



5th ANNUAL REPORT
2011-2012

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CORPORATE INFORMATION

CHAIRMAN	Mr. Binod Khaitan
DIRECTORS	Mr. Umang Kejriwal Mr. Naresh Pachisia Mr. Lalit Kumar Singhi Mr. Sunil V Diwakar (Nominee Director) Mr. Lawrence M Roy (Alternate Director to Mr. Sunil V Diwakar)
WHOLETIME DIRECTOR	Mr. Nigam Chander Bahl
COMPANY SECRETARY	Mr. Vikram Saraogi
STATUTORY AUDITORS	M/s. B Chhawchharia & Co., Chartered Accountants
BANKERS	State Bank of India (Facility Agent) Allahabad Bank Andhra Bank Bank of Baroda Bank of India Bank of Maharashtra Canara Bank Central Bank of India Corporation Bank Dena Bank HUDCO ICICI Bank Ltd IL&FS Financial Services Ltd Indian Bank Indian Overseas Bank LIC of India Oriental Bank of Commerce Punjab & Sind Bank Punjab National Bank State Bank of Hyderabad State Bank of Mysore State Bank of Patiala State Bank of Travancore Syndicate Bank The J&K Bank Ltd UCO Bank Union Bank of India United Bank of India Vijaya Bank
REGISTERED OFFICE	801, Uma Shanti Apartments, Kanke Road, Ranchi - 834 008 Jharkhand.
PROJECT SITE	Village Siyaljori, P.O - Jogidih, P.S - Chandankyari, Dist - Bokaro, Pin - 828 303, Jharkhand.
HEAD OFFICE	G K Tower, 2nd & 3rd Floor, 19, Camac Street, Kolkata - 700 017, West Bengal

Notice

Notice is hereby given that the Fifth Annual General Meeting of the Company will be held at Topaz Banquet Hall, Hotel Landmark, Jatin Chandra Road, Lalpur, Ranchi - 834001 on Tuesday, the 7th Day of August 2012, at 12:30 P.M. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012 and the Profit & Loss Account and Cash Flow Statement for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr Naresh Pachisia who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr Nigam Chander Bahl who retires by rotation and is eligible for re-appointment.
4. To appoint the Statutory Auditors of the Company and to fix their remuneration.

Special Business:

Item No. 5

To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of Section 255 and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modifications or re-enactment thereof for the time being in force and the Articles of Association of the Company, Mr. Lalit Kumar Singhi, who was appointed as an Additional Independent Director (Non Executive) of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office up to the date of 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, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Non Executive Independent Director of the Company liable to retire by rotation.”

Item no. 6

Issue of fresh equity shares of the Company, through preferential allotment under section 81(1A) of the Companies Act, 1956.

To consider and if thought fit, to pass, with or without modification(s) the following resolution as Special Resolution:

“RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the provisions of the Foreign Exchange Management Act, 1999, as amended, and rules and regulations made there under, including the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident outside India) Regulations, 2000, if applicable, and any other applicable law or laws, rules and regulations (including any amendment thereto or re-enactment thereof for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company and the applicable provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, (hereinafter referred to as the “SEBI Regulations”) and the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 (hereinafter referred to as the “Takeover Code”) and the Listing Agreement, including amendments thereto entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to any approval, consent, permission and/or sanction of the appropriate authorities (hereinafter collectively referred to as the “Appropriate Authorities”) and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission and/or sanction (hereinafter referred to as the “Requisite Approvals”), and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board” which expression shall be deemed to include any Committee), the Board be and is hereby authorized to create, offer, issue and allot, from time to time in one or more tranches, up to 15.20 crores (fifteen crores twenty lacs) equity shares (hereinafter referred to as 'Equity Shares') of Rs 10/- each or such convertible securities which are convertible into 15.20 crores (fifteen crores twenty lacs) equity shares of Rs 10/- each or such non-convertible securities in such denominations that do not exceed Rs. 152.00 crores (Rupees one hundred and fifty two crores only) to be subscribed by the promoters / promoters group of the Company as Preferential Issue, as detailed in the explanatory statement to

this resolution, at a price not less than the price computed with respect to the Relevant Date, as prescribed under Chapter VII of the SEBI Regulations, in one or more tranches, under a preferential issue through offer letter and/or circular and/or information memorandum and/or such other documents/writings, in such a manner and on such terms and conditions as may be determined by the Board in terms of Chapter VII of the SEBI Regulations.”

