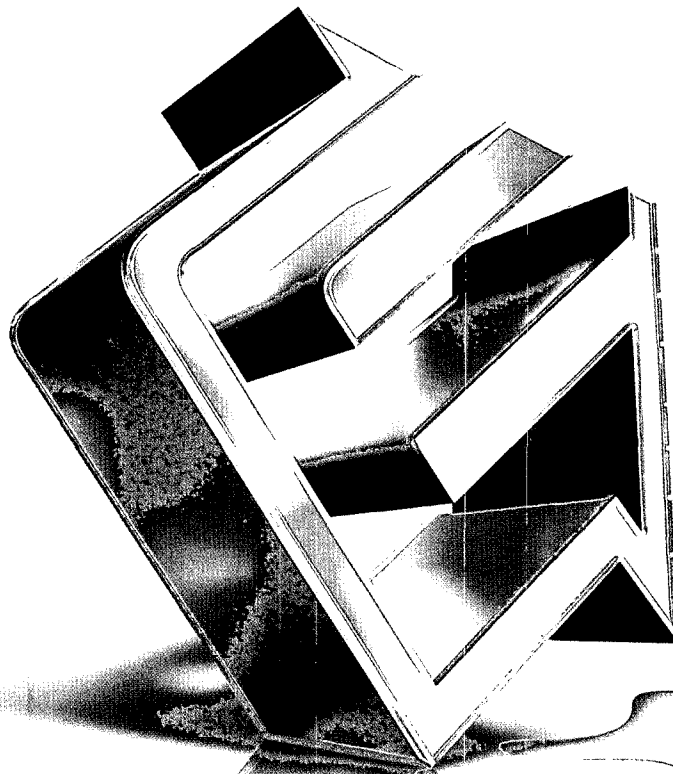




ELECTROSTEEL  
CASTINGS  
LIMITED

55TH  
ANNUAL  
REPORT

2009-2010



# Corporate Information

Chairman	P. K. Khaitan
Directors	B. Khaitan Naresh Chandra Jamshed J. Irani M. B. N. Rao S. Y. Rajagopalan
Managing Director	Umang Kejriwal
Joint Managing Director	Mayank Kejriwal
Wholetime Directors	Uddhav Kejriwal V. M. Ralli M. K. Jalan R. S. Singh
Company Secretary	Jyoti Jain
Auditors	Lodha & Co. Chartered Accountants
Solicitors	Khaitan & Co.
Bankers	Bank of Baroda Bank of India 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

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# Notice

Notice is hereby given that the Fifty Fifth Annual General Meeting of the Company will be held at the Registered Office of the Company at Rathod Colony, Rajgangpur, Dist. Sundergarh, Orissa on Monday, the July 12, 2010 at 11.00 A.M. to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2010 and the Profit and Loss Account for the year ended on that date and the Report of Directors and Auditors thereon.
2. To consider declaration of dividend by the Company, as recommended by the Board of Directors for the year ended March 31, 2010.
3. To appoint a Director in place of Mr. Naresh Chandra, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Dr. J.J. Irani, who retires by rotation and is eligible for re-appointment.
5. To appoint Statutory Auditors and to fix their remuneration.

## **Special Business :**

6. To consider and if thought fit, to pass with or without modifications, the following Resolution as ordinary resolution:  
"RESOLVED THAT Mr. M.B.N. Rao, who was appointed by the Board of Directors as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 101 of the Articles of Association of the Company and whose term of office as Director expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director and who has consented to such appointment, be and is hereby appointed as Director of the Company, whose period of office will be liable to retire by rotation".
7. To consider and if thought fit, to pass with or without modifications, the following Resolution as ordinary resolution:  
"RESOLVED THAT Mr. S.Y. Rajagopalan, who was appointed by the Board of Directors as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 101 of the Articles of Association of the Company and whose term of office as Director expires

at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director and who has consented to such appointment, be and is hereby appointed as Director of the Company, whose period of office will be liable to retire by rotation".

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

"RESOLVED THAT Mr. Vyas Mitre Ralli who was appointed by the Board of Directors as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 101 of the Articles of Association of the Company and whose term of office as Director expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director and who has consented to such appointment, be and is hereby appointed as Director of the Company, whose period of office will be liable to retire by rotation".

