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- BOARD OF DIRECTORS** :
- |                            |                               |
|----------------------------|-------------------------------|
| Mr. Mukesh Bhandari        | Chairman & CTO                |
| Mr. Shailesh Bhandari      | Managing Director             |
| Mr. Avinash Bhandari       | Joint Managing Director & CEO |
| Mr. Narendra Dalal         | Whole Time Director           |
| Mr. Naveen Nakra           | (upto 19th June, 2009)        |
| Mr. Nilesh Desai           |                               |
| Mr. Madhusudan Somani      |                               |
| Mr. Ram Singh              |                               |
| Mr. Pradeep Krishna Prasad |                               |
| Mr. Sunay Mathure          | Nominee Director              |
| Mr. Ravi Trehan            |                               |
| Dr. Sudhir Kapur           | (w.e.f. 13th April,2009)      |
- AUDITORS** :
- Mehta Lodha & Co.  
Chartered Accountants, Ahmedabad
- COMPANY SECRETARY** :
- Mr. Ashwin Patel
- BANKERS** :
- Bank of India  
State Bank of India  
Punjab National Bank  
State Bank of Travancore  
Corporation Bank  
Bank of Baroda  
Dena Bank  
Oriental Bank of Commerce  
Union Bank of India  
Canara Bank  
UCO Bank  
ICICI Bank  
State Bank of Indore  
Standard Chartered Bank
- REGISTERED OFFICE** :
- A-1, Skylark Apartment, Satellite Road, Satellite,  
Ahmedabad - 380015, Gujarat.
- WORKS** :
- Engineering & Projects Division**  
Survey No.72, Village: PalodiaTal : Kalol,  
Dist:Gandhinagar - 382115, Gujarat.
- Special Steel, DI Pipe and Electric Vehicle Division**  
Survey No.325, Village: Samakhiali,  
Taluka: Bhachau, Dist: Kutch, Gujarat.
- Wind Farm Project**  
Village: Dhank, Dist: Rajkot, Guajrat.
- REGISTRAR & TRANSFER AGENT :** **Link Intime India Pvt. Ltd.**  
(Formerly known as Intime Spectrum Registry Ltd.)  
211, Sudarshan Complex, Nr. Mithakhali Under bridge,  
Navrangpura, Ahmedabad - 380009.



Dear Shareholders,

2008-09 was an important year in our Company's evolution and growth as it comprehensively tested our will to survive, succeed and flourish in the midst of an economic meltdown. The financial crisis that brought back the painful memories of the Great Depression of the 1930's, affected the Indian economy as well. Electrotherm was no island in this crisis.

Your company has achieved a turnover of Rs. 16828 million registering a growth of 27% over previous year. We have seen significant growth in international revenues in the engineering division and a healthy increase in our domestic sales inspite of the slowdown in the economy. However, net profit declined by 18% compared to previous year primarily on account of unprecedented volatility in commodity prices.

Even though the demand outlook in emerging market economies in terms of investment in new steel plants is not very optimistic, we expect to continue to increase our export revenues in the next financial year for the engineering division. As a significant global provider of Induction Furnace, we continue to play defining role in creating demand in the markets that we operate in and continue to focus on increasing our international footprint.

The Indian government has given stimulus packages to improve the steel demand which mainly depends on the infrastructure spending throughout the country. We are looking forward to a much healthier demand for our steel products and Ductile Iron Pipes with this kind of initiatives from the government.

In-house research, product development and advancement of our intellectual property portfolio remain high priority areas for the company. The company has developed a high power/speed electric scooter most suitable for the Indian requirements. This is the first of its kind to be developed in India. We expect to increase our market share once we launch this product in the market.

Your company is taking strict measures to prune costs where ever possible. The company has also engaged ECS consulting for the steel division to help improve operating efficiencies and reduce costs.

We are proud of the knowledge and intellectual capital that our young professional workforce brings to the organization. Our people are at the centre of our technology and operations and the successes that I have been able to report are due to the outstanding commitment and contribution of our employees. It is because of them that we have come a long way in a short time. On behalf of the Board I am thankful to all of them for their continuing support and efforts.

We have always found that challenging times present opportunities for us if we continue to realign our strategies with the changing market needs, strive relentlessly, constantly improve our offerings for the markets and allow minds to reach beyond conventional and predictable solutions. We are confident that we possess the competitive position to make our success sustainable in the coming years.

We take this opportunity to thank our bankers, shareholders and investors for their confidence in the Company.

**MUKESH BHANDARI**  
**CHAIRMAN & CHIEF TECHNOLOGY OFFICER**

To  
The Members,

Your Directors have pleasure in presenting the 23<sup>rd</sup> Annual Report on the business and operations of your Company and Audited Financial Statements for the financial year ended on 31<sup>st</sup> March, 2009.

### FINANCIAL RESULTS

(Rs. in Millions)

Particulars	2008-2009	2007-2008
Sales and other Income	<b>16915.01</b>	13321.42
Profit before Interest, Depreciation & Tax	<b>2441.14</b>	2139.38
Interest & Financial Charges	<b>1150.47</b>	785.09
Depreciation	<b>517.91</b>	318.61
Profit before Tax	<b>772.76</b>	1035.68
Provision for Tax	<b>93.05</b>	148.01
Profit after Tax (Before Deferred Tax)	<b>679.71</b>	887.67
Provision for Deferred Tax	<b>172.56</b>	265.88
Profit after Deferred Tax	<b>507.15</b>	621.79
Prior period adjustment	<b>15.31</b>	1.55
Profit after prior period adjustment	<b>522.46</b>	623.34
Surplus brought forward	<b>917.58</b>	534.77
Balance	<b>1440.04</b>	1158.11
(a) Proposed Dividend on Equity Shares	<b>28.69</b>	27.44
(b) Proposed Dividend on Preference Shares	<b>7.20</b>	7.20
(c) Tax on Dividend	<b>6.10</b>	5.89
(d) Transfer to General Reserves	<b>200.00</b>	200.00
Balance carried forward	<b>1198.05</b>	917.58

### DIVIDEND

In view of the Company's profitable performance, the Directors are pleased to recommend dividend of Rs.2.50 per equity share of Rs. 10/- each and Rs. 0.60 per preference share of Rs. 10/- each, subject to approval at the 23<sup>rd</sup> Annual General Meeting. The Dividend will be paid on 1,14,76,374 Equity Shares at Rs. 2.50 per share aggregating to Rs. 28.69 Millions and on 1,20,00,000 Non-Cumulative Redeemable Preference Shares at Rs. 0.60 per share aggregating to Rs. 7.20 Millions.

### OPERATIONS

The growth rate for the Indian economy decelerated in 2008 – 2009 to 6.7%. This represents a decline of 2.1% from the average growth rate of 8.8% in the previous five years. A decline in all major elements of demand, including exports and consumption, necessitated a compensating deviation from the fiscal deficit targets. The global financial meltdown and consequent economic recession in developed economies have been a major factor in India's economic slowdown. Given the origin and dimension of the crisis in the advanced countries, every developing country has suffered to varying degrees. No country, including India, has remained completely immune to the global economic outlook.

During the year, your Company has achieved a turnover of Rs. 16827.76 Millions in comparison to the turnover of Rs. 13253.58 Millions of previous year, showing a growth of around 27%. Net profit after provision for taxation (Before Prior Period Adjustment) during the year is Rs. 507.15 Millions as against Rs. 621.79 Millions during the previous year, declined by over 18%.

**CAPITAL PROJECTS**

During the year, the company has completed its third phase of project at Kutch except Power Plant proposed in Phase III.

At present, company is considering expansion of Steel making and Ductile Iron Pipe making facilities considering the huge demand in these segments.

**EXPORTS**

During the year, the company has been able to achieve exports of Rs.2238 Millions as against Rs.1490 Millions in the year ending March, 2008. This is a 50% jump in exports in the Engineering Division. In the coming year, the company is again targeting huge growth in the export front.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of the Association of the Company, Mr. Ram Singh, Mr. Pradeep Krishna Prasad and Mr. Madhusudan Somani, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

During the year, Mr. Harish Sharma, Whole Time Director ceased to be director with effect from 18<sup>th</sup> June, 2008 and Mr. Naveen Nakra, Director of the Company ceased to be Director with effect from 19<sup>th</sup> June, 2009 due to demise. Mr. Siddharth Bhandari was appointed as an Additional Director and Whole Time Director with effect from 24<sup>th</sup> October, 2008 and resigned from the Board with effect 29<sup>th</sup> December, 2008. The Board places on record its appreciation for the services rendered by Mr. Harish Sharma, Mr. Naveen Nakra and Mr. Siddharth Bhandari during their tenure as Members of the Board.

Dr. Sudhir Kapur has been appointed as an Additional Director with effect from 13<sup>th</sup> April, 2009 and holds office up to the date of ensuing Annual General Meeting. Your company has received a notice under Section 257 of the Companies Act, 1956 proposing his candidature as director.

For perusal of the shareholders, a brief resume of each of the directors being appointed or re-appointed are given and forms part of the Notice. Your directors recommend their re-appointment.

**SUBSIDIARIES**

During the year, two companies namely Bhaskarpara Coal Company Limited, a Joint Venture Company with Grasim Industries Limited and ET Elec-Trans Limited had been incorporated as subsidiaries in India. Thus your Company has four subsidiaries as on 31<sup>st</sup> March, 2009.

As required under section 212 of the Companies Act, 1956, the financial statements of subsidiaries of the Company are attached with this Annual Report.

**CONSOLIDATED FINANCIAL STATEMENTS**

Your Director have pleasure in attaching the Audited Consolidated Financial Statements pursuant to 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.

**FIXED DEPOSIT**

The Company has neither accepted nor invited any deposit from public, within the meaning of section 58A of the Companies Act, 1956 and the Rules made there under.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

1. In the preparation of the annual accounts for the year ended on 31<sup>st</sup> March, 2009, the applicable accounting standards have been followed by the company along with proper explanation relating to material departures, if any;

# ELECTROTHERM

2. Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the profit of the company for that period;
3. Proper and sufficient care has been taken 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 frauds and other irregularities.
4. The Annual Accounts have been prepared on a going concern basis.

## RESEARCH & DEVELOPMENT

Your company being primarily a diversified engineering company is continuously making efforts to explore, learn and absorb emerging technologies. The company continuously makes investment in development of new technology, upgrading existing product for the benefit to the end customer. Energy conservation, safety, user friendliness are some of the key focus area while upgrading or developing new product.

In order to retain technological lead in the market, design and development area is updated with newer design software. It is also providing training to its employees to facilitate development of new products appropriate for the business of the company.

40 ton 14 MW induction furnace recently launched has shown unbeatable performance of 7% saving in energy consumption. Similarly new battery charger for YO- Bikes reduces the charging time to almost 40%.

## HUMAN CAPITAL DEVELOPMENT AND INTEGRATION WITH BUSINESS PROCESSES

Your company is transforming itself from transaction Oriented Organization to a Strategy Focused Organization. The transformation will bring new Focus, Alignment and organizational learning that will lead to Non – Linear & Break – through sustainable performance & success. Integration of People Strategy with Business Strategy will bring synergies and harmony in various business processes.

The transformation at individual level has developed high performing work culture due to shift in paradigm. The transformation at organizational level has improved overall effectiveness of the operating systems.

Under “People First” initiatives, your company has engaged KPMG Human Capital Advisory Services to drive various Human Capital Building initiatives including but not limited to Executive Leadership Coaching, Managerial Capability Building, Organization Structure designing, Role & responsibilities clarification matrix, Human Resource Policy manual, Performance Management System & Variable Pay Framework, Competency Development Center, R&D transformation through HR capability building of R&D professionals and Organization Pulse Survey. The Company has institutionalized full-fledged “Office of Strategy Management & Organization Transformation” and “ET – Academy of Excellence for empowerment through Learning & Development” to drive various strategic initiatives across the Organization.

In view of recessionary trends, your company has identified top talent and hired to strengthen the organization. Today, the Human Capital Strength has reached to about 1350.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The additional information required under the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure – A which forms part of this Annual Report.

**PARTICULARS OF EMPLOYEES**

In compliance with the provisions of Section 217(2A) of the Companies Act, 1956, a statement giving requisite information is given in Annexure – B which forms part of this Annual Report.

**“GROUP” FOR INTER-SE TRANSFER OF SHARES**

As required under Regulation 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, person constituting “Group” (within the meaning defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulations 10 to 12 of the aforesaid SEBI Regulations are given in Annexure – C which forms part of this Annual Report

**CORPORATE GOVERNANCE**

Pursuant to clause 49 of the Listing Agreement, a corporate governance report along with a Certificate from the Auditors confirming the compliance is annexed and forms a part of this report.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Pursuant to Clause 49 of the Listing Agreement, Management Discussion and Analysis Report is annexed after the Director’s Report and forms a part of this report.

**AUDITORS**

M/s. Mehta Lodha & Co. Chartered Accountants, Ahmedabad, the present Auditors of the company, retires at the forthcoming Annual General Meeting and has confirmed their eligibility and willingness to accept the office, if re-appointed.

**APPRECIATION**

Your Directors wish to place on record their appreciation for the valuable co-operation and support received from the Customers and Suppliers, various Financial Institutions, Banks, Government Authorities, Auditors and Shareholders during the year under review. Your Directors wish to place on record their deep sense of appreciation for the devoted services of the Executives, Staff and Workers of the company for its success.

**For and on behalf of the Board**

Place : Palodia  
Date : 29<sup>th</sup> July, 2009

**Mukesh Bhandari**  
**Chairman & Chief Technology Officer**

**Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.**

**A. CONSERVATION OF ENERGY:**

**(a) Energy conservation measures taken**

- Installation of west heat recovery boilers for utilization of rotary kiln – 2 west gas
- Installation of recuperator in annealing and re-heating furnaces to utilize the heat of west gas
- Use of blast furnace gas has replaced furnace oil in annealing furnace.
- Full utilization of TMT mill capacity has reduced specific consumption of furnace oil in re-heating furnace.

**(b) Additional investments and proposals, if any, being implemented for reduction of energy**

- Replacement of 5 Nos old blowers by single electric blower in blast furnace No1
- Installation of automatic turn over cooling bed in TMT mill
- Automatic DRI feeding system in Induction furnaces of SMS1 and 2
- Installation of new force draught cooling tower in place of air cool heat exchanger
- Implementation of coal dust injection with oxygen enrichment of blast in BF NO 1 and 2.

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

- Saving of 50 Ltrs of furnace oil by using BF gas in annealing furnace of DI Pipe plant.
- Generation of 9 MW power by using west heat of gases of rotary kiln No 2 at a operating cost of 50 paisa /unit.
- A substantial saving in consumption of furnace oil by installation of recuperator in re-heating furnace.

**(d) Total energy consumption and energy consumption per unit of production :**

As per Form A attached.

**B. TECHNOLOGY ABSORPTION:**

**(I) RESEARCH AND DEVELOPMENT (R & D)**

**1. Specific areas in which R & D carried out by the Company**

- Induction Melting and Heating equipments
- Power supply for Induction Heating and melting equipments
- Battery powered vehicles
- Secondary Metallurgical equipments and Metallurgical process
- Solar energy (thermal)

**2. Benefits derived as a result of the above R & D**

- Induction seam annealing equipment for ERW pipes with auto seam tracking facility
- Development of battery chargers, controller of BLDC motor used in battery powered vehicles.
- Process development for production of quality steel through Induction Furnace route



**3. Future Plan of action**

- Development of continuous induction furnace technology for production of Iron/Steel using non coking coal and iron ore fine

**4. Expenditure on R & D**

- |                           |   |                   |
|---------------------------|---|-------------------|
| (a) Capital Expenditure   | : | Rs. 5.71 Million  |
| (b) Recurring Expenditure | : | Rs. 21.14 Million |
| (c) Total Expenditure     | : | Rs. 26.85 Million |
| (d) R&D as % of Turnover  | : | 0.16 %            |

**(II) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:****1. Efforts, in brief, made towards technology absorption, adaptation and innovation**

- Conventional brick lining replaced with silica monolithic lining in ladles of steel melting shop
- Feeding of Ferro Alloys and fluxes in AOD converter through automatic weighing and feeding system
- Installation of secondary gas emission system in steel melt shop
- Implementation of oxygen injection system in BF No-1
- Sulphur control in blast furnace hot metal through process control
- Use of imported non coking coal and pallets

**2. Benefits derived as a results of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.**

- Substantial saving in refractory cost of ladle
- Automatic feeding system eliminated use of overhead cranes and resulted in time saving to get more heats from converter
- Emission system in SMS has improved the working environment thereby improving efficiency of working people
- 3% injection of oxygen has increased the productivity by 6%
- Implementation of Sulphur control has resulted in substantial saving in Mg consumption in DIP plant
- Use of imported non coking coal and pallets has improved productivity by 25% and fuel rate reduced by 25%

**3. Imported Technology : None****C. FOREIGN EXCHANGE EARNING AND OUTGO:****(I) Activities Relating to Export:**

The Company has been making efforts for direct exports at international level. Company has executed export orders worth of Rs 2237.70 Millions during the year and has further diversified its export market.

**(II) Total Foreign Exchange Earning and Outgo:**

- |                              |   |                      |
|------------------------------|---|----------------------|
| a) Foreign Exchange Earnings | : | Rs. 2337.02 Millions |
| b) Foreign Exchange outgo    | : | Rs. 2656.20 Millions |

**FORM : A  
(SEE RULE 2)**

**Disclosure of particulars with respect to conservation of energy**

**A. POWER AND FUEL CONSUMPTION**

Sr. No.	Particulars	2008-09	2007-08
<b>1.</b>	<b>ELECTRICITY</b>		
(a)	Purchased Units	119913564	184004430
	Total Amount (Rs. in Millions)	727.17	902.77
	Rate per unit (Rs.)	6.06	4.90
(b)	Own Generation		
(i)	Through diesel generator (Unit)	65768	124500
	Unit per Liter of Diesel Oil (Unit)	3.80	3.80
	Cost per Unit (Rs. / KWH)	10.00	10.50
(ii)	Through Wind Mill (Unit)	477000	396000
	Cost per Unit. (Rs. / KWH)	0.70	0.15
(iii)	Through Steam Turbine / generator	119471000	693000
	Cost per Unit. (Rs. / KWH)	4.10	2.50
<b>2.1</b>	<b>COAL FOR POWER PLANT</b>		
	Quantity (MT)	88623	347
	Total Cost (Rs. Millions)	351.94	1.42
	Average Rate (Rs. Per MT)	3971	4100
<b>2.2</b>	<b>COAL FOR SPONGE PLANT</b>		
	Quantity (MT)	76889	43034
	Total Cost (Rs. Millions)	464.40	168.89
	Average Rate (Rs. Per MT)	6039	3925
<b>3.</b>	<b>FURNACE OIL</b>		
	Quantity – Litres	6421000	1972000
	Total amount (Rs. Millions)	251.38	50.35
	Average Rate (Rs. Per Litre)	39.15	25.53
<b>4.</b>	<b>OTHERS / INTERNAL GENERATION</b>		
	Quantity used	Nil	Nil
	Total Cost (Rs.)	Nil	Nil
	Rate / unit	Nil	Nil

**B. CONSUMPTION PER UNIT OF PRODUCTION**

Sr. No.	Particulars	Standards (If Any)	2008-09	2007-08
1	Electricity			
(a)	For Steel Billets / TMT / DI Pipes (KWH/Ton)	NA	754	690
(b)	For Equipment Manufacturing (KWH / Equipment Dispatched)	NA	4653	4300
2	Furnace Oil	NA	NA	NA
3	Coal	NA	NA	NA
4	Lignite	NA	NA	NA

Since they are manufactured in common manufacturing facility, it is not possible to work out separate power consumption per item per unit.

Information as per section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March, 2009.

Sr. No.	Name of the Employee	Age (Years)	Designation	Qualification	Experience (Years)	Gross Remuneration (Rs)	Net Remuneration (Rs)	Date of Joining	Previous Employment
1	Mr. Mukesh Bhandari	56	Chairman & Chief Technology Officer	B.E. Electrical	34	3522230	3032630	01/03/94	GEC of India Ltd
2	Mr. Shailesh Bhandari	50	Managing Director	B.Sc (Economics)	31	3211946	2765546	26/08/89	Koras (India) Ltd
3	Mr. Arun Pratap Singh*	37	Vice President	MBA (Engi), M. Tech., B. Tech	11	2404669	2402263	16/04/08	Tata Motors Ltd.
4	Mr. Sunil Kulkarni*	47	Vice President	B. E. Electrical	22	1505470	1323138	02/07/08	SRJ Peety Steels Pvt. Ltd.

\* Employed for part of the year

**Notes:**

- 1) The Gross remuneration shown above is subject to tax and comprises salary, monetary value of perquisites as per Income Tax Rules and Company's contribution to Provident Fund.
- 2) In addition to the above remuneration, employees are entitled to gratuity in accordance with the Company rules.
- 3) The net remuneration is arrived at by deducting from the gross remuneration, Income Tax, Company's contribution to Provident Fund, Professional Tax and electricity expenses etc.

**GROUP FOR INTER SE TRANSFER OF SHARES:**

The following persons constitute the "Group" as defined in the Monopolies and Restrictive Trade Practices Act, 1969, for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997:

1. Adroit Trading and Investment Company
2. Afghan Trading Private Limited
3. Ahmedabad Aviation and Aeronautics Limited
4. Alwar Trading and Investment Company
5. Bhandari Brothers Commercial Private Limited
6. Bhaskarpara Coal Company Limited
7. Crystal Real Estate Private Limited
8. EIL Hospitality Private Limited
9. EIL Realty Private Limited
10. EIL Software Private Limited
11. EIL Software Services Offshore Private Limited
12. EIL Technology Private Limited
13. EIL Engineering & Projects Limited
14. ET Elec-Trans Limited
15. Electrotherm Engineering & Projects Limited
16. E-Motion Power Limited
17. Electrotherm Renewables Limited
18. Electrotherm Foundation
19. Electrotherm Infrastructure Private Limited
20. Global Avianautics Limited
21. Gujarat Mint Alloys Limited
22. ICS Commercial Private Limited
23. Indus Elec-Trans Private Limited
24. Indus Real Estate Private Limited
25. Jayshri Petro-Yarn Private Limited
26. Liberty Finance and Leasing Company Private Limited
27. Magnum Limited
28. New Delhi Real Estate Private Limited
29. Palace Infrastructure Private Limited
30. Palace Tours and Air Charters Private Limited
31. Palanpur Reality Developers Private Limited
32. S B Realty Developers Private Limited
33. S N Advisory Private Limited
34. Sun Infrapower Private Limited
35. Sun Residency Private Limited
36. Suraj Advisory Services Private Limited
37. Suraj Real Estate Private Limited
38. Western India Speciality Hospital Limited

**AN OVERVIEW OF ECONOMY:**

Indian economy also felt the tremors of the economic turmoil in the USA and Europe. The present economic slowdown in the Indian economy is an aftermath of the recession prevailing in almost all big economies of the world. However, the country is still holding its ground in the midst of the current global financial crisis.

The commodity prices were highly volatile which has impacted profitability in steel division of the company. As such the industry were facing liquidity crunch and there was considerable slowdown in the real estate and exports.

It was a challenging year for both the Central Government and RBI to manage inflation as well as to maintain economic growth. They jointly initiated various steps to boost credit investment and to minimize the impact of the global crisis. Braving the global recessionary trends, India managed 6.7 percent economic growth in 2008-09 despite the manufacturing sector recording dismal performances. A 5.8 percent growth rate during the last quarter of the fiscal, at a time when most developed economies have shrunk, puts India among the top-most growing nations. Displaying signs of economic recovery, the growth of core industries including cement, finished steel, coal and electricity nearly double to 4.3 percent during April, the first month of the current fiscal.

**INTERNAL CONTROL SYSTEM AND ADEQUACY:**

Your company has proper internal mechanism, which monitors the adequacy and effectiveness of the internal control. Looking to the growth of the business, company has engaged IBM for implementation of SAP to improve effectiveness of accounting system. We also have a regular monitoring of business risk control procedure by the Internal Audit Department, which is reviewed by the Audit Committee. Recently, we have appointed two qualified Chartered Accountants and one Inter CA to strengthen the Internal Audit Department.

**INDUSTRY STRUCTURE & DEVELOPMENT:**

**A. Engineering, Capital Equipment and Project Division:**

For the metal casting and iron and steel industries, furnaces are the indispensable devices. As the economy and infrastructure demand grow, the demand of iron and steel also grow with the same pace. This requires the high quality furnaces to melt and cast the steel and iron. Apart from this there are other industries that need these furnaces for the metal casting and for heating purpose in the colder regions of the world.

**DEVELOPMENTS**

**1. Induction Melting and Heating:**

- 40 ton / 14 MW Induction melting furnace
- Re-designing 10 to 25 ton capacity furnace to reduce energy consumption by 25 to 50 units
- Development of power supply for foundry furnace (up to 2000 KW) with constant power factor feature
- Power sharing option in multiple furnaces
- PLC based automation to a) improve operational efficiency b) increase utilization factor – customer will have benefits - 1) reduction in energy consumption due to increased operational efficiency 2) Less man dependency 3) Increased over all utilization factor KW/ KVA results in more production with same sanctioned demand.

**2. Induction Heating:**

Re-designing the equipments for a) Improved overall efficiency b) Compact size to occupy less floor space c) Automation to reduce cycle time as well as rejection

# ELECTROTHERM

To cover major applications such as

- 1) Through heating before forging or extrusion (ferrous and non ferrous both)
- 2) Surface hardening
- 3) Seam annealing
- 4) Pipe heating before coating
- 5) Pipe End heating before forming
- 6) Brazing
- 7) Annealing

### 3. Dynamic power factor correction system:

The conventional power factor correction system has disadvantages of poor / sluggish response time on account of slow power factor control relay response time - typically around 300 to 500 milliseconds. In normal application this does not matter as power factor is not changing so abruptly. But application like induction furnace, the load changes fast and power factor correction system needs faster response time otherwise leads to over compensation. In India, some state SEB's charge penalty, if the power factor crosses from unity to leading side. Dynamic power factor correction system being developed by ET is state of art FPGA based fast controller which gives response time of only 10 milliseconds. With solid state switch (SCR) instead of contactor, automatic power factor correction system response time reduces less than 30 milliseconds. This avoids over compensation and helps achieving increased utilization factor with induction furnace type fast cyclic load. The overall power factor can be maintained at 0.99 without fear of over compensation.

### 4. SVC (Static –Var compensator):

SVC is need of future with increased utilization of electrical energy and complex load being used in industries. The arc furnace is such an example of load which is highly fluctuating and cyclic in nature. Especially with weak grid it is more difficult to address the issues like over compensation, flicker, and voltage over shoots with such type of load. Reactive power compensation is very difficult in such a case and simple power factor correction approach may not work. Sometimes due to inadequate short circuit capacity (weak grid) such loads are not allowed by SEB's. The solution to such problems is SVC (static Var compensation), as name suggest it does not have any mechanical switching device, the compensation is step less and instantaneously. The system consists of fixed capacitor bank and thyristor controlled reactor both connected to supply line where power factor needs to be improve. Both put together generates required KVAR to maintain over all power factor almost unity or any desired value irrespective of load KVAR fluctuation. Such systems are required at electrical substations, in industries like steel plants having rolling mills - arc furnace, submerge arc furnace, cement plants, sugar industries, railway substation etc.

### 5. De-Phos and De- Sulph in Induction furnace:

In India about 25 million ton of steel is being produced through induction furnace route. Steel scrap being scare and expensive in India, coal based DRI is used in induction furnace to produce steel for general application like – production of steel bars used in construction. Today the major production is through induction furnace route for construction quality bars and major issue in induction furnace route is no process or technique available to reduce P and S to acceptable level. Of late since last 3 to 4 years use of DRI has increased to the tune of 70 to 80%, which has aggravated the issue of higher P and S level in steel produced through this route. No sincere effort has made so far from user or from manufacturer of induction furnace to tackle this issue. Electrotherm has unique position as being manufacturer of Induction furnace, also having steel plant based on induction furnace to produce steel and team of metallurgist to establish the

process. Several trials have been conducted in the plant which has started with 10 ton induction furnace and after success now in 20 ton furnace. This will open up new avenue to those who uses induction furnace to produce steel using higher percentage of DRI and new route getting establish to produce quality steel in small size (50,000 to 2,50,000 tons / annum) which is economically competitive to ARC furnace route.

#### **6. Continuous Induction Furnace:**

ET is trying to develop alternative route to make steel using single equipment and using cheaper raw material like coal and iron ore fines which normally not used in primary route since last four years. After various initial trials it has been decided to put pilot plant to prove economics by producing steel /cast iron using pre reduced material like DRI but of lower metallization. Since the new process as such requires coal to convert semi reduced DRI to steel or iron, the hot DRI from rotary kiln without screening and segregating nonmetallic and metallic material will be used. This makes the process more economical. In a new process the final product which is liquid steel or CI will have very low P and S. A 500 KW pilot plant is ready to commence trial at ET kutchh plant.