“RESOLVED FURTHER THAT the Relevant Date shall be determined in terms of regulation 71 of Chapter VII the SEBI Regulations and shall be the date thirty days prior to the date on which the meeting of shareholders is held to consider the Preferential Issue i.e. July 7, 2012.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to create, issue and allot up to 15.20 crores (fifteen crores twenty lacs) Equity Shares and such Equity Shares allotted shall rank pari passu in all respects with the then existing equity shares of the Company.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such deeds, matters and things including to vary, modify or alter any of the terms or conditions including the size of such issue as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue or allotment of the aforesaid Equity Shares and listing thereof with the Stock Exchanges as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the said Equity Shares, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members or otherwise and that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to a committee comprising of at least three directors to give effect to the aforesaid resolution.”

Item no. 7

Raising of additional long term funds through the issue of fresh capital by way of equity shares or other convertible / non convertible securities of the Company.

To consider and if thought fit, to pass, with or without modification(s) the following resolution as Special Resolution:

“RESOLVED THAT pursuant to Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956, Foreign Exchange Management Act, 1999 (“**FEMA**”), the Issue of Foreign Currency Convertible Bonds (“**FCCB**”) and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 (including any statutory modification or re-enactment thereof, for the time being in force), and the applicable Rules, Guidelines, Regulations, Notifications and Circulars, if any, of the Securities and Exchanges Board of India (“**SEBI**”), Reserve Bank of India (“**RBI**”), the Stock Exchanges where the securities of the Company are listed (including provisions of the listing agreement with them) and any other concerned and relevant authorities, and other applicable laws if any, and the relevant provisions of the Memorandum and the Articles of Association of the Company and subject to such approval(s), consent(s), permission(s) and / or sanction(s) of the Government of India (“**GOI**”), SEBI, RBI and any other concerned and relevant authorities, institutions or Bodies whether in India or abroad (hereinafter collectively referred to as the “**Appropriate Authorities**”), as may be required, and subject to such conditions and modifications as may be prescribed by anyone of them while granting any such approval, consent, permission and/or sanction (hereinafter referred to as the “**Requisite Approvals**”), which may be agreed to by the Board of Directors of the Company (hereinafter called the “**Board**” which term shall be deemed to include person(s) authorized and/or any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), consent of the members of the Company be and hereby accorded to the Board to create, issue, offer and allot on behalf of the Company in one or more tranches of one or more public and/or private offerings in domestic and/or one or more international markets, any securities including equity shares, FCCB, FCCNs, / Global Depository Receipts (GDRs) and / or American Depository Receipts (ADRs), Secured Premium Notes (SPNs) and/or any Other Financial Instruments (OFIs) whether or not convertible into equity shares or linked to equity shares/preference shares whether Cumulative/ Redeemable / Convertible at the option of the Company and / or the option of the holders of such securities and / or securities linked to equity shares / preference shares and / or any instrument or securities representing convertible securities such as convertible debentures, bonds or warrants or such similar instruments convertible into Depository receipts with underlying equity shares / preference shares, (hereinafter referred to as the “**Securities**”) so however that the total amount raised through the aforesaid Securities shall not exceed US\$ 150 million (US Dollars one hundred and fifty million only), including an over allotment option of up to 20% (inclusive of such premium as may be determined by the Board), through a Qualified Institutions

Placement to be subscribed by Qualified Institutional Buyers (as defined in the SEBI Regulations) foreign / domestic investors/institutions and/or corporate bodies/entities including mutual funds, banks, insurance companies, qualified institutional buyers and/or individuals or otherwise, or any other foreign or domestic offering, whether or not such persons/entities/investors are Members of the Company, whether in one or more currency, such issue and allotment to be made at such time or times in one or more tranches, at par or at such price or prices, and on such terms and conditions and in such manner as the Board may, in its absolute discretion think fit, in consultation with the lead managers, underwriters, advisors or other intermediaries or otherwise."

"RESOLVED FURTHER THAT the Relevant Date for determination of the price of the Equity Shares to be issued to QIBs shall be the date of the Meeting in which the Board of Directors of the Company or the Committee of Directors duly authorised by the Board of Directors of the Company decides to open the Issue."

"RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of Securities may have all or any terms or combination of terms in accordance with prevalent domestic and/or international market and for the purpose of giving effect to any issue or allotment of Securities, the Board/Committee of Board be and is hereby authorized on behalf of the Company to do all such act, deeds, matters and things as it may at its absolute discretion deem necessary or desirable for such purpose, including without limitation the entering into of underwriting, marketing and depository arrangement with institution / trustees / agents and similar agreements and to remunerate the Managers, Underwriters and all other agencies / intermediaries by way of commission, brokerage, fees and the like as may be involved or connected in such offerings of Securities, with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to the issue offer or allotment of Securities and utilization of the issue proceeds as it may in its absolute discretion deem fit, with the intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

"RESOLVED FURTHER THAT the Company may enter into any arrangement with any agency or body authorized by the Company for the issue of Securities in registered or bearer form with such features and attributes as are prevalent in capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the domestic and/or international practice and regulations, and under the norms and practices prevalent in securities markets and also to seek the listing of such Securities representing the same in one or more Stock Exchanges whether in India or outside India, as may be required by applicable laws."

"RESOLVED FURTHER THAT the issue of equity shares underlying such Securities to the holders of the Securities shall, inter alia, is subject to the following terms and conditions:

- a) in the event of the Company making a bonus issue by way of capitalization of its profits or reserves prior to the allotment of the equity shares, the number of shares to be allotted shall stand augmented in the same proportion in which the equity share capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced pro rata;
- b) in the event of the Company making a rights offer by issue of equity shares prior to the allotment of the equity shares, the entitlement to the equity shares shall be stand increased in the same proportion as that of the rights offer and such additional rights equity shares shall be offered to the holders of Securities at the same price at which the same are offered to the existing shareholders, and
- c) in the event of any merger, amalgamation, takeover or any other re-organisation, the number of shares, the price, the value and the time period as aforesaid shall be suitably adjusted."

"RESOLVED FURTHER THAT the Board/Committee of Board be and is hereby authorized to create, issue and allot from time to time, such number of equity shares/securities as may be required to be issued and allotted upon conversion or issue of any Securities referred above or as may be necessary in accordance with the terms of the offering(s) at such price (including premium) that may be decided by the Board/Committee of Board in its absolute discretion, as may be necessary in accordance with the terms of the offering of any of the aforesaid securities, including additional equity shares or securities, all such shares/securities ranking pari-passu in all respects or such other ranking as may be permissible, with the then existing shares/securities of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to may delegate all or any of the powers herein conferred to any Committee of Directors or any other Officers / Authorised Representatives of the Company or to such other person(s) as the Board may think fit and necessary at its absolute discretion and to do all such acts, deeds, matters and things as may be necessary to give effect to the aforesaid resolutions."

Item no. 8

Re-Appointment / Extension of appointment of Mr N C Bahl as Wholetime Director of the Company

To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of the Articles of Association of the Company and Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of the Central Government and such other consents, permissions and approvals as may be necessary or applicable, Mr Nigam Chander Bahl be and is hereby appointed as the Wholetime Director of the Company for a period of 3 (three) years with effect from August 19, 2012, extendible up to a period of 5 (five) years on such terms and conditions, including payment of remuneration as well as minimum remuneration irrespective of any profit or loss or the profit not being adequate for payment of such remunerations in any financial year during the tenure of his appointment subject to compliance of the provisions of Part II of Schedule XIII to the Companies Act, 1956, as approved by the Remuneration Committee and as stated in the Explanatory Statement to the notice of this meeting."

"RESOLVED FURTHER THAT as a Wholetime Director of the Company, Mr. Bahl shall be responsible for operation and other functions of the Company and shall be accountable to the Board, subject to the overall superintendence, direction and control of the Board."

"RESOLVED FURTHER THAT the Board of Directors or any Committee of the Board so authorised by it, be and is hereby authorised to alter and vary any of the terms and conditions of appointment of Mr. Bahl, including the remuneration, as may be agreed between the Board of Directors and Mr. Bahl and/or in such manner and to such extent as may be permitted or authorised in accordance with the Articles of Association of the Company and the provisions of the applicable Act for the time being in force."

