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24TH ANNUAL GENERAL MEETING

24th Annual General Meeting of the members of the Company will be held on Friday, 24th September, 2010 at 11.00 a.m. at H. T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015.

CORPORATE INFORMATION

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. Nilesh Desai	
Mr. Madhusudan Somani	
Mr. Ram Singh	
Mr. Pradeep Krishna Prasad	
Mr. Ravikumar Trehan	
Dr. Sudhir Kapur	
Mr. Sunay Mathure	Nominee Director (upto 30.05.2010)
Mr. Parth Gandhi	Nominee Director (w.e.f. 30.05.2010)

CHIEF FINANCIAL OFFICER

Mr. Shirish Maniar (w.e.f. 02.08.2010)

COMPANY SECRETARY

Mr. Ashwin Patel

AUDITORS

Mehta Lodha & Co.
Chartered Accountants
Ahmedabad

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
State Bank of Indore	Standard Chartered Bank
UCO Bank	Allahabad Bank

REGISTERED OFFICE

A-1, Skylark Apartment, Satellite Road, Satellite,
Ahmedabad – 380 015

WORKS

Engineering & Projects Division

Survey No. 72, Village : Palodia, Tal : Kalol,
Dist : Gandhinagar – 382 115, Gujarat

Special Steel, DI Pipe and Electric Vehicle Division

Survey No. 325, Village : Samakhiyali,
Taluka : Bhachau, Dist : Kutch, Gujarat

Wind Farm Project

Village : Dhank, Taluka : Upleta, Dist : Rajkot, Gujarat

Renewables Division

414/1, GIDC, Phase II
Vatva Industrial Area,
Ahmedabad – 382 445, Gujarat

Transmission Line Tower Division

Village : Juni Jithardi,
Tal : Karjan, Dist : Vadodara, Gujarat

REGISTRAR & TRANSFER AGENT

Link Intime India Private Limited

211, Sudarshan Complex, Nr. Mithakhali Under Bridge,
Navrangpura, Ahmedabad – 380 009

CHAIRMAN'S MESSAGE

Dear Shareholders

2009-10 was again an important year for the Company. While the companies around the world tried to find ways to cope with the post economic meltdown issues, your Company posted a modest 19% growth in sales and crossed turnover of ₹ 2000 Crores.

The Steel sector remained extremely volatile. The Company completed the Blast Furnace expansion project increasing the capacity to 2,00,000 tons per annum and expanded the DI Pipe distribution & marketing network by setting up offices manned by highly skilled & experienced manpower across India. This expanded capacity should not only help increase sales revenues but also improve operating margins in the coming years.

The Company had hired ECS to work on various projects which would help it increase efficiency and optimize cost. Various projects were taken up in Steel Melting Shop, Rolling Mills & SI Kilns area to achieve the same. The results will be visible in the coming year.

Your Company has completed two important acquisitions in the steel and pipes division. Hans Ispat Limited, with a billet manufacturing capacity of 84,000 tons per annum and 2 Rolling Mills has been acquired in Kutch. This will free up the capacity of the structural rolling mill at the Samakhiali Plant which will now be dedicated for production of value added Angles/Structure for Transmission line tower application only. With the structure mill now certified by Power Grid Corporation of India, orders for Angles from large transmission line players have increased & are expected to go up further. The structure mill at Hans Ispat will be dedicated to production of stainless steel.

“Electro TMT Plus” bars have emerged as a premium brand in the rebars segment in Gujarat. The additional capacity from the Bar Rolling Mill at Hans Ispat will allow the company to leverage its strong distribution network within Gujarat. With this, Electrotherm will also have the largest market share in the TMT Bars segment in Gujarat.

Shri Ram Electrocast Private Limited, acquired in Siriguppa, Karnataka is a strategic acquisition for Electrotherm. The plant will be expanded to produce 1,80,000 Tonne of Ductile Iron Pipes. With proximity to Iron ore mines in Hospet & Bellary and the availability of local market of 4 (Four) southern states, the plant when operational will provide a huge geographical advantage to the Company in the DI Pipe segment.

The electric vehicle market continues to pose challenges for the Company. However, the support from central and various state governments is slowly but surely increasing. With a strong belief that the future of 2 wheeler transportation in India is electric, your Company continues to invest in developing the right technologies to enable introduction of robust products for the Indian roads.



Due to volatile conditions in the steel market, most small & medium enterprises deferred their decision to set-up new small / medium steel plants impacting the overall sales of the E&P (Furnace) division. Export markets also did not show any major signs of recovery. The Company, however, utilized this slow period to strength it's key internal processes like Project management & quality systems. Also, the product development team worked extra hard to develop certain path breaking products. World's largest 40 tons Induction Furnace for mild steel billet making application was dispatched and commissioned in Nagpur and we plan to introduce a few more products in this year to further strengthen our dominance in the steel melting (through Induction Furnace route) segment in India.

The transformer manufacturing has shaped well and skilled professionals have joined the team. The Company will look to acquire a major market share from the furnace transformers market & become the market leader in that segment in a short space of time. The Company is also now looking for a collaboration for entering the growing power transformer segment.

With a firm belief that our people provide us our key competitive advantage, the Company availed services of KPMG HR advisory during the year to help it further strength it's HR practices. Large scale "Organization Transformational" initiatives were launched which should result into wide ranging benefits in the coming years.

While the market conditions remain uncertain, your Company is taking initiatives on various fronts to align it's strategies with the changing market conditions with an objective to continue to grow profitably and achieve leadership position in the market segments it serves.

Mukesh Bhandari
Chairman & Chief Technology Officer



DIRECTORS' REPORT

To,
The Members

Your Directors have pleasure in presenting the 24th Annual Report on the business and operations of your Company and Audited Financial Statements for the Financial Year ended on 31st March, 2010.

FINANCIAL RESULTS

(₹ In Millions)

Particulars	2009-2010	2008-2009
Sales and other Income	20168.35	16897.12
Profit Before Interest, Depreciation & Tax	2859.15	2441.14
Interest & Financial Charges	1332.52	1150.47
Depreciation	723.76	517.91
Profit Before Tax	802.87	772.76
Provision for Tax	136.45	93.05
Profit After Tax (Before Deferred Tax)	666.42	679.71
Provision for Deferred Tax	120.39	172.55
Profit After Deferred Tax	546.03	507.15
Prior period adjustment	(8.06)	15.31
Profit after prior period adjustment	537.97	522.46
Surplus brought forward	1198.05	917.58
Balance	1736.02	1440.04
(a) Proposed Dividend on Equity Shares	28.69	28.69
(b) Proposed Dividend on Preference Shares	7.20	7.20
(c) Tax on Dividend	6.10	6.10
(d) Transfer to General Reserves	200.00	200.00
Balance Carried forward	1494.03	1198.05

DIVIDEND

In view of the Company's profitable performance, the Director are pleased to recommend dividend of ₹ 2.50 (25%) per equity share of ₹ 10/- each and ₹ 0.60 (6%) per preference share of ₹ 10/- each, subject to approval of shareholders at the 24th Annual General Meeting. The dividend will be paid on 1,14,76,374 Equity Shares at ₹ 2.50 per share aggregating to ₹ 28.69 Millions and on 1,20,00,000 Non-Cumulative Redeemable Preference Shares at ₹ 0.60 per share aggregating to ₹ 7.20 Millions besides applicable Dividend Distribution Tax.

OPERATIONS

During the year, your Company has achieved a turnover of ₹ 20,027 Millions representing an increase of 19.01% over the previous year turnover of ₹ 16,827 Millions. The Net Profit for the year is ₹ 538 Millions as against ₹ 522 Millions of the previous year, showing marginal increase of 2.97%.

CAPITAL PROJECTS

During the year, the Company has successfully commissioned the production of Blast Furnace – II and Ductile Iron Pipe. Alloy Steel Plant is under construction.

EXPORTS

During the year, the Company has achieved export turnover of ₹ 535 Millions as against ₹ 2337 Millions. Our Export is mainly from Engineering & Projects Division, which was affected by global turmoil. Many Companies globally have deferred their capital expenditure resulting in lower order book position. Your Directors expect recovery in the coming year and foresee a good growth in export of its products.

DIRECTORS

In accordance with the provisions of section 256(1) of the Companies Act, 1956 and the Article 153 of the Articles of Association of the Company, Mr. Narendra Dalal, Whole-Time Director, Mr. Ravikumar Trehan and Mr. Nilesh Desai, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Pursuant to Article 231 of the Articles of Association of the Company and pursuant to the Shareholders' Agreement executed with ICICI Venture Funds Management Company Limited on 10th March, 2007, the Investor shall have a right to nominate one Director on the Board. The Investor has nominated Mr. Parth Gandhi in place of Mr. Sunay Mathure with effect from 30th May, 2010. The Shareholders are required to kindly confirm his appointment. The Board places on record its appreciation for the services rendered by Mr. Sunay Mathure during his tenure as Member of the Board.

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

As on 31st March 2010, the Company has following Subsidiaries namely :

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

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

CONSOLIDATED FINANCIAL STATEMENTS

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

ACQUISITIONS

After the successful implementation of the organic growth strategy, your Company has now aggressively earmarked an inorganic growth strategy.

During the year, the Company has acquired plant near Baroda for the Transmission Line Tower during March, 2010. This will help forward integration and entry into value added products made out of MS Angles produced by the Company at its plant at Kutch.

After the closure of Financial Year 2009-2010, in May, 2010, the Company has acquired 100% shareholding of Shree Ram Electrocast Private Limited, a Company having its Registered Office at Kolkata and manufacturing complex at Siruguppa, Bellary, Karnataka, for Pig Iron with installed capacity of 1,20,000 MT per annum and Power Generation Plant of 2.5 MW.

In June, 2010, the Company has acquired 100% shareholding of Hans Ispat Limited, a Kutch – Gujarat based Company having manufacturing facilities for Billet of 84000 TPA, TMT Rolling Mill of 1,20,000 TPA and SS Rolling Mill of 72000 TPA per annum. The Company has also acquired the shareholding in Shree Hans Papers Limited, a subsidiary of Hans Ispat Limited which does not have any operations, except owing land.

As a result, all the three Companies mentioned above have become subsidiaries of the Company during the Financial Year 2010-2011.



FIXED DEPOSIT

The Company has neither accepted nor invited any deposit from public, within the meaning of section 58A and 58AA 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 31st March, 2010, the applicable accounting standards have been followed by the Company along with proper explanation relating to material departures, if any;
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 an engineering Company, is continuously making efforts to explore, learn and absorb emerging technologies. The Company continuously makes investment in tools and equipment to facilitate research. It is also providing training to its employees to facilitate development of new products appropriate for the business of the Company. Energy conservation, safety, user friendliness are some of the key focus area while upgrading or developing new products.

Continuous research and development is going on to enhance the functions of various products manufactured and sold by the Company. The development and up gradation of equipment is carried out with a view to meet the raising needs of the existing customers. Proactive research is also being carried out to impart new features to the various products keeping the future needs of the customers in mind.

HUMAN RESOURCES

Industrial Relations were cordial at all locations. In a challenging environment and business conditions, the support from the workforce was positive throughout.

The Company had 8 employees who were in receipt of remuneration of not less than ₹ 24 lacs during the year or ₹ 2 lacs per month during any part of the said year. The information required under section 217(2A) of the Companies Act, 1956 and the Rules made thereunder is provided in the Annexure forming part of the Report. In terms of section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any Shareholder interested in obtaining a copy of the same may write to the Company Secretary.

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

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.

“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 – B which forms part of this Annual Report.

CORPORATE GOVERNANCE

Your Company has fully complied with the requirements of Clause 49 of the Listing Agreement regarding Corporate Governance. Pursuant to clause 49 of the Listing Agreement, a Corporate Governance Report alongwith 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 to the Director's Report and forms a part of this Report.

