Secretary
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Place: Mumbai  
Dated: 29th July 2010

## EASTCOAST STEEL LIMITED

	As at 31st March 2010 (Rs.)	As at 31st March 2009 (Rs.)
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### SCHEDULE: 1

#### SHARE CAPITAL

##### Authorised :

1,00,00,000 Equity Shares of Rs.10/- each  
(Previous Year 1,00,00,000 Shares)

<u>10,00,00,000</u>	<u>10,00,00,000</u>
---------------------	---------------------

##### Issued, Subscribed & Paid-up :

48,96,468 Equity Shares of Rs.10/- each  
(Previous year 48,96,468 Shares)

4,89,64,680	4,89,64,680
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<u>4,89,64,680</u>	<u>4,89,64,680</u>
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### SCHEDULE: 2

#### RESERVES AND SURPLUS

##### (a)Capital Reserve:

- i) Subsidy received from Central Govt.
- ii) Share Premium Account

25,00,000	25,00,000
6,94,62,400	6,94,62,400

##### (b) General Reserve:

Balance as per previous Balance Sheet  
Less: Debit bal. in P&L A/c to the extent adjusted

0	2,48,00,000
0	2,48,00,000

<u>0</u>	<u>0</u>
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<u>7,19,62,400</u>	<u>7,19,62,400</u>
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### SCHEDULE 3

#### UNSECURED LOANS

From a Corporate Entity

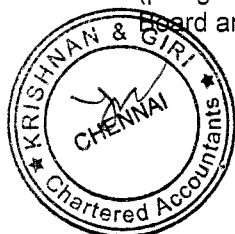
<u>1,36,34,617</u>	<u>78,29,872</u>
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### SCHEDULE 5

#### INVESTMENTS (Long Term Unquoted - At cost)

In National Savings Certificates  
(pledged with Pondicherry State Electricity  
Board and Commercial Tax Authorities)

<u>56,475</u>	<u>56,475</u>
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## SCHEDULE 6

### CURRENT ASSETS, LOANS AND ADVANCES

#### Current Assets:

##### Cash & Bank Balances:

Cash on hand	143,153	135,456
Balances with Banks:-Current Accounts	597,864	467,768
	<b>741,017</b>	<b>603,224</b>

##### Loans and Advances:

##### (Unsecured, Considered good)

Interest accrued on investments	1,018,177	476,209
Deposit with HDFC *	6,000,000	6,000,000
Advances recoverable in cash or in kind or for value to be received	1,755,897	1,742,574
Deposits	440,567	442,957
	<b>9,214,641</b>	<b>8,661,740</b>

\* indicates that the amount has been deposited in accordance with the order dated 18-11-2008 of the High Court of Madras. The matter is however still pending final disposal before the Supreme court. (Refer Point 10 (b) of Schedule 11)

## SCHEDULE 7

### CURRENT LIABILITIES AND PROVISIONS

#### Current Liabilities:

Sundry Creditors for Expenses	262,316	240,249
Statutory dues	175,861	515,941
	<b>438,177</b>	<b>756,190</b>

#### Provisions:

Provision for Gratuity	904,000	855,000
Provision for Leave Encashment	376,000	404,000
	<b>1,280,000</b>	<b>1,259,000</b>
	<b>1,718,177</b>	<b>2,015,190</b>



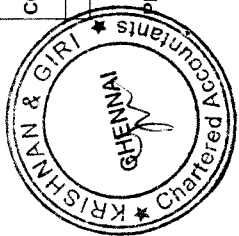
EASTCOAST STEEL LIMITED

SCHEDULE 4:

FIXED ASSETS

PARTICULARS	GROSS BLOCK		BALANCE AS ON 31-03-2010	DEPRECIATION FOR THE ADJUSTMENTS DURING THE YEAR		NET BLOCK		
	BALANCE AS ON 01-04-2009	ADDITIONS		DELETIONS	UPTO 01-04-2009	FOR THE YEAR	TOTAL UPTO 31-03-2010	W.D.V. AS ON 31-03-2010
FREE HOLD LAND	28,32,179	0	28,32,179	0	0	0	28,32,179	28,32,179
OFFICE BUILDING	1,39,24,924	0	1,39,24,924	36,63,848	2,26,977	38,90,825	1,00,34,099	1,02,61,076
FURNITURE & FIXTURES	12,78,841	0	12,78,841	13,38,600	0	12,78,840	1	59,759
OFFICE EQUIPMENT	19,78,392	0	19,78,392	16,02,379	93,374	16,95,753	2,82,639	3,76,013
VEHICLES	5,40,000	0	5,40,000	1,35,629	51,300	1,86,929	3,53,071	4,04,371
COMPUTER	1,68,605	0	1,68,605	39,728	27,331	67,059	1,01,546	1,28,877
<b>TOTAL</b>	<b>2,07,22,941</b>	<b>0</b>	<b>2,07,22,941</b>	<b>67,80,184</b>	<b>3,98,982</b>	<b>71,19,406</b>	<b>1,36,03,535</b>	<b>1,39,42,757</b>

PREVIOUS YEAR FIGURES      2,07,22,941      0      0      2,07,22,941      63,00,251      4,79,933      0      67,80,184      1,39,42,757      1,42,66,482





**SCHEDULE 8****OTHER INCOME**

Interest Receipts

	As at 31st March 2010 (Rs.)	As at 31st March 2009 (Rs.)
Interest Receipts	6,54,244	13,46,826
	<b>6,54,244</b>	<b>13,46,826</b>

**SCHEDULE 9****ESTABLISHMENT, ADMINISTRATIVE AND OTHER EXPENSES**

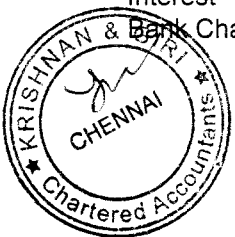
Salaries & Wages	19,33,932	18,52,350
Bonus & Ex-gratia	1,06,280	88,778
Gratuity & Leave Encashment Benefits	21,000	7,22,304
Staff Welfare Expenses	10,328	8,846
Medical Expenses	46,147	42,433
Contribution of PF / ESIC	1,52,270	1,14,807
Power & Fuel	58,949	1,03,291
Electricity Charges	35,021	29,885
Repairs & Maint - Buildings	2,31,263	3,58,975
Repairs - Others	15,460	1,30,796
Telephone & Telex Charges	84,705	1,11,808
Courier/Postage	60,632	51,525
Travelling & Conveyance	2,88,695	3,30,838
Running & Maintenance of vehicles	1,69,423	1,93,938
Printing & Stationery	85,545	58,570
Rent, Rates and Taxes	2,24,125	2,07,065
Insurance Premium	26,279	44,174
Legal and Professional Charges	2,80,529	5,88,711
Remuneration to Auditors- Towards Audit Fees	33,090	33,090
- " Tax Matters	5,515	6,685
- " Other matters	6,618	10,112
Share Registrar's Expenses	35,058	33,657
Directors Sitting Fees	1,52,500	1,37,500
Office Equipment Maintenance	24,911	37,119
Advertisement	67,100	40,665
Entertainment Expenses	27,301	16,603
Membership , Subscription & Conference Exp	4,345	1,27,000
Income tax	1,485	0
Miscellaneous Expenses	63,234	68,579
	<b>42,51,738</b>	<b>55,50,102</b>

**SCHEDULE 10****INTEREST AND FINANCE CHARGES**

Interest

Bank Charges

Interest	12,04,417	20,51,512
Bank Charges	957	2,797
	<b>12,05,374</b>	<b>20,54,309</b>



# EASTCOAST STEEL LIMITED

SCHEDULE: 11

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

## A) ACCOUNTING POLICIES:

### 1. Basis of accounting:

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

### 2. Fixed Assets & Depreciation:

- a) Fixed Assets are stated at Cost of acquisition or installation and includes erection and construction expenses.
- b) Depreciation has been provided on the basis of Straight Line Method at the rates and in the manner specified in schedule XIV of the Companies Act 1956.

### 3. Investments:

Investments are stated at Cost.

### 4. Valuation – Inventories:

Not applicable as stocks being 'Nil'

### 5. Liability Recognition:

Provision is made in Accounts in respect of all liabilities relating to the year under review which have known till the date of the accounts were prepared for authentication by the Board of Directors and which have material effect on the position stated in the balance sheet Liabilities, claims and debts not acknowledged/ accepted and disputed by the Company and not provided for, are being disclosed in the Notes to the Accounts.

