



Corporate Office  
Kolkata

ELECTROSTEEL  
CASTINGS  
LIMITED

52ND  
ANNUAL  
REPORT

2006-07

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## Corporate Information

Chairman	P. K. Khaitan
Directors	B. Khaitan V. K. Lamba Naresh Chandra Jamshed J. Irani
Managing Director	Umang Kejriwal
Joint Managing Director	Mayank Kejriwal
Wholetime Directors	S. Y. Rajagopalan N. C. Bahl Uddhav Kejriwal
CFO & Company Secretary	Sanjeev Churiwal
Auditors	Lodha & Co. Chartered Accountants
Solicitors	Khaitan & Co.
Bankers	Punjab National Bank Standard Chartered Bank BNP Paribas ICICI Bank Ltd. IDBI Bank Ltd. HDFC Bank Ltd.
Works	Khardah, West Bengal Haldia, West Bengal Elavur, Tamil Nadu
Corporate Office	G. K. Tower 19, Camac Street Kolkata 700 017
Registered Office	Rajgangpur 770 017, Orissa

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## Our Values

*We are not in the business of iron pipes but in the business of water management. A leader in our field we aim to emerge as a global entity, on the strength of principles we believe in and values we live by.*

### Integrity

Highest ethical standards are what we demand of ourselves. A mindset that finds reflection in our products which are of highest quality.

### Teamwork

It is the moving spirit behind Electrosteel. Our success continues to be the result not of individual brilliance, but of collective initiative.

### Leadership

We believe that a Company achieves a leading edge only when it has leaders at every level. This happens only if it fosters growth opportunities, empowers adequately and offers incentives to its employees.

### Respect for people

We capitalise on our people, providing a working environment that brings out the best in them, making them proud of themselves.

### Shareholder value

We seek to maintain global standards in corporate transparency. We strive to deliver value to our shareholders that is commensurate with our managerial capability and financial strength.

### Customer focus

Customer focus is our guiding principle. In all our products and services we aim to deliver values that serve customers' interest.

### Environment

At Electrosteel environment is treated as a stakeholder. All our processes conform to this belief.



# Growth Drivers



Khardah Works

## Backward Integration

The Company has consistently invested in backward integration. A strategy that has helped the Company to not only weather the fluctuations of input cost but to lower it as well.

The Company has been allotted Parbatpur Coal Block at Jharia Coal Field. This captive source will assure Coking Coal at lower cost and will also insulate the Company from demand-supply volatility in the market.

The allotment of Iron Ore Mines to the Company at Kodoliba, Jharkhand will reduce Company's operating cost and will also ensure steady supply of ore.

In addition to existing 3.75 MW power plant, the Company has commissioned a 12 MW power plant at Haldia. It will use waste gas from the Company's Coke Oven and Sponge Iron plants to generate power. Complying with all the parameters of Kyoto Protocol, the plant is eligible to receive Carbon Credits.

## Value-addition through Process

The Company has taken several initiatives to streamline and upgrade the manufacturing process in the areas of mould consumption, energy use and product upgradation.

The ability to transfer hot metal in molten stage has enabled the Company to save on energy cost significantly.

A sinter plant, now under installation at Khardah Works, will use iron ore fines instead of costly lump ore, helping to bring down the raw material cost.

Implementation of Stamp Charging System at Coke Oven Plant has ensured production of quality Metallurgical Coke at lower cost.



Haldia Works

## Strong Financials

Even as Electrosteel continued to invest in its productive assets it did so with a consideration for how much its balance sheet could sustain. Its inherent fiscal discipline ensured that the Company maintains a healthy debt equity.

Company believes that a conservative balance sheet protects profits in a bad year and enhances them when the industry aberrations are corrected.



Conference Room: Corporate Office





## Environmental Concern

Environment is a critical responsibility of the Company. It prioritises waste reduction in production and maximises reuse of by-products, constantly setting stricter norms, often beyond what is statutorily required.

Company scrutinises all stages of manufacture to check environmental hazards. Each department audits its process and systems.

The Company reinforces environmental commitment through regular inhouse tests. Based on these findings, design modifications are carried out and pollution control devices upgraded.

## Integrity and Transparency

Transparency is a hallmark of Electrosteel. For shareholders, apart from Annual General Meeting and Annual Report, disclosures include plant visits, conventions and invitations for feedback.

Employees work in an ambience of transparency, with dialogues cutting across hierarchies. Initiatives at each level include:

- ❖ Clear communication between management and unions.
- ❖ Knowledge sharing, strategy and review meetings.
- ❖ Rewards for innovative suggestions.