AUDITORS & AUDITORS' REPORT

M/s. Mehta Lodha & Co., Chartered Accountants, Ahmedabad, Statutory Auditors of the Company, retires at the forthcoming Annual General Meeting and the Company has received a certificate pursuant to section 224(1B) 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.

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

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 also 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 : 13th August, 2010

Mukesh Bhandari
Chairman & Chief Technology Officer



ANNEXURE - A TO DIRECTORS' REPORT

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 (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY:

(a) Energy conservation measures taken

- Capacity & numbers of motors in pump houses optimized by thorough study in SMS.
- Modification of the ladle preheater to use the hot air generated while burning for better atomization.
- Installation of the power optimizers for the furnaces to improve the power utilization while melting.
- Use of manual de slagging method to avoid tilting of the furnace to prevent heat loss at the time of tilting thus saving power consumption.

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

- Installation of Gassifier for Rolling Mill reheating process to replace/reduce Furnace oil consumption.
- LCD Lights to replace currently installed sodium lights thus reducing power consumption by 90%.
- PDLM to be installed in SMS for optimum consumption of power & fans of cooling towers also to be routed through it so as to auto cutoff of power once the temperature of water falls to desired level.

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

- Reduction of electrical energy for melting by 3%
- Reduction of billet re heating cost due to use of Gasifier by 10%
- Reduction of oil consumption for ladle pre heating by 7%

(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. This will help to serve the market better.
- Process development for production of quality steel through Induction Furnace route - particularly reduction in Sulfur & Phosphorous

3. Future Plan of action

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



- Development of iron ore fine reduction through tunnel kiln using coal
- Development of charger, controllers for electric three wheelers and higher capacity two wheelers

4. Expenditure on R & D

(a) Capital Expenditure	: ₹ 28.91 Millions
(b) Recurring Expenditure	: ₹ 26.91 Millions
(c) Total Expenditure	: ₹ 55.82 Millions
(d) R&D as % of Turnover	: 0.28 %

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

- Development of reduction kiln for processing of iron ore fines
- Development and Reduction of composite pellets and briquettes
- Briquetting of sponge iron fines
- Melting of 100% DRI fines in Continuous Induction Furnace (CONTIFUR) for production of hot metal
- De-Phosphorization of steel in IF

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

- Economical and easier way of DRI production through modifications in tunnel kiln process
- Reduction tests for composite pellets and briquettes carried out at laboratory scale
- Briquetting of sponge iron fines for melting in Induction furnace will result in energy saving and will provide higher yield to the process and decrease the loss of DRI in slag
- Melting of 100% DRI fines for making in Contifur provides innovative way of low cost liquid metal production for making DI pipes or steel.
- De-Phosphorization of steel in induction furnace provides an economic way of production of quality steel competitive with the quality of steel produced by bigger steel plants. Application of technology will make induction furnace route more versatile for production of quality steel.

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

The Company has been making efforts for direct exports at international level. Company has executed export orders worth of ₹ 534.53 Millions during the year and intends to further diversify its export market.

(II) Total Foreign Exchange Earning and Outgo

a) Foreign Exchange Earnings	: ₹ 534.53 Millions
b) Foreign Exchange outgo	: ₹ 3204.65 Millions



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

Disclosure of particulars with respect to conservation of energy

A. POWER AND FUEL CONSUMPTION

Sr. No.	Particulars	2009-2010	2008-09
1.	ELECTRICITY		
	(a) Purchased Units	162166335	119913564
	Total Amount (₹ In Millions)	932.19	727.17
	Rate per Unit (₹)	5.75	6.06
	(b) Own Generation		
	(i) Through diesel generator (Unit)	28307	65768
	Unit per Liter of Diesel Oil (Unit)	2.50	3.80
	Cost per Unit (₹ / KWH)	15.99	10.00
	(ii) Through Wind Mill (Unit)	557423	477000
	Cost per Unit (₹ / KWH)	0.45	0.70
	(iii) Through Steam Turbine / generator	130538970	119471000
	Cost per Unit (₹ / KWH)	4.44	4.10
2.1	COAL FOR POWER PLANT		
	Quantity – MT	68413	88623
	Total Cost (₹ In Millions)	162.28	351.94
	Average Rate (₹ Per MT)	2372	3971
2.2	COAL FOR SPONGE PLANT		
	Quantity – MT	144694	76889
	Total Cost (₹ In Millions)	670.02	464.40
	Average Rate (₹ Per MT)	4630	6039
3.	FURNACE OIL		
	Quantity – Litres	7042281	6421000
	Total Amount (₹)	207.88	251.38
	Average Rate (₹ Per Litre)	29.52	39.15
4.	OTHERS / INTERNAL GENERATION		
	Quantity used	Nil	Nil
	Total Cost (₹)	Nil	Nil
	Rate / Unit	Nil	Nil

B. CONSUMPTION PER UNIT OF PRODUCTION

Sr. No.	Particulars	Standards (If any)	2009-10	2008-09
1	Electricity			
	(a) For Steel Billets / TMT / DI Pipes (KWH/Ton)*	NA	812.73	754
	(b) For Equipment manufacturing (KWH / Equipment Dispatched)	NA	8153.07	4653
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.

ANNEXURE - B TO DIRECTORS' REPORT
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. Crystal Real Estate Private Limited |
| 7. EIL Hospitality Private Limited | 8. EIL Realty Private Limited |
| 9. EIL Software Private Limited | 10. EIL Software Services Offshore Private Limited |
| 11. EIL Technology Private Limited | 12. Electro Salt & Water Limited |
| 13. ET Elec-Trans Limited | 14. Electrotherm Engineering & Projects Limited |
| 15. E-Motion Power Limited | 16. Electrotherm Renewables Limited |
| 17. Electrotherm Foundation | 18. Electrotherm Infrastructure Private Limited |
| 19. Gujarat Mint Alloys Limited | 20. ICS Commercial Private Limited |
| 21. Indus Elec-Trans Private Limited | 22. Indus Real Estate Private Limited |
| 23. Jayshri Petro-Yarn Private Limited | 24. Liberty Finance and Leasing Company Private Limited |
| 25. Magnum Limited | 26. New Delhi Real Estate Private Limited |
| 27. Palace Infrastructure Private Limited | 28. Palace Tours and Air Charters Private Limited |
| 29. Palanpur Reality Developers Limited | 30. S B Realty Developers Private Limited |
| 31. S N Advisory Private Limited | 32. Sun Infrapower Private Limited |
| 33. Sun Residency Private Limited | 34. Suraj Advisory Services Private Limited |
| 35. Suraj Real Estate Private Limited | 36. Western India Speciality Hospital Limited |

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

AN OVERVIEW OF ECONOMY

The global economy seems to be recovering after the recent economic shock. The Indian economy, however, was hit in the latter part of the global recession and the real economic growth witnessed a sharp fall, followed by lower exports, lower capital outflow and corporate restructuring. It is expected that the global economies will continue to sustain in the short-term, as the effect of stimulus programs is yet to bear fruit and tax cuts are working their way through the system in 2010.

In order to sustain economic growth during the time of the worst recession, government authorities in India have announced the stimulus packages to prop up economic growth. To finance the stimulus packages, the Indian Government has raised over \$100 billion over the last four quarters in a way to finance the stimulus package. Country's public debt, according to the RBI, has surged to over 50% of the total GDP.

India, an emerging economy, has witnessed unprecedented levels of economic expansion, along with Countries like China, Russia, Mexico and Brazil. India, being a cost effective and labor intensive economy, has benefited immensely from outsourcing of work from developed countries, and a strong manufacturing and export oriented industrial framework. With the economic pace picking up, global commodity prices have staged a comeback from their lows and global trade has also seen healthy growth over the last two years.

INDUSTRY STRUCTURE & DEVELOPMENT

A. ENGINEERING, CAPITAL EQUIPMENT AND PROJECTS DIVISION

In last few years Induction furnaces have been used in India for producing steel using scrap and DRI and almost more than 45 % steel is being produced through this route. Higher capacity furnace is becoming more competitive in terms of cost of production and 0.25 MTA plant have been in operation. Induction furnace based steel making route is also getting established in many countries like Bangladesh, Pakistan, Nigeria, Senegal, Kenya, Uganda, Tanzania, Ghana, UAE, Turkey, Iran and other African Countries. India being preferred supplier for auto component, Foundry sector is also growing. Induction heating and hardening is another area which is growing along with auto sector.

Developments

1. Induction Melting:

- 40 ton / 14 MW Induction melting furnace already supplied and commissioned, the cost of production is less by about ₹ 600 / ton compared to 20 ton furnace.
- Efficiency of 10 to 25 ton capacity furnace has been increased; the reduction of energy consumption is to the tune of 25 - 50 units/ton.
- IGBT power supply for foundry furnace up to 1000 KW is developed and supplied having constant power factor of 0.98 and power sharing features.
- Level two and three automation to improve operational efficiency and increase utilization factor up to 92%.

2. Induction Heating:

Development of high frequency power supply for pipe welding and surface hardening application.

3. Dynamic power factor correction system and thyristor switched capacitor bank

Dynamic power factor correction system being developed by the Company is state of the art FPGA based fast controller which gives fast response time to correct the PF almost instantaneously. First 350 KVAR capacitor is supplied and under operation.

4. De-Phos and De- Sulph in Induction Furnace:

Of late since last 3 to 4 years use of Direct Reduced Iron (DRI) has increased to the tune of 70 % to 80%, which has aggravated the issue of higher Phosphorus and Sulfur level in steel produced through Induction Furnace route. First equipment for the De-Phos is supplied and is under commissioning. 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.

B. SPECIAL STEEL DIVISION**Steel Industry**

In the last few years, Indian steel companies have moved up the value chain with better quality products, lower costs of manufacturing and increased production of value-added products. In order to meet specific requirements of key industries, the steel industry over a period has undergone major technological advancements to produce the right quality metal which in turn made significant contribution to overall growth of the industry.

In the year 2009-10, the steel production in India was of 65.5 MMT approximately, registering a growth of over 3% over previous year, despite the spillover of recessionary trend. The Indian Steel production has registered a CAGR of 8.3% in the last 2 decades, post the liberalization & reforms including de-licensing, price decontrol, lowering of import restrictions, lowering of duties and abolition of freight equalization.

Globally, Asian region plays a dominant role in manufacturing and contributes to 65% of world's production. As of 2010, Indian manufacturers have a share of almost 10% of Asia's production. (Source: World Steel Association)

Secondary route in Domestic Steel production

In India, the value chain has been redefined with a unique mix of primary and secondary routes (Induction and Arc Furnace) of manufacturing steel. As per the JPC report on 'Development of Indian Steel Sector since 1991', the secondary route has lion's share in the total production of steel in the country. The share of secondary route has progressively increased from a mere 15% in 1991 to over 72% in 2009.

Per Capita Consumption of Finished Steel

Total domestic consumption of steel (net of exports and imports) increased from 52.4 MMT in 2008-09 to 56.5 MMT in 2009-10. India's per capita steel consumption has been growing at a CAGR of 5.3% during the last five years. However, per capita consumption is still lower than the global average of 190 kg. This is a clear indication that the domestic demand has still a long way to maturity and will see volume growth in the next few years.

Share of Induction route

The economics of producing steel through the induction route compares very well and is equally competitive as steel produced through the blast furnace route. The SME sector in India has been able to participate in the steel production primarily on account of the viability of the induction route. The initial investment required and time to commence operations is very less as compared to the primary route or the electric arc route.

According to industry estimates, out of the total steel produced in India, almost half can be attributed to the induction route of steel-making. Given the unique dynamics, Electrotherm is positioned well in the market, both for induction furnaces as well as its steel products, given its rich experience and expertise in engineering and metallurgy.