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

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 & 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 and such other approvals, if any, as may be required, the Company hereby accords its approval for the appointment of Mr. Vyas Mitre Ralli, as Wholetime Director of the Company for a period of five years w.e.f. December 21, 2009 on the remuneration and terms and conditions, as set out in the explanatory statement annexed to this notice".

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

"RESOLVED THAT Mr. Mahendra Kumar Jalan who was appointed by the Board of Directors as an Additional Director of the Company pursuant

to Section 260 of the Companies Act, 1956 and Article 101 of the Articles of Association of the Company and whose term of office as Director expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director and who has consented to such appointment, be and is hereby appointed as Director of the Company, whose period of office will be liable to retire by rotation".

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

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 & 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 and such other approvals, if any, as may be required, the Company hereby accords its approval for the appointment of Mr. Mahendra Kumar Jalan, as Wholetime Director of the Company for a period of five years w.e.f. January 22, 2010 on the remuneration and terms and conditions, as set out in the explanatory statement annexed to this notice".

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

"RESOLVED THAT Mr. Rama Shankar Singh who was appointed by the Board of Directors as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 101 of the Articles of Association of the Company and whose term of office as Director expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director and who has consented to such appointment, be and is hereby appointed as Director of the Company, whose period of office will be liable to retire by rotation".

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

"RESOLVED THAT pursuant to the provisions

of sections 198, 269, 309 & 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 and such other approvals, if any, as may be required, the Company hereby accords its approval for the appointment of Mr. Rama Shankar Singh, as Wholetime Director of the Company for a period of five years w.e.f. January 22, 2010 on the remuneration and terms and conditions, as set out in the explanatory statement annexed to this notices".

14. To consider and if thought fit, to pass with or without modifications, the following Resolution as Special resolution:  
"RESOLVED THAT pursuant to Sections 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 approval is hereby accorded to amend the present terms of appointment of Mr. Umang Kejriwal, Managing Director, w.e.f. April 01, 2010, relating to insurance premium for accident & term policy and mediclaim policy, as set out in the explanatory statement annexed to this notice".
15. To consider and if thought fit, to pass with or without modifications, the following Resolution as Special resolution:  
"RESOLVED THAT pursuant to Sections 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 approval is hereby accorded to amend the present terms of appointment of Mr. Mayank Kejriwal, Joint Managing Director, w.e.f. April 01, 2010, relating to insurance premium for accident & term policy and mediclaim policy, as set out in the explanatory statement annexed to this notice".
16. To consider and if thought fit, to pass with or without modifications, the following Resolution as Special resolution:  
"RESOLVED THAT pursuant to Sections 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 approval is hereby accorded to amend the present terms of appointment of Shri Uddhav Kejriwal, Wholetime Director, w.e.f. April 01, 2010, relating to insurance premium for accident & term policy and mediclaim policy, as set out in the explanatory statement annexed to this notice".

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

Jyoti Jain  
**Company Secretary**  
May 14, 2010  
Kolkata

## NOTES :

- (a) The relevant details in respect of item Nos. 6 to 13 above pursuant to Clause 49 of the Listing Agreement are annexed hereto.
- (b) Every shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her and such proxy need not be a shareholder. The Proxy forms should, however, be deposited at the Registered Office of the Company not later than 48 hours before commencement of the meeting.
- (c) Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- (d) The Register of Share Transfer of the Company will remain closed for accepting Share Transfer applications from July 06, 2010 to July 12, 2010 (both days inclusive).
- (e) The dividend on equity shares, if declared, shall be paid to those members whose names appear in the Register of Members of the Company as on July 12, 2010. With respect to shares held in electronic form the dividend will be payable to the beneficial owners of the shares as on the closing hours of business on July 05, 2010 as per details furnished by the Depositories for this purpose.
- (f) The Unclaimed dividend for the financial year 2001-2002 has been transferred by the Company to the Investor Education & Protection Fund constituted by the Central Government under Section 205A & 205C of the Companies Act, 1956.
- (g) Members who have not received their dividend paid by the Company in respect of earlier years are requested to check with the Company's Registered Office at Rathod Colony, Rajgangpur-770017(Orissa). Members are requested to note that in terms of Section 205C of the Companies Act, 1956 any dividend unpaid / unclaimed for a period of 7 years from the date when it first became due for payment is required to be transferred to the Central Government to the credit of the Investor Education & Protection Fund. Thereafter, no claim shall be entertained in respect of the dividend transferred to the Fund.
- (h) Members desirous of getting any information in respect of the Accounts of the Company are requested to send their queries in writing to the Company at the Registered Office so as to reach at least 7 days before the date of the meeting so that the required information can be made available at the meeting. Members / Proxies attending the meeting are requested to bring their copy of the Annual Report for reference at the meeting as also the Attendance Slip duly filled in for attending the meeting.
- (i) Shareholders are requested to provide particulars of their bank account details for availing 'Electronic Clearing Service' (ECS) facility. Further, ECS facility is also available to the beneficial owners of shares in demat form. Those desirous of availing the facility may provide their mandate to the Company in writing.
- (j) Equity Shares of the Company fall under the category of compulsory demat trading by all investors. Considering the advantages of scripless trading, shareholders are requested to consider dematerialisation of their shareholding so as to avoid inconvenience.
- (k) Shareholders are requested to give us their valuable suggestions for improvement of our investor services.

