

## Corporate Information

Chairman	P. K. Khaitan
Directors	B. Khaitan Naresh Chandra Jamshed J. Irani
Managing Director	Umang Kejriwal
Joint Managing Director	Mayank Kejriwal
Wholetime Directors	N. C. Bahl Uddhav Kejriwal
Company Secretary	Jyoti Jain
Auditors	Lodha & Co. Chartered Accountants
Solicitors	Khaitan & Co.
Bankers	Bank of Baroda BNP Paribas HSBC Limited HDFC Bank Limited ICICI Bank Ltd. IDBI Bank Ltd. Punjab National Bank Standard Chartered Bank State Bank of India
Works	Khardah, West Bengal Haldia, West Bengal Elavur, Tamil Nadu Parbatpur, Jharkhand
Corporate Office	G. K. Tower 19, Camac Street Kolkata 700 017
Registered Office	Rajgangpur 770 017, Orissa

## Contents

Directors' Report	02
Annexure : "A" to the Directors' Report	08
Management Discussion and Analysis	10
Risk Management	18
Corporate Governance	20
Auditors' Certificate on Corporate Governance	30
Ten-Year Financial Summary	31
Auditors' Report	32
Balance Sheet	36
Profit & Loss Account	37
Cash Flow Statement	38
Schedules	39
Auditors' Report on Consolidated Accounts	68
Consolidated Accounts	69
Consolidated Cash Flow	71
Consolidated Schedules	72

# Directors' Report

## To The Shareholders

To,  
The Members  
Your Directors take pleasure in presenting their Fifty Fourth Annual Report and Audited Accounts of the Company for the year ended March 31, 2009.

<b>Financial Results</b>		<b>Rs. in Crores</b>	
<b>Sl.no.</b>	<b>Particulars</b>	<b>FY 2008-09</b>	<b>FY 2007-08</b>
i.	Gross Turnover	1895.58	1384.42
ii.	Net Turnover	1838.04	1331.23
iii.	Other Income	89.92	94.14
iv.	<b>Total Revenue</b>	<b>1927.96</b>	<b>1425.37</b>
v.	<b>Earning Before Interest, Depreciation, Taxation and Amortisation(EBITDA)</b>	<b>358.43</b>	<b>173.47</b>
vi.	Interest	97.26	26.21
vii.	Depreciation	52.12	36.61
viii.	<b>Profit before Taxation &amp; Exceptional items</b>	<b>209.05</b>	<b>110.65</b>
ix.	Exceptional items	-	(60.20)
x.	<b>Profit before Taxation (PBT)</b>	<b>209.05</b>	<b>50.45</b>
xi.	Tax including Deferred Tax & Fringe Benefit tax	68.65	(8.17)
xii.	Income tax refund	-	9.73
xiii.	Profit after Taxation (PAT)	140.40	52.01
xiv.	Profit brought forward from previous year	59.99*	61.18
xv.	Transfer from Debenture Redemption Reserve	45.00	15.00
xvi.	<b>Amount available for appropriation</b>	<b>245.39</b>	<b>128.19</b>
	<b>Appropriation</b>		
	Transfer to debenture redemption reserve	10.00	9.00
	Transfer to general reserve	100.00	20.00
	Interim Dividend including tax thereon	-	30.98
	Proposed Final Dividend including tax thereon	45.74	8.20
	<b>Total</b>	<b>155.74</b>	<b>68.18</b>
xvii.	<b>Surplus carried to balance sheet</b>	<b>89.65</b>	<b>60.01</b>

\* Net of Rs 0.02 crores relating to payment of dividend on the shares allotted after the balance sheet date.

*During the year the Company achieved a gross turnover of Rs. 1,895.58 crores representing an increase of 37% over the previous year including exports of Rs. 479.20 crores.*

### **Dividend**

Your Directors recommend a dividend @ Rs.1.25 per share i.e.125% for the year ended March 31, 2009. The dividend, on approval by members, will absorb Rs.45.74 crores, inclusive of tax of Rs.6.64 crores on distribution of dividend.

### **Operations**

During the year the Company achieved a gross turnover of Rs 1,895.58 crores representing an increase of 37% over the previous year including exports of Rs. 479.20 crores. The Company's profit before taxation & exceptional items for the year was Rs. 209.05 crores, as against Rs. 110.66 crores in the previous year. The increase in profit was mainly due to increase in sales volumes, sales realization and operational efficiencies mainly on account of benefits of commissioning of Sinter Plant. However, the increase in raw material prices i.e coal and iron ore has affected the profit adversely.

During the year D.I.pipes production was 2,51,823 MT as against 2,14,956 MT in the previous year, showing an increase of 17%. The increase in production was mainly due to increase in the capacity due to installation of Sinter Plant and Finishing Lines. Production of D.I.fittings was marginally lower by 9% over the previous year (from 4,654 MT to 4,230 MT).

The Company's export of D.I.pipes decreased to 89,161 MT as compared to 1,03,413 MT in the preceding year, showing a decline of 14%, owing to higher proportion of sales in the domestic market. The decrease in export was due to global slowdown in the later half of the year.

The production of C.I.pipes at Elavur was 39,831 MT as against 50,503 MT in the previous year.

### **Cost reduction and backward integration**

Sinter plant which was commissioned towards the end of last year has enhanced the operational efficiency of Blast furnace. Costlier calibrated iron ore has been replaced to a large extent by more easily available iron ore fines.

Coke oven plant – In order to further reduce dependence on imported coke, Company has commissioned one more battery with similar capacity in the month of Nov'08. 2nd additional battery is in advance stage of commissioning and expected to be in operation in Q2 of FY 2009-10.

Railway siding – the Company is constructing a railway siding at Haldia to create facility for smooth movement of materials from the forthcoming coal mine at Parbatpur, Jharkhand and iron ore mine at Kodolibad, Jharkhand. The project is in advance stage of completion.

The Company has acquired two wagon rakes under the Indian Railway's Wagon Investment Scheme (WIS) to improve the logistics of iron ore movement.

### **Finance**

During the year, Zero Coupon Convertible Bonds (ZCCB's) amounting to US\$ 0.05 million were converted in equity shares. To augment the long term resources required for expansion and other business purposes, the Company has raised Rs.124.57 crores as detailed below through preferential issue of equity shares and convertible warrants :-

#### • **Issue of shares to Overseas Body Corporates**

Rs. 96.71 crores for allotment of 2,54,50,414 equity shares of Re.1 each at a price of Rs. 38.00 per share. These shares have been allotted post balance sheet date.

#### • **Issue of shares and warrants to Promoters/Promoter Group Companies**

- a) Rs. 24.64 crores being 90% of the total amount due against conversion of 6,25,000 warrants (issued in earlier year) into 62.50 lakhs equity shares of Re. 1 each at a price of Rs. 43.80 per share.
- b) Rs.3.22 crores being 10% of the total amount due for issue of 1,40,00,000 warrants. Each such warrant is convertible into 1 equity share of Re.1 each at a price of Rs. 23.00 per share within 18 months from the date of allotment.



## Directors' Report (Contd.)

In addition to above, the Company has raised the following loans for augmenting its long term funds for general corporate purposes :

- a) a rupee term loan of Rs. 150 crores
- b) Rs. 100 crores by issue of Non Convertible Debenture on private placement basis.

The Company has further tied up a long term debt by way of External Commercial Borrowings of US \$ 77.50 million and a rupee term loan of Rs. 200 crores for funding its capex.

### **Credit Rating**

The rating for long-term/medium term debt and various Bank facilities sanctioned and/or availed by the Company has been rated by Credit Analysis & Research Ltd. (CARE) as "CARE AA –"(Double A Minus) including the Non-Convertible Debentures (NCDs) of the Company (outstanding Rs. 100 crores as at 31.03.2009). "CARE AA –" rating indicates high safety for timely servicing of debt obligations and very low credit risk.

The rating for the short-term debt/facilities sanctioned and/or availed by the Company has been assigned as "PR1 +" 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.

### **Future Prospects**

The Government of India continue to give thrust on increasing infrastructure facilities for effective management of water resources and sewerage which will result in increase of demand for D.I.pipes in the domestic market. However, additional capacity installed by new entrants and peer group Companies may intensify the competition in the domestic market.

Further, global slowdown continues to be a cause of concern for export of Company's product. However this has resulted in reduction of basic input prices. Your Company is fully geared to take corrective steps to address the challenges that may arise out of above situations.

*During the year D.I.pipes production was 2,51,823 MT as against 2,14,956 MT in the previous year, showing an increase of 17%.*

The Company has started trial production of its coal mine. The import of coal would be lower to the extent of mined coal is used by its coke oven plants.

#### **Corporate Governance**

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

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

#### **Directors' responsibility statement**

Your Directors hereby confirm:

- a) that in the preparation of annual accounts, containing financial statements for the year ended March 31, 2009 the applicable accounting standards have been followed.
- b) that the stated accounting policies have been consistently followed 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 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the annual accounts have been prepared on a going concern basis.

#### **Energy, Technology and Foreign Exchange**

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'.

#### **Employees**

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

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975, as amended, form part of this report. However, pursuant to Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report is being sent to all the shareholders of the Company, excluding the aforesaid information. Those members desirous to obtain such particulars may write to the Company Secretary at the Registered office of the Company.

#### **Subsidiary, Joint Venture and Associate Companies**

As on March 31, 2009, the Company has the following Subsidiary, Joint Ventures and Associate Companies.

S.No.	Name of the Company	STATUS
1.	Electrosteel Castings (UK ) Limited	Subsidiary
2.	Electrosteel Europe S.A.	Subsidiary
3.	Electrosteel Algeria SPA	Subsidiary
4.	Singardo International Pte Limited	Subsidiary
5.	North Dhadhu Mining Company Pvt Ltd	Joint Venture
6.	Domco Pvt Limited	Joint Venture
7.	Lanco Industries Limited	Associate
8.	Electrosteel Integrated Limited	Associate

In addition to above, the Company has formed a new wholly owned subsidiary namely, Electrosteel USA, LLC, post balance sheet date.

The statement pursuant to Section 212 of the Companies Act 1956, in respect of the above mentioned subsidiaries are attached in the annual report.

In terms of the approval granted by the Central Government under Section 212(8) of the Companies



## Directors' Report (Contd.)

Act, 1956, vide its letter number 47/5/2009-CL-III dated March 18, 2009, the copies of the balance sheet, profit and loss account, reports of the Board of Directors and the Auditors' Reports of the subsidiary Companies for the year ended March 31, 2009 are not attached to the Balance Sheet of the Company. However, a statement containing brief financial details of the Company's subsidiaries for the year ended March 31, 2009 is included in the Annual Report, as to comply with the terms of the exemption letter. The Company will furnish the annual accounts and other related detailed information of the subsidiaries upon request by any member of the Company. Moreover, the annual accounts of the subsidiary companies will also be kept for inspection for members at the Company's Registered Office.

### **Greenfield Project by an Associate Company M/s Electrosteel Integrated Limited (EIL)**

EIL is setting up a 2.2 MTPA integrated steel project at a capital outlay of Rs. 7,268 crores at Siyaljuri in Bokaro District in the industrially backward state of Jharkhand. The project cost would be financed in the debt equity ratio of 3:1. The project envisages production of 1.20 MTPA long steel products viz. bar & rods, 0.33 MTPA of D I pipes and balance 0.677 MTPA of other steel products. The project is appraised by the State Bank of India as the lead bank. The EIL plant will be based on Blast Furnace Route and would have various technological facilities including of Sinter Plant, Coke Oven Plant, Pellet Plant, Blast Furnace, Basic Oxygen Furnace, Billet Casters, Rebar & Wire Rod Mill.

Implementation of the project is progressing satisfactorily and EIL has acquired the land, received all statutory clearances, and placed almost all the orders for supply of plant & machinery. Equipments worth about USD 150 million have already arrived and balance equipments would be dispatched as per schedule. The construction work at site has already commenced and progressing as per schedule.

*Continuous efforts of Electrosteel team for improving its plant operational systems using TPM were recognized by JIPM at its prestigious ceremony held at Kyoto Japan in March'2009.*

#### **Awards**

Continuous efforts of Electrosteel team for improving its plant operational systems using TPM were recognized by JIPM at its prestigious ceremony held at Kyoto Japan in March'2009. Electrosteel is the only pipe manufacturer in India to win this TPM Excellence Award.

#### **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 Statement prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India.

#### **Auditors and Auditor's Report**

M/s. Lodha and Company, 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 appointment, 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 to Accounts forming part of the financial statements are self explanatory and needs no further explanation.

#### **Directors**

Your Directors have regret in informing the members that Mr. V. K. Lamba, Director of the Company left for his heavenly abode. Your Directors place on record their appreciation for the valuable guidance and services provided by Mr. V. K. Lamba on various matters during his tenure as Director of the Company and member of the Audit Committee.

Shri Binod Khaitan and Shri Nigam Chander Bahl, Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

#### **Acknowledgement**

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

On behalf of the Board

Kolkata  
June 30, 2009

P. K. KHAITAN  
Chairman



# Annexure 'A'

## To Directors' Report

### CONSERVATION OF ENERGY

- a) **Energy conservation measures taken :**
- "Solar lighting system": 29 nos. of 400-watt light fittings have been installed for road light at 49 BT Road & 30 BT Road.
  - Electrical Energy consumption has been reduced for DI Pipe Production by Hydraulic power pack optimization, lighting improvement, and downsizing of motor capacity.
  - Replacement of FRP blades in place of aluminium die cast blades in power plant.
  - Further additions of capacitor bank for power factor improvement in MBF.
- b) **Additional investment & proposals, if any, being implemented for reduction of consumption of energy**
- Modification of Blast Furnace for more efficient use of energy and increased replacement of Coke by Coal injection.
  - Reduction in Fossil fuel by improving BF gas utilization in heat-treatment furnaces.
- c) **Impact of measures of (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods**
- Above measures have already resulted in improvement of energy consumption as is evident from 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)

The Company's Research & Development cell is fully geared to absorb, adapt and innovate the latest technology on a continuous basis. Some of the R&D initiatives taken by the company during the year to improve the life, performance and market share of the product are as below :

- Pipe coatings have been developed for conveying water conforming to potability quality of water as per European Union (EU) directive, under extreme temperature conditions of Europe and Middle East. Further additions to the type of coatings have been made to enter the newer Markets having extreme aggressive conditions.
- Technology of Sinter making has been fully integrated by utilizing all the plant generated wastes and use of flux

*The Company's Research & Development cell is fully geared to absorb, adapt and innovate the latest technology on a continuous basis.*

finer/iron ore fines/coke breeze.

- Collaborative research and development is being carried out on testing and measurement of corrosion prevention characteristics of metallic and non-metallic protective coatings with Jadavpur University (Industrial Institute Partner Cell) to improve the life of DI Pipes under different aggressive soil conditions.
- Pipes and Fittings as per AWWA specification of USA have been developed for entering high-end market.

The Company incurred Rs 58.89 lakhs on R & D activities.

#### **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 443.78 crores

Foreign exchange earned

- Rs 489.23 crores

#### **Form - A**

Form for disclosure of particulars with respect to conservation of energy : 2008-2009

##### **(a) Power & Fuel**

		<b>Current Year ended 31.03.09</b>	Previous Year ended 31.03.08
<b>1. Electricity</b>			
<b>(a) Purchased</b>			
Units	Kwh '000	<b>119025.02</b>	91539.81
Total Amount	Rs. Lakhs	<b>4820.26</b>	3717.88
Rate/Unit	Rs.	<b>4.05</b>	4.06
<b>(b) Own Generation</b>			
i) Though diesel Generator			
Units	Kwh '000	<b>3089.26</b>	6938.84
Unit/litre of Diesel Oil	Kwh	<b>3.01</b>	3.48
Cost/Unit variable	Rs.	<b>12.19</b>	10.37
ii) Though Steam Turbine Generator			
Units	Kwh '000	<b>106198.95</b>	120485.64
Unit/litre of Diesel Oil	Kwh	<b>203.19</b>	257.99
Cost/Unit Variable	Rs.	<b>0.17</b>	0.12
<b>2. Furnace Oil incl. Diesel</b>			
Quantity	K.L.	<b>10313.21</b>	9371.10
Total Amount	Rs. Lakhs	<b>3321.45</b>	2341.97
Average Rate	Rs./KL	<b>32205.78</b>	24991.40
<b>3. Coke &amp; Coal</b>			
Quantity	M.T.	<b>318559.40</b>	319,590.06
Total Amount	Rs. Lakhs	<b>36116.89</b>	16,954.84
Average Rate/MT	Rs./MT	<b>11337.57</b>	5,305.18
<b>4. Coal Gas</b>			
Quantity	NM <sup>3</sup> '000	<b>10202.58</b>	9567.06
Total Amount	Rs. Lakhs	<b>722.81</b>	529.74
Average Rate	Rs./NM <sup>3</sup>	<b>7.08</b>	5.54

##### **(b) Consumption per Unit of Production (MT)**

	<b>Pipes and Allied Products</b>
Electricity (KWH)	<b>772</b> (812)
Furnace Oil (Ltr.)	<b>35</b> (35)
Coke & Coal (Kg.)	<b>1077</b> (1185)
Coal Gas ( NM <sup>3</sup> )	<b>34</b> (35)



# Management

## Discussion and Analysis

### « Overview

The Company is engaged in the business of manufacturing Ductile Iron Pipes and Fittings and Cast Iron Pipes. Additionally, 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.

### « Industry Outlook

In the last decade about 800 million people around the globe have gained access to improved water supply. Over 10% of the global population is currently not being served with water supply. Urban services face the greatest overall challenges with more than a billion additional people needing access to both water supply & sanitation in the next 15 years. In India the current coverage of urban population with water supply is reported as 91% and rural population as 75%, which means that over 200 million people are not covered with water supply.

The global aim is of providing the water & sanitation facilities to all. Hurdles that come in the way of providing water and sanitation facilities to all are :-

1. Keeping pace with a new population growth.
2. Closing the coverage and service gap.
3. Ensuring sustainability of existing & new services
4. Improving the quality of services.

The regular plan programmes by the Indian States are heavily tilted towards supply side management. However, realization is dawning that water resource is limited and cannot be wasted. The current level of leakages is restricted by giving short hours of supply at low pressures. Still the average water loss in the leaking water systems varies from place to place and it is generally between 20-50%. Dedicated efforts to plug the leakages are required in addition to demand management measures for achieving the sustainability and equity.

DI Pipes are stronger, have longer life span, are easier to tap, require less support and provide greater flow area as compared to pipes made from other materials. DI Pipes have a lower life cycle cost

*The Company's profit before taxation & exceptional items for the year was Rs 209.05 crores, as against Rs 110.65 crores in the previous year.*

than most other types of pipes used for water transportation and sanitation. Also, in difficult terrain these can be a better choice than PVC, concrete, polyethylene or steel pipes. The following factors are increasing the demand for DI Pipes :-

- 1) The desire of the Governments and the financial institutions to provide 100% population coverage with water supply and to 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 and the cost of reinstatement of roads.
- 3) The mid term appraisal of the tenth five year plan observed that over reliance on ground water for rural water supply has resulted in the twin problem of sustainability and water quality and suggested a shift to surface water source for tackling this issue. This will result in substantial increase in requirement of pipes.
- 4) Jawaharlal Nehru National Urban Renewal Mission (JNNURM) is making a large investment in water sector but the coverage is still limited. Out of 393 towns with population of over one lakh, only 63 have been covered. Therefore more investment is expected both from the public and private sectors.

« 2008-09 vs. 2007-08

During the year the Company achieved a gross turnover of Rs 1,895.58 crores representing an increase of 37% over the previous year including exports of Rs 479.20 crores. The Company's profit before taxation & exceptional items for the year was Rs 209.05 crores, as against Rs 110.65 crores in the previous year. The increase in profit was mainly due to increase in sales volumes, sales realization and replacement of iron-ore lumps with iron-ore fines. However, the increase

in raw material prices i.e. coal and iron ore has affected the profit adversely.

During the year D.I.pipes production was 2,51,823 MT as against 2,14,956 MT in the previous year, showing an increase of 17%. The increase in production was mainly due to increase in the capacity due to installation of Sinter Plant and Finishing Lines. Production of D.I.fittings was marginally lower by 9% over the previous year (from 4,654 MT to 4,230 MT).

The Company's export of D.I.pipes decreased to 89,161 MT as compared to 1,03,413 MT in the preceding year, showing a decline of 14%, owing to higher proportion of sales in the domestic market. The decrease in export was due to global slowdown in the latter half of the year.

The production of C.I.pipes at Elavur was 39,831 MT as against 50,503 MT in the previous year.

« Ductile Iron Pipes

The production of DI Pipes increased during the year from 2,14,956 MT last year to 2,51,823 MT. Production improved by 17%.

Year	DI Pipe production
2006-07	2,30,109 MT
2007-08	2,14,956 MT
2008-09	2,51,823 MT

The increase in production was achieved by overall efficiency improvements both in production and marketing. The Blast Furnace productivity has improved by about 25% due to successful operation of newly commissioned Sinter plant.

« Cast Iron Pipes

Due to market constraint, the production was restricted to 39,831 MT at Elavur works against 50,503 MT in the previous year.



## Management Discussion (Contd.)

### « DI Fittings & Accessories

Production was lower at 4230 MT as against 4654 MT in the previous year. However inspite of lower tonnages due to global recession (with export dropping from 2942 MT to 2576 MT), Company improved the performance of the division by targeting more value added products.

### « Raw Materials Management

To offset the rise in cost of calibrated iron ore, a major input in the manufacturing process, the Company had installed a modern Sinter Plant at its Khardah works, which was commissioned towards the end of the last year. During this year, calibrated lump Iron Ore use was only about 40%.

The Company had received allocation of Parbatpur Coal Block in Jharia Coalfield. All the statutory clearances have been obtained and the mining lease agreement has been signed with the Government of Jharkhand. The Company has already acquired the requisite land for the same. Other infrastructure developmental works are in progress. It is expected that the coal production will start during the current year. This captive source will ensure that the Company gets coking coal at lower cost and also remains insulated from the demand-supply volatility in the open market.

The Company has been allotted an Iron Ore mine in Kodoliband, Jharkhand. This backward integration measure will reduce Company's operating cost and ensure a steady supply of Iron ore. After receiving the final clearance, mining lease agreement will be signed.

### « Power Plant

Haldia's Waste Heat based Power Plant has been developed as a Clean Development Mechanism (CDM) Project. In this project the sensible heat in the waste gas emissions from our Coke Oven Plant and Sponge Iron Plant is utilised for generating 12 MW power. Since waste gases are used instead of burning fossil fuels for generation of power, this project will reduce appx. 78,000 MT of Carbon Dioxide emissions to atmosphere every year, thus helping in abating climate changes and earning carbon credits.

*Haldia's Waste Heat based Power Plant has been developed as a CDM Project. In this project the sensible heat in the waste gas emissions from our Coke Oven Plant and Sponge Iron Plant is utilised for generating 12 MW power.*

12 MW Power Plant at Haldia, has contributed 72.1 million units to SEB grid in place of 82.9 million units last year. Generation was less due to operation of only one sponge Iron kiln most of the time due to un-economic price of sponge iron and part shut-down of battery no. 1 & 2 for repair during 4th Qtr of 08-09.

#### « Captive Coke Oven Plant

During the year, the Coke Oven Plant at Haldia produced 1,32,406 MT of Metallurgical Coke against 1,20,491 MT last year for captive consumption in Blast Furnace at Khardah Works.

The increase in production is on account of addition of 3rd Battery, which came into operation in Nov'08.

#### « Export

The Company's thrust on export continued in terms of new product developments as per international requirements and standards, gaining larger market share in the quality conscious market of Europe like France, Spain, UK, Germany, Italy etc., and in Algeria in North Africa as well as gaining entry into new markets like the USA. The American subsidiary was put in place and all necessary approvals obtained. Efforts are also being made to enter into new markets in Africa and Europe.

The second half of the year saw a difficult market due to recession which affected the developed countries the most. Steps are being taken to maintain export volumes by entry into new markets, more detailed coverage of existing markets as well as by the development of new products.

The Company continued to win the award for tendering highest number of containers to Kolkata Port as well as the Export Excellence Award from the Engineering Export Promotion Council for its contribution in exports.

#### « Turnkey Projects

The Company also takes up Turnkey Contracts from the customers in the area of water infrastructure and sewerage management. It undertakes the design of the systems, engineering, and procurement of components, construction operations and trial running of the project. The company ultimately hands over the running project to the ultimate owner. This turnkey activity also involves supply and laying of substantial quantities of the Company's Ductile Iron pipes and fittings and thus adds to business opportunities for the Company.

#### « Quality

Customer expectations and needs are continuously changing. Company has been meeting these challenges by taking new initiatives and regularly upgrading its quality management systems and facilities. Some of the steps taken during the year are as below :

- a) TPM and the Kaizen Culture continue to be maintained with all the enthusiasm involving and motivating personnel at all levels. TPM excellence award achieved by Khardah works has further motivated the teams to excel in all areas.
- b) Electrosteel laboratory received the prestigious accreditation by the National Accreditation Bureau of Laboratories, indicating the highest quality control capabilities.
- c) In addition to the continuing approval of Company's quality system and products by agencies like DVGW (Germany), BSI (UK), SIRIM (Malaysia) and Middle East, a new feather has been added by way of approval from USA Certifying agencies for new range of products for USA market.
- d) BSI (UK) has recognised our excellent Type Testing facility and continues to use it for carrying out the



## Management Discussion (Contd.)

performance tests on the Ductile Iron Pipes of other manufacturers for approval of Kitemark License to them.

### « Safety, Health & Environment

The Company is committed to the safety and health of its employees. The Safety Management Systems are constantly being monitored for improvement and upgradation to compete with the best in the industry. Mechanisms for monitoring activities related to health, hygiene and safety have been set up at every plant. The Company conducts regular programmes and training courses to create awareness of the above, among employees. Some of the steps taken on this account are as under :

- a) Electrosteel is effectively maintaining the Environmental Management System Standard ISO: 14001-2004 in both the manufacturing plants (Khardah and Elavur).
- b) In addition to normal periodical medical check ups for the employees, specialty tests like Pulmonary functions, audiometric tests and chest X-rays have been added.
- c) Use of JIPM – TPM methodology of KYT (Danger Prediction Drill) is being continuously enhanced to further improve the consciousness of workmen and supervisors.
- d) Workmen involvement has been increased at all levels by making safety volunteers in each shop.
- e) Senior Managers participate in 'Planned Visit' of the plants to enforce 'Safe Operating Practices'.
- f) Safety audits are conducted by experts from other similar industries.
- g) Involvement of the associate agencies like transporters, contractors etc have been improved by formulating, training and implementing safe operating procedures in their areas of work.

### « Corporate Social Responsibility (CSR)

Social welfare, community development, economic and environmental responsibilities are at the core of the CSR of the Company. As part of its policy for corporate social responsibility, the Company undertakes a range of activities to improve living conditions of people in the neighbourhood of all its plants. These

*Electrosteel has also taken up initiative to implement on line data analytics by way of enabling SAP-Business Intelligence system standing on the transactional database built over the years.*

activities include education, healthcare, sports, cultural events, vocational training such as :

- a) Development, repair, renovation and extension of classrooms of local Institutes. Upgradation of the Laboratory in the school.
- b) Distribution of school stationery amongst school going children in the neighbouring village.
- c) Institution of rewards for bright students in school in neighbouring village.
- d) Setting up of a Children Park and safe walkway for Morning walkers.
- e) Free Medical checkup and Blood donation camps in the Neighbourhood.
- f) Setting up of Drinking water Kiosks in the local area.
- g) Addition of Homeopathy treatment Centre to the existing charitable medical institutions.
- h) Organising sports activities involving local schools and clubs at district level with an aim to promote sports activities in the district.
- i) Giving entrepreneurial opportunity to local un-employed youths to supply materials and through encouraging contract activities.
- j) Organising cultural programmes.