With the introduction of better technology and building of larger capacity induction furnaces, the share of induction route is expected to grow. In absolute terms, the induction route is expected to increase given the increase in total steel production in the country.

DI Pipe Industry

Domestic DI pipe manufacturing capacity stood at about 0.9 MMT during year 2009-10. Present capacity utilisation is about 80-85% in the industry.

Industry is dominated by organised players with about 88% production share. It is to be noted that almost all major manufacturers have backward integration with in-house pig iron manufacturing facility.

Domestic DI pipe demand grew at a CAGR of about 12% during the quinquennium 2005-10 and stood at over 0.7 MMT during year 2010. In addition, there is large potential demand that is to be serviced.

The price realisation of DI pipes witnessed a growth of about 8% during years 2006 to 2010. Prices of DI pipes were in the range of ₹ 43,000 to ₹ 50,000 during year 2009-10 with an average realisation of around ₹ 46000. Prices of DI pipes depend on basic raw material prices such as Pig Iron and prevailing demand-supply scenario for DI pipes.

The Company is a leading manufacturer of DI Pipe, with expansion of capacity during the Year and has plans to augment this capacity further.



Developments

The Company during the Financial Year 2009-10 appointed ECS (Eicher Consultancy Services, now a subsidiary of Price Waterhouse Coopers) to help it with productivity & EBITA improvements. Various projects were taken up during the year in the area of SMS, TMT Mill & Structural Mill to improve the productivity & optimize cost. The results of the same will be visible in the Financial Year 2010-11.

The Company is a leading manufacturer of DI Pipe, with expansion of capacity during the Year and has plans to augment this capacity further. The Company has commissioned its 128 m³ Blast Furnace & new facility for DI Pipe production of higher dia up-to 1100 mm. The Company also got BIS approval for higher sizes of DI Pipes up-to 1000 mm. The Marketing & Distribution Network for DIP was expanded by opening offices across 8 different states in the Country & manning them with experienced sales people. A new cooling tower has been commissioned to improve the performance of 30 MW Power Plant.

The Company has obtained the power grid approval for angles; with this approval in place, the company will look to increase the production of angles for Transmission Line Tower (TLT) applications. The Company has also received BIS approval for its MS Billets which has improved its realization in the Gujarat market.

With strong branding of Electro TMT plus bars (Sariya), the price realizations are slowly improving and the product has been approved for supply to various large Government & private projects.

C. ELECTRIC VEHICLE DIVISION

The Company had a tough time last year, wherein the Electric Vehicle market shrunk by around 40%. Since the market was small, with large number of small players who were their to make fast gains, 95% of them have exited the market which is getting consolidated.

The situation is now changing, with the efforts of medium and large players who are investing in the market. All large players have high-speed vehicles which is seen as replacement of existing gasoline scooters.

The Company has maintained its technological leadership in the category with launch of its high power scooter YO EXL. The product is catching the imagination of the customer as it meet's the customers' expectation of a typical two wheeler.

The Company is also nearing completion of our electric three wheeler which got very positive response from the prospective customers during the Auto Expo held in Delhi this year. This product will be launched for goods and passenger application by fourth quarter of 2011.

Considering the value an Electric Vehicle has for the environment, a few forward looking State Governments have given very positive support to Electric Vehicles by way of exemption from VAT & Road tax which will also give boost to demand.

INTERNAL CONTROL SYSTEM, IT SECURITY AND ADEQUACY

During the year, the Company has successfully implemented SAP system in major divisions which has further strengthened the internal control system. The SAP system went live on 1st October, 2009. The system is stabilized and accounts for fiscal year 2009-10 was closed successfully.

With deployment of SAP system, the Company will achieve manifold tangible benefits, such as integrated transaction system, cross functional controls, better visibility on stock & material movement, procurement planning etc. Your Company is making best use of authorization & access control features offered by the SAP system to avoid any pilferage & malpractices.

For Information Technology Control System, your Company has well defined IT policies to govern the IT resource & information usage. Your Company has taken various IT security measures to arrest problems related to virus intrusions, hacking, unauthorized information access etc. To meet with contingencies such as natural disasters, fires, etc. your Company has well laid disaster recovery procedure.

Recently, the Company has appointed M/s RSM Astute Consulting, a leading Chartered Accountancy Firm from Mumbai as its Internal Auditors. RSM Astute Consulting has multi disciplinary team of professionals possessing necessary experience, expertise and business / technical skills.

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

The Company'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, the Company has taken following initiatives on Human Resource front:

- Organization Building through HR capability building with help of KPMG
- 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 ANALYSIS OF PROFIT & LOSS ACCOUNT

(₹ In Millions)

Sr. No.	Particulars	2009-10	2008-09	2007-08
A	INCOME			
1	Sales	20027.53	16827.76	13253.57
2	Other Income	140.82	69.36	67.84
3	Increase / (Decrease) in stock	(111.82)	903.28	63.04
	Total Income	20056.53	17800.40	13384.45
B	EXPENDITURE			
1	Material Cost (including Stores & Spares)	13958.13	12534.40	9209.86
2	Manufacturing Expense	1713.41	1472.40	1141.53
3	Employee Cost	517.97	389.51	311.18
4	Administrative & General Expense	399.45	439.84	236.61
5	Selling Expense	581.51	501.97	337.49
6	Research & Development Expense	26.91	21.14	8.41
	Total Expenses	17197.38	15359.26	11245.08
7	Profit Before Depreciation, Interest & Tax (PBIDT)	2859.15	2441.14	2139.37
8	Financial Expense	1332.52	1150.47	785.09
	Profit Before Depreciation	1526.63	1290.67	1354.28
9	Depreciation	723.76	517.91	318.61
10	Profit Before Tax (PBT)	802.87	772.76	1035.67
11	Tax	256.84	265.61	413.89
12	Net Profit (PAT)	546.03	507.15	621.78
13	Prior Period Adjustment	(8.06)	15.31	1.55
14	Profit After Prior Period Adjustment	537.97	522.46	623.33

Income Comparison

(₹ In Millions)

Particulars	2009-10	2008-09	2007-08
Sales			
Capital Equipment, Engineering & Projects	2038.12	3410.60	2418.86
Special Steel	17732.60	12949.07	10371.18
Electric Vehicles	256.81	468.09	463.53
Total Sales	20027.53	16827.76	13253.57
Other Income	140.82	69.36	67.84

Sales for the Year have increased to ₹ 20028 Millions from ₹ 16828 Millions in FY 09 showing a growth of 19%. The growth is mainly due to growth of 37% in the turnover of Steel Segment, where the Company has been able to increase capacity utilization. Sales for Capital Equipment, Engineering & Projects Division has decreased mainly due to heavy melt down in international market in the Year 2008-09; as a result order book of this division was suffered. Turnover for Electric Vehicle division has also declined by 45%, mainly due to shrunk in category by 40% during the last year, due to closure of large number of small units.

Material Cost

Material Cost for last three Financial Years are compared below :

(₹ In Millions)

Particulars	2009-10	2008-09	2007-08
Material Cost (including Stores & Spares)	13958.13	12534.40	9209.86
Material Cost as % of (Sales + Increase / (Decrease) in Stock)	70.09%	70.69%	69.16%

Raw Material cost during 2008-09 increased due to price pressure, has been reduced during 2009-10 due to better utilization of backward integration facilities, such as Sponge Iron, Sinter, Blast Furnace. The Company has been able to absorb impact of price rise in basic raw materials for Steel manufacturing.

Power & Fuel Cost

Power and Fuel Cost for last three Financial Years are compared below :

(₹ In Millions)

Particulars	2009-10	2008-09	2007-08
Power & Fuel Cost	1110.19	965.92	914.77
Power & Fuel Cost as % of (Sales + Increase / (Decrease) in Stock)	5.54%	5.75%	6.90%

Power & Fuel Cost has come down from peak level of 2007-08 and is again reduced from 5.75% in 2008-09 to 5.54% in 2009-10 due to more capacity utilization of Power plant.

Repair and Maintenance Cost

Repair and Maintenance Cost for last three Financial Years are compared below:

(₹ In Millions)

Particulars	2009-10	2008-09	2007-08
Repair and Maintenance Cost	35.91	13.63	8.86
Repair and Maintenance Cost as % of Sales	0.18%	0.08%	0.07%
Repair and Maintenance Cost as % of Gross Block	0.22%	0.18%	0.14%

Repair and Maintenance Cost has increased as a result of higher capacity utilization to support growth in turnover.

Employee Cost

Employee Cost for last three Financial Years are compared below:

(₹ In Millions)

Particulars	2009-10	2008-09	2007-08
Employee Cost	517.97	389.51	311.18
Employee Cost as % of Sales	2.59%	2.31%	2.35%

Employee Cost in absolute terms has gone up due to increase in the employee strength from 1043 in 2007-2008, 1350 in 2008-09 to 1856 at the end of 2009-10. This is in line with the growth in the business of the Company; Employee Cost is marginally higher than last year.

Administrative and General Expenses

Administrative and General Expenses for last three Financial Years are compared below:

(₹ In Millions)

Particulars	2009-10	2008-09	2007-08
Administrative & General Expenses	399.45	439.84	236.61
Administrative & General Expenses as % of Sales	1.99%	2.61%	1.79%

The Company is able to control Administrative Cost, both in absolute terms as well as % to Sales, as a result of its efforts for cost cutting & efficiency building.

Selling Expenses

Selling Expenses for the last three Financial Years are compared below:

(₹ In Millions)

Particulars	2009-10	2008-09	2007-08
Selling Expenses	581.50	501.97	337.49
Selling Expenses as % of Sales	2.90%	2.98%	2.55%

Selling Expenses have increased in absolute term, due to variable portion of selling expenses incurred for achieving higher turnover. However, Selling Expenses as % of sales has reduced, since the Company has been able to absorb the fixed selling cost with increased activities & growth.

Financial Expense

Financial Expense for the last three Financial Years are compared below:

(₹ In Millions)

Particulars	2009-10	2008-09	2007-08
Financial Expense	1332.52	1150.47	785.09
Financial Expense as % of Sales	6.65%	6.84%	5.92%

Financial Expenses have increased due to higher amount of debt, which went up from ₹ 10312 Millions at the end of 2008-09 to ₹ 12258 Millions at the end of 2009-10. However, the impact has been lower due to part conversion of Working Capital Loans and Term Loans into FCNR (B) Loans, thereby reducing effective rate of interest.

Profit Before Depreciation, Interest and Tax (PBDIT)

PBDIT for last three Financial Years are compared below :

(₹ In Millions)

Particulars	2009-10	2008-09	2007-08
PBDIT	2859.15	2441.14	2139.37
PBDIT as % of Sales	14.28%	14.51%	16.14%

PBDIT margin remained stable for last two years. PBDIT margin was affected due to marginal increase in operating costs.

Cash Profit (PAT + Deferred Tax + Depreciation)

The Cash Profit which is aggregate of Profit after Tax, Depreciation & Deferred Tax for last three Financial Years are compared below:

(₹ In Millions)

Particulars	2009-10	2008-09	2007-08
Cash Profit	1390.18	1197.61	1206.27
Cash Profit as % of Sales	6.94%	7.12%	9.10%

Cash Profit as % to Sales has declined marginally due to drop in PBDIT margin.

Net Profit

Net Profit after Tax (before Prior Period Adjustments) for last three Financial Years are compared below :

(₹ In Millions)

Particulars	2009-10	2008-09	2007-08
Net Profit	546.03	507.15	621.78
Net Profit as % of Sales	2.73%	3.01%	4.69%

Reduction in Net Profit margin during the Year is partly due to lower PBDIT margin and partly due to increase in depreciation consequent to large capital investments made during last two Financial Years.