## EXPLANATORY STATEMENT

(As required by Section 173 of the Companies Act, 1956)

### Item No. 6 - Appointment of Mr. M. B. N. Rao as Director

Mr. M.B.N. Rao was appointed as Additional Director with effect from January 22, 2010 by the Board of Directors as per the provisions of Section 260 of the Companies Act, 1956 and Article 101 of the Articles of Association of the Company. As such he holds office till the conclusion of this meeting. As required by Section 257 of the Companies Act, 1956, notice in writing has been received by the Company from one of its member along with requisite deposit signifying the intention of proposing the candidature of Mr. M.B.N. Rao for the office of Director liable to retire by rotation.

Mr. M.B.N. Rao, aged 61 years, former Chairman & Managing Director of Canara Bank, has over 38 years of experience in Banking & Finance in India and abroad. He also held position of Chairman of The Indian Banks' Association, Chairman of various companies engaged in Banking, Insurance, Mutual Funds, and Merchant Banking. He is a Graduate in Agriculture, Fellow of The Indian Institute of Banking & Finance, Associate of The Chartered Institute of Banking, London and holds Diplomas in Computer Studies from Cambridge and National Computing Centre, London. Mr. Rao is also Director of several companies as per details given below:

Sl. No.	Name of the Company/Firm	Nature of Interest	Chairmanship/Membership of Committee
1.	BEML Limited	Director	Member-Audit Committee
2.	Mahindra & Mahindra Financial Services Ltd.	Director	Member-Audit Committee Risk Committee Member
3.	E.I.D. Parry Ltd.	Director	Member-Audit Committee
4.	Madras Cements Ltd.	Director	Member-Audit Committee
5.	TAJ-GVK Hotels & Resorts Ltd.	Director/Chairman	Member-Audit Committee
6.	Franklin Templeton Asset Management (India) Pvt. Ltd.	Director	Member-Audit Committee
7.	MMTC-PAMP India Pvt. Ltd.	Director	Member-Audit Committee
8.	Sadashiva Sugars Ltd.	Director	—

He does not hold any shares in the Company.

The Board of Directors recommends the resolution set out in the Notice for approval of the shareholders. None of the Directors, except the appointee himself is interested in or concerned with the proposed resolution.

### Item No.7 - Appointment of Mr. S.Y. Rajagopalan as Director

Mr. S.Y. Rajagopalan was appointed as Additional Director by the Board of Directors as per the provisions of Section 260 of the Companies Act, 1956 and Article 101 of the Articles of Association of the Company with effect from January 22, 2010. As such he holds office till the conclusion of this meeting. As required by Section 257

of the Companies Act, 1956, notice in writing has been received by the Company from one of its member along with requisite deposit signifying the intention of proposing the candidature of Mr. S.Y. Rajagopalan for the office of Director liable to retire by rotation.

Mr. S.Y. Rajagopalan, aged 75 years, is a Chartered Accountant & Company Secretary by profession. He worked as the Wholtime Director of your Company since November 25, 1988 and retired on August 09, 2007. He has extensive experience in corporate and related laws and finance affairs. Mr. Rajagopalan does not hold Directorship in any other Company. He is holding 5010 equity shares of the Company.

The Board of Directors recommends the resolution set out in the Notice for approval of the shareholders. None of the Directors, except the appointee himself is interested in or concerned with the proposed resolution.