#### **B. Special Steel Division**

Amidst a global slump, the Indian steel sector is reviving and now India is among nine countries across the globe to post positive steel production figures (at 1.3%) for the first half of the year ended June 2009, according to the World Steel Association (Worldsteel).

India's steel consumption will continue to grow at nearly 16% rate annually, till 2012, fuelled by demand for construction projects worth US \$ 1 trillion. The scope for raising the total consumption of steel is huge, given that per capital steel consumption is only 40 kg – compared to 150 kg across the world.

#### **DEVELOPMENTS**

During the year, company has installed & commissioned 2<sup>nd</sup> sponge iron kiln. Second waste heat recovery boiler for Power Plant was commissioned and utilized successfully.

With establishment of strong TMT brand in the Gujarat market, we see a continuous strong demand for our product Electro TMT Plus. The CRS TMT introduced last year has also received good response from the market. We also see a strong demand for our DI Pipes for which capacity is being increased.

#### **C. Electric Vehicle Division:**

The company started its Electric Vehicle Division in 2006 for selling two wheelers under the brand name of Yobykes. Company was the first one to introduce this concept in an organized way in India. Soon the electric vehicle concept picked up and was so successful that in a few years it had taken a national scale, with 6-8 large players and 40 – 50 small players selling the EVs.

This steep rise in popularity of the product was based on the inherent value proposition of the product, i.e. low cost of ownership. This proposition is based on the superiority in energy efficiency of an electric vehicle over the gasoline vehicle. A simple back of the envelop calculation will prove that electric vehicles are more than 2 times energy efficient to gasoline vehicles.

Electric vehicle technology is futuristic can be understood from the latest statement made by US president wherein he talked of providing grant of 2.4 billion USD for Electric Vehicle Development. Also, the president has taken a target of having 1 million environment friendly vehicles on US roads by 2015. This provides a great opportunity for EV manufacturers in India. Electrotherm being the leader in this technology definitely has an advantage. The efforts been taken by developed countries in the direction of clean energy is due to the increasing carbon emissions. It is said that the safe CO2 level in air is about 389 ppm and the present level is 389 ppm. With gasoline vehicles consuming

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51% of the fossil fuel, these vehicles are seen as the major source of carbon dioxide emissions. Electric vehicles are therefore seen as solution to this problem.

Considering advantages mentioned above, Electrotherm ventured in Electric vehicles banking on its core competence of Power Electronics. Till last year the company has put more than 65000 vehicles on road and has kept a stretched target for this year. The company introduced new models last year, which gave promising response. With that in view company has started working on three wheeler project this year, this product can replace a number of polluting vehicles, and also it would be a first of its kind in the country. After successful introduction of this product company will go beyond the two wheelers and in later part of the year will venture into other promising variants.

In the coming year we will be releasing the most powerful electric two wheeler on Indian roads. These scooters will replace the gasoline vehicles by providing to the customer the expected performance with the strong value proposition.

In India, a few states recognized the worth of this technology and have started subsidizing it. Delhi being the leader in this area gave around 30% reduction to the customer. It is expected that other states will follow suite in promoting this technology.

## **RISK AND CONCERNS:**

The operating results of the company might fluctuate in future due to a number of factors, many of which are beyond control. Results of the operations during any fiscal year and from period to period are difficult to predict. The company's business and results of operations may be adversely affected by various factors like slowdown in growth of Steel consumption in the Indian and global markets, fluctuations in the price and availability of key raw materials, change in tariffs and levies etc.

The company has raised long term funds through External Commercial Borrowings (ECB) and Foreign Currency Convertible Bonds (FCCBs). As the FCCBs are not converted into Equity Shares, the same will have to repaid in foreign currency along with ECB and this will mean an exposure of the foreign exchange fluctuation risk.

## **DEVELOPMENT IN HUMAN RESOURCES FRONT:**

Electrotherm (India) Limited's journey on a high trajectory necessitates the enhancement of the organization's capability to meet the demands of the dynamic business environment. During the year company has taken following initiatives on Human Resource front :

- Engaged KPMG for Organization building through HR capability building.
- Launched "People First Initiatives" for HR transformation.
- Engaged TAACT (Technocrat's Academy of Automation & Control Training) to establish Technical Training Centre for technical skill up-gradation of Engineers.
- Institutionalized ET Academy of Excellence for empowerment through Learning & Development to enhance functional competencies and behavioral reformation.
- Institutionalized "Office of Strategy Management and Organization Transformation" to become Strategy Focused Organization and transform in to New Generation Organization.
- Organized Competency Development Centre with assistance from KPMG for top 70 Managers to enhance managerial band width.
- Revisited Vision, Mission through a structured workshop facilitated by KPMG to evolve new ET Vision & Mission and Value System.
- Conducted Strategy Awareness Program by IIM Ahmedabad. Organized Strategy formulation workshop internally to construct strategy Map and Balanced Scorecard to link it with performance management system.



## DISCUSSION ON RESULTS OF OPERATIONS PROFIT AND LOSS STATEMENT

Table shows profit and loss statement for the past 3 years ended 31<sup>st</sup> March 2009, 31<sup>st</sup> March 2008 & 31<sup>st</sup> March 2007. (Rs. in Millions)

Sr. No.	Particulars	2008-09	2007-08	2006-07
<b>A</b>	<b>INCOME</b>			
<b>1</b>	<b>Sales</b>			
1.1	Capital Equipment, Engineering & Project	3410.60	2418.86	1654.92
1.2	Special Steel	12949.06	10371.18	4903.54
1.3	Electric Vehicle	468.09	463.53	689.33
	<b>Total Sales</b>	<b>16827.75</b>	<b>13253.57</b>	<b>7247.79</b>
2	Other Income	87.25	67.84	26.06
3	Increase / (Decrease) in stock	903.28	63.04	255.38
	<b>Total Income</b>	<b>17818.28</b>	<b>13384.45</b>	<b>7529.23</b>
<b>B</b>	<b>EXPENDITURE</b>			
1	Material Cost (Including stores & spares)	12534.40	9209.86	5151.03
<b>2</b>	<b>Manufacturing Expense</b>			
2.1	Job Charges	492.85	217.90	122.00
2.2	Power & Fuel	965.92	914.77	608.91
2.3	Repairs & Maintenance	13.63	8.86	8.96
	<b>Sub Total</b>	<b>1472.40</b>	<b>1141.53</b>	<b>739.87</b>
3	Employee Cost	389.51	311.18	165.96
4	Administrative & General Expense	439.84	236.61	161.43
<b>5</b>	<b>Selling Expense</b>			
5.1	Sales Commission	145.05	54.46	16.02
5.2	Advertising & Sales Development	102.37	77.51	38.81
5.3	Forwarding & Freight Outward	272.44	205.52	107.92
	<b>Sub Total</b>	<b>519.86</b>	<b>337.49</b>	<b>162.75</b>
	<b>Total Administrative, Selling &amp; General Expense</b>	<b>959.70</b>	<b>574.10</b>	<b>324.18</b>
6	Research & Development Expense	21.14	8.41	6.20
	<b>Total Expenses</b>	<b>15377.15</b>	<b>11245.08</b>	<b>6387.24</b>
<b>PBIDT</b>	<b>Profit Before Interest, Depreciation &amp; Tax</b>	<b>2441.13</b>	<b>2139.37</b>	<b>1141.99</b>
7	Financial Expense	1150.47	785.09	350.30
	<b>Profit Before Depreciation</b>	<b>1290.66</b>	<b>1354.28</b>	<b>791.69</b>
8	Depreciation	517.91	318.61	178.45
<b>PBT</b>	<b>Profit Before Tax</b>	<b>772.75</b>	<b>1035.67</b>	<b>613.24</b>
<b>9</b>	<b>Tax</b>			
9.1	Provision for Tax	87.55	142.86	65.00
9.2	Provision for Fringe Benefit Tax	5.50	5.15	3.40
9.3	Provision for Deferred Tax	172.56	265.88	112.80
	<b>Sub Total</b>	<b>265.61</b>	<b>413.89</b>	<b>181.20</b>
<b>PAT</b>	<b>Net Profit</b>	<b>507.14</b>	<b>621.78</b>	<b>432.04</b>
11	Prior Period Adjustment	15.31	1.55	1.48
<b>ADJ. PAT</b>	<b>Profit After Prior Period Adjustment</b>	<b>522.45</b>	<b>623.33</b>	<b>433.52</b>

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## Comparison of Fiscal 2009 with Fiscal 2008 and Fiscal 2007

### Income Comparison

(Rs. in Millions)

Particulars	2008-09	2007-08	2006-07
Capital Equipment, Engineering & Projects	3410.60	2418.86	1654.92
Special Steel	12949.06	10371.18	4903.54
Electric Vehicle	468.09	463.53	689.33
<b>Total Sales</b>	<b>16827.75</b>	<b>13253.57</b>	<b>7247.79</b>
Other Income	87.25	67.84	26.06
Increase / (Decrease) in stock	903.28	63.04	255.38
<b>Total Income</b>	<b>17818.28</b>	<b>13384.45</b>	<b>7529.23</b>

The income which was Rs. 7529 Million for FY 07, increased to Rs. 13384 Million in FY 08 and Rs.17818 Million in FY 09. The growth in the last year was 33%.

### Export Sales

The break up of domestic and export sales for the last three years are given below:

(Rs. in Millions)

Particulars	2008-09	2007-08	2006-07
Domestic Sales	14426.56	11609.33	6556.46
<b>Exports</b>			
Exports Sales	2236.19	1490.23	515.14
Deemed Export Sales	165.00	154.01	176.19
<b>Total Exports</b>	<b>2401.19</b>	<b>1644.24</b>	<b>691.33</b>
<b>Total Sales</b>	<b>16827.75</b>	<b>13253.57</b>	<b>7247.79</b>

The growth in export is commendable. From an export level of Rs.691 Million for the FY 07, the same increased to Rs. 1644 Million in FY 08 and have grown to Rs.2401 Million in FY 09. The growth last year on account of exports is 46%. The exports are mainly in Turkey, Pakistan, Bangladesh, Nigeria, Iran, UAE etc.

### Material Cost

Material Cost for the last three years are compared below.

(Rs. in Millions)

Particulars	2008-09	2007-08	2006-07
Material Cost (Including Stores)	12534.40	9209.86	5151.03
Material Cost as % of sales	74.49%	69.49%	71.07%

Raw Materials, which accounted for nearly 71% in FY 07, reduced to 69% in FY 08 and have increased to 74% in FY 09. The increase in raw material cost is due to unprecedented volatility in the commodities which was never witnessed by our industry in last many years. The prices of coal, iron ore, scrap, nickel and copper etc. increased abnormally and then came down to their logical levels.

### Power & Fuel Cost

Power and Fuel Cost for the last three years are compared below.

(Rs. in Millions)

Particulars	2008-09	2007-08	2006-07
Power & Fuel Cost	965.92	914.77	608.91
Power & Fuel Cost as % of sales	5.74%	6.90%	8.40%

Power & Fuel Cost accounts for nearly 7% of the sales in the year 2008, which reduce to 6% in the year 2009. This reduction is mainly due to commissioning of Captive Power Plant at Kutch. The company has produced 119.47 million units, which resulted in reduction in power cost.

## Repair and Maintenance Cost

The Repair and Maintenance Cost for the last three years are compared below.

(Rs. in Millions)

Particulars	2008-09	2007-08	2006-07
Repair and Maintenance Cost	13.63	8.86	8.96
Repair and Maintenance Cost as % of sales	0.08%	0.07%	0.12%
Repair and Maintenance Cost as % of Gross Block	0.18%	0.14%	0.29%

The Repair and maintenance cost was 0.29% of Gross Block in March 07, which came down to 0.14% in March 08 and increased to 0.18% in March 09. The company has been very efficiently utilizing the equipment. The quality of fixed assets installed is world class leading to moderate repair and maintenance cost.

## Employee Cost

Employee Cost for the last three years are compared below.

(Rs. in Millions)

Particulars	2008-09	2007-08	2006-07
Employee Cost	389.51	311.18	165.96
Employee Cost as % of sales	2.31%	2.35%	2.29%

The total cost of Employees was Rs. 166 Million in March 07, which went up to Rs.311 Million in March 08 and to Rs.390 Million in March 09. Though there is an apparent increase in man power cost, it can be seen that the cost as 2.31% of sale it has been same. In March 07 the employees accounted for 2.29% of the sales, which slightly increased to 2.35% of the sales in the year March 08. In the current year ending March 09, the employees cost account for 2.31% of the sales.

## Administrative and General Expense

Administrative and General Cost for the last three years are compared below.

(Rs. in Millions)

Particulars	2008-09	2007-08	2006-07
Administrative & General Expense	439.84	236.61	161.43
Administrative & General Expense as % of sales	2.61%	1.79%	2.23%

The administrative and general expense were Rs. 161 Million in March 07, Rs. 237 Million in March 08 and 440 Million in March 09. As a % of sales, the administrative and general expenses were 2.23% in March 07, which reduced to 1.79% in March 08 and in the current year ending March 09, it accounts for 2.61% of sales. This is mainly due to loss on account of foreign exchange fluctuation.

## Selling Expense

Selling expense for the last three years are compared below.

(Rs. in Millions)

Particulars	2008-09	2007-08	2006-07
Selling Expense	519.86	337.49	162.75
Selling Expense as % of sales	3.09%	2.55%	2.25%

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The selling expenses were Rs.163 Million in March 07, Rs.337 Million in March 08 and Rs. 520 Million in March 09. There has been a substantial increase in selling expenses, which includes advertising cost, dealers discount and forwarding / transporting expense.

## Financial Expense

Financial Expenses for the last three years are compared below.

(Rs. in Millions)

Particulars	2008-09	2007-08	2006-07
Financial Expense	1150.47	785.09	350.30
Financial Expense as % of sales	6.84%	5.92%	4.83%

The financial Expenses were Rs. 350 million in March 07, Rs. 785 million in March 08 and Rs. 1150 million in March 09. The increase in financial expenses is on account of increased working capital limits.

## PBIDT

PBIDT for for the last three years are compared below.

(Rs. in Millions)

Particulars	2008-09	2007-08	2006-07
PBIDT	2441.13	2139.37	1141.99
PBIDT as % of sales	14.51%	16.14%	15.76%

In March 07 PBIDT was Rs. 1142 Million which was equal to 15.76% of the sales. In the year March 08, the PBIDT jumped to Rs. 2139 Million, accounting for 16.14% of the sales. In March 09, the PBIDT has further grown to Rs. 2441 Million, which is equal to 14.51% of the sales. Reduction in margin is mainly due to increase in material cost by 5%.

## Cash profit after tax excl deferred tax (PAT + DTL + DEPRECIATION)

Cash Profit after tax excl. deferred tax for the last three years are compared below.

(Rs. in Millions)

Particulars	2008-09	2007-08	2006-07
Profit	1197.60	1206.27	723.29
Profit as % of sales	7.12%	9.10%	9.98%

In the year 2007, cash profit was Rs. 723 Million, which was equal to 9.98% of sales. It reduced to 9.10% of the sales, amounting to Rs. 1206 million in the year 2008. In the current year 2009, it has further reduced to 7.12% of sales due to higher material cost and interest burden of the projects recently commissioned but not fully operational.

## Net Profit

Net Profit after tax (Before Prior Period Adjustment) for the last three years are compared below.

(Rs. in Millions)

Particulars	2008-09	2007-08	2006-07
Net Profit	507.14	621.78	432.04
Net Profit as % of sales	3.01%	4.69%	5.96%

The net profit margin was 5.96% in the year March 07. It reduced to 4.69% in the year March 08. In the current year March 09, the margin has further reduced to 3.01% due to higher raw material cost, large amount of depreciation and interest burden on the profitability of the company.

## BALANCE SHEET

Table showing Balance Sheet for the past 3 years ended as at 31<sup>st</sup> March 09, 31<sup>st</sup> March 08 and 31<sup>st</sup> March 07.  
(Rs. in Millions)

Sr. No.	Particulars	2008-09	2007-08	2006-07
<b>A</b>	<b>SOURCES OF FUNDS</b>			
<b>1</b>	<b>Shareholders Fund</b>			
1.1	Equity Share Capital	114.76	109.76	91.35
1.2	Preference Share Capital	120.00	120.00	120.00
1.3	Share Application Money	0.00	30.00	58.50
1.4	Reserves & Surplus	4363.06	3587.59	1918.20
	<b>Total Shareholders Fund</b>	<b>4597.82</b>	<b>3847.35</b>	<b>2188.05</b>
<b>2</b>	<b>Loan Funds</b>			
2.1	Secured Term Loans	6320.01	3507.32	2519.84
2.2	Secured Working Capital Loans	3991.73	2309.24	553.23
2.3	Unsecured Loans	1973.92	2376.16	819.73
2.4	Others	8.02	10.95	8.08
	<b>Total Loan Funds</b>	<b>12293.68</b>	<b>8203.67</b>	<b>3900.88</b>
<b>3</b>	<b>Deferred Tax Liability</b>	<b>694.11</b>	<b>521.55</b>	<b>255.67</b>
	<b>TOTAL SOURCES</b>	<b>17585.61</b>	<b>12572.57</b>	<b>6344.60</b>
<b>B</b>	<b>APPLICATION OF FUNDS</b>			
<b>1</b>	<b>Fixed Assets</b>			
1.1	Gross Block	7608.27	6177.36	3100.82
1.2	Capital Work in Progress	4510.22	1347.32	1052.28
	<b>Total Fixed Assets</b>	<b>12118.49</b>	<b>7524.68</b>	<b>4153.10</b>
1.3	Accumulated Depreciation	1146.59	634.46	316.69
	<b>Net Block</b>	<b>10971.90</b>	<b>6890.22</b>	<b>3836.41</b>
<b>2</b>	<b>Investments</b>	<b>22.00</b>	<b>21.25</b>	<b>0.67</b>
<b>3</b>	<b>Current Assets, Loans &amp; Advances</b>			
3.1	Raw Materials including transit	2864.26	2274.26	1411.12
3.2	Stores & Spares	171.05	105.01	97.57
3.3	Work in process	981.99	407.53	314.07
3.4	Finished Goods	504.28	175.46	205.88
	<b>Total Inventories</b>	<b>4521.58</b>	<b>2962.26</b>	<b>2028.64</b>
3.5	Sundry Debtors	2483.87	2640.83	1425.52
3.6	Cash & Bank Balance	661.09	621.54	410.42
3.7	Loans and Advances	1512.24	721.62	911.54
	<b>Total Current Assets</b>	<b>9178.78</b>	<b>6946.25</b>	<b>4776.12</b>
<b>4</b>	<b>Current Liabilities &amp; Provisions</b>			
4.1	Current Liabilities	2894.51	1476.34	2285.63
4.2	Provisions	83.92	109.27	105.57
	<b>Total Current Liabilities</b>	<b>2978.43</b>	<b>1585.61</b>	<b>2391.20</b>
	<b>Net Current Assets</b>	<b>6200.35</b>	<b>5360.64</b>	<b>2384.92</b>
<b>5</b>	<b>Misc Expenditure to the extent not written off</b>	<b>391.36</b>	<b>300.46</b>	<b>122.61</b>
	<b>TOTAL APPLICATION</b>	<b>17585.61</b>	<b>12572.57</b>	<b>6344.60</b>

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## BALANCE SHEET ANALYSIS

### Net Worth

The net worth of the company for the last three years are compared below.

(Rs. in Millions)

Particulars	2008-09	2007-08	2006-07
Equity Share Capital	114.76	109.76	91.35
Preference Share Capital	120.00	120.00	120.00
Warrants / Application Money	0.00	30.00	58.50
Reserves & Surplus	4363.06	3587.59	1918.20
<b>Total Net Worth</b>	<b>4597.82</b>	<b>3847.35</b>	<b>2188.05</b>
Deferred Tax Liability	694.11	521.55	255.67
<b>Net Worth including DTL</b>	<b>5291.93</b>	<b>4368.90</b>	<b>2443.72</b>

The net worth of the company which stood at Rs.2188 Million in FY 07, jumped to Rs. 3847 Million in FY 08. As on March 09, the net worth excluding deferred tax liability is Rs. 4598 Million. The net worth of the company excluding deferred tax liability increased by Rs 750 Million in the year ending March 09. The bifurcation of this increase is given below:

Particulars	(Rs. in Millions)
Conversion of Warrants	270.00
Current year profit less dividend and dividend tax	480.46
<b>Total</b>	<b>750.46</b>

### Secured Loans

The secured loans of the company for the last three years are compared below.

(Rs. in Millions)

Particulars	2008-09	2007-08	2006-07
Secured Term Loans	6320.01	3507.32	2519.84
Secured Working Capital Loans	3991.73	2309.24	553.23
Others	8.02	10.95	8.08
<b>Total</b>	<b>10319.76</b>	<b>5827.51</b>	<b>3081.15</b>

### Gross Block

The Gross Block of the company for the last three years are compared below.

(Rs. in Millions)

Particulars	2008-09	2007-08	2006-07
Gross Block	7608.27	6177.36	3100.82
Capital work in progress	4510.22	1347.32	1052.28
<b>Total Fixed Assets</b>	<b>12118.49</b>	<b>7524.68</b>	<b>4153.10</b>
Accumulated Depreciation	1146.59	634.46	316.69
<b>Net Block</b>	<b>10971.90</b>	<b>6890.22</b>	<b>3836.41</b>

There has been a substantial increase in the fixed asset of the company over last three years. The gross block which was Rs. 3100 Million in March 07, increased to Rs. 6177 Million in March 08 and Rs.7608 Million in March 09. There has been expansion on account of facilities created for sponge iron making and captive power plant.

## Raw Material Inventory

The Raw Material inventory of the company for the last three years are compared below.

(Rs. in Millions)

Particulars	2008-09	2007-08	2006-07
Value of Raw Material & Spares	3746.61	2379.27	1508.69
Stock of Raw Material in No. of months consumption	3.59	3.10	3.51
Raw Material as a % of sales	22.26%	17.95%	20.82%

Raw material inventory is 22% of sales in March 09 as against 18% in March 08. The increase is mainly due to 2 consignments were in transit as on March 09.

## Finished Goods and WIP

The inventory of finished goods and WIP of the company for the last three years are compared below.

(Rs. in Millions)

Particulars	2008-09	2007-08	2006-07
Value of Finished Goods & WIP	1486.27	582.99	519.95
Stock of Finished Goods & WIP in No. of months sales	1.06	0.53	0.86
Finished Goods & WIP as a % of sales	8.83%	4.40%	7.17%

The finished goods inventory remains approximately 1 month in March 09 as compared to 0.5 months in March 08 due to higher inventory in steel division. Increase in holding period is due to following reasons

- Less demand during last quarter of FY 09
- Higher inventory of DI Pipes as network being expanded
- High Stock due to wide price fluctuation

## Debtors

The debtors of the company for the last three years are compared below.

(Rs. in Millions)

Particulars	2008-09	2007-08	2006-07
Debtors	2483.87	2640.83	1425.52
Debtors equal to No of months sale	1.77	2.39	2.36

The level of debtors remains approximately equaled to 1.77 months.

## Current Liabilities

The Current Liabilities of the company for the last three years are compared below.

(Rs. in Millions)

Particulars	2008-09	2007-08	2006-07
Current Liabilities	2894.51	1476.34	2285.63
Current Liabilities equal to No of months sale	2.06	1.34	3.78

### CAUTIONARY STATEMENT:

Statements in this Management Discussion and Analysis detailing the company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, feedstock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic developments within India and the Countries within which the Company conducts business and other factors such as litigation and labour negotiations.

# ELECTROTHERM

## PERFORMANCE INDICATORS AND IMPORTANT RATIOS OF ELECTROTHERM

### CURRENT RATIO:

(Rs. in Millions)

Particulars	2008-09	2007-08	2006-07
Current Assets	9178.78	6946.25	4776.12
Current Liabilities	6970.16	3894.85	2944.43
<b>Current Ratio (Times)</b>	<b>1.32</b>	<b>1.78</b>	<b>1.62</b>

### TOL/TNW:

(Rs. in Millions)

Particulars	2008-09	2007-08	2006-07
Loan Funds	12293.68	8203.67	3900.88
Current Liabilities	2978.43	1585.61	2391.20
<b>Total Outside Liabilities</b>	<b>15272.11</b>	<b>9789.28</b>	<b>6292.08</b>
Less: Loan Pertaining to Assets which is not fully operational	0.00	980.00	0.00
Less: Loan pertaining to CWIP	3000.00	990.00	0.00
<b>Funds pertains to Operation</b>	<b>12272.11</b>	<b>7819.28</b>	<b>6292.08</b>
Total Net Worth	4597.82	3847.35	2188.05
<b>TOL / TNW (Times)</b>	<b>2.67</b>	<b>2.03</b>	<b>2.88</b>

### DEBT/EBIDTA:

(Rs. in Millions)

Particulars	2008-09	2007-08	2006-07
Loan Funds	12293.68	8203.67	3900.88
Current Liabilities	2978.43	1585.61	2391.20
<b>Total Outside Liabilities</b>	<b>15272.11</b>	<b>9789.28</b>	<b>6292.08</b>
Less: Loan Pertaining to Assets which is not fully operational	0.00	980.00	0.00
Less: Loan pertaining to CWIP	3000.00	990.00	0.00
<b>Funds pertains to Operation</b>	<b>12272.11</b>	<b>7819.28</b>	<b>6292.08</b>
EBIDTA	2441.13	2139.37	1141.99
<b>Debt / EBIDTA (Times)</b>	<b>5.03</b>	<b>3.65</b>	<b>5.51</b>

### DEBT SERVICE COVERAGE RATIO:

(Rs. in Millions)

Particulars	2008-09	2007-08	2006-07
Profit After Tax	522.45	623.33	433.52
Deferred Tax	172.56	265.88	112.80
Depreciation	517.91	318.61	178.45
Interest Expense	1150.47	785.09	350.30
<b>Total (A)</b>	<b>2363.38</b>	<b>1992.91</b>	<b>1075.07</b>
Interest Expense	1150.47	785.09	350.30
Loan Repayment	528.02	353.87	160.48
<b>Total (B)</b>	<b>1678.49</b>	<b>1138.96</b>	<b>510.78</b>
<b>DSCR (Times)</b>	<b>1.41</b>	<b>1.75</b>	<b>2.10</b>



**1. Company's Philosophy on Corporate Governance:**

Corporate Governance involves a set of relationships amongst the company's management, its board of directors, its shareholders, its auditors and other stakeholders. The key aspect of corporate governance include transparency of corporate structures and operations; the accountability of managers and the boards to shareholders; and corporate responsibility towards stakeholders.

Electrotherm believes that it is imperative to design and implement a dynamic mechanism of corporate governance, which protects the interest of relevant stakeholders without hindering the growth of enterprise. It further believes that adaptation to changing times is the key to corporate growth and long term survival.

The Company's corporate governance philosophy is based on the principle that better corporate governance adds considerable value to the operational performance. The Company is in compliance of the requirements of Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges.

**2. Board of Directors:**

The Board of Directors of the Company is having optimum combination of Executive and Non-Executive Directors as per Clause 49 of the listing Agreement. As on 31st March, 2009, the Board of Directors comprises eleven directors out of which four are executive directors, six are non-executive directors and one is nominee director. All non-executive directors are independent directors.