ANALYSIS OF BALANCE SHEET

Table showing Balance Sheet for last three Financial Years are compared below:

(₹ In Millions)

Sr. No.	Particulars	2009-10	2008-09	2007-08
A	SOURCES OF FUNDS			
1	Shareholders' Fund	7041.08	4597.82	3847.35
2	Loan Funds			
2.1	Secured Loans	12257.69	10311.74	5816.56
2.2	Unsecured Loans & others	2899.62	1981.94	2387.11
	Total Loan Funds	15157.31	12293.68	8203.67
3	Deferred Tax Liability	814.50	694.11	521.55
	TOTAL SOURCES	23012.89	17585.61	12572.57
B	APPLICATION OF FUNDS			
1	Fixed Assets (Net)	15734.21	10971.90	6890.22
2	Investments	72.69	22.00	21.25
3	Current Assets, Loans & Advances	12289.33	9178.78	6946.25
4	Current Liabilities & Provisions	5469.26	2978.43	1585.61
	Net Current Assets	6820.07	6200.35	5360.64
5	Misc Expenditure to the extent not written off	385.92	391.36	300.46
	TOTAL APPLICATION	23012.89	17585.61	12572.57

Net Worth

Net Worth of the Company at the end of last three Financial Years are compared below:

(₹ In Millions)

Particulars	2009-10	2008-09	2007-08
Equity Share Capital	114.76	114.76	109.76
Preference Share Capital	120.00	120.00	120.00
Warrants / Application Money	0.00	0.00	30.00
Reserves & Surplus	6806.32	4363.06	3587.59
Total Net Worth	7041.08	4597.82	3847.35

Net Worth of the Company increased by ₹ 2443 Millions during the Financial Year due to ploughing back of retained earnings of ₹ 496 Millions and capitalization of ₹ 2447 Millions (Net of depreciation on revaluation) to General Reserve Account and after utilization of ₹ 500 Millions out of Share Premium Account for writing off obsolete or unrealizable assets in accordance with the Scheme of Arrangement implemented during the year.

Secured Loans

Secured Loans of the Company at the end of last three Financial Years are compared below:

(₹ In Millions)

Particulars	2009-10	2008-09	2007-08
Secured Term Loans	8004.61	6320.01	3507.32
Secured Working Capital Loans	4253.08	3991.73	2309.24
Others	9.92	8.02	10.95
Total	12267.61	10319.76	5827.51

Secured Loans is increased by ₹ 1948 Millions. This comprised of increase in Term Loans by ₹ 1685 Millions for funding the capital expenditure and Working Capital Loans increase by ₹ 261 Millions to support growth in the turnover of the Company.

Fixed Assets

Fixed Assets of the Company at the end of last three Financial Years are compared below:

(₹ In Millions)

Particulars	2009-10	2008-09	2007-08
Gross Block	16415.97	7608.27	6177.36
Capital Work in Progress	1221.42	4510.22	1347.32
Total Fixed Assets	17637.39	12118.49	7524.68
Accumulated Depreciation	1903.18	1146.59	634.46
Net Block	15734.21	10971.90	6890.22

Fixed Assets increased by ₹ 5519 Millions during the Financial Year. Out of total increase, ₹ 2482 Millions is increased as a result of revaluation of Land & Building consequent to the Scheme of Arrangement implemented during the year, whereas ₹ 3037 Millions is due to capital expenditure for augmenting capacities during the year.

Raw Material Inventory

Raw Material Inventory of the Company at the end of last three Financial Years are compared below:

(₹ In Millions)

Particulars	2009-10	2008-09	2007-08
Value of Raw Material, Stores & Spares	3467.00	3035.31	2379.27
Stock of Raw Material in no. of months' consumption	2.98	2.91	3.10

Level of Raw Material inventory (2.98 months' of consumption) is at almost the same level of the last year.

Finished Goods and WIP

Inventory of Finished Goods and WIP of the Company at the end of last three Financial Years are compared below:

(₹ In Millions)

Particulars	2009-10	2008-09	2007-08
Value of Finished Goods & WIP	1374.45	1486.27	582.99
Stock of Finished Goods & WIP in no. of months' Sales	0.82	1.06	0.53

The Company is able to improve levels of Finished Goods and WIP inventory, due to efficient inventory management with better planning in production and marketing front.

Debtors

Debtors of the Company at the end of last three Financial Years are compared below:

(₹ In Millions)

Particulars	2009-10	2008-09	2007-08
Debtors	3364.67	2483.87	2640.83
Debtors equal to no. of months' Sales	2.02	1.77	2.39

Increase in the level of Debtors is mainly due to increase in ratio of D I Pipes sales in total sales of Steel Segment. Payment cycle for D I Pipes is higher compared to other products of Steel Segment, which led to increase in level.

Current Liabilities

The Current Liabilities of the Company at the end of last three Financial Years are compared below:

(₹ In Millions)

Particulars	2009-10	2008-09	2007-08
Current Liabilities	5354.70	2894.51	1476.34
Current Liabilities equal to no. of months' purchase	4.60	2.77	1.92

Level of Current Liabilities has increased due to higher credit period, availing of buyers' credit on foreign L/Cs and better purchase policy adopted by the Company.

PERFORMANCE INDICATORS AND IMPORTANT RATIOS OF ELECTROTHERM

(₹ In Millions)

Particulars	2009-10	2008-09	2007-08
CURRENT RATIO			
Current Assets	12289.33	9178.78	6946.25
Current Liabilities	9722.34	6970.16	3894.85
Current Ratio (Times)	1.26	1.32	1.78
TOL/TNW			
Loan Funds	15157.31	12293.68	8203.67
Current Liabilities	5469.26	2978.43	1585.61
Total Outside Liabilities	20626.57	15272.11	9789.28
Less: Loan Pertaining to Assets which are not fully operational	0.00	0.00	980.00
Less: Loan pertaining to CWIP	500.00	3000.00	990.00
Liabilities pertains to Operation	20126.57	12272.11	7819.28
Total Net Worth	7041.08	4597.82	3847.35
TOL / TNW (Times)	2.86	2.67	2.03
DEBT/EBIDTA			
Loan Funds	15157.31	12293.68	8203.67
Less: Loan Pertaining to Assets which is not fully operational	0.00	0.00	980.00
Less: Loan pertaining to CWIP	500.00	3000.00	990.00
Liabilities pertains to Operation	14657.31	9293.68	6233.67
EBIDTA	2859.15	2441.14	2139.37
Debt / EBIDTA (Times)	5.13	3.81	2.91
DEBT SERVICE COVERAGE RATIO			
Profit After Tax	537.97	522.46	623.33
Deferred Tax	120.39	172.55	265.88
Depreciation	723.76	517.91	318.61
Interest Expense	1332.52	1150.47	785.09
Total (A)	2714.64	2363.39	1992.91
Interest Expense	1332.52	1150.47	785.09
Loan Repayment	800.20	528.02	353.87
Total (B)	2132.72	1678.49	1138.96
DSCR (Times)	1.27	1.41	1.75

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis detailing the company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" with 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.

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

The Company's corporate governance philosophy is based on the principle that better corporate governance adds considerable value to the operational performance. As such the Company has implemented a system to ensure transparency, control, accountability, responsibility and fairness in all areas of operations.

Good Corporate Governance practices is imperative for the growth of any enterprise in the long term perspective. Fair and Transparent business practices alongwith timely disclosure of financial and corporate information is very essential for the confidence and harmonious relationship with all the stakeholders.

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 in compliance with the provisions of Clause 49 of the Listing Agreement. As on 31st March, 2010, the Board of Directors comprises eleven directors out of which four are executive directors, six are non-executive directors besides one nominee director. All the 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	6	Nil	Nil
2.	Mr. Shailesh Bhandari Managing Director	Promoter & Executive	9	1	Nil
3.	Mr. Avinash Bhandari Jt. Managing Director & CEO	Executive	2	Nil	Nil
4.	Mr. Narendra Dalal Whole Time Director	Executive	4	Nil	Nil
5.	Mr. Nilesh Desai	Independent/Non-Executive	2	2	Nil
6.	Mr. Madhusudan Somani	Independent/Non-Executive	Nil	Nil	Nil
7.	Mr. Ram Singh	Independent/Non-Executive	1	2	Nil
8.	Mr. Pradeep Krishna Prasad	Independent/Non-Executive	Nil	Nil	Nil
9.	Mr. Ravikumar Trehan	Independent/Non-Executive	Nil	Nil	Nil
10.	Mr. Sunay Mathure*	Nominee Director	1	Nil	Nil
11.	Dr. Sudhir Kapur	Independent/Non-Executive	1	Nil	Nil
12.	Mr. Parth Gandhi*	Nominee Director	Nil	Nil	Nil

* ICICI Venture Funds Management Company Limited, an Investment Manager of India Advantage Fund – VI has nominated Mr. Parth Gandhi as Nominee Director and withdrawn the nomination of Mr. Sunay Mathure effective from 30th May, 2010.

- Directorships in other companies mentioned above excludes directorships in private limited companies, unlimited companies, section 25 company and foreign companies.

- 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 acts 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 2009 - 2010, five meetings of the Board were held on 13th April 2009, 25th May 2009, 29th July 2009, 29th October 2009 and 25th January 2010.

Attendance of Directors at the Board Meetings and at the last Annual General Meeting which was held on 15th September, 2009 is as under:

Name of Director	Attendance	
	Board Meetings	AGM held on 15.09.2009
Mr. Mukesh Bhandari	3	Yes
Mr. Shailesh Bhandari	4	Yes
Mr. Avinash Bhandari	4	Yes
Mr. Narendra Dalal	4	Yes
Mr. Nilesh Desai	4	No
Mr. Madhusudan Somani	3	No
Mr. Ram Singh	3	No
Mr. Pradeep Krishna Prasad	5	No
Mr. Ravikumar Trehan	1	No
Mr. Sunay Mathure	4	No
Dr. Sudhir Kapur	5	Yes

All the information required to be furnished to the Board was made available to them along with detailed agenda notes. Time gap between any 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. Audit Committee was re-constituted w.e.f. 30th May, 2010 by appointing Dr. Sudhir Kapur as Member of the Audit Committee in place of Mr. Sunay Mathure. At present, Mr. Madhusudan Somani is the Chairman and Dr. Sudhir Kapur, Mr. Nilesh Desai and Mr. Ram Singh are members of the Audit Committee. The Company Secretary acts as secretary to the Audit Committee.

(iii) Meetings and Attendance

During the Financial Year 2009-2010, four meetings of the Audit Committee were held on 25th May 2009, 29th July 2009, 29th October 2009 and 25th January 2010.

**Details of Attendance at the Audit Committee**

Name	Designation	Attendance
Mr. Madhusudan Somani *	Chairman	1
Mr. Sunay Mathure	Member	4
Mr. Nilesh Desai	Member	3
Mr. Ram Singh	Member	2

* appointed as member & chairman with effect from 29th July 2009

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. Mr. Nilesh Desai is Chairman and Mr. Madhusudan Somani and Mr. Pradeep Krishna Prasad are members of the Remuneration Committee.

(iii) Meetings and attendance

During the Financial Year 2009 -2010, one meeting of the Remuneration Committee was held on 29th July, 2009.

Details of Attendance at the Remuneration Committee:

Name	Designation	Attendance
Mr. Nilesh Desai	Chairman	1
Mr. Madhusudan Somani*	Member	Nil
Mr. Pradeep Krishna Prasad	Member	1

* Appointed as a member with effect from 29th July 2009

(iv) Remuneration Policy

The remuneration policy of the Company for managerial personnel is based on the performance, experience and responsibilities. During the Financial Year, Remuneration Committee has recommended for revision of remuneration to Executive Directors and the same has been approved by the Board of Directors on 29th July, 2009 and by the Shareholders at the 23rd Annual General Meeting held on 15th September, 2009.