#### ◀◀ **Information Technology**

As a constant endeavour Information Technology (IT) has always been a thrust area for Electrosteel. To maximize business performance in each area of operations a dedicated and energized team is constantly keeping close watch over IT opportunities in the organization. The internal IT support service is constantly evaluating best fit value adding technology solutions to accelerate performance per business function maintaining the data center with sufficient security measures.

Post SAP ECC 6.0 ERP implementation Electrosteel

has a quite successful working experience during the financial year. As a matter of improvement over the implemented system, reporting system has been further strengthened at captive capacity. This has further made the internal team confident of SAP. Electrosteel has also taken up initiative to implement on line data analytics by way of enabling SAP-Business Intelligence system standing on the transactional database built over the years. This would deliver an efficient Data Warehouse to service Business Intelligence system. This would support decision making in the Company more efficiently and effectively.

During 2008-09, parbatpur coal mines has been added into SAP landscape as a new business area implementing core modules of SAP to support its basic supply chain processes. The implementation has leveraged this business area with disciplined approach of material handling processes and created a systematic way of information management especially at its current project implementation stage.

Data security is one of the major concern areas in today's industry ecosystem. We have already implemented some major security measures as mentioned below to protect our Intranet.

- ▶ Our intranet is protected with Firewall at all data centers.
- ▶ We have implemented Data Leak Prevention solution across intranet to take control over unstructured data transitions and to inhibit intrusion of virus infected files etc.
- ▶ We have implemented hardware based E-mail SPAM filter solution so that each mail is firstly scanned through this filter before reaching to mail server / individual mail box.
- ▶ As an end point protection, we have implemented Symantec Anti Virus solution on each PC (desktop or laptop) hooked to our LAN / WAN which takes



## Management Discussion (Contd.)

regular updates from Symantec's server remotely.

- ▶ Implemented a very strong online data backup system for SAP and non SAP system.

To make Electrosteel a well connected organization, the intranet has been expanded substantially cutting across Indian geography bringing all manufacturing and sales / marketing operations foot prints under common umbrella of SAP.

### « Human Resources/Industrial Relations

Electrosteel provides an environment that contributes to the well-being, satisfaction and motivation of all employees. Company believes in "Hiring for attitude and train for skills". The employees are the real assets of the company and it believes in preserving and nurturing these valuable assets through various employee engagement initiatives, ongoing education, training and development programs. The Company believes in appreciating, recognizing and rewarding the talent within the organization. The employees of Electrosteel are a motivated lot who are always willing to take up higher professional challenges.

The Company continues its harmonious and cordial relations with its workmen, employees and trade unions. This has resulted in continuous increase in productivity with uninterrupted production.

### « Risks and Concerns

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

### « Internal Control Systems and their adequacy

The 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

*During 2008-09, parbatpur coal mines has been added into SAP landscape as a new business area implementing core modules of SAP to support it's basic supply chain processes.*

in the logistics, coupled with competitive market, have created pressure on margins. However, with backward integration, cost reduction measures, de-bottlenecking logistic constraints and long term planning for raw material availability, the 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, the Company is very optimistic of its bright future.

« **Cautionary Statement**

Statements in the Management Discussion and Analysis 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. Further, the risk management framework ensures compliance with the requirements of amended Clause 49 of the Listing Agreement. The framework establishes risk management processes across all businesses and functions of the Company. These processes are periodically reviewed to ensure that the Management controls risks through properly defined framework.

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. This effort accomplishes the following goals:

- ▶ responds to the Board's need for enhanced risk information and improved mitigation plan;
- ▶ provides the ability to prioritise, manage and monitor the risks in the business; and
- ▶ formalises the explicit requirements for assessing risks on an ongoing basis, including an effective internal control and management reporting system.

Some of the key risks affecting your Company are illustrated below:

#### « Economic Risk

Due to the increase in the cost of number of inputs and raw materials used by the Company, it is faced with the threat of pressure on margins on sales.

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

*The Company has taken various steps including backward integration which comprises own coal mines and iron ore mines and brown field expansions.*

#### « Competitor Risk

The Company is exposed to the risk of competition, as the market is highly competitive with the elimination of physical barriers and entry of new players.

The Company continues to focus on increasing its market share and taking marketing initiatives that 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.

#### « Foreign Exchange Risk

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.

#### « Industrial Risk

The Company is exposed to labour unrest risk, which may lead to production slowdown ultimately resulting in plant shutdown.

Labour relations have been excellent throughout the year in spite of number of unions. It is the result of such cordial and harmonious relations that not a single man-day has been lost in the last 8 years. The Company believes that labour relations will continue to remain excellent.

#### « Environment Risk

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 conservation of the environment and has adopted the latest technology for pollution control. The Company is ISO-14001-2004 certified and is adhering strictly to the emission norms applicable for the industry.

#### « Payment Risk

The Company is exposed to the defaults by customers in payments.

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 customer. Besides, the risk of export receivables is covered under Credit Insurance.

# Corporate Governance for the year 2008-09

(as required under Clause 49 of the Listing Agreement 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, 2009

The Board of Directors of Company consists of eight-members which comprises of:

- Three promoter executive directors
- One non-promoter executive director
- Three independent non-executive directors
- One non-independent non-executive director

The composition of the Board during the financial year 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 Director	Catogory	No. of other Directorship(s) in Public Limited Companies incorporated in India	No. of Membership(s) in other Board Committees	No. of Chairmanship(s) in Other Board Committees
Mr. Pradip Kumar Khaitan	Non-Independent, Non-Executive	13	5	Nil
Mr. Umang Kejriwal	Promoter, Executive	12	Nil	Nil
Mr. Mayank Kejriwal	---do---	12	Nil	Nil
Mr. Uddhav Kejriwal	---do---	10	Nil	Nil
Mr. N. C. Bahl	Non-promoter, Executive	1	Nil	Nil
Mr. Jamshed J Irani	Independent, Non-Executive	10	2	Nil
Mr. Binod Khaitan	---do---	1	Nil	Nil
Mr. V. K. Lamba*	---do---	-	-	-
Mr. Naresh Chandra	---do---	11	9	1

### Attendance of Directors at the Board Meetings during the financial year ended March 31, 2009 and the last Annual General Meeting (AGM)

During the financial year ended March 31, 2009, six Board meetings were held on the following dates: April 21, 2008; June 23, 2008; July 21, 2008; October 15, 2008; January 19, 2009 and February 12, 2009. The gap

*The Company's philosophy of Corporate Governance stems from its belief that timely disclosures, transparent accounting policies, and a strong and independent Board go a long way in preserving shareholders trust while maximizing long-term shareholder value.*

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:

#### **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.

#### **3. Audit Committee**

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

<b>Name of the Director</b>	<b>No. of Board meetings attended</b>	<b>Attendance at the last AGM held on August 01, 2008</b>
Mr. Pradip Kumar Khaitan	5	No
Mr. Umang Kejriwal	5	No
Mr. Mayank Kejriwal	6	No
Mr. Uddhav Kejriwal	6	No
Mr. N. C. Bahl	5	No
Mr. Jamshed J Irani	6	No
Mr. Binod Khaitan	6	Yes
Mr. V. K. Lamba*	2	No
Mr. Naresh Chandra	4	No

\*expired on 04.11.2008.

#### **Composition of Audit Committee**

As on March 31, 2009 the Audit Committee comprised of two non-executive independent Directors and one executive Director, all having financial and accounting knowledge. After expiry of Mr. V.K.Lamba, the Audit Committee was reconstituted on November 04, 2008 and Mr. Umang Kejriwal was elected as member to the Committee. The members of the Audit Committee are Mr. Binod Khaitan, Mr. Naresh Chandra and Mr. Umang Kejriwal. Mr. Binod Khaitan who is an independent, non-executive Director is the Chairman of the Committee. The Company's statutory auditor and the internal auditor are permanent invitees at Committee meetings. Mr. Jyoti Jain, Company Secretary, 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



## Corporate Governance (Contd.)

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, 2009 four Audit Committee meetings were held on April 21, 2008 (meeting adjourned for want of quorum); June 23, 2008; July 21, 2008; October 15, 2008 and January 19, 2009. The gap between any two consecutive meetings did not exceed four months.

Name of the Member	No. of meetings Attended
Mr. Binod Khaitan	4
Mr. V.K. Lamba*	2
Mr. Naresh Chandra	4
Mr. Umang Kejriwal**	1

\*expired on 04.11.2008.

\*\*appointed as member w.e.f. 04.11.2008

### 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. The commission is paid to the Wholetime Directors as per terms of appointment with the Board's approval. The Commission payable to non Executive Directors are also approved by the Board of Directors.

The total remuneration paid to Directors are within the overall limit of the Companies Act, 1956.

*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.*

**Details of remuneration paid to Directors in 2008-09**

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	24,00,000	18,00,278	2,00,00,000	-	2,42,00,278
Mr. Mayank Kejriwal	24,00,000	15,10,602	2,00,00,000	-	2,39,10,602
Mr. Uddhav Kejriwal	17,50,000	30,85,044	1,70,00,000	-	2,18,35,044
Mr. N.C. Bahl	24,60,000	53,72,924	36,90,000	-	1,15,22,924
Mr. J.J. Irani	-	-	12,00,000	1,20,000	13,20,000
Mr. Naresh Chandra	-	-	12,00,000	1,60,000	13,60,000
Mr. Binod Khaitan	-	-	2,50,000	2,60,000	5,10,000
Mr. V.K. Lamba**	-	-	2,50,000	80,000	3,30,000

\*This represents the fixed component.

\*\* Expired on 04.11.2008.

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, 2009 are as follows:

Name	No. of shares held	No. of convertible instruments held
Mr. Binod Khaitan	2000	Nil
Mr. Pradip Kumar Khaitan	Nil	Nil
Mr. Jamshed J Irani	Nil	Nil
Mr. Naresh Chandra	Nil	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.

In accordance with Clause 49 para VI (D) of the Listing Agreement of the Stock Exchanges, the Board has delegated powers of share transfer to M/s. Maheshwari Datamatics Pvt. Ltd. (MDPL), 6, Mangoe Lane, Kolkata-700 001. MDPL reviews share transfers every fortnight.

During the financial year ended March 31, 2009, a meeting of the Shareholders'/ Investors' Grievance Committee was held on February 12, 2009.



## Corporate Governance (Contd.)

### Composition as on March 31, 2009.

As on March 31, 2009 the Committee comprised of Mr. Binod Khaitan (Chairman - independent, non-executive and Mr. Uddhav Kejriwal (Promoter, executive).

### Compliance Officer

Mr. Jyoti Jain , 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 42 complaints and 42 complaints were resolved. There was no complaint pending at the year-end.

### Pending Share Transfers

No shares were pending for transfers as on March 31, 2009.

### 6. General Body Meetings

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

Financial Year	Date of AGM	Venue	Time
2007 - 2008	August 01, 2008	Rathod Colony, Rajgangpur Dist. Sundergarh Orissa	09.30 a.m.
2006 - 2007	August 08, 2007	Rathod Colony, Rajgangpur Dist. Sundergarh Orissa	11.30 a.m.
2005 - 2006	August 08, 2006	Rathod Colony, Rajgangpur Dist. Sundergarh Orissa	11.30 a.m.

*The Audit Committee reviews the adequacy of internal controls, reliability of financial statements, accounting and financial policies and practices.*

B. A Special Resolution was passed at the AGM held on August 01, 2008.

C. Last year one special resolution under section 372A of the Companies Act, 1956 through Postal Ballot was passed by the Company. Details of the aforesaid special resolution passed through postal ballot are as under:

- i) **Person who conducted the postal ballot exercise:** The Board appointed Mr. Sushil Chhawchharia, Practising Chartered Accountant, as the Scrutinizer to conduct postal ballot voting process. Mr. Sushil 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 under certificate of posting. A calendar of events along with Board Resolution was submitted to the Registrar of Companies, Orissa.
- iii) **Details of voting pattern:** After scrutinizing all the ballot forms received, the Scrutinizer reported that the shareholders representing 99.88% of the total voting strength voted in favour of the resolution, based on which the results were declared and the resolution was carried by the requisite majority.

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

#### 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 Note 31 in Schedule 17 to the Accounts. The Company complied with regulatory requirements on capital markets. No penalties / strictures have ever been imposed against it. All mandatory requirements of Clause 49 of the Listing Agreement have been complied with and the disclosure on adoption of non-mandatory requirements are 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 and Financial Express. These financial results were not sent individually to shareholders. The Company's results and official news releases were displayed on the company's web site [www.electrosteel.com](http://www.electrosteel.com). A comprehensive Management Discussion and Analysis report forms a part of this annual report.

## Corporate Governance (Contd.)

### 9. General Shareholder information

Date, time and venue of the Annual General Meeting	August 18, 2009, Tuesday at 9.30 A.M. Rathod Colony, Rajgangpur, Dist. Sundergarh, Orissa.
Financial Year	April 1st to March 31st
Book Closure Period	August 11, 2009 to August 18, 2009 (both days inclusive)
Interim Dividend Payment Date	Not Applicable
Outstanding ADRs / GDRs / warrants or any convertible instruments, conversion date and likely impact on equity.	<p><b>Warrants:</b></p> <ol style="list-style-type: none"> <li>2,00,00,000 nos. (convertible into one equity shares of Re.1/- each within July 19, 2009)</li> <li>87,00,000 nos. (convertible into one equity shares of Re.1/- each within September 11, 2009)</li> <li>1,21,37,146 nos. (convertible into one equity shares of Re.1/- each within September 24, 2009)</li> <li>1,40,00,000 nos. (convertible into one equity shares of Re.1/- each within September 16, 2010)</li> </ol> <p>The paid-up equity capital will increase by Rs 548.37 Lakhs on conversion of aforesaid warrants.</p> <p><b>Global Depository Receipts (GDRs):</b></p> <p>27,70,000 nos.</p> <p><b>Zero Coupon Convertible Bond (ZCCBs):</b></p> <p>US \$ 20.45 million</p> <p>ZCCB holders have an option to convert the ZCCBs into equity shares at a conversion price of Rs 42.44 per share (subject to certain adjustments under specified circumstances) as per the offer document at a fixed exchange rate of US \$ 1.00 = Rs 44.84 at any time on or after July 04, 2006 and prior to the close of business on May 16, 2011 Upon such conversion the equity share capital and share premium will increase by Rs.216.06 Lakhs and Rs 8953.72 Lakhs respectively.</p>
Listing at Stock Exchanges	
Equity	<ol style="list-style-type: none"> <li>Bombay Stock Exchange Ltd P. J. Towers, Dalal Street, Mumbai 400 001</li> <li>National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Bandra Kurla Complex, Bandra (East) Mumbai 400 051</li> </ol>
Global Depository Receipt (GDR)	London Stock Exchange Plc. 10, Paternoster Square, London-EC4M7LS
Zero Coupon Convertible Bonds (ZCCB)	Singapore Exchange Securities Trading Limited 2, Shenton Way, 19-00 SGX Centre 1 Singapore-068804
Stock Code	Equity Shares, BSE - 500128 NSE - ELECTCAST,  GDR London Stock Exchange-B0K6M89  ZCCB Singapore Exchange Securities Trading Limited-7MKB
Listing Fee	Listing fees for 2009-10 have been paid to NSE and BSE.

*During the year Overseas strategic investors subscribed to 2,54,50,414 equity shares of the Company.*

**Stock Market Price for the financial year**

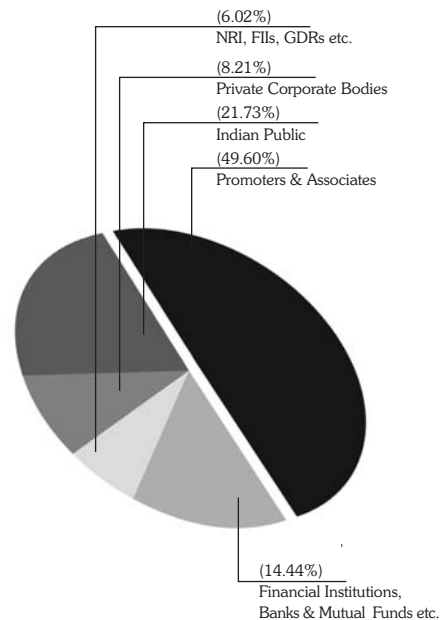
Month's	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	Month's High Price	Month's Low Price	Volume	Month's High Price	Month's Low Price	Volume
April-08	64.40	43.05	194,51,459	64.75	43.00	204,15,985
May-08	60.55	47.35	116,42,100	60.70	47.15	118,49,503
June-08	48.45	31.75	53,19,253	48.55	31.95	64,86,482
July-08	36.50	30.05	43,06,291	36.40	30.10	56,75,824
August-08	40.90	31.30	85,86,945	41.05	31.30	84,43,526
September-08	35.00	19.80	75,91,541	34.20	19.50	65,53,767
October-08	23.40	14.85	142,00,092	21.95	12.80	146,23,390
November-08	19.40	13.45	38,37,803	19.30	13.40	47,49,670
December-08	18.20	13.03	122,92,336	18.10	13.00	155,54,674
January-09	18.69	14.20	253,37,738	18.70	14.10	257,79,312
February-09	16.95	14.20	72,72,913	16.95	14.15	79,87,823
March-09	15.90	13.05	49,32,186	15.95	13.25	70,18,733

**Share price performance in comparison to broad based indices - BSE Sensex and NSE Nifty for the Financial Year 2008-09**

BSE Sensex		NSE Nifty	
% change in ECL share price	% change in sensex	% change in ECL share price	% change in index
-67.74	-38.44	-67.15	-36.21

**Shareholding pattern as on March 31, 2009**

Profile of shareholders	No. of shares	Percent of holding
Promoters & Associates	14,25,06,285	49.60
Financial Institutions, Banks & Mutual Funds etc	4,14,76,500	14.44
NRI, FIIs, GDRs etc.	1,73,01,874	6.02
Private corporate bodies	2,35,87,368	8.21
Indian public	6,24,30,264	21.73
<b>Total</b>	<b>28,73,02,291</b>	<b>100.00</b>



## Corporate Governance (Contd.)

### Distribution of shareholding as on March 31, 2009

Equity Shares held	No. of Shareholders	% of Shareholders	Number of Shares held	% of Shares held
1-500	45,019	68.63	92,96,084	3.24
501-1000	9,486	14.46	84,26,796	2.93
1001-2000	5,494	8.38	92,07,169	3.2
2001-3000	1,652	2.52	43,68,509	1.52
3001-4000	960	1.46	35,70,631	1.25
4001-5000	803	1.22	38,61,763	1.34
5001-10000	1,192	1.82	90,80,949	3.16
Above 10000	992	1.51	23,94,90,390	83.36
<b>Total</b>	<b>65,598</b>	<b>100.00</b>	<b>28,73,02,291</b>	<b>100.00</b>

### **Share transfer system**

Share transfers are registered and returned within the period of 30 days from the date of lodgement 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.

### **Registrars 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, 2009, 95.04 % of the shares stand dematerialized.

### **Plant locations**

- 1) 30, B.T. Road  
Sukchar, Khardah  
24-Parganas (North)  
West Bengal-743 179

*The Company's shares are tradable compulsorily in electronic form and are available for trading in the depository systems of both NSDL and CDSL.*

2) Gummodipoondi Taluk  
P.O. Elavur  
Dist. Chengal, MGR  
Tamil Nadu-601 211

3) Haldia  
Kasberia P.O.Khanjan Chawk  
Haldia, Midnapore (East)  
West Bengal

4) Parbatpur Coal Mine  
P.O. Batbinor  
Dist : Bokaro -827013  
Jharkhand

**Address for Communication**

Mr. Jyoti Jain  
Electrosteel Castings Ltd.  
G.K. Tower  
19, Camac Street  
Kolkata-700 017  
Phone : (033) 2283 9990  
Email : jjain@electrosteel.com

**10. Status of non-mandatory requirements**

**Audit qualifications**

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

**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 : 30.06.2009

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, 2009.

Place : Kolkata  
Date : 30.06.2009

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 31st March, 2009, 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 of the financial statements of the Company.

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

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

For Lodha & Co.  
Chartered Accountants

Place : Kolkata  
Date : 30.06.2009

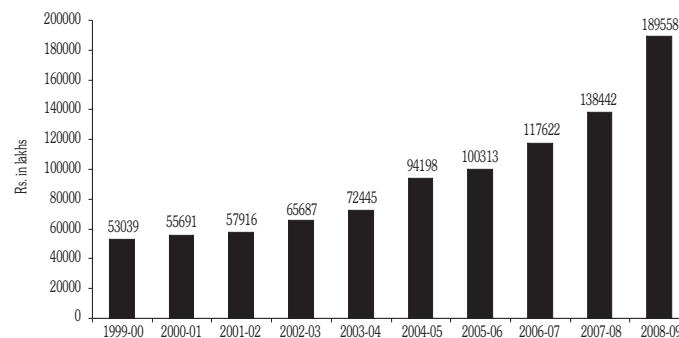
H. K. Verma  
Partner  
Membership no.: 55104

# Ten Year Financial Summary

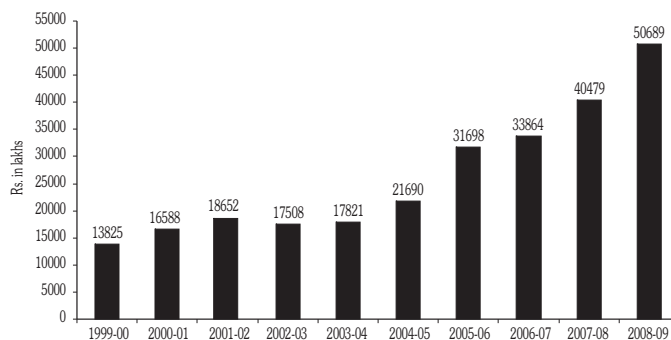
Rs. in lakhs

Year	Turnover	Gross Profit	Depreciation	Tax	Profit After Tax	Gross Block	Net Block	Capital Employed
1999-00	53039.29	13284.11	1336.97	3075.00	8872.13	19448.49	13824.98	38051.03
2000-01	55691.09	10060.64	1744.33	2000.00	6316.31	23628.10	16588.49	55815.48
2001-02	57916.03	12756.62	1826.76	2469.01	8460.84	27432.43	18652.09	64488.17
2002-03	65686.62	13852.26	2039.05	2067.04	9746.17	27940.05	17507.85	71792.26
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

## Turnover



## Net Block





# Auditors' Report

The Members  
Electrosteel Castings Limited

1. We have audited the attached Balance Sheet of Electrosteel Castings Limited (the Company) as at 31st March, 2009 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the "Order"), issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 ('the Act') and according to the information and explanations given to us and on the basis of such checks as we considered appropriate, we report that :
  - i. a) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
  - 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.
- ii. a) As informed, the inventory of the Company except for materials in transit and those lying with third

parties have been physically verified by the management during the year. In our opinion and according to the information and explanations given to us, the frequency of such verification is reasonable.

- b) As the Company's inventory of raw materials comprises mostly of bulk materials such as coal, coke, iron ore, etc. requiring technical expertise for quantification, the Company has hired an independent agency for the physical verification of the stock of these materials. Considering the above, in our opinion, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii a) The Company has granted unsecured loan to one body corporate covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year end balance of such loans were Rs.6000 lakhs and Rs. Nil respectively.
- b) According to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions of loans as aforesaid are not prima facie prejudicial to the interest of the Company.
- c) According to the information and explanations given to us, the loans as aforesaid was repayable on demand and during the year the principal amount of such loan and interest, as applicable has been repaid in full as and when demanded by the Company.
- d) As there is no outstanding amount of aforesaid loans at the year end, clause 4 (iii) (d) of the Order is not applicable to the Company.
- e) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clause 4 (iii) (f) and (g) of the Order as aforesaid are not applicable to the Company.
- iv. In our opinion and having regard to the explanations given to us that certain purchases of inventories and fixed assets and sale of goods being of special nature where suitable alternative sources do not exist/ were not available for obtaining comparable quotations, the internal control system for the purchase of inventory and fixed assets and for the sale of goods and services is commensurate with the size of the Company and nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- v. (a) To the best of our knowledge and belief and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
- (b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements as aforesaid and aggregating during the year to Rupees five lakhs or more in respect of each party, have been made at the prices which are reasonable having regard to prevailing market prices.
- vi. The Company has not accepted any deposits from public covered under Sections 58A,58AA or any other relevant provisions of the Act and rules framed thereunder.
- vii. Internal audit of the Company has been carried out by a firm of Chartered Accountants. In our opinion, the internal audit system in respect of areas covered during the year is commensurate with the size and nature of the business of the Company.
- viii. According to the information and explanations given to us, the Central Government has not prescribed for maintenance of cost records under Section 209(1)(d) of the Act in respect of any of the product of the Company.
- 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.
- According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues as aforesaid were outstanding as at 31<sup>st</sup> March, 2009 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, 2009, 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	43.32	1997-99	Tribunal
		46.09	1996-99	Commissioner (Appeals)
		19.49	2002-03 2005-06	Joint Commissioner
Sales Tax Act	Sales Tax	104.63	1974-78, 1985-87, 1992-95, 1997-98, 1999-2000, 2004-05	Tribunal
		545.04	2002-03, 2004-05 2008-09	Dy. Commissioner
		90.09	2003-05	Jt. Commissioner
		1.5	2008-09	Add. Commissioner

- 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, bank 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.6498.80 lakhs which have been temporarily invested in fixed deposit pending utilisation of the funds for the intended use.
- xvii. According to the information and explanations given to us and based on an overall examination of the balance sheet of the Company, in our opinion, no funds raised on short term basis have been used for long term investment.
- xviii. As referred in Note 24 of Schedule 17, during the year, the Company has inter-alia issued convertible warrants on preferential basis to certain parties and Companies covered in the Register maintained under Section 301 of the Act which were partly converted into equity shares of the Company. In our opinion, the price at which such warrants/shares have been issued/allotted is not prejudicial to the interest of the Company.
- xix. As disclosed under Schedule 3 of the Financial Statements, securities/charge in respect of debentures issued during the year are yet to be created.
- xx. The management has disclosed on the end use of money raised in earlier years by public issues vide Note 23 of Schedule 17 on Notes on Accounts and the same has been verified by us.
- 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.
4. Further to our comments made in above paragraphs, we report that :
- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii. The above accounts incorporate the transactions relating to the Company's branch in Abu Dhabi, the transactions of which have been audited on the basis of returns, records, information and explanations received from such branch which we have not visited;
- iv. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement referred to in this report are in agreement with the books of account;
- v. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement of the Company dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Act;
- vi. On the basis of written representation received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of Sub-Section (1) of Section 274 of the Act;
- vii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes as given in Schedule 17 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 31st March, 2009,
- b. In the case of the Profit and Loss Account, 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.