The details of composition of Board, category of directors as well as their directorship/membership in other companies/committees are given below:

Sr. No.	Name and Designation of Director	Category	Number of other Directorship and Committee Membership / Chairmanship		
			Other Directorships	Committee Membership	Committee Chairmanship
1.	Mr. Mukesh Bhandari Chairman & Chief Technology Officer	Promoter & Executive	7	Nil	Nil
2.	Mr. Shailesh Bhandari Managing Director	Promoter & Executive	9	1	Nil
3.	Mr. Avinash Bhandari Jt. Managing Director & CEO	Executive	1	Nil	Nil
4.	Mr. Narendra Dalal Whole Time Director	Executive	3	Nil	Nil
5.	Mr. Naveen Nakra	Independent Non-Executive	1	Nil	Nil
6.	Mr. Nilesh Desai	Independent Non-Executive	2	2	Nil
7.	Mr. Madhusudan Somani	Independent Non-Executive	Nil	Nil	Nil
8.	Mr. Ram Singh	Independent Non-Executive	Nil	Nil	Nil
9.	Mr. Pradeep Krishna Prasad	Independent Non-Executive	Nil	Nil	Nil
10.	Mr. Ravikumar Trehan	Independent Non-Executive	Nil	Nil	Nil
11.	Mr. Sunay Mathure	Nominee Director	1	Nil	Nil
12.	Dr. Sudhir Kapur	Independent Non-Executive	1	Nil	Nil

# ELECTROTHERM

- Directorships in other companies mentioned above excludes directorships in private limited companies, unlimited companies, section 25 company and foreign companies.
- Mr. Sunay Mathure is Nominee Director of ICICI Venture Funds Management Company Ltd., an investment manager of India Advantage Fund – VI.
- Mr. Siddharth Bhandari was appointed as additional director & Whole Time Director with effect from 24<sup>th</sup> October, 2008. However, he has resigned from Directorship with effect from 29<sup>th</sup> December, 2008.
- Dr. Sudhir Kapur was appointed as an Additional Director with effect from 13<sup>th</sup> April, 2009.
- Mr. Naveen Nakra ceased to be a Director w.e.f. 19<sup>th</sup> June, 2009 due to demise.
- While calculating the number of Membership / Chairmanship in Committees of other Companies, Membership / Chairmanship of only Audit Committee and Shareholders' / Investors' Grievance Committee have been considered pursuant to Clause 49 of the listing agreement. None of the Director is a member in more than ten committees and act as a Chairman in more than five committees across all companies in which he is a Director.
- None of the Directors are related to each other except Mr. Mukesh Bhandari and Mr. Shailesh Bhandari, who are Brothers.

## Board Meetings

During the financial year 2008 - 2009, six board meetings were held on 8<sup>th</sup> May 2008, 31<sup>st</sup> July 2008, 24<sup>th</sup> October 2008, 20<sup>th</sup> November 2008, 29<sup>th</sup> December 2008 and 31<sup>st</sup> January 2009.

Attendance of Directors at the Board meetings and at the last Annual General Meeting held on 20<sup>th</sup> June, 2008 is as under:

Name of Directors	Attendance	
	Board Meetings	AGM held on 20.06.2008
Mr. Mukesh Bhandari	2	No
Mr. Shailesh Bhandari	5	Yes
Mr. Avinash Bhandari	5	Yes
Mr. Narendra Dalal	6	No
Mr. Naveen Nakra*	6	Yes
Mr. Nilesh Desai	4	No
Mr. Madhusudan Somani	1	No
Mr. Ram Singh	5	No
Mr. Pradeep Krishna Prasad	5	No
Mr. Ravikumar Trehan	1	No
Mr. Sunay Mathure	6	No
Mr. Harish Sharma@	1	N.A.
Mr. Siddharth Bhandari#	1	N.A.

\* ceased to be a Director with effect from 19<sup>th</sup> June, 2009 due to demise.

@ ceased to be a Director with effect from 18<sup>th</sup> June, 2008 due to demise.

# ceased to be a Director with effect from 29<sup>th</sup> December, 2008 due to resignation

All the information required to be furnished to the Board was made available to them along with detail agenda notes. Time gap between two Board meetings was not more than four months.

### 3. Committees of Board :

#### A. Audit Committee

##### (i) Brief description of Terms of Reference

The terms of reference and powers of the Audit Committee are in compliance with the provisions of the Corporate Governance – Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. Minutes of the Audit Committee are circulated and discussed at the Board meetings.

##### (ii) Composition of the Committee

The Audit Committee comprises of four members all being non-executive directors. The Audit Committee was re-constituted w.e.f. 29<sup>th</sup> July, 2009. At present, Mr. Madhusudan Somani is the Chairman and Mr. Sunay Mathure, Mr. Nilesh Desai and Mr. Ram Singh are members of the Audit Committee. The Company Secretary acts as secretary to the committee.

Mr. Naveen Nakra ceased to be the Chairman of the Committee w.e.f. 19<sup>th</sup> June, 2009 due to demise. Mr. Naveen Nakra, Chairman of the Audit Committee was present at the last annual general meeting of the Company.

##### (iii) Meetings and attendance

During the financial year 2008 -2009, four meetings of the Audit Committee were held on 8<sup>th</sup> May 2008, 31<sup>st</sup> July 2008, 24<sup>th</sup> October 2008 and 31<sup>st</sup> January 2009.

##### Details of Attendance at the Audit Committee

Name	Designation	Attendance
Mr. Naveen Nakra	Chairman	4
Mr. Sunay Mathure	Member	4
Mr. Nilesh Desai	Member	4
Mr. Ram Singh	Member	4

#### B. Remuneration Committee:

##### (i) Brief description of Terms of Reference

The Remuneration Committee has been constituted to recommend and review remuneration package of Executive directors of the Company and recommend suitable revision to the Board.

##### (ii) Composition of the Committee

The Remuneration Committee consists of three non-executive independent directors, to comply with and meet the requirements of the listing agreement and Schedule XIII of the Companies Act, 1956. The Remuneration Committee was re-constituted w.e.f. 29<sup>th</sup> July, 2009. At present, Mr. Nilesh Desai is the Chairman and Mr. Madhusudan Somani and Mr. Pradeep Krishna Prasad are members of the Remuneration Committee.

Mr. Naveen Nakra ceased to be member of the Committee w.e.f. 19<sup>th</sup> June, 2009 due to demise.

##### (iii) Meetings and attendance

During the financial year 2008 -2009, two meetings of the Remuneration Committee were held on 24<sup>th</sup> October, 2008 and 31<sup>st</sup> January, 2009.

## Details of Attendance at the Remuneration Committee:

Name	Designation	Attendance
Mr. Nilesh Desai	Chairman	2
Mr. Naveen Nakra	Member	2
Mr. Pradeep Krishna Prasad	Member	1

### (iv) Remuneration Policy

The remuneration policy of the Company for managerial personnel is based on the performance, experience and responsibilities.

### (v) Details of Remuneration of Directors

The details of remuneration paid to Chairman, Managing Director and Whole Time Director for the financial year ended on 31<sup>st</sup> March, 2009 is as under:

(in Rupees)

Name	Salary	Other Allowances	Contribution to PF	Total
Mr. Mukesh Bhandari	2040000	1237430	244800	<b>3522230</b>
Mr. Shailesh Bhandari	1860000	1128746	223200	<b>3211946</b>
Mr. Harish Sharma	283400	2587578*	34008	<b>2904986</b>
Mr. Narendra Dalal	1116000	669600	133920	<b>1919520</b>
Mr. Avinash Bhandari	750000	450000	90000	<b>1290000</b>
Mr. Siddharth Bhandari	67000	46400	8040	<b>121440</b>

\* includes Rs. 24,14,490/- paid as Leave salary and Gratuity on his death

Mr. Sunay Mathure, Nominee Director has been paid sitting fees within the limits prescribed under the Companies Act, 1956 and as fixed by the Board of Directors. Accordingly, during the financial year ended on 31<sup>st</sup> March, 2009, Rs. 1,20,000/- has been paid as sitting fees to ICICI Venture Funds Management Company Ltd. as per Shareholders Agreement entered into with it.

## C. Shareholders'/Investors' Grievance Committee

The Company has Shareholders'/Investors' Grievance Committee comprising of one executive director and two non-executive independent directors to expedite the process of redressal of complaints like non-transfer of shares, non-receipt of annual report, non-receipt of dividends etc.

The Shareholders' / Investors' Grievance Committee was re-constituted w.e.f 29<sup>th</sup> July, 2009. At present, Mr. Ram Singh, a Non-Executive and Independent Director is the Chairman and Mr. Avinash Bhandari and Mr. Nilesh Desai are members of the Committee. Mr. Naveen Nakra ceased to be a Chairman of the Committee w.e.f. 19<sup>th</sup> June, 2009 due to demise. The Committee meets at least two times a quarter to expedite all matters relating to shareholders / investors grievances received during that period. The Committee reviews summary of share transfers, dematerialization of shares, consolidation or sub-division of shares, complaints received and disposed off etc.

During the financial year 2008-2009, seven meetings of the Shareholders' / Investors' Grievance Committee were held. Mr. Ashwin Patel, Company Secretary is the Compliance Officer.

**Details of Shareholders Complaints**

The details of complaints received / solved / pending during the year are as under:

Sr. No.	Nature of Complaint	Complaints received	Complaints solved	Complaints pending
1.	Non receipt of Share Certificates after transfer etc.	1	1	Nil
2.	Non receipt of Dividend / Annual Report	4	4	Nil
3.	Non receipt of Demat credit	1*	1	Nil
4.	Non receipt of duplicate share certificates	Nil	Nil	Nil

\* Complaint was pending as on 1<sup>st</sup> April, 2008

**D. Other Committees****(i) Share Allotment Committee**

The Company has constituted a Share Allotment Committee on 29th July, 2006. The terms of reference of Share Allotment Committee includes to look into the receipt of money by way of subscription of Shares, Warrants, FCCBs or other convertible instruments issued or to be issued by the Company and allotment of Shares, Warrants, FCCBs or other convertible instruments and allotment of Equity shares arising on conversion of Warrants, FCCBs or other convertible instruments issued by the Company or to be issued by the Company in future.

The Share Allotment Committee was re-constituted w.e.f. 29<sup>th</sup> July, 2009. At present Mr. Shailesh Bhandari is the Chairman of the Committee and Mr. Avinash Bhandari and Mr. Ram Singh are members of the Committee. Mr. Naveen Nakra ceased to be member of the Committee w.e.f. 19<sup>th</sup> June, 2009 due to demise.

During the Financial year 2008-2009, one meeting of the Share Allotment Committee was held on 13<sup>th</sup> September, 2008. All members of the Committee were present at the meeting.

**(ii) Management Committee**

The Company has constituted a Management Committee on 29th October, 2007. The terms of reference of Management Committee includes to look into the day to day functioning and exercise of delegated power of the Board for matters relating to operations and granting of authority for various functional requirements such as issue of Power of Attorney, arranging for vehicle loans, dealings with Central / State Governments and various statutory / judicial / regulatory / local / commercial / excise / customs / port / sales tax / income tax / electricity board etc. and other authorities on behalf of the Company.

Mr. Shailesh Bhandari is the Chairman of the Committee and Mr. Avinash Bhandari and Mr. Narendra Dalal are members of the Committee.

Mr. Harish Sharma ceased to be a member of the Committee with effect from 18<sup>th</sup> June, 2008 due to demise.

During the Financial year 2008-2009, no meeting of the Management Committee was held.

## (iii) Restructuring Committee

The Company has constituted a Restructuring Committee on 29th December, 2008. The terms of reference of Restructuring Committee includes the matters related to demerger of engineering business as per the Scheme of Arrangement and matters related to Scheme of Arrangement for utilisation of share premium account.

Mr. Shailesh Bhandari is the Chairman of the Committee and Mr. Avinash Bhandari and Mr. Narendra Dalal are members of the Committee.

During the Financial year 2008-2009, no meeting of the Restructuring Committee was held.

## 4. General Body Meeting:

### (i) Annual General Meetings

The last three Annual General Meetings of the Company were held within the statutory time period and the details of the same are as under:

AGM	Financial Year	Venue	Date	Time
22 <sup>nd</sup>	2007-2008	A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad-380 015	20.06.2008	11.00 A.M.
21 <sup>st</sup>	2006-2007	A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad-380 015	25.06.2007	11.00 A.M.
20 <sup>th</sup>	2005-2006	Survey No. 72, Village :Palodia, Taluka:Kalol, Dist.:Gandhinagar-382115	29.09.2006	12:00 Noon

### Special Resolutions

Special Resolutions passed in the previous three Annual General Meetings:

- (1) No Special Resolution was passed at the 22<sup>nd</sup> Annual General Meeting held on 20<sup>th</sup> June, 2008.
- (2) Special Resolution under Section 81, 81(1A) of the Companies Act, 1956 for raising of funds through ADRs / GDRs / FCCBs was passed at the 21<sup>st</sup> Annual General Meeting held on 25<sup>th</sup> June, 2007.
- (3) Special Resolution under Section 81, 81(1A) of the Companies Act, 1956 and SEBI (Disclosure and Investor Protection) Guidelines, 2000 for raising of funds through Qualified Institutions Placement (QIP) was passed at the 20<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September, 2006.

### (ii) Extra Ordinary General Meetings

No Extra Ordinary General Meeting was held during the financial year 2008 – 2009.

### (iii) Postal Ballot

During the year, following Resolutions were passed through postal ballot under the provisions of Section 192A of the Companies Act, 1956 and the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001. The notice of Postal Ballot dated 31<sup>st</sup> January, 2009 was dispatched to shareholders on 9<sup>th</sup> February, 2009 and the result of the same was declared on 20<sup>th</sup> March, 2009 at the registered office of the company as per the report of Scrutinizer.

1. Special Resolution for alteration of Object Clause (incidental or ancillary to the Main Object) of the Memorandum of Association

2. Special Resolution for giving loans or extending guarantee or providing security in excess of the limit prescribed under sub-section (1) of Section 372A
3. Special Resolution for alteration of Articles of Association
4. Special Resolution for appointment of Mrs. Jyoti Bhandari, Relative of some of the Directors to hold office or place of Profit
5. Ordinary Resolution for re-appointment of Mr. Mukesh Bhandari as Chairman & Chief Technology Officer
6. Ordinary Resolution for re-appointment of Mr. Shailesh Bhandari as Managing Director
7. Ordinary Resolution for re-appointment of Mr. Avinash Bhandari as Joint Managing Director and Chief Executive Officer (CEO)
8. Ordinary Resolution for re-appointment of Mr. Narendra Dalal as Whole Time Director

Resolution set out in the Notice	Number of valid postal ballot forms received	Votes in favour of the Resolution	Votes against the Resolution	Votes neither in favour nor against the Resolution
Item No. 1	193	4151970	620	799
Item No. 2	193	4150989	1671	729
Item No. 3	193	4151873	817	699
Item No. 4	193	4151215	1742	432
Item No. 5	193	4152242	735	412
Item No. 6	193	4152172	735	482
Item No. 7	193	4152210	767	412
Item No. 8	193	4151199	758	1432

The resolutions have, therefore, been approved by the shareholders with requisite majority. Mr. Bipin S. Acharya, Practising Company Secretary conducted the postal ballot process as scrutinizer appointed by the Board for that purpose.

The Company has complied with the procedures for Postal Ballots in terms of the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001 and amendments thereto. The Board proposes a special resolution for alteration of main object of the Memorandum of Association for approval of members through postal ballot.

## 5. Disclosures:

### (i) Disclosures on materially significant related party transactions

The Company does not have any related party transactions with promoters, directors or management or relatives, which may have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in the notes to the accounts in this Annual Report.

### (ii) Code of Conduct

The Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct has been posted on the website of the Company [www.electrotherm.com](http://www.electrotherm.com)

In compliance with the Code, directors and senior management of the Company have affirmed compliance with the Code for year ended on 31<sup>st</sup> March, 2009. The declaration of compliance of Code of Conduct by the Joint Managing Director & CEO is part of this Annual Report.

**(iii) CEO / CFO Certification:**

Mr. Shailesh Bhandari, Managing Director and Mr. Avinash Bhandari, Joint Managing Director & CEO of the Company has furnished the requisite certificate to the Board of Directors under Clause 49 V of the Listing Agreement.

**(iv) Cases of Non-compliance / Penalties:**

There are no non-compliances by the Company on any matter related to capital markets, during the last three years. Similarly, there are no penalties or strictures imposed on the Company by Stock Exchanges, SEBI or any other statutory authorities on any matter related to capital markets during the last three years.

The Company has complied with all the mandatory requirements of the Clause 49 of the listing agreement with the Stock Exchanges as well as regulations and guidelines issued by SEBI.

During the year, the Company has filed a compounding application with Reserve Bank of India under the provisions of Foreign Exchange Management Act, 1999 for delay in reporting of foreign inward remittance for subscription of shares in terms of para 9(1)(A) of Schedule 1 to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000. The Company has paid amount of Rs. 50,000/- in compliance of order of the Compounding Authority to Reserve Bank of India.

**(v) Whistle Blower Policy**

The Company does not have Whistle Blower Policy. The Company hereby affirms that no personnel has been denied access to the audit committee.

**(vi) Non-Mandatory Requirements:**

The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure ID to clause 49 of the Listing Agreement with the Stock Exchanges:

- (a) The Company has set up a Remuneration Committee. Please see the para on Remuneration Committee for details.
- (b) The statutory financial statements of the Company are unqualified.

**6. Means of Communication:**

The quarterly results are normally published in national and local dailies such as "Economic Times", "Financial Express", "Indian Express" in English and Gujarati editions.

The company has its own website [www.electrotherm.com](http://www.electrotherm.com), on which the quarterly results are displayed. The quarterly results and official new releases are displayed on the website of the respective stock exchanges.

The management discussion and analysis report is attached herewith and form part of the Annual Report.



## 7. General Shareholder Information:

**A. Annual General Meeting:**

Date	:	15.09.2009
Time	:	11.00 A.M.
Venue	:	H. T. Parekh Convention Centre, Ahmedabad Management Association ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380015

**B. Financial Calendar:** [Tentative]

Financial Year	:	1 <sup>st</sup> April – 31 <sup>st</sup> March
First Quarter Results	:	End July, 2009
Half yearly Results	:	End October, 2009
Third Quarter Results	:	End January, 2010
Result for the year ending March 31, 2010	:	End April/ June, 2010

**C. Book Closure Date:** 7<sup>th</sup> September, 2009 to 15<sup>th</sup> September, 2009  
(Both days Inclusive)

**D. Dividend Payment Date:** On or after 15<sup>th</sup> September, 2009

**E. Listing on Stock Exchange(s) :**

Your Company's Shares are listed on

Sr. No.	Name of Stock Exchange	Address of Stock Exchange
1	Bombay Stock Exchange Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001.
2	National Stock Exchange of India Limited	Exchange Plaza, Bandra – Kurla Complex, Bandra (East), Mumbai – 400 051

**Notes:**

- Annual Listing fees for the year 2009 -2010 have been duly paid to the stock exchanges and Annual Custodial Fees for the year 2009-2010 have been duly paid to the NSDL and CDSL.
- During the year ended on 31<sup>st</sup> March, 2009, 5,00,000 Equity Shares allotted on conversion of warrants to Western India Speciality Hospital Limited were listed with BSE and NSE.

**F. Stock Code:**

- |  |   |              |
|--|---|--------------|
| a) Bombay Stock Exchange Ltd             | : | 526608       |
| b) National Stock Exchange of India Ltd. | : | ELECTHERM    |
| c) ISIN with NSDL & CDSL                 | : | INE822G01016 |

**G. Market Price Data:**

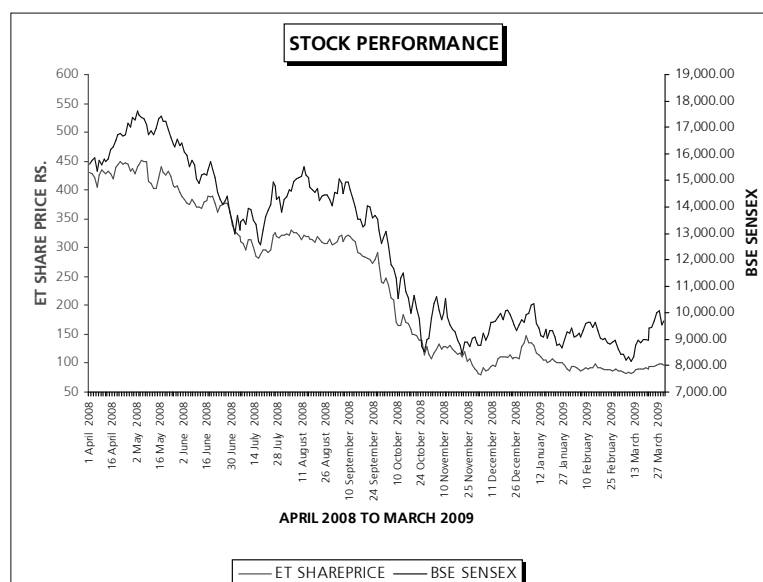
Market price data of Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for the financial year 2008-2009 are given below:

# ELECTROTHERM

Month	BSE - Share Price (In Rs. per share)		NSE – Share Price (In Rs. per share)	
	High	Low	High	Low
April, 2008	467.95	401.15	468.00	400.00
May, 2008	465.00	380.00	459.95	380.00
June, 2008	397.00	333.35	440.00	336.00
July, 2008	360.00	277.85	348.50	279.50
August, 2008	340.00	301.35	347.90	301.00
September, 2008	332.00	223.00	360.00	210.00
October, 2008	251.00	104.95	247.00	100.00
November, 2008	139.90	84.00	140.00	86.50
December, 2008	154.05	76.00	147.70	77.00
January, 2009	151.50	83.05	150.00	81.60
February, 2009	103.00	85.00	103.00	84.00
March, 2009	103.00	81.50	105.00	80.00

## H. Stock Performance:

Performance of share price of ELECTROTHERM in comparison to BSE Sensex for the year 2008 – 2009 is as under:



## I. Registrar and Share Transfer Agent:

M/s Link Intime India Pvt. Ltd. (formerly known as Intime Spectrum Registry Ltd.) is the Share Transfer Agent for entire functions of share registry, both for physical transfers as well as dematerialisation / rematerialisation of shares, issue of duplicate / split / consolidation of shares etc.

### LINK INTIME INDIA PVT. LTD.

211, Sudarshan Complex,  
Near Mithakhali Underbridge,  
Navrangpura, Ahmedabad – 380 009  
Phone & Fax No. (079) 2646 5179  
E-mail Address: ahmedabad@linkintime.co.in

## J. Share Transfer System:

Shareholders are requested to send their share transfer related requests and documents at the above mentioned address. To expedite the process of share transfer, the Board of the Company has delegated the power of share transfer to the Registrar and share transfer agent, which attends to the share transfer formalities at least once in a fortnight.

As per clause 47(c) of the Listing Agreement, the Company has obtained the half yearly certificates from the Company Secretary in Practice for compliance of share transfer formalities and the same have been submitted to the Stock Exchanges. The Company has also obtained Quarterly Secretarial Audit Report for the reconciliation of Share Capital as per the Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996.

## K. Distribution of shareholding as on 31<sup>st</sup> March, 2009

Category	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% of Shares
1 – 500	6587	93.71	535125	4.66
501 – 1000	225	3.20	171254	1.49
1,001 – 2000	89	1.27	130441	1.14
2,001 – 3000	38	0.54	92788	0.81
3,001 – 4000	16	0.23	56995	0.50
4,001 – 5000	17	0.24	78471	0.68
5,001 – 10,000	17	0.24	121170	1.06
10,001 & above	40	0.57	10290130	89.66
<b>Total</b>	<b>7029</b>	<b>100.00</b>	<b>11476374</b>	<b>100.00</b>

## L. Categories of Shareholding as on 31<sup>st</sup> March, 2009

Sr. No.	Category	No. of Shares	% to Share Capital
<b>A.</b>	<b>Promoters Shareholding</b>		
1.	Promoters and Promoters Group	3853075	33.57
<b>B.</b>	<b>Public Shareholding</b>		
2.	Mutual Funds / UTI	10500	0.09
3.	Banks/Financial Institutions	100	0.00
4.	Foreign Institutional Investors	21175	0.18
5.	Foreign Financial Institution	1366666	11.91
6.	Bodies Corporate	1365196	11.90
7.	NRIs	99339	0.87
8.	Trusts	1369333	11.93
9.	Foreign Companies	2000000	17.43
10.	Clearing Members	60303	0.53
11.	Indian Public	1330687	11.59
	<b>Total</b>	<b>11476374</b>	<b>100.00</b>

## M. Dematerialisation of shares and liquidity

The shares of the company are under compulsory trading in demat form. The details of dematerialisation of shares as on 31<sup>st</sup> March, 2009 is as under:

Sr. No.	Particulars	No. of Shares	% of Paid up Capital
1	Held in Demat form	88,01,937	76.70
2	Held in Physical form	26,74,437	23.30
	<b>Total</b>	<b>1,14,76,374</b>	<b>100.00</b>

9,75,000 Equity Shares allotted on conversion of warrants to Promoter Group Company, Western India Speciality Hospital Ltd. are under lock-in upto 14<sup>th</sup> March, 2010 as per SEBI Guidelines for Preferential Issues.

Shares of the company are regularly traded in BSE and NSE and are included in Group "B" category of shares of Bombay Stock Exchange Limited.

## N. Outstanding GDRs/ADRs/Warrants or Convertible instruments, conversion date and likely impact on the equity

As on 31<sup>st</sup> March, 2009, the Company does not have any GDRs/ADRs/Warrants or any other convertible instruments.

## O. Plant Locations

Factory & Works	:	Survey No.: 72, Village: Palodia, Taluka: Kalol, Dist.: Gandhinagar, Gujarat – 382 115
Vatva Factory	:	414/1 GIDC, Phase : II, Vatva Industrial Area Ahmedabad - 382 445
Wind Farm	:	Village: Dhank, Taluka:Upleta, Dist.: Rajkot, Gujarat.
Kutch Plant	:	Village Samkhiyali, Tal. Bhachau Dist. Kutch

## P. Correspondence

Shareholders are requested to correspond with the company at the following address:

### Mr. Ashwin Patel

Company Secretary

### Electrotherm (India) Limited

A-1, Skylark Apartment,

Satellite Road, Satellite,

Ahmedabad – 380 015

Phone No. (02717) 234553 to 57

Fax No. (02717) 660600

Email sec@electrotherm.com

**DECLARATION OF CODE OF CONDUCT**

As provided under Clause 49 of the Listing Agreement with the stock exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2009.

Place: Palodia  
Date: 29<sup>th</sup> July, 2009

**Avinash Bhandari**  
Joint Managing Director & CEO

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members  
Electrotherm (India) Limited  
Ahmedabad

We have examined the compliance of conditions of Corporate Governance by **Electrotherm (India) Limited** for the year ended on 31<sup>st</sup> March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Mehta Lodha & Co.**  
Chartered Accountants

Place : Ahmedabad  
Date : 29<sup>th</sup> July, 2009

**Prakash D. Shah**  
Partner  
Membership No. 34363

To,  
The Members  
**ELECTROTHERM (INDIA) LIMITED**  
Ahmedabad

1. We have audited the attached Balance Sheet of **ELECTROTHERM (INDIA) LIMITED**, as at **31st March, 2009**, the Profit & Loss Account and also the Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Amended Order 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanation given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, for the year under consideration.
4. Further to our report as stated above in para (3) of this report and subject to notes on account & significant accounting policies, we further broadly report that:-
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, read with the notes to accounts and accounting policies, comply with the applicable accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representation received from the Directors of the Company as on March 31<sup>st</sup>, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31<sup>st</sup>, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant accounting policies and notes appearing thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
    - (a) in the case of balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2009;
    - (b) in the case of the profit and loss account, of the profit for the year ended on that date; and
    - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

**For Mehta Lodha & Co.**  
Chartered Accountants

**Prakash D. Shah**  
Partner  
Membership No.34363

Place : Ahmedabad  
Date : 25<sup>th</sup> May 2009

**ANNEXURE REFERRED TO IN PARAGRAPH (3) OF THE AUDIT REPORT OF EVEN DATE OF THE MEMBERS OF ELECTROTHERM (INDIA) LIMITED, ON THE ACCOUNTS FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2009.**

- (1) (a) The company has maintained records showing particulars of quantity and situation of fixed assets.  
(b) As informed to us, the company has formulated a programme of physical verification of all the fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Accordingly, the physical verification of the fixed assets has been carried out by the management during the year and as informed to us, no material discrepancies were noticed on such physical verification.  
(c) None of the substantial part of fixed assets has been disposed off during the year.
- (2) (a) As informed to us, during the year the management has conducted physical verification of the inventories and in our opinion the frequency of verification is reasonable.  
(b) The procedures of physical verification of inventories followed by the management is reasonable and adequate having regard to the size of the Company and the nature of its business.  
(c) In our opinion and according to the information and explanation given to us, the Company has maintained records of inventory. As informed to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (3) (a) As informed to us, the company has taken unsecured loan from the Companies, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956, from five parties and aggregating outstanding of Rs.23.96 Millions and its terms are not stipulated.  
(b) As informed to us, the company has given loans to the companies, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956 to one such parties and aggregating outstanding amount of Rs.6.20 million and its terms are not stipulated.
- (4) In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the company and the nature of its business with regards to purchases of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (5) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that transactions that need to be entered into the register maintained under section 301 have been so entered.  
(b) In respect of transactions with parties with whom transactions exceeding value of Rs. 5 Lacs have been entered into during the financial year, are at the prices which are reasonable having regard to the prevailing market prices at the relevant time, except in case of transactions where we are unable to comment owing to the unique and specialized nature of the items and absence of any comparable prices, whether the transactions are made at the prevailing market prices at the relevant time or not.
- (6) In our opinion and according to the information and explanation given to us, the company has not accepted deposits from the public as per the directives issued by the Reserve Bank of India and the provisions of section 58A, section 58AA and any other relevant provisions of the Act and the rules framed there under.
- (7) The Company has an Internal Audit Department system, however, the same is required to be further strengthened with regard to the scope, reporting and its compliance so that it can be commensurate with size and nature of business of the company.
- (8) The Central Government of India has prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the Steel Products and Vehicles and on the basis of the explanation given and our broad review of the records maintained prima facie the company has maintained cost records for the said records for the said Products. The contents of these accounts and records have not been examined by us.

