ANNEXURE TO ITEM NO-9 (Forming part and parcel of the notice dated 06.02.2014)

Statement as per para 1(C)(iv) of Section II of Part II of Schedule XIII of the Companies Act, 1956 in respect of the special business stated at Item No. 9 (i.e of the Notice dated February 6, 2014.

I. General Information:

1) Nature of industry :

The Company has set up an Integrated Steel & DI Pipe Plant in the State of Jharkhand, India, with a capacity of 2.51 MTPA for manufacturing TMT Bars, wire rods, DI pipes, pig iron, commercial billets and other steel related and allied products.

The plant has been designed to manufacture the following products:

Products	**Capacities (MTPA)**
TMT Bar	0.85
Wire Rod	0.60
DI Pipe	0.33
Pig iron	0.40
Commercial Billets	0.33
Total	**2.51**

The iron and steel industry is a highly cyclical industry wherein the demand is affected by the global trends and growth in sectors such as construction and automobile and the cost of production is affected by the international prices of iron ore and coking coal.

2) Date or expected date of commencement of commercial production :

Company's Integrated Steel & DI Pipe Plant was commissioned on September 2010. The plant was temporarily shut down for the purpose of synchronization with other units of the plant and thereafter it was re-started in March 2011. Presently part of plant facility is operational and TMT Bar, Pig Iron, and Billets are being produced and sold in the market.

3) In case of new companies, expected date of commencement of activities :

Same as stated above in point no. (2)of General Information.

4) Financial performance based on given indicators

The Financial performance for the year ended 31.03.2013 and 9 months ended 31.12.2013 are as follows-

(Rs. In lacs)

Financial Year ended	**Year ended 31.03.2013**	**9 months ended 31.12.2013**
Total Revenue	16,404.40	41581.84
Profit/(Loss) before Interest, Depreciation and Taxes	-8,422.33	-429.29
Finance cost	13,441.11	12,617.82
Depreciation	5,906.87	4,684.50

Profit/(Loss) before Tax	-27,770.31	-17,731.61
Exceptional items	-229.52	-
Tax	1.42	-
Profit after Tax	-28,001.25	-17,731.61
Equity Share Capital	2,18,673.50	2,18,673.50

The projected financial performance of the company for next three years is as follows:

(Rs. In lacs)

Financial Year ended	**31.03.2015**	**31.03.2016**	**31.03.2017**
Total Revenue	4,72,200.00	8,37,800.00	9,13,800.00
Profit/(Loss) before Interest, Depreciation and Taxes	1,07,500.00	2,95,600.00	3,23,300.00
Finance cost	1,05,900.00	1,17,500.00	1,10,500.00
Depreciation	58,100.00	58,400.00	58,700.00
Profit/(Loss) before Tax	-56,500.00	1,19,700.00	1,54,100.00
Tax	0.00	25,100.00	32,300.00
Profit after Tax	-56,500.00	94,600.00	1,21,800.00
Equity Share Capital	2,18,673.50	2,18,673.50	2,18,673.50

5) Export performance and net foreign exchange collaborations:

Company has started exporting its products to foreign markets. The Company expects to grow its exports in coming future.

6) Foreign investments or collaborators, if any.

The entire plant has been/is being constructed on Chinese technology, the Company had appointed two Chinese Consultancy Agencies, for providing the required Technology. These Chinese consultants were appointed based on their proven competency in successfully operating Integrated Steel Plant in various locations in China.

II. Information about the appointee :

1) Background details : **Mr.Rama Shankar Singh**

Mr. Rama Shankar Singh, aged 65 years, is a B.Tech graduate in Mining Engineering from the Indian School of Mines, Dhanbad. He is a registered member of professional Societies/Institution in MIMA and MMGI. He is having 44 years of experience in the planning, design and construction of Mines projects and also in the operation and maintenance of Mines, Road water supply and buildings.

Mr Singh was associated with Electrosteel Castings Ltd, the Promoter Company from 22nd January 2010 till 5th February, 2014. His long and past association with Electrosteel Group will ensure good understanding of the Group policies and smooth working relationship with the Company and the Group.

2) Past remuneration

Details of past remuneration of Mr. R S Singh as a whole-time director of Electrosteel Castings Ltd., the Promoter Company are as follows:

Amount (Rs)

2012-13	2011-12	2010-11
1,22,45,620	1,12,39,820	1,06,06,770

3) Recognition or awards

None

4) Job profile and his suitability

As a Whole Time Director, Mr. Singh is entrusted with substantial power of management and technical affairs of the Company subject to superintendence, control and directions of the Board. He is also required to perform such duties and exercise such powers as have been or may from time to time be entrusted or conferred upon him by the Board.

Mr Singh is a Senior Corporate Executive of proven caliber and skill and is having wide ranging experience in project planning and management, industrial production planning. His illustrious career and especially the role played by him in overseeing projects of Electrosteel Castings Limited and taking them through the rough waters of the recent global meltdown makes it important that his technical expertise and expert supervision is available to the Company, especially at this project implementation stage. His management and technical prowess coupled with his vast experience of ecades and his continued and long association with the Electrosteel Group makes it important that he spearhead the operations at the Company's Bokaro plant.

5) Remuneration proposed

For details of the remuneration package of Mr. R S Singh and all elements thereof, shareholders may refer to the Explanatory Statement annexed with the notice.

6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)

Since there are only a very few companies in the line of business in which the company will be engaged, there are no set standards for remuneration in the industry. The executive remuneration in the industry has been increasing significantly in last few years. Having regard to type of industry, trends in industry, size of the Company, the responsibilities, academic background and capabilities, the Company feels that the remuneration proposed to be paid to Mr. R S Singh as the whole time director is very much fair, subject to the Central Government approval.

The Company has its own distinctive remuneration policy based on its short-term and long-term objectives and role perceived and played by employees at all levels.

Considering his rich experience, competence, and the growth and development of the Company under his leadership, the terms of his remuneration are considered fair, just and reasonable.

7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

Mr. R S Singh does not have any pecuniary relationship with the Company other than the remuneration being paid to him as a Whole Time Director of the Company. He is working with the Company purely in a professional capacity. There is no managerial personnel related to Mr. R S Singh, in the Company.

III. Other information :

1) Reasons of loss or inadequate profits

The Company was incorporated on 20 December 2006 and Company's plant was commissioned on September 2010. The plant was temporarily shut down for the purpose of synchronization with other units of the plant, and thereafter it was re-started in March 2011. Presently, a part of plant facility has become operational and commenced production. Since presently a part of the plant is still at its erection stage and so far only part production has commenced, the Company has incurred losses/made inadequate profits in its past financial years.

2) Steps taken or proposed to be taken for improvement

The Company has already achieved financial closure for the project. Going forward, the Company expects to experience good cash flows from operating activities as the plant would become fully operational.

3) Expected increase in productivity and profits in measurable terms.

As part of the project is still to be completed, the Company has taken appropriate steps to ensure completion of the remaining part of the project and hopes to earn fairly reasonable profits in future and this disclosure is only an enabling disclosure for payment of remuneration in the unlikely scenario of loss / inadequacy of profits due to factors beyond the control of the Company.

The Members are requested to refer to the projected financial performance in next three years stated above.

IV. DISCLOSURES

For details of the remuneration package of Mr. R S Singh and all elements thereof, shareholders may refer to the Explanatory Statement annexed with the notice.

By Order of the Board of Directors
For Electrosteel Steels Limited

Sd/-
Vikash Kumar Agarwal
Company Secretary

Date : 06.02.2014
Place : Kolkata