#### **Item No. 8 & 9 - Appointment of Mr. Vyas Mitre Ralli as Wholtime Director**

Mr. Vyas Mitre Ralli was appointed as an Additional Director of the Company by the Board of Directors w.e.f. December 21, 2009. Pursuant to Section 260 of the Companies Act, 1956, Mr. Ralli holds office only up to the Annual General Meeting. As required under Section 257 of the said Act, notice has been received from a member alongwith deposit of Rs. 500/- signifying his intention to propose Mr. Ralli as a candidate for the office of Director.

Mr. Vyas Mitre Ralli, aged 64 years, is a qualified B.Tech (Hons.) in Metallurgical Engineering from Indian Institute of Technology, Kharagpur. He joined your Company in April 1972 and currently is in-charge of Plants at Khardah and Haldia. He also oversees all the production and development at Lanco Industries Limited, an Associate Company of your Company. Mr. Ralli does not hold Directorship in any other Company.

The Board of Directors has also appointed Mr. Vyas Mitre Ralli as a Wholtime Director of the Company for a period of 5 years effective from December 21, 2009 on the terms and conditions as set out below, subject to the approval of the shareholders of the Company.

#### **Remuneration : (from December 21, 2009 to March 31, 2010)**

(I) Salary : Rs. 1,80,000 per month.

(II) HRA : Rs. 87,800 per month.

(III) Special Allowance of Rs. 2,50,000 per month.

(IV) Quarterly Allowance of Rs.4,50,000 per quarter.

#### **Perquisites and Amenities :**

- a) *Medical Benefits* : Reimbursement of expenses upto Rs.1,80,000 p.a for self and family.
- b) *Leave* : As per applicable Staff Rules of the Company.
- c) *Club Fees* : Fees of a maximum of two clubs excluding admission & life membership fees.
- d) *Car and Telephone* : Provision of a car for use on Company's business and telephone at residence. These will not be considered as perquisites. However, personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.
- e) *Personal Accident & Term Insurance* : Premium not to exceed Rs. 10,000/- per annum.
- f) *Mediclaime Policy* : Mediclaime Policy to be taken as per applicable Staff Rules of the Company.
- g) *Encashment of Leave* : At the end of tenure of office in accordance with the Company's Rules.
- h) *Contribution to Retiral Benefit Funds* :
  - i. Company's contribution to Provident Fund as applicable to other employees.
  - ii. Company's contribution to Superannuation Fund which together with contribution to Provident Fund shall not exceed 25% of the Salary.
  - iii. Gratuity in accordance with the Gratuity Fund Rules not exceeding half a month's salary for each completed year of service.
- i) *Leave Travel Concession* : Return passage for Mr. V.M. Ralli and his family in accordance with the Rules specified by the Company.

For the purpose of calculation of such monetary value, the perquisites shall be valued as per Income Tax Rules, wherever applicable and in the absence thereof, at cost.

*Explanation* : For the purpose of eligibility of perquisites "family" means the spouse, the dependant children and dependant parents of the Whole time Director.

#### **Remuneration : (from April 01, 2010 to December 20, 2014)**



(I) Salary : Rs. 2,05,000 per month in the grade of 2,05,000-25,000-3,05,000.

(II) Special Allowance of Rs. 4,93,500 per month.

**Perquisites and Amenities :**

- a) *Medical Benefits* : Reimbursement of expenses for self and family in accordance with the rules specified by the company.
- b) *Leave* : As per applicable Staff Rules of the Company.
- c) *Housing* : Residential accommodation including electricity (or House Rent Allowance in lieu thereof not exceeding 60% of the salary)
- d) *Club Fees* : Fees of a maximum of two clubs excluding admission & life membership fees.
- e) *Car and Telephone* : Provision of a car for use on Company's business and telephone at residence. These will not be considered as perquisites. However, personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.
- f) *Personal Accident & Term Insurance* : Premium not to exceed Rs. 10,000/- per annum.
- g) *Mediclaime Policy* : Mediclaime Policy to be taken as per applicable Staff Rules of the Company.
- h) *Encashment of Leave* : At the end of tenure of office in accordance with the Company's Rules.
- i) *Contribution to Retiral Benefit Funds* :
  - i. Company's contribution to Provident Fund as applicable to other employees.
  - ii. Company's contribution to Superannuation Fund which together with contribution to Provident Fund shall not exceed 25% of the Salary.
  - iii. Gratuity in accordance with the Gratuity Fund Rules not exceeding half a month's salary for each completed year of service.
- j) *Leave Travel Concession* : Return passage for Mr. V. M. Ralli and his family in accordance with the Rules specified by the Company.