# ELECTROTHERM

- (9) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty, Excise Duty and cess were in arrears as at 31<sup>st</sup> March, 2009 for a period of more than six months from the date they become payable.
- (c) On the basis of information furnished to us, following are the details of outstanding dues in respect of Sales tax, Income tax, Custom duty, Wealth tax, Excise Duty and Cess, which have not been deposited on account of any dispute. :-

Name of the Statutory Dues	Forum Where Dispute Is Pending	Amount (Rs. in Millions)
Income tax	Commissioner of Income-Tax (Appeals)	1.42

- (10) In our opinion and on the basis of accounts, read with notes to accounts, there are no losses of the Company at the end of financial year and the Company has not incurred cash loss in the current financial year and in preceding financial year.
- (11) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institution or bank. The company does not have any borrowings by way issue of debentures.
- (12) We are of the opinion, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (13) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society and therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (14) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments and accordingly, the provisions of clause 4(xiv) of the Companies (Auditors Report) Order 2003 are not applicable to the Company.
- (15) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (16) According to the information and explanations given to us, the term loan taken during the year have been broadly applied for the purpose for which the loans were obtained.
- (17) According to the Cash Flow Statement and other records examined by us as well as information and explanations given to us on an overall basis, we report that funds raised on short term basis have not prima-facie been used for long term investment.
- (18) The Company has made allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956 and price at which the shares have been issued is not prima facie prejudicial to the interest of the company.
- (19) The company has not issued any debentures and accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (20) During the year, the company has not raised any money through a public issue.
- (21) During the course of our examination of the books and records of the company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

**For Mehta Lodha & Co.**  
Chartered Accountants

**Prakash D. Shah**  
Partner  
Membership No.34363

Place : Ahmedabad  
Date : 25<sup>th</sup> May 2009



**BALANCE SHEET AS AT  
31ST MARCH, 2009**

**ELECTROTHERM**

Particulars	Schedule No.	As at March 31, 2009 Rs. in Millions	As at March 31, 2008 Rs. in Millions
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's Funds</b>			
1. A. Share Capital	01	234.76	229.76
B. Share Warrants	1A	0	30.00
2. Reserves & Surplus	02	4,363.06	3,587.59
		<b>4,597.82</b>	<b>3,847.35</b>
<b>Loan Funds</b>			
1. Secured Loans	03	10,319.76	5,827.51
2. Unsecured Loans	04	1,973.92	2,376.16
<b>Deferred Tax Liability</b>		694.11	521.55
<b>Total</b>		<b>17,585.61</b>	<b>12,572.57</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
1. Gross Block	05	7,608.27	6,177.36
2. Less : Depreciation		1,146.59	634.46
<b>3. Net Block</b>		<b>6,461.68</b>	<b>5,542.90</b>
4. Capital Work-in-Progress		4,510.22	1,347.32
<b>Investments</b>	06	22.00	21.25
<b>Current Assets, Loans and Advances</b>			
1. Inventories	07	4,521.58	2,962.26
2. Sundry Debtors	08	2,483.87	2,640.83
3. Cash & Bank Balances	09	661.09	621.54
4. Loans & Advances	10	1,512.24	721.62
		<b>9,178.78</b>	<b>6,946.25</b>
<b>Less : Current Liabilities and Provisions</b>			
1. Current Liabilities	11	2,894.51	1,476.34
2. Provisions	12	83.92	109.27
		<b>2,978.43</b>	<b>1,585.61</b>
<b>Net Current Assets</b>		<b>6,200.35</b>	<b>5,360.64</b>
<b>Miscellaneous Expenditure</b> (To the Extent not Written off or Adjusted)	13	391.36	300.46
<b>Total</b>		<b>17,585.61</b>	<b>12,572.57</b>
<b>Notes to the Accounts</b>	21		

As per our even report attached  
**For Mehta Lodha & Co.**  
Chartered Accountants

**Prakash D. Shah**  
Partner

Place : Ahmedabad  
Date : May 25, 2009

For and on behalf of Board of Directors

**Shailesh Bhandari**

**Avinash Bhandari**

**Narendra Dalal**

**Ashwin Patel**

Managing Director

Joint Managing Director

Whole Time Director

Company Secretary

Particulars	Schedule No.	For the year ended on 31st March 2009 Rs. In Millions	For the year ended on 31st March 2008 Rs. In Millions
<b>INCOME</b>			
Sales & Other Operational Income	14	16,827.76	13,253.58
Other Income	15	87.25	67.84
Increase in Stocks	16	903.28	63.04
		<b>17,818.29</b>	<b>13,384.46</b>
<b>EXPENDITURE</b>			
Material Cost		11,896.16	8,677.04
Manufacturing Expenses	17	2,110.64	1,674.35
Employees Remuneration	18	389.51	311.18
Administrative, Selling & General Expenses	19	959.70	574.10
Financial Expenses	20	1,150.47	785.09
		<b>16,506.48</b>	<b>12,021.76</b>
<b>Profit Before Depreciation And Research &amp; Development Expenses</b>		<b>1,311.81</b>	<b>1,362.70</b>
Research & Development Expenses		21.14	8.41
<b>Profit Before Depreciation</b>		<b>1,290.67</b>	<b>1,354.29</b>
Depreciation		517.91	318.61
<b>Profit Before Tax</b>		<b>772.76</b>	<b>1,035.68</b>
<b>Less: Provision For</b>			
Income Tax		87.55	142.86
Fringe Benefit Tax		5.50	5.15
Deferred Tax		172.56	265.88
<b>Net Profit For The Year</b>		<b>507.15</b>	<b>621.79</b>
Prior Period Adjustment- Income Tax and Others		15.31	1.55
<b>Profit After Prior Period Adjustment</b>		<b>522.46</b>	<b>623.34</b>
<b>Balance Brought Forward</b>		<b>917.58</b>	<b>534.77</b>
Transfer To General Reserve		200.00	200.00
<b>Proposed Dividend</b>			
Equity Shares		28.69	27.44
Preference Shares		7.20	7.20
Tax on Proposed Dividend		6.10	5.89
<b>Balance Carried To Balance Sheet</b>		<b>1,198.05</b>	<b>917.58</b>
Basic Earnings per share (Rs.)		45.70	67.11
Diluted Earnings per share (Rs.)		45.70	52.53
Refer Note No.11 of Schedule 21			
Nominal value of Equity Share (Rs.)		10.00	10.00
<b>Notes to the Accounts</b>	21		

As per our even report attached

**For Mehta Lodha & Co.**

Chartered Accountants

**Prakash D. Shah**

Partner

Place : Ahmedabad

Date : May 25, 2009

For and on behalf of Board of Directors

**Shailesh Bhandari**

Managing Director

**Avinash Bhandari**

Joint Managing Director

**Narendra Dalal**

Whole Time Director

**Ashwin Patel**

Company Secretary

SCHEDULES FORMING PART OF ACCOUNTS FOR  
THE YEAR ENDED ON 31ST MARCH, 2009

**ELECTROTHERM**

Particulars	As at 31/03/2009 Rs. in Millions	As at 31/03/2008 Rs. in Millions
<b>SCHEDULE 01 : SHARE CAPITAL</b>		
<b>Authorised</b>		
2,50,00,000 Equity Shares of Rs.10/- each	250.00	250.00
2,50,00,000 6% Non-Cumulative Redeemable Preference Shares of Rs.10/- each	250.00	250.00
	<b>500.00</b>	<b>500.00</b>
<b>Issued, Subscribed &amp; Paid Up</b>		
<b>1. Equity Shares</b>		
1,14,76,374 (Previous Year 1,09,76,374) Equity Shares of Rs.10/- each Fully Paid Up (Out of above shares, 9,53,275 shares are allotted on 13th november, 1995 as fully paid up bonus shares by capitalising general reserve and profit & loss account)	114.76	109.76
<b>2. Preference Shares</b>		
1,20,00,000 (Previous Year 1,20,00,000) 6% Non-Cumulative Redeemable Preference Shares of Rs.10/- each fully paid up (Redeemable at par not later then 20 years from the date of their issues)	120.00	120.00
<b>Total</b>	<b>234.76</b>	<b>229.76</b>
<b>SCHEDULE 1A : SHARE WARRANTS</b>		
<b>1. Equity Share Warrants</b>		
Nil (Previous Year 5,00,000) Partly Paid Share Warrants of Rs. Nil Each (Previous Year Rs.600/-) of Rs. Nil (Previous Year Rs. 10/-) each at a premium of Rs. Nil (Previous Year Rs.590/-).	-	30.00
<b>Total</b>	-	<b>30.00</b>
<b>SCHEDULE 02 : RESERVES &amp; SURPLUS</b>		
<b>1. Capital Reserve</b>		
As Per Last Balance Sheet	9.11	9.11
<b>2. Share Premium Account</b>		
As Per Last Balance Sheet	2,331.90	1,245.32
Add : Addition During The Year	295.00	1,086.58
<b>Sub Total</b>	2,626.90	2,331.90
<b>3. General Reserve</b>		
As Per Last Balance Sheet	329.00	129.00
Add : Transfer From Profit & Loss Account	200.00	200.00
<b>Sub Total</b>	529.00	329.00
<b>4. Profit &amp; Loss Account</b>		
<b>Total</b>	<b>4,363.06</b>	<b>3,587.59</b>

Particulars	As at 31/03/2009 Rs. in Millions	As at 31/03/2008 Rs. in Millions
<b>SCHEDULE 03 : SECURED LOANS</b>		
<b>1. Working Capital Loans From Banks</b> (Secured by First Charge by way of Hypothecation of Company's Stock in trade & Receivables and Second Charge on all Movable Fixed Assets & Second Charge by way of Equitable Mortgage of All Immovable Properties Situated at Vatva, Palodia, Dhank, Samakhiali - Kutch. Further the Loans are Guaranteed by the Personal Guarantees of Some of the Directors of the Company)	3,991.73	2,309.24
<b>2. Long Term And Other Loans From</b>		
<b>A. Banks</b> (Secured by First Charge by way of Equitable Mortgage of all Immovable Properties and Hypothecation of Specified Movable Assets Situated at Vatva, Palodia, Dhank, Samakhiali - Kutch & As Second Charge on all Stock in Trade & Receivables. Further the Loans are Guaranteed by the Personal Guarantees of some of the Directors).	5,559.36	2,892.17
<b>B. International Finance Corporation (USD 15 Millions)</b> (ECB Loan is Secured by First Pari Passu Charge Over the Movable Assets and First Pari Passu Charge on Immovable Assets)	760.65	615.15
<b>C. Vehicle Loans</b> (Secured by Hypothecation of Specific Vehicles)	7.40	10.33
<b>3. Sales Tax Deferment</b> Amount Due within One Year Rs. Nil (Previous Year Rs. Nil)	0.62	0.62
<b>Total</b>	<b>10,319.76</b>	<b>5,827.51</b>
<b>SCHEDULE 04 : UNSECURED LOANS</b>		
<b>1 Loans From</b>		
A Banks	1,121.55	1,302.13
B International Finance Corporation (USD 10 Millions)	507.10	383.22
<b>2 Other Loans, Advances &amp; Deposits From</b>		
A Directors	1.15	3.25
B Customers & Others	344.12	687.56
<b>Total</b>	<b>1,973.92</b>	<b>2,376.16</b>

## SCHEDULE 05 : FIXED ASSETS

(Rs. in Millions)

Sr. No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Opening Balance	Addition	Deduction	Closing Balance	Opening Balance	Addition	Deduction	Closing Balance	As At March 31,2009	As At March 31,2008
1	Free Hold Land	22.54	16.65	-	39.19	-	-	-	-	39.19	22.54
2	Leasehold Land	2.47	-	-	2.47	-	-	-	-	2.47	2.47
3	Building	914.75	120.45	-	1,035.20	75.80	31.40	-	107.20	928.00	838.95
4	Plant And Machinery	5,125.40	1,273.10	5.77	6,392.73	532.02	476.46	5.47	1,003.01	5,389.72	4,593.38
5	Furniture and Fixtures	51.40	20.21	0.01	71.60	12.70	3.83	-	16.53	55.07	38.70
6	Vehicles	60.80	7.87	1.59	67.08	13.94	6.22	0.31	19.85	47.23	46.86
	<b>Total</b>	<b>6,177.36</b>	<b>1,438.28</b>	<b>7.37</b>	<b>7,608.27</b>	<b>634.46</b>	<b>517.91</b>	<b>5.78</b>	<b>1,146.59</b>	<b>6,461.68</b>	<b>5,542.90</b>
	PREVIOUS YEAR	3,100.82	3,078.24	1.70	6,177.36	316.69	318.61	0.84	634.46	5,542.90	2,784.13

Particulars	As at 31/03/2009 Rs. in Millions	As at 31/03/2008 Rs. in Millions
<b>SCHEDULE 06 : INVESTMENTS</b>		
<b>A) Unquoted</b>		
1. 6,540 (Previous Year 6,540) Shares of Rs. 25 Each of Siddhi Co.Op Bank Ltd.	0.16	0.16
2. National Saving Certificates	0.01	0.01
3. 1000 (Previous Year 1000) Shares of Rs.10 Each of EIL Software Pvt Ltd	0.01	0.01
4. 1000 (Previous Year 1000) Shares of Rs.10 Each of EIL Technology Pvt Ltd	0.01	0.01
<b>B) Investment In Subsidiary Companies</b>		
1. 26,312 (Previous Year Nil) Shares of Rs.10 Each of Bhaskarpara Coal Company Ltd	0.26	-
2. 49,400 (Previous Year Nil) Shares of Rs. 10 Each of ET Elec-Trans Limited	0.49	-
3. 38,00,000 (Previous Year 38,00,000) Shares of RMB 1 Each of Jinhua Indus Enterprises Limited	20.42	20.42
<b>C) Quoted</b>		
1. 64288.778 (Previous Year 64288.778) Units of PNB Mutual Fund (Market Value of Quoted Shares Rs 0.29 Million (Previous Year Rs 0.58 Million))	0.64	0.64
<b>Total</b>	<b>22.00</b>	<b>21.25</b>
<b>SCHEDULE 07 : INVENTORIES</b>		
[As Verified, Valued & Certified By The Management]		
1. Stores, Spares & Fuel	171.05	105.01
2. Raw Materials	2,267.96	2,258.44
3. Work in Process	981.99	407.53
4. Finished Goods	504.28	175.46
5. Goods In Transit	596.30	15.82
<b>Total</b>	<b>4,521.58</b>	<b>2,962.26</b>
<b>SCHEDULE 08 : SUNDRY DEBTORS (NET)</b>		
[Unsecured Considered Good]		
1. More than Six Months	509.76	310.50
2. Others	1,974.11	2,330.33
<b>Total</b>	<b>2,483.87</b>	<b>2,640.83</b>
<b>SCHEDULE 09 : CASH &amp; BANK BALANCES</b>		
1. Cash On Hand	1.64	2.70
2. Balance With Scheduled Bank In		
[A] Current Account (Includes Amount of Cheques in Hand of Rs. 2.27 Millions Previous Year Rs. Nil)	71.87	232.48
[B] Fixed Deposits (Under Pledge/Lien of the Bank)	556.31	371.46
[C] Interest Receivable on Fixed Deposits	30.70	14.90
[D] Unpaid Dividend	0.57	-
3. Balance With Non-scheduled Bank In		
[A] Current Account with Siddhi Co-Operative Bank (Maximum Balance During the Year is Rs.945/- (Previous Year Rs. 945/-))	-	-
<b>Total</b>	<b>661.09</b>	<b>621.54</b>

SCHEDULES FORMING PART OF ACCOUNTS FOR  
THE YEAR ENDED ON 31ST MARCH, 2009

**ELECTROTHERM**

Particulars	As at 31/03/2009 Rs. in Millions	As at 31/03/2008 Rs. in Millions
<b>SCHEDULE 10 : LOANS &amp; ADVANCES</b>		
[Unsecured Considered Good]		
1. Advances Recoverable in Cash or In Kind for Value to be Received (Net)	282.16	128.73
2. Balance/ Receivable - Excise & Other Govt. Dept.	1,081.87	462.44
3. Sundry Deposits	148.21	130.45
<b>Total</b>	<b>1,512.24</b>	<b>721.62</b>
<b>SCHEDULE 11 : CURRENT LIABILITIES</b>		
1. Sundry Creditors (Net)	2,873.70	1,469.50
2. Statutory Liabilities	20.24	6.84
3. Unpaid Dividend	0.57	0
<b>Total</b>	<b>2,894.51</b>	<b>1,476.34</b>
<b>SCHEDULE 12 : PROVISIONS</b>		
1. Taxation (Net of Advance Tax)	24.31	57.25
2. Employee's Unavailed Leave	13.60	8.67
3. Proposed Dividend (Including Dividend Tax)	41.99	40.53
4. Gratuity	4.02	2.82
<b>Total</b>	<b>83.92</b>	<b>109.27</b>
<b>SCHEDULE 13 : MISCELLANEOUS EXPENDITURES</b> (To The Extent Not Written off or Adjusted)		
1. Preliminary Expenses	24.25	29.34
2. Deffered Revenue Expenditure	242.77	190.89
3. Product Development Cost	124.34	80.23
<b>Total</b>	<b>391.36</b>	<b>300.46</b>
<b>SCHEDULE 14 : SALES &amp; OTHER OPERATIONAL INCOME</b>		
1. Gross Sales	17,085.11	13,434.69
2. Sale of Electricity Power Generation	2.29	1.90
3. Technical Know-How & Service Income	98.93	63.63
<b>Sub Total</b>	<b>17,186.33</b>	<b>13,500.22</b>
Less : Excise Duty	188.09	169.63
Less : Inter Division Sales	170.48	77.01
<b>Total</b>	<b>16,827.76</b>	<b>13,253.58</b>
<b>SCHEDULE 15 : OTHER INCOME</b>		
1. Interest Income (Gross) [T.D.S Rs. 7.92 Millions (Previous Year Rs.6.67 Millions)]	40.35	38.46
2. Rent Income (Gross) [T.D.S Rs. 4.88 Millions (Previous Year Rs.1.10 Millions)]	19.20	5.09
3. Net Foreign Exchange Fluctuation	-	4.52
4. Profit on Sale of Investment	-	0.14
5. Miscellaneous Income	27.70	19.63
<b>Total</b>	<b>87.25</b>	<b>67.84</b>

Particulars	As at 31/03/2009 Rs. in Millions	As at 31/03/2008 Rs. in Millions
<b>SCHEDULE 16 : INCREASE IN STOCK</b>		
<b>A Opening Stock</b>		
1. Work in Process	407.53	314.07
2. Finished Goods	175.46	205.88
<b>Sub Total</b>	<b>582.99</b>	<b>519.95</b>
<b>B Closing Stock</b>		
1. Work in Process	981.99	407.53
2. Finished Goods	504.28	175.46
<b>Sub Total</b>	<b>1,486.27</b>	<b>582.99</b>
<b>Increase In Stock (B - A)</b>	<b>903.28</b>	<b>63.04</b>
<b>SCHEDULE 17 : MANUFACTURING EXPENSES</b>		
1. Job Charges	492.85	217.90
2. Power & Fuel	965.92	914.77
3. Stores Consumption	638.24	532.82
4. Repairs & Maintenance		
[A] Machinery	3.17	3.98
[B] Building	2.16	1.01
[C] Others	8.30	3.87
<b>Total</b>	<b>2,110.64</b>	<b>1,674.35</b>
<b>SCHEDULE 18 : EMPLOYEES REMUNERATION</b>		
1. Salary, Wages & Bonus	357.94	290.16
2. Staff & Labour Welfare	11.66	6.80
3. Contribution to Provident Fund & Other Funds	19.91	14.22
<b>Total</b>	<b>389.51</b>	<b>311.18</b>
<b>SCHEDULE 19 : ADMINISTRATIVE, SELLING &amp; GENERAL EXPENSES</b>		
1. Post-Telephone & Fax Expenses	21.53	17.63
2. Printing & Stationery	8.92	7.19
3. Vehicle Expenses	11.55	15.54
4. Conveyance Expenses	3.72	2.57
5. Hire-Lease-Rent Charges	7.51	5.31
6. Security Charges	7.90	5.18
7. Insurance Premium	9.74	10.06
8. Subscription & Membership	2.66	1.67
9. Consultation & Legal Expenses	63.86	43.90
10. Rates & Taxes	8.81	12.92
11. Travelling Expenses	82.63	50.83
12. Sales Commission	145.05	54.46
13. Advertising & Sales Development Expenses	102.37	77.51
14. Freight Outward and Other Expenses	272.44	205.52
15. Donation	0.66	2.82
16. Sundry Balances Written off/(Back)	(0.31)	0.03
17. Miscellaneous Expenses	33.34	35.84
18. Preliminary & Other Expenses Written off	49.35	24.97
19. Net Foreign Exchange Fluctuation	127.61	-
20. Loss on Sale of Fixed Assets	0.36	0.15
<b>Total</b>	<b>959.70</b>	<b>574.10</b>



SCHEDULES FORMING PART OF ACCOUNTS FOR  
THE YEAR ENDED ON 31ST MARCH, 2009

**ELECTROTHERM**

Particulars	As at 31/03/2009 Rs. in Millions	As at 31/03/2008 Rs. in Millions
<b>SCHEDULE 20 : FINANCIAL EXPENSES</b>		
1. Interest on Working Capital	620.98	293.25
2. Interest on Term Loan	550.69	400.23
3. Interest to Others	25.60	7.50
4. Bank Charges	322.01	209.84
<b>Sub Total</b>	<b>1,519.28</b>	<b>910.82</b>
Less: Interest Capitalized	368.81	125.73
<b>Total</b>	<b>1,150.47</b>	<b>785.09</b>

## SCHEDULE 21 : NOTES TO THE ACCOUNTS

### 1. SIGNIFICANT ACCOUNTING POLICIES:-

#### (i) BASIS FOR PREPARATION OF ACCOUNTS

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India and the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

#### (ii) REVENUE RECOGNITION

Sales are recognized when goods are billed and are accounted net of trade discounts, rebates, VAT & excise duty (except where Exemption is availed) but includes, export incentives. Income on services rendered is accounted for as and when the services are rendered as per the terms.

#### (iii) FIXED ASSETS

Fixed Assets are stated at cost (net of availed CENVAT and Taxes and Duties) and includes assets acquired from other Division of the Company less depreciation and the costs include expenses incurred during pre-commercial production/construction period.

#### (iv) DEPRECIATION

Depreciation on all the assets has been provided as per the rates prescribed in Schedule XIV of the Companies Act, 1956.

Depreciation on all assets has been provided on straight line method except assets at Chatral Unit on which depreciation has been provided on Written down Value Method (W.D.V.).

Depreciation for Power Plant at Kutch is provided at the rates applicable for continuous process plant.

The amount of Long Term lease hold land is amortized by equal installments during the last fifteen years of the residual lease period.

#### (v) INVESTMENTS

Long term investments including investment in subsidiary company are stated at cost. Diminution in value, if any, which is of a temporary nature, is not provided.

#### (vi) INVENTORIES

Inventories comprising finished goods are valued at cost or estimated net realizable value whichever is lower. Cost in the case of raw-material and stores are computed on weighted average basis. Cost of work-in-progress includes raw-material, labour and appropriate overheads.

#### (vii) RESEARCH AND DEVELOPMENT

Revenue expenditure on research and development is charged against the profit of the year in which it is incurred, except in case of new projects, where it is accounted for as deferred revenue expenditure and charged to Profit & Loss account from the commencement of the project in five years. Capital expenditure on research and development is shown as an addition to fixed assets.

#### (viii) FOREIGN EXCHANGE TRANSACTIONS

The transactions in foreign Exchange are accounted at the exchange rate prevailing on the date of transaction. Foreign Currency monetary assets and liabilities at the date of balance sheet are translated at the rate of exchange prevailing on that date.

Gains/losses arising out of fluctuations in the exchange rates are recognized in Profit and Loss in the period in which they arise except in respect of imported Fixed Assets where exchange variance is adjusted in the carrying amount of respective Fixed Assets.

To account for differences between the forward exchange rates and the exchange rates at the date of transactions, as income or expense over the life of the contracts, except in respect of liabilities incurred for acquiring imported Fixed Assets, in which case such differences are adjusted in the carrying amount of the respective Fixed Assets.

To account for profit/loss arising on cancellation or renewal of forward exchange contracts as income/expense for the period, except in case of forward exchange contracts relating to liabilities incurred for acquiring imported Fixed Assets, in which case such profit/loss are adjusted in the carrying amount of the respective Fixed Assets.

**(ix) TAXES ON INCOME**

Current tax is determined as the amount of tax payable in respect of taxable income for the period and the credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of the assessment/appeals.

Minimum Alternate Tax (MAT) paid in accordance to the tax law, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the company will pay normal income tax. Accordingly MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the company and the assets can be measured reliably.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period.

Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

Deferred tax assets are recognized and carried forward to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**(x) BORROWING COSTS**

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction or production of an asset till put for its intended use is capitalized as part of the cost of that asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing cost (except as stated in note no 8) is charged to revenue.

**(xi) IMPAIRMENT OF ASSETS**

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the assets. If such recoverable amount of the assets is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

**(xii) DEFERRED REVENUE EXPENDITURE**

Expenditure relating to Preliminary Expenses, Capital issues and Deferred Revenue Expenses is amortized on straight line basis over a period of five years.

## (xiii) RETIREMENT / POST RETIREMENT BENEFITS

Contributions to defined contribution schemes such as Employees Provident fund and Family pension fund are charged to the profit & loss account as and when incurred.

The company contributes to Group Gratuity policy with SBI Life Insurance Company Limited, for the Future Gratuity payment for the employees of the Engineering and EV Division whereas in case of Steel Division liability is provided on the basis of actuarial valuation.

Leave Encashment liability of the company is provided on the basis of actuarial valuation.

## (xiv) PROVISIONS AND CONTINGENT LIABILITIES

- Provisions are recognized when the present obligation of a past event gives rise to a probable outflow, embodying economic benefits on settlement and the amount of obligation can be reliably estimated.
- Contingent Liabilities are disclosed after a careful evaluation of facts and legal aspects of the matter involved.
- Provisions and Contingent Liabilities are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

## (xv) SEGMENT REPORTING

The accounting policies adopted for segment reporting are in line with the accounting policies of the company with the following additional policies for the segment reporting:

- Inter segment revenue have been accounted for, based on the transaction price agreed to, between segments which is primarily market led.
- Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis, have been included under "unallocated corporate expenses".

## 2. QUANTITATIVE AND OTHER INFORMATION :-

Additional information pursuant to the provision of Para 3 & 4(c), (d) of part II of Schedule VI to the Companies Act, 1956 to the extent applicable to the Company and as certified by the Management and relied upon by the Auditors:-

### A. INSTALLED CAPACITY (AS ASSESSED AND CERTIFIED BY THE MANAGEMENT) AND PRODUCTION:

Sr. No.	Particulars	Unit	Current Year		Previous Year	
			Installed Capacity	Actual Production	Installed Capacity	Actual Production
<b>A</b>	<b>Saleable</b>					
1	Electronic Furnaces and other capital equipments	Sets	350	348	350	298
2	Wind Power generation	KW	500	-	500	-
		Million KWH	0.80	0.477	0.80	0.396
3	Battery Operated Vehicles	Nos	150000	15568	150000	16398
4	Billets / Bars / Pipes	MT	362000	275087	312000	218449
<b>B</b>	<b>Captive</b>					
1	Sponge & Pig	MT	160000	129103	110000	65077
2	Oxygen / Nitrogen Gas	M. Cum	5940000	1227834	5940000	1241978
3	Thermal Power generation	MW	30	-	30	-
		Million KWH	192	119.471	192	0.696

## B. OPENING AND CLOSING STOCK OF FINISHED GOODS

Sr. No.	Particulars	Unit	Opening stock				Closing Stock			
			Current Year		Previous Year		Current Year		Previous Year	
			Qty.	Value Rs. Millions	Qty.	Value Rs. Millions	Qty.	Value Rs. Millions	Qty.	Value Rs. Millions
(a)	Billets / Bars / Pipes	MT	2996	147.21	3743	179.60	10151	497.93	2996	147.21
(b)	Battery Operated Vehicles (with spares in value)	Nos.	1108	28.25	1151	26.28	287	6.35	1108	28.25
	<b>Total</b>			<b>175.46</b>		<b>205.88</b>		<b>504.28</b>		<b>175.46</b>

## C. GROSS SALES AND OTHER OPERATIONAL INCOME

Particulars	Unit	Current Year		Previous Year	
		Quantity	Rs. Millions	Quantity	Rs. Millions
Electronic Furnaces & Other Capital Equipment	No.	348	2811.91	298	2,059.65
Billets /Bars / Pipes #	MT	267932	11599.57	219196	10371.19
SS Flats	MT	20680	1349.49	-	-
Battery Operated Vehicles (with spares in value) #	No.	16389	468.09	16441	463.53
Electricity Power Generation	Million KW	0.477	2.29	0.396	1.90
Spares / Up Gradation Income & Misc. Sale			497.48		293.68
Technical Fees & Service income			98.93		63.63
<b>Net Sales &amp; Other Operational Income</b>			<b>16827.76</b>		<b>13253.58</b>
Excise Duty – Engineering Division			188.09		169.63
Inter Division			170.48		77.01
<b>Gross Sales &amp; Other Operational Income</b>			<b>17186.33</b>		<b>13500.22</b>

# Includes Excise Duty, Sales tax collected under Excise Duty and Sales Tax Exemption Schemes for Kutch Unit (Gujarat) & captive consumption of Rs. 86.07 Millions (Previous Year Rs. 92.31 Millions).