(v) Details of Remuneration of Directors

The details of remuneration paid to Chairman, Managing Directors and Whole Time Director for the Financial Year ended on 31st March, 2010 is as under:

(₹ In Millions)

Name of Executive Director	Salary	Allowances & PF Contribution	Commission*	Total
Mr. Mukesh Bhandari	5.68	4.14	8.60	18.42
Mr. Shailesh Bhandari	4.37	3.16	8.60	16.13
Mr. Avinash Bhandari	1.75	1.26	0.00	3.01
Mr. Narendra Dalal	1.75	1.26	0.00	3.01

* payable in 2010-2011

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 31st March, 2010, ₹ 80,000/- has been paid as gross sitting fees to ICICI Venture Funds Management Company Ltd. as per Shareholders Agreement entered into with it. No sitting fees are paid to any other directors.

**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.

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. The Committee generally meets 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 2009-2010, 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 Dividend	3	3	Nil
2.	Non receipt of Annual Report	3	3	Nil

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.

Mr. Shailesh Bhandari is the Chairman of the Committee and Mr. Avinash Bhandari and Mr. Ram Singh are members of the Committee.

During the Financial Year 2009-2010, no meeting of the Share Allotment Committee was held.

(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.

During the Financial year 2009-2010, five meetings of the Management Committee were held.

(iii) Restructuring Committee

As the demerger scheme of the Company was put on hold by the Board of Directors, the Company has discontinued with Restructuring Committee during the Financial Year 2009-2010.



4. General Body Meeting

(i) Annual General Meetings

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

AGM	Financial Year	Venue	Date	Time
23 rd	2008-2009	H. T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	15.09.2009	11.00 A.M.
22 nd	2007-2008	A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380 015	20.06.2008	11.00 A.M.
21 st	2006-2007	A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380 015	25.06.2007	11.00 A.M.

Special Resolutions

Special Resolutions passed at the previous three Annual General Meetings:

- (1) Special Resolution under section 163 of the Companies Act, 1956 for keeping the Register of Members, Index of Members and other related books at the premises of the Companies' Registrar and Transfer Agent viz. Link Intime India Private Limited was passed at the 23rd Annual General Meeting held on 15th September, 2009.
- (2) No Special Resolution was passed at the 22nd Annual General Meeting held on 20th June, 2008.
- (3) Special Resolution under section 81, 81(1A) of the Companies Act, 1956 for raising of funds through ADRs / GDRs / FCCBs was passed at the 21st Annual General Meeting held on 25th June, 2007.

(ii) Extra Ordinary General Meetings

No Extra Ordinary General Meeting was held during the Financial Year 2009 – 2010.

(iii) Court convened Meeting of Equity Shareholders

A Court convened meeting of the Equity Shareholders of the Company was held on 16th June, 2009 at 10.00 a.m. at H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015 in terms of the Order dated 5th May, 2009 of the Hon'ble High Court of Gujarat at Ahmedabad for obtaining approval of the Equity Shareholders of the Company to the Scheme of Arrangement envisaging the utilisation of Share Premium Account and recording of immovable assets at their respective fair values (Scheme of Arrangement).

The Equity Shareholders of the Company had approved the said Scheme of Arrangement with requisite majority.

(iv) Postal Ballot

During the Financial Year, special resolution for alteration of main object clause of the Memorandum of Association of the Company was 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 29th July, 2009 was dispatched to all the shareholders on 18th August, 2009 and the result of the same was declared on 23rd September, 2009 at the Registered Office of the Company as per the report of Scrutinizer, details whereof are as under:

Sr. No.	Particulars	No. of Postal Ballot Forms	No. of Shares
1	Total postal ballot forms received	52	28,95,582
2	Less: Invalid postal ballot forms	2	130
3	Net Valid postal ballot forms	50	28,95,452
4	Postal ballot forms with assent for the Resolution	47	28,95,372 (99.997%)
5	Postal ballot forms with dissent for the Resolution	1	50 (0.002%)
6	Postal ballot forms with neither assent nor dissent for the Resolution	2	30 (0.001%)

The special resolution had, therefore, been approved by the shareholders with requisite majority.



Mr. Jignesh A. Maniar, 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.

No Resolution is proposed by the Board to be conducted through postal ballot at the ensuing Annual General Meeting.

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

In compliance with the Code, directors and senior management of the Company have affirmed compliance with the Code for year ended on 31st March, 2010. 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.

(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 3B 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 daily such as "Economic Times" in English and Gujarati editions.

The Company has its own website www.electrotherm.com, on which the quarterly results are displayed. The quarterly results and official news 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

Day, Date & Time of 24 th AGM	Friday, 24 th September, 2010 at 11.00 a.m.
Venue of AGM	H. T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015
Book Closure Date	20 th September, 2010 to 24 th September, 2010 (Both days inclusive)
Dividend Payment Date	After 24 th September, 2010, but within 30 days from the date of declaration
Compliance Officer	Mr. Ashwin Patel, Company Secretary
Email for Investor Complaint	sec@electrotherm.com
Website	www.electrotherm.com
Financial Year	1 st April to 31 st March
ISIN with NSDL & CDSL	INE822G01016

Tentative Financial Calendar for 2010 -2011

First Quarter Results	On or before 14 th August, 2010
Half Yearly Results	On or before 14 th November, 2010
Third Quarter Results	On or before 14 th February, 2011
Audited Results for 2010-2011	On or before 30 th May, 2011

A. Listing on Stock Exchange(s)

Shares of your Company are listed on two Stock Exchanges as shown below:

Name & Address of Stock Exchange	Stock Code
Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001	526608
National Stock Exchange of India Limited Exchange Plaza, Bandra – Kurla Complex, Bandra (East), Mumbai – 400 051	ELECTHERM

Annual Listing Fees for the Financial Year 2010-2011 have been paid to both the Stock Exchanges and Annual Custodial Fees for the Financial Year 2010-2011 have been duly paid to NSDL and CSDL.

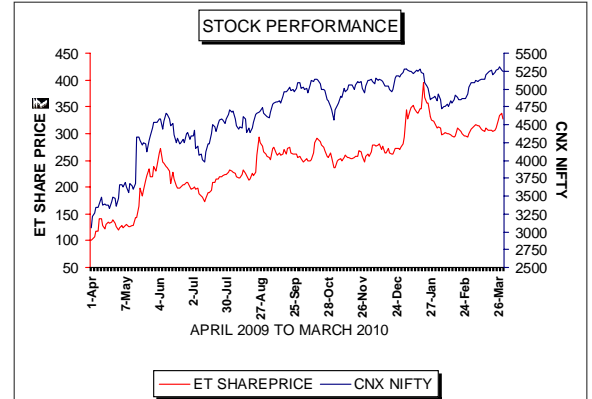
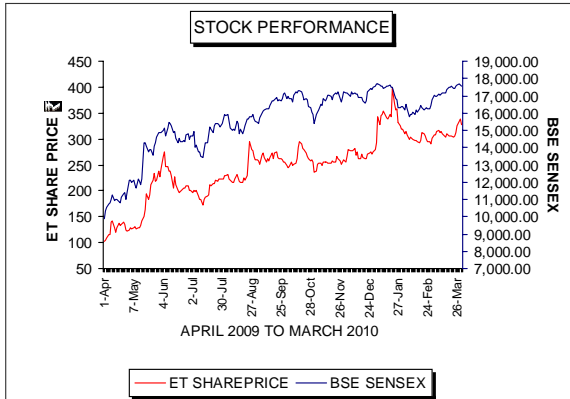
B. Market Price Data

Market price data of Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for the financial year 2009-2010 are given below:

Month	BSE – Share Price		BSE Monthly Volume	NSE – Share Price		NSE Monthly Volume
	High	Low		High	Low	
April, 2009	153.55	95.00	74,783	148.90	92.50	59,796
May, 2009	241.50	121.05	1,19,162	243.00	120.00	97,840
June, 2009	293.55	190.00	1,34,074	288.00	192.00	84,297
July, 2009	243.75	169.00	50,655	248.95	168.00	44,474
August, 2009	306.50	210.00	1,39,507	307.00	187.20	2,33,877
September, 2009	292.00	245.00	1,36,059	292.90	247.00	1,97,130
October, 2009	299.00	243.00	1,22,292	300.00	243.00	1,02,483
November, 2009	275.00	233.65	57,855	277.00	230.50	65,626
December, 2009	304.00	252.00	1,25,941	304.50	251.10	1,04,917
January, 2010	411.70	267.00	12,08,787	415.00	271.00	15,45,412
February, 2010	342.70	286.00	1,93,885	341.10	290.05	3,20,947
March, 2010	370.00	295.55	2,65,188	365.65	295.15	2,79,593

C. Stock Performance

Performance of share price of the Company in comparison to BSE Sensex and NSE Nifty for the year 2009 – 2010 are as under:



D. Registrar and Share Transfer Agent

M/s Link Intime India Pvt. 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 Under Bridge,
Navrangpura, Ahmedabad – 380 009
Phone & Fax No. (079) 2646 5179
E-mail Address: ahmedabad@linkintime.co.in

E. 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 and submitted the same to the Stock Exchanges.

F. Distribution of shareholding as on 31st March, 2010

Category	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% of Shares
1 – 500	6,775	93.71	5,60,153	4.88
501 – 1000	235	3.25	1,77,870	1.55
1,001 – 2000	97	1.34	1,42,615	1.24
2,001 – 3000	35	0.48	84,856	0.74
3,001 – 4000	15	0.21	51,790	0.45
4,001 – 5000	12	0.16	57,900	0.50
5,001 – 10,000	20	0.28	1,36,113	1.19
10,001 & above	41	0.57	1,02,65,077	89.45
Total	7,230	100.00	1,14,76,374	100.00

G. Categories of Shareholding as on 31st March, 2010

Sr. No.	Category	No. of Shares	% to Share Capital
A.	Promoters Shareholding		
1.	Promoters and Promoters Group	38,53,075	33.57
B.	Public Shareholding		
2.	Mutual Funds / UTI	34,800	0.30
3.	Banks/Financial Institutions	100	0.00
4.	Insurance Companies	7,591	0.07
5.	Foreign Institutional Investors	2,675	0.02
6.	Foreign Financial Institution	13,66,666	11.91
7.	Bodies Corporate	15,68,527	13.67
8.	NRIs	61,653	0.54
9.	Trusts	13,68,333	11.92
10.	Foreign Companies	20,00,000	17.43
11.	Clearing Members	55,605	0.48
12.	Indian Public	11,57,349	10.09
	Total	1,14,76,374	100.00

H. 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 31st March, 2010 is as under:

Sr. No.	Particulars	No. of Shares	% of Paid up Capital
1	Held in Demat form	88,05,547	76.73
2	Held in Physical form	26,70,827	23.27
	Total	1,14,76,374	100.00

No Equity Shares are under lock-in as on 31st March, 2010.

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.

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

As on 31st March, 2010, the Company does not have any GDRs/ADRs/Warrants or any other convertible instruments.