### 6. Retirements Benefits:

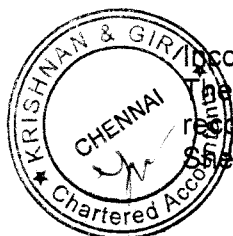
Retirement benefits are accounted for on Accrual basis as per Revised Accounting Standard-15 on the basis of actuarial valuation.

### 7. Foreign Currency Transactions:

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

### 8. Taxes:

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



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

#### 9. Impairment of Assets:

The carrying amount of assets are reviewed at each Balance sheet date to assess whether there is any indication of impairment of the carrying amount of such assets of the company. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

#### B. NOTES ON ACCOUNTS:

	(Rs. In Lacs)	
	Year ended	
	31-03-2010	31-03-2009
10. Contingent Liabilities:	Nil	Nil

a) The Electricity Dept. Pondicherry had filed a special leave petition before the Supreme Court of India, challenging the findings of the Madras High Court in respect of demand towards Electricity Charges of Rs 17.79 Crores (includes interest of Rs.12.11 Crores), since converted into a Civil Application. Subsequently, the matter has been referred to Supreme Court Lok Adalat, where it is pending for hearing and disposal. The company has been legally advised that the case can be successfully contested/ defended and hence no provision is made.

b) The Company has not provided in the Accounts disputed claim of Rs.134/- Lacs (in addition to interest on the said claim) relating to import of scrap for which the appeal before the Supreme Court is pending disposal. The Company has been advised that no liability will be fastened on the company, based on the facts and circumstances of the case. However, an amount (along with Interest over the years) of Rs.70.18 Lacs is lying deposited with HDFC in accordance with the order of the High Court of Madras dated 28-11-2008. (See Schedule 6)

11. No provision for taxation is necessary in view of the accumulated losses incurred over the years.

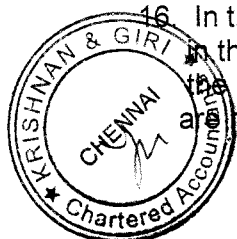
12. The company does not owe amount to any Small Scale Industrial Undertaking and to micro, small and medium enterprises.

13. The company has not been carrying on any operations. Hence information pursuant to AS 17 on Segment Reporting is not applicable to the company.

14. The Company has appointed Mr. P. K. R. K. Menon, director of the company, as a Company Secretary w.e.f. 01.10.2003, being qualified for such assignment. This is in compliance of the statutory requirements and he has been paid remuneration for the services rendered as the Company Secretary.

15. The Company has suspended its operation and its activities have come to a standstill. In view thereof and in consideration of prudence, the company has not recognised Deferred Tax Asset in respect of Set off of available losses, & timing differences.

16. In the opinion of the Board, Current Assets, Loans & Advances have value on realisation in the ordinary course of business approximately the same at which these are stated in the Balance Sheet and provision for all known liabilities have been made and the same are not in excess of the amount reasonably necessary.



17. Basic and Diluted Earning per Share:

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

Particulars	(Rs. In Lacs)	
	Current Year	Previous Year
a) Net Profit after Tax	(51.56)	(67.76)
Less: Dividend and Tax thereon	-	-
Net Profit available for Equity Shareholders	(51.56)	(67.76)
b) Weighted Average No. of Equity Shares (Nos.)	4896468	4896468
c) Basic and Diluted Earning per Share	(1.05)	(1.38)

18 Employee benefits Obligations:

**Defined contribution plans:**

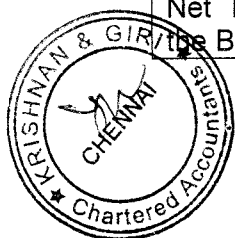
The company offers its employees defined contribution plan in the form of provident fund, family pension fund and superannuation fund. Provident fund, family pension fund covers substantially for all regular employees. Contributions are paid during the year into separate funds. While both the employees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

**Defined Benefit Plans:**

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

The net value of the defined benefit commitment is detailed below:

Obligation	Gratuity (Non funded)		Leave Encashment (Non funded)	
	As at 31.03.10 Rs	As at 31.03.09 Rs	As at 31.03.10 Rs	As at 31.03.09 Rs
Present value of obligation	9,04,000	8,55,000	3,76,000	4,04,000
Fair Value of Plan Assets	Nil	Nil	Nil	Nil
Net Liability recognized in the Balance Sheet	9,04,000	8,55,000	3,76,000	4,04,000



Plan Assets	Gratuity (Non funded)		Leave Encashment (Non funded)	
	As at 31.03.10 Rs	As at 31.03.09 Rs	As at 31.03.10 Rs	As at 31.03.09 Rs
Opening Balance	Nil	Nil	Nil	Nil
Expected Return	Nil	Nil	Nil	Nil
Contributions by the company	Nil	Nil	Nil	Nil
Benefits paid	Nil	Nil	Nil	Nil
Actuarial Gain	Nil	Nil	Nil	Nil
Closing balance 31.03.09	Nil	Nil	Nil	Nil

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

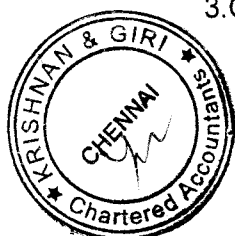
Expense recognized in the Profit & Loss Account	Gratuity (Non funded)		Leave Encashment (Non funded)	
	Year ended 31.03.10 Rs	Year Ended 31.03.09 Rs	Year Ended 31.03.10 Rs	Year Ended 31.03.09 Rs
Current Service Cost	65,000	60000	(14,000)	4,04,000
Interest Cost	68,000	40000	32,000	Nil
Expected Return on Plan Assets	Nil	Nil	Nil	Nil
Benefits paid directly	Nil	102053	Nil	Nil
Net Actuarial (Gain)/loss	(84,000)	2,18,000	(46,000)	Nil
Expense charged to Profit & Loss Account	49,000	3,18,000	(28,000)	4,04,000

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

	Gratuity (Non funded)	Leave Encashment (Non funded)
	Year ended 31.03.10	Year Ended 31.03.10
Rate of Discount applied	8.00%	8.00%
Expected Salary Escalation	9%	9%
Expected Return on plan assets	Does not arise	Does not arise
Mortality table used	LIC (199496) Ultimate Mortality Table	

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

Quantitative information in respect of	2009-10 MTS	2008-09 MTS
(a) Finished Goods (Mild Steel Billets)		
1.Licensed Capacity	1,50,000	1,50,000
2.Installed Capacity	NIL	NIL
3.Own Production		
(i) Opening Stock	00	00
(ii) Production	00	00
(iii) Turnover (Value Nil Previous Yr Nil)		
(iv) Closing stock	00	00



(b) Consumption of Materials: (100% Indigenous)  
 Carbon Steel Shredded Scrap  
 Other Materials

Rs.	Rs.
0.00	0.00
0.00	0.00

(c) CIF Value of Imports  
 Spares

Nil	Nil
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20. Payments to Company Secretary:  
 Remuneration  
 Reimbursement of Medical Expenses

(Amt. in Rs.)	
<u>2009-10</u>	<u>2008-09</u>
4,55,000	4,50,000
15,000	15,000

21. Expenditure in Foreign Currency:  
 - Towards Travel

Nil	Nil
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22. Related Party Disclosures:

I. Relationship:- Associate Companies:-  
 i) Western Ministil Limited  
 ii) Western Rolling Mills Pvt. Ltd

II. Key managerial Personnel:

1. Mr. Prithviraj S. Parikh- Executive Director (w.e.f. 30-01-2009)

(No remuneration has been paid to Mr. Prithviraj S. Parikh as an Executive Director during the year, except sitting fees paid for attending Board and Committee Meetings)

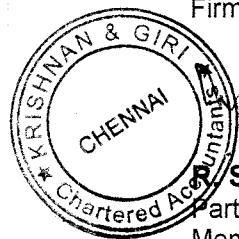
Details of transactions taken place during the year are as follows:-