"RESOLVED FURTHER THAT the Board of Directors or the Company Secretary of the Company be and are hereby severally authorised to obtain permission of the Central Government under Sections 198, 269, 309 and Part II of Schedule XIII and all other applicable provisions of the Companies Act, 1956 and such other consents, approvals and permissions as may be necessary for the appointment of Mr. Bahl and payment of remuneration to him including as minimum remuneration as aforesaid, notwithstanding any loss or inadequacy of profits in any financial year during the tenure of his appointment."

"RESOLVED FURTHER THAT the Board of Directors or the Company Secretary of the Company be and are hereby severally authorised to take all steps as may be necessary, proper and expedient to give effect to this resolution."

Item No. 9

Appointment of special officer for holding of office or place of profit.

To consider and if thought fit, to pass, with or without modification(s) the following resolution as Special Resolution:

"RESOLVED THAT pursuant to section 314(1) and any other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded to the holding and continuing to hold an office or place of profit under the Company by Ms Radha Kinkari Kejriwal, a relative of Mr Umang Kejriwal, Director of the Company, as 'officer on special duty' with effect from September 28, 2011 at a monthly salary of Rs 100,000/- and as per such terms and conditions as decided by the Board."

Item No. 10

Enhancement of the total borrowing powers of the Company u/s 293(1)(d) of the Companies Act, 1956.

To consider and if thought fit, to pass with or without modification(s) the following resolution as a Ordinary Resolution :

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company under Section 293(1)(d) of the Companies Act, 1956 to borrow any sum or sums of money from time to time together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes, provided however, the total amount so borrowed shall not exceed Rs. 10,000 Crores (Rupees Ten Thousand Crores only)."

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution.”

Notes:

- (a) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is 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 proxies forms should, however, be deposited at the Registered Office / Head Office of the Company not later than 48 hours before the commencement of the meeting.
- (c) Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- (d) Members / Proxies attending the meeting are requested to bring their copy of the Attendance Slip duly filled in for attending the meeting.
- (e) The Register of Share Transfer of the Company will remain closed for accepting share transfer applications from August 1, 2012 to August 7, 2012.
- (f) Equity shares of the Company fall under category of compulsory demat trading by all investors. Considering the advantages of scripless trading, shareholders are therefore requested to consider dematerialization of their shareholding so as to avoid inconvenience.
- (g) The Ministry of Corporate Affairs (MCA) has taken a “Green Initiative in Corporate Governance” (Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices/documents to its shareholders through electronic mode to the registered email addresses of the shareholders/members. You are therefore requested to register your email address with your depositories or by signing and returning the enclosed slip to the Company or by way of an email to eil.investors@electrosteel.com; einward.ris@karvy.com;
- (h) Shareholders are requested to give us their valuable suggestions for improvement of our investor services.

By Order of the Board of Directors

For Electrosteel Steels Limited

Date : July 7, 2012
Place : Kolkata

Vikram Saraogi
Company Secretary

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956
(Annexure as referred to in the notes on notice)

Item No. 5

Pursuant to the provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, the Board of Directors of the Company (the "Board") at its meeting held on February 6, 2012, appointed Mr. Lalit Kumar Singhi as an Additional Independent Director (Non Executive) of the Company.

The Company had received a notice in writing from a member along with a deposit of Rs 500 proposing the candidature of Mr. Lalit Kumar Singhi for the office of Director of the Company.

Mr. Lalit Kumar Singhi is not disqualified from being appointed as a Director in terms of section 274(1)(g) of the Companies Act, 1956 and has complied with the requirements of obtaining Director's Identification Number in terms of Section 266A of the said Act.

The Board recommends the resolution for the appointment of Mr Lalit Kumar Singhi as a Non Executive Independent Director of the Company.

Mr Singhi holds 190,000 Equity Shares of the Company in his own name and except Mr. Singhi, none of the Directors of the Company are, in any way, concerned or interested in this resolution.

Item No. 6

Issuance of convertible / non convertible securities by way of preferential allotment

The Board of Directors of the Company at its Meeting held on May 8, 2012 resolved to issue equity shares of Rs 10 each of the Company ("**Equity Shares**") on preferential basis to the promoters / promoters group of the Company, namely, Electrosteel Castings Limited not exceeding Rs. 152.00 crores as prescribed under the regulations for Preferential Issues contained in Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure) Regulations, 2009 (the "**SEBI Regulations**").