For the purpose of calculation of such monetary value, the perquisites shall be valued as per Income Tax Rules, wherever applicable and in the absence thereof, at cost.

*Explanation* : For the purpose of eligibility of perquisites "family" means the spouse, the dependant children and dependant parents of the Wholetime Director.

**Minimum Remuneration :**

In the event of absence or inadequacy of profits of the Company in any financial year, Mr. V.M. Ralli will be

entitled to receive such minimum remuneration as is permissible under Section II of Part II of Schedule XIII to the Act.

As per the provisions of Section 198, 269 and 309 read with Schedule XIII to the Companies Act, 1956, the appointment of and remuneration to Wholtime Director requires the approval of the shareholders in General Meeting by way of a special resolution.

The Board of Directors recommends the resolutions for your approval as set out under item no. 8&9.

None of the Directors except Mr. Ralli is concerned or interested in the said resolutions.

The Explanatory Statement together with the accompanying notice may also be regarded as an abstract of the terms of appointment of Mr. Ralli, Wholtime Director of the Company and Memorandum of interest of Directors u/s. 302 of the Companies Act, 1956.

#### **Item No.10 & 11 - Appointment of Mr. Mahendra Kumar Jalan as Wholtime Director**

Mr. Mahendra Kumar Jalan was appointed as an Additional Director of the Company by the Board of Directors w.e.f. January 22, 2010. Pursuant to Section 260 of the Companies Act, 1956, Mr. Jalan holds office only up to the Annual General Meeting. As required under Section 257 of the said Act, notice has been received from a member alongwith deposit of Rs. 500/- signifying his intention to propose Mr. Jalan as a candidate for the office of Director.

Mr. Mahendra Kumar Jalan, aged 57 years, joined your Company as Commercial Manager in 1981. In 1993, he was given the responsibility of setting up the Export Department for export of DI pipes. After achieving this objective, he was given additional responsibility of looking after domestic Sales and Marketing in 2003. Currently Mr. Jalan looks after Company's marketing strategies. Mr. Jalan is also Director of several other companies as per details given below :

Sl. No.	Name of the Company/Firm	Nature of Interest	Chairmanship/ Membership of Committee
1	Global Exports Ltd.	Director	—
2	Kanchenjanga Trade & Fin. (P) Ltd.	Director	—

The Board of Directors has also appointed Mr. Jalan as a Wholtime Director of the Company for a period of 5 years effective from January 22, 2010 on the terms and conditions as set out below, subject to the approval of the shareholders of the Company.

#### **Remuneration : (from January 22, 2010 to March 31, 2010)**

- (I) Salary : Rs. 1,80,000 per month.
- (II) HRA : Rs.80,500 per month.
- (III) Special Allowance of Rs. 1,58,400 per month.
- (IV) Quarterly Allowance of Rs.4,50,000 per quarter.

#### **Perquisites and Amenities :**

- a. *Medical Benefits* : Reimbursement of expenses upto Rs.1,80,000 p.a for self and family.
- b. *Leave* : As per applicable Staff Rules of the Company.
- c. *Club Fees* : Fees of a maximum of two clubs excluding admission & life membership fees.
- d. *Car and Telephone* : Provision of a car for use on Company's business and telephone at residence. These will not be considered as perquisites. However, personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.
- e. *Personal Accident & Term Insurance* : Premium not to exceed Rs. 10,000/- per annum.
- f. *Mediclaime Policy* : Mediclaime Policy to be taken as per applicable Staff Rules of the Company.
- g. *Encashment of Leave* : At the end of tenure of office in accordance with the Company's Rules.
- h. *Contribution to Retiral Benefit Funds* :
  - i. Company's contribution to Provident Fund as applicable to other employees.
  - ii. Gratuity in accordance with the Gratuity Fund Rules not exceeding half a month's salary for each completed year of service.
- i. *Leave Travel Concession* : Return passage for Mr. M. K. Jalan and his family in accordance with the Rules specified by the Company.

For the purpose of calculation of such monetary value, the perquisites shall be valued as per Income Tax Rules, wherever applicable and in the absence thereof, at cost.