For the customers, Electrosteel has evolved from a product-centric Company to a value-centric one. The Company offers technical advice and support, improving Customer Satisfaction Index in the process.



*Directors' Floor: Corporate Office*

## Corporate Social Responsibility

For Electrosteel Corporate Social Responsibility is more than a philanthropic gesture of adhoc donations. More intensive, inclusive and extensive it is a vital investment driver that aligns its business successes with the success of the community and the environment it inhabits in.

Corporate Social Responsibility is the guiding force in every issue that impacts the Company. Its success is not limited to the balance sheet. It upgrades the local economies by generating primary and secondary forms of employment.

The Company has identified areas around its plants for its community development programmes. The thrust is on education, health and infrastructure development.



*Canteen: Corporate Office*



# Directors' Report

## To The Shareholders



Board Room: Corporate Office

Your Directors take pleasure in presenting their Fifty Second Annual Report and Accounts of the Company for the year ended 31st March, 2007.

Financial highlights	(Rs. in Lacs)	
	2006-07	2005-06
Gross Profit	192,08.81	136,43.90
Depreciation	33,66.78	28,56.18
Profit before taxation	158,42.03	107,87.72
Less: Provision for taxation including FBT	44,75.60	31,09.74
Provision for deferred taxation	7,50.45	33.20
Add: Balance from previous year	33,61.36	25,76.06
Transfer from Debenture Redemption Reserve	20,00.00	15,00.00
Available for appropriation	159,77.34	117,20.84
Less: Transfer to Debenture Redemption Reserve	9,00.00	9,00.00
Transfer to General Reserve	60,00.00	45,00.00
Interim Dividend	25,95.47	-
Dividend	-	25,95.47
Tax on Dividend	3,64.01	3,64.01
Balance of Profit carried to Balance Sheet	61,17.86	33,61.36

### Dividend

During the year, the Company has paid an Interim Dividend @ Rs.12.50 per share (125%) for the year ended 31st March, 2007 and the Directors recommend this as the final Dividend. The dividend together with dividend tax of Rs.3,64.01 Lacs has absorbed Rs.29,59.48 Lacs.

### Current Year's Operation

During the year the Company achieved sales of Rs.1176.21 Cr representing an increase of 17% over the previous year including export of Rs.447.05 Cr, an increase of 34% over the previous

year. The Company's profit (PBT) for the year was Rs.158.42 Cr, representing an increase of 47% over the previous year.

During the year DI Pipes production was 230109 MT as against 181161 MT in the preceding year, registering an increase of 27% which was mainly due to capacity expansion during the previous year. Production of DI Fittings was also significantly higher by 47% over the previous year (from 2346 MT to 3453 MT) to meet the demand.

The production of CI Pipes at Elavur was 41988 MT as against 55104 MT in the previous year. The decline was mainly due to more demand of DI Pipes due to its superiority over CI Pipes.

The Company's export of DI Pipes has increased to 116943 MT as compared to 76736 MT in the preceding year, showing an increase of 52%.

The Company has successfully commissioned Pulverized Coal Injection System in Blast Furnace and Stamp Charging System in Coke Oven Plant during the year, which has enhanced operational efficiency.

In March, 2006 the Company had commissioned a 12 MW Power Plant at Haldia making use of Waste Gas of Coke Oven and Sponge Iron Plant. The plant has been fully stabilized and has operated for the full year successfully.

The Company had received allocation of Parbatpur Coal Block in Jharia Coal Field for mining of coal for captive consumption. Other infrastructure developmental works are in progress.

During the year, the Company has successfully raised USD 75 Million through issue of Zero Coupon Convertible Bonds to finance its Capital expenditure requirements. The Company has utilised so far Rs.6494.16 Lacs out of the money so raised for the purpose for which it was raised.

### Future Prospects

In view of the thrust given by Government of India to create infrastructure for effective management of water resources and sewerage, the demand for DI Pipe is expected to grow by 15% per annum. The Company is expected to start coal production and commissioning of sinter plant during the coming year. With the various initiatives taken by the Company on various fronts – be it raw material, cost controls, production, backward integration, marketing – domestic as well as export, IT infrastructure, the Company is confident of achieving new heights during the coming year.

### Corporate Governance

Pursuant to clause 49 of the Listing Agreement entered into with the Stock Exchanges, a Report on Corporate Governance, together with a certificate obtained from the Statutory Auditors confirming compliance, is set out as Annexure to this Report.