For Lodha & Co.  
Chartered Accountants

Place : Kolkata  
Date : 30.06.2009

14, Government Place East  
Kolkata - 700 069

H.K. Verma  
Partner  
Membership No: 55104

# Balance Sheet

as at March 31, 2009

	Schedule	As at March 31, 2009 Rs. in lakhs	As at March 31, 2008 Rs. in lakhs
<b>Sources of Funds</b>			
Shareholders' Funds			
Capital	1	28,73.02	28,05.24
Share Warrants		34,16.71	33,68.46
Share Application Money		96,71.16	—
Reserves and Surplus	2	<u>12,32,48.02</u>	<u>11,18,54.45</u>
		<b>13,92,08.91</b>	<u>11,80,28.15</u>
Loan Funds			
Secured Loans	3	8,87,53.60	4,96,65.52
Unsecured Loans	4	<u>1,20,20.64</u>	<u>2,12,65.29</u>
		<b>10,07,74.24</b>	<u>7,09,30.81</u>
Deferred Tax Liabilities (Net)		<u>36,90.47</u>	<u>19,84.93</u>
		<b>24,36,73.62</b>	<u>19,09,43.89</u>
<b>Application of Funds</b>			
Fixed Assets	5		
Gross Block		7,81,84.12	6,27,79.30
Less : Depreciation		<u>2,74,95.32</u>	<u>2,23,00.22</u>
Net Block		5,06,88.80	4,04,79.08
Capital Work-in-Progress		<u>2,96,08.84</u>	<u>1,49,01.35</u>
		<b>8,02,97.64</b>	5,53,80.43
Investments	6	<b>4,45,32.86</b>	1,58,94.02
Current Assets, Loans and Advances			
Inventories	7	3,25,35.74	3,22,72.75
Sundry Debtors	8	6,17,62.55	5,08,64.55
Cash and Bank Balance	9	85,96.74	1,72,64.62
Loans and Advances	10	<u>4,29,50.48</u>	<u>5,13,15.41</u>
		<b>14,58,45.51</b>	15,17,17.33
Less :			
Current Liabilities and Provisions	11		
Liabilities		1,51,86.51	2,40,05.28
Provisions		<u>1,18,15.88</u>	<u>80,42.61</u>
		<b>2,70,02.39</b>	<u>3,20,47.89</u>
Net Current Assets		<b>11,88,43.12</b>	<u>11,96,69.44</u>
		<b>24,36,73.62</b>	<u>19,09,43.89</u>
Notes on Accounts	17		

The Schedules referred to above form an integral part of the Balance Sheet  
As per our report of even date.

For Lodha & Co.  
Chartered Accounts  
H. K. Verma  
Partner  
Kolkata  
June 30, 2009

For and on behalf of the Board  
Chairman P. K. Khaitan  
Managing Director U. Kejriwal  
Director Uddhav Kejriwal  
Company Secretary Jyoti Jain

## Profit & Loss Account for the year ended March 31, 2009

	Schedule	Year ended March 31, 2009 Rs. in lakhs	Year ended March 31, 2008 Rs. in lakhs
<b>Income</b>			
Sales		18,95,57.52	13,84,42.11
Less: Excise Duty		57,53.33	53,18.63
		<b>18,38,04.19</b>	13,31,23.48
Increase/(Decrease) in Finished and Process Stock	12	33,21.65	(9,84.13)
Other Income	13	89,92.37	94,14.33
		<b>19,61,18.21</b>	14,15,53.68
<b>Expenses</b>			
Purchases		2,05,69.40	2,18,22.07
Raw Materials Consumed	14	7,86,71.20	5,22,84.31
Manufacturing and Other Expenses	15	6,10,34.16	5,01,00.67
Interest	16	97,26.02	26,20.52
Depreciation		52,12.48	36,60.59
		<b>17,52,13.26</b>	13,04,88.16
Profit Before Taxation and Exceptional items		<b>2,09,04.95</b>	1,10,65.52
Exceptional items -			
Provision for losses on mark to market basis on derivative transactions		-	60,20.10
Profit Before Taxation		<b>2,09,04.95</b>	50,45.42
Provision for Income Tax			
Current		50,50.00	18,35.00
Current-refund for earlier years		-	(9,72.75)
Deferred		17,05.54	(11,43.41)
Fringe Benefit		1,10.00	1,25.00
Profit After Taxation		<b>1,40,39.41</b>	52,01.58
Balance brought forward from previous year		60,00.60	61,17.86
Less: Dividend paid for previous year		1.32	-
Tax on dividend paid for previous year		0.23	-
		<b>59,99.05</b>	-
		<b>2,00,38.46</b>	1,13,19.44
Transfer from Debenture Redemption Reserve		45,00.00	15,00.00
Profit available for appropriation		<b>2,45,38.46</b>	1,28,19.44
<b>Appropriations</b>			
Transfer to -			
Debenture Redemption Reserve		10,00.00	9,00.00
General Reserve		1,00,00.00	20,00.00
Interim Dividend		-	26,48.27
Proposed dividend		39,09.41	7,01.31
Tax on Dividend		6,64.40	5,69.26
		<b>1,55,73.81</b>	68,18.84
Balance carried to Balance sheet		<b>89,64.65</b>	60,00.60
Basic Earning per Share in Rs.		<b>4.94</b>	2.25
Diluted Earning per Share in Rs.		<b>4.65</b>	1.56
Number of Shares used in computing earning per share			
Basic		<b>28,40,54,880</b>	23,16,84,227
Diluted		<b>31,92,43,201</b>	29,21,10,632

Notes on Accounts

17

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our report of even date.

For Lodha & Co.  
Chartered Accounts  
H. K. Verma  
Partner  
Kolkata  
June 30, 2009

For and on behalf of the Board  
Chairman P. K. Khaitan  
Managing Director U. Kejriwal  
Director Uddhav Kejriwal  
Company Secretary Jyoti Jain

# Cash Flow Statement for the year ended March 31, 2009

(Rs. in lakhs)

	Year ended March 31 2009	Year ended March 31 2009	Year ended March 31 2008	Year ended March 31 2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net Profit before Taxes &amp; Extraordinary Items</b>		<b>2,09,04.95</b>		50,45.42
<b>Add :</b> Depreciation/Amortisation/Written off	<b>52,12.48</b>		37,46.12	
Foreign Exchange loss	<b>1,78.84</b>		30,83.87	
Bad Debt	<b>10.58</b>		-	
Pipe mould written off	<b>1,32.47</b>		-	
Provision for doubtful debts, advances, etc.	<b>33,13.78</b>		13.76	
Provision for losses on mark to market basis on derivative transactions	<b>26,21.36</b>		60,20.10	
Interest	<b>97,26.02</b>	<b>2,11,95.53</b>	<b>26,20.52</b>	<b>1,54,84.37</b>
		<b>4,21,00.48</b>		<b>2,05,29.79</b>
<b>Less:</b> Interest Received	<b>13,28.16</b>		18,30.32	
Income from Investments	<b>5,48.95</b>		22,47.37	
Provisions / Liabilities no longer required written back	<b>29,15.13</b>		14,74.53	
Profit/(Loss) on sale of Fixed Assets (Net)	<b>33.86</b>	<b>48,26.10</b>	3,18.08	58,70.30
<b>Operating Profit before Working Capital changes</b>		<b>3,72,74.38</b>		1,46,59.49
<b>Less:</b> Increase/(Decrease) in Inventories	<b>2,62.99</b>		66,00.88	
Increase/(Decrease) in Trade Receivables	<b>1,33,69.57</b>		(46.69)	
Increase/(Decrease) in Loans & Advances	<b>(97,34.42)</b>		1,11,13.22	
(Increase)/Decrease in Trade Payables	<b>1,07,93.89</b>	<b>1,46,92.03</b>	<b>(38,09.78)</b>	<b>1,38,57.63</b>
<b>Cash generation From Operations</b>		<b>2,25,82.35</b>		8,01.86
<b>Less:</b> Direct Taxes paid ( Net of Refund)		<b>39,38.60</b>		<b>13,28.28</b>
<b>Net cash flow from Operating activities</b>		<b>1,86,43.75</b>		<b>(5,26.42)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets / movements in Capital work in progress	<b>(2,94,79.85)</b>		(1,92,70.69)	
Share Application money paid	<b>(1,30,00.00)</b>		(3,09,96.00)	
Fixed Assets sold/discarded	<b>1,07.30</b>		15,01.96	
(Purchase)/Sale of Investment (net)	<b>(1,83,21.70)</b>		13,03.34	
Interest Received	<b>16,94.99</b>		25,43.08	
Dividend received	<b>5,39.20</b>	<b>(5,84,60.06)</b>	11,51.44	(4,37,66.87)
<b>Net Cash flow from Investing activities</b>		<b>(5,84,60.06)</b>		<b>(4,37,66.87)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Issue of share capital	<b>24,63.75</b>		74,02.90	
Proceeds/(Repayment) from borrowings	<b>3,20,16.95</b>		3,10,78.19	
Proceeds from share warrants	<b>3,22.00</b>		33,68.46	
Proceeds from share application money	<b>96,71.16</b>		-	
Redemption / Repayment of Debentures/Term Loan	<b>(99,59.81)</b>		<b>(38,74.59)</b>	
	<b>3,45,14.05</b>		3,79,74.96	
Interest Paid	<b>(42,99.92)</b>		(28,82.46)	
Dividend paid	<b>(7,13.10)</b>		(26,48.27)	
Tax on Dividend	<b>(1,19.41)</b>	<b>2,93,81.62</b>	(4,50.07)	3,19,94.16
<b>Net cash flow from Financing activities</b>		<b>2,93,81.62</b>		<b>3,19,94.16</b>
<b>Cash and Cash equivalents (A+B+C)</b>		<b>(1,04,34.69)</b>		(1,22,99.13)
<b>Cash and Cash equivalents as at 1st April</b>		<b>1,72,64.62</b>		3,01,21.86
<b>Add / (Less) : Unrealised exchange gain / (loss) on Bank balances, Fixed deposits out of ZCCB / ECB Proceeds (net)</b>		<b>17,66.81</b>		(5,58.11)
<b>Cash and Cash equivalents as at 31st March</b>		<b>85,96.74</b>		1,72,64.62
<b>Note : 1) Cash and Cash equivalents represents cash in hand and deposits/balances with Banks</b>		<b>85,96.74</b>		1,72,64.62
<b>2) The Cash flow statement has been prepared under indirect method as per Accounting Standard 3 on Cash Flow Statement</b>				

As per our report of even date.

For Lodha & Co.  
Chartered Accounts  
H. K. Verma  
Partner  
Kolkata  
June 30, 2009

For and on behalf of the Board  
Chairman P. K. Khaitan  
Managing Director U. Kejriwal  
Director Uddhav Kejriwal  
Company Secretary Jyoti Jain

# Schedules Forming Part of Accounts

## SCHEDULE 1

	As at March 31, 2009 Rs. in lakhs	As at March 31, 2008 Rs. in lakhs
<b>SHARE CAPITAL :</b>		
Authorised 50,00,00,000 shares of Re 1/- each	<u>50,00.00</u>	<u>50,00.00</u>
Issued, Subscribed and Paid up : 28,73,02,291 equity shares of Re 1/- each (Previous year - 28,05,24,016 equity shares of Re. 1/- each). Out of above 8,87,61,600 shares of Re. 1/- each have been allotted as fully paid up bonus shares by capitalisation of Share Premium and General Reserve	<u>28,73.02</u>	<u>28,05.24</u>
	<u>28,73.02</u>	<u>28,05.24</u>

## SCHEDULE 2

	As at March 31, 2009 Rs. in lakhs	As at March 31, 2008 Rs. in lakhs
<b>RESERVES AND SURPLUS :</b>		
<b>(A) CAPITAL RESERVE</b>		
Capital subsidy as per last account	<u>46.52</u>	<u>46.52</u>
<b>(B) DEBENTURE REDEMPTION RESERVE</b>		
As per last account	<u>45,00.00</u>	<u>51,00.00</u>
Add: Transfer from Profit and Loss account	<u>10,00.00</u>	<u>9,00.00</u>
	<u>55,00.00</u>	<u>60,00.00</u>
Less: Transfer to Profit and Loss account	<u>45,00.00</u>	<u>15,00.00</u>
	<u>10,00.00</u>	<u>45,00.00</u>
<b>(C) GENERAL RESERVE</b>		
As per last account	<u>5,31,75.72</u>	<u>5,14,36.19</u>
Add: Transfer from Profit and Loss account	<u>1,00,00.00</u>	<u>20,00.00</u>
	<u>6,31,75.72</u>	<u>5,34,36.19</u>
Less: Adjustment on account of transitional provision under Accounting Standard - 15 on Employee Benefits	<u>-</u>	<u>2,60.47</u>
	<u>6,31,75.72</u>	<u>5,31,75.72</u>
<b>(D) SHARE PREMIUM ACCOUNT</b>		
As per last account	<u>4,81,31.61</u>	<u>1,63,88.34</u>
Add: Premium on issue of shares	<u>28,93.92</u>	<u>3,22,81.63</u>
	<u>5,10,25.53</u>	<u>4,86,69.97</u>
Less: Provision for premium on redemption of ZCCB	<u>9,64.40</u>	<u>5,38.36</u>
	<u>5,00,61.13</u>	<u>4,81,31.61</u>
<b>(E) PROFIT AND LOSS ACCOUNT</b>	<u>89,64.65</u>	<u>60,00.60</u>
	<u>12,32,48.02</u>	<u>11,18,54.45</u>

## SCHEDULE 3

### SECURED LOANS

	As at March 31, 2009 Rs. in lakhs	As at March 31, 2008 Rs. in lakhs
11.80% Non Convertible Debentures	<u>1,00,00.00</u>	-
6.10% Non Convertible Debentures	-	<u>90,00.00</u>
External Commercial Borrowing from Banks	<u>1,01,44.00</u>	<u>7,52.16</u>
Loan from Exim Bank	<u>1,83,66.00</u>	-
Working Capital facility from Banks:		
Indian currency	<u>50,92.07</u>	<u>38,44.36</u>
Foreign Currency	<u>4,51,51.53</u>	<u>2,45,69.00</u>
Other Loan from Body Corporate	<u>-</u>	<u>1,15,00.00</u>
	<u>8,87,53.60</u>	<u>4,96,65.52</u>

- 11.80% Non Convertible Debentures (privately placed) are to be secured by 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. These debentures were allotted on March 20, 2009 and redeemable at par in three equal annual installments commencing on from the end of three year from the date of allotment with a Put and Call option at the end of 3rd year from the date of allotment.
- External Commercial Borrowings are to be secured by way of pari-passu charge on all immovable and movable Fixed Assets present and future of the Company other than certain property located at Chennai.
- Term Loans from Export Import Bank of India are to be secured by way of pari-passu charge over the movable fixed assets, lands and other immovable properties other than certain property located at Chennai and second pari-passu charge by way of hypothecation on the current assets (including receivables) of the Company both present and future.
- Working Capital facilities from Banks are secured by way of joint hypothecation of inventories and book debts.

# Schedules Forming Part of Accounts

## SCHEDULE 4

### UNSECURED LOANS :

Zero Coupon Convertible Bonds (ZCCB)	
Short Term Loans	
From Yes Bank Limited	
Buyers Credit	
From Deutsche Bank	
Packing Credit	
From Citibank N.A..	

As at March 31, 2009 Rs. in lakhs	As at March 31, 2008 Rs. in lakhs
<b>1,03,72.24</b>	84,04.09
-	50,00.00
-	28,35.79
<b>16,48.40</b>	50,25.41
<b>1,20,20.64</b>	<u>2,12,65.29</u>

## SCHEDULE 5

### FIXED ASSETS :

Rs. in lakhs

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on April 01, 2008	Additions	Sales/ Adjustments	Cost as on March 31, 2009	Upto March 31, 2008	For the Year	Sales/ Adjustments	Upto March 31, 2009	As on March 31, 2009	As on March 31, 2008
1	2	3	4	5	6	7	8	9	10	11
Land-freehold	22,73.56	9,54.36	1.70	<b>32,26.22</b>	-	-	-	-	<b>32,26.22</b>	22,73.56
Land-leasehold	9,56.14	3,44.10	-	<b>13,00.24</b>	38.87	11.78	-	<b>50.65</b>	<b>12,49.59</b>	9,17.27
Buildings	82,55.70	8,58.67	-	<b>91,14.37</b>	28,09.09	4,40.61	-	<b>32,49.70</b>	<b>58,64.67</b>	54,46.61
Railway Siding	22.05	231.89	-	<b>2,53.94</b>	17.76	10.90	-	<b>28.66</b>	<b>225.28</b>	4.29
Plant And Machinery	4,94,71.25	1,34,80.87	6,09.64	<b>6,23,42.48</b>	1,88,40.77	49,18.99	4,14.61	<b>2,33,45.15</b>	<b>3,89,97.33</b>	3,06,30.48
Furniture And Fixtures	4,92.61	20.81	-	<b>5,13.42</b>	2,06.31	58.94	-	<b>2,65.25</b>	<b>2,48.17</b>	2,86.30
Vehicles	8,56.94	1,29.77	49.73	<b>9,36.98</b>	3,80.27	1,13.61	40.55	<b>4,53.33</b>	<b>4,83.65</b>	4,76.67
Intangible Assets (Computers Softwares)	4,49.94	45.42	-	<b>4,95.36</b>	7.15	95.43	-	<b>1,02.58</b>	<b>3,92.78</b>	4,42.79
Livestock	1.11	-	-	<b>1.11</b>	-	-	-	-	<b>1.11</b>	1.11
	6,27,79.30	1,60,65.89	6,61.07	<b>7,81,84.12</b>	2,23,00.22	56,50.26	4,55.16	<b>2,74,95.32</b>	<b>5,06,88.80</b>	4,04,79.08
Previous Year	5,33,09.28	1,15,47.34	20,77.32	<b>6,27,79.30</b>	1,94,45.48	36,62.65	8,07.91	<b>2,23,00.22</b>	<b>4,04,79.08</b>	

### Notes :

- Adjustment to Plant and Machinery includes Rs.96.91 lakhs (Previous Year Rs. 57.14 lakhs) on account of exchange differences.
- Plant and Machinery includes Rs. 3,30.84 lakhs (Previous year Rs.3,30.84 lakhs) being contribution to CESC Limited, for laying the Power line, the ownership of which does not vest with the company.
- Depreciation includes Rs. 4,37.78 lakhs ( Previous year Rs. 2.06 lakhs) transferred to Pre-operative expenses.
- Leasehold Land of Rs. 9,47.26 lakhs ( Previous Year Rs.9,47.26 lakhs) is pending execution of lease agreement and registration thereof.
- Freehold land acquired during the year includes Rs. 2,76.22 lakhs ( Previous year Rs.1,94.32 lakhs) in respect of which the execution of conveyance deeds is under process.
- Addition to Plant and Machinery include Rs. 27,63.71 lakhs being cost of wagons procured under "Wagon Investment Scheme".

# Schedules Forming Part of Accounts

## SCHEDULE 6

### INVESTMENTS :

(Long term and fully paid up except otherwise stated)

#### Particulars

#### EQUITY SHARES

#### (A) Trade Investments

##### Quoted

	As at March 31, 2009		As at March 31, 2008	
	Holding Nos.	Rs. in lakhs	Holding Nos.	Rs. in lakhs
Mukand Limited (Face value of Rs.10/- each)	82	-	82	-
Mahindra Ugine Steel Co. Ltd.(Face value of Rs.10/- each)	75	0.01	75	0.01
Welcast Steels Limited (Face value of Rs.10/- each)	25	-	25	-
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)	1,000	0.05	1000	0.05
		<b>0.07</b>		<b>0.07</b>

#### (B) Other Investments

##### Quoted

##### Associates

Lanco Industries Limited (Face value of Rs.10/- each)	1,93,01,218	63,33.53	1,79,31,218	59,90.06
---	-------------	----------	-------------	----------

##### Unquoted

##### Subsidiaries

Electrosteel Europe SA (Face value of Euro 10 each)	80,000	4,53.38	80,000	4,53.38
Electrosteel Algeria SPA (Face value of 1000 Algerian Dinar each)	82,500	5,20.33	82,500	5,20.33
Chesterfield Ductile Group Ltd (Face value of Gbp 1 each)	1,00,000	3,55.46	1,00,000	3,55.46
Singardo International Pte Ltd(Face value of S\$ 1 each)	15,00,000	4,39.89	15,00,000	4,39.89

##### Associates

Electrosteel Integrated Ltd (Face value Rs. 10/-each)	16,48,25,000	1,64,82.50	40,000	4.00
---	--------------	------------	--------	------

##### Joint Venture

Domco Pvt Ltd(Face value of Rs 100/- each)	30,000	30.00	30,000	30.00
North Dhadhu Mining Company Pvt. Ltd. (Face value of Rs. 10/- each)	58,80,000	5,88.00	-	-

##### Other Companies

Electrocast Sales India Ltd.(Face value of Rs.10/- each)	1,000	0.51	1,000	0.51
N Marshall Hi-tech Engineers Pvt. Ltd.(Face value of Rs.10/- each)	50,000	5.00	50,000	5.00
Sky-B (Bangla) Pvt. Ltd.(Face value of Rs.10/- each)	43,40,000	4,34.50	43,40,000	4,34.50
Biswa Microfinance Pvt. Ltd.(Face value of Rs 10/- each)	2,50,000	25.00	-	-

Less: Provision

	2,56,68.10		82,33.13
	4,21.10		-
	<b>2,52,47.00</b>		<b>82,33.13</b>

#### Current Investments

Birla Sunlife Savings Fund-Institutional-Daily Dividend Reinvestment (Previously-Birla Sunlife Liquid Plus-Institutional-Daily Dividend Reinvestment) (Purchased 145980867.088 units sold 60743498.162 units during the year)	90240723.821	90,30.21	5003354.895	5,00.68
NIMID Canara Robeco Interval Monthly Institutional Dividend Fund (Purchased 41163.73 units sold 5035370.45 units during the year)	-	-	4994206.720	5,00.00
DWS Credit Oppportunities Cash Fund-Weekly Dividend Plan (Purchased 2786515.446 units sold 16242040.619 units during the year)	-	-	13455525.173	13,51.96
JM Money Manager Fund Super Plus Plan-Daily Dividend (Purchased 2004.291units sold 5007952.515 units during the year)	-	-	5005948.224	5,00.80
LJCMF Floating Rate Fund-Short Term Plan-Dividend Plan (Purchased 116151143.984 units sold 138351155.669units during the year)	-	-	22200011.695	22,54.80
Mirae Asset Liquid Plus Fund-Super Institutional Dividend Plan(Daily) (Purchased 359335.997 units sold 479255.377 units during the year)	-	-	119919.380	12,00.87
Principal Liquid Plus Regular-Daily Dividend Plan (Purchased 115187405.258units sold 128677553.244 units during the year)	-	-	13490147.986	13,51.71
Reliance Medium Term Fund-Daily Dividend (Purchased 100266697.711 units sold 59938240.067 units during the year)	40328457.034	68,94.35	-	-

# Schedules Forming Part of Accounts

## SCHEDULE 6

### INVESTMENTS :

(Long term and fully paid up except otherwise stated)

Particulars	As at March 31, 2009		As at March 31, 2008	
	Holding Nos.	Rs. in lakhs	Holding Nos.	Rs. in lakhs
UTI Treasury Advantage Fund-Institutional.Plan-Daily Dividend Option -Reinvestment (Previously-UTI Liquid Plus Fund Institutional.Daily Dividend (option) Reinvestment (Purchased 358771.575 units sold 262721.274 units during the year)	96050.301	9,60.71	-	-
UTI Liquid Cash Plan Institutional-Daily Income Option Reinvestment (Purchased 486630.058 units sold 251156.628 units during the year)	235473.430	24,00.52	-	-
		<u>4,45,32.86</u>		<u>1,58,94.02</u>
Book value of Quoted Investments		63,33.54		59,90.07
Book value of Unquoted Investments:				
Investment in mutual funds	1,92,85.79		76,60.82	
Other investments	1,89,13.53	3,81,99.32	22,43.13	99,03.95
		<u>4,45,32.86</u>		<u>1,58,94.02</u>
Market value of Quoted Investments		29,82.14		73,87.92
NAV of investments in Mutual Funds		1,92,85.79		76,64.66

#### Notes

- 107325000 Equity shares of Rs 10/- each fully paid up of Electrosteel Integrated Limited aggregating Rs. 1,07,32.50 lakhs held by the Company as Investment have been pledged in favour of EIL lenders for securing financial assistance for Electrosteel Integrated Limited.
- Units of mutual fund purchased and sold during the year (Face value Rs.10/-each except otherwise stated)

Particulars NAME OF SCRIP	As at March 31, 2009		As at March 31, 2008	
	Cost Nos.	Rs. in lakhs	Cost Nos.	Rs. in lakhs
Fortis Money Plus Fund-Institutional -Daily Dividend (Previously ABN Amro Money Plus Fund-Institutional-Daily Dividend)	-	-	16130961.535	16,13.11
Fortis Money Plus -Institutional Plan -Daily Dividend (Previously ABN Amro Money Plus Institutional Plan Daily Dividend)	-	-	2179020.000	2,17.90
AIG India Liquid Fund Super Institutional Daily Dividend (Face value of Rs.1000/- each) (Previously AIG India Treasury Liquid Fund Super Institutional Daily Dividend)	-	-	409740.048	41,00.74
AIG India Treasury Fund Super Institutional Daily Dividend (Previously AIG India Treasury Plus Super Institutional Daily Dividend)	-	-	92065153.083	92,16.64
Birla Sunlife Short Term Fund-Institutional Daily Dividend	6512836.486	6,51.64	-	-
Bharti AXA Liquid fund-Institutional -DD Plan	25018.878	2,50.19	-	-
Bharti AXA Treasury Advantage -Institutional-DD Plan (Previously Bharti AXA Treasury Plus Fund -Institutional DD Plan)	60102.287	6,01.03	-	-
Birla Cash Plus-Institutional Premium -Daily Dividend Reinvestment	194003000.115	1,94,38.13	-	-
Birla Floating Rate Fund-Weekly Dividend-Reinvestment	-	-	3,025,808.358	3,03.08
Birla Quarterly Series-12 Dividend	-	-	5000000.000	5,00.00
DBS Chola Freedom Income Short Term Plan Institutional Daily Dividend Reinvestment Plan (Previously DBS Chola Liquid Plus Daily Dividend)	-	-	15033790.643	15,03.38
DBS Chola FMP Series	-	-	5000000.000	5,00.00
DSP Black Rock Fixed Plan Series 1 K Dividend Institutional (Face Value of Rs.1000/-each) (Previously DSP Merrill Lynch Fixed Term Plan Series 1 K Dividend Institutional)	-	-	55527.182	5,55.42
DSP Black Rock Money Manager Institutional Plan-Daily Dividend (Face Value of Rs.1000/-each) (Previously DSP Merrill Lynch Liquid Plus Institutional Plan Daily Dividend)	-	-	311,391.876	31,14.81
DWS Insta Cash Fund Super Institutional Daily Dividend Plan	2495491.823	2,50.05	49909382.223	50,00.92
DWS Floating Rate Fund-Daily Dividend	-	-	8763962.672	8,77.68
DWS Money Plus Fund-Institutional Plan-Daily Dividend	-	-	35203366.056	35,23.22

# Schedules Forming Part of Accounts

## SCHEDULE 6

### INVESTMENTS :

(Long term and fully paid up except otherwise stated)

