

# Corporate Information

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

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# Notice

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

## **ORDINARY BUSINESS :**

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

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

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

**A. K. Kanodia**  
*Company Secretary*

May 10, 2013  
Kolkata

#### NOTES :

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

### **Annexure as referred to in the notes on notice**

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

#### **Mr. M.B.N. Rao**

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

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

#### **Mr. Naresh Chandra**

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

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

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

#### **Dr. Jamshed Jiji Irani**

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

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

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

The Board of Directors commends the Resolutions for your approval.

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

**A. K. Kanodia**  
Company Secretary

May 10, 2013  
Kolkata

# Directors' Report

To,  
The Members

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

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

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

### **Dividend**

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

### **Operations**

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

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

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

### **Future Prospects**

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

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

### **Directors**

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

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

### **Directors' Responsibility Statement**

Your Directors hereby confirm :

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



## Directors' Report (Contd.)

departures therefrom requiring any explanation;

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

### **Consolidated Financial Statements**

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

### **Auditors and Auditors' Report**

#### **Statutory Auditors**

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

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



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

### Cost Auditors

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

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

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

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

### Subsidiary, Associate Companies and Joint Ventures

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

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



## Directors' Report (Contd.)

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

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

### **Credit Rating**

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