	(Rs. In Lakhs)	
	<u>2009-10</u>	<u>2008-09</u>
i) Amount due to Western Rolling Mills (P) Ltd (advance provided)	136.35	78.40
ii) Interest paid to Western Rolling Mills (P) Ltd (Loan provided)	12.00	20.52
iii) Rent Paid to Western Rolling Mills (P) Ltd. (office facility provided)	1.20	1.20

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

**For Krishnan & Giri**  
 Chartered Accountants  
 Firm Registration No:1512S

**For and on behalf of the Board of Directors**



**R. Saptagiri**  
 Partner  
 Membership No: 38623

*Prithviraj S. Parikh*  
**Prithviraj S. Parikh**  
 Chairman &  
 Executive Director

*Nalin S. Parikh*  
**Nalin S. Parikh**  
 Director

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

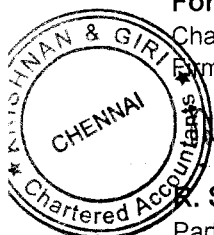
Place: Mumbai  
 Date: 29<sup>th</sup> July 2010

**EAST COAST STEEL LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST MARCH 2010**

	Year Ended	
	31st March 2010	31st March 2009
	(Rs.)	(Rs.)
<b>A. Cash flow from Operating Activities:</b>		
Net Profit/(loss) before tax and extraordinary items	-5142089	-6737518
Adjustments for Depreciation	339222	479933
Interest and finance charges	1205374	2054309
Interest received	-654244	-1346826
Operating Profit/(loss) before Working Capital changes	-4251738	-5550101
Adjustments for:		
Add: Decrease in Loans & Advances	-552901	16321063
Less: Increase/(Decrease) in Current Liabilities	-297013	814272
<b>Net Changes in Working capital</b>	<b>-5101652</b>	<b>11585234</b>
Taxes paid	-14170	-38768
<b>Cash flow from Operating Activities</b>	<b>-5115822</b>	<b>11546466</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assets (Capital Work in Progress)	-	-
Interest Received	654244	1346826
<b>Net cash generated from Investing Activities</b>	<b>654244</b>	<b>1346826</b>
<b>C. Cash Flow from Finance Activities:</b>		
Decrease in Long Term Borrowings	-	-11995975
Proceeds from Borrowings	5804745	-
Amt recd towards calls in arrears and share premium	-	781530
Interest & Finance Charges paid	-1205374	-2054309
<b>Net Cash flow from Finance Activities</b>	<b>4599371</b>	<b>-13268754</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>137792</b>	<b>-375462</b>
Cash & Cash Equivalents as on 31.03.2009	603225	978687
<b>Cash &amp; Cash Equivalents as on 31.03.2010</b>	<b>741018</b>	<b>603225</b>

**For Krishnan & Giri**

Chartered Accountants  
 Firm Registration No:1512S



**R. Saptagiri**

Partner  
 Membership No.38623

**For and on behalf of the Board of Directors**

  
**Prithviraj S. Parikh**  
 Chairman &  
 Executive Director

  
**Nalin S. Parikh**  
 Director

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

# EASTCOAST STEEL LIMITED

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Amount in Rs.)

### 1. REGISTRATION DETAILS

a) Registration Number	17576 of 1989
b) State Code	18
c) Balance Sheet Date	31ST MARCH 2010

### 2. CAPITAL RAISED DURING THE YEAR

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

### 3. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS

a) Total Assets	134561697
b) Total Liabilities	134561697

#### Source of Funds

a) Paid-up Capital	48964680
b) Reserves & Surplus	71962400
c) Secured Loans	-
d) Unsecured Loans	13634617

#### Application of Funds

a) Net Fixed Assets	13603534
b) Investments	56475
c) Net Current Assets	8237482
d) Miscellaneous Expenditure	-
d) Deferred Tax Asset	-
e) Accumulated Losses	112664206

### 4. PERFORMANCE OF COMPANY

a) Turnover & Other Income	654244
b) Total Expenditure	5796334
c) Profit/(Loss) before Tax	-5142089
d) Profit/(Loss) after Tax	-5156259
e) Earnings per Share	-1.05
f) Dividend Rate	Nil

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

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

For and on behalf of the Board of Directors



**Prithviraj S. Parikh**  
Chairman &  
Executive Director



**Naftin S. Parikh**  
Director

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

Place: Mumbai  
Date: 29th July 2010