The proposed issue and allotment as above requires the approval of the members by a Special Resolution pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of the Listing Agreements entered into by the Company with the Stock Exchanges.

The details of the issue and other particulars as required in terms of the SEBI Regulations are given as under:

1. Object of the issue through Preferential allotment:

The purpose of the issue is to meet the requirements of the 2.51 MTPA steel and ductile iron plant ("**Project**") along with enhancement of the capacity of the plant and also the working capital requirement.

2. Relevant date and Pricing of Equity Shares:

The 'relevant date' mentioned in the Resolution is as prescribed in regulation 71 of the SEBI Regulations which is July 7, 2012. In terms of Regulation 76 of the SEBI Regulations the price at which the Equity Shares being allotted on preferential basis shall be not less than the higher of the following:

- a) The average of weekly high and low of the closing prices of the related equity shares quoted on the recognized stock exchange during the six months preceding the relevant date; or
- b) The average of weekly high and low of the closing prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.

'Stock Exchange' for the purpose of this clause means the recognized stock exchange in which the shares are listed and in which highest trading volume in respect of the shares of the Company has been recorded during the six months preceding the relevant date.

The price of Equity Shares to be allotted will be decided by the Board of Directors of the Company or any Committee of the Board (the "**Board**") in accordance with the provisions of Chapter VII titled 'Preferential Issues' of SEBI Regulations and such price shall not be less than the price computed with respect to the relevant date.

3. Intention of the promoters / promoter group or their associates and relatives, directors/key managerial persons to subscribe to the offer:

The proposed allottee, namely Electrosteel Castings Limited, is the promoter of the Company who has indicated its intention to subscribe to the Equity Shares. None of the directors, key management personnel or associates or relatives of the promoter, Electrosteel Castings Limited, intend to subscribe to the proposed preferential issue of Equity Shares.

It should be noted that the promoter, Electrosteel Castings Limited has not sold any of its shares in the company in the last 6 months and is therefore eligible to participate in the proposed preferential allotment.

4. Shareholding Pattern before and after the preferential allotment:

(shareholding in crores)

Category	Pre Issue		Post Issue	
	Shares	As a %	Shares	As a %
Promoters/ Promoter Group	70.80	34.80	86.00	39.33
Indian Financial Institutions, Banks, Mutual Funds, Venture Capital Funds	3.03	1.49	3.03	1.39
Foreign Institutional Investors	1.25	0.62	1.25	0.57
Non Resident Individuals, OCBs, Foreign Banks, Foreign Companies / Body Corporates	69.75	34.28	69.75	31.90
Indian Corporate Bodies	35.05	17.23	35.05	16.03
Others	23.59	11.58	23.59	10.78
Total	203.47	100.00	218.67	100.00

5. Identity of the proposed allottees, the percentage of post preferential issue capital that may be held by them and change in control, if any, consequent to the preferential issue:

In view of their association with the Company, the following entity, namely the promoter, Electrosteel Castings Limited has expressed its intention to subscribe to the Equity Shares to be offered pursuant to the special resolution covered by this notice. The post preferential issue holding of the promoter, Electrosteel Castings Limited, in the share capital of the Company is also indicated below:

Identity of the proposed allottees	No. of Equity Shares
Electrosteel Castings Limited G.K Towers, 19 Camac Street, Kolkata - 700 017	15,20,00,000

6. Proposed Time Limit within which the allotment shall be completed :

The allotment of Equity Shares is proposed to be completed within 15 days of passing of the aforesaid special resolution on receipt of 100% of the price fixed in terms of Chapter VII of the SEBI Regulations which will be adjusted against the price payable subsequently for acquiring the shares by exercising an option for the purpose.

7. Holding of shares in the Demat Form, non disposal of shares by the proposed allottees and Lock-in period of shares:

The allottee confirms the compliance of the requirements for holdings of shares in the demat form, non disposal of shares by the proposed allottee and lock in period of shares as prescribed under the Regulations for Preferential Issues contained in Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure) Regulations, 2009, as amended. The Equity Shares shall rank pari-passu in all respects with the existing Equity Shares of the Company.

8. Auditor's Certificate:

The floor price is required to be determined with reference to the relevant date i.e. July 7, 2012. the statutory auditors of the Company shall provide a certificate as required under Regulation 73 (2) of the SEBI Regulations.