### Directors' Responsibility Statement

Your Directors hereby confirm:

- That in the preparation of annual accounts, containing financial statements for the year ended 31st March, 2007, the applicable accounting standards have been followed.
- That the accounting policies are consistently followed and your Directors

Directors' Report (Contd.)



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have applied them 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'.

**Labour Relations**

During the year under review the industrial relations with the staff and workmen have remained cordial.

**Officers**

The Board of Directors expresses its appreciation for outstanding contribution made by the officers and employees of your Company at all levels during the year.

Particulars of Employees are 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, Annual Report is being sent to all the shareholders of the Company, excluding the aforesaid information. Those members desirous of obtaining such particulars

may write to the Company Secretary at the registered office of the Company.

**Subsidiary Companies**

The Statement required under Section 212 of the Companies Act, 1956 in respect of the subsidiaries of the Company is attached hereto.

**Directors**

Shri Naresh Chandra, Dr. J.J. Irani and Shri Binod Khaitan retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

**Consolidated Financial Statements**

The Board of Directors has pleasure in attaching the Consolidated Financial Statement pursuant to Clause 41 of the Listing Agreement entered into with the Stock Exchanges and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India.

**Auditors' Report**

The statutory auditors have made observations as set out in note 23(a) of Schedule 17 (Notes to Accounts) with regard to investments made by the Company in Domco Private Limited (DPL), a Company incorporated in India. The Company has joint control in DPL to the extent of 50% and the balance control is vested in the hands of other venturers (the venturers). During the year, the venturers have 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 DPL. The Company has, *inter alia*, filed petitions before the High Courts of Calcutta and Jharkhand. The Company considers, subject to final outcome of

the petitions filed by the Company and the venturers along with their consequential impact, if any, investments of Rs.30.00 Lakhs in DPL and advances of Rs.7,00.00 Lakhs with the venturers to be good and recoverable and accordingly these have been carried forward at book value in these accounts.

**Auditors**

The Auditors, M/s. Lodha & Co., Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. Certificate from the Auditors has been obtained to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

**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 07.05.2007	P.K. KHAITAN Chairman

# Annexure 'A'

## To Directors' Report

### CONSERVATION OF ENERGY

#### a) Energy conservation measures taken:

- ❖ Introduction of Coal injection in MBF.
- ❖ Installation of additional VVFD in PC devices.
- ❖ Replacement of conventional chokes with electronic ballast.
- ❖ Replacement of water pump motor.

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

Installation of energy meter for LT loads, Installation of Oxygen monitor to control air fuel ratio, Automatic controller for pf improvement, replacement of CI blade fans in additional cooling tower, lighting feeder to be separated, downsizing of motors.

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

1. Specific energy has reduced from 715 million cal/MT of hot metal to 698 million cal/MT hot metal in 06-07.
2. Specific energy consumption has reduced from 657 million cal/MT of DI Pipe in 05-06 to 531 million cal/MT of DI Pipe in 06-07.

#### d) Total energy consumption & energy consumption per unit of production.

As per Form – A attached.

### TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT (R&D)

Separate account of R&D expenditure is not maintained and the expenses are merged with relevant head of expenditure. The Company's Research & Development wing is fully geared to absorb, adapt & innovate the imported technology on a continuing basis. The R&D wing has continually developed various customer

friendly jointing systems and has set up performance testing laboratory to generate various parameters required by customers. The Company has also developed indigenously special protective coating of anti-corrosion through R&D efforts and set up corrosion test laboratory.

### 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.22484.52 Lacs

Foreign Exchange earned - Rs.50770.24 Lacs

Form - A

Form for disclosure of particulars with respect to conservation of energy : 2006-2007