## D. DETAILS OF RAW MATERIAL CONSUMED /MATERIAL COST

Particulars	Unit	Current Year		Previous Year	
		Quantity	Rs. Millions	Quantity	Rs. Millions
Scrap, Sponge & SS Flats	MT	159679	4686.01	119147	1109.88
Battery operated vehicles kits and spares	Nos.	15568	228.05	16509	288.11
Other Materials*			8300.72		7279.05
<b>Total</b>			<b>11896.16</b>		<b>8677.04</b>

\* Consists of items valuing less than 10% of the total consumption and includes indirect material used for research and development.

# ELECTROTHERM

## E. VALUE OF IMPORTS CALCULATED ON CIF BASIS

Particulars	Current Year Rs. in Millions	Previous year Rs. in Millions
Raw Materials	2496.25	1591.62
Stores	42.09	63.14
Capital Goods	489.01	86.77
<b>Total</b>	<b>3027.35</b>	<b>1741.53</b>

## F. VALUE OF RAW MATERIAL AND STORES & SPARES CONSUMED

Particulars	Current Year		Previous year	
	Rs. in Millions	%	Rs. in Millions	%
<b>Raw Materials</b>				
(i) Imported	1756.66	14.77%	1762.88	20.32%
(ii) Indigenous	10139.50	85.23%	6914.16	79.68%
<b>Total</b>	<b>11896.16</b>	<b>100.00%</b>	<b>8677.04</b>	<b>100.00%</b>
<b>Stores &amp; Spares</b>				
(i) Imported	41.33	6.48%	83.75	15.72%
(ii) Indigenous	596.91	93.52%	449.07	84.28%
<b>Total</b>	<b>638.24</b>	<b>100.00%</b>	<b>532.82</b>	<b>100.00%</b>

## G. DIRECTOR'S REMUNERATION

Particulars	Current Year Rs. in Millions	Previous year Rs. in Millions
Salary	6.12	7.07
Contribution to Provident & other funds	0.73	0.85
Other Allowances	6.12	4.25
<b>Total</b>	<b>12.97</b>	<b>12.17</b>

## H. STATUTORY AUDITOR'S REMUNERATION

Particulars	Current Year Rs. in Millions	Previous year Rs. in Millions
Audit Fees	0.83	0.56
Tax Audit Fees	0.06	0.04
Other Matters	0.17	0.11
<b>Total</b>	<b>1.06</b>	<b>0.71</b>

## I. TOTAL FOREIGN EXCHANGE EARNING & OUTGO

- (i) Earning in Foreign Exchange for Export of Goods & Services: Rs.2337.02 Millions (Rs. 1232.30 Millions in Previous Year)
- (ii) Expenditures in Foreign Currency for Import of Materials, Traveling & Others: Rs. 2656.20 Millions (Rs. 1504.27 Millions in Previous Year).

3. In the opinion of the Directors, the current assets, loans & advances are realizable at the values stated, if realized in the ordinary course of business and the provisions for all known liabilities are adequate.

The account of debtors, creditors and loans & advances are subject to confirmation / reconciliation and the amounts of Sundry Debtors & Creditors are stated on net basis, on the basis of control account and accordingly the same are subject to necessary adjustments or re-grouping / classification.

4. Hitherto, the Company was recognizing the exchange rate difference on settlement or restatement of foreign currency monetary assets and liabilities in the profit & loss account as per the pre-revised Accounting Standard -11 'Accounting for effects of changes in foreign exchange rates' issued by Chartered Accountants of India. During the year, the Company has changed the accounting policy by exercising the option related to amortization foreign exchange fluctuation differences as per the notification dated March 31, 2009 issued by the Ministry of Corporate Affairs. As a result, the exchange difference arising on restatement or settlement of long term foreign currency monetary items in so far as they relate to acquisition of a depreciable capital asset are adjusted to the cost of such asset and depreciated over the balance life of the asset. In view of the said changes of the method, Rs. 264.75 Millions has been added to cost of fixed assets and Rs.1.01 Millions of depreciation thereon has been charged to profit and loss account during the year.
5. Deferred Revenue expenditure includes research and development expenses of Rs. 44.10 Millions (Previous Year Rs. 80.23 Millions) incurred on development of Hybrid Bus/T-Cab/project which is still in progress and such expenses would be written off in five years from the year of completion.

6. **SEGMENT REPORTING UNDER ACCOUNTING STANDARD 17 :-**

**(A) Business Segment**

Based on the guiding principles given as per Accounting Standard on "Segment Reporting" (AS-17) issued by The Institute of Chartered Accountants of India, the Company's primary business is manufacturing and marketing of Induction Furnaces, Steel items and Battery Operated Vehicles.

# ELECTROTHERM

## PRIMARY SEGMENT INFORMATION:

(Rs. in Millions)

Particulars	Current Year	Previous Year
<b>SEGMENT REVENUE</b>		
Engineering & Projects Division	3,578.15	3,281.20
Special Steel Division	12,951.29	9,584.81
Electric Vehicle Division	468.80	464.58
<b>Total Sales</b>	<b>16,998.24</b>	<b>13,330.59</b>
Less : Inter segment Revenue	170.48	77.01
<b>Net Sales</b>	<b>16,827.76</b>	<b>13,253.58</b>
<b>SEGMENT PROFIT BEFORE TAX AND INTEREST</b>		
Engineering & Projects Division	545.84	550.77
Special Steel Division	1,367.30	1,213.86
Electric Vehicle Division	10.09	56.14
<b>Profit Before Interest, Tax &amp; Prior Period Adjustment</b>	<b>1,923.23</b>	<b>1,820.77</b>
Less: Financial Expenses	1,150.47	785.09
Less : Provision for Tax (Including Deferred Tax)	265.61	413.89
<b>Net Profit After Tax</b>	<b>507.15</b>	<b>621.79</b>
<b>OTHER INFORMATION</b>		
<b>Segment Assets</b>		
Engineering & Projects Division	1,830.74	1,565.97
Special Steel Division	17,224.23	11,492.21
Electric Vehicle Division	1,117.71	799.54
<b>Total Segment Assets</b>	<b>20,172.68</b>	<b>13,857.72</b>
<b>Segment Liabilities</b>		
Engineering & Projects Division	669.04	733.80
Special Steel Division	14,059.23	8,576.08
Electric Vehicle Division	414.31	296.01
Un-allocable Liabilities & Provisions	129.53	183.39
<b>Total Segment Liabilities</b>	<b>15,272.11</b>	<b>9,789.28</b>
<b>Segment Depreciation</b>		
Engineering & Projects Division	20.52	15.92
Special Steel Division	486.47	296.09
Electric Vehicle Division	10.92	6.60
<b>Total Depreciation</b>	<b>517.91</b>	<b>318.61</b>
<b>Other Non Cash Expense</b>		
Engineering & Projects Division	12.98	8.02
Special Steel Division	36.37	16.96
Electric Vehicle Division	20.20	19.29
<b>Total</b>	<b>69.55</b>	<b>44.27</b>
<b>Segment Capital Expenditure</b>		
Engineering & Projects Division	101.90	78.36
Special Steel Division	4,400.67	3,315.82
Electric Vehicle Division	91.24	56.40
<b>Total Capital Expenditure</b>	<b>4,593.81</b>	<b>3,450.58</b>



## (B) Geographical Segments

The operations of the Company are in India and all Assets and Liabilities are located in India. Summary of Sales and other operational income in India & overseas is as under.

Particulars	Current Year Rs. in Millions	Previous Year Rs. in Millions
India	14590.06	11763.35
Overseas	2237.70	1490.23
<b>Total</b>	<b>16827.76</b>	<b>13253.58</b>

## 7. RELATED PARTY (AS IDENTIFIED BY THE COMPANY) DISCLOSURES UNDER ACCOUNTING STANDARD 18:-

### (I) Subsidiary Companies

1. Jinhua Indus Enterprises Limited
2. Jinhua Jahari Enterprises Limited
3. Bhaskarpara Coal Company Limited
4. ET Elec-Trans Limited

### (II) Associates

- |  |  |
|--|--|
| 1. Ahmedabad Aviation and Aeronautics Ltd.       | 21. EIL Engineering & Projects Ltd.          |
| 2. Crystal Real Estate Pvt. Ltd.                 | 22. ET Elec-Trans Ltd.                       |
| 3. Palace Tours and Air Charters Pvt. Ltd.       | 23. Electrotherm Engineering & Projects Ltd. |
| 4. Western India Specialty Hospital Ltd.         | 24. Electrotherm Infrastructure Pvt. Ltd.    |
| 5. Mangalam Information Technologies Ltd.        | 25. Electrotherm Renewables Ltd.             |
| 6. Liberty Finance and Leasing Company Pvt. Ltd. | 26. Electrotherm Foundation                  |
| 7. E-Motion Power Ltd.                           | 27. Global Avianautics Ltd.                  |
| 8. Indus Elec-Trans Pvt. Ltd.                    | 28. Gujarat Mint Alloys Ltd.                 |
| 9. Magnum Limited                                | 29. Indus Real Estate Pvt. Ltd.              |
| 10. Alwar Trading and Investment Company         | 30. ICS Commercial Pvt. Ltd.                 |
| 11. Afghan Trading Pvt. Ltd.                     | 31. New Delhi Real Estate Pvt. Ltd.          |
| 12. Bhandari Brothers Commercial Pvt. Ltd.       | 32. Palace Infrastructure Pvt. Ltd.          |
| 13. Palanpur Reality Developers Pvt. Ltd.        | 33. S B Reality Developers Pvt. Ltd.         |
| 14. Jayshri Petro-Yarn Pvt. Ltd.                 | 34. Sun Infrapower Pvt. Ltd.                 |
| 15. Adroit Trading and Investment Company        | 35. Sun Residency Pvt. Ltd.                  |
| 16. EIL Hospitality Pvt. Ltd.                    | 36. Suraj Real Estate Pvt. Ltd.              |
| 17. EIL Reality Pvt. Ltd.                        | 37. S N Advisory Pvt. Ltd.                   |
| 18. EIL Software Pvt. Ltd.                       | 38. Suraj Advisory Services Pvt. Ltd.        |
| 19. EIL Software Services Offshore Pvt. Ltd.     | 39. Bhandari Charitable Trust                |
| 20. EIL Technology Pvt. Ltd.                     |  |

### (III) Key Management Personnel (Other than Nominee & Independent Director)

1. Mr. Mukesh Bhandari (Chairman & Chief Technology Officer)
2. Mr. Shailesh Bhandari (Managing Director)
3. Mr. Narendra Dalal (Whole-time Director)
4. Mr. Avinash Bhandari (Joint Managing Director & CEO)
5. Mr. Harish Sharma (till June 18, 2008)

### (IV) Relatives of Key Management Personnel

(With whom Transaction has taken Place)

1. Smt. Indubala Bhandari
2. Mrs. Jyoti Bhandari
3. Mrs. Ritu Bhandari
4. Mr. Siddharth Bhandari
5. Mrs. Siddhi Bhandari

### Transaction with Related Parties

(Rs. in Millions)

Sr. No.	Nature of Relationship	Current Year			
		Subsidiary	Associates	Key Management Personnel	Relatives of Key Management Personnel
1	Purchase of Raw Materials	204.36 (145.33)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
2	Sale of Goods	0.00 (0.00)	18.87 (0.00)	0.00 (0.00)	0.00 (0.00)
3	Purchase of Fixed Assets	7.42 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
4	Loans Received	0.00 (0.00)	42.48 (119.04)	0.00 (10.62)	0.00 (5.70)
5	Loans Payments	0.00 (0.00)	25.60 (118.50)	2.00 (7.83)	0.00 (5.55)
6	Rent Paid	0.00 (0.00)	0.00 (0.00)	0.10 (0.10)	0.39 (0.37)
7	Directors Remuneration (Please refer note No.2(g) of notes to accounts)	0.00 (0.00)	0.00 (0.00)	12.97 (12.17)	0.00 (0.00)
8	Remuneration to others	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.28 (0.00)
9	Credit Balance Outstanding at year end	0.00 (0.00)	22.82 (0.54)	1.15 (3.25)	0.40 (0.40)
10	Debit Balance Outstanding at year end	0.00 (0.00)	35.27 (11.00)	0.00 (0.00)	0.00 (0.00)

Note: Figures in the bracket are for the previous year

8. The Company has determined Pre-Operative Expenditure (including borrowing cost) of Rs. 468.79 Millions (Previous year: Rs. 138.69 Millions) and the same have been allocated towards the respective fixed assets.
9. In compliance of Accounting Standard 22 issued by Institute of Chartered Accountants of India, Deferred Tax liability mainly arising on account of difference between book and income tax written down value of fixed assets, after adjusting unabsorbed depreciation, during the year deferred tax liability of Rs. 172.56 Millions (Rs. 265.88 Millions) has been provided.

## 10. CONTINGENT LIABILITIES:-

The Company is liable for following contingent liabilities:-

- (i) Disputed Income Tax liability of Rs. 1.42 Millions (Previous Year Rs. Nil).
- (ii) Guarantees / Counter guarantees (including un-utilized Letters of Credit) issued Rs. 297.29 Millions (Rs. 488.29 Millions in Previous year).
- (iii) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 100.13 Millions (Previous Year Rs. 483.11 Millions).
- (iv) The company is contingently liable for the pending disputed labour and other matters, amount is Rs. 7.76 Millions (Previous Year Rs. 6.94 Millions).
- (v) The company has executed Legal Undertaking Bond to pay Central Excise Duty (Terminal Excise Duty), levies and liquidated damages payable, if any, in respect of imported and indigenous capital goods and stores and spares consumed duty free, in the event that certain terms and conditions are not fulfilled. In this regard aggregate duty liability amount of Rs. 374.65 Millions as at March 31, 2009 (Previous Year: Rs. 286.54 Millions). Against these, exports amounting to Rs. 2997.21 Millions (previous year Rs. 2292.32 Millions) will have to be made within next 8 years from the date of issue of license.

## 11. EARNING PER SHARE (EPS):-

The basic Earnings per Share is calculated by dividing the profit/ loss attributable to the existing Equity Shares outstanding.

EPS Calculation	Year ended 31 <sup>st</sup> March 2009	Year ended 31 <sup>st</sup> March 2008
Profit attributable to the Equity Shareholder (Before prior period expenses) Rs. Millions	514.03	614.92
Closing number of Equity Shares outstanding during the year	1,14,76,374	1,09,76,374
Basic/ Weighted average number of Equity Shares outstanding during the year	1,12,48,977	91,39,754
Nominal value of Equity share (Rs.)	10.00	10.00
Basic Earning per Share (Rs.)	45.70	67.11
Diluted earning per share	45.70	52.53

Diluted earnings per Share for the previous year has been calculated after considering the Equity Shares allotted, consequent of exercising of Share Warrants issued on preferential basis.

12. Under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The company has not received intimation from vendors regarding their status under MSMED Act, 2006 and hence disclosures relating to amount unpaid as at the year end under this Act have not been given.
13. The company has filed a Scheme of Arrangement with Hon'ble High Court of Gujarat envisaging the utilization of share premium account against the expenses as provided for in the scheme and transfer to

# ELECTROTHERM

a Business Development Reserve Account as on March 31, 2009. The scheme also provide for recording of immovable assets at their respective fair value as on March 31, 2009. The Hon'ble High Court of Gujarat has directed to convene a meeting of Equity Shareholders on June 16, 2009 for approval of Scheme of Arrangement. On approval of the scheme by the Hon'ble High Court of Gujarat, the effect of the same will be given and accordingly accounts as on March 31, 2009 will be restated / re-casted thereafter.

14. Previous year's figures have been re-arranged/ regrouped /reclassified/re-casted wherever necessary.
15. Signed Schedule No.1 to 21 forms part of the Annexed account of the Company.

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As per our even date report attached  
**For Mehta Lodha & Co.**  
Chartered Accountants

**Prakash D. Shah**  
Partner

Place : Ahmedabad  
Date : May 25, 2009

For and on behalf of Board of Directors

**Shailesh Bhandari**

Managing Director

**Avinash Bhandari**

Joint Managing Director

**Narendra Dalal**

Whole Time Director

**Ashwin Patel**

Company Secretary

**ADDITIONAL INFORMATION PURSUANT TO THE PROVISION OF PART-IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956 :**

**I Registration Details**  
Registration No : 9126 State Code : 04 Balance Sheet : 31st March, 2009

(Amt. in Rs. Thousands)

**II Capital Raised During the Year**

Public Issue	Nil
Bonus Issue	Nil
Right Issue	Nil
Issue of Equity Shares & Conversion of Equity Share Warrants	5,000

**III Position of Mobilisation and Deployment of Funds**

Total Liabilities	17,585,610
Total Assets	17,585,610

**Sources of Funds**

Paid-Up Capital	234,760
Secured Loans	10,319,760
Reserves & Surplus	4,363,062
Deferred Tax Liability	694,108
Unsecured Loans	1,973,920

**Application of Funds**

Net Fixed Assets	10,971,900
Investments	22,000
Net Current Assets	6,200,350
Misc. Expenditures	391,360

**IV Performance of Company**

Turnover and Other Income	16,915,010
Total Expenditure	16,142,253
Profit Before Tax	772,757
Profit After Tax	522,460
Basic Earning Per Share (In Rs.)	45.70
Dividend on Equity Shares	25.00%

**V Generic Names of Three Principal Products / Services of Company**

Item Code (ITC Code)	Product Description
851420	Electronic Induction Furnace
851440	Induction Heating Equipment
8502	Electricity Power Generation
7207	Steel Billets
7213	Steel Bars
8711	Electric Vehicle

As per our even report attached  
**For Mehta Lodha & Co.**  
Chartered Accountants

For and on behalf of Board of Directors

**Prakash D. Shah**  
Partner

**Shailesh Bhandari** Managing Director  
**Avinash Bhandari** Joint Managing Director  
**Narendra Dalal** Whole Time Director  
**Ashwin Patel** Company Secretary

Place : Ahmedabad  
Date : May 25, 2009

Particulars	For the year ended on 31/03/2009 Rs. in Millions	For the year ended on 31/03/2008 Rs. in Millions
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit Before Tax</b>	772.76	1,035.68
<b>Adjustment For</b>		
Depreciation	517.91	318.61
Preliminary & Deferred Revenue Expenses Written off	49.35	24.97
Interest Paid	1,197.27	700.98
Interest Received	(9.66)	(38.46)
Prior period Adjustment	15.31	1.55
Profit on Sale of Assets	0.36	0.15
Profit on sale of Investment	-	(0.14)
<b>Operating Profit Before Changes In Working Capital</b>	<b>2,543.30</b>	<b>2,043.34</b>
<b>Adjustment For</b>		
Trade & Other Receivable	(564.92)	(934.64)
Inventories	(1,559.32)	(933.63)
Trade & Other Payable	1,298.31	(964.33)
<b>Total Adjustment</b>	<b>(825.93)</b>	<b>(2,832.60)</b>
<b>Cash Generated From Operations</b>	<b>1,717.37</b>	<b>(789.26)</b>
Income Tax Paid	68.74	90.77
<b>Cash Flow Before Extraordinary Item</b>	<b>1,648.63</b>	<b>(880.03)</b>
<b>Net Cash Flow From Operating Activity - [A]</b>	<b>1,648.63</b>	<b>(880.03)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(4,601.18)	(3,373.28)
Sale of Fixed Assets	1.23	0.71
Investments	(0.75)	(21.08)
Sale of Investment	-	0.64
Interest Received	9.66	38.46
Preliminary Expenses, Deferred Revenue & Product Development	(140.25)	(202.82)
<b>Net Cash Used In Investing Activities - [B]</b>	<b>(4,731.29)</b>	<b>(3,557.37)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds From Issue of Equity Share & Equity Share Warrants	270.00	1,076.50
Proceed From Term Loan & Working Capital Borrowing	4,618.03	4,656.67
Repayment of Term Borrowing	(528.02)	(353.87)
Dividend Paid	(34.64)	(25.47)
Dividend Tax	(5.89)	(4.33)
Interest Paid	(1,197.27)	(700.98)
<b>Net Cash From Financing Activities - [C]</b>	<b>3,122.21</b>	<b>4,648.52</b>
<b>Net Increase (Decrease) In Cash &amp; Cash Equivalents Total [ A + B + C ]</b>	<b>39.55</b>	<b>211.12</b>
<b>Cash &amp; Cash Equivalents As At 1st April</b>	<b>621.54</b>	<b>410.42</b>
<b>Cash &amp; Cash Equivalents As At 31st March</b>	<b>661.09</b>	<b>621.54</b>

As per our even report attached  
**For Mehta Lodha & Co.**  
Chartered Accountants

For and on behalf of Board of Directors

**Prakash D. Shah**  
Partner

**Shailesh Bhandari**

Managing Director

**Avinash Bhandari**

Joint Managing Director

**Narendra Dalal**

Whole Time Director

**Ashwin Patel**

Company Secretary

Place : Ahmedabad  
Date : May 25, 2009

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES:

Sr. No.	Name of Subsidiary Company	Jinhua Indus Enterprises Ltd.	Jinhua Jahari Enterprises Ltd.*	Bhaskarpara Coal Company Ltd.	ET Elec-Trans Ltd.
1	Country in which incorporated	People's Republic of China	People's Republic of China	India	India
2	Financial period ended	31.12.2008	31.12.2008	31.03.2009	31.03.2009
3	Extent of Holding	100%	100%	52.63%	100%
4	The net aggregate of profits or (losses) of the subsidiary for the current period so far as it concerns the members of the holding company (a) Dealt with or provided for in the account of the holding company (Rs. Million) (b) Not dealt with or provided for in the account of the holding company (Rs. Million)	(1.75) Nil	2.59 Nil	0.00 Nil	0.00 Nil
5	The net aggregate of profits or (losses) for previous financial year of the subsidiary so far as it concerns the members of the holding company (a) Dealt with or provided for in the account of the holding company (Rs. Million) (b) Not dealt with or provided for in the account of the holding company (Rs. Million)	(7.62) Nil	16.30 Nil	Nil Nil	Nil Nil

\* By virtue of Section 4(1)(c) of the Companies Act, 1956, this is subsidiary of the Company

## STATEMENT PURSUANT TO SECTION 212(5) OF THE COMPANIES ACT, 1956 RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES FOR THE FINANCIAL YEAR 2008-2009

Sr. No.	Name of Subsidiary Company	Jinhua Indus Enterprises Ltd.	Jinhua Jahari Enterprises Ltd.
1	Change in the interest between 31.12.2008 to 31.03.2009	Nil	Nil
2	Material changes between 31.12.2008 to 31.03.2009 in respect of – (Rs. Million)		
	(i) Fixed Assets	0.07	0.00
	(ii) Investments	0.00	0.00
	(iii) Moneys lent	0.00	0.00
	(iv) Moneys borrowed	0.00	0.00

## SUBSIDIARIES AND CONSOLIDATED FINANCIAL STATEMENTS

The subsequent section gives consolidated results of the Company. Electrotherm (India) Limited has four subsidiaries, two in China and two in India. The details of same are as under:

- 1. Jinhua Indus Enterprises Ltd.**  
Room 201, Building 8,  
Nanbin Garden, Binhong Road,  
Jinhua, Zhejiang, PR China
- 2. Jinhua Jahari Enterprises Ltd.**  
2<sup>nd</sup> Floor, 9 Building,  
Zhejiang Nai Si Kang Medicone Co. Ltd.  
Shi Cheng Street No. 399  
Jinhua Industry Zone  
Jinhua Zhejiang Province
- 3. ET Elec-Trans Ltd.**  
A-1, Skylark Apartment,  
Satellite Road, Satellite,  
Ahmedabad – 380 015  
Gujarat, India
- 4. Bhaskarpara Coal Company Ltd.**  
Crystal Tower, 1<sup>st</sup> Floor, G E Road,  
Opp. Minocha Petrol Pump,  
Telibandha, Raipur – 492 006  
Chhatisgarh, India

Particulars	Page No.
<b>Subsidiary's Financial Statements</b>	
Jinhua Indus Enterprises Ltd.	65
Jinhua Jahari Enterprises Ltd.	70
ET Elec-Trans Ltd.	74
Bhaskarpara Coal Company Ltd.	83
<b>Consolidated Financial Statements</b>	
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BALANCE SHEET AS AT  
31ST DECEMBER, 2008

**ELECTROTHERM**  
JINHUA INDUS ENTERPRISES LIMITED

(Rs. in Millions)

Particulars	Schedule No.	As At 31/12/2008	As At 31/12/2007
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's Fund</b>			
1. Equity Share Capital	1	20.56	20.56
2. Reserves & Surplus	2	-	(7.55)
		<b>20.56</b>	<b>13.01</b>
<b>Loan Funds</b>			
1. Unsecured Loans	3	19.05	18.08
		<b>19.05</b>	<b>18.08</b>
<b>Total</b>		<b>39.61</b>	<b>31.09</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
1. Gross Block	4	21.09	20.37
2. Less : Depreciation		1.78	0.42
3. Net Block		19.31	19.95
<b>Investments</b>			
	5	5.41	5.41
<b>Current Assets, Loans and Advances</b>			
1. Inventories	6	2.09	1.25
2. Cash & Bank Balances	7	0.05	0.44
3. Loans & Advances	8	11.52	0.87
		<b>13.66</b>	<b>2.56</b>
<b>Less : Current Liabilities and Provisions</b>			
1. Current Liabilities	9	0.45	(3.17)
		<b>0.45</b>	<b>(3.17)</b>
<b>Net Current Assets</b>		<b>13.21</b>	<b>5.73</b>
Miscellaneous Expenditures (To the extent not written off or adjusted)	10	1.69	-
<b>Total</b>		<b>39.61</b>	<b>31.09</b>

(Rs. in Millions)

Particulars	Schedule No.	As At 31/12/2008	As At 31/12/2007
<b>INCOME</b>			
Sales & Other operational Income	11	31.61	51.61
Other Income	12	0.35	0.54
		<b>31.96</b>	<b>52.15</b>
<b>EXPENDITURE</b>			
Material Cost		19.48	54.09
Manufacturing Expenses	13	0.41	0.13
Employees Remuneration	14	3.36	2.05
Administrative, Selling & General Expenses	15	1.47	2.98
Financial Expenses	16	0.01	0.03
		<b>24.73</b>	<b>59.28</b>
<b>Profit before Depreciation</b>		<b>7.23</b>	<b>(7.13)</b>
Depreciation		1.36	0.42
<b>Profit before Taxation</b>		<b>5.87</b>	<b>(7.55)</b>
Provision for Tax		-	-
<b>Profit after Tax</b>		<b>5.87</b>	<b>(7.55)</b>
Balance brought forward		(7.55)	-
Balance carried to Balance Sheet		(1.69)	(7.55)

SCHEDULES FORMING PART OF ACCOUNTS FOR  
YEAR ENDED ON 31ST DECEMBER, 2008

**ELECTROTHERM**  
JINHUA INDUS ENTERPRISES LIMITED

(Rs. in Millions)

Particulars	As At 31/12/2008	As At 31/12/2007
<b>Schedule 1 : Share Capital</b>		
<b>Authorised</b>		
38,00,000 Equity Shares of RMB 1.00/- each	20.56	20.56
	<b>20.56</b>	<b>20.56</b>
<b>Issued, Subscribed &amp; Paid Up</b>		
Equity Shares		
38,00,000 (Previous Year 38,00,000) Equity Shares of RMB 1.00 each	20.56	20.56
	<b>20.56</b>	<b>20.56</b>
<b>Schedule 2 : Reserves &amp; Surplus</b>		
Profit & Loss Account	-	(7.55)
	-	<b>(7.55)</b>
<b>Schedule 3 : Unsecured Loans</b>		
Customers, Staff & Others	19.05	18.08
	<b>19.05</b>	<b>18.08</b>