Particulars	As at March 31, 2009		As at March 31, 2008	
	Holding Nos.	Rs. in lakhs	Holding Nos.	Rs. in lakhs
DWS Money Plus Fund-Regular Plan-Daily Dividend	-	-	25071431.861	25,13.64
Grindlays Floating Rate Fund-Institutional Plan Daily Dividend	-	-	7275148.082	7,27.70
HSBC Ultra Short Term Bond-Institutional Plus-Daily Dividend) (Previously HSBC Liquid Plus Fund-Institutional Plus Daily Dividend)	-	-	74073638.466	74,16.70
HDFC Cash Mgmt Fund-Savings Plan-DDR	<b>67940339.360</b>	<b>72,26.41</b>	11305081.642	12,02.45
HDFC Quarterly Interval Fund	-	-	5000000.000	5,00.00
HDFC Cash Mgmt Fund-Treasury Advantage Plan-Wholesale-DDR (Previously HDFC Cash Mgmt Fund Savings Plus Plan-Wholesale DDR)	<b>72950339.360</b>	<b>73,18.01</b>	5039724.613	5,05.56
ING Treasury Advantage Institutional Daily Dividend (Previously ING Liquid Plus Institutional Daily Dividend)	-	-	196203669.648	1,96,26.84
ING Liquid Fund-Super Institutional-Daily Dividend	-	-	107503553.822	1,07,55.52
ING Liquid Fund-Institutional-Daily Dividend	-	-	26980384.572	27,01.30
JM High Liquidity Fund-Super Institutional Plan-Daily Dividend	-	-	46944273.825	47,00.79
JM Fixed Maturity Fund Series	-	-	5000000.000	5,00.00
JM Liquid Plus Premium Daily Dividend Plan	-	-	19521217.212	19,52.23
Kotak Flexi Debt Scheme-Daily Dividend	-	-	15178655.806	15,22.59
LICMF Income Plus Fund-Daily Dividend Plan (Previously LICMF Liquid Plus Fund Daily Dividend Plan)	<b>5003179.934</b>	<b>5,00.32</b>	58810514.689	58,81.05
Religare Liquid Fund-Institutional Daily Dividend (Previously Lotus India Liquid Fund Institutional Daily Dividend)	-	-	3250429.002	3,25.05
Religare Liquid Fund-Institutional Plus Daily Dividend (Previously Lotus India Liquid Fund Institutional Plus Daily Dividend)	-	-	12227513.259	12,22.78
Religare Ultra Short Term Fund -Institutional Daily Dividend (Previously Lotus India Liquid Plus Fund Institutional Daily Dividend)	-	-	14456519.632	14,47.92
Mirae Asset Ultra Short Term Bond Institutional Dividend Plan (Daily) (Face value of Rs. 1000/- Each) (Previously Mirae Asset Liquid Plus Fund -Institutional Dividend Plan(Daily))	-	-	19986.567	2,00.15
Mirae Asset Liquid Fund-Institutional Plan-Daily Dividend (Face value of Rs. 1000/- Each)	<b>357304.020</b>	<b>35,75.59</b>	119944.293	12,00.30
Principal Floating Rate Fund Institutional Option-Dividend Rein	-	-	15175748.155	15,18.83
NFSTD Canfloating Rate Short Term Daily Dividend Fund	-	-	34129645.319	35,01.70
NLFID Canliquid Fund-Institutional Daily Dividend Reinvestment	<b>37113772.533</b>	<b>37,26.59</b>	242921213.300	2,43,91.72
NLFID Canliquid Fund-Super Institutional-Daily Dividend Reinvestment	<b>89152785.401</b>	<b>89,51.83</b>	-	-
NLFID Canliquid Fund-Institutional Growth	-	-	1062112.329	1,50.00
Canara Robeco Treasury Advantage Institutional Daily Dividend Fund Previously-NLPRDD Canliquid Plus-Retail Daily Dividend Fund	-	-	1209207.751	1,50.03
Canara Robeco Treasury Advantage Institutional Daily Dividend Fund (Previously -NLPIDD Canliquid Plus Institutional Daily Dividend Fund)	<b>20783662.445</b>	<b>25,78.65</b>	297392613.257	3,68,97.80
Canara Robeco Treasury Advantage Super institutional Daily Dividend Reinvestment Fund (Previously NLPIDD Canliquid Plus Super Institutional Daily Dividend Reinvestment Fund)	<b>86746471.245</b>	<b>1,07,62.72</b>	-	-
Principal Floating Rate Funds FMP Institutional Option DDR	<b>31874778.657</b>	<b>31,91.40</b>	-	-
Principal Cash Management Fund-Liquid Option-Institutional Plan-Dividend Reinvestment Daily	<b>89009600.047</b>	<b>89,01.58</b>	15001154.045	15,00.30
ICICI Prudential Inst. Liquid Plan Super Institutional Daily Dividend Reinvestment Dividend	<b>20004222.496</b>	<b>20,00.52</b>	-	-
ICICI Prudential Flexible Income Plan Dividend - Daily	<b>13764464.075</b>	<b>14,55.39</b>	96181570.132	1,01,69.76

# Schedules Forming Part of Accounts

## SCHEDULE 6

### INVESTMENTS :

(Long term and fully paid up except otherwise stated)

Particulars	As at March 31, 2009		As at March 31, 2008	
	Holding Nos.	Rs. in lakhs	Holding Nos.	Rs. in lakhs
Reliance Liquidity Fund-Daily Dividend Reinvestment Option	429046325.310	4,29,17.93	148980157.592	1,49,02.63
Reliance Monthly Interval Fund Series 1 Institutional Daily Dividend	-	-	5091454.872	5,09.54
Reliance Money Manager Fund Institutional Option-Daily Dividend (Face Value of Rs 1000/- Each) (Previously Reliance Liquid Plus Fund -Institutional Option Daily Dividend)	2429019.508	2,43,17.80	1512613.041	1,51,42.64
Reliance Liquid Fund-Cash Plan Option -Daily Dividend	22502743.421	25,07.14	-	-
Reliance Liquid Fund-Treasury Plan Institutional Option -Daily Dividend	6215362.954	9,50.15	-	-
IDFC Fixed Maturity Plan-Quarterly Series 8 Dividend (Previously Standard Chartered Fixed Maturity Plan Quarterly Series 8 Dividend)	-	-	5000000.000	5,00.00
Sundaram BNP Paribas Ultra Short term Super Institutional -Daily Dividend Reinvestment (Previously Sundaram BNP Paribas Liquid Plus Super Institutional Dividend)	43495277.171	43,60.40	181252685.697	1,81,57.66
Sundaram BNP Paribas Money Fund Super Institutional Dividend	43839443.177	44,25.72	149555354.638	1,50,98.06
SBI Magnum Insta Cash Fund Daily Dividend Option	17465582.426	29,25.54	-	-
SBI Premier Liquid Fund-Super Institutional-Daily Dividend	9969165.127	10,00.16	4984652.111	5,00.09
SBI Short Horizon Ultra Short Term Fund Institutional Plan Daily Dividend (Previously SBI - SHF Liquid Plus Institutional Plan - Daily Dividend)	39304551.203	39,32.42	5009334.001	5,01.18
UTI Liquid Cash Plan Institutional-Daily Income Option-Reinvstment (Face value of Rs. 1000/- Each)	-	-	80946.618	8,25.21
UTI Treasury Advantage Institutional Daily Dividend Option (Face value of Rs. 1000/- Each) (Previously UTI Liquid Plus Fund Institutional Plan Daily Dividend Option)	-	-	451569.147	45,14.73
UTI Money Market Fund-Daily Dividend Option Reinvestment	14444908.837	26,25.43	-	-
TITMA Super Institutional Plan-Daily Dividend Reinvestment (Face value of Rs. 1000/- Each)	49991.977	5,00.07	599937.556	60,00.88
TFRIF Long Term Plan Super Institutional Option-Daily Dividend Reinvestment	4996160.983	5,00.16	60008869.277	60,07.22
TTMSHD TATA Treasury Manager Ship Daily Dividend (Face value of Rs. 1000/- Each)	-	-	689728.314	69,17.97
TATA Liquid Super High Investment Fund (Face value Of Rs. 1000/- Each)	134612.083	15,00.28	1770191.924	1,97,29.14
TATA Floater Fund-Daily Dividend	4988534.363	50,06.30	179781587.089	1,80,42.16

# Schedules Forming Part of Accounts

## SCHEDULE 7

### INVENTORIES :

As taken, Valued and Certified by the Management

	Rs. in lakhs	As at March 31, 2009 Rs. in lakhs	As at March 31, 2008 Rs. in lakhs
Stores and Spare Parts		47,67.40	46,98.22
Raw Materials		1,79,85.48	2,08,96.39
Stock-in-trade :			
Finished Stock		58,75.14	32,32.67
Process Stock		23,12.98	6,29.97
Work in Progress	38,56.13		48,59.96
Less: Progress payments received	<u>22,61.39</u>		<u>20,44.46</u>
		<u>15,94.74</u>	<u>28,15.50</u>
		<u>3,25,35.74</u>	<u>3,22,72.75</u>

## SCHEDULE 8

### SUNDRY DEBTORS :

Unsecured

Debts outstanding for a period exceeding six months

- Considered Good
- Considered Doubtful

Less : Provision for Doubtful Debt

Other Debts - Considered Good

	Rs. in lakhs	As at March 31, 2009 Rs. in lakhs	As at March 31, 2008 Rs. in lakhs
		1,34,74.04	1,78,16.07
		<u>28,32.25</u>	<u>7,54.65</u>
		<u>1,63,06.29</u>	<u>1,85,70.72</u>
		<u>28,32.25</u>	<u>7,54.65</u>
		1,34,74.04	1,78,16.07
		<u>4,82,88.51</u>	<u>3,30,48.48</u>
		<u>6,17,62.55</u>	<u>5,08,64.55</u>

## SCHEDULE 9

### CASH AND BANK BALANCES :

Cash balance on hand

Bank Balances

With Scheduled Banks :

    Current Accounts

    Fixed Deposits

    (including interest accrued thereon)

With Non - Scheduled Bank :

National Bank of Abu Dhabi

    Current Accounts

[Maximum Amount outstanding during the year

Rs. 62.11 lakhs (Previous year Rs. 79.35 lakhs)]

	Rs. in lakhs	As at March 31, 2009 Rs. in lakhs	As at March 31, 2008 Rs. in lakhs
		3.74	37.58
		15,98.52	13,46.36
		<u>69,86.20</u>	<u>1,58,43.41</u>
		<u>85,84.72</u>	<u>1,71,89.77</u>
		8.28	37.27
		<u>85,96.74</u>	<u>1,72,64.62</u>

## SCHEDULE 10

### LOANS AND ADVANCES (Unsecured)

Advances recoverable in cash or in kind or for value to be received

- Considered Good
- Considered Doubtful

Less : Provision for Doubtful Advances

Advance Tax including tax deducted at source (net of provision)

Balances with Government Authorities

Other Deposits

	Rs. in lakhs	As at March 31, 2009 Rs. in lakhs	As at March 31, 2008 Rs. in lakhs
		3,61,91.61	4,45,60.75
		<u>7,95.82</u>	<u>40.74</u>
		<u>3,69,87.43</u>	<u>4,46,01.49</u>
		<u>7,95.82</u>	<u>40.74</u>
		3,61,91.61	4,45,60.75
		-	1,55.22
		4,64.33	12,26.57
		<u>62,94.54</u>	<u>53,72.87</u>
		<u>4,29,50.48</u>	<u>5,13,15.41</u>

## Schedules Forming Part of Accounts

<b>SCHEDULE 11</b>	<b>Rs. in lakhs</b>	<b>As at March 31, 2009 Rs. in lakhs</b>	<b>As at March 31, 2008 Rs. in lakhs</b>
<b>CURRENT LIABILITIES AND PROVISIONS :</b>			
<b>CURRENT LIABILITIES :</b>			
Sundry Creditors			
Dues of Micro enterprises and Small enterprises	-		0.18
Others	<b>1,15,84.53</b>		1,82,38.24
Advance From Customers	<b>19,81.00</b>		46,59.64
Other Liabilities	<b>8,67.99</b>		4,73.93
Interest accrued but not due on loans	<b>6,50.42</b>		5,20.25
Unclaimed Dividend*	<b>1,02.57</b>		1,13.04
		<b>1,51,86.51</b>	2,40,05.28
For Taxation (net of advance tax and tax deducted at source) [including Net Fringe Benefit Tax Rs. 30.17 lakhs (Previous year Rs. 24.42 lakhs)]	<b>10,66.18</b>		-
For Dividend	<b>39,09.41</b>		7,01.31
For Tax on Dividend	<b>6,64.40</b>		1,19.19
For Redemption Premium on ZCCB	<b>20,34.38</b>		10,69.98
For losses on derivative transactions on mark to market basis	<b>39,49.48</b>		60,20.10
For Others	<b>1,92.03</b>		1,32.03
		<b>1,18,15.88</b>	80,42.61
		<b>2,70,02.39</b>	3,20,47.89
* The same is not due for payment to Investor Education and Protection Fund.			
<b>SCHEDULE 12</b>			
<b>INCREASE/(DECREASE) IN FINISHED AND PROCESS STOCK :</b>			
<b>Closing Stock :</b>			
Finished	<b>58,75.14</b>		32,32.67
Process	<b>23,12.98</b>		6,29.97
Work in Progress	<b>38,56.13</b>		48,59.96
		<b>1,20,44.25</b>	87,22.60
Less : Opening Stock :			
Finished	<b>32,32.67</b>		36,71.26
Process	<b>6,29.97</b>		7,46.64
Work in Progress	<b>48,59.96</b>		52,88.83
		<b>87,22.60</b>	97,06.73
		<b>33,21.65</b>	(9,84.13)
<b>SCHEDULE 13</b>			
<b>OTHER INCOME :</b>			
Rent		<b>87.09</b>	49.18
Income from Investments (Note 6 - Schedule 17)		<b>5,48.95</b>	22,47.37
Interest on Loans, Deposits, Overdue debts etc. (Gross) [Tax deducted at Source Rs. 2,45.24 lakhs (Previous year Rs 1,10.98 lakhs)]		<b>13,28.16</b>	18,30.33
Profit on sale/discard of Fixed Assets (Net)		<b>33.86</b>	3,18.08
Provisions / Liabilities no longer required written back		<b>2,30.18</b>	14,74.53
Provision for Mark to Market losses no longer required written back		<b>26,84.95</b>	-
Incentive on Exports		<b>27,13.41</b>	22,62.01
Miscellaneous Income		<b>13,65.77</b>	12,32.83
		<b>89,92.37</b>	94,14.33

# Schedule Forming Part of Account

	Rs. in lakhs	As at March 31, 2009 Rs. in lakhs	As at March 31, 2008 Rs. in lakhs
<b>SCHEDULE 14</b>			
<b>RAW MATERIALS CONSUMED :</b>			
Opening Stock	2,08,96.39		1,39,05.39
Add : Purchases	<u>7,57,65.30</u>	9,66,61.69	<u>5,92,75.31</u> 7,31,80.70
Less : Cost of Sales	5.01		-
Less : Closing Stock	<u>1,79,85.48</u>	<u>1,79,90.49</u>	<u>2,08,96.39</u> <u>5,22,84.31</u>
		<b>7,86,71.20</b>	
<b>SCHEDULE 15</b>			
<b>MANUFACTURING AND OTHER EXPENSES :</b>			
Stores and Spare Parts		98,52.97	85,44.18
Handling and Transportation Charges		9,09.68	9,56.73
Power and Fuel		1,01,19.59	75,46.96
Excise Duty on Stock		(92.87)	(25.31)
Salaries, Wages, Bonus and Allowance, etc		83,44.00	64,64.44
Contribution to Provident and Other Fund		5,46.22	5,42.01
Employees' Welfare		3,02.34	2,33.45
Repairs :			
Machinery		3,29.54	3,39.99
Buildings		5.80	60.58
Others		7,78.26	5,21.67
Rates and Taxes		12,77.28	11,54.44
Rent		6,98.61	8,34.86
Insurance		2,38.33	2,88.12
Freight and Forwarding charges [ net of realisation of Rs.57,23.41 lakhs(Previous year Rs.36,92.84 lakhs)]		57,08.14	69,18.90
Commission to Selling Agents		37,29.09	25,39.35
Directors' Fees and Commission		38.90	41.10
Job charges		55,83.64	70,00.65
Provision for diminution in value of Investments		4,21.10	-
Provision for Bad and Doubtful Debts		28,45.05	-
Provision for losses on mark to market basis on derivative transactions (refer note no. 25 of schedule 17)"		26,21.36	-
Miscellaneous Expenses		67,77.13	61,38.55
		<u>6,10,34.16</u>	<u>5,01,00.67</u>
<b>SCHEDULE 16</b>			
<b>INTEREST AND FINANCIAL CHARGES :</b>			
Interest			
On Debentures		5,88.58	10,07.41
On Term Loan		11,73.48	13,66.19
On Others		73,92.84	7,43.28
Financial Charges		4,82.36	61.75
Add/(Less): Derivative Loss / (Gain)		88.76	(5,58.11)
		<u>97,26.02</u>	<u>26,20.52</u>

# Schedules Forming Part of Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The accounts have been prepared under the historical cost convention 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.

##### B. 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 income 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.

##### C. FIXED ASSETS AND DEPRECIATION

###### 1) Tangible Assets

###### (i) Gross Block

Fixed Assets are stated at cost of acquisition and subsequent improvements thereto. 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 Relining is capitalized.

###### (ii) Depreciation

- (a) Depreciation on Fixed Assets, except where otherwise stated, is provided as per Schedule XIV of the Companies Act, 1956 on straight line method in respect of Plant and Machinery 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 Machinery have been considered Continuous Process Plant on the basis of technical assessment. Depreciation on upgradation of fixed assets is provided over the remaining useful life of the mother plant / fixed assets.
- (b) Assets costing Rs. 5000/- 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 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 on straight line method. Heavy Earth Moving Machinery used for coal mines are depreciated over a period of 5 years.
- (e) Leasehold land is amortised 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 is 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.

(iii) Capital Work-in-progress includes preoperative expenses, machinery to be installed, construction and erection materials, advances etc.

###### 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.

##### D. INVESTMENTS

Long-term 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.

##### E. 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 finished products in which they will be incorporated 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.

# Schedules Forming Part of Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

- (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.

#### F. 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. Subsequent to recognition of impairment loss/reversal thereof, depreciation is provided on the revised carrying amount of the asset, on a systematic basis, over its remaining useful life.

#### G. 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 income or expense and are adjusted to the profit and loss account under respective heads of account except where such liabilities and/or transactions relate to fixed assets / projects and were entered into before 1-4-2004, in which case, these are adjusted to the cost of respective fixed assets.

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.

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 income / expense over the life of the contract.

Keeping in view the announcement of Institute of Chartered Accountants of India dated March 29, 2008 regarding accounting for derivatives, mark to market losses on all other derivatives contracts (other than forward contracts dealt as above) outstanding as at the year end, are recognized in the accounts.

#### H. REVENUE RECOGNITION

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

#### I. 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.

#### J. EMPLOYEE BENEFITS

Employee benefits are accrued in the year services are rendered by the employees.

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.

#### K. 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.

#### L. 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 accrued.

# Schedules Forming Part of Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

#### M. GOVERNMENT GRANTS

Revenue grants including subsidy/rebates are credited to Profit and Loss Account under "Other 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.

#### N. INCOME TAX

Provision for tax is made for current, deferred and fringe benefit taxes. Current tax is provided on the taxable income 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.

#### O. 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.

(Rs. in lakhs)

	Current Year	Previous Year
2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) :	<b>35,98.99</b>	1,96,05.40
3. 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	<b>7,41.26</b>	4,45.29
ii) Excise, Custom Duty and Service tax	<b>53,94.77</b>	48,74.09
iii) Income Tax	—	3,88.59
b) Employees State Insurance Corporation has raised demand for contribution in respect of Gross Job Charges for the year 2001-02. In the opinion of the management demand is adhoc and arbitrary and is not sustainable legally.	<b>63.55</b>	65.71
c) Demand of Tamilnadu Electricity Board disputed by the Company.	<b>8.20</b>	65,718.20
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.	<b>8.20</b>	8.20
	<b>2,61.74</b>	2,61.74
e) Corporate guarantee issued to banks by the Company on behalf of :		
(i) Subsidiary Companies	<b>89,66.00</b>	1,25,00.00
(ii) Associate	<b>48,25.00</b>	81,69.00
f) Guarantees given by banks on behalf of the Company	<b>1,90,89.87</b>	1,46,28.52
g) Bills Discounted with Banks.	<b>18,36.62</b>	53,00.44
h) 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 (h) above is dependent upon the outcome of judgments / decisions.

# Schedules Forming Part of Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

	(Rs. in lakhs)	
	Current Year	Previous Year
<b>4. Auditors' Remuneration</b>		
(a) Audit Fees	9.50	7.00
(b) Other services - Certificates, etc.	6.90	4.20
<b>5. (a) Directors' Remuneration :</b>		
(i) Managing/Jt. Managing/Whole-time Directors :		
Salary	1,60.40	1,51.69
Contribution to Provident and Superannuation Funds	14.01	15.00
Gratuity and Leave	17.48	16.93
Perquisites	15.89	7.87
Commission	6,06.90	1,74.50
	<u>8,14.68</u>	<u>3,65.99</u>
(ii) Other Directors' Commission	31.50	31.50
	<u>8,46.18</u>	<u>3,97.49</u>
Sitting fees to Non-executive Directors	7.40	9.60
<b>Total</b>	<u>8,53.58</u>	<u>4,07.09</u>
<b>(b) Computation of Directors' Commission :</b>		
Profit Before Taxes	2,09,04.95	50,45.42
Add : Directors' Remuneration	8,46.18	3,97.49
	<u>2,17,51.13</u>	<u>54,42.91</u>
Less : Profit on Sale of Investments	9.75	10,95.93
Profit on Sale of Fixed Assets (Net)	33.86	2,74.17
Net Profit for the purpose of Directors' Commission	<u>2,17,07.52</u>	<u>40,72.81</u>
Managing/Joint Managing Directors' Commission	4,00.00	1,10.00
Whole-time Directors' Commission	2,06.90	64.50
Other Directors' Commission	31.50	31.50
<b>6. Income from Investments (Net) represent :</b>		
a) Trade Investments –		
Long Term – Dividend	0.84	0.54
b) Other than Trade Investments:		
Profit on Sale of Long term Investments	—	10,17.95
Profit on Sale of Current Investments	9.75	77.97
Dividend from current investment	3,52.84	8,59.47
Dividend from long term investment	1,85.52	2,91.44
	<u>5,48.95</u>	<u>22,47.37</u>
<b>7. Stores and spares consumption include pipe moulds written off</b>	<b>1,32.47</b>	85.52
<b>8. No allocation has been made in respect of stores and spare parts and wages for repairs to Machinery and Building.</b>		
<b>9. Inventories of stores and spares include the estimated net realizable value of pipe mould (fixed assets) retired from the active use Rs. 88.43 lakhs (Previous year Rs. Nil)</b>		
<b>10. Miscellaneous expenses include Charity and Donation of Rs. 97.20 lakhs (Previous Year Rs. 1,55.44 lakhs), Bad Debts of Rs.10.58 lakhs ( Previous Year Rs. 71.49 lakhs). Job charges includes Rs. 47.58 lakhs (previous year Rs. 1,03.54 lakhs) incurred towards insurance on Turnkey Contracts.</b>		

# Schedules Forming Part of Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

#### 11. Employee Benefits

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

##### Defined Contribution Scheme

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

	(Rs. in lakhs)	
	2008-09	2007-08
Employer's Contribution to Provident Fund	1,55.40	1,25.60
Employer's Contribution to Pension Fund	92.03	88.49
Employer's Contribution to Superannuation Fund	65.26	1,26.62

##### Defined Benefit Scheme

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

	(Rs in lakhs)	
	Gratuity (Funded)	
	2008-09	2007-08
<b>i. Change in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows :</b>		
Liability at the beginning of the year	7,82.44	6,76.49
Interest Cost	66.74	54.71
Current Service Cost	87.92	75.25
Actuarial (gain)/loss on obligations Benefits Paid	32.31	39.99
Benefits Paid	(83.53)	(64.00)
Liability at the end of the year	8,85.88	7,82.44
<b>ii. Changes in the Fair Value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows :</b>		
Fair value of Plan Assets at the beginning of the year	5,49.44	4,95.76
Expected Return on Plan Assets	45.40	39.20
Contributions by the Company	81.75	68.32
Benefits Paid	(83.53)	(64.00)
Actuarial gain/(loss) on Plan Assets	(7.40)	10.16
Fair value of Plan Assets at the end of the year	5,85.66	5,49.44
Total actuarial gain/(loss) to be Recognized	39.71	29.83
<b>iii. Actual return on Plan Assets</b>		
Expected return on Plan assets	45.40	39.20
Actuarial gain / (loss) on Plan Assets	(7.40)	10.16
Actual Return on Plan Assets	38.00	49.36
<b>iv. Amount Recognized in Balance Sheet</b>		
Liability at the end of the year	8,85.88	7,82.44
Fair value of Plan Assets at the end of the year	5,85.66	5,49.44
Amount Recognized in the Balance Sheet	3,00.22	2,33.00

# Schedules Forming Part of Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

(Rs in lakhs)

	Gratuity (Funded)	
	2008-09	2007-08
<b>v. Expenses Recognized in the Income Statement</b>		
Current Service Cost	<b>87.92</b>	75.25
Interest Cost	<b>66.74</b>	54.71
Expected Return on Plan Assets	<b>(45.40)</b>	(39.20)
Net Actuarial (gain) / loss to be Recognized	<b>39.71</b>	29.83
Expenses Recognized in Profit & Loss Account	<b>1,48.97</b>	1,20.59
<b>vi. Balance Sheet Reconciliation</b>		
Opening Net Liability	<b>2,33.00</b>	1,80.73
Expenses as above	<b>1,48.97</b>	1,20.59
Employers Contribution	<b>(81.75)</b>	(68.32)
Amount Recognized in Balance Sheet	<b>3,00.22</b>	2,33.00

#### 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 31.03.2009 is given below :

Particulars	(Rs. in lakhs)	
	31.03.2009	31.03.2008
Privileged Leave	<b>5,13.50</b>	4,65.98
Sick Leave	<b>2,20.07</b>	1,94.19
<b>vii. Principal Actuarial assumptions as at the Balance Sheet date</b>		
Discount Rate	<b>8.00%</b>	7.50%
Rate of Return on Plan Assets	<b>8.00%</b>	7.50%

#### 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 1,00.00 lakhs (previous year Rs 1,33.00 lakhs) to Gratuity fund in 2009-10.
- 12.** 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.
  - 13.** Balance of Sundry Debtors including for Turnkey Contracts, Work-in-progress, Creditors and advances are subject to confirmation/reconciliation and adjustments in this respect are carried out as and when amounts thereof, if any are ascertained.
  - 14.** Rs. 1,33,06.71 lakhs being net loss (Previous Year Rs 2,53.21 lakhs being net gain) on account of exchange difference has been adjusted to the respective heads of account in Profit and Loss Account.
  - 15.** Power and fuel consumption is net of Rs. 97.00 lakhs (Previous Year Rs. 1,05.95 lakhs ) being subsidy receivable on use of coal gas.
  - 16.** Disclosure of sundry creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the " Micro, Small and Medium Enterprise Development Act, 2006" (the Act). There are no delays in payment made to such suppliers and there is no overdue amount outstanding as at the balance sheet date. Based on above the relevant disclosures u/s 22 of the Act are as follows :

# Schedules Forming Part of Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

	(Rs. in lakhs)	
	2008-09	2007-08
1. Principal amount outstanding at the end of the year	Nil	0.18
2. Interest amount due at the end of the year	Nil	Nil
3. Interest paid to suppliers	Nil	Nil

17. Other deposits under Loans and Advances include Rs. 5,57.50 lakhs (Previous year Rs. 5,57.50 lakhs) with Private Limited companies in which directors are interested as a member / director.