### (a) Power & Fuel

		Current Year ended 31.03.07	Previous Year ended 31.03.06
<b>1. Electricity</b>			
<b>(a) Purchased</b>			
Units	Kwh '000	89776.664	75492.679
Total Amount	Rs.Lakhs	3498.81	3249.72
Rate/Unit	Rs.	3.90	4.32
<b>(b) Own Generation</b>			
i) Through Diesel Generator			
Units	Kwh '000	6421.393	4747.072
Unit/litre of Diesel Oil	Kwh	3.28	3.19
Cost/Unit Variable	Rs.	9.75	9.04
ii) Through Steam Turbine Generator			
Units	Kwh '000	83183.756	21231.794
Unit/litre of Diesel Oil	Kwh	229.13	69.13
Cost/Unit Variable	Rs.	0.14	0.41
<b>2. Furnace Oil</b>			
Quantity	K L	7568.446	8805.805
Total Amount	Rs. Lakhs	1627.92	1578.36
Average Rate	Rs./ KL	21509.29	18311.32
<b>3. Hard Coke</b>			
Quantity	M T	8492.732	7370.662
Total Amount	Rs. Lakhs	703.76	779.99
Average Rate / MT	Rs./MT	8286.66	10718.12
<b>4. Diesel Oil</b>			
Quantity	K L	2049.002	2194.149
Total Amount	Rs. Lakhs	655.23	631.81
Average Rate	Rs./ KL	31978.15	28865.11
<b>5. Coal Gas</b>			
Quantity	NM <sup>3</sup> '000	11835.930	7539.520
Total Amount	Rs. Lakhs	343.19	328.47
Average Rate	Rs./NM <sup>3</sup>	2.90	4.36

### (b) Consumption Per Unit of Production (MT)

	Pig Iron	DI Pipes	CI Pipes	DI Fittings	Coke	Sponge Iron
Electricity (KWH)	136 (135)	355 (386)	58 (55)	1688 (1707)	20 (16)	91 (109)
Furnace Oil (Ltr.)	0 (-)	19 (25)	58 (60)	0 (1)	0 (-)	0 (-)
Diesel Oil (Ltr.)	0 (-)	5 (5)	3 (3)	2 (5)	0 (-)	0 (-)
Hard Coke (Kg.)	0 (-)	0 (-)	134 (127)	0 (-)	54 (-)	0 (-)
Coal Gas ( NM <sup>3</sup> )	0 (-)	51 (42)	0 (-)	0 (-)	0 (-)	0 (-)



# Management Discussion and Analysis

## OVERVIEW

The Company is engaged in the business of manufacturing Ductile Iron Spun Pipes, Ductile Iron Fittings and Cast Iron Spun Pipes. Besides, the Company also offers turnkey solutions for water transportation and sewerage management, which includes manufacturing, supplying, laying, operating and transferring of complete DI Pipe projects.

In India, water supply is mainly met through monsoons. This needs significant investment in water infrastructure for conservation and re-use of the vital water resources and also for proper sanitation facilities. Over the past few years, the government is also turning its focus on creation of urban and rural infrastructure (including water resources and sewerage management), and has increased budgetary allocation for the same. In these efforts, international development finance institutions such as the World Bank and the Asian Development Bank are extending monetary support to the Government. This has generated a strong demand for DI pipes that are increasingly being used for water and sewerage transportation.

It is estimated that some 200m Indians do not have access to safe and clean drinking water. The Accelerated Rural Water Supply Programme (ARWSP) and the Pradhan Mantri Gramodaya Yojana – Rural Drinking Water (PMGY-RDW) are aimed at increasing the supply of safe drinking water. PMGYRDW is currently being implemented through the Rajiv Gandhi National Drinking Water Mission (RGNDWM).

Also, India is far behind comparable peers like Thailand, Indonesia, China, etc in terms of basic

sanitary conditions. It is estimated that only 30% of Indian households have access to safe sanitation facilities. However, the government as also international aid agencies (like UNESCO) have identified sanitation as a key focus area and initiated large funding campaigns to improve sanitation levels in the country.

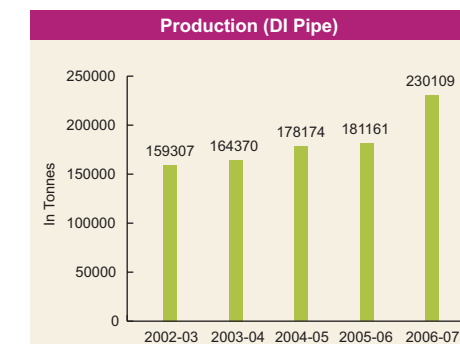
Ductile Iron Pipes are stronger, easier to, require less support and provide greater flow area as compared to pipes made from other materials. Also in difficult terrain these can be a better choice than PVC, concrete, polythylene or steel pipes. This edge enjoyed by DI Pipes has led to increased uses of such pipes and gradually substituting other conventional pipes. Based on past records, the demand for DI pipes is expected to grow by 15% per annum, and the demand for CI pipes is expected to decline.