**Schedule 4 : Fixed Assets**

Description	Gross Block				Depreciation				Net Block	
	Opening Balance	Addition during the period	Deduction during the period	Closing Balance	Opening Balance	Addition during the period	Deduction during the period	Closing Balance	As At 31-12-2008	As At 31-12-2007
Plant and Machinery	19.19	-	-	19.19	0.36	1.24	-	1.60	17.59	18.83
Furniture and Fixtures	0.25	0.72	-	0.97	0.01	0.02	-	0.03	0.94	0.24
Vehicles	0.93	0	-	0.93	0.05	0.11	-	0.16	0.78	0.88
<b>Total</b>	<b>20.37</b>	<b>0.72</b>	-	<b>21.09</b>	<b>0.42</b>	<b>1.36</b>	-	<b>1.78</b>	<b>19.3</b>	<b>19.95</b>
Previous Year	-	20.37	-	20.37	-	0.42	-	0.42	19.95	-

Particulars	As At 31/12/2008	As At 31/12/2007
<b>Schedule 5 : Investments</b>		
<b>Unquoted</b>		
Investment in Subsidiary Company		
10,00,000 shares of Jinhua Jahari Enterprises Limited of RMB 1 each	5.41	5.41
	<b>5.41</b>	<b>5.41</b>
<b>Schedule 6 : Inventories</b>		
Raw Materials	2.09	1.25
	<b>2.09</b>	<b>1.25</b>
<b>Schedule 7 : Cash &amp; Bank Balances</b>		
1. Cash on hand	0.05	0.26
2. Bank Balance	-	0.18
	<b>0.05</b>	<b>0.44</b>

(Rs. in Millions)

Particulars	As At 31/12/2008	As At 31/12/2007
<b>Schedule 8 : Loans &amp; Advances (Unsecured considered good)</b>		
1. Advances recoverable in cash or in kind for value to be received	11.41	0.78
2. Sundry Deposits	0.12	0.09
	<b>11.52</b>	<b>0.87</b>
<b>Schedule 9: Current Liabilities</b>		
Sundry creditors	0.45	(3.17)
	<b>0.45</b>	<b>(3.17)</b>
<b>Schedule 10 : Misc. Expenditure (To the extent not w/off)</b>		
Debit Balance of Profit & Loss Account	1.69	-
	<b>1.69</b>	-
<b>Schedule 11 : Sales &amp; Other Operational Income</b>		
Gross Sales	31.61	51.61
	<b>31.61</b>	<b>51.61</b>
<b>Schedule 12 : Other Income</b>		
1. Interest Income (Gross)	0.10	0.04
2. Net Foreign Exchange Fluctuation	-	0.50
3. Other Income	0.25	-
	<b>0.35</b>	<b>0.54</b>
<b>Schedule 13 : Manufacturing Expenses</b>		
1. Power & Fuel	0.06	0.07
2. Stores consumption	0.20	0.05
3. Repairs & Maintenance	0.16	0.01
	<b>0.41</b>	<b>0.13</b>
<b>Schedule 14 : Employees Remuneration</b>		
Salary, Wages & Bonus	3.36	2.05
	<b>3.36</b>	<b>2.05</b>

SCHEDULES FORMING PART OF ACCOUNTS FOR  
YEAR ENDED ON 31ST DECEMBER, 2008

**ELECTROTHERM**  
JINHUA INDUS ENTERPRISES LIMITED

(Rs. in Millions)

Particulars	As At 31/12/2008	As At 31/12/2007
<b>Schedule 15 : Administrative, Selling &amp; General Expenses</b>		
1. Post-Telephone & Fax Expenses	0.36	0.23
2. Printing & Stationery	0.02	0.03
3. Conveyance Expenses	0.23	0.13
4. Hire – Lease – Rent Charges	0.05	1.47
5. Insurance Premium	0.33	0.13
6. Advertising & Sales Development Expenses	0.03	-
7. Consultation & Legal Expenses	0.03	-
8. Rates & Taxes	-	0.09
9. Traveling Expenses	0.31	0.18
10. Freight outward and other expenses	0.07	0.53
11. Miscellaneous Expenses	0.04	0.19
	<b>1.47</b>	<b>2.98</b>
<b>Schedule 16 : Financial Expenses</b>		
Bank Charges	0.01	0.03
	<b>0.01</b>	<b>0.03</b>

(Rs. in Millions)

Particulars	Schedule No.	As At 31/12/2008	As At 31/12/2007
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's Fund</b>			
1. Equity Share Capital	1	5.41	5.41
2. Reserves & Surplus	2	3.01	10.36
		<b>8.42</b>	<b>15.77</b>
<b>Loan Funds</b>			
1. Unsecured Loans	3	2.29	2.68
		<b>2.29</b>	<b>2.68</b>
<b>Total</b>		<b>10.71</b>	<b>18.45</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
1. Gross Block	4	0.57	0.34
2. Less : Depreciation		0.04	0.01
3. Net Block		0.53	0.33
<b>Current Assets, Loans and Advances</b>			
1. Inventories	5	0.73	-
2. Sundry Debtors	6	0.54	-
3. Cash & Bank Balances	7	1.93	2.88
4. Loans & Advances	8	22.08	14.73
		<b>25.28</b>	<b>17.61</b>
<b>Less : Current Liabilities and Provisions</b>			
1. Current Liabilities	9	15.10	(1.95)
2. Provisions	10		1.44
		<b>15.10</b>	<b>(0.51)</b>
<b>Net Current Assets</b>		<b>10.18</b>	<b>18.12</b>
<b>Total</b>		<b>10.71</b>	<b>18.45</b>

PROFIT AND LOSS ACCOUNT FOR THE YEAR  
ENDED ON 31ST DECEMBER, 2008

**ELECTROTHERM**  
JINHUA JAHARI ENTERPRISES LIMITED

(Rs. in Millions)

Particulars	Schedule No.	As At 31/12/2008	As At 31/12/2007
<b>INCOME</b>			
Sales & Other operational Income	11	179.42	92.84
Other Income	12	0.05	7.42
		<b>179.47</b>	<b>100.26</b>
<b>EXPENDITURE</b>			
Material Cost		183.06	85.35
Manufacturing Expenses	13	0.12	0.06
Employees Remuneration	14	1.44	0.60
Administrative, Selling & General Expenses	15	2.13	2.34
Financial Expenses	16	0.03	0.11
		<b>186.78</b>	<b>88.46</b>
<b>Profit before Depreciation</b>		<b>(7.31)</b>	<b>11.80</b>
Depreciation		0.03	-
<b>Profit before Taxation</b>		<b>(7.35)</b>	<b>11.80</b>
Provision for Tax		-	1.44
<b>Profit after Tax</b>		<b>(7.35)</b>	<b>10.36</b>
Balance brought forward		10.36	-
Balance carried to Balance Sheet		3.01	10.36

(Rs. in Millions)

Particulars	As At 31/12/2008	As At 31/12/2007
<b>Schedule 1 : Share Capital</b>		
<b>Authorised</b>		
20,00,000 Equity Shares of RMB 1.00/- each	10.82	10.82
	<b>10.82</b>	<b>10.82</b>
<b>Issued, Subscribed &amp; Paid Up</b>		
Equity Shares		
10,00,000 (Previous Year 10,00,000) Equity Shares of RMB 1.00 each	5.41	5.41
	<b>5.41</b>	<b>5.41</b>
<b>Schedule 2 : Reserves &amp; Surplus</b>		
Profit & Loss Account	3.01	10.36
	<b>3.01</b>	<b>10.36</b>
<b>Schedule 3 : Unsecured Loans</b>		
Customers, Staff & Others	2.29	2.68
	<b>2.29</b>	<b>2.68</b>

**Schedule 4 : Fixed Assets**

Description	Gross Block				Depreciation				Net Block	
	Opening Balance	Addition during the period	Deduction during the period	Closing Balance	Opening Balance	Addition during the period	Deduction during the period	Closing Balance	As At 31-12-2008	As At 31-12-2007
Plant and Machinery	0.34	0.23	-	0.57	0.01	0.03	-	0.04	0.53	0.33
<b>Total</b>	<b>0.34</b>	<b>0.23</b>	<b>-</b>	<b>0.57</b>	<b>0.01</b>	<b>0.03</b>	<b>-</b>	<b>0.04</b>	<b>0.53</b>	<b>0.33</b>
Previous Year	-	0.34	-	0.34	-	0.01	-	0.01	0.33	-

Particulars	As At 31/12/2008	As At 31/12/2007
<b>Schedule 5 : Inventories</b>		
Raw Materials	0.73	-
	<b>0.73</b>	<b>-</b>
<b>Schedule 6 : Sundry Debtors (Unsecured considered Good)</b>		
1. More than Six Months	-	-
2. Others	0.54	-
	<b>0.54</b>	<b>-</b>
<b>Schedule 7 : Cash &amp; Bank Balances</b>		
1. Cash on hand	0.07	-
2. Bank Balance	1.86	2.88
	<b>1.93</b>	<b>2.88</b>



SCHEDULES FORMING PART OF ACCOUNTS FOR  
YEAR ENDED ON 31ST DECEMBER, 2008

**ELECTROTHERM**  
JINHUA JAHARI ENTERPRISES LIMITED

(Rs. in Millions)

Particulars	As At 31/12/2008	As At 31/12/2007
<b>Schedule 8 : Loans &amp; Advances (Unsecured considered good)</b>		
1. Advances recoverable in cash or in kind for value to be received	22.08	14.19
2. Advance Income Tax & Fringe Benefit Tax	-	0.50
3. Sundry Deposits	-	0.04
	<b>22.08</b>	<b>14.73</b>
<b>Schedule 9 : Current Liabilities</b>		
Sundry creditors	15.10	(1.95)
	<b>15.10</b>	<b>(1.95)</b>
<b>Schedule 10 : Provisions</b>		
Income Tax	-	1.44
	-	<b>1.44</b>
<b>Schedule 11 : Sales &amp; Other Operational Income</b>		
Gross Sales	179.42	92.84
	<b>179.42</b>	<b>92.84</b>
<b>Schedule 12 : Other Income</b>		
1. Interest Income (Gross)	0.05	0.02
2. Net Foreign Exchange Fluctuation	-	7.40
3. Other Income	-	-
	<b>0.05</b>	<b>7.42</b>
<b>Schedule 13 : Manufacturing Expenses</b>		
1. Power & Fuel	0.01	0.05
2. Stores consumption	-	-
3. Repairs & Maintenance	0.12	0.01
	<b>0.12</b>	<b>0.06</b>
<b>Schedule 14 : Employees Remuneration</b>		
Salary, Wages & Bonus	1.44	0.60
	<b>1.44</b>	<b>0.60</b>
<b>Schedule 15 : Administrative, Selling &amp; General Expenses</b>		
1. Post-Telephone & Fax Expenses	0.32	0.16
2. Printing & Stationery	0.02	-
3. Conveyance Expenses	0.12	0.07
4. Hire – Lease – Rent Charges	-	-
5. Insurance Premium	0.38	0.08
6. Advertising & Sales Development Expenses	0.40	-
7. Consultation & Legal Expenses	0.01	-
8. Rates & Taxes	-	0.15
9. Traveling Expenses	0.30	0.25
10. Freight outward and other expenses	0.40	1.40
11. Miscellaneous Expenses	0.19	0.22
	<b>2.13</b>	<b>2.34</b>
<b>Schedule 16 : Financial Expenses</b>		
Bank Charges	0.03	0.11
	<b>0.03</b>	<b>0.11</b>

To,  
The Members,  
**ET Elec-Trans Limited**

Your Directors have pleasure in presenting the First (1<sup>st</sup>) Annual Report on the business and operation of the Company for the year ended on 31<sup>st</sup> March, 2009.

**1. OPERATION :**

Your Company has not started any business activities in the year under review. Your Directors expects that the business activities would be started in the coming year.

**2. DIVIDEND :**

As the Company has not started its business activities, your Directors are not in a position to declare any dividend for the year under review.

**3. DIRECTORS :**

The following persons were appointed as First Directors of the Company by Article 127 of the Articles of Association of the Company :

- (i) Mr. Mukesh Bhandari
- (ii) Mr. Shailesh Bhandari
- (iii) Mr. Narendra Dalal

In accordance with the provisions of the section 256 of the Companies Act, 1956 and clause (a) and (b) of Article 154 of the Articles of Association of the Company, Mr. Narendra Dalal, Director of the Company, retire at the ensuing Annual General Meeting of the Company and being eligible offer him self for re-appointment.

**4. AUDITORS REPORT :**

The comments in the Auditors Report read with notes to the Accounts are self-explanatory.

**5. AUDITORS :**

Pursuant to sub-section (1) of section 224 of the Companies Act, 1956 and Article 209 of the Articles of Association of the Company M/s Ashok Bhogilal & Co., Chartered Accountants, Ahmedabad auditors of the Company retire as auditor at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The Company has received a certificate under sub-section (1B) of section 224 of the Companies Act, 1956 from them to the effect that their re-appointment, if made, will be in accordance with the limits as specified in the said section.

The Board recommends their re-appointment.

**6. DEPOSITS :**

The Company has not accepted any deposits during the year to which the provisions of section 58A and 58AA of the Companies Act, 1956 are applicable.

**7. PARTICULARS OF EMPLOYEES :**

None of the employees received remuneration during the year in excess of limits prescribed under sub-section (2A) of section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

**8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO :**

Information required under clause (e) of sub-section (1) of section 217 of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, with respect to conservation of energy, technology absorption and foreign exchange earning and outgo is as under :

A. Conservation of Energy	:	NIL
B. Technology Absorption	:	NIL
C. Foreign Exchange Earning and outgo	:	NIL

**9. DIRECTORS RESPONSIBILITY STATEMENT :**

Pursuant to section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that –

- a. In the preparation of the annual accounts, the applicable accounting standards had been followed;
- b. The Directors had selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fire view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- c. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The Directors had prepared the annual accounts on a going concern basis.

**10. ACKNOWLEDGEMENT :**

The Board of Directors extend their sincere thanks to the Bankers, Employees, Members and all others associated with the Company for their kind co-operation, continued support, assistance, trust and confidence reposed by them in the Company.

**By Order of the Board of Directors**

Place: Ahmedabad  
Date : 14<sup>th</sup> April, 2009

**Shailesh Bhandari**  
**Director**

To,  
The Members  
**ET Elec-Trans Limited**

1. We have audited the attached Balance Sheet of ET Elec-Trans Limited as on 31<sup>st</sup> March, 2009 and also Profit & Loss Account for the period ended on that date both of which we have signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes, examining on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4-A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph above, we report that:
  - i) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - ii) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of the books.
  - iii) The Balance Sheet and Profit and Loss Account referred to in this report is in agreement with the books of account.
  - iv) In our opinion, the Balance Sheet and Profit & Loss Account comply with the accounting standard referred to in sub section(3c) of Section 211 of the Companies Act, 1956.
5. According to the information and explanations given to us and on the basis of written representations from the Directors of the Company taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2009 from being appointed as a Director under section 274 (1) (g) of the Companies Act, 1956.
6. In our opinion, and to the best of our information and according to the explanations given to us, the accounts read with the notes thereon, give a true and fair view:
  - i) In the case of Balance Sheet, of the State of Affairs of the Company as on 31<sup>st</sup> March, 2009.
  - ii) In case of Profit and Loss Account of the Loss for the period ended on that date.

**For Ashok Bhogilal & Co.**  
Chartered Accountants

**Ashok B. Shah**  
Proprietor  
M. No. 106874

Place: Ahmedabad  
Date : 14th April, 2009

## ANNEXURE “A” TO THE AUDITORS’ REPORT

**ELECTROTHERM**  
ET ELEC-TRANS LIMITED

**Referred to in Paragraph 3 of the Auditors’ report of even date to the members of ET Elec-Trans Limited on the financial statements for the period ended March 31, 2009.**

1. The nature of Company’s business/ activities during the period is such that the clause (ii), (viii), (x), (xi), (xii), (xiii), (xvi), (xix) and (xx) are not applicable.
2. The Company has not carried out its activities during the period and has not acquired any fixed assets, hence the clause (i), (iv), (vii), (ix), (xiv), (xv) and (xvii) of the CARO are either Nil or not applicable.
3. According to the information and explanation given to us, the company has not granted or taken secured or unsecured loans to / from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
4. To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements that needed to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits in terms of the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
6. According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
7. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company was noticed or reported during the year.

**For Ashok Bhogilal & Co.**  
Chartered Accountants

**Ashok B. Shah**  
Proprietor  
M. No. 106874

Place: Ahmedabad  
Date : 14th April, 2009

Particulars	Schedule No.	31-03-2009 Amount
<b>I. SOURCES OF FUND :</b>		
A. Share Holders Funds Share Capital	1	500,000
B. Loan Funds Secured Loans		-
Unsecured Loans	2	208,620
<b>Total</b>		<b>708,620</b>
<b>II. APPLICATION OF FUNDS :</b>		
A. Fixed Assets a) Gross Block		-
b) Less : Depreciation		-
c) Net Block		-
B. Investments (At Cost )		-
C. Current Assets, Loans & Advances	3	
a) Current Assets		492,265
b) Loans & Advances		-
		492,265
Less :		
D. Current Liabilities & Provisions Expenses Payable		2,000
Net Current Assets (C - D)		490,265
E. Misc. Expenditure (To the extent not written off or adjusted)	4	215,640
F. Profit And Loss Account		2,715
<b>Total</b>		<b>708,620</b>
<b>Notes On Accounts</b>	5	

As per our report of even date  
**For Ashok Bhogilal & Co.**  
Chartered Accountants

**For ET Elec-Trans Ltd.**

**Ashok B. Shah**  
Proprietor

**Shailesh Bhandari**  
Director

**Narendra Dalal**  
Director

Place : Ahmedabad  
Date : 14th April, 2009

Place : Ahmedabad  
Date : 14th April, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR  
ENDED ON 31ST MARCH, 2009

**ELECTROTHERM**  
ET ELEC-TRANS LIMITED

Particulars	31-03-2009 Amount
<b>I INCOME</b>	
Income	-
<b>Total</b>	<u>-</u>
<b>II. EXPENDITURE</b>	
Audit Fees	2,000
ROC filling fees	500
Bank Charges	215
	<u>2,715</u>
Net (Loss ) For The Year ( I - II )	2,715
Add :- Balance Brought Forward	-
Balance Carried To Balance Sheet	2,715

As per our report of even date  
**For Ashok Bhogilal & Co.**  
Chartered Accountants

**For ET Elec-Trans Ltd.**

**Ashok B. Shah**  
Proprietor

**Shailesh Bhandari**  
Director

**Narendra Dalal**  
Director

Place : Ahmedabad

Place : Ahmedabad

Date : 14th April, 2009

Date : 14th April, 2009

**Particulars**

**31-03-2009**

**Amount**

**SCHEDULE : 1 SHARE CAPITAL**

[A] Authorised Capital	
1000000 Equity Shares of Rs. 10 each	10,000,000
	<u>10,000,000</u>

[B] Issued, Subscribed & Paid-up	
50000 Equity Shares of Rs.10/- each Fully paid-up	500,000
	<u>500,000</u>

**SCHEDULE : 2 UNSECURED LOANS**

From Directors	
Shailesh Bhandari	208,620
	<u>208,620</u>

**SCHEDULE : 3 CURRENT ASSETS, LOANS & ADVANCES**

A. Current Assets	
Cash on Hand	1,980
Bank Balance - Bank Of India	490,285
	<u>492,265</u>

**SCHEDULE : 4 MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)	
Preliminary & Pre - operative Expenses	215,640
	<u>215,640</u>



**SCHEDULE – 5**

**NOTES FORMING PART OF THE ACCOUNTS AS AT 31.03.2009**

**Significant Accounting Policies**

- 1) The Company generally follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties.
- 2) Contingent liabilities for the period - Nil.
- 3) In the opinion of the board and to the best of their knowledge and belief, the value of realization of loans, advances and current assets in the ordinary course of business will not be less than the amount at which they are stated in the balance sheet.
- 4) The Company was incorporated on 27<sup>th</sup> November, 2008 and obtain commencement of certificate on 6<sup>th</sup> December, 2008. This being the first period and hence the figures for the previous year does not exists.
- 5) Other information required under paragraph 3 & 4 of part II of schedule VI to the Companies Act, 1956 are either Nil or Not Applicable.
- 6) Related Party Disclosures under Accounting Standard 18
  1. Holding Company : Electrotherm (India) Limited
  2. Relatives of Key Management Personal : NIL
  3. Key Management Personal :
    1. Mr. Mukesh Bhandari
    2. Mr. Shailesh Bhandari
    3. Mr. Narendra Dalal

Sr. No.	Nature of Relationship	Associates (Rs.)	Relatives of Key Management Personal (Rs.)	Key Management Personal (Rs.)
1	Loan Received	Nil	Nil	208620
2	Outstanding	Nil	Nil	208620

As per report of even date annexed  
**For Ashok Bhogilal & Co.**  
Chartered Accountants

**For ET Elec-Trans Ltd.**

**Ashok B. Shah**  
Proprietor

**Shailesh Bhandari**  
Director

**Narendra Dalal**  
Director

Place : Ahmedabad  
Date : 14th April, 2009

Place : Ahmedabad  
Date : 14th April, 2009

**Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956**

**I Registration Details :**

Registration No. U34102GJ2008PLC055557  
Balance Sheet Date 31-03-2009

Amount (Rs. in Thousand)

**II Capital Raised during the Year**

Public Issue NIL  
Right Issue NIL  
Bonus Issue NIL  
Private Placement 500

**III Details of Mobilisation and deployment of Fund**

Total Liabilities 709  
Total Assets 709

**Sources of Funds**

Paid-up Capital 500  
Reserve & Surplus NIL  
Secured Loan NIL  
Unsecured Loans 209

**Application of Funds**

Net Fixed Assets NIL  
Investments NIL  
Deferred Tax Assets NIL  
Net Current Assets 490  
Misc. Expenditure 216  
Accumulated Losses 3

**IV Performance of Company**

Turn Over NIL  
Total Expenditure (3)  
Profit before tax (3)  
Profit After tax (3)  
Earning per share NIL  
Dividend Rate (%) NIL

**V General Name of Principal Product \ Services of the Company**

Item Code. No. No activity carried on during the year  
Product/Service description

**SIGNATURE TO SCHEDULES "1" TO "5"**

As per our report of even date

**For Ashok Bhogilal & Co.**

Chartered Accountants

**For ET Elec-Trans Ltd.**

**Ashok B. Shah**

Proprietor

**Shailesh Bhandari**

Director

**Narendra Dalal**

Director

Place : Ahmedabad  
Date : 14th April, 2009

Place : Ahmedabad  
Date : 14th April, 2009

To,  
 The Members of  
**BHASKARPARA COAL COMPANY LIMITED**  
 Raipur (Chhattisgarh)

Your Directors have pleasure in presenting their First (1<sup>st</sup>) Annual Report together with the Audited Accounts of the Company as at 31<sup>st</sup> March, 2009.

**1. CONSTITUTION OF THE COMPANY:**

Bhaskarpara Coal Company Limited was incorporated on 21<sup>st</sup> November, 2008 as a limited Company vide Certificate of Incorporation bearing Corporate Identity Number U10100CT2008PLC020943 issued by the Registrar of Companies, Madhya Pradesh and Chattisgarh. The Company was promoted by M/s Electrotherm (India) Limited and M/s Grasim Industries Limited.

The main object of the Company is to purchase, establish, set up, take on lease, explore, prospect, develop, exploit or otherwise acquire Bhaskarpara Coal block and mining right, grants, concessions and easements and lands, hereditaments or other property necessary or convenient for the possession and use of the mines to work for the time being owned or worked by the Company, or any interest therein, only with regard to Bhaskarpara coal block.

The authorised share capital of the Company is Rs. 10,00,00,000/- (Rupees Ten Crore Only) divided into 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- (Rupees Ten Only) each. The paid up share capital of the Company at the end of the year was Rs. 5,00,000/- (Rupees Five Lacs Only) divided into 50,000 (Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

The Company has obtained Certificate of Commencement of Business from the Registrar of Companies, Madhya Pradesh and Chattisgarh on 18<sup>th</sup> March, 2009.

**2. PROGRESS OF THE COMPANY:**

The Company has been incorporated for extraction of coal for captive use by the promoter Companies. The Company has been allocated a coal block, namely, Bhaskarpara Coal Block, Jhilmili Coal Field, District Surguja, Chhattisgarh by the Ministry of Coal, Government of India.

The Company has obtained the photocopy of Geological Report for preparation of mining plan from Central Mine Planning & Design Institute Limited (CMPDIL), Ranchi. However, Geological Report will be purchased from CMPDIL before approval of mining plan by Ministry of Coal. To expedite the project, the Company has appointed M/s Paramarsh Consulting Engineers, Nagpur for providing consultancy with regard to mining plan, forest diversion proposal, environment clearance, mining lease and other related aspects. The Company has also furnished bank guarantee for the requisite amount to the Ministry of Coal as per the condition of allocation letter. Pre development clearance / activities are in process and will be submitted to the relevant authorities in due course.

**3. FINANCIAL RESULTS:**

The Company has not yet commenced its operations.

**4. DIVIDEND:**

As the Company has not started its business activities, your Directors are not in a position to declare any dividend for the year under review.

**5. AUDITOR'S REPORT:**

The comments in the Auditors Report read with notes to the Accounts are self-explanatory.

**6. DEPOSIT:**

The Company has not accepted any deposits during the year to which the provisions of section 58A and section 58AA of the Companies Act, 1956 are applicable.

**7. DIRECTORS:**

The following persons were appointed as First Directors of the Company as per Article 38 of the Articles of Association:

# ELECTROTHERM

## BHASKARPARA COAL COMPANY LIMITED

- (i) Mr. Shailesh Bhandari
- (ii) Mr. Naveen Nakra
- (iii) Mr. Kailash Chand Birla
- (iv) Mr. Radha Mohan Gupta

Mr. Naveen Nakra, Director of the Company was passed away on 19<sup>th</sup> June, 2009.

Pursuant to the provisions of section 260 of the Companies Act, 1956 and Article 36 of the Articles of Association of the Company, Mr. Narendra Dalal was appointed as an Additional Director with effect from 20<sup>th</sup> July, 2009. Mr. Narendra Dalal would hold office up to date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Narendra Dalal for the office of Director, liable to retire by rotation.

In accordance with the provision of the section 256 of the Companies Act, 1956 and Articles of Association of the Company, Mr. Radha Mohan Gupta, Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer him self for re-appointment.

### 8. AUDITORS:

M/s Manubhai & Co., Chartered Accountant, Ahmedabad, who was appointed as first auditors by the shareholders in Extra-Ordinary General Meeting, are eligible for re-appointment by the members of the Company.

The Company has received a certificate under sub-section (1B) of section 224 of the Companies Act, 1956 from them to the effect that their re-appointment, if made, will be in accordance with the limits as specified in the said section.

### 9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

Information pursuant to clause (e) of sub-section (1) of section 217 of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is set out in the Annexure "A" forming part of this Report.

### 10. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to sub-section (2AA) of section 217 of the Companies Act, 1956, your Directors state that:

- (I) in the preparation of the annual accounts, the applicable accounting standard had been followed;
- (II) the Directors had selected such accounting policies and applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year;
- (III) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (IV) the Directors had prepared the annual accounts on a going concern basis.

### 11. PARTICULARS OF EMPLOYEES:

None of the employees received remuneration during the year in excess of limits prescribed under sub-section (2A) of section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

### 12. ACKNOWLEDGEMENT:

The Board of Directors are pleased to place on record their appreciation for the continued guidance and support provided by the Central Government, Government of Chhattisgarh State, Banks, various other Government Authorities, Shareholders, employees and all other business associates.

**On behalf of the Board**

Place : Palodia

Date : 20<sup>th</sup> July, 2009

**Shailesh Bhandari**

Director

**Radha Mohan Gupta**

Director

AS PER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2009

**[A] CONSERVATION OF ENERGY :**

- (a) The Company has not yet commenced its operations during the period under review.
- (b) Information regarding consummation of energy required to be given in the 'Form A' is not applicable to the Company.