18. Fixed Deposits with Scheduled Banks include Fixed Deposit of Rs. 23.55 lakhs (Previous Year Rs. 4.90 lakhs) lodged with Government Departments and Customers.

19 (a) The break up of deferred tax assets and deferred tax liabilities are as given below :

Particulars	(Rs. in lakhs)		
	Opening as on 01-04-2008	Charge or Credit during the Year	Closing as at 31-03-2009
<b>Deferred Tax Assets :</b>			
1. Expenses Allowable on Payment Basis	2,94.22	(17.31)	<b>2,76.91</b>
2. Provision for doubtful debts, advances and stock	3,15.22	9,83.23	<b>12,98.45</b>
3. Provision for losses on Derivatives on Mark to Market basis	20,46.23	(11,51.01)	<b>8,95.22</b>
4. Others	73.87	1,46.40	<b>2,20.27</b>
<b>Deferred Tax Liabilities :</b>			
1. Depreciation	41,59.70	15,59.06	<b>57,18.76</b>
2. Liquidated Damages and Retention money	5,54.78	1,07.77	<b>6,62.55</b>
<b>Net Deferred Tax Liability</b>	<b>19,84.94</b>	<b>17,05.53</b>	<b>36,90.47</b>

19 (b) Particulars	(Rs. in lakhs)	
	2008-2009	2007-2008
Net profit for basic earnings per share as per profit and loss account	<b>1,40,39.41</b>	52,01.58
(i) Adjustment for the purpose of diluted earnings per share Exchange gain/(loss) on realignment of ZCCB and conversion rate difference Less : Tax effect	<b>(7,93.73)</b>	6,53.42
<b>Net profit for diluted earnings per share</b>	<b>1,48,33.14</b>	45,48.16
(ii) Weighted average number of equity shares for calculation of basic and diluted earnings per share (Face value Re. 1/- per share)		
a) Basic earnings per share	<b>284054880</b>	231684227
b) Diluted earnings per share	<b>319243201</b>	292110632
(iii) Weighted average number of equity shares outstanding Add : Weighted average number of potential equity shares that could arise on conversion of ZCCB, warrants and share application money	<b>284054880</b>	231684227
	<b>35188321</b>	60426405
iv) <b>Earnings per share :</b>		
a) Basic	<b>4.94</b>	2.25
b) Diluted	<b>4.65</b>	1.56

# Schedules Forming Part of Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

20. The expenses incurred for projects/assets during the construction 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. The details of these expenses are as follows :

	(Rs. in lakhs)	
	2008-2009	2007-2008
Preoperative expenses brought forward	32,22.89	26,12.59
Salaries, Wages, Bonus and Allowances etc.	4,63.39	2,53.56
Contribution to Provident and Other Fund	17.51	10.56
Employees' Welfare	38.76	62.58
Stores and Spares Consumption	1,30.74	25.43
Handling and Transportation	25.70	-
Power and Fuel	65.27	-
Repairs :		
Machinery	0.23	-
Others	12.14	-
Rates and Taxes	13.65	-
Rent	24.28	23.07
Insurance	6.67	-
Miscellaneous Expenses	5,17.42	2,33.32
Interest Paid :		
On Term Loan	2,10.45	-
On Others	6,45.61	-
Finance Charges	34,05.69	0.78
Depreciation	4,37.78	1.00
Total preoperative expenses	92,38.18	32,22.89
Less : Coal transferred for Captive Consumption	1,24.27	-
Stock of Coal	41.71	-
Total preoperative expenses carried forward pending allocation	90,72.20	32,22.89

21. 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	Maximum amount outstanding during the year	Amount outstanding at the year beginning	Maximum amount outstanding during last year
	2008-09		2007-08	
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
<b>Loans and advances in the nature of loans to Subsidiaries and Associates :</b>				
(a) Electrosteel Europe SA	-	47,68.57	-	-
(b) Electrosteel Algeria SPA	-	-	-	-
(c) Singardo International Pte Ltd.	-	-	-	-
(d) Lanco Industries Limited	-	60,00.00	-	-
<b>Loans and advances in the nature of loans to Employees where there is :</b>				
(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	32.55	35.56	25.48	26.15
<b>Loans and advances in the nature of loans to Firms/ Companies in which directors are interested</b>				
<b>Loans and advance in the nature of loans and loanee has invested in :</b>				
(a) Shares of Parent Company	-	-	-	-
(b) Shares of a Subsidiary (including sub/fellow subsidiary)	-	-	-	-

## Schedules Forming Part of Accounts

### SCHEDULE 17

#### NOTES ON ACCOUNTS (Contd.)

22. (a) Category wise outstanding derivatives contracts entered for hedging as on March 31, 2009 are as follows :-

Sl.No.	Category	Currency	Current Year		Previous Year	
			No. of Deals	Amount	No. of Deals	Amount
1.	Forward	USD/INR	<b>68</b>	<b>9,59,29,073</b>	47	9,25,00,000
2.	Forward	SGD/USD	<b>7</b>	<b>49,75,281</b>	4	10,40,270
3.	Forward	GBP/USD	<b>15</b>	<b>86,08,165</b>	12	56,94,521
4.	Forward	USD/CHF	-	-	4	10,00,000
5.	Forward	Euro/USD	<b>25</b>	<b>2,91,15,947</b>	9	1,93,83,792
6.	Forward	USD/INR	-	-	2	15,00,000
7.	Forward	USD/EURO	<b>3</b>	<b>22,62,503</b>	-	-
8.	Forward	USD/INR	-	-	16	2,82,50,000
9.	Forward	USD/INR	<b>19</b>	<b>4,96,60,105</b>	3	78,45,853
10.	Forward	USD/JPY	-	-	4	2,35,37,65,553
11.	Forward	USD/JPY	-	-	3	20,00,000
12.	Option	EURO	<b>1</b>	<b>7,50,000</b>	6	1,21,00,000
13.	Option	USD	<b>5</b>	<b>2,21,54,100</b>	9	5,12,73,500
14.	Option	USD	<b>19</b>	<b>5,03,00,000</b>	-	-
15.	Option	EURO	-	-	2	20,00,000
16.	Option	USD	-	-	2	1,40,00,000
17.	Swap**	INR	-	-	1	15,00,00,000
18.	Swap**	USD/JPY	-	-	1	25,00,000
19.	Swap	USD	<b>3</b>	<b>3,50,00,000</b>	-	-
20.	Swap**	Euro	-	-	1	75,00,000

\* ZCCB : Zero Coupon Convertible Bond

\*\* Represents both currency and interest rate swaps and includes ZCCB and External Commercial Borrowings (ECB)

(b) Unhedged Foreign Currency exposures as on March 31, 2009 are as follows :

Nature	Currency	Current Year Amount in Foreign Currency	Previous Year Amount in Foreign Currency
Imports	USD	<b>43,76,238</b>	3,82,50,562
Others	JPY	-	67,99,319
ZCCB Deposits (include accrued interest)	USD	-	49,93,285
ZCCB (include proportionate premium)	USD	<b>1,64,61,002</b>	2,36,17,291
ECB Payable (include accrued interest)	USD	<b>1,25,28,454</b>	18,75,192
ECB Deposit (include accrued interest)	USD	<b>1,38,21,435</b>	-
Export	SGD	-	12,64,228
Others	AUD	-	84,962
Others	USD	<b>7,68,430</b>	7,78,142
Others	GBP	<b>20,178</b>	31,244
Others	SGD	-	1,605
Others	CHF	-	1,611

# Schedules Forming Part of Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

- 23.** (a) Rs.1,46,44.69 lakhs being unutilized amount at the beginning of the year out of the issue proceeds of Zero Coupon Convertible Bonds (ZCCBs) in earlier years, has been fully utilized for the purposes for which it was raised.
- (b) During the year, ZCCB worth US\$ 0.05 million were converted into equity shares. Accordingly, 5,28,275 equity shares of face value of Re. 1 each at a price of Rs. 42.44 per share have been issued to the respective bond holders resulting in increase in the paid up equity capital by Rs. 5.28 lakhs and share premium by Rs. 2,18.92 lakhs.
- (c) Premium payable on ZCCB has been provided proportionately and accordingly Rs. 9,89.94 lakhs (out of total redemption premium amounting to Rs. 35,69.25 lakhs) (Previous year Rs. 5,38.36 lakhs, out of total redemption premium amounting to Rs. 28,91.85 lakhs) on this account has been debited to Share Premium Account. Further, due to conversion of ZCCB as aforesaid, premium payable on such converted ZCCB debited in earlier year to share premium account amounting to Rs. 25.54 lakhs (previous year Rs. 13,71.57 lakhs) have been credited to such account.
- 24.** During the year, the Company has raised Rs.1,24,56.91 lakhs as detailed below through preferential issue of equity shares and convertible warrants.
- a. Rs.322.00 lakhs being 10% of the total amount due raised through the issue of 140 lakh warrants, each convertible into 1 equity share of Re.1 each at a price of Rs 23.00 per share.
- b. Rs. 96,71.16 lakhs being the total amount due raised against 254,50,414 equity shares of face value of Re.1 each at a price of Rs 38.00 per share. These shares have been allotted post balance sheet date.
- c. Rs. 24,63.75 lakhs being 90% of the total amount due against conversion of 6,25,000 warrants (issued in earlier year) into 62.50 lakhs equity shares of face value of Re. 1 each at a price of Rs. 43.80 per share. Amount raised as above and Rs. 36,47.36 lakhs pending utilization at the beginning of the year out of the proceeds received in earlier year in respect of preferential issues, have been utilized for business purposes including investments / working capital requirements of the Company.
- 25.** The Marked-to-Market losses on derivative contract as at March 31, 2009 stood at Rs. 26,32.75 lakhs (previous year Rs.60,20.10 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 profit and loss account for the year. Out of the provision made in the previous year, a sum of Rs. 26,84.95 lakhs being no longer required in respect of derivative transaction settled during the year, has been written back in the accounts.
- 26.** a) 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, disclosures as regards contingent liability and capital commitments, if any, aggregate amounts of each of the assets, liabilities, income and expenses related to the Company's interest in DPL has not been made in these accounts.

b) Information on other joint venture

S. No.	Name of the Joint Venture	Country of Incorporation	Percentage of ownership interest
(i)	North Dhadhu Mining Private Limited	India	49.00

(ii) Contingent liabilities in respect of Joint Ventures.

(Rs. in lakhs)

a. Guarantees given by banks on behalf of the Company

**2008-09**

**27,45.47**

# Schedules Forming Part of Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

	(Rs. in lakhs)
	<b>2008-09</b>
(iii) Interest in assets, liabilities, income and expenses with respect to jointly controlled entities.	
A) <b>Assets :</b>	
a) Fixes Assets (Net Block) :	
Capital Work-in-Progress	<b>5,64.56</b>
b) Current Assets, Loans And Advances	
Cash & Bank Balances	<b>24.13</b>
c) Miscellaneous Expenditure	<b>2.01</b>
B) <b>Liabilities :</b>	
a) Current Liabilities	<b>2.70</b>

27. As regards construction contracts in progress as on 31.03.2009, 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. 56,421.66 lakhs, Rs. 22,62.41 lakhs and Rs. 16,71.28 lakhs respectively. (Previous Year Rs. 4,60,97.80 lakhs, Rs. 20,44.46 lakhs and Rs. 11,49.36 lakhs respectively).

28. The Company has certain operating lease arrangements for office accommodations etc. with tenure extending upto 9 yrs. 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 Profit and Loss account amounts to Rs. 6,98.61 lakhs (Previous Year Rs. 8,34.86 lakhs).

29. Loans and advances includes an amount of Rs. 2,75,17.50 lakhs (Previous Year Rs. 3,09,96.00 lakhs) paid to Electrosteel Integrated Limited (EIL) as application money towards subscription to equity shares of EIL.

30. During the year, the Company has incurred Rs. 58.89 lakhs (Previous Year Rs 46.75 lakhs) on account of research and development expenses which has been charged to profit and loss account.

31. 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

<b>1) Subsidiary Company</b>	Electrosteel Europe SA Electrosteel Algeria SPA Singardo International Pte Ltd. Electrosteel Castings (UK) Limited
<b>2) Associate Company</b>	Lanco Industries Ltd. Electrosteel Integrated Limited
<b>3) Joint Venture</b>	North Dhadhu mining Company Pvt. Ltd. Domco Private Limited
<b>4) Key Management Personnel (KMP) and their relative</b>	Mr. Umang Kejriwal - (Managing Director) Mr. Mayank Kejriwal - (Joint Managing Director) Mr. Uddhav Kejriwal (Director) Mr. N C Bahl (Director) Smt. Uma Kejriwal - mother of Mr. Umang Kejriwal - (Managing Director) Smt Usha Bahl - wife of Mr. N.C. Bahl - Director Ms. Priya Sakhi Kejriwal daughter of Mr. Umang Kejriwal - (Managing Director)

# Schedules Forming Part of Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

#### 5) Enterprise where KMP/ Relatives of KMP have significant influence or control

Global Exports Ltd.  
 Badrinath Industries Ltd.  
 Akshay Ispat & Ferro Alloys Pvt. Ltd.  
 Acharya Multicon Pvt. Ltd.  
 Flora Constructions Pvt. Ltd.  
 Highrise Multicon Pvt. Ltd.  
 Kabir Projects Pvt. Ltd.  
 New City Enclave Pvt. Ltd.  
 Nilmoni Developers Pvt. Ltd.  
 Paramount Tracom Pvt. Ltd.  
 Stewart Agencies Pvt. Ltd.  
 Tulsi Highrise Pvt. Ltd.  
 Wilcox Merchants Pvt. Ltd.  
 Nimpith Developers Pvt. Ltd.  
 Royal Multicon Pvt. Ltd.  
 Samar Properties Pvt. Ltd.  
 Tulip Fabicon Pvt. Ltd.  
 Murari Investment & Trading Company Ltd.  
 Electrosteel Thermal Power Ltd.  
 Electrosteel Thermal Coal Ltd.

#### B) Related Party Transaction

(Rs. in lakhs)

	Subsidiary	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.09	Outstanding as on 31.03.08
<b>Sale</b>								
Electrosteel Europe SA	21,641.13	-	-	-	-	21,641.13	11,110.05	-
Electrosteel Algeria SPA	10,142.31	-	-	-	-	10,142.31	8,082.20	-
Singardo International Pte Ltd.	2,999.55	-	-	-	-	2,999.55	1,324.60	-
Electrosteel Castings (UK) Limited	5,389.25	-	-	-	-	5,389.25	3,003.36	-
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	-	-	-	14.97	-
Lanco Industries Ltd.	-	14,562.52	-	-	-	14,562.52	4,637.26	-
Total	40,172.24	14,562.52	-	-	-	54,734.75	28,172.43	-
Previous Year								
Electrosteel Europe SA	18,247.04	-	-	-	-	18,247.04	-	13,448.55
Electrosteel Algeria SPA	7,606.66	-	-	-	-	7,606.66	-	5,906.20
Singardo International Pte Ltd.	1,520.59	-	-	-	-	1,520.59	-	919.38
Electrosteel Castings (UK) Limited	3,982.33	-	-	-	-	3,982.33	-	1,897.21
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	-	7.83	7.83	-	75.35
Lanco Industries Ltd.	-	11,560.87	-	-	-	11,560.87	-	5,124.93
<b>Interest Received</b>								
Lanco Industries Ltd.	-	806.06	-	-	-	806.06	17.66	-
Previous Year	-	476.38	-	-	-	476.38	-	368.43
<b>Purchase</b>								
Lanco Industries Ltd.	-	8,831.28	-	-	-	8,831.28	146.30	-
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	-	954.59	954.59	-	-
Total	-	8,831.28	-	-	954.59	9,785.87	146.30	-
Previous Year								
Lanco Industries Ltd.	-	10,208.38	-	-	-	10,208.38	-	1,839.40
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	-	209.15	209.15	-	-
<b>Job Charges Received</b>								
Electrosteel Integrated Limited	-	4,106.78	-	-	-	4,106.78	(489.96)	-
Previous Year	-	1,780.89	-	-	-	-	-	335.39

# Schedules Forming Part of Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

(Rs. in lakhs)

	Subsidiary	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.09	Outstanding as on 31.03.08
<b>Remuneration</b>								
Mr. Umang Kejriwal (MD)	-	-	-	241.07	-	241.07	200.00	-
Mr. Mayank Kejriwal (JMD)	-	-	-	238.17	-	238.17	200.00	-
Mr. Uddhav Kejriwal (Director)	-	-	-	213.96	-	213.96	170.00	-
Mr. N C Bahl (Director)	-	-	-	107.61	-	107.61	36.90	-
Ms. Priya Sakhi Kejriwal	-	-	-	10.37	-	10.37	-	-
Total	-	-	-	811.18	-	811.18	606.90	-
Previous Year								
Mr. Umang Kejriwal (MD)	-	-	-	94.63	-	94.63	-	55.00
Mr. Mayank Kejriwal (JMD)	-	-	-	93.14	-	93.14	-	55.00
Mr. Uddhav Kejriwal (Director)	-	-	-	72.54	-	72.54	-	36.50
Mr. N C Bahl (Director)	-	-	-	105.67	-	105.67	-	28.00
<b>Rent</b>								
Global Exports Ltd.	-	-	-	-	14.98	14.98	-	-
Badrinath Industries Ltd.	-	-	-	-	15.00	15.00	-	-
Others	-	-	-	-	113.52	113.52	-	-
Total	-	-	-	-	143.50	143.50	-	-
Previous Year								
Global Exports Ltd.	-	-	-	-	21.36	21.36	-	-
Badrinath Industries Ltd.	-	-	-	-	13.50	13.50	-	-
Others	-	-	-	-	106.06	106.06	-	-
<b>Service Charges Paid</b>								
Global Exports Ltd.	-	-	-	-	36.69	36.69	0.26	-
Previous Year								
Electrosteel Thermal Power	-	-	-	-	3.02	3.02	-	-
Electrosteel Castings (UK) Limited	24.85	-	-	-	-	24.85	-	24.85
Global Exports Ltd.	-	-	-	-	36.95	36.95	-	-
<b>Loan</b>								
Electrosteel Europe SA	4,768.58	-	-	-	-	4,768.58	-	-
Lanco Industries Ltd.	-	6,000.00	-	-	-	6,000.00	-	-
Total	4,768.58	6,000.00	-	-	-	10,768.58	-	-
Previous Year								
<b>Reimbursements</b>								
Electrosteel Thermal Power Limited	-	-	-	-	5.27	5.27	5.27	-
North Dhadhu Mining Company Pvt. Ltd.	-	-	3.80	-	-	3.80	3.80	-
Electrosteel Integrated Limited	-	323.21	-	-	-	323.21	51.81	-
Total	-	323.21	3.80	-	5.27	332.29	60.89	-
Previous Year								
Electrosteel Integrated Limited	-	588.47	-	-	-	588.47	-	-
<b>Share Application Money Paid</b>								
Electrosteel Integrated Limited	-	13,000.00	-	-	-	13,000.00	27,517.50	-
Previous Year	-	30,996.00	-	-	-	30,996.00	-	30,996.00
<b>Corporate Guarantee</b>								
Electrosteel Europe SA	-	-	-	-	-	-	5,509.48	-
Electrosteel Castings (UK) Limited	8,200.00	-	-	-	-	8,200.00	1,816.41	-
Lanco Industries Ltd.	-	-	-	-	-	-	4,825.00	-
Electrosteel Algeria SPA	-	-	-	-	-	-	308.00	-
Singardo International Pte Ltd.	-	-	-	-	-	-	1,332.98	-
Total	8,200.00	-	-	-	-	8,200.00	13,791.87	-
Previous Year								
Electrosteel Algeria SPA	-	-	-	-	-	-	-	585.98
Singardo International Pte Ltd.	-	-	-	-	-	-	-	1,165.79
Electrosteel Castings (UK) Limited	-	-	-	-	-	-	-	1,988.50
Electrosteel Europe SA	-	-	-	-	-	-	-	4,428.86
Lanco Industries Ltd.	-	-	-	-	-	-	-	12,500.00

# Schedules Forming Part of Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

(Rs. in lakhs)

	Subsidiary	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.09	Outstanding as on 31.03.08
<b>Bank Guarantee</b>								
North Dhadhu Mining Company Pvt. Ltd.	-	-	2,745.47	-	-	2,745.47	2,745.47	-
Previous Year	-	-	-	-	-	-	-	-
<b>Investment</b>								
Electrosteel Europe SA	-	-	-	-	-	-	453.38	-
Electrosteel Algeria SPA	-	-	-	-	-	-	520.33	-
Singardo International Pte Ltd.	-	-	-	-	-	-	439.89	-
Electrosteel Castings (UK) Limited	-	-	-	-	-	-	355.46	-
Lanco Industries Ltd.	-	343.47	-	-	-	343.47	6,333.53	-
Electrosteel Integrated Limited	-	16,478.50	-	-	-	16,478.50	16,482.50	-
North Dhadhu mining Company Pvt. Ltd.	-	-	588.00	-	-	588.00	588.00	-
Electrocast Sales India Ltd	-	-	-	-	-	-	0.51	-
Domco Private Limited	-	-	-	-	-	-	30.00	-
Total	-	16,822	588	-	-	17,410	25,204	-
Previous Year								
Electrosteel Europe SA	-	-	-	-	-	-	-	453.38
Electrosteel Algeria SPA	-	-	-	-	-	-	-	520.33
Singardo International Pte Ltd.	-	-	-	-	-	-	-	439.88
Electrosteel Castings (UK) Limited	-	-	-	-	-	-	-	355.46
Lanco Industries Ltd.	-	72.78	-	-	-	72.78	-	5,990.06
Electrosteel Integrated Limited	-	4.00	-	-	-	4.00	-	4.00
Electrocast Sales India Ltd	-	-	-	-	-	-	-	-
Domco Private Limited	-	-	-	-	-	-	-	-
<b>Commission</b>								
Singardo International Pte Ltd.	-	-	-	-	-	-	-	-
Previous Year	6.09	-	-	-	-	6.09	-	3.39
<b>Security Deposits</b>								
Lanco Industries Ltd.	-	885.11	-	-	-	885.11	4,470.59	-
Electrosteel Thermal Coal Ltd.	-	-	-	-	-	-	230.00	-
Others	-	-	-	-	-	-	557.50	-
Total	-	885.11	-	-	-	885.11	5,258.09	-
Previous Year								
Lanco Industries Ltd.	-	3,585.48	-	-	-	3,585.48	-	3,585.48
Electrosteel Thermal Coal Ltd.	-	-	-	-	230.00	230.00	-	230.00
Others	-	-	-	-	-	-	-	557.50
<b>Dividend Received</b>								
Lanco Industries Ltd.	-	185.51	-	-	-	185.51	-	-
Previous Year	-	193.01	-	-	-	193.01	-	-
<b>Rent Receipts</b>								
Electrosteel Integrated Limited	-	76.88	-	-	-	76.88	7.07	-
Murari Investment & Trading Company Ltd.	-	-	-	-	4.80	4.80	0.44	-
Lanco Industries Ltd.	-	0.36	-	-	-	0.36	-	-
Total	-	77.24	-	-	4.80	82.04	7.51	-
Previous Year								
Electrosteel Integrated Limited	-	46.89	-	-	-	46.89	-	-
Lanco Industries Ltd.	-	0.36	-	-	-	0.36	-	-
<b>Service Charges Received</b>								
Electrosteel Integrated Limited	-	8.55	-	-	-	8.55	0.84	-
Previous Year								
<b>Sale of Fixed Assets</b>								
Electrosteel Integrated Limited	-	1.50	-	-	-	1.50	1.50	-
Previous Year	-	457.40	-	-	-	457.40	-	-
<b>Sale of DEPB</b>								
Electrosteel Integrated Limited	-	96.07	-	-	-	96.07	-	-
Lanco Industries Ltd.	-	8.07	-	-	-	8.07	-	-
Total	-	104.15	-	-	-	104.15	-	-
Previous Year								
<b>Income from Consultancy</b>								
Electrosteel Integrated Limited	-	-	-	-	-	-	-	-
Previous Year	-	128.00	-	-	-	128.00	-	-

# Schedules Forming Part of Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

#### 32. TURNOVER, OPENING STOCK & CLOSING STOCK

(Rs. in lakhs)

	UNIT	OPENING STOCK		PURCHASE		TURNOVER*		CLOSING STOCK		
		Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	
<b>a) Own Products</b>										
1)	D.I. Fittings	MT	<b>169</b> (110)	<b>122.75</b> (83.16)		<b>4274 \$</b> (4595)	<b>5,519.67</b> (4,572.56)	<b>126</b> (169)	<b>106.76</b> (122.75)	
2)	C.I. Spun Pipes	MT	<b>1499</b> (2258)	<b>396.93</b> (549.55)		<b>38173</b> (51262)	<b>17,752.40</b> (15,273.76)	<b>3157</b> (1499)	<b>1,097.79</b> (396.93)	
3)	D.I. Spun Pipes	MT	<b>4498</b> (7114)	<b>1,347.18</b> (1,829.04)		<b>251161 @</b> (217572)	<b>120,117.27</b> (68,543.67)	<b>5160</b> (4498)	<b>2,459.95</b> (1,347.18)	
4)	Pig Iron	MT	<b>1943</b> (589)	<b>303.95</b> (76.43)		<b>250149 **</b> (189566)	<b>3,430.48</b> (74.06)	<b>1447</b> (1943)	<b>321.88</b> (303.95)	
5)	Metallurgical Coke	MT	<b>3986</b> (8795)	<b>400.68</b> (846.04)		<b>129628 ***</b> (130595)	<b>-</b> (561.09)	<b>8587</b> (4666)	<b>1,165.27</b> (400.68)	
6)	Sponge Iron	MT	<b>748</b> (338)	<b>105.63</b> (38.39)		<b>37499 #</b> (47941)	<b>1,992.05</b> (4,305.56)	<b>562</b> (748)	<b>131.65</b> (105.63)	
7)	Sinter	MT	<b>1163</b> -	<b>34.75</b> -		<b>283036 &amp;</b> (701.00)	<b>-</b> (1,163.00)	<b>-</b> (34.75)	<b>-</b> (34.75)	
<b>b) Other Products</b>										
i)	Rubber Gaskets****			<b>238.66</b> (164.28)	<b>1,348.57</b> (870.75)		<b>0.93</b> (9.32)		<b>421.69</b> (238.67)	
ii)	Pipe Fittings****			<b>110.65</b> (84.38)	<b>579.22</b> (419.49)		<b>-</b> (138.72)		<b>170.15</b> (110.65)	
iii)	Others						<b>8,911.96</b> (7,377.62)			
<b>c) Turnkey Contracts</b>							<b>13,898.01</b> (19,461.21)			
<b>d) Traded Product</b>										
a)	Purchased D I Pipes		<b>402</b> -	<b>171.49</b> -	<b>6007</b> (17036)	<b>2,230.79</b> (4,868.89)	<b>6,409</b> (16635)	<b>3,119.66</b> (5,470.99)	<b>-</b> (402)	<b>-</b> (171.49)
b)	DI Fittings		-	-	<b>150.77</b> -	<b>165.44</b> -	<b>150.77</b> -	<b>89.80</b> -	-	-
c)	Iron Ore		-	-	<b>66079</b> (100,349)	<b>604.92</b> (822.81)	<b>66,079</b> (100,349)	<b>834.92</b> (1,204.02)	-	-
d)	Coke / Coal		-	-	<b>100779</b> (198450)	<b>13,920.63</b> (11,467.16)	<b>100,779</b> (198450)	<b>13,890.37</b> (11,449.50)	-	-
e)	Misc Items Turnkey Contracts # #				<b>1,719.83</b> (3,372.97)					
			<b>3,232.67</b> (3,671.26)		<b>20,569.40</b> (21,822.07)		<b>189,557.52</b> (138,442.11)		<b>5,875.14</b> (3,232.67)	

\* Turnover includes loss on exchange difference of Rs.5,959.89/- lakhs (Previous year Rs.6,79.95 lakhs exchange gain).