J. Plant Locations

Engineering & Projects Division	:	Survey No. 72, Village: Palodia, Taluka : Kalol, Dist. Gandhinagar - 382 115, Gujarat
Steel & Electric Vehicle Division	:	Survey No. 325, Village : Samkhiyali, Taluka : Bhachau, Dist. Kutch, Gujarat
Wind Farm	:	Village : Dhank, Taluka : Upleta, Dist. Rajkot, Gujarat
Renewables Division	:	414/1 GIDC, Phase : II, Vatva Industrial Area, Ahmedabad - 382 445, Gujarat
Transmission Line Tower Division	:	Village : Juni Jithardi, Tal : Karjan, Dist : Vadodara, Gujarat

K. 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 31st March, 2010.

Place : Palodia
Date : 13th August, 2010

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 31st March, 2010 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.
(Registration No. 106250W)
Chartered Accountants

Place : Ahmedabad
Date : 13th August, 2010

Prakash D. Shah
Partner
Membership No.34363



AUDITORS' REPORT

To,
The Members
ELECTROTHERM (INDIA) LIMITED
Ahmedabad

1. We have audited the attached Balance Sheet of **ELECTROTHERM (INDIA) LIMITED** as at **31st March, 2010**, 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 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 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 31st March, 2010;
 - (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.
(Registration No. 106250W)
Chartered Accountants

Prakash D. Shah
Partner
Membership No.34363

Place : Ahmedabad
Date : 30th May, 2010

ANNEXURE TO THE AUDITORS' REPORT**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 31ST MARCH, 2010.**

- (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 three parties and aggregating outstanding of ₹ 22.82 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 three such parties and aggregating outstanding amount of ₹ 55.45 Millions 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 ₹ 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.
- (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 31st March, 2010 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 (₹ 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 that 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 not made allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (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.
(Registration No. 106250W)
Chartered Accountants

Place : Ahmedabad
Date : 30th May, 2010

Prakash D. Shah
Partner
Membership No.34363

BALANCE SHEET AS AT 31ST MARCH, 2010

(₹ In Millions)

Particulars	Schedule No.	As at 31 st March, 2010		As at 31 st March, 2009	
SOURCES OF FUNDS					
Shareholders' Funds					
1. Share Capital	01	234.76		234.76	
2. Reserves & Surplus	02	6,806.32	7,041.08	4,363.06	4,597.82
Loan Funds					
1. Secured Loans	03	12,267.61		10,319.76	
2. Unsecured Loans	04	2,889.70	15,157.31	1,973.92	12,293.68
Deferred Tax Liability			814.50		694.11
			23,012.89		17,585.61
APPLICATION OF FUNDS					
Fixed Assets					
05					
1. Gross Block		16,415.97		7,608.27	
2. Less : Drepreciation		1,903.18		1,146.59	
3. Net Block		14,512.79		6,461.68	
4. Capital Work-in-Progress		1,221.42	15,734.21	4,510.22	10,971.90
Investments			72.69		22.00
Current Assets, Loans and Advances:					
1. Inventories	07	4,841.45		4,521.58	
2. Sundry Debtors	08	3,364.67		2,483.87	
3. Cash & Bank Balances	09	1,864.81		661.09	
4. Loans & Advances	10	2,218.40		1,512.24	
			12,289.33		9,178.78
Less: Current Liabilities and Provisions					
1. Current Liabilities	11	5,354.70		2,894.51	
2. Provisions	12	114.56		83.92	
			5,469.26		2,978.43
Net Current Assets			6,820.07		6,200.35
Miscellaneous Expenditure		13	385.92		391.36
(To the extent not written off or adjusted)					
			23,012.89		17,585.61
Notes to the Accounts		21			

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

Prakash D. Shah
Partner

Place : Ahmedabad
Date : 30th May, 2010

Ashwin Patel
Company Secretary

For and on behalf of Board of Directors

Shailesh Bhandari Managing Director

Avinash Bhandari Joint Managing Director & CEO

Narendra Dalal Whole Time Director


PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

(₹ In Millions)

Particulars	Schedule No.	For the Year ended on 31 st March 2010		For the Year ended on 31 st March 2009	
INCOME					
Sales & Other Operational Income	14	20,027.53		16,827.76	
Other Income	15	140.82		69.36	
			20,168.35		16,897.12
EXPENDITURE					
Material Cost		13,039.81		11,896.16	
(Increase) / Decrease in Stocks	16	111.82		(903.28)	
Manufacturing Expenses	17	2,631.73		2,110.64	
Employees Remuneration	18	517.97		389.51	
Administrative, Selling & General Expenses	19	980.96		941.81	
Financial Expenses	20	1,332.52		1,150.47	
			18,614.81		15,585.31
Profit Before Depreciation and Research & Development Expenses			1,553.54		1,311.81
Research & Development Expenses			26.91		21.14
Profit Before Depreciation			1,526.63		1,290.67
Depreciation		758.43		517.91	
Amount transferred from General Reserve		34.67	723.76	-	517.91
Profit Before Tax			802.87		772.76
Less : Provision For					
Income Tax		136.45		87.56	
Fringe Benefit Tax		-		5.50	
Deferred Tax		120.39		172.55	
			256.84		265.61
Net Profit for the Year			546.03		507.15
Prior Period Adjustment - Income Tax and Others			(8.06)		15.31
Profit after Prior Period Adjustment			537.97		522.46
Balance Brought Forward			1,198.05		917.58
Transfer to General Reserve			200.00		200.00
Proposed Dividend					
Equity Shares			28.69		28.69
Preference Shares			7.20		7.20
Tax on Proposed Dividend			6.10		6.10
Balance carried to Balance Sheet			1,494.03		1,198.05
Basic Earnings per share (₹)			46.14		45.70
Diluted Earnings per share (₹)			46.14		45.70
Refer Note No.11 of Schedule 21					
Nominal value of Equity Share (₹)			10.00		10.00
Notes to the Accounts	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 & CEO

Narendra Dalal

Whole Time Director

Place : Ahmedabad

Ashwin PatelDate : 30th May, 2010

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(₹ In Millions)

Particulars	For the year ended on 31 st March, 2010	For the year ended on 31 st March, 2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	802.87	772.76
Adjustment For		
Depreciation	723.76	517.91
Preliminary & Deferred Revenue Expenses Written Off	52.30	49.35
Dividend Income	(0.02)	-
Interest Paid	1,324.07	1,197.27
Interest Received	(75.70)	(9.66)
Prior Period Adjustment	(8.06)	15.31
Profit on Sale of Assets	0.60	0.36
Operating Profit before Changes in Working Capital	2,819.82	2,543.30
Adjustment For		
Trade & Other Receivable	(1,586.96)	(633.66)
Inventories	(319.87)	(1,559.32)
Trade & other Payable	2,450.08	1,367.04
Cash Generated From Operations	3,363.07	1,717.36
Income Tax Paid	95.71	68.74
Cash Flow Before Extraordinary Item	3,267.36	1,648.63
Net Cash Flow From Operating Activity [A]	3,267.36	1,648.63
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (incl. Capital Work in Progress)	(3,039.87)	(4,601.18)
Sale of Fixed Assets	0.49	1.23
Investments	(50.69)	(0.75)
Dividend Income	0.02	-
Interest Received	75.70	9.66
Preliminary Expenses, Deferred Revenue & Product Development	(46.86)	(140.25)
Net Cash Used in Investing Activities [B]	(3,061.21)	(4,731.29)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Equity Shares & Equity Share Warrants	-	270.00
Amount Written off from Business Development Reserve	(500.00)	-
Proceed From Term Loan & Working Capital Borrowing	3,663.83	4,618.03
Repayment of Term Borrowing	(800.20)	(528.02)
Dividend Paid	(35.89)	(34.64)
Dividend Tax	(6.10)	(5.89)
Interest Paid	(1,324.07)	(1,197.27)
Net Cash From Financing Activities [C]	997.57	3,122.21
Net Increase (Decrease) in Cash & Cash Equivalents Total [A + B + C]	1,203.72	39.55
Cash & Cash Equivalents as at 1st April, 2009	661.09	621.54
Cash & Cash Equivalents as at 31st March, 2010	1,864.81	661.09

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

Prakash D. Shah
Partner

Place : Ahmedabad
Date : 30th May, 2010

Ashwin Patel
Company Secretary

For and on behalf of Board of Directors

Shailesh Bhandari Managing Director

Avinash Bhandari Joint Managing Director & CEO

Narendra Dalal Whole Time Director

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010

(₹ In Millions)

Particulars	As at 31 st March, 2010	As at 31 st March, 2009
SCHEDULE : 01 - SHARE CAPITAL		
Authorised		
2,50,00,000 Equity Shares of ₹ 10/- each	250.00	250.00
2,50,00,000 6% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each	250.00	250.00
Total	500.00	500.00
Issued, Subscribed & Paid Up		
1. Equity Shares		
1,14,76,374 (Previous Year 1,14,76,374) Equity Shares of ₹ 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	114.76
2. Preference Shares		
1,20,00,000 (P.Y. 1,20,00,000) 6 % Non-Cumulative Redeemable Preference Shares of ₹ 10/- each fully paid up, Redeemable at Par (35,60,000 Preference Shares Redeemable not later than 11th March, 2025 44,40,000 Preference Shares Redeemable not later than 1st April, 2025 and 40,00,000 Preference Shares Redeemable not later than 14th May, 2025)	120.00	120.00
Total	234.76	234.76
SCHEDULE : 02 - RESERVES & SURPLUS		
1. Capital Reserve		
As Per Last Balance Sheet	9.11	9.11
2. Share Premium Account		
As Per Last Balance Sheet	2,626.90	2,331.90
Add : Addition during the Year	-	295.00
Less : Transferred to Business Development Reserve (Refer Note No. 13 of Schedule 21)	500.00	-
Sub Total	2,126.90	2,626.90
3. General Reserve		
As per Last Balance Sheet	529.00	329.00
Add : Transfer From Profit & Loss Account	200.00	200.00
Add : Amount Transferred on Revaluation of Fixed Assets (Refer Note No. 13 of Schedule 21)	2,481.95	-
Less : Transferred for Depreciation on Revaluation of Fixed Assets (Refer Note No. 13 of Schedule 21)	34.67	-
Sub Total	3,176.28	529.00
4. Profit & Loss Account		
Total	6,806.32	4,363.06

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010

(₹ In Millions)

Particulars	As at 31 st March, 2010	As at 31 st March, 2009
SCHEDULE : 03 - SECURED LOANS		
1. Working Capital Loans From Banks (Secured by First Charge by way of Hypothecation of 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, Samakhiyali - Kutch. Further the Loans are guaranteed by the Personal Guarantees of some of the Directors of the Company)	4,253.08	3,991.73
2. Long Term and Other Loans From		
A. Banks (Secured by First Charge by way of Equitable Mortgage of all Immovable Properties and Hypothecation of specified Movable Assets situated at Vatva, Palodia, Dhank, Samakhiyali - Kutch & As Second Charge on all Stock in Trade & Receivables. Further the Loans are guaranteed by the Personal Guarantees of some of the Directors).	7,326.11	5,559.36
B. International Finance Corporation (USD 15 Millions) (ECB Loan is secured by First Pari Passu charge over the movable Assets and First Pari Passu Charge on Immovable Assets) (Includes Interest accrued but not due ₹ 5.00 Millions)	678.50	760.65
C. Vehicle Loans (Secured by Hypothecation of Specific Vehicles)	9.30	7.40
3. Sales Tax Deferment (Amount due within one Year ₹ 0.62 Millions (Previous Year ₹ Nil)	0.62	0.62
Total	12,267.61	10,319.76
SCHEDULE : 04 - UNSECURED LOANS		
A Short Term		
From Banks	84.18	100.80
B Other Loan / Deposits / Advances		
1. From Banks	1,946.05	1,020.75
2. From International Finance Corporation (USD 10 Millions) (Includes interest accrued but not due ₹ 2.25 Millions)	451.25	507.10
3. Directors	0.15	1.15
4. Customers & Others	408.07	344.12
Total	2,889.70	1,973.92



SCHEDULE : 05 - FIXED ASSETS

(₹ In Millions)