**[B] TECHNOLOGY ABSORPTION :**
**FORM – B**
**Form for disclosure of particulars with respect to absorption**
**Research and development (R & D)**

1. Specific areas in which R & D carried out by the Company : NIL
2. Benefits derived as a result of the above R & D : NIL
3. Future plant of action : NIL
4. Expenditure on R & D : NIL
  - (a) Capital : NIL
  - (b) Recurring : NIL
  - (c) Total : NIL
  - (d) Total R & D expenditure as a percentage of total turnover : NIL

**Technology absorption, adaptation and innovation**

1. Efforts, in brief, made towards technology absorption, adaptation and innovation : N.A.
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc. : N. A.
3. In case of imported technology (Imported during the last 5 year reckoned from the beginning of the financial year), following information may be furnished : N. A.
  - (a) Technology imported : NIL
  - (b) Year of imported : NIL
  - (c) Has technology been fully absorbed : NIL
  - (d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action. : NIL

**[C] Foreign Exchange Earning and Outgo : NIL**
**On behalf of the Board**

Place : Palodia

Date : 20<sup>th</sup> July, 2009
**Shailesh Bhandari**

Director

**Radha Mohan Gupta**

Director

TO,  
THE MEMBERS OF  
**BHASKARPARA COAL COMPANY LIMITED**

1. We have audited the attached Balance sheet of **BHASKARPARA COAL COMPANY LIMITED** as on 31<sup>st</sup> March, 2009 and Cash Flow Statement for the period ended on that date annexed there to. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit. No Profit and Loss account has been prepared since the Company is yet to commence its commercial operations and the necessary details as per part II of Schedule VI of the Companies Act, 1956 have been disclosed in Note No. 1 of Schedule E as "Pre Operative Expenditure".
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes examining, on a test basis, evidence supporting the amounts and the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 of the said Order.
4. Further, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of accounts as required by law have been kept by the company, so far as it appears from our examination of the books of the company;
  - c) The Balance sheet and Cash Flow Statement dealt with by this report is in agreement with the books of accounts of the company;
  - d) In our opinion, the Balance Sheet and Cash Flow Statement comply with the accounting standards referred to in Sub-section (3C) of section 211 of the companies Act, 1956 to the extent applicable.
  - e) On the basis of written representations received from the directors as on March 31<sup>st</sup>, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31<sup>st</sup>, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given us, the said accounts, read with accounting policy and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in the conformity with the accounting principles generally accepted in India;
    - i. In the case of balance sheet of the state of affairs of the Company as at March 31<sup>st</sup>, 2009; and
    - ii. In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

**For Manubhai & Co.**  
Chartered Accountants

**K. C. Patel**  
Partner  
Mem.No. 30083

Place : Ahmedabad  
Dated : 4th April, 2009

(Referred to in paragraph (3) of our report of even date)

**1. In respect of its fixed assets:**

The Company does not have any fixed assets. Therefore, reporting requirements as per clause (i) of paragraph 4 of the Order are not applicable in case of the company.

**2. In respect of its inventories:**

The Company does not have any inventories. Therefore, reporting requirements as per clause (ii) of paragraph 4 of the Order are not applicable to the company.

**3. i) In respect of loans granted to parties covered in the register maintained u/s 301 of the Companies Act, 1956.**

The Company has not granted any loans or advances to companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956. Consequently, reporting requirements as per clauses (iii) (a) to (iii) (d) of paragraph 4 of the Order are not applicable in case of the company.

**ii) In respect of loans taken from parties covered in the register maintained u/s 301 of the Companies Act, 1956.**

The Company has not taken any loans or advances in the nature of loans, from parties covered in the register maintained under section 301 of the Companies Act, 1956 and therefore reporting requirements as per clauses (iii) (e) to (iii) (g) of paragraph 4 of the Order are not applicable in case of company.

**4. In respect of internal control**

During the financial year, the Company did not undertake any activity of purchase of inventory and fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

**5. In respect of transactions need to be entered into a register maintained u/s 301 of the Companies Act, 1956.**

In our opinion and as explained to us, there were no contracts and arrangements referred in Section 301 of the Companies Act, 1956 that need to be entered in the register required to be maintained under that section.

**6. In respect of deposits from public**

The Company has not accepted deposits from the public within the meaning of section 58A of the Companies Act, 1956 and the Rules framed there under. Therefore, reporting requirements as per clause (vi) of paragraph 4 of the Order are not applicable in case of company.

**7. In respect of internal audit system**

The paid up capital and reserves of the company are less than Rs. 50 Lacs as at the commencement of financial year and this being the first year of operation of the Company the reporting requirements as per clause (vii) of paragraph 4 of the Order is not applicable in case of the Company.

**8. In respect of maintenance of cost records**

As informed to us, the maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, in respect of the activities carried on by the Company.

**9. In respect of statutory dues:**

- a. Having regards to activities carried out by the company during the year, the company was not required to deposit statutory dues with the appropriate authorities in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, cess, custom duty, excise duty and other material statutory dues.
- b. According to the information and explanations given to us, no undisputed amount payable in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, and cess were

# ELECTROTHERM

## BHASKARPARA COAL COMPANY LIMITED

in arrears, as at March 31st 2009 for a period of more than six months from the date they became payable.

- c. According to the information and explanations given to us, there are no dues of income tax, wealth tax, excise duty, customs duty, sales tax and cess which have not been deposited on account of any dispute.

### 10. In respect of accumulated losses and cash losses

The Company has been registered for a period less than five years and hence the reporting requirement as per clause (x) of paragraph 4 of the Order is not applicable in case of the Company.

### 11. In respect of dues to financial institution / banks / debentures

According to the information and explanation given to us, the Company has neither taken any loan from financial institution / banks nor issued debentures.

### 12. In respect of loans and advances granted on the basis of security

The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

### 13. In respect of guarantee given for loans taken by others

According to the information and explanation given to us, the company has not provided guarantees for loans taken by others from banks and financial institutions.

### 14. In respect of application of term loans

The Company has not obtained any term loans during the year.

### 15. In respect of fund used

According to records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have not, prima facie, been used during the year for long term investment.

### 16. In respect of preferential allotment of shares

During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.

### 17. In respect of securities created for debentures

There are no debentures issued and outstanding during the year.

### 18. In respect of end use of money raised by public issues

During the year, the Company has not raised money by public issue(s).

### 19. In respect of fraud

To the best of our knowledge and belief, and according to the information and explanation given to us, no fraud on or by the Company was noticed or reported during the year that causes the financial statements to be materially misstated.

### 20. General

The nature of the Company's activities is such that the requirements of clauses (xiii) and (xiv) of paragraph 4 of the Order are not applicable.

**For Manubhai & Co.**  
Chartered Accountants

**K. C. Patel**  
Partner  
Mem.No. 30083

Place : Ahmedabad  
Dated : 4th April, 2009



BALANCE SHEET AS AT 31ST  
MARCH, 2009

**ELECTROTHERM**  
BHASKARPARA COAL COMPANY LIMITED

(Amount in Rupees)

Particulars	Schedule No.	As At 31st March 2009
<b>I SOURCES OF FUNDS</b>		
<b>1) Shareholders' Funds</b>		
a) Share Capital	A	500,000
b) Share Application Money		1,000,000
		<u>1,500,000</u>
<b>Total</b>		<b><u>1,500,000</u></b>
<b>II APPLICATION OF FUNDS</b>		
<b>1) Fixed Assets</b>	B	
Capital work - in - progress		21,306
Project Development Expenditure A/c		<u>21,306</u>
<b>2) Current Assets, Loans and Advances</b>	C	
Bank Balances		1,500,000
		<u>1,500,000</u>
<b>Less: Current Liabilities and Provisions</b>	D	
Current Liabilities		791,903
		<u>791,903</u>
<b>Net Current Assets</b>		<u>708,097</u>
<b>3) Miscellaneous Expenses</b>		
(To the extent not written off or adjusted)		
a) Preliminary Expenses		770,597
		<u>770,597</u>
<b>Total</b>		<b><u>1,500,000</u></b>
Significant Accounting Policies and Notes on Accounts	E	

As per our report of even date

**For Manubhai & Co.**

Chartered Accountants

**K. C. Patel**

Partner

Place: Ahmedabad

Date: 4th April, 2009

For and on behalf of Board of Directors

**Shailesh Bhandari**

Director

Place: Ahmedabad

Date: 4th April, 2009

**Radha Mohan Gupta**

Director

(Amount in Rupees)

Sr. No.	Particulars	For the year ended on 31st March, 2009
<b>A</b>	<b>Cash flow from Operating Activities</b>	-
<b>B</b>	<b>Cash Flow from Investing Activities</b>	
	Capital Work In Progress	(21,306)
	Miscellaneous Expenses not Written off	(770,597)
	Sundry Creditors For Miscellaneous Expenses	791,903
		<u>-</u>
<b>C</b>	<b>Cash Flow from Financing Activities</b>	
	Issue of Equity Capital	500,000
	Share application money received	1,000,000
	<b>Net Cash from Financing Activities - C</b>	<u>1,500,000</u>
<b>D</b>	<b>Net (Decrease)/Increase in Cash &amp; Cash Equivalent (A+B+C)</b>	1,500,000
	Cash & Cash Equivalents as at beginning of the Year	-
	<b>Cash &amp; Cash Equivalents as at End of the Year</b>	<u>1,500,000</u>

**Notes:**

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 on 'Cash Flow Statements' notified in the Companies (Accounting Standards) Rules, 2006.

As per our report of even date attached herewith.

**For Manubhai & Co.**  
Chartered Accountants

For and on behalf of Board of Directors

**K. C. Patel**  
Partner

**Shailesh Bhandari**  
Director

**Radha Mohan Gupta**  
Director

Place: Ahmedabad  
Date: 4th April, 2009

Place: Ahmedabad  
Date: 4th April, 2009

SCHEDULES FORMING PART OF THE  
BALANCE SHEET

**ELECTROTHERM**  
BHASKARPARA COAL COMPANY LIMITED

(Amount in Rupees)

Particulars	As at 31st March 2009
<b>SCHEDULE 'A'</b>	
<b>SHARE CAPITAL</b>	
<b>Authorised</b>	
1,00,00,000 Equity shares of Rs. 10 each.	100,000,000
<b>Issued, Subscribed &amp; Paid-up Capital</b>	
50,000 Equity Shares of Rs. 10/- each. (Of the above 26,312 Equity Shares are held by Electrotherm (India) Limited the Holding Company.)	500,000
<b>Total</b>	<u>500,000</u>
<b>SCHEDULE 'B'</b>	
<b>FIXED ASSETS</b>	
<b>CAPITAL WORK - IN - PROGRESS</b>	
Project Development Expenditure	21,306
<b>Total</b>	<u>21,306</u>
<b>SCHEDULE 'C'</b>	
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>	
<b>BANK BALANCES</b>	
<b>Balance with Scheduled Bank</b>	
in Current Account	1,500,000
<b>Total</b>	<u>1,500,000</u>
<b>SCHEDULE 'D'</b>	
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>	
<b>CURRENT LIABILITIES</b>	
Sundry Creditors for Expenses	791,903
<b>Total</b>	<u>791,903</u>

### Schedule E : Significant Accounting Policies & Notes Forming Part of Accounts

#### A. Significant Accounting Policies

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles ("GAAP") and in compliance with the accounting standards referred to in Section 211 (3C) and other requirements of the Companies Act, 1956, to the extent applicable.

#### B. Notes forming part of Accounts

1. As the Company has not yet started commercial operation, no Profit & Loss Account has been prepared. The expenditure incurred during the period are classified as "Project Development Expenditure" pending capitalization and will be apportioned to the Assets on the completion of the project. Necessary details as per part II of Schedule VI of the Companies Act, 1956 are as under:

Particulars	Amount In Rupees
Subscription	15,791
Audit Fees	5,515
<b>Total</b>	<b>21,306</b>

2. The provisions for all known liabilities are adequate and not in excess of the amount reasonably necessary.
3. As per the information available with the company, no amount was due as on 31.03.2009 to Micro, Small and Medium Enterprises.
4. Related party disclosures as required under the Accounting Standard AS – 18 on "Related Party Disclosures" notified in the Companies (Accounting Standards) Rules, 2006 are given below:

##### (A) List of related parties:

- (i) Enterprises that exercises control over the Company:
  - a. Electrotherm (India) Limited - (EIL)
  - b. Grasim Industries Limited - (GIL)

##### (B) Transactions with related parties for the year ended 31<sup>st</sup> March 2009:

Sr. No.	Particulars	Enterprises where control exists
<b>A.</b>	<b>Transactions during the year</b>	
1.	Proceeds from Issue of shares	4,99,940
2.	Share Application Money Received	10,00,000
3.	Preliminary Expenses incurred on behalf of the Company	7,70,597
4.	Pre Operative Expenses incurred on behalf of the Company	15,791
<b>B.</b>	<b>Amount outstanding as at Balance Sheet date on account of</b>	
1.	Share Application Money	10,00,000
2.	Preliminary Expenses incurred on behalf of the Company	7,70,597
3.	Pre Operative Expenses incurred on behalf of the Company	15,791

5. The Company was registered on November 21, 2008. Hence these accounts are prepared for the period from November 21, 2008 to March 31, 2009.
6. This is being the first year of the company previous year's figures are not given.

**For Manubhai & Co.**  
Chartered Accountants

For and on behalf of Board of Directors

**K. C. Patel**  
Partner

**Shailesh Bhandari**  
Director

**Radha Mohan Gupta**  
Director

Place: Ahmedabad  
Date: 4th April, 2009

Place: Ahmedabad  
Date: 4th April, 2009

**Statement pursuant to Part IV of Schedule VI to the Companies Act 1956**

**I Registration Details :**

Registration No. U10100CT2008PLC020943  
Balance Sheet Date 31-03-2009

Amount (Rs. in Thousand)

**II Capital Raised during the Year**

Public Issue NIL  
Right Issue NIL  
Bonus Issue NIL  
Private Placement 500

**III Details of Mobilization and deployment of Fund**

Total Liabilities 1,500  
Total Assets 1,500

**Sources of Funds**

Paid-up Capital 500  
Share Application Money 1,000  
Reserve & Surplus NIL  
Secured Loan NIL  
Unsecured Loans NIL

**Application of Funds**

Net Fixed Assets 21  
Investments NIL  
Deferred Tax Assets NIL  
Net Current Assets 708  
Misc. Expenditure 771  
Accumulated Losses NIL

**IV Performance of Company**

Turn Over NIL  
Total Expenditure NIL  
Profit before tax NIL  
Profit After tax NIL  
Earning per share NIL  
Dividend Rate (%) NIL

**V General Name of Principal Product \ Services of the Company**

Item Code. No. No activity carried on during the year  
Product/Service description

**SIGNATURE TO SCHEDULES "A" TO "E"**

**For Manubhai & Co.**

Chartered Accountants

For and on behalf of Board of Directors

**K. C. Patel**

Partner

**Shailesh Bhandari**

Director

**Radha Mohan Gupta**

Director

Place: Ahmedabad

Date: 4th April, 2009

Place: Ahmedabad

Date: 4th April, 2009

To,  
The Board of Directors,  
**ELECTROTHERM (INDIA) LIMITED**  
Ahmedabad

We have audited the attached consolidated Balance Sheet of **ELECTROTHERM (INDIA) LIMITED ('the company' and its subsidiaries constitute 'the group')**, as at **31st March, 2009**, the consolidated Profit & Loss Account and also the consolidated Cash flow statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- A. We did not audit the financial statement of all the four subsidiaries, namely Jinhua Indus Enterprises Limited, its subsidiary in China namely Jinhua Jahari Enterprises Limited, Bhaskarpara Coal Company Limited and ET Elec-Trans Limited, whose financial statement reflect total net worth of Rs. 35.55 millions as at March 31, 2009, the total revenues of Rs.204.87 millions and net profit (after-tax) amounting to Rs.5.43 millions for the year ended on that date. These financial statements have been incorporated in the consolidated financial statements on the basis of audited accounts of Bhaskarpara Coal Company Limited and ET Elec-Trans Limited and unaudited financial statements of Jinhua Indus Enterprises Limited, its subsidiary in China namely Jinhua Jahari Enterprises Limited, as provided and certified by the management of the said subsidiaries. All of these financial statements are of the year/period ended on March 31,2009. With regard to unaudited accounts of the subsidiary, we are unable to comment on the impact, if any, arising out of these un-audited financial statements on the consolidated financial statements.
- B. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21, 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.
- C. Based on our audit and on consideration of separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the said attached consolidated financial statements, subject to the notes to accounts and significant accounting policy, give a true and fair view in conformity with the accounting principles generally accepted in India.
- (a) in the case of the consolidated balance sheet, of the state of affairs of the group as at 31<sup>st</sup> March, 2009;
- (b) in the case of the consolidated profit and loss account, of the profits of the group for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows of the group for the year ended on that date.

**For Mehta Lodha & Co.**  
Chartered Accountants

**Prakash D. Shah**  
Partner  
Membership No.34363

Place : Ahmedabad  
Date : 25th May 2009

CONSOLIDATED BALANCE SHEET AS AT  
31ST MARCH, 2009

**ELECTROTHERM**

Particulars	Schedule No.	As At March 31, 2009 Rs.in Millions	As At March 31, 2008 Rs.in Millions
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's Funds</b>			
1. A.Share Capital	01	234.76	229.76
B.Share Warrants	1A	-	30.00
2. Reserves & Surplus	02	4,378.34	3,597.44
		<b>4,613.10</b>	<b>3,857.20</b>
<b>Loan Funds</b>			
1. Secured loans	03	10,319.76	5,827.51
2. Unsecured loans	04	1,976.32	2,403.17
<b>Deferred Tax Liability</b>			
<b>Minority Interest</b>			
		694.11	521.55
		1.25	-
<b>Total</b>		<b>17,604.54</b>	<b>12,609.43</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
1. Gross Block	05	7,631.10	6,199.41
2. Less:Depreciation		1,150.44	635.06
3. <b>Net Block</b>		<b>6,480.66</b>	<b>5,564.35</b>
4. Capital Work-in- Progress		4,510.25	1,347.32
<b>Investments</b>	06	0.83	0.83
<b>Current Assets, Loans And Advances</b>			
1. Inventories	07	4,528.42	2,963.37
2. Sundry Debtors	08	2,483.87	2,640.83
3. Cash & Bank Balances	09	665.36	623.88
4. Loans & Advances	10	1,540.04	759.12
		<b>9,217.69</b>	<b>6,987.20</b>
<b>Less : Current Liabilities And Provisions</b>			
1. Current Liabilities	11	2,913.32	1,481.46
2. Provisions	12	83.92	109.27
		<b>2,997.24</b>	<b>1,590.73</b>
<b>Net Current Assets</b>		<b>6,220.45</b>	<b>5,396.47</b>
<b>Miscellaneous Expenditure</b>	13	392.35	300.46
(To the Extent not written off or adjusted)			
<b>Total</b>		<b>17,604.54</b>	<b>12,609.43</b>
<b>Notes To The Accounts</b>	21		

As per our even report attached  
**For Mehta Lodha & Co.**  
Chartered Accountants

For and on behalf of Board of Directors

**Prakash D. Shah**  
Partner

**Shailesh Bhandari**

Managing Director

**Avinash Bhandari**

Joint Managing Director

**Narendra Dalal**

Whole Time Director

**Ashwin Patel**

Company Secretary

Place : Ahmedabad  
Date : May 25, 2009

Particulars	Schedule No.	For the year ended on 31st March 2009 Rs. In Millions	For the year ended on 31st March 2008 Rs. In Millions
<b>INCOME</b>			
Sales & Other Operational Income	14	16,827.76	13,253.58
Other Income	15	87.65	85.72
Increase in Stocks	16	903.28	63.04
		<b>17,818.69</b>	<b>13,402.34</b>
<b>EXPENDITURE</b>			
Material Cost		11,881.16	8,674.29
Manufacturing Expenses	17	2,111.04	1,674.62
Employees Remuneration	18	393.68	315.42
Administrative, Selling & General Expenses	19	961.82	579.26
Financial Expenses	20	1,150.50	785.27
		<b>16,498.20</b>	<b>12,028.86</b>
Profit before Depreciation and Research & Development Expenses		1,320.49	1,373.48
Research & Development Expenses		21.14	8.41
<b>Profit Before Depreciation</b>		<b>1,299.35</b>	<b>1,365.07</b>
Depreciation		521.16	319.20
<b>Profit Before Tax</b>		<b>778.19</b>	<b>1,045.87</b>
Income Tax		87.55	144.37
Fringe Benefit Tax		5.50	5.15
Deferred Tax		172.56	265.88
<b>Net Profit For The Year</b>		<b>512.58</b>	<b>630.47</b>
Prior period Adjustment- Income Tax and Others		15.31	1.55
<b>Profit After Prior Period Adjustment</b>		<b>527.89</b>	<b>632.02</b>
Balance Brought Forward		926.26	534.77
Transfer from Foreign Exchange Fluctuation Reserve		1.17	-
Transfer to General Reserve		200.00	200.00
<b>Proposed Dividend</b>			
Equity Shares		28.69	27.44
Preference Shares		7.20	7.20
Tax on Proposed Dividend		6.10	5.89
<b>Balance Carried To Balance Sheet</b>		<b>1,213.33</b>	<b>926.26</b>
Basic Earnings per Share (Rs.)		46.18	68.06
Diluted Earnings per Share (Rs.)		46.18	53.27
Refer Note No.10 of Schedule 21			
Nominal Value of Equity share (Rs.)		10.00	10.00
<b>Notes To The Accounts</b>	21		

As per our even report attached  
**For Mehta Lodha & Co.**  
Chartered Accountants

For and on behalf of Board of Directors

**Prakash D. Shah**  
Partner

**Shailesh Bhandari**

Managing Director

**Avinash Bhandari**

Joint Managing Director

**Narendra Dalal**

Whole Time Director

**Ashwin Patel**

Company Secretary

Place : Ahmedabad  
Date : May 25, 2009



Particulars	As at 31/03/2009 Rs. in Millions	As at 31/03/2008 Rs. in Millions
<b>SCHEDULE 01 : SHARE CAPITAL</b>		
<b>Authorised</b>		
2,50,00,000 Equity Shares of Rs.10/- each	250.00	250.00
2,50,00,000 6% Non-Cumulative Redeemable Preference Shares of Rs.10/- each	250.00	250.00
	<u>500.00</u>	<u>500.00</u>
<b>Issued, Subscribed &amp; Paid Up</b>		
<b>1. Equity Shares</b>		
1,14,76,374 (Previous Year 1,09,76,374) Equity Shares of Rs.10/- Each Fully Paid Up (Out of above Shares, 9,53,275 Shares are Allotted on 13th November, 1995 as Fully Paid Up Bonus Shares by Capitalising General Reserve and Profit & Loss Account)	114.76	109.76
<b>2. Preference Shares</b>		
1,20,00,000 (Previous Year 1,20,00,000) 6% Non-Cumulative Redeemable Preference Shares of Rs.10/- Each Fully Paid Up. (Redeemable at par not later than 20 Years from the Date of their Issues)	120.00	120.00
<b>Total</b>	<u>234.76</u>	<u>229.76</u>
<b>SCHEDULE 1A : SHARE WARRANTS</b>		
<b>1. Equity Share Warrants</b>		
Nil (Previous Year 5,00,000) Partly Paid Share Warrants of Rs.Nil Each (Previous Year Rs.600/-) of Rs. Nil (Previous Year Rs. 10/-) Each at a Premium of Rs.Nil (Previous Year Rs.590/-)	-	30.00
<b>Total</b>	<u>-</u>	<u>30.00</u>
<b>SCHEDULE 02 : RESERVES &amp; SURPLUS</b>		
<b>1. Capital Reserve</b>		
As Per Last Balance Sheet	9.11	9.11
<b>2. Share Premium Account</b>		
As Per Last Balance Sheet	2,331.90	1,245.32
Add : Addition During the Year	295.00	1,086.58
	<b>2,626.90</b>	<b>2,331.90</b>
<b>3. General Reserve</b>		
As Per Last Balance Sheet	329.00	129.00
Add : Transfer from Profit & Loss Account	200.00	200.00
<b>Sub Total</b>	<b>529.00</b>	<b>329.00</b>
<b>4. Foreign Exchange Fluctuation Reserve</b>		
	-	1.17
<b>5. Profit &amp; Loss Account</b>		
	1,213.33	926.26
<b>Total</b>	<u>4,378.34</u>	<u>3,597.44</u>

Particulars	As at 31/03/2009 Rs. in Millions	As at 31/03/2008 Rs. in Millions
<b>SCHEDULE 03 : SECURED LOANS</b>		
<b>1. Working Capital Loans From Banks</b> (Secured by First Charge by way of Hypothecation of Company's Stock & Receivables and Second Charge on all Movable Fixed Assets & Second Charge by way of Equitable Mortgage of all Immovable Properties Situated at Vatva, Palodia, Dhank, Samakhiali - Kutch. Further The Loans are Guaranteed by the Personal Guarantees of some of the Directors of the Company)	3,991.73	2,309.24
<b>2. Long Term And Other Loans From</b>		
<b>A. Banks</b> (Secured by First Charge by way of Equitable Mortgage of all Immovable Properties and Hypothecation of Specified Movable Assets Situated at Vatva, Palodia, Dhank, Samakhiali - Kutch & as Second Charge on all Stock in Trade & Receivables. Further the Loans are Guaranteed by the Personal Guarantees of Some of the Directors).	5,559.36	2,892.17
<b>B. International Finance Corporation (USD 15 Millions)</b> (ECB Loan is Secured by First Pari Passu Charge over the Movable Assets and First Pari Passue Charge on Immovable Assets)	760.65	615.15
<b>C. Vehicle Loans</b> (Secured by Hypothecation of Specific Vehicles)	7.40	10.33
<b>3. Sales Tax Deferment</b> (Amount Due within One Year Rs. Nil (Previous Year Rs. Nil))	0.62	0.62
<b>Total</b>	<b>10,319.76</b>	<b>5,827.51</b>
<b>SCHEDULE 04 : UNSECURED LOANS</b>		
<b>1 Loans From</b>		
A Banks	1,121.55	1,302.13
B International Finance Corporation (USD 10 millions)	507.10	383.22
<b>2 Other Loans, Advances &amp; Deposits From</b>		
A Directors	1.36	3.25
B Customers & Others	346.31	714.57
<b>Total</b>	<b>1,976.32</b>	<b>2,403.17</b>

## SCHEDULE 05 : FIXED ASSETS

(Rs. in Millions)

Sr. No.	Description	Gross Block				Depreciation				Net Block	
		Opening Balance	Addition	Deduction	Closing Balance	Opening Balance	Addition	Deduction	Closing Balance	As At March 31,2009	As At March 31,2008
1	Free Hold Land	22.54	16.65	-	39.19	-	-	-	-	39.19	22.54
2	Leasehold Land	2.47	-	-	2.47	-	-	-	-	2.47	2.47
3	Building	914.75	120.45	-	1,035.20	75.80	31.40	-	107.20	928.00	838.95
4	Plant And Machinery	5,146.05	1,273.17	5.77	6,413.45	532.53	477.60	5.47	1,004.66	5,408.79	4,613.52
5	Furniture and Fixtures	51.82	20.92	0.01	72.73	12.72	4.96	-	17.68	55.05	39.10
6	Vehicles	61.78	7.87	1.59	68.06	14.01	7.20	0.31	20.90	47.16	47.77
	<b>Total</b>	<b>6,199.41</b>	<b>1,439.06</b>	<b>7.37</b>	<b>7,631.10</b>	<b>635.06</b>	<b>521.16</b>	<b>5.78</b>	<b>1,150.44</b>	<b>6,480.66</b>	<b>5,564.35</b>
	Previous Year	3,100.82	3,100.29	1.70	6,199.41	316.69	319.20	0.83	635.06	5564.35	2,784.13