\$ includes 10.959 MT OF DI fittings (Previous year 152.61 MT) used in Turnkey Contracts.

@ includes 4562.41 MT OF DIP (Previous year 15439.100 MT) used in Turnkey Contracts.

\*\*\* Includes 113333 MT (Previous year 109704.490 MT) used for Captive Consumption.

# Includes 27209.29 MT (Previous year 13186.440 MT) used for Captive Consumption.

&amp; Includes 283036 MT (Previous year 701.00 MT ) used for Captive Consumption.

# # The corresponding turnover is included under "Turnkey Contracts".

\*\*\*\*, # # Represent bought out components/ misc items sold without processing, the purchase and sale of such components/items ancillary to the manufacturing/turnkey activity. In view of wide variety of such items, fittings &amp; rubber gaskets where the quantitative figure would not give fair and comparable picture and hence, have not been stated.

# Schedules Forming Part of Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

33. 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	Within India	Outside India	Total
Sales (Gross)	<b>141,637.84</b> (95,005.97)	<b>47,919.68</b> (43,436.14)	<b>189,557.52</b> (138,442.11)
Sundry Debtors and other assets	<b>236,133.49</b> (187,851.12)	<b>34,542.52</b> (35,322.26)	<b>270,676.01</b> (223,173.38)

The fixed assets of the company are located in India  
(Previous year figures are shown in bracket)

### 34 Raw Materials Consumed :

	CURRENT YEAR		PREVIOUS YEAR	
	Quantity MT	Value Rs.in lakhs	Quantity MT	Value Rs.in lakhs
a) Iron Ore	<b>5,33,090 &amp;</b>	<b>18,900.99</b>	4,61,292	15,515.05
b) Hard Coke	<b>62,701 *</b>	<b>11,210.93</b>	42,792	5,408.95
c) Coal	<b>2,63,449 \$</b>	<b>25,912.79</b>	2,73,390	11,984.01
d) Pig Iron	<b>16,074 **</b>	<b>4,055.12</b>	38,245	6,267.92
e) MS Scrap	<b>8,149 #</b>	<b>2,033.84</b>	17,208	2,693.28
f) C.I.Scrap	<b>5,818</b>	<b>1,367.01</b>	6,135	1,003.21
g) Ferro Silicon	<b>4,936 @</b>	<b>3,006.18</b>	2,834	1,234.07
h) Others	<b>- Z%</b>	<b>12,184.32</b>	0	8,177.84
		<b>78,671.20</b>		<b>52,284.31</b>

& Consumption includes Rs. 8.49 lakhs (Previous Year Nil) being cost of 178.83 MT ( Previous Year Nil MT) sold during the year

\* Excluding 1,13,332.66 MT (Previous Year 1,08,292.82 MT) internally manufactured and consumed.

\* Consumption includes Rs. 5,46.35 lakhs (Previous Year Rs. 5,08.85 lakhs) being cost of 3310.44 MT ( Previous Year 5174.6 MT) sold during the year

\*\* Excluding 2,28,435.80 MT, 3128.461 MT & 4,412.90 MT (Previous year 1,87,662.5 MT & 1,303.4 MT ) captively consumed in DIP, CIP & DI Fittings respectively.

\$ Including 8984.44 MT (Previous year Nil) of Coal consumed during preoperative period.

# Consumption includes Rs. 1,34.77 lakhs (Previous Year Nil) being cost of 511.39 MT ( Previous Year Nil MT) sold during the year.

@ Consumption includes Rs. 2.63 lakhs being the cost of 5 MT (previous year nil) sold during the year.

Z% Includes 283035.98 MT (previous year 701 MT) of sinter product internally manufactured and consumed.

# Schedules Forming Part of Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

#### 35. Information in respect of Goods produced/manufactured :

(In Tonnes)

	Installed Capacity*		Production	
	As on 31-Mar-09	As on 31-Mar-08	Current Year	Previous Year
C. I. Spun Pipes	<b>120,000</b>	1,65,600	<b>39,831</b>	50,503
D. I. Spun Pipes	<b>280,000</b>	2,50,000	<b>2,51,823</b>	2,14,956
D.I.Fittings	<b>5,000</b>	5,000	<b>4,230</b>	4,654
Pig Iron**	<b>2,50,000</b>	2,35,000	<b>2,49,653</b>	1,90,920
Metallurgical Coke #	<b>225,000</b>	1,50,000	<b>1,32,406</b>	1,20,491
Sponge Iron ***	<b>60,000</b>	60,000	<b>37,313</b>	48,351
Sintered Product	<b>360000</b>	360,000	<b>281883</b>	1,864.00

\* As Certified by Management.

\*\* Includes 2,28,435.780 MT &amp; 4,412.9 MT (Previous year 1,87,662.5 MT &amp; 1,303.4 Mt )captively cosumed in DIP &amp; DI Fittings respectively.

# Including 1,13,332.661 MT (Previous Year 1,08,292.820 MT) internally manufactured and consumed.

\*\*\* Includes 27,209.290 MT (Previous Year 13,186.443 MT ) captively consumed.

**Note :** Licensed capacity is not applicable in terms of Government of India's Notification No.S.O.477(E) dated: 25th July 1991.

	Current Year Rs.in lakhs	Previous Year Rs.in lakhs
<b>36. C.I.F. Value of Imports</b>		
(a) Raw Materials	<b>33,144.80</b>	17,262.55
(b) Spare Parts & Components	<b>1,854.57</b>	1,771.46
(c) Capital Goods	<b>3,885.82</b>	2,503.97
<b>37. Expenditure in Foreign Currency :</b>		
(a) Travelling Expenses	<b>136.86</b>	156.70
(b) Journals & Periodicals	<b>0.48</b>	4.54
(c) Technical/Consultancy Fees	<b>350.06</b>	196.00
(d) Interest Paid	<b>2,154.92</b>	1,494.37
(e) Commission	<b>304.49</b>	399.57
(f) Others	<b>2,546.44</b>	859.60
(g) Payment of Dividend on Equity Shares in foreign currency*		
- No. of Non-Resident holders	-	-
- No. of shares held	-	-
- Dividend (Rs.)	-	-

\* Excluding Rs. 1,92.00 lakhs (Previous year - Rs.4.38 lakhs) remitted to 404 (Previous year - 180) non-resident shareholder's [holding 769749 shares (Previous year - 437821 shares)] Bankers/Mandatee in India.

# Schedules Forming Part of Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

#### 38. Value of Imported & Indigenous Raw materials, Spare Parts & Components Consumed :

	Current Year		Previous Year	
	Rs. in lakhs	%	Rs. in lakhs	%
RAW MATERIALS				
Imported	<b>32,649.19</b>	<b>41.50%</b>	16,370.39	31.31%
Indigenous	<b>46,022.01</b>	<b>58.50%</b>	35,913.93	68.69%
	<b>78,671.20</b>	<b>100.00%</b>	52,284.31	100.00%
SPARE PARTS & COMPONENTS				
Imported	<b>2,056.31</b>	<b>20.87%</b>	1,628.09	19.06%
Indigenous	<b>7,796.66</b>	<b>79.13%</b>	6,916.09	80.94%
	<b>9,852.97</b>	<b>100.00%</b>	8,544.18	100.00%

#### 39. Earnings in Foreign Exchange :

	Current Year Rs. in lakhs	Previous Year Rs. in lakhs
(a) FOB Value of Exports	<b>44,008.09</b>	38,078.95
b) Interest	<b>367.60</b>	1,222.74
(c) Others	<b>4,547.39</b>	6,101.70

#### 40. Previous Years Figures have been re-grouped/re- arranged wherever necessary.

The Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date.

For Lodha & Co.  
Chartered Accounts  
H. K. Verma  
Partner  
Kolkata  
June 30, 2009

For and on behalf of the Board  
*Chairman* P. K. Khaitan  
*Managing Director* U. Kejriwal  
*Director* Uddhav Kejriwal  
*Company Secretary* Jyoti Jain

# Balance Sheet Abstract & Company's General Business Profile

## I. Registration Details

Registration No.	Balance Sheet date	State Code
015-310	March 31, 2009	15

## II. Capital raised during the Year (Amount in Rs. lakhs)

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	67.78

## III. Position of Mobilisation and Deployment of Funds (Amount in Rs.in lakhs)

Total Liabilities	Total Assets
27,06,76.01	27,06,76.01

### Sources of Funds

Paid-up Capital	Other liabilities	Reserves & Surplus
28,73.02	1,67,78.34	12,32,48.02
Secured Loans		Unsecured Loans
8,87,53.60		1,20,20.64

### Application of Funds

Net Fixed Assets		Investments
8,02,97.64		4,45,32.86
Net Current Assets	Misc. Expenditure	Accumulated Losses
11,88,43.12	NIL	NIL

## IV. Performance of Company (Amount in Rs. lakhs)

Turnover	Total Expenditure	Earnings per Share in Rs.
18,95,57.52	17,52,13.26	4.94
Profit/Loss Before Tax	Profit/Loss After Tax	Dividend Rate %
2,09,04.95	1,40,39.41	125

## V. Generic names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC CODE)	Product Description
73030030	C.I.PIPES
73030030	D.I.PIPES
72011000	PIG IRON

Kolkata  
June 30, 2009

For and on behalf of the Board  
 Chairman P. K. Khaitan  
 Managing Director U. Kejriwal  
 Director Uddhav Kejriwal  
 Company Secretary Jyoti Jain

## Section 212

### Statement pursuant to Section 212 of the Companies Act, 2956 relating to Subsidiary Companies

	<b>Electrosteel Castings (UK) Limited</b>	<b>Singardo International Pte. Limited</b>	<b>Electrosteel Europe S.A.</b>	<b>Electrosteel Algeria SPA</b>
1. Financial Year of Subsidiary	Twelve months ended 31st March, 2009	Twelve months ended 31st March, 2009	Twelve months ended 31st March, 2009	Twelve months ended 31st March, 2009
2. Holding Company's Interest : Fully paid up equity shares Face Value of each	£1	S\$1	€ 10	DZD1,000
(a) Number of Shares	100,000	150,000	80,000	82,500
(b) Extent of Holding	100%	60%	100%	100%
3. Net aggregate amount of Profit/Loss of the Subsidiary, so far as they concern members of the Holding Company.	GBP	Singapore \$	EURO	Algerian Dinars
(a) Dealt with in the accounts of Holding Company				
(i) For the said financial year of the Subsidiary	Nil	Nil	Nil	Nil
(ii) For the previous financial years of the Subsidiary since it became the Holding Company's Subsidiary	Nil	Nil	Nil	Nil
(b) Not dealt with in the Accounts of Holding Company				
(i) For the said financial year of the Subsidiary	188,980	661,748	166,889	88,475,428
(ii) For the previous financial years of the Subsidiary since it became the Holding Company's Subsidiary	123,167	259,482	925,825	109,651,112
4. Material changes, if any, between the end of the financial year of the Subsidiary Company and that of the Holding Company	NA	NA	NA	NA

Kolkata  
June 30, 2009

For and on behalf of the Board

<i>Chairman</i>	P. K. Khaitan
<i>Managing Director</i>	U. Kejriwal
<i>Director</i>	Uddhav Kejriwal
<i>Company Secretary</i>	Jyoti Jain

# Auditors' Report

## TO THE BOARD OF DIRECTORS OF ELECTROSTEEL CASTINGS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ELECTROSTEEL CASTINGS LIMITED, IT'S SUBSIDIARIES, JOINT VENTURE AND ASSOCIATES.

1. We have audited the attached Consolidated Balance Sheet of Electrosteel Castings Limited (the Company), its subsidiaries, joint venture and associate as at 31st March 2009 and the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Consolidated Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We 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 prepared, in all material respect, in accordance with an identified financial reporting framework and are free of material misstatement. An audit also 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 the management, as well as evaluating the overall Financial Statement Presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary companies i.e. Electrosteel Europe SA, Electrosteel Algeria SPA, Electrosteel UK Limited, Singardo International Pte. Limited for the year ended 31st March 2009, whose financial statements reflect total assets of Rs. 40877.24 lakhs as at 31st March 2009, total revenue of Rs.51846.12 lakhs and net cash flows of Rs.919.64 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.
4. We did not audit the financial statements of Lanco Industries Limited and Electrosteel Integrated Limited, 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.
5. 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.608.69 Lakhs as at 31st March 2009, total revenue of Rs. NIL- and net cash flows of Rs.24.13 lakhs for the year ended as on that date. The financial statements of the said jointly controlled entity were audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the said jointly controlled entity, is based solely on the reports of the other auditors.

6. We report that :
  - (i) the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS)-21 on "Consolidated Financial Statements", AS-23 on "Accounting for Investments in Associates in Consolidated Financial Statement" and AS-27 on "Financial Reporting of Interests In Joint Ventures", on the basis of the individual financial statements of Electrosteel Castings Limited, its subsidiary companies, associates and joint venture included in the aforesaid consolidation and,
  - (ii) in our opinion, based on our audit and the report of other auditors on separate financial statements, the Consolidated Financial Statements referred to above give a true and fair view of the financial position of Electrosteel Castings Limited, its subsidiary companies, associates and joint venture as at 31st March, 2009 and of the results of their operations for the year then ended in conformity with generally accepted accounting principles in India :
    - a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs as at 31st March, 2009;
    - b) In the case of the Consolidated Profit and Loss Account, of the consolidated results of operations for the year ended on that date, and
    - c) In the case of Consolidated Cash Flow Statement, of the Cash Flows for the year ended on that date.

For Lodha & Co.  
Chartered Accountants

Place: Kolkata  
Date : 30th June, 2009

14, Government Place East  
Kolkata- 700 069

H. K. Verma  
Partner  
Membership No : 55104

# Consolidated Balance Sheet

as at March 31, 2009

	Schedule	Rs. in lakhs	As at March 31, 2009 Rs. in lakhs	As at March 31, 2008 Rs. in lakhs
<b>Sources of Funds</b>				
Shareholders' Funds				
Capital	1	<b>28,73.02</b>		28,05.24
Share Warrants		<b>34,16.71</b>		33,68.46
Share Application Money		<b>96,71.16</b>		-
Reserves and Surplus	2	<b>12,41,39.56</b>		11,32,53.65
			<b>14,01,00.45</b>	11,94,27.35
Loan Funds				
Secured Loans	3	<b>9,06,75.96</b>		5,17,90.76
Unsecured Loans	4	<b>1,94,56.30</b>		3,26,41.07
			<b>11,01,32.26</b>	8,44,31.83
Minority Interest			<b>4,31.26</b>	3,11.79
Deferred Tax Liabilities (Net)			<b>36,93.63</b>	19,90.74
			<b>25,43,57.60</b>	20,61,61.71
<b>Application of Funds</b>				
Fixed Assets	5(i)			
Goodwill on Consolidation			<b>2,26.57</b>	2,26.57
Gross Block		<b>7,95,54.00</b>		6,40,22.90
Less : Depreciation		<b>2,79,25.85</b>		2,26,10.71
Net Block		<b>5,16,28.15</b>		4,14,12.19
Capital Work-in-Progress	5(ii)	<b>3,01,73.40</b>		1,49,63.08
			<b>8,18,01.55</b>	5,63,75.27
Investments	6		<b>4,66,39.90</b>	1,79,17.14
Current Assets, Loans and Advances				
Inventories	7	<b>4,77,08.23</b>		4,40,87.22
Sundry Debtors	8	<b>5,57,43.98</b>		5,22,55.67
Cash and Bank Balances	9	<b>95,40.51</b>		1,84,21.69
Loans and Advances	10	<b>4,41,38.02</b>		5,17,64.80
		<b>15,71,30.74</b>		16,65,29.38
Less :				
Current Liabilities and Provisions	11			
Liabilities		<b>1,86,39.65</b>		2,66,62.81
Provisions		<b>1,28,03.52</b>		82,23.84
		<b>3,14,43.17</b>		3,48,86.65
Net Current Assets			<b>12,56,87.57</b>	13,16,42.73
Miscellaneous Expenditure				
(To the extent no written off or adjusted)			<b>2.01</b>	-
			<b>25,43,57.60</b>	20,61,61.71
Notes on Accounts	17			

The Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date.

For Lodha & Co.  
Chartered Accountants

H. K. Verma  
Partner

Kolkata  
June 30, 2009

For and on behalf of the Board

Chairman

P. K. Khaitan

Managing Director

U. Kejriwal

Director

Uddhav Kejriwal

Company Secretary

Jyoti Jain

## Consolidated Profit & Loss Account for the year ended March 31, 2009

	Schedule	Year ended	
		March 31, 2009	Year ended March 31, 2008
		Rs. in lakhs	Rs. in lakhs
<b>Income</b>			
Sales		<b>20,04,75.84</b>	14,92,57.75
Less: Excise Duty		<b>57,53.33</b>	53,18.63
		<b>19,47,22.51</b>	14,39,39.12
Increase/Decrease in Finished and Process Stock	12	<b>66,79.66</b>	13,53.92
Other Income	13	<b>85,50.02</b>	95,46.11
		<b>20,99,52.19</b>	15,48,39.15
<b>Expenses</b>			
Purchases		<b>2,65,85.98</b>	2,67,19.43
Raw Materials Consumed	14	<b>7,86,71.20</b>	5,22,84.31
Manufacturing and Other Expenses	15	<b>6,97,68.31</b>	5,77,67.63
Interest	16	<b>1,03,19.93</b>	31,28.25
Depreciation		<b>53,40.30</b>	37,79.55
		<b>19,06,85.72</b>	14,36,79.17
Profit Before Taxation and exceptional items		<b>1,92,66.47</b>	1,11,59.98
Exceptional Items.-			
Provision for losses on mark to market basis on derivative transactions		-	60,20.10
Profit before taxation		<b>1,92,66.47</b>	51,39.88
Provision for Income Tax			
Current		<b>52,22.60</b>	21,71.23
Current-refund for earlier years		-	(9,72.75)
Deferred		<b>17,03.56</b>	(11,49.02)
Fringe Benefit		<b>1,10.00</b>	1,25.00
Profit After Taxation		<b>1,22,30.31</b>	49,65.42
Add Share of profit in Associate		<b>8,57.41</b>	11,38.22
Add/(Less): Share of unrealised profit {Net of reversal of Rs 5,63.49 lakhs (Previous Year - Nil)}		<b>5,63.50</b>	(5,63.50)
Net Profit Before Minority Interest		<b>1,36,51.22</b>	55,40.14
Minority Interest		<b>1,19.47</b>	6.64
Net Profit		<b>1,35,31.75</b>	55,33.50
Balance Brought Forward from Previous Year		<b>73,80.26</b>	71,65.61
Less: Dividend paid for previous year		<b>1.32</b>	-
Tax on dividend paid for previous year		<b>0.22</b>	-
		<b>2,09,10.47</b>	1,26,99.11
Transfer from Debenture Redemption Reserve		<b>45,00.00</b>	15,00.00
Profit available for appropriation		<b>2,54,10.47</b>	1,41,99.11
<b>Appropriations</b>			
Transfer to :			
Debenture Redemption Reserve		<b>10,00.00</b>	9,00.00
General Reserve		<b>1,07,22.57</b>	20,00.00
Interim dividend		-	26,48.27
Proposed dividend		<b>39,09.41</b>	7,01.31
Tax on dividend		<b>664.40</b>	5,69.26
		<b>1,62,96.38</b>	68,18.84
Balance carried to Balance sheet		<b>91,14.09</b>	73,80.27
Basic Earning per Share (in Rs.)		<b>4.76</b>	2.39
Diluted Earning per Share (in Rs.)		<b>4.49</b>	1.67
Number of Shares used in computing earning per share			
Basic		<b>28,40,54,880</b>	23,16,84,227
Diluted		<b>31,92,43,201</b>	29,21,10,632

Notes on Accounts

17

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our report of even date.

For Lodha & Co.  
Chartered AccountantsH. K. Verma  
PartnerKolkata  
June 30, 2009

For and on behalf of the Board

Chairman

P. K. Khaitan

Managing Director

U. Kejriwal

Director

Uddhav Kejriwal

Company Secretary

Jyoti Jain

# Consolidated Cash Flow Statement

for the year ended March 31, 2009

(Rs. in lakhs)

	Year ended March 31 2009	Year ended March 31 2009	Year ended March 31 2008	Year ended March 31 2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net Profit before Taxes &amp; Extraordinary Items</b>		<b>1,92,66.47</b>		51,39.88
<b>Add :</b> Depreciation/Amortisation/Written off	<b>53,40.30</b>		38,65.07	
Foreign Exchange loss	<b>6.75</b>		30,83.87	
Bad Debt and Provisions for Doubtful Debt	<b>33,84.13</b>		1,01.35	
Pipe mould written off	<b>1,32.47</b>		-	
Provision for losses on mark to market basis on derivative transactions	<b>31,51.43</b>		60,20.10	
Interest	<b>1,03,19.93</b>	<b>2,23,35.01</b>	31,28.25	1,61,98.64
		<b>4,16,01.48</b>		2,13,38.52
<b>Less :</b> Interest Received	<b>13,32.28</b>		18,30.35	
Income from Investment	<b>3,63.43</b>		17,91.92	
Miscellaneous Income	<b>3.96</b>		13.76	
Provisions / Liabilities no longer required written back	<b>29,15.13</b>		14,74.53	
Profit/(Loss) on sale of Fixed Assets (Net)	<b>29.40</b>	<b>46,44.20</b>	2,76.36	53,86.92
		<b>3,69,57.28</b>		1,59,51.60
<b>Operating Profit before Working Capital changes</b>				
<b>Less :</b> Increase/(Decrease) in Inventories	<b>36,21.01</b>		89,38.93	
Increase/(Decrease) in Trade Receivables	<b>1,64,21.49</b>		55,38.39	
Increase/(Decrease) in Loans & Advances	<b>(97,10.13)</b>		1,18,40.22	
(Increase)/Decrease in Trade Payables	<b>57,02.70</b>	<b>1,60,35.07</b>	(40,02.71)	2,23,14.83
		<b>2,09,22.21</b>		(63,63.23)
<b>Cash generation From Operations</b>		<b>43,59.07</b>		14,37.42
<b>Less :</b> Direct Taxes paid ( Net of Refund)		<b>1,65,63.14</b>		(78,00.65)
<b>Net cash flow from Operating activities</b>				
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets / movements in Capital work in progress	<b>(3,01,88.81)</b>		(1,94,47.32)	
Share Application money paid	<b>(1,30,00.00)</b>		(3,09,96.00)	
Fixed Assets sold/discarded	<b>1,11.16</b>		15,06.45	
(Purchase)/Sale of Investment (net)	<b>(1,77,33.72)</b>		13,03.34	
Interest Received	<b>16,99.11</b>		25,43.10	
Dividend received	<b>5,39.20</b>	<b>(5,85,73.06)</b>	11,51.44	(4,39,38.99)
		<b>(5,85,73.06)</b>		(4,39,38.99)
<b>Net Cash flow from Investing activities</b>				
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Issue of share capital	<b>24,63.75</b>		74,02.90	
Proceeds/(Repayment) from borrowings	<b>3,45,91.18</b>		3,87,91.00	
Proceeds from share warrant	<b>3,22.00</b>		33,68.46	
Proceeds from share application money	<b>96,71.16</b>		-	
Redemption / Repayment of Debentures/Term Loan	<b>(99,59.81)</b>		(38,74.59)	
	<b>3,70,88.28</b>		4,56,87.77	
Interest Paid	<b>(48,93.83)</b>		(33,90.19)	
Dividend paid	<b>(7,13.10)</b>		(26,48.27)	
Tax on Dividend	<b>(1,19.41)</b>	<b>3,13,61.94</b>	(4,50.07)	3,91,99.24
		<b>3,13,61.94</b>		3,91,99.24
<b>Net cash flow from Financing activities</b>				
<b>Cash &amp; Cash equivalents (A+B+C)</b>		<b>(1,06,47.98)</b>		(1,25,40.40)
<b>Cash &amp; Cash equivalents as at 1st April</b>		<b>1,84,21.68 *</b>		3,15,20.20*
<b>Add / (Less) : Unrealised exchange gain / (loss) on Bank balances, Fixed deposits out of ZCCB / ECB Proceeds (net)</b>		<b>17,66.81</b>		(5,58.11)
<b>Cash &amp; Cash equivalents as at March 31</b>		<b>95,40.51</b>		1,84,21.69
Note : 1) Cash and Cash equivalents represents cash in hand and deposits/balances with Banks		95,40.51		1,84,21.69
2) The Cash flow statement has been prepared under indirect method as per Accounting Standard 3 on Cash Flow Statement				

\* During the year Rs. NIL (Previous year Rs. 0.46 lakhs) have been adjusted due to sale of two subsidiaries viz Elcast Finance Limited & Escal Finance Services Limited.

As per our report of even date.

For Lodha & Co.  
Chartered AccountantsH. K. Verma  
PartnerKolkata  
June 30, 2009

For and on behalf of the Board

Chairman P. K. Khaitan

Managing Director U. Kejriwal

Director Uddhav Kejriwal

Company Secretary Jyoti Jain



## Schedules Forming Part of Consolidated Accounts

### SCHEDULE 3

#### SECURED LOANS :

	As at March 31, 2009 Rs. in lakhs	As at March 31, 2008 Rs. in lakhs
11.80% Non Convertible Debentures	1,00,00.00	-
6.10% Non Convertible Debentures	-	90,00.00
External Commercial Borrowing from Banks	1,01,44.00	7,52.16
Loan from Export Import Bank of India	1,83,66.00	-
Working Capital facility from Banks :		
Indian currency	50,92.08	38,44.36
Foreign Currency	4,51,51.53	2,65,57.50
Other Loan from Body Corporate/Banks	19,22.35	1,16,36.74
	<b>9,06,75.96</b>	<b>5,17,90.76</b>

- 11.80% Non Convertible Debentures (privately placed) are to be secured by 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. These debentures were allotted on 20th March, 2009 and redeemable at par in three equal annual installments commencing on from the end of three year from the date of allotment with a Put and Call option at the end of 3rd year from the date of allotment.
- External Commercial Borrowings are to be secured by way of pari-passu charge on all immovable and movable Fixed Assets present and future of the Company other than certain property located at Chennai.
- Term Loans from Export Import Bank of India are to be secured by way of pari-passu charge over the movable fixed assets, lands and other immovable properties other than certain property located at Chennai and second pari-passu charge by way of hypothecation on the current assets (including receivables) of the Company both present and future.
- Working Capital facilities from Banks are secured by way of joint hypothecation of inventories and book debts.
- Loan from bank by Electrosteel Europe SA is secured by way of charge over its stock yard at Spain.