## 2005-06 vs. 2006-07

During the year the Company has excelled in every sphere and has set new records in its financial performance in terms of sales, export and profit. The Company's sales has increased from Rs.1003.13 Cr in 2005-06 to Rs.1176.21 Cr in 2006-07 representing an increase of 17%. Export sales grew from Rs.334.56 Cr to Rs. 447.05 Cr, an increase of 34%. The Company's profit (PBT) has also increased from Rs. 107.87 Cr in 2005-06 to Rs.158.42 Cr in 2006-07, representing an increase of 47%.

## Income Source

During the year, 76% of the Company's income was derived from Ductile Iron Pipes including DI Fittings and turnkey (73% in 2005-06) and 10% from Cast Iron Pipes including Fittings (15% in 2005-06).



During the current fiscal DI Pipes production has increased by 27%.

## Ductile Iron Pipes

The production of DI Pipes increased significantly during the year from 181161 MT to 230109 MT, registering a growth of 27%.

Year	DI Pipe Production
2004-05	178174 MT
2005-06	181161 MT
2006-07	230109 MT

With the new initiatives planned, like commissioning of sinter plant, it is expected that the production will further improve during the next year.

## Cast Iron Pipes

In line with the demand shift from Cast Iron Pipes to Ductile Iron Pipes due to its superiority over other pipes, Electrosteel has also continued its focus on DI Pipes. However, to meet the demand of CI Pipes, particularly in lower sizes, the Company has produced 41988 MT at its Elavur Works against 55104 MT in the previous year.

## DI Fittings & Accessories

Production of DI Fittings during the year was 3453 MT against 2346 MT during the previous year, registering an increase of 47% over the previous year.

## Power Plant

In addition to the existing 3.75 MW Power plant at Khardah Works, the Company commissioned towards end of last year a 12 MW Power Plant at Haldia, which generates power using waste Gas of Coke Oven Plant and Sponge Iron Plant. Benefit from the first full year's operation is



## Management Discussion (Contd.)

reflected in the generation of 59.7 million units and supply of 47.5 million units to the SEB Grid.

Haldia's 12 MW 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 power making, this project will reduce appx. 78,000 MT of Carbon Dioxide emissions to atmosphere every year, thus helping in abating climate changes.

After going through the vigorous processes of preparing the PDD (Project Design Document), holding stakeholders' consultation meeting, obtaining host country approval from MOEF and carrying out validation through DNV, on 15th Dec.'06 the project was registered with UNFCCC (United Nations Framework Convention for Climate Change) under Kyoto Protocol.

Presently preparations are underway for verification of the project including certification for 1st year's emission reduction (by TUV SUD) which is expected to be completed shortly.

### ◀ Captive Coke Oven Plant

During the year the Company successfully implemented Stamp Charging system at its Coke Oven Plant for producing quality Metallurgical Coke at lower cost. 88,304 MT of Metallurgical Coke was produced for captive consumption in Blast Furnace at Khardah Works against 112669 MT last year. Production was lower in 2006-07 mainly due to shutdown of one Battery for more

than 4 months for revamp, which has already been completed.

### ◀ Export

Due to the superior quality of its Ductile Iron Pipes and Fittings, the Company was able to market them in many countries of Asia, Middle East, Europe and Africa. Subsidiaries in Europe and Africa, joint ventures in Singapore and a newly set up branch at Abu Dhabi have given an impetus to the Company's initiatives in the very challenging overseas markets. These efforts have resulted in a jump of 34% in the exports of the Company during the year (from Rs.334.56 Cr to Rs.447.05 Cr ). Export contributed 38% to the Company's total turnover as against 33% in the previous year.

In view of the above initiatives, the Company expects further growth in the export performance.

### ◀ Turnkey Projects

The Company is engaged in the activities of Engineering, Procurement & Construction Contracts for Integrated Water Supply Schemes and Municipal Pipeline Contracts. These Contracts, apart from comprising of other civil engineering and electro-mechanical-instrumentation works, also involve substantial quantities of DI pipes and fittings. Scope of work in some of the large Contracts includes the total Engineering and Operation & Maintenance works also, thereby providing a substantial leverage for future similar business. This Division is also helping in bringing it closest to the beneficiary of Water and in increasing the sensibility & understanding of the Water market. Major Contracts presently under execution are in the states of Rajasthan, J&K, Delhi, Jharkhand and Kerala.



*With a jump of 34% in the year, export accounted for 38% of the Company's total turnover as against 33% in the previous year.*

### ◀ Raw Material Management

To offset the rise in cost of iron ore, which is a major input in the manufacturing process, the Company is installing a Sinter Plant at its Khardah Works. This sinter plant shall use iron ore fines instead of the costly lump iron ore, and help to contain raw material costs. The commissioning of the Sinter Plant is expected by Decemeber'07.