Particulars	As at 31/03/2009 Rs. in Millions	As at 31/03/2008 Rs. in Millions
<b>SCHEDULE 06 : INVESTMENTS</b>		
<b>A) Unquoted :</b>		
1. 6540 (P.Y. 6540) Shares of Rs. 25 Each of Siddhi Co.Op Bank Ltd.	0.16	0.16
2. National Saving Certificates	0.01	0.01
3. 1000 (P.Y. 1000) Shares of Rs 10 Each of EIL Software Pvt Ltd.	0.01	0.01
4. 1000 (P.Y. 1000) Shares of Rs 10 Each of EIL Technology Pvt Ltd.	0.01	0.01
<b>B) Quoted :</b>		
1. 64288.778 (Previous year 64288.778) units of Rs. 10 each of PNB mutual fund (market value of quoted shares Rs 0.29 million (Previous Year Rs 0.58 million))	0.64	0.64
<b>Total</b>	<b>0.83</b>	<b>0.83</b>
<b>SCHEDULE 07 : INVENTORIES</b>		
[As Verified, Valued & Certified By The Management]		
1. Stores, Spares & Fuel	171.05	105.01
2. Raw Materials	2,274.80	2,259.55
3. Work in Process	981.99	407.53
4. Finished Goods	504.28	175.46
5. Goods In Transit	596.30	15.82
<b>Total</b>	<b>4,528.42</b>	<b>2,963.37</b>
<b>SCHEDULE 08 : SUNDRY DEBTORS (NET)</b>		
[Unsecured Considered Good]		
1. More than Six Months	509.76	310.50
2. Others	1,974.11	2,330.33
<b>Total</b>	<b>2,483.87</b>	<b>2,640.83</b>
<b>SCHEDULE 09 : CASH &amp; BANK BALANCES</b>		
1. Cash On Hand	1.77	3.17
2. Balance With Scheduled Bank In		
[A] Current Account (Includes Amount of Cheques in Hand of Rs. 2.27 Millions Previous Year Rs. Nil)	76.01	234.35
[B] Fixed Deposits (Under Pledge/Lien of the Bank)	556.31	371.46
[C] Interest Receivable on Fixed Deposits	30.70	14.90
[D] Unpaid Dividend	0.57	-
3. Balance With Non-scheduled Bank In		
[A] Current Account with Siddhi Co-Operative Bank Maxmium Balance During the Year Is Rs.945/- (Previous Year Rs. 945/-)	-	-
<b>Total</b>	<b>665.36</b>	<b>623.88</b>
<b>SCHEDULE 10 : LOANS &amp; ADVANCES</b>		
[Unsecured Considered Good]		
1. Advances Recoverable in Cash or In Kind for Value to be Received (Net)	309.78	166.10
2. Balance/ Receivable - Excise & Other Govt. Dept.	1,081.87	462.44
3. Sundry Deposits	148.39	130.58
<b>Total</b>	<b>1,540.04</b>	<b>759.12</b>

Particulars	As at 31/03/2009 Rs. in Millions	As at 31/03/2008 Rs. in Millions
<b>SCHEDULE 11 : CURRENT LIABILITIES</b>		
1. Sundry Creditors (Net)	2,892.51	1,474.62
2. Statutory Liabilities	20.24	6.84
3. Unpaid Dividend	0.57	-
<b>Total</b>	<b>2,913.32</b>	<b>1,481.46</b>
<b>SCHEDULE 12 : PROVISIONS</b>		
1. Taxation (Net of Advance Tax)	24.31	57.25
2. Employee's Unavailed Leave	13.60	8.67
3. Proposed Dividend (Including Dividend Tax)	41.99	40.53
4. Gratuity	4.02	2.82
<b>Total</b>	<b>83.92</b>	<b>109.27</b>
<b>SCHEDULE 13 : MISCELLANEOUS EXPENDITURES</b> (To The Extent Not Written off or Adjusted)		
1. Preliminary Expenses	25.24	29.34
2. Deffered Revenue Expenditure	242.77	190.89
3. Product Development Cost	124.34	80.23
<b>Total</b>	<b>392.35</b>	<b>300.46</b>
<b>SCHEDULE 14 : SALES &amp; OTHER OPERATIONAL INCOME</b>		
1. Gross Sales	17,085.11	13,434.69
2. Sale of Electricity Power Generation	2.29	1.90
3. Technical Know-How & Service Income	98.93	63.63
<b>Sub Total</b>	<b>17,186.33</b>	<b>13,500.22</b>
Less : Excise Duty	188.09	169.63
Less : Inter Division Sales	170.48	77.01
<b>Total</b>	<b>16,827.76</b>	<b>13,253.58</b>
<b>SCHEDULE 15 : OTHER INCOME</b>		
1. Interest Income (Gross) [T.D.S Rs. 7.92 Millions (Previous Year Rs.6.67 Millions)]	40.50	38.68
2. Rent Income (Gross) [T.D.S Rs. 4.88 Millions (Previous Year Rs.1.10 Millions)]	19.20	5.09
3. Net Foreign Exchange Fluctuation	-	22.18
4. Profit on Sale of Investment	-	0.14
5. Miscellaneous Income	27.95	19.63
<b>Total</b>	<b>87.65</b>	<b>85.72</b>
<b>SCHEDULE 16 : INCREASE IN STOCK</b>		
<b>A Opening Stock</b>		
1. Work in Process	407.53	314.07
2. Finished Goods	175.46	205.88
<b>Sub Total</b>	<b>582.99</b>	<b>519.95</b>
<b>B Closing Stock</b>		
1. Work in Process	981.99	407.53
2. Finished Goods	504.28	175.46
<b>Sub Total</b>	<b>1,486.27</b>	<b>582.99</b>
<b>Increase In Stock (B - A)</b>	<b>903.28</b>	<b>63.04</b>

Particulars	As at 31/03/2009 Rs. in Millions	As at 31/03/2008 Rs. in Millions
<b>SCHEDULE 17 : MANUFACTURING EXPENSES</b>		
1. Job Charges	492.85	217.99
2. Power & Fuel	965.93	914.89
3. Stores Consumption	638.54	532.87
4. Repairs & Maintenance		
[A] Machinery	3.17	3.98
[B] Building	2.16	1.01
[C] Others	8.39	3.88
<b>Total</b>	<b>2,111.04</b>	<b>1,674.62</b>
<b>SCHEDULE 18 : EMPLOYEES REMUNERATION</b>		
1. Salary, Wages & Bonus	361.49	294.40
2. Staff & Labour Welfare	12.28	6.80
3. Contribution to Provident Fund & Other Funds	19.91	14.22
<b>Total</b>	<b>393.68</b>	<b>315.42</b>
<b>SCHEDULE 19 : ADMINISTRATIVE, SELLING &amp; GENERAL EXPENSES</b>		
1. Post-Telephone & Fax Expenses	22.27	18.03
2. Printing & Stationery	8.95	7.23
3. Vehicle Expenses	11.55	15.54
4. Conveyance Expenses	4.11	2.78
5. Hire-Lease-Rent Charges	7.74	7.41
6. Security Charges	7.90	5.18
7. Insurance Premium	10.53	10.34
8. Subscription & Membership	2.66	1.67
9. Consultation & Legal Expenses	63.90	43.90
10. Rates & Taxes	8.87	13.02
11. Travelling Expenses	83.06	51.39
12. Sales Commission	145.05	54.46
13. Advertising & Sales-Development Expenses	102.63	77.51
14. Freight Outward and Other Expenses	273.26	206.99
15. Donation	0.68	2.82
16. Sundry Balances Written off/(Back)	(0.31)	0.03
17. Miscellaneous Expenses	33.95	35.84
18. Preliminary & Other Expenses Written off	49.35	24.97
19. Net Foreign Exchange Fluctuation	125.31	-
20. Loss on Sale of Fixed Assets	0.36	0.15
<b>Total</b>	<b>961.82</b>	<b>579.26</b>
<b>SCHEDULE 20 : FINANCIAL EXPENSES</b>		
1. Interest on Working Capital	620.98	293.25
2. Interest on Term Loan	550.69	400.23
3. Interest to Others	25.60	7.50
4. Bank Charges	322.04	210.02
<b>Sub Total</b>	<b>1,519.31</b>	<b>911.00</b>
Less: Interest Capitalized	368.81	125.73
<b>Total</b>	<b>1,150.50</b>	<b>785.27</b>

**SCHEDULE 21 : CONSOLIDATED NOTES TO THE ACCOUNTS****1. SIGNIFICANT ACCOUNTING POLICIES:****(i) BASIS FOR PREPARATION OF ACCOUNTS:**

The Consolidated accounts have been prepared to comply in all material aspects with applicable accounting principles in India and the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

**(ii) PRINCIPAL OF CONSOLIDATION**

The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its Subsidiary Companies have been combined on line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses.
- Intra group balances and intra group transactions and resulting profits are eliminated in full.
- The subsidiaries considered in the consolidated financial statements are:

<b>Name of the Subsidiary</b>	<b>Country of Incorporation</b>	<b>% voting power held as at March 31, 2009</b>	<b>% voting power held as at March 31, 2008</b>
Jinhua Indus Enterprises Limited (JIEL)	China	100.00%	100.00%
Jinhua Jahari Enterprises Limited (100% held by JIEL)	China	100.00%	100.00%
Bhaskarpara Coal Company Limited	India	52.63%	NA
ET Elec-Trans Limited	India	100.00%	NA

**(iii) REVENUE RECOGNITION:**

Sales are recognized when goods are billed and are accounted net of trade discounts, rebates, VAT & excise duty (except where Exemption is availed) but includes, export incentives. Income on services rendered is accounted for as and when the services are rendered as per the terms.

**(iv) FIXED ASSETS:**

Fixed Assets are stated at cost (net of availed CENVAT and Taxes and Duties) and includes assets acquired from other Division of the Company less depreciation and the costs include expenses incurred during pre-commercial production/construction period.

**(v) DEPRECIATION:**

Depreciation on all the assets has been provided as per the rates prescribed in Schedule XIV of the Companies Act, 1956.

Depreciation on all assets has been provided on straight line method except assets at Chatral Unit on which depreciation has been provided on Written down Value Method (W.D.V.).

Depreciation for Power Plant at Kutch is provided at the rates applicable for continuous process plant.

The amount of Long Term lease hold land is amortized by equal installments during the last fifteen years of the residual lease period.

**(vi) INVESTMENTS:**

Long term investments including investment in subsidiary company are stated at cost. Diminution in value, if any, which is of a temporary nature, is not provided.

**(vii) INVENTORIES:**

Inventories comprising finished goods are valued at cost or estimated net realizable value whichever is lower. Cost in the case of raw-material and stores are computed on weighted average basis. Cost of work-in-progress includes raw-material, labour and appropriate overheads.

**(viii) RESEARCH AND DEVELOPMENT:**

Revenue expenditure on research and development is charged against the profit of the year in which it is incurred, except in case of new projects, where it is accounted for as deferred revenue expenditure and charged to Profit & Loss account from the commencement of the project in five years. Capital expenditure on research and development is shown as an addition to fixed assets.

**(ix) FOREIGN EXCHANGE TRANSACTIONS:**

The transactions in foreign Exchange are accounted at the exchange rate prevailing on the date of transaction. Foreign Currency monetary assets and liabilities at the date of balance sheet are translated at the rate of exchange prevailing on that date.

Gains/losses arising out of fluctuations in the exchange rates are recognized in Profit and Loss in the period in which they arise except in respect of imported Fixed Assets where exchange variance is adjusted in the carrying amount of respective Fixed Assets.

To account for differences between the forward exchange rates and the exchange rates at the date of transactions, as income or expense over the life of the contracts, except in respect of liabilities incurred for acquiring imported Fixed Assets, in which case such differences are adjusted in the carrying amount of the respective Fixed Assets.

To account for profit/loss arising on cancellation or renewal of forward exchange contracts as income/expense for the period, except in case of forward exchange contracts relating to liabilities incurred for acquiring imported Fixed Assets, in which case such profit/loss are adjusted in the carrying amount of the respective Fixed Asset.

**(x) TAXES ON INCOME :**

Current tax is determined as the amount of tax payable in respect of taxable income for the period and the credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of the assessment/appeals.

Minimum Alternate Tax (MAT) paid in accordance to the tax law, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the company will pay normal income tax. Accordingly MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the company and the assets can be measured reliably.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period.

Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

Deferred tax assets are recognized and carried forward to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.



**(xi) BORROWING COSTS:**

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction or production of an asset till put for its intended use is capitalized as part of the cost of that asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing cost (except as stated in Note No. 8) is charged to revenue.

**(xii) IMPAIRMENT OF ASSETS:**

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the assets. If such recoverable amount of the assets is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

**(xiii) DEFERRED REVENUE EXPENDITURE :**

Expenditure relating to Preliminary Expenses, Capital issues and Deferred Revenue Expenses is amortized on straight line basis over a period of five years.

**(xiv) RETIREMENT / POST RETIREMENT BENEFITS:**

Contributions to defined contribution schemes such as Employees Provident fund and Family pension fund are charged to the profit & loss account as and when incurred.

The company contributes to Group Gratuity policy with SBI Life Insurance Company Limited, for the Future Gratuity payment for the employees of the Engineering and EV Division whereas in case of Steel Division liability is provided on the basis of actuarial valuation.

Leave Encashment liability of the company is provided on the basis of actuarial valuation.

**(xv) PROVISIONS AND CONTINGENT LIABILITIES:**

- a) Provisions are recognized when the present obligation of a past event gives rise to a probable outflow, embodying economic benefits on settlement and the amount of obligation can be reliably estimated.
- b) Contingent Liabilities are disclosed after a careful evaluation of facts and legal aspects of the matter involved.
- c) Provisions and Contingent Liabilities are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

**(xvi) SEGMENT REPORTING**

The accounting policies adopted for segment reporting are in line with the accounting policies of the company with the following additional policies for the segment reporting:

- a) Inter segment revenue have been accounted for, based on the transaction price agreed to, between segments which is primarily market led.
- b) Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis, have been included under "unallocated corporate expenses".

2. In the opinion of the Directors, the current assets, loans & advances are realizable at the values stated, if realized in the ordinary course of business and the provisions for all known liabilities are adequate.

# ELECTROTHERM

The account of debtors, creditors and loans & advances are subject to confirmation / reconciliation and the amounts of Sundry Debtors & Creditors are stated on net basis, on the basis of control account, and accordingly the same are subject to necessary adjustments or re-grouping / classification.

3. Hitherto, the Company was recognizing the exchange rate difference on settlement or restatement of foreign currency monetary assets and liabilities in the profit & loss account as per the pre-revised Accounting Standard -11 'Accounting for effects of changes in foreign exchange rates' issued by Chartered Accountants of India. During the year, the Company has changed the accounting policy by exercising the option related to amortization foreign exchange fluctuation differences as per the notification dated March 31, 2009 issued by the Ministry of Corporate Affairs. As a result, the exchange difference arising on restatement or settlement of long term foreign currency monetary items in so far as they relate to acquisition of a depreciable capital asset are adjusted to the cost of such asset and depreciated over the balance life of the asset. In view of the said changes of the method, Rs. 264.75 Millions has been added to cost of fixed assets and Rs.1.01 Millions of depreciation thereon has been charged to profit and loss account during the year.
4. Deferred Revenue expenditure includes research and development expenses of Rs. 44.10 Millions (Previous Year Rs. 80.23 Millions) incurred on development of Hybrid Bus/T-Cab/project which is still in progress and such expenses would be written off in five years from the year of completion.

## 5. **SEGMENT REPORTING UNDER ACCOUNTING STANDARD 17 :**

### **(A) Business Segment**

Based on the guiding principles given as per Accounting Standard on "Segment Reporting" (AS-17) issued by The Institute of Chartered Accountants of India, the Company's primary business is manufacturing and marketing of Induction Furnaces, Steel items and Battery Operated Vehicles.

**PRIMARY SEGMENT INFORMATION:**

(Rs. in Millions)

Particulars	Current Year	Previous Year
<b>SEGMENT REVENUE</b>		
Engineering & Projects Division	3,578.15	3,281.20
Special Steel Division	12,951.29	9,584.80
Electric Vehicle Division	468.80	464.58
<b>Total Sales</b>	<b>16,998.23</b>	<b>13,330.58</b>
Less : Inter segment Revenue	170.48	77.01
<b>Net Sales</b>	<b>16,827.75</b>	<b>13,253.57</b>
<b>SEGMENT PROFIT BEFORE TAX AND INTEREST</b>		
Engineering & Projects Division	545.84	550.77
Special Steel Division	1,367.30	1,213.86
Electric Vehicle Division	10.09	56.14
Subsidiary Companies	5.46	10.38
<b>Profit Before Interest, Tax &amp; Prior Period Adjustment</b>	<b>1,928.69</b>	<b>1,831.14</b>
Less: Financial Expenses	1,150.50	785.27
Less : Provision for Tax (Including Deferred Tax)	265.61	415.40
<b>Net Profit After Tax</b>	<b>512.58</b>	<b>630.47</b>
<b>OTHER INFORMATION</b>		
<b>Segment Assets</b>		
Engineering & Projects Division	1,830.76	1,565.97
Special Steel Division	17,224.23	11,492.21
Electric Vehicle Division	1,096.52	799.54
Subsidiary Companies	57.92	41.97
<b>Total Segment Assets</b>	<b>20,209.44</b>	<b>13,899.70</b>
<b>Segment Liabilities</b>		
Engineering & Projects Division	669.04	733.80
Special Steel Division	14,059.23	8,576.08
Electric Vehicle Division	414.31	296.01
Subsidiary Companies	21.19	32.13
Un-allocable Liabilities & Provisions	129.54	183.39
<b>Total Segment Liabilities</b>	<b>15,293.32</b>	<b>9,821.40</b>
<b>Segment Depreciation</b>		
Engineering & Projects Division	20.51	15.92
Special Steel Division	486.47	296.09
Electric Vehicle Division	10.92	6.60
Subsidiary Companies	3.26	0.59
<b>Total Depreciation</b>	<b>521.16</b>	<b>319.20</b>
<b>Other Non Cash Expense</b>		
Engineering & Projects Division	12.98	8.02
Special Steel Division	36.37	16.96
Electric Vehicle Division	20.20	19.29
Subsidiary Companies	-	-
<b>Total</b>	<b>69.55</b>	<b>44.26</b>
<b>Segment Capital Expenditure</b>		
Engineering & Projects Division	101.90	78.35
Special Steel Division	4,400.67	3,315.82
Electric Vehicle Division	91.23	56.40
Subsidiary Companies	0.81	22.05
<b>Total Capital Expenditure</b>	<b>4,594.62</b>	<b>3,472.62</b>

## (B) Geographical Segments

The operations of the Company are in India and all Assets and Liabilities are located in India. Summary of Sales and other operational income in India & overseas is as under.

Particulars	Current Year Rs. in Millions	Previous year Rs. in Millions
India	14590.06	11763.35
Overseas	2237.70	1490.23
<b>Total</b>	<b>16827.76</b>	<b>13253.58</b>

## 6. RELATED PARTY (AS IDENTIFIED BY THE COMPANY) DICLOUSURES UNDER ACCOUNTING STANDARD 18:-

### (I) Associates

- |  |  |
|--|--|
| 1. Ahmedabad Aviation and Aeronautics Ltd.       | 21. EIL Engineering & Projects Ltd.          |
| 2. Crystal Real Estate Pvt. Ltd.                 | 22. ET Elec-Trans Ltd.                       |
| 3. Palace Tours and Air Charters Pvt. Ltd.       | 23. Electrotherm Engineering & Projects Ltd. |
| 4. Western India Specialty Hospital Ltd.         | 24. Electrotherm Infrastructure Pvt. Ltd.    |
| 5. Mangalam Information Technologies Ltd.        | 25. Electrotherm Renewables Ltd.             |
| 6. Liberty Finance and Leasing Company Pvt. Ltd. | 26. Electrotherm Foundation                  |
| 7. E-Motion Power Ltd.                           | 27. Global Avianautics Ltd.                  |
| 8. Indus Elec-Trans Pvt. Ltd.                    | 28. Gujarat Mint Alloys Ltd.                 |
| 9. Magnum Limited                                | 29. Indus Real Estate Pvt. Ltd.              |
| 10. Alwar Trading and Investment Company         | 30. ICS Commercial Pvt. Ltd.                 |
| 11. Afghan Trading Pvt. Ltd.                     | 31. New Delhi Real Estate Pvt. Ltd.          |
| 12. Bhandari Brothers Commercial Pvt. Ltd.       | 32. Palace Infrastructure Pvt. Ltd.          |
| 13. Palanpur Reality Developers Pvt. Ltd.        | 33. S B Reality Developers Pvt. Ltd.         |
| 14. Jayshri Petro-Yarn Pvt. Ltd.                 | 34. Sun Infrapower Pvt. Ltd.                 |
| 15. Adroit Trading and Investment Company        | 35. Sun Residency Pvt. Ltd.                  |
| 16. EIL Hospitality Pvt. Ltd.                    | 36. Suraj Real Estate Pvt. Ltd.              |
| 17. EIL Reality Pvt. Ltd.                        | 37. S N Advisory Pvt. Ltd.                   |
| 18. EIL Software Pvt. Ltd.                       | 38. Suraj Advisory Services Pvt. Ltd.        |
| 19. EIL Software Services Offshore Pvt. Ltd.     | 39. Bhandari Charitable Trust                |
| 20. EIL Technology Pvt. Ltd.                     |  |

### (II) Key Management Personnel (Other than Nominee & Independent Director)

- Mr. Mukesh Bhandari (Chairman & Chief Technology Officer)
- Mr. Shailesh Bhandari (Managing Director)
- Mr. Narendra Dalal (Whole-time Director)
- Mr. Avinash Bhandari (Joint Managing Director & CEO)
- Mr. Harish Sharma (till June 18, 2008)

### (III) Relatives of Key Management Personnel

(With whom Transaction has taken Place)

- Smt. Indubala Bhandari
- Mrs. Jyoti Bhandari
- Mrs. Ritu Bhandari
- Mr. Siddharth Bhandari
- Mrs. Siddhi Bhandari

## Transaction with Related Parties

Sr. No.	Nature of Relationship	2008-2009		
		Associates	Key Management Personnel	Relatives of Key Management Personnel
		Rs. in Millions	Rs. in Millions	Rs. in Millions
1	Purchase of Raw Materials	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
2	Sale of Goods	18.87 (0.00)	0.00 (0.00)	0.00 (0.00)
3	Purchase of Fixed Assets	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
4	Loans Received	42.48 (119.04)	0.00 (10.62)	0.00 (5.70)
5	Loans Payments	25.60 (118.50)	2.00 (7.83)	0.00 (5.55)
6	Rent Paid	0.00 (0.00)	0.10 (0.10)	0.39 (0.37)
7	Directors Remuneration	0.00 (0.00)	12.97 (12.17)	0.00 (0.00)
8	Remuneration to others	0.00 (0.00)	0.00 (0.00)	0.28 (0.00)
9	Credit Balance Outstanding at year end	22.82 (0.54)	1.15 (3.25)	0.40 (0.40)
10	Debit Balance Outstanding at year end	35.27 (11.00)	0.00 (0.00)	0.00 (0.00)

Note: Figures in the bracket are for the previous year

7. The Company has determined Pre-Operative Expenditure (including borrowing cost) of Rs. 468.79 Millions (Previous year: Rs. 138.69 Millions) and the same have been allocated towards the respective fixed assets.
8. In compliance of Accounting Standard 22 issued by Institute of Chartered Accountants of India, Deferred Tax liability mainly arising on account of difference between book and income tax written down value of fixed assets, after adjusting unabsorbed depreciation, during the year deferred tax liability of Rs. 172.55 Millions (Rs. 265.88 Millions) has been provided.

### 9. CONTINGENT LIABILITIES:-

The Company is liable for following contingent liabilities:-

- (i) Disputed Income Tax liability of Rs. 1.42 Millions (Rs.Nil Previous Year).
- (ii) Guarantees / Counter guarantees (including un-utilized Letters of Credit) issued Rs. 297.29 Millions (Rs. 488.29 Millions in Previous year).
- (iii) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 100.13 Millions (P.Y. Rs. 483.11 Millions.).
- (iv) The company is contingently liable for the pending disputed labour and other matters, amount is Rs. 7.76 Millions (P.Y. Rs. 6.94 Millions).
- (v) The company has executed Legal Undertaking Bond to pay Central Excise Duty (Terminal Excise Duty), levies and liquidated damages payable, if any, in respect of imported and indigenious capital goods

# ELECTROTHERM

and stores and spares consumed duty free, in the event that certain terms and conditions are not fulfilled. In this regard aggregate duty liability amount of Rs. 374.65 Millions as at March 31, 2009 (Previous Year: Rs. 286.54 Millions). Against these, exports amounting to Rs. 2997.21 Millions (previous year Rs. 2292.32 Millions) will have to be made within next 8 years from the date of issue of license.

## 10. EARNING PER SHARE (EPS):

The basic Earning per Share is calculated by dividing the profit/ loss attributable to the existing Equity Shares outstanding.

EPS CALCULATION	Year ended 31 <sup>st</sup> March 2009	Year ended 31 <sup>st</sup> March 2008
Profit attributable to the Equity Shareholder (Before prior period expenses) Rs. Millions	519.47	614.92
Closing number of Equity Shares outstanding during the year	1,14,76,374	1,09,76,374
Basic/ Weighted average number of Equity Shares outstanding during the year	1,12,48,977	91,39,754
Nominal value of Equity share (Rs.)	10.00	10.00
Basic Earnings per Share (Rs.)	46.18	67.11
Diluted Earnings per share	46.18	52.53

Diluted earnings per Share for the previous year has been calculated after considering the Equity Shares allotted, consequent of exercising of Share Warrants issued on preferential basis.

11. Under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The company has not received intimation from vendors regarding their status under MSMED Act, 2006 and hence disclosures relating to amount unpaid as at the year end under this Act have not been given.
12. The company has filed a Scheme of Arrangement with Hon'ble High Court of Gujarat envisaging the utilization of share premium account against the expenses as provided for in the scheme and transfer to a Business Development Reserve Account as on March 31, 2009. The scheme also provide for recording of immovable assets at their respective fair value as on March 31, 2009. The Hon'ble High Court of Gujarat has directed to convene a meeting of Equity Shareholders on June 16, 2009 for approval of Scheme of Arrangement. On approval of the scheme by the Hon'ble High Court of Gujarat, the effect of the same will be given and accordingly accounts as on March 31, 2009 will be restated / re-casted thereafter.
13. Previous year's figures have been re-arranged/ regrouped /reclassified/re-casted wherever necessary.
14. Signed Schedule No.1 to 21 forms part of the Annexed account of the Company.

As per our even date report attached  
**For Mehta Lodha & Co.**  
 Chartered Accountants

**Prakash D. Shah**  
 Partner

Place : Ahmedabad  
 Date : May 25, 2009

For and on behalf of Board of Directors

**Shailesh Bhandari**

Managing Director

**Avinash Bhandari**

Joint Managing Director

**Narendra Dalal**

Whole Time Director

**Ashwin Patel**

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST MARCH, 2009

**ELECTROTHERM**

Particulars	2008-09 Rs. in Millions	2007-08 Rs. in Millions
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	778.19	1,045.87
<b>Adjustment For</b>		
Depreciation	521.16	319.20
Preliminary & Deferred Revenue Expenses Written off	49.35	24.97
Interest paid	1,197.27	700.98
Interest Received	(9.81)	(38.68)
Prior period Adjustment	15.31	1.55
Profit on sale of assets	0.36	0.15
Profit / (loss) on sale of investment	-	(0.14)
<b>Operating Profit Before Changes In Working Capital</b>	<b>2,551.83</b>	<b>2,053.90</b>
<b>Adjustment For</b>		
Trade & Other Receivable	(555.22)	(970.95)
Inventories	(1,565.05)	(934.74)
Trade & Other Payable	1,312.00	(960.74)
<b>Total Adjustment</b>	<b>(808.27)</b>	<b>(2,866.43)</b>
<b>Cash Generated From Operations</b>	<b>1,743.56</b>	<b>(812.53)</b>
Income Tax Paid	68.74	90.77
<b>Cash Flow Before Extraordinary Item</b>	<b>1,674.83</b>	<b>(903.30)</b>
<b>Net Cash Flow From Operating Activity - [A]</b>	<b>1,674.83</b>	<b>(903.30)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(4,602.00)	(3,395.32)
Sale of Fixed Assets	1.23	0.71
Investments	-	(0.66)
Sale of Investment	-	0.64
Interest Received	9.81	38.68
Minority Interest	1.25	-
Preliminary Expenses, Deferred Revenue & Product Development	(141.24)	(202.82)
<b>Net Cash Used In Investing Activities - [B]</b>	<b>(4,730.95)</b>	<b>(3,558.77)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds From Issue of Equity Share & Equity Share Warrants	270.00	1,076.50
Proceed From Term Loan & Working Capital Borrowing	4,593.42	4,683.68
Repayment of Term Borrowing	(528.02)	(353.87)
Dividend Paid	(34.64)	(25.47)
Dividend Tax	(5.89)	(4.33)
Interest Paid	(1,197.27)	(700.98)
<b>Net Cash From Financing Activities - [C]</b>	<b>3,097.60</b>	<b>4,675.53</b>
<b>Net Increase (Decrease) In Cash &amp; Cash Equivalents Total [ A + B + C ]</b>	<b>41.48</b>	<b>213.46</b>
<b>Cash &amp; Cash Equivalents As At 1st April</b>	<b>623.88</b>	<b>410.42</b>
<b>Cash &amp; Cash Equivalents As At 31st March</b>	<b>665.36</b>	<b>623.88</b>

As per our even report attached

**For Mehta Lodha & Co.**

Chartered Accountants

**Prakash D. Shah**

Partner

Place : Ahmedabad

Date : May 25, 2009

For and on behalf of Board of Directors

**Shailesh Bhandari**

Managing Director

**Avinash Bhandari**

Joint Managing Director

**Narendra Dalal**

Whole Time Director

**Ashwin Patel**

Company Secretary

Lined area for notes.