### SCHEDULE 4

#### UNSECURED LOANS :

	As at March 31, 2009 Rs. in lakhs	As at March 31, 2008 Rs. in lakhs
Zero Coupon Convertible Bonds (ZCCB)	1,03,72.24	84,04.09
Short Term Loans		
From Yes Bank Limited	-	50,00.00
From ICICI Bank Limited	-	44,67.21
Buyers Credit		
From Deutsche Bank	-	28,35.79
Packing Credit		
From Citibank N.A.	16,48.40	50,25.41
Other Loans	74,35.66	69,08.57
	<b>1,94,56.30</b>	<b>3,26,41.07</b>

# Schedules

Forming Part of Consolidated Accounts

**SCHEDULE 5(i)****FIXED ASSETS :**

(Rs. in lakhs)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on 1-Apr-2008	Additions	Sales/ Adjustments	Cost as on 31-Mar-2009	Upto 31-Mar-2008	For the year	Sales/ Adjustment	Upto 31-Mar-2009	As on 31-Mar-2009	As on 31-Mar-2008
1	2	3	4	5	6	7	8	9	10	11
Land - Freehold	22,73.57	9,54.36	1.70	<b>32,26.23</b>	-	-	-	-	<b>32,26.23</b>	22,73.57
Land - Leasehold	13,62.75	3,44.10	-	<b>17,06.85</b>	38.87	11.78	-	<b>50.65</b>	<b>16,56.20</b>	13,23.88
Buildings	84,28.67	8,58.66	-	<b>92,87.33</b>	28,25.61	4,47.15	-	<b>32,72.76</b>	<b>60,14.57</b>	56,03.06
Railway Siding	22.05	2,31.89	-	<b>2,53.94</b>	17.75	10.90	-	<b>28.65</b>	<b>2,25.29</b>	4.30
Plant & Machinery	4,99,14.89	1,35,86.38	6,22.07	<b>6,28,79.20</b>	1,90,12.64	49,95.31	4,19.29	<b>2,35,88.66</b>	<b>3,92,90.54</b>	3,09,02.25
Furniture & Fixtures	6,16.88	56.14	1.86	<b>6,71.16</b>	2,60.64	90.04	1.31	<b>3,49.37</b>	<b>3,21.79</b>	3,56.24
Vehicles	9,34.89	1,29.78	49.73	<b>10,14.94</b>	4,36.56	1,23.48	40.55	<b>5,19.49</b>	<b>4,95.45</b>	4,98.33
Intangible Assets (Computer Softwares)	4,68.09	46.96	1.81	<b>5,13.24</b>	18.64	99.43	1.80	<b>1,16.27</b>	<b>3,96.97</b>	4,49.45
Livestock	1.11	-	-	<b>1.11</b>	-	-	-	-	<b>1.11</b>	1.11
	6,40,22.90	1,62,08.27	6,77.17	<b>7,95,54.00</b>	2,26,10.71	57,78.09	4,62.95	<b>2,79,25.85</b>	<b>5,16,28.15</b>	4,14,12.19
Previous Year	5,45,26.55	1,16,51.79	21,55.44	<b>6,40,22.90</b>	1,96,68.94	37,81.61	8,39.84	<b>2,26,10.71</b>	<b>4,14,12.19</b>	

**Notes :**

- Adjustment to Plant and Machinery includes Rs. 96.91 lakhs (Previous Year Rs. 57.14 lakhs) on account of exchange differences.
- Plant and Machinery includes Rs. 3,30.84 lakhs (Previous year Rs.3,30.84 lakhs) being contribution to CESC Limited, for laying the Power line, the ownership of which does not vest with the company.
- Depreciation includes Rs. 4,37.79 lakhs (Previous year Rs. 2.06 lakhs) transferred to Pre-operative expenses.
- Leasehold Land of Rs. 9,47.26 lakhs (Previous Year Rs. 9,47.26 lakhs) is pending execution of lease agreement and registration thereof.
- Freehold land acquired during the year includes Rs. 2,76.22 lakhs (Previous year Rs. 1,94.32 lakhs) in respect of which the execution of conveyance deeds is under process.
- Addition to Plant and Machinery include Rs. 27,63.71 lakhs being cost of wagons procured under "Wagon Investment Scheme".

**SCHEDULE 5(ii)****Capital Work-in-Progress :**

Capital Work-in-Progress

Share of Joint Venture (Note 4(b), Schedule 17)

**Total**

	As at March 31, 2009 Rs. in lakhs	As at March 31, 2008 Rs. in lakhs
Capital Work-in-Progress	<b>2,96,08.84</b>	1,49,63.08
Share of Joint Venture (Note 4(b), Schedule 17)	<b>5,64.56</b>	-
<b>Total</b>	<b>3,01,73.40</b>	1,49,63.08

# Schedules

Forming Part of Consolidated Accounts

**SCHEDULE 6****INVESTMENTS**

(Long term and fully paid up except otherwise stated)

Particulars	Rs. in lakhs	As at March 31, 2009			As at March 31, 2008	
		Holding Nos.	Rs. in lakhs	Rs. in lakhs	Holding Nos.	Rs. in lakhs
<b>EQUITY SHARES</b>						
<b>(A) Trade Investments</b>						
Quoted :						
Mukand Limited (Face value of Rs.10/- each)		82	0.00		82	0.00
Mahindra Ugine Steel Co. Ltd.(Face value of Rs.10/- each)		75	0.01		75	0.01
Welcast Steels Limited (Face value of Rs.10/- each)		25	0.00		25	0.00
R.G. Ispat Limited (Face value of Rs.10/- each)		50	0.00		50	0.00
Saint Gobain - PAM (Face value of Euro. 45.85)		12	0.27		10	0.25
Unquoted :						
Rainbow Steels Limited(Face value of Rs.10/- each)		100	0.01		100	0.01
Metal Scrap Trade Corporation Limited (Face value of Rs. 10/- each)		1,000	0.05		1000	0.05
			0.34			0.32
<b>(B) Other Investments</b>						
Quoted						
<b>Associates</b>						
Lanco Industries Limited (Face value of Rs.10/- each) (Cost of acquisition including goodwill of Rs. 449137340/- (Previous year Rs. 457190775/-)	97,81.99	19,301,218	1,07,97.36		17,931,218	97,81.99
Add : Share of Profits/Losses for the year (net)	8,57.41					
Less : Dividend Received	1,85.51					
Add : Carrying value of shares purchased during the year	3,43.47					
Unquoted						
Electrosteel Integrated Ltd. (Face value Rs. 10/- each) (See note 1 below) (Cost of acquisition including goodwill of Rs. 86371)	4.00	164,825,000	1,6482.50		40,000	4.00
Add : Carrying value of shares purchased during the year	1,64,78.50					
Unquoted						
<b>Joint Venture</b>						
Domco Pvt Ltd (Face value of Rs. 100/- each)		30,000	30.00		30,000	30.00
North Dhadhu Mining Company Pvt. Ltd. (Face value of Rs. 10/- each)		5,880,00	5,88.00			
Less : Proportionate consolidation			5,88.00			
<b>Other Companies</b>						
Electrocast Sales India Ltd. (Face value of Rs. 10/- each)		1,000	0.51		1,000	0.51
N Marshall Hi-tech Engineers Pvt. Ltd. (Face value of Rs. 10/- each)		50,000	5.00		50,000	5.00
Sky-B (Bangla) Pvt. Ltd. (Face value of Rs. 10/- each)		4,340,000	4,34.50		4,340,000	4,34.50
Biswa Microfinance Pvt. Ltd. (Face value of Rs. 10/- each)		250,000	25.00		-	-
			2,77,74.87			102,56.00
Less : Provision			4,21.10			-
			2,73,53.77			1,02,56.00

# Schedules

Forming Part of Consolidated Accounts

**SCHEDULE 6** (Contd.)**INVESTMENTS**

(Long term and fully paid up except otherwise stated)

Particulars	As at March 31, 2009		As at March 31, 2008	
	Holding Nos.	Rs. in lakhs	Holding Nos.	Rs. in lakhs
<b>Current Investments</b>				
Birla Sunlife Savings Fund-Institutional-Daily Dividend Reinvestment (Previously-Birla Sunlife Liquid Plus-Institutional-Daily Dividend Reinvestment) (Purchased 145980867.088 units sold 60743498.162 units during the year)	<b>90,240,723.82</b>	<b>90,30.21</b>	5003354.900	5,00.68
NIMID Canara Robeco Interval Monthly Institutional Dividend Fund (Purchased 41163.73 units sold 5035370.45 units during the year)	-	-	4994206.720	5,00.00
DWS Credit Opportunities Cash Fund-Weekly Dividend Plan (Purchased 2786515.446 units sold 16242040.619 units during the year)	-	-	13455525.170	13,51.96
JM Money Manager Fund Super Plus Plan-Daily Dividend (Purchased 2004.291 units sold 5007952.515 units during the year)	-	-	5005948.220	5,00.80
LICMF Floating Rate Fund-Short Term Plan-Dividend Plan (Purchased 116151143.984 units sold 138351155.669 units during the year)	-	-	22200011.690	22,54.80
Mirae Asset Liquid Plus Fund-Super Institutional Dividend Plan(Daily) (Purchased 359335.997 units sold 479255.377 units during the year)	-	-	119919.380	12,00.87
Principal Liquid Plus Regular-Daily Dividend Plan (Purchased 115187405.258 units sold 128677553.244 units during the year)	-	-	13490147.986	13,51.71
Reliance Medium Term Fund-Daily Dividend (Purchased 100266697.711 units sold 59938240.067 units during the year)	<b>40328457.030</b>	<b>68,94.35</b>	-	-
UTI Treasury Advantage Fund-Institutional Plan-Daily Dividend Option -Reinvestment (Previously-UTI Liquid Plus Fund Institutional Daily Dividend (option) Reinvestment) (Purchased 358771.575 units sold 262721.274 units during the year)	<b>96050.301</b>	<b>9,60.71</b>	-	-
UTI Liquid Cash Plan Institutional-Daily Income Option Reinvestment (Purchased 486630.058 units sold 251156.628 units during the year)	<b>235473.430</b>	<b>24,00.52</b>	-	-
		<b>4,66,39.90</b>		<b>1,79,17.14</b>
Book value of Quoted Investments		<b>1,07,97.64</b>		97,82.25
Book value of Unquoted Investments		<b>1,65,56.47</b>		4,74.07
Book value of investment in mutual funds		<b>1,92,85.79</b>		76,60.82
		<b>4,66,39.90</b>		<b>1,79,17.14</b>
Market value of Quoted Investments		<b>29,82.31</b>		73,87.92
NAV of investments in Mutual Funds		<b>1,92,85.79</b>		76,64.66

## Notes :

- 10,73,25,000 Equity shares of Rs 10/- each fully paid up of Electrosteel Integrated Limited aggregating Rs. 1,07,32.50 lakhs held by the Company as Investment have been pledged in favour of EIL lenders for securing financial assistance for Electrosteel Integrated Limited.
- Units of mutual fund purchased and sold during the year (Face value Rs.10/-each except otherwise stated)

# Schedules

Forming Part of Consolidated Accounts

	As at March 31, 2009 Rs. in lakhs	As at March 31, 2008 Rs. in lakhs
<b>SCHEDULE 7</b>		
<b>INVENTORIES :</b>		
As taken, Valued and Certified by the Management		
Stores and Spare Parts	47,67.40	46,98.22
Raw Materials	1,79,85.48	2,08,96.39
Stock-in-trade :		
Finished Stock	2,10,22.83	1,50,47.14
Process Stock	23,12.98	6,29.97
Work-in-Progress	38,80.93	48,59.96
Less : Progress payments received	22,61.39	(20,44.46)
	<u>16,19.54</u>	<u>28,15.50</u>
	<u>4,77,08.23</u>	<u>4,40,87.22</u>
<b>SCHEDULE 8</b>		
<b>SUNDRY DEBTORS</b>		
Unsecured		
Debts outstanding for a period exceeding six months		
- Considered Good	95,72.78	1,76,09.79
- Considered Doubtful	28,76.05	7,81.08
	<u>1,24,48.83</u>	<u>1,83,90.87</u>
Less : Provision for Doubtful Debts	28,76.05	(7,81.08)
	<u>95,72.78</u>	<u>1,76,09.79</u>
Other Debts - Considered good	4,61,71.20	3,46,45.88
	<u>5,57,43.98</u>	<u>5,22,55.67</u>
<b>SCHEDULE 9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash balance on hand	7.72	39.27
Cheque in hand	15.88	-
Bank Balances		
With Scheduled Banks :		
Current Accounts	15,98.53	13,46.36
Fixed Deposits (including interest accrued thereon)	69,86.20	1,58,43.41
	<u>85,84.73</u>	<u>1,71,89.77</u>
With Non - Scheduled Bank :		
National Bank of Abu Dhabi		
Current Accounts	8.27	37.27
[Maximum Amount outstanding during the year Rs. 62.11 lakhs (Previous year Rs. 79.35 lakhs)]		
With Other Banks	8,99.78	11,55.38
<b>Total</b>	<u>95,16.38</u>	<u>1,84,21.69</u>
Share of Joint Venture (Note 4(b)-Schedule 17)	24.13	-
<b>Grand Total</b>	<u>9,540.51</u>	<u>1,84,21.69</u>

# Schedules

 Forming Part of Consolidated Accounts

	As at March 31, 2009 Rs. in lakhs	As at March 31, 2008 Rs. in lakhs
<b>SCHEDULE 10</b>		
<b>LOANS AND ADVANCES (Unsecured)</b>		
Advances recoverable in cash or in kind or for value to be received		
- Considered Good	3,62,07.60	4,51,65.36
- Considered Doubtful	7,95.82	40.74
	<u>3,70,03.42</u>	<u>4,52,06.10</u>
Less : Provision for Doubtful Advances	7,95.82	40.74
	<u>3,62,07.60</u>	4,51,65.36
Balances with Government Authorities	4,64.33	12,26.57
Other Deposits	74,66.09	53,72.87
	<u>4,41,38.02</u>	<u>5,17,64.80</u>
<b>SCHEDULE 11</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
CURRENT LIABILITIES :		
Sundry Creditors		
Dues of Micro enterprises and Small enterprises	-	0.18
Others	1,46,84.98	2,06,96.52
Advance From Customers	21,71.27	48,58.90
Other Liabilities	8,73.45	4,73.92
Interest accrued but not due on loans	6,50.42	5,20.25
Bank Overdraft	1,54.26	-
Unclaimed Dividend*	1,02.57	1,13.04
<b>Total</b>	<u>1,86,36.95</u>	<u>2,66,62.81</u>
Share of Joint Venture (Note 4(b)-Schedule 17)	2.70	-
<b>Grand Total</b>	<u>1,86,39.65</u>	<u>2,66,62.81</u>
PROVISIONS :		
For Taxation	11,55.44	1,81.23
(Net of advance tax and tax deducted at source)		
[Including Net Fringe Benefit Tax Rs. 30.17 lakhs		
(Previous year Rs. 24.42 lakhs)]		
For Dividend	39,09.41	7,01.31
For Tax on Dividend	664.40	1,19.19
For Redemption Premium on ZCCB	20,34.38	10,69.98
For losses on derivative transactions on mark to market basis	48,47.86	60,20.10
For Others	1,92.03	1,32.03
	<u>1,28,03.52</u>	<u>82,23.84</u>
	<u>3,14,43.17</u>	<u>3,48,86.65</u>

\* The same is not due for payment to Investor Education and Protection Fund.

# Schedules

Forming Part of Consolidated Accounts

	<b>Year ended March 31, 2009 Rs. in lakhs</b>	Year ended March 31, 2008 Rs. in lakhs
<b>SCHEDULE 12</b>		
<b>INCREASE/(DECREASE) IN FINISHED AND PROCESS STOCK</b>		
Closing Stock :		
Finished	<b>2,10,22.82</b>	1,50,47.14
Process	<b>23,12.98</b>	6,29.97
Work-in-Progress	<b>38,80.93</b>	48,59.96
	<b>2,72,16.73</b>	2,05,37.07
Less : Opening Stock :		
Finished	<b>1,50,47.14</b>	1,31,47.68
Process	<b>6,29.97</b>	7,46.64
Work-in-Progress	<b>48,59.96</b>	52,88.83
	<b>2,05,37.07</b>	1,91,83.15
	<b>66,79.66</b>	13,53.92
<b>SCHEDULE 13</b>		
<b>OTHER INCOME</b>		
Rent	<b>87.09</b>	49.18
Income from Investments (Note 6 (i) - Schedule 17)	<b>3,63.43</b>	17,91.92
Interest on Loans, Deposits, Overdue debts etc. (Gross)	<b>13,32.28</b>	18,30.35
[Tax deducted at Source Rs. 2,45.24 lakhs (Previous year Rs 1,10.98 lakhs)]		
Profit on sale/discard of Fixed Assets (Net)	<b>29.40</b>	2,76.36
Provisions / Liabilities no longer required written back	<b>2,30.18</b>	14,74.53
Provision for Mark to Market losses no longer required written back	<b>26,84.95</b>	-
Incentive on Exports	<b>27,13.41</b>	22,62.02
Miscellaneous Income	<b>11,09.28</b>	18,61.75
	<b>85,50.02</b>	95,46.11
<b>SCHEDULE 14</b>		
<b>RAW MATERIALS CONSUMED</b>		
Opening Stock	<b>2,08,96.39</b>	1,39,05.39
Add : Purchases	<b>7,57,65.30</b>	5,92,75.31
	<b>9,66,61.69</b>	7,31,80.70
Less : Cost of Sales	<b>5.01</b>	-
Less : Closing Stock	<b>1,79,85.48</b>	-
	<b>1,79,90.49</b>	2,08,96.39
	<b>7,86,71.20</b>	5,22,84.31

# Schedules

 Forming Part of Consolidated Accounts

	Year ended March 31, 2009 Rs. in lakhs	Year ended March 31, 2008 Rs. in lakhs
<b>SCHEDULE 15</b>		
<b>MANUFACTURING AND OTHER EXPENSES</b>		
Stores and Spare Parts	<b>98,52.97</b>	85,60.45
Handling and Transportation Charges	<b>38,71.11</b>	37,90.20
Power and Fuel	<b>1,02,04.55</b>	75,82.85
Excise Duty on Stock	<b>(92.87)</b>	(25.31)
Salaries, Wages, Bonus and Allowance, etc	<b>100,86.80</b>	79,49.71
Contribution to Provident and Other Fund	<b>8,17.68</b>	7,49.02
Employees' Welfare	<b>3,59.01</b>	2,77.42
Repairs :		
Machinery	<b>3,29.54</b>	3,58.70
Buildings	<b>5.80</b>	60.58
Others	<b>8,94.04</b>	5,73.57
Rates and Taxes	<b>15,13.04</b>	13,26.55
Rent	<b>12,88.78</b>	13,02.76
Insurance	<b>4,82.77</b>	4,53.45
Freight and Forwarding charges	<b>57,08.14</b>	71,05.93
[Net of realisation of Rs. 57,23.41 lakhs (Previous year Rs. 36,92.84 lakhs)]		
Commision to Selling Agents	<b>38,64.60</b>	26,84.17
Directors' Fees and Commission	<b>69.88</b>	49.29
Job charges	<b>55,83.65</b>	70,00.64
Provision for diminution in value of Investments	<b>4,21.10</b>	-
Provision for Bad and Doubtful Debts	<b>28,45.05</b>	-
Provision for losses on mark to market basis on derivative transactions (refer note no. 24 of schedule 17)	<b>26,21.36</b>	-
Miscellaneous Expenses	<b>90,41.31</b>	79,67.65
	<b><u>6,97,68.31</u></b>	<b><u>5,77,67.63</u></b>
<b>SCHEDULE 16</b>		
<b>INTEREST AND FINANCIAL CHARGES</b>		
Interest		
On Debentures	<b>5,88.58</b>	10,07.41
On Term Loan	<b>17,67.38</b>	13,66.19
On Others	<b>73,92.85</b>	12,51.01
Financial Charges	<b>4,82.36</b>	61.75
Add/(Less): Derivative Loss / (Gain)	<b>88.76</b>	(5,58.11)
	<b><u>1,03,19.93</u></b>	<b><u>31,28.25</u></b>

# Schedules Forming Part of Consolidated Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES

- a. 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.
- b. The Consolidated Financial Statements relate to Electrosteel Castings Limited (the Company), its subsidiaries, joint venture and associate (Group). The details are as given below:

<b>Name of the subsidiaries</b>	<b>Country of Incorporation</b>	<b>Proportion of ownership interest</b>
Electrosteel Europe SA	France	100%
Electrosteel Algeria SPA	Algeria	100%
Electrosteel (UK) Limited	United Kingdom	100%
Singardo International Pte. Ltd.	Singapore	60%
<b>Name of the Associate Companies</b>	<b>Country of Incorporation</b>	<b>Proportion of ownership interest</b>
Lanco Industries Limited	India	48.54%
Electrosteel Integrated Ltd.	India	48.68%
<b>Name of the Joint Venture Company</b>	<b>Country of Incorporation</b>	<b>Proportion of ownership interest</b>
Domco Private Limited	India	50.00%
North Dhadhu Mining Company Private Limited	India	49.00%

#### c. CONSOLIDATION PROCEDURE :

- i. 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, income and expenses as per the respective financial statements duly certified by the auditors. Intra group balances; intra group transactions and the unrealised profits on stocks arising out of intra group transaction have been eliminated.
- ii. 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.
- iii. 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.
- iv. 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 financial statements as Goodwill or Capital reserve as the case may be.
- v. Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to the shareholders of the Company. The excess of loss over the minority interest in the equity is adjusted in majority interest.
- vi. 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.
- vii. 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: 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 profit and loss account.
- viii. 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.
- ix. 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 financial statements as Goodwill or Capital reserve as the case may be.
- x. The group's interest in the jointly controlled entity is accounted using proportionate consolidation.
- d. Investments other than in subsidiaries, joint ventures and associates have been accounted as per AS- 13 on “Accounting for Investments.”

# Schedules Forming Part of Consolidated Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

#### e. OTHER SIGNIFICANT ACCOUNTING POLICIES:

##### A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The accounts have been prepared under the historical cost convention and in accordance with the applicable accounting standards. Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

##### B. 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 income 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.

##### C. FIXED ASSETS AND DEPRECIATION

###### 1) Tangible Assets

###### (i) Gross Block :

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

###### (ii) Depreciation :

###### [A] In case of the Company :

(a) Depreciation on Fixed Assets, except where otherwise stated, is provided as per Schedule XIV of the Companies Act, 1956 on straight line method in respect of Plant and Machinery 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 Machinery have been considered Continuous Process Plant on the basis of technical assessment. Depreciation on upgradation of fixed assets is provided over the remaining useful life of the mother plant / fixed assets.

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

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

(d) Blast Furnace and Coke Oven Battery relining are depreciated 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 on straight line method. Heavy Earth Moving Machinery used for coal mines are depreciated over a period of 5 years.

(e) Leasehold land is amortised 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 is 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 :

(a) 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.

(b) In case of Singardo International Pte. 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, Machinery to be installed, Construction and Erection Materials, Advances etc.

###### 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.

##### D. INVESTMENTS

Long-term 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.

##### E. INVENTORIES

(i) Inventories are valued at lower of the cost or net realisable value. Cost of inventories is ascertained on 'weighted average' basis and in case of one subsidiary it is ascertained on moving weighted average price method. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

# Schedules Forming Part of Consolidated Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

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

#### F. 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. Subsequent to recognition of impairment loss/reversal thereof, depreciation is provided on the revised carrying amount of the asset, on a systematic basis, over its remaining useful life.

#### G. 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 income or expense and are adjusted to the profit and loss account under respective heads of accounts except in case of the Company where such liabilities and/or transactions relates to fixed assets / projects and were entered into before 1-4-2004, in which case, these are adjusted to the cost of respective fixed assets.

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.

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 income / expense over the life of the contract.

Keeping in view the announcement of Institute of Chartered Accountants of India dated March 29, 2008 regarding accounting for derivatives, mark to market losses on all other derivatives contracts (other than forward contracts dealt as above) outstanding as at the year end, are recognized in the accounts.

#### H. REVENUE RECOGNITION

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

#### I. 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 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.

#### J. EMPLOYEE BENEFITS

Employee benefits are accrued in the year services are rendered by the employees.

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.

# Schedules

Forming Part of Consolidated Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

**K. 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.

**L. 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 accrued.

**M. GOVERNMENT GRANTS**

Revenue grants including subsidy/rebates are credited to Profit and Loss Account under "Other 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.

**N. INCOME TAX**

In case of the Company, provision for tax is made for current, deferred and fringe benefit taxes. Current Tax is provided on the taxable income 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.

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

**O. LEASES**

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

In case of Singardo International Pte. Ltd., 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 income 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.

**P. 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.

(Rs. in lakhs)

Contingent Liabilities	Current Year	Previous Year
2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) :	<b>36,05.15</b>	1,96,05.40
3. <b>Contingent Liabilities not provided for in respect of :</b>		
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	<b>7,41.26</b>	4,45.29
ii) Excise, Custom Duty and Service tax	<b>53,94.77</b>	48,74.09
iii) Income Tax	—	3,88.59
b) Employees State Insurance Corporation has raised demand for contribution in respect of Gross Job Charges for the year 2001-02. In the opinion of the management demand is adhoc and arbitrary and is not sustainable legally.	<b>63.55</b>	65.71
c) Demand of Tamilnadu Electricity Board disputed by the Company.	<b>8.20</b>	8.20

# Schedules Forming Part of Consolidated Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

(Rs. in lakhs)

Contingent Liabilities	Current Year	Previous Year
d) During the year 1994 UPSEB had raised demand for electricity charges by revising the power tariff schedule applicable to the Company retrospectively from Feb'86. In the opinion of the management the revised power tariff is not applicable to the Company and accordingly the Company disputed the demand and the matter is pending before Hon'ble High Court at Allahabad.	2,61.74	2,61.74
e) Corporate guarantee issued to banks by the Company on behalf of :		
(i) Subsidiary Companies	89,66.00	1,25,00.00
(ii) Associate	48,25.00	81,69.00
f) Guarantees given by banks on behalf of		
i) The Company	1,90,89.87	1,46,28.52
ii) Singardo International Pte Ltd.	4.61	4.04
g) Bills Discounted with Banks.	-	5,36.03
h) Non-cancellable sales contracts	12,86.61	19,95.65
i) Shipping Guarantee	-	1.71
j) Letter of credit	2,41.24	29.50

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

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

4.(a) 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, disclosures as regards contingent liability and capital commitments, if any, aggregate amounts of each of the assets, liabilities, income and expenses related to the Company's interest in DPL has not been made in these accounts.