Sr. No.	Description	Gross Block				Depreciation				Net Block		
		Opening Balance	Addition	Addition on Revaluation	Deduction	Closing Balance	Opening Balance	Addition	Deduction	Closing Balance	As at March 31, 2010	As at March 31, 2009
1	Freehold Land	39.19	12.48	1,435.25	-	1,486.92	-	-	-	-	1,486.92	39.19
2	Leasehold Land	2.47	-	8.49	-	10.96	-	-	-	-	10.96	2.47
3	Building	1,035.20	584.68	1,038.21	-	2,658.09	107.20	82.64	-	189.84	2,468.25	928.00
4	Plant and Machinery	6,392.73	5,702.39	-	-	12,095.12	1,003.01	664.45	-	1,667.46	10,427.66	5,389.72
5	Furniture and Fixtures	71.60	15.08	-	-	86.68	16.53	4.74	-	21.27	65.41	55.07
6	Vehicles	67.08	14.04	-	2.92	78.20	19.85	6.60	1.84	24.61	53.59	47.23
	Total	7,608.27	6,328.67	2,481.95	2.92	16,415.97	1,146.59	758.43	1.84	1,903.18	14,512.79	6,461.68
	Previous Year	6,177.36	1,438.28	-	7.37	7,608.27	634.46	517.91	5.78	1,146.59	6,461.68	5,542.90

**SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010**

(₹ In Millions)

Particulars	As at 31 st March, 2010	As at 31 st March, 2009
SCHEDULE : 06 - INVESTMENTS		
A) Unquoted		
1. 6,540 (Previous Year 6,540) Share of ₹ 25 each of Siddhi Co. Op. Bank Ltd.	0.16	0.16
2. National Saving Certificates	0.01	0.01
3. NIL (Previous Year 1000) Shares of ₹ 10 each of EIL Software Pvt. Ltd.	-	0.01
4. NIL (Previous Year 1000) Shares of ₹ 10 each of EIL Technology Pvt. Ltd.	-	0.01
B) Investment in Subsidiary Companies		
1. 49,21,997 (Previous Year 26,312) Equity Shares of ₹ 10 each of Bhaksarpara Coal Company Ltd.	49.22	0.26
2. 224,400 (Previous Year 49,400) Shares of ₹ 10 each of ET Elec-Trans Ltd.	2.24	0.49
3. 38,00,000 (Previous Year 38,00,000) Shares of RMB 1 each of Jinhua Indus Enterprises Ltd.	20.42	20.42
C) Quoted		
1. 64288.778 (Previous Year 64288.778) Units of ₹ 10 each of PNB Mutual Fund (Market Value of Quoted Investment ₹ 0.71 Millions (Previous Year ₹ 0.29 Millions)	0.64	0.64
Total	72.69	22.00
SCHEDULE : 07 - INVENTORIES		
[As Verified, Valued & Certified by the Management]		
1. Stores, Spares & Fuel	245.88	171.05
2. Raw Materials (Including Goods In Transit of ₹ 59.15 Millions (Previous Year ₹ 596.30 Millions)	3,221.12	2,864.26
3. Work In Process	835.45	981.99
4. Finished Goods	539.00	504.28
Total	4,841.45	4,521.58
SCHEDULE : 08 - SUNDRY DEBTORS (NET)		
[Unsecured Considered Good]		
1. More than Six Months	962.18	509.76
2. Others	2,402.49	1,974.11
Total	3,364.67	2,483.87
SCHEDULE : 09 - CASH & BANK BALANCES		
1. Cash On Hand	1.90	1.64
2. Balance with Scheduled Bank In		
[A] Current Account (Includes Amount of Cheques in Hand of ₹ 2.27 Millions P.Y. ₹ 2.27 Millions)	693.92	71.87
[B] Fixed Deposits (Including Interest Receivable ₹ 14.57 Millions (P.Y. ₹ 30.70 Millions) (Under Pledge / Lien of the Bank)	1,168.39	587.01
[C] Unpaid Dividend	0.60	0.57
Total	1,864.81	661.09

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010

(₹ In Millions)

Particulars	As at 31 st March, 2010	As at 31 st March, 2009
SCHEDULE : 10 - LOANS & ADVANCES [Unsecured Considered Good]		
1. Advances to Subsidiaries (Maximum Outstanding Balance during the Year ₹ 0.21 Millions (P.Y. ₹ Nil)	0.20	-
2. Advances Recoverable in Cash or in Kind for Value to be Received (Net)	373.48	282.16
3. Balance / Receivable - Excise & Other Govt. Agencies	1,589.14	1,081.87
4. Sundry Deposits	255.58	148.21
Total	2,218.40	1,512.24
SCHEDULE : 11 - CURRENT LIABILITIES		
1. Sundry Creditors (Net)	5,336.00	2,873.70
2. Statutory Liabilities	18.10	20.24
3. Unpaid Dividend	0.60	0.57
Total	5,354.70	2,894.51
SCHEDULE : 12 - PROVISIONS		
1. Taxation (Net of Advance Tax of ₹ 95.71 Millions (Previous Year ₹ 68.74 Millions)	40.74	24.31
2. Employee's Unavailed Leave	22.81	13.60
3. Proposed Dividend (Including Dividend Tax)	41.99	41.99
4. Gratuity	9.02	4.02
Total	114.56	83.92
SCHEDULE : 13 - MISCELLANEOUS EXPENDITURES (To the Extent Not Written off or Adjusted)		
1. Preliminary Expenses	17.07	24.25
2. Deferred Revenue Expenditure	216.83	242.77
3. Product Development Cost	152.02	124.34
Total	385.92	391.36

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010

(₹ In Millions)

Particulars	For the Year ended on 31 st March, 2010	For the Year ended on 31 st March, 2009
SCHEDULE : 14 - SALES & OTHER OPERATIONAL INCOME		
1. Gross Sales	20,220.36	17,085.11
2. Electricity Power Generation - Windmill	3.07	2.29
3. Technical Know-How & Service Income	45.60	98.93
Sub Total	20,269.03	17,186.33
Less : Excise Duty	132.82	188.09
Less : Inter Division Sales	108.68	170.48
Total	20,027.53	16,827.76
SCHEDULE : 15 - OTHER INCOME		
1. Interest Income (Gross) [T.D.S ₹ 7.13 Millions (Previous Year ₹ 7.92 Millions)]	75.70	40.35
2. Rent Income (Gross) [T.D.S ₹ 3.14 Millions (Previous Year ₹ 4.88 Millions)]	19.20	19.20
3. Dividend Income (Gross) [T.D.S. ₹ Nil Previous Year ₹ Nil]	0.02	-
4. Miscellaneous Income	45.90	9.81
Total	140.82	69.36
SCHEDULE : 16 - INCREASE/DECREASE IN STOCK		
A Opening Stock		
1. Work in Process	981.99	407.53
2. Finished Goods	504.28	175.46
Sub Total	1,486.27	582.99
B Closing Stock		
1. Work in Process	835.45	981.99
2. Finished Goods	539.00	504.28
Sub Total	1,374.45	1,486.27
(Increase) / Decrease in Stock (B - A)	111.82	(903.28)
SCHEDULE : 17 - MANUFACTURING EXPENSES		
1. Job Charges	567.31	492.85
2. Power & Fuel	1,110.19	965.92
3. Stores Consumption	918.32	638.24
4. Repairs & Maintenance		
[A] Machinery	3.48	3.17
[B] Building	5.87	2.16
[C] Others	26.56	8.30
Total	2,631.73	2,110.64

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010

(₹ In Millions)

Particulars	For the Year ended on 31 st March, 2010	For the Year ended on 31 st March, 2009
SCHEDULE : 18 - EMPLOYEES REMUNERATION		
1. Salary, Wages & Bonus	478.10	357.94
2. Staff & Labour Welfare	11.82	11.66
3. Contribution to Provident Fund & other Funds	28.05	19.91
Total	517.97	389.51
SCHEDULE : 19 - ADMINISTRATIVE, SELLING & GENERAL EXPENSES		
1. Post-Telephone & Fax Expenses	19.37	21.53
2. Printing & Stationery	11.04	8.92
3. Vehicle Expenses	11.12	11.55
4. Conveyance Expenses	4.97	3.72
5. Hire- Lease - Rent Charges	17.26	7.51
6. Security Charges	9.21	7.90
7. Insurance	8.41	9.74
8. Subscription & Membership	2.25	2.66
9. Consultation & Legal Expenses	66.16	63.86
10. Rates & Taxes	7.81	8.81
11. Travelling Expenses	103.11	82.63
12. Sales Commission	92.50	145.05
13. Advertising & Sales - Development Expenses	115.25	102.37
14. Net Freight Outward and Other Expenses	373.76	254.55
15. Donation	0.23	0.66
16. Net Sundry Balances Written Off / (Back)	(63.03)	(0.31)
17. Miscellaneous Expenses	77.76	33.34
18. Preliminary Expenses Written Off	52.30	49.35
19. Net Foreign Exchange Fluctuation	70.88	127.61
20. Net Loss on Sale of Fixed Assets	0.60	0.36
Total	980.96	941.81
SCHEDULE : 20 - FINANCIAL EXPENSES		
1. Interest on Working Capital	548.25	620.98
2. Interest on Term Loan	745.77	550.69
3. Interest to Others	30.04	25.60
4. Bank Charges	377.22	322.01
Sub Total	1,701.28	1,519.28
Less : Interest Capitalized	368.76	368.81
Total	1,332.52	1,150.47

SCHEDULE : 21 - NOTES TO THE ACCOUNTS**1. SIGNIFICANT ACCOUNTING POLICIES:****(A) Basis of Preparation of Accounts**

The financial statements are prepared under the historical cost convention (except for revalued assets which are stated at revalued amount) and in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

(B) Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the results are known/materialized.

(C) 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.

(D) Fixed Assets

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

(E) 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 (S.L.M) except assets at Chattral 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.

(F) 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.

(G) Inventories

Finished goods are valued at cost or estimated net realizable value whichever is lower. Raw-material and stores are valued at cost. Work-in-progress value includes raw-material, labour and appropriate overheads. The Cost is worked out on weighted average basis.

(H) 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.

(I) 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.

(J) 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, 1961, and based on the expected outcome of the assessment/appeals.

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.

(K) Leases

Lease payments for assets taken on operating lease are recognized as an expense in the revenue / profit and loss account over the lease term.

(L) 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.

(M) 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.

(N) 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.

(O) 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 on actuarial valuation method, 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.

(P) Provisions and Contingent Liabilities

- i. 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.
- ii. Contingent Liabilities are disclosed after a careful evaluation of facts and legal aspects of the matter involved.
- iii. Provisions and Contingent Liabilities are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

(Q) 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".