The Company had received allocation of Parbatpur Coal Block in Jharia Coal Field for mining of coal for captive consumption. Other infrastructure developmental works are in progress. This captive source will ensure that the Company gets coking coal at lower costs and avoids impact of demand-supply volatility in the market. The benefits of the coal mines shall accrue from 2008-09 onwards.

The Company has been allotted an Iron Ore mine in Kodolibad, Jharkhand. The infrastructure facilities are being developed. This backward integration measure will reduce Company's operating cost and ensure a steady supply of ore.

### ◀ Quality

Quality as always has been of prime focus to ensure the brand image and ultimately improving the market share. The Company continues to take new initiatives to further strengthen its quality control and quality assurance system. Some of the steps taken during the year are as below:

- TPM and the Kaizan Culture has gained further ground and motivated personnel are enthused to take new initiatives resulting in

## Management Discussion (Contd.)

improved performance of all its resources with the goal of lower cost, better productivity and world class Quality.

- b) Documents, training and equipment standardisation has been completed for NABL (National Accreditation Bureau of Laboratories) Certification and the application will be submitted soon.
- c) A new Optical Emission Spectrometer (OES) has been added to further strengthen the capabilities for taking new challenges of increased production and variety.
- d) Data analysis through SPC & SQC modes have been adopted which have resulted in enhancing product quality beyond specified standard.
- e) Different international agencies like DVGW – Germany, BSI – UK, SIRIM – Malaysia and Middle East countries have continued approval to the Company's quality system and products.
- f) Collaborative work on studies of effectiveness of coating in corrosion prevention is continuing with Jadavpur University (Industry Institute Partnership Cell) and the results have been accepted by Body Coat PDL, UK.
- g) BSI (UK) has recognised our excellent Type Testing facility and has used it for carrying out the Performance Tests on the Ductile Iron Pipes of other manufacturer 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 improved and upgraded. Mechanisms for monitoring activities related to health, hygiene and safety have been set up at every plant. The Company conducts regular educative programmes and training to create awareness 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) JIPM – TPM methodology of KYT (Danger Prediction caused by human error in various activity areas) have been introduced to further improve the consciousness of workmen and supervisors.
- c) All Senior Managers are participating in 'Planned Visit' of the plants to enforce 'Safe Operating Practices'.
- d) As a preparation of OHSAS-18001 awareness and auditors' courses were conducted by CII and two lead auditors were trained by BSI.
- e) Ground water consumption for industrial purpose has further been reduced by increasing recycling of treated waste water to 92%.
- f) Vehicular emission testing machine has been installed at Khardah Works to ensure emission compliance by all incoming heavy vehicles.
- g) Electrosteel have sponsored various social activities for spreading awareness of environment issues in the neighbourhood. Staffs from various Polytechnics along with the Faculty of National Institute of

Technology Teachers' Training & Research were provided in-plant training on Environment and Safety Measures.

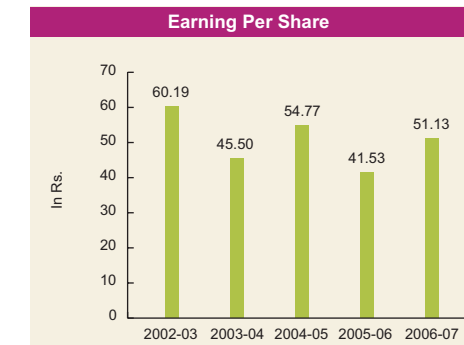
### ◀ Corporate Social Responsibility

The Company regards social, economic and environmental responsibilities as integral parts of the business. 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 activities include education, healthcare, sports, cultural, vocational training such as:

- a) Development, repair, renovation and extension of classrooms of local Institutes.
- b) Meet the growing demand of clubs for financial assistance to pursue their sports activities.
- c) Healthcare of local inhabitants through charitable dispensary and donation for treatment.
- d) Organize sports activities involving local schools and clubs at District level with an aim to promote sports activities in the District.
- e) Giving opportunity to local un-employed youth to develop entrepreneurship by local supply and through small contracts.
- f) Organising Cultural Programmes.
- g) Rewards for good & bright students.

### ◀ Information Technology

Electrosteel is an organisation characterised by rapid growth and in order to gain a competitive edge, it believes Information Technology is an important tool to support all business functions to align them with best industry practices.



*New operational peaks were scaled resulting in 17% and 47% growth in sales and PBT respectively.*