(b) Information on other joint venture

S. No.	Name of the Joint Venture	Country of Incorporation	Percentage of ownership interest
(i)	North Dhadhu Mining Company Private Limited	India	49.00

(ii) Contingent liabilities in respect of Joint Ventures. (Rs. in lakhs)  
2008-09

a. Guarantees given by banks on behalf of the Company 27,45.47

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

A) Assets :

a) Fixed Assets (Net Block) : 564.56  
Capital Work-in-Progress

b) Current Assets, Loans And Advances 24.13  
Cash & Bank Balances

c) Miscellaneous Expenditure 2.01

B) Liabilities :

a) Current Liabilities 2.70

# Schedules

Forming Part of Consolidated Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

	(Rs. in lakhs)	
	Current Year	Previous Year
5. <b>Auditors' Remuneration :</b>		
(a) Audit Fees	44.77	31.27
(b) Other services	8.64	7.48
6. <b>Income from Investments (Net) represent :</b>		
a) Trade Investments-		
Long Term- Dividend	0.84	0.54
b) Other than Trade Investments:		
Profit on Sale of Long term Investments	—	7,55.48
Profit on Sale of Current Investments	9.75	77.97
Dividend from current investment	3,52.84	8,59.47
Dividend from long term investment	—	98.40
	3,63.43	17,91.92
7. Stores and spares consumption include pipe moulds written off.	1,32.47	85.52

8. 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 in respect of the Group is given as under:

Particulars	(Rs. in lakhs)		
	Within India	Outside India	Total
Sales (Gross)	14,16,37.84	5,88,38.00	20,04,75.84
	(9,50,05.97)	(5,42,51.78)	(14,92,57.75)
Sundry Debtors & other Assets	24,76,01.64	3,81,97.11	28,57,98.75
	(19,14,81.13)	(4,95,67.23)	(24,10,48.36)
Cost Incurred for acquisition of Tangible and in tangible fixed assets	3,07,73.39	6,45.21	3,14,18.60
	(2,06,28.08)	(1,60.72)	(2,07,88.82)

(Previous year figures are shown in bracket)

9. Inventories of stores and spares include the estimated net realizable value of pipe mould (fixed assets) retired from the active use Rs. 88.43 lakhs (previous year Rs. nil)
10. No allocation has been made in respect of stores and spare parts and wages for repairs to Machinery and Building.
11. 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.
12. In case of the Company, balances of Sundry Debtors including for Turnkey Contracts, Work-in-progress and Creditors and advances are subject to confirmation/reconciliation and adjustments in this respect are carried out as and when amounts thereof, if any are ascertained.
13. Rs. 1,37,36.92 lakhs being net loss (Previous Year Rs. 34.94 lakhs being net gain) on account of exchange difference has been adjusted to the respective heads of account in Profit and Loss Account.
14. Power and Fuel consumption is net of Rs. 97.00 lakhs (previous year Rs. 105.95 lakhs) being subsidy receivable on use of coal gas.
15. In case of the Company, other deposits under Loan and Advances include Rs. 5,57.50 lakhs (Previous Year Rs 5,57.50 lakhs) with Private Limited Companies in which directors are interested as a member/director.
16. Fixed Deposits with Scheduled Bank include Fixed Deposit of Rs. 23.55 lakhs (Previous Year Rs. 4.90 lakhs) lodged with Government Departments and Customers.
17. **Employee Benefits**  
The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below :

# Schedules Forming Part of Consolidated Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

#### Defined Contribution Scheme

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

	Rs in lakhs 2008-09	Rs in lakhs 2007-08
Employer's Contribution to Provident Fund	1,55.40	1,25.60
Employer's Contribution to Pension Fund	92.03	88.49
Employer's Contribution to Superannuation Fund	65.26	1,26.62

#### Defined Benefit Scheme

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

		(Rs in lakhs)	
		Gratuity (Funded)	
		2008-09	2007-08
i.	<b>Change in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows :</b>		
	Liability at the beginning of the year	7,82.44	6,76.49
	Interest Cost	66.74	54.71
	Current Service Cost	87.92	75.25
	Actuarial (gain) / loss on obligations	32.31	39.99
	Benefits paid	(83.53)	(64.00)
	Liability at the end of the year	885.88	782.44
ii.	<b>Changes in the Fair Value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows :</b>		
	Fair value of Plan Assets at the beginning of the year	5,49.44	4,95.76
	Expected Return on Plan Assets	45.40	39.20
	Contributions by the Company	81.75	68.32
	Benefits paid	(83.53)	(64.00)
	Actuarial gain / (loss) on Plan Assets	(7.40)	10.16
	Fair value of Plan Assets at the end of the year	5,85.66	5,49.44
	Total actuarial gain / (loss) to be Recognized	39.71	29.83
iii.	<b>Actual return on Plan Assets :</b>		
	Expected return on Plan assets	45.40	39.20
	Actuarial gain / (loss) on Plan Assets	(7.40)	10.16
	Actual Return on Plan Assets	38.00	49.36
iv.	<b>Amount Recognized in Balance Sheet :</b>		
	Liability at the end of the year	8,85.88	7,82.44
	Fair value of Plan Assets at the end of the year	5,85.66	5,49.44
	Amount Recognized in the Balance Sheet	3,00.22	2,33.00

# Schedules

Forming Part of Consolidated Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

	(Rs in lakhs)	
	Gratuity (Funded)	
	2008-09	2007-08
<b>v. Expenses Recognized in the Income Statement</b>		
Current Service Cost	87.92	75.25
Interest Cost	66.74	54.71
Expected Return on Plan Assets	(45.40)	(39.20)
Net Actuarial (gain) / loss to be Recognized	39.71	29.83
Expenses Recognized in Profit & Loss Account	1,48.97	1,20.59
<b>vi. Balance Sheet Reconciliation</b>		
Opening Net Liability	2,33.00	1,80.73
Expenses as above	1,48.97	1,20.59
Employers Contribution	(81.75)	(68.32)
Amount Recognized in Balance Sheet	3,00.22	2,33.00

### 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 31.03.2009 is given below :

Particulars	(Rs. In lakhs)	
	31.03.2009	31.03.2008
Privileged Leave	5,13.50	4,65.98
Sick Leave	2,20.07	1,94.19
	Gratuity (Funded)	
<b>vii. Experience adjustments on plan liabilities ( Loss/ (Gain))</b>	8.00%	7.50%
Experience adjustments on plan Assets ((Loss)/Gain)	8.00%	7.50%

#### 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 1,00.00 lakhs (previous year Rs 1,33.00 lakhs) to Gratuity fund in 2009-10.

# Schedules

Forming Part of Consolidated Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

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

(Rs. in lakhs)

Particulars	Opening as on 01-04-2008	Charge or Credit during the Year	Closing as at 31-03-2009
<b>Deferred Tax Assets :</b>			
1. Expenses Allowable on Payment Basis	2,94.22	(17.31)	2,76.91
2. Provision for doubtful debts, advances and stock	3,15.22	9,83.23	12,98.45
3. Provision for losses on Derivatives on Mark to Market basis	20,46.23	(11,51.01)	8,95.22
4. Others	73.87	1,46.40	2,20.27
<b>Deferred Tax Liabilities:</b>			
1. Depreciation	41,65.51	1556.42	57,21.93
2. Liquidated Damages and retention money	5,54.77	1,07.77	6,62.55
<b>Net Deferred Tax Liability</b>	<b>19,90.74</b>	<b>17,02.88</b>	<b>36,93.63</b>

19. In accordance with Accounting Standard (AS-20) on 'Earning Per Share' computation of basic and diluted earning per share is as under:

Particulars	2008-09 Rs. in lakhs	2007-08 Rs. in lakhs
Net profit for basic earnings per share as per profit and loss account	1,35,31.75	55,33.49
i) <b>Adjustment for the purpose of diluted earnings per share</b>		
Exchange gain on realignment of ZCCB and conversion rate difference		
Less : Tax effect	(7,93.74)	6,53.43
<b>Net profit for diluted earnings per share</b>	<b>1,43,25.49</b>	<b>48,80.06</b>
ii) <b>Weighted average number of equity shares for calculation of basic and diluted earnings per share (Face value Re. 1/- per share)</b>		
a) Basic earnings per share	284054880	231684227
b) Diluted earnings per share	319243201	292110632
iii) Weighted average number of equity shares outstanding		
Add: Weighted average number of potential equity shares that could arise on conversion of ZCCB, warrants and share application money		
iv) <b>Earnings per share:</b>		
a) Basic	4.76	2.39
b) Diluted	4.49	1.67

# Schedules Forming Part of Consolidated Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

20. The expenses incurred for projects/assets during the construction 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. The details of these expenses are as follows:

	<b>2008-09</b>	2007-08
	<b>Rs. in lakhs</b>	Rs. In lakhs
Preoperative expenses brought forward	32,22.89	26,12.59
Salaries, Wages, Bonus and Allowances etc.	4,63.39	2,53.56
Contribution to Provident and Other Fund	17.51	10.56
Employees' Welfare	38.76	62.58
Stores & Spares Consumption	1,30.74	25.43
Handling & Transportation	25.70	-
Power & Fuel	65.27	-
Repairs		
Machinery	0.23	-
Others	12.14	-
Rates & Taxes	13.65	-
Rent	24.28	23.07
Insurance	6.67	-
Miscellaneous Expenses	5,17.42	2,33.32
Interest Paid		
On Term Loan	2,10.45	-
On Others	6,45.61	-
Finance Charges	34,05.69	0.78
Depreciation	4,37.78	1.00
Total preoperative expenses	92,38.18	32,22.89
Less : Coal transferred for Captive Consumption	1,24.27	-
Stock of Coal	41.71	-
Total preoperative expenses carried forward pending allocation	90,72.20	32,22.89

21. As regards construction contracts in progress as on 31.03.2009, 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. 56,421.66 lakhs, Rs. 22,62.41 lakhs and Rs.16,71.28 lakhs respectively. (Previous Year Rs. 4,60,97.80 lakhs, Rs. 20,44.46 lakhs and Rs. 11,49.36 lakhs respectively).
22. (a) Rs. 1,46,44.69 lakhs being unutilized amount at the beginning of the year out of the issue proceeds of Zero Coupon Convertible Bonds (ZCCBs) in earlier years, has been fully utilized for the purposes for which it was raised.
- (b) During the year, ZCCB worth US\$ 0.05 million were converted into equity shares. Accordingly, 5,28,275 equity shares of face value of Re. 1 each at a price of Rs. 42.44 per share have been issued to the respective bond holders resulting in increase in the paid up equity capital by Rs. 5.28 lakhs and share premium by Rs. 2,18.92 lakhs.
- (c) Premium payable on ZCCB has been provided proportionately and accordingly Rs. 9,89.94 lakhs (out of total redemption premium amounting to Rs. 35,69.25 lakhs) (Previous year Rs. 5,38.36 lakhs, out of total redemption premium amounting to Rs. 28,91.85 lakhs) on this account has been debited to Share Premium Account. Further, due to conversion of ZCCB as aforesaid, premium payable on such converted ZCCB debited in earlier year to share premium account amounting to Rs. 25.54 lakhs (previous year Rs. 13,71.57 lakhs) have been credited to such account.
23. During the year, the Company has raised Rs.1,24,56.91 lakhs as detailed below through preferential issue of equity shares and convertible warrants.
- a. Rs. 322.00 lakhs being 10% of the total amount due raised through the issue of 140 lakh warrants, each convertible into 1 equity share of Re. 1 each at a price of Rs 23.00 per share.

# Schedules

Forming Part of Consolidated Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

- b. Rs. 96,71.16 lakhs being the total amount due raised against 254,50,414 equity shares of face value of Re.1 each at a price of Rs 38.00 per share. These shares have been allotted post balance sheet date.
- c. Rs. 24,63.75 lakhs being 90% of the total amount due against conversion of 6,25,000 warrants (issued in earlier year) into 62.50 lakhs equity shares of face value of Re. 1 each at a price of Rs. 43.80 per share.

Amount raised as above and Rs. 36,47.36 lakhs pending utilization at the beginning of the year out of the proceeds received in earlier year in respect of preferential issues, have been utilized for business purposes including investments / working capital requirements of the Company.

24. The Marked-to-Market losses on derivative contract as at March 31, 2009 stood at Rs. 26,32.75 lakhs (previous year Rs.60,20.10 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 profit and loss account for the year. Out of the provision made in the previous year, a sum of Rs. 2684.95 lakhs being no longer required in respect of derivative transaction settled during the year, has been written back in the accounts.
25. The Company has certain operating lease arrangements for office accommodations etc. with tenure extending upto 9 years. Terms 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 by the Company on account of rent during the year and recognised in the Profit and Loss account amounts to Rs. 12,88.72 lakhs (Previous year Rs. 13,02.76 lakhs).
26. (a) Category wise outstanding derivatives contracts entered by the Company for hedging as on March 31, 2009 are as follows :-

Sl. No.	Category	Currency	Current Year		Previous Year	
			No. of Deals	Amount	No. of Deals	Amount
1.	Forward	USD/INR	68	9,59,29,073	47	9,25,00,000
2.	Forward	SGD/USD	7	49,75,281	4	10,40,270
3.	Forward	GBP/USD	15	86,08,165	12	56,94,521
4.	Forward	USD/CHF	-	-	4	10,00,000
5.	Forward	Euro/USD	25	2,91,15,947	9	1,93,83,792
6.	Forward	USD/INR	-	-	2	15,00,000
7.	Forward	USD/EURO	3	22,62,503	-	-
8.	Forward	USD/INR	-	-	16	2,82,50,000
9.	Forward	USD/INR	19	4,96,60,105	3	78,45,853
10.	Forward	USD/JPY	-	-	4	2,35,37,65,553
11.	Forward	USD/JPY	-	-	3	20,00,000
12.	Option	EURO	1	7,50,000	6	1,21,00,000
13.	Option	USD	5	2,21,54,100	9	5,12,73,500
14.	Option	USD	19	5,03,00,000	-	-
15.	Option	EURO	-	-	2	20,00,000
16.	Option	USD	-	-	2	1,40,00,000
17.	Swap **	INR	-	-	1	15,00,00,000
18.	Swap **	USD/JPY	-	-	1	25,00,000
19.	Swap	USD	3	3,50,00,000	-	-
20.	Swap **	Euro	-	-	1	75,00,000

\* ZCCB: Zero Coupon Convertible Bond

\*\* Represents both Currency and Interest Rate Swaps and includes ZCCB and External Commercial Borrowings (ECB).

# Schedules Forming Part of Consolidated Accounts

## SCHEDULE 17

### NOTES ON ACCOUNTS (Contd.)

In case of Singardo International Pte. Ltd. Outstanding foreign exchange forward contracts are as follows :

	(Rs. in lakhs)	
	Current Year	Previous Year
i) Commitment to purchase USD	Nil	61.87
ii) Commitment to purchase Yen	Nil	15.71
iii) Commitment to purchase Euro	Nil	1,19.58

(b) Unhedged Foreign Currency exposures of the Company as on March 31, 2009 are as follows :-

Nature	Currency	Current Year	Previous Year
Imports	USD	43,76,238	3,82,50,562
Others	JPY	-	67,99,319
ZCCB Deposits (include accrued interest)	USD	-	49,93,285
ZCCB (include proportionate premium)	USD	1,64,61,002	2,36,17,291
ECB Payable (include accrued interest)	USD	1,25,28,454	18,75,192
ECB Deposit (include accrued interest)	USD	1,38,21,435	-
Export	SGD	-	12,64,228
Others	AUD	-	84,962
Others	USD	7,68,430	7,78,142
Others	GBP	20,178	31,244
Others	SGD	3,72,27,411	1,605
Others	CHF	-	1,611

27. At the Balance sheet date, the following are the commitments in respect of

(a) Operating lease:

(Rs. in lakhs)

Name of the Companies	Due within one year	Due between two and five years
1. Singardo International Pte. Ltd.	29.06 (42.30)	7.50 (Nil)
2. Chesterfield Ductile Group Ltd.	4.36 (9.54)	74.84 (77.15)

(b) Finance Lease

Name of the Companies	Due within one year	Due between two and five years
1. Singardo International Pte. Ltd.	Nil (1.48)	Nil (Nil)

28. In respect of unrealized 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.

29. During the year, basis of valuation of inventory in Electrosteel Algeria SPA has been changed from 'moving weighted average' to 'weighted average' to fall in line with basis of valuation followed by the Company. Consequent upon this change there is no material impact on the profit.

30. Loans and advances includes an amount of Rs. 2,75,17.50 lakhs (previous year Rs. 3,09,96.00 lakhs ) paid to Electrosteel Integrated Limited (EIL) as application money towards subscription of equity shares of EIL

31. During the year, the company has incurred Rs. 58.89 lakhs (previous year Rs 46.75 lakhs) on account of research and development expenses which has been charged to profit & loss account.

## Schedules Forming Part of Consolidated Accounts

32. 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**

- |  |   |
|--|---|
| <b>1) Associate Company</b>  | Lanco Industries Ltd.<br>Electrosteel Integrated Limited  |
| <b>2) Joint Venture</b>  | North Dhadhu mining Company Pvt. Ltd.<br>Domco Private Limited  |
| <b>3) Key Management Personnel (KMP) and their relative</b>                            | Mr. Umang Kejriwal - (Managing Director)<br>Mr. Mayank Kejriwal - (Joint Managing Director)<br>Mr. Uddhav Kejriwal (Director)<br>Mr. N C Bahl (Director)<br>Smt. Uma Kejriwal - mother of Mr. Umang Kejriwal - Managing Director<br>Smt Usha Bahl - wife of Mr. N.C. Bahl - Director<br>Ms. Priya Sakhi Kejriwal daughter of Mr. Umang Kejriwal - (Managing Director)   |
| <b>5) Enterprise where KMP/ Relatives of KMP have significant influence or control</b> | Global Exports Ltd.<br>Badrinath Industries Ltd.<br>Akshay Ispat & Ferro Alloys Pvt. Ltd.<br>Acharya Multicon Pvt. Ltd.<br>Flora Constructions Pvt. Ltd.<br>Highrise Multicon Pvt. Ltd.<br>Kabir Projects Pvt. Ltd.<br>New City Enclave Pvt. Ltd.<br>Nilmoni Developers Pvt. Ltd.<br>Paramount Tracom Pvt. Ltd.<br>Stewart Agencies Pvt. Ltd.<br>Tulsi Highrise Pvt. Ltd.<br>Wilcox Merchants Pvt. Ltd.<br>Nimpith Developers Pvt. Ltd.<br>Royal Multicon Pvt. Ltd.<br>Samar Properties Pvt. Ltd.<br>Tulip Fabicon Pvt. Ltd.<br>Murari Investment & Trading Company Ltd.<br>Electrosteel Thermal Power Ltd.<br>Electrosteel Thermal Coal Ltd. |

# Schedules

Forming Part of Consolidated Accounts

**B) Related Party Transaction**

(Rs. in lakhs)

	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.09	Outstanding as on 31.03.08
<b>Sale</b>							
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	-	-	14.97	-
Lanco Industries Ltd.	14,633.53	-	-	-	14,633.53	4,637.26	-
Total	14,633.53	-	-	-	14,633.53	4,652.23	-
Previous Year							
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	7.83	7.83	-	75.35
Lanco Industries Ltd.	11,560.87	-	-	-	11,560.87	-	5,124.93
<b>Interest Received</b>							
Lanco Industries Ltd.	806.06	-	-	-	806.06	17.66	-
Previous Year	476.38	-	-	-	476.38	-	368.43
<b>Purchase</b>							
Lanco Industries Ltd.	8,831.28	-	-	-	8,831.28	146.30	-
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	954.59	954.59	-	-
Total	8,831.28	-	-	954.59	9,785.87	146.30	-
Previous Year							
Lanco Industries Ltd.	10,208.38	-	-	-	10,208.38	-	1,839.40
Akshay Ispat & Ferro Alloys Pvt. Ltd.	-	-	-	209.15	209.15	-	-
<b>Job Charges Received</b>							
Electrosteel Integrated Limited	4,106.78	-	-	-	4,106.78	(489.96)	-
Previous Year	1,780.89	-	-	-	-	-	335.39
<b>Remuneration</b>							
Mr. Umang Kejriwal (MD)	-	-	241.07	-	241.07	200.00	-
Mr. Mayank Kejriwal (JMD)	-	-	238.17	-	238.17	200.00	-
Mr. Uddhav Kejriwal (Director)	-	-	213.96	-	213.96	170.00	-
Mr. N C Bahl (Director)	-	-	107.61	-	107.61	36.90	-
Ms. Priya Sakhi Kejriwal	-	-	10.37	-	10.37	-	-
Total	-	-	811.18	-	811.18	606.90	-
Previous Year							
Mr. Umang Kejriwal (MD)	-	-	94.63	-	94.63	-	55.00
Mr. Mayank Kejriwal (JMD)	-	-	93.14	-	93.14	-	55.00
Mr. Uddhav Kejriwal (Director)	-	-	72.54	-	72.54	-	36.50
Mr. N C Bahl (Director)	-	-	105.67	-	105.67	-	28.00
<b>Rent</b>							
Global Exports Ltd.	-	-	-	14.98	14.98	-	-
Badrinath Industries Ltd.	-	-	-	15.00	15.00	-	-
Others	-	-	-	113.51	113.52	-	-
Total	-	-	-	143.50	143.51	-	-
Previous Year							
Global Exports Ltd.	-	-	-	21.36	21.36	-	-
Badrinath Industries Ltd.	-	-	-	13.50	13.50	-	-
Others	-	-	-	106.06	106.06	-	-
<b>Service Charges Paid</b>							
Global Exports Ltd.	-	-	-	36.69	36.69	-	-
Previous Year	-	-	-	-	-	-	-
Electrosteel Thermal Power	-	-	-	3.02	3.02	-	-
Global Exports Ltd.	-	-	-	36.95	36.95	-	-
<b>Loan</b>							
Lanco Industries Ltd.	6,000.00	-	-	-	6,000.00	-	-
Previous Year	-	-	-	-	-	-	-
<b>Reimbursements</b>							
Electrosteel Thermal Power Limited	-	-	-	5.27	5.27	5.27	-
North Dhadhu Mining Company Pvt. Ltd.	-	3.80	-	-	3.80	3.80	-
Electrosteel Integrated Limited	323.21	-	-	-	323.21	50.19	-
Total	323.21	3.80	-	5.27	332.29	59.26	-
Previous Year							
Electrosteel Integrated Limited	588.47	-	-	-	588.47	-	-
<b>Share Application Money Paid</b>							
Electrosteel Integrated Limited	13,000.00	-	-	-	13,000.00	27,517.50	-
Previous Year	30,996.00	-	-	-	30,996.00	-	30,996.00
<b>Corporate Guarantee</b>							
Lanco Industries Ltd.	-	-	-	-	-	4,825.00	-
Total	-	-	-	-	-	4,825.00	-
Previous Year	-	-	-	-	-	-	12,500.00

# Schedules

 Forming Part of Consolidated Accounts

(Rs. in lakhs)

	Associate	Joint Venture	KMP & Relatives	KMP have control	Total	Outstanding as on 31.03.09	Outstanding as on 31.03.08
<b>Bank Guarantee</b>							
North Dhadhu Mining Company Pvt. Ltd.	-	2,745.47	-	-	2,745.47	2,745.47	-
Previous Year	-	-	-	-	-	-	-
<b>Investment</b>							
Lanco Industries Ltd.	343.47	-	-	-	343.47	6,333.53	-
Electrosteel Integrated Limited	16,478.50	-	-	-	16,478.50	16,482.50	-
North Dhadhu mining Company Pvt. Ltd.	-	588.00	-	-	588.00	588.00	-
Electrocast Sales India Ltd	-	-	-	-	-	0.51	-
Domco Private Limited	-	-	-	-	-	30.00	-
Total	16,822.00	588.00	-	-	17,410.00	23,435.00	-
Previous Year	-	-	-	-	-	-	-
Lanco Industries Ltd.	72.78	-	-	-	72.78	-	5,990.06
Electrosteel Integrated Limited	4.00	-	-	-	4.00	-	4.00
<b>Commission</b>							
Singardo International Pte Ltd.	-	-	-	-	-	-	-
Previous Year	-	-	-	-	6.09	-	3.39
<b>Security Deposits</b>							
Lanco Industries Ltd.	885.11	-	-	-	885.11	4,470.59	-
Electrosteel Thermal Coal Ltd.	-	-	-	-	-	230.00	-
Others	-	-	-	-	-	557.50	557.50
Total	885.11	-	-	-	885.11	5,258.09	557.50
Previous Year	-	-	-	-	-	-	-
Lanco Industries Ltd.	3,585.48	-	-	-	3,585.48	-	3,585.48
Electrosteel Thermal Coal Ltd.	-	-	-	230.00	230.00	-	230.00
Others	-	-	-	-	-	-	-
<b>Rent Receipts</b>							
Electrosteel Integrated Limited	76.88	-	-	-	76.88	7.07	-
Murari Investment & Trading Company Ltd.	-	-	-	4.80	4.80	0.44	-
Lanco Industries Ltd.	0.36	-	-	-	0.36	-	-
Total	77.24	-	-	4.80	82.04	7.51	-
Previous Year	-	-	-	-	-	-	-
Electrosteel Integrated Limited	46.89	-	-	-	46.89	-	-
Lanco Industries Ltd.	0.36	-	-	-	0.36	-	-
<b>Service Charges Received</b>							
Electrosteel Integrated Limited	8.55	-	-	-	8.55	0.84	-
Previous Year	-	-	-	-	-	-	-
<b>Dividend Received</b>							
Lanco Industries Ltd.	185.51	-	-	-	185.51	-	-
Previous Year	193.01	-	-	-	193.01	-	-
<b>Sale of Fixed Assets</b>							
Electrosteel Integrated Limited	1.50	-	-	-	1.50	1.50	-
Previous Year	457.40	-	-	-	457.40	-	-
<b>Sale of DEPB</b>							
Electrosteel Integrated Limited	96.07	-	-	-	96.07	-	-
Lanco Industries Ltd.	8.07	-	-	-	8.07	-	-
Total	104.15	-	-	-	104.15	-	-
Previous Year	-	-	-	-	-	-	-
<b>Income from Consultancy</b>							
Electrosteel Integrated Limited	-	-	-	-	-	-	-
Previous Year	128.00	-	-	-	128.00	-	-

33. Figures pertaining to the subsidiary Companies have been reclassified, wherever necessary to bring them in line with the parent Company's financial statements.

34. Previous Years Figures have been re-grouped/re-arranged wherever necessary.

The Schedules referred to above form an integral part of the Consolidated Balance Sheet and Profit and Loss Account.

As per our report of even date.

For Lodha & Co.  
Chartered Accountants

H. K. Verma  
Partner

Kolkata  
June 30, 2009

For and on behalf of the Board

Chairman

Managing Director

Director

Company Secretary

P. K. Khaitan

U. Kejriwal

Uddhav Kejriwal

Jyoti Jain

# Schedules

Forming Part of Consolidated Accounts

## Statement Pursuant to Exemption received 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	Currency
1	Electrosteel Algerie SPA*	DZD	C.Y. P.Y.	0.69	567.52	608.62	11,548.65	11,548.65	0.00	12,801.58	608.62	0.00	608.62	0.00	Algeria
				0.62	511.09	679.29	7,706.20	7,706.20	0.00	8,778.27	927.91	148.36	779.55	0.00	Algeria
2	Electrosteel Castings (UK) Limited	GBP	C.Y. P.Y.	72.66	72.66	226.79	7,100.89	7,100.89	0.00	8,295.44	195.62	58.31	137.31	0.00	United Kingdom
				79.54	79.54	97.97	4,932.39	4,932.39	0.00	7,730.32	103.12	45.90	57.22	0.00	United Kingdom
3	Electrosteel Europe S.A.	EURO	C.Y. P.Y.	67.20	537.63	734.35	19,343.43	19,343.43	0.33	25,764.70	183.82	71.67	112.15	0.00	France
				63.27	506.16	585.76	22,199.86	22,199.86	0.29	25,190.45	278.14	143.40	134.74	0.00	France
4	Singardo International Pte. Limited	SGD	C.Y. P.Y.	33.32	833.12	307.00	3,380.72	3,380.72	0.00	4,828.54	256.97	36.44	220.53	0.00	Singapore
				29.14	728.62	75.63	2,007.09	2,007.09	0.00	3,247.79	22.75	1.39	21.36	0.00	Singapore

**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 31.03.2009

2. \* The financial year of the company ends on December 31. However, the results given are as of March 31, 2009