2.1 AS PER ACCOUNTING STANDARD 15 “EMPLOYEE BENEFIT”, THE DISCLOSURES AS DEFINED IN THE ACCOUNTING STANDARD ARE GIVEN BELOW:

A) Defined Contribution Plans

(₹ In Millions)

Particulars	Current Year	Previous Year
Employer's Contribution to Provident Fund	18.40	12.98
Employer's Contribution to Pension Scheme	9.64	6.93

B) Defined Benefit Plans

(₹ In Millions)

Particulars	Current Year		
	Gratuity Unfunded	Gratuity Funded	Leave Encashment Unfunded
a) Liability recognised in the Balance Sheet			
i) Present Value of obligation at the beginning of the Period	4.02	24.11	11.89
Current Service Cost	2.64	3.87	2.65
Interest Cost	0.32	1.93	0.95
Actuarial (Gain) / Loss	(0.56)	(12.97)	10.93
Benefit Paid	-	(0.04)	(3.61)
Present Value of obligation as at year end	6.42	16.90	22.81
Less :			
ii) Expected return on Plan Assets	-	0.27	-
Actuarial Gain / (Loss)	-	0.07	-
Employers' Contribution	-	6.72	3.61
Benefit Paid	-	(0.04)	(3.61)
Fair Value of Plan Assets as at year end	-	14.30	-
Amount recognised in the Balance Sheet	(6.42)	(2.60)	(22.81)
b) Expenses during the year			
Service Cost	2.64	3.87	2.65
Interest Cost	0.32	1.93	0.95
Expected return on Plan assets	-	(0.27)	-
Actuarial (Gain)/Loss	(0.56)	(13.03)	10.93
Total	2.40	(7.50)	14.53
c) Actual Return on plan assets	-	6.80	-
d) Break up of Plan Assets as a percentage of total Plan Assets (Percentage or Value)			
Insurer managed Funds	Nil	100%	Nil
e) Principal actuarial assumptions			
Rate of Discounting	8%	8%	8%
Expected return on Plan Assets	8%	8%	8%
Rate of increase in Salaries	6%	5%	6%
Attrition Rate	1%	8%	1%

(In absence of data of earlier year, Previous Year figure are not stated)



2.2 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
A	Saleable					
1	Electronic Furnaces and other capital equipments	Sets	350	282	350	348
2	Wind Power generation	KW Million KWH	500 0.80	0.557	500 0.80	0.477
3	Battery Operated Vehicles	Nos	150000	8021	150000	15568
4	Ferrous and Non-Ferrous Billets /Bars/Ingots *	MT	314000	282376	314000	228056
5	Duct Iron Pipes	MT	150000	63635	48000	47031
6	Sponge & Pig Iron #	MT	286000	11414	160000	1382
B	Captive					
1	Sponge & Pig Iron #	MT	286000	220330	160000	127721
2	Oxygen / Nitrogen Gas	M. Cum	5940000	3038530	5940000	1227834
3	Thermal Power generation	MW Million KWH	30 192	130.54	30 192	119.47

Total Installed Capacity is of 2,86,000 MT (P.Y. 1,60,000 MT)

* Actual Production is excluding captive consumption

B. Opening and Closing Stock of Finished Goods

(Values ₹ In Millions)

Sr. No.	Particulars	Units	Opening Stock				Closing Stock			
			Current Year		Previous Year		Current Year		Previous Year	
			Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
(a)	Ferrous and Non-Ferrous Billets /Bars/Ingots	MT	3289	141.11	741	76.97	3550	123.77	3289	141.11
(b)	Duct Iron Pipes	MT	6862	356.82	2255	70.24	8667	411.68	6862	356.82
(c)	Battery Operated Vehicles (with spares in value)	Nos.	287	6.35	1108	28.25	156	3.55	287	6.35
	TOTAL			504.28		175.46		539.00		504.28



C. Gross Sales and Other Operational Income

Particulars	Unit	Current Year		Previous Year	
		Qty.	₹ Millions	Qty.	₹ Millions
Electronic Furnaces & Other Capital Equipment	No.	282	1581.60	348	2811.91
Ferrous and Non-Ferrous Billets /Bars/Ingots*	MT	282115	9211.55	225508	9765.60
Duct Iron Pipes	MT	61830	2954.11	42424	1784.09
S.S. Flats / S.S. Billets and Others	MT	78285	5389.41	20680	1349.49
Battery Operated Vehicles (with spares in value)#	No.	8152	256.81	16389	468.09
Electricity Power Generation	Million/KW	0.557	3.07	0.477	2.29
Sponge & Pig Iron	MT	11414	177.52	1382	49.88
Spares / Up Gradation Income & Misc. Sale			407.86		497.48
Technical Fees & Service income			45.60		98.93
Net Sales & Other Operational Income			20027.53		16827.76
Excise Duty – Engineering Division			132.82		188.09
Inter Division			108.68		170.48
Gross Sales & Other Operational Income			20,269.03		17186.33

#Includes Excise Duty, Sales tax collected under Excise Duty and Sales Tax Exemption Schemes for Kutch Unit (Gujarat).

*Includes Captive consumption towards fixed assets of ₹ 123.40 Millions (Previous Year ₹ 86.07 Millions).

D. Details of Raw Material Consumed / Material Cost

Particulars	Unit	Current Year		Previous Year	
		Qty.	₹ Millions	Qty.	₹ Millions
M.S. Scrap/S.S. Scrap	MT	158152	2959.61	113890	3298.00
S.S. Flats / S.S. Billets	MT	78285	4209.14	20680	1254.67
Other Materials*			5871.06		7343.49
TOTAL			13039.81		11896.16

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

E. Value of Imports Calculated on CIF Basis

Particulars	Current Year ₹ Millions	Previous Year ₹ Millions
Raw Materials	2454.79	2496.25
Stores	103.96	42.09
Capital Goods	357.19	489.01
Total	2915.94	3027.35

F. Value of Raw Material Cost and Stores & Spares Consumed

Particulars	Current Year		Previous Year	
	₹ Millions	%	₹ Millions	%
Raw Materials				
(i) Imported	2,116.55	16.23	1,756.66	14.77
(ii) Indigenous	10,923.26	83.77	10,139.50	85.23
Total	13,039.81	100.00	11,896.16	100.00
Stores & Spares				
(i) Imported	118.99	12.96	41.33	6.48
(ii) Indigenous	799.33	87.04	596.91	93.52
Total	918.32	100.00	638.24	100.00

**G. Director's Remuneration**

Particulars	Current Year ₹ Millions	Previous Year ₹ Millions
Salary	13.55	6.12
Contribution to Provident & other funds	1.63	0.73
Other Allowances	8.19	6.12
Commission	17.20	0.00
Total	40.57	12.97

Computation of Net Profit in accordance with section 198 of the Companies Act, 1956.

Particulars	Current Year ₹ Millions	Previous Year ₹ Millions
Profit Before Tax	802.87	772.76
Add: Directors' Remuneration	40.57	12.97
Add: Depreciation as per accounts	723.76	517.91
Add: Loss on Sale of Assets	0.60	0.36
Less: Depreciation under section 350	723.76	517.91
Sub Total : Net profit under section 349 & 350	844.04	786.09
10% thereof, amount eligible for Directors Remuneration	84.40	78.61
Total Remuneration paid to Directors' (including commission)	40.57	12.97

H. Statutory Auditor's Remuneration

Particulars	Current Year ₹ Millions	Previous Year ₹ Millions
Audit Fees	1.50	0.83
Tax Audit Fees	0.30	0.06
Other Matters	0.04	0.17
Total	1.84	1.06

I. Total Foreign Exchange Earning & Outgo

- (a) Earning in Foreign Exchange for Export of Goods & Services ₹ 534.53 Millions (₹ 2337.02 Millions in Previous Year)
 - (b) Expenditures in Foreign Currency for Import of Materials, Traveling & Others ₹ 3204.65 Millions (₹ 2656.20 Millions in Previous Year).
- 3 (a) 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.
 - (b) The account of debtors, creditors and loans & advances are subject to confirmation / reconciliation and the amounts of Sundry Debtors, Creditors and Advances 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. Company is 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 The Institute of Chartered Accountants of India. By exercising the option related to amortization of foreign exchange fluctuation differences as per the notification dated March 31, 2009 issued by the Ministry of Corporate Affairs 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 above ₹ 145.25 Millions has been reduced from the cost of fixed assets and ₹ 0.90 Millions of depreciation thereon.
 5. Miscellaneous expenditure includes total Research and Development expenses of ₹ 152.02 Millions (Previous Year ₹ 124.34 Millions) incurred on development of Hybrid Bus/T-Cab/project, which is still in progress and said 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.

PRIMARY SEGMENT INFORMATION

(₹ In Millions)

Particulars	Current Year	Previous Year
SEGMENT REVENUE		
Engineering & Projects Division	2,130.82	3,578.15
Special Steel Division	17,748.35	12,951.29
Electric Vehicle Division	257.04	468.80
Total Sales	20,136.21	16,998.24
Less : Inter segment Revenue	108.68	170.48
Net Sales	20,027.53	16,827.76
SEGMENT PROFIT BEFORE TAX AND INTEREST		
Engineering & Projects Division	218.67	545.84
Special Steel Division	1,992.30	1,367.30
Electric Vehicle Division	(75.58)	10.09
Profit Before Interest, Tax & Prior Period Adjustment	2,135.39	1,923.23
Less: Financial Expenses	1,332.52	1,150.47
Less : Provision for Tax (Including Deferred Tax)	256.84	265.61
Net Profit After Tax	546.03	507.15
OTHER INFORMATION		
Segment Assets		
Engineering & Projects Division	2,348.06	1,830.74
Special Steel Division	24,780.61	17,224.23
Electric Vehicle Division	967.56	1,117.71
Total Segment Assets	28,096.23	20,172.68
Segment Liabilities		
Engineering & Projects Division	771.36	669.04
Special Steel Division	19,369.57	14,059.23
Electric Vehicle Division	307.21	414.31
Un-allocable Liabilities & Provisions	178.43	129.53
Total Segment Liabilities	20,626.57	15,272.11
Segment Depreciation		
Engineering & Projects Division	30.02	20.52
Special Steel Division	680.63	486.47
Electric Vehicle Division	13.11	10.92
Total Depreciation	723.76	517.91
Other Non Cash Expense		
Engineering & Projects Division	5.09	12.98
Special Steel Division	47.20	36.37
Electric Vehicle Division	20.52	20.20
Total	72.81	69.55
Segment Capital Expenditure		
Engineering & Projects Division	155.48	101.90
Special Steel Division	2876.62	4,400.67
Electric Vehicle Division	4.85	91.24
Total Capital Expenditure	3036.95	4,593.81

**(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.

(₹ In Millions)

Particulars	Current Year	Previous Year
India	19,493.00	14,490.74
Overseas	534.53	2,337.02
Total	20,027.53	16,827.76

7. RELATED PARTY (AS IDENTIFIED BY THE COMPANY) DICLOUSURES UNDER ACCOUNTING STANDARD 18**A. List of Related Parties****(I) Subsidiary Companies**

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

(II) Associates

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

(III) 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)

**(IV) Relatives of Key Management Personnel**

(With whom Transaction has taken Place during the year)

1. Mrs. Indubala Bhandari
2. Mrs. Jyoti Bhandari
3. Mrs. Siddhi Bhandari

B. Transaction with Related Parties

(₹ In Millions)

Sr. No.	Nature of Relationship	Subsidiary	Associates	Key Management Personnel	Relatives of Key Management Personnel
1	Purchase of Raw Materials	150.88 (204.36)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
2	Sale of Goods	0.15 (0.00)	2.01 (18.87)	0.00 (0.00)	0.00 (0.00)
3	Purchase of Fixed Assets	0.00 (7.42)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
4	Loans Received	6.49 (0.00)	0.00 (42.48)	0.00 (0.00)	0.00 (0.00)
5	Loans Payments	6.70 (0.00)	18.17 (25.60)	0.00 (2.00)	0.00 (0.00)
6	Rent Paid	0.00 (0.00)	0.00 (0.00)	0.17 (0.10)	0.45 (0.39)
7	Directors Remuneration (Please refer note No.2(g) of notes to accounts)	0.00 (0.00)	0.00 (0.00)	40.57 (12.97)	0.00 (0.00)
8	Remuneration to others	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.16 (0.28)
9	Credit Balance Outstanding at year end	0.00 (0.00)	22.82 (22.82)	0.15 (1.15)	0.40 (0.40)
10	Debit Balance Outstanding at year end	27.02 (0.00)	55.45 (35.27)	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 ₹ 388.66 Millions (Previous year: ₹ 468.79 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 ₹ 120.39 Millions (₹ 172.56 Millions) has been provided.

10. Contingent Liabilities

The Company is liable for following contingent liabilities:-

- (i) Disputed Statutory Claims/Levies for which the company has preferred appeal in respect of Income Tax liability (excluding interest leviable, if any) of ₹ 1.42 Millions (Previous Year ₹ 1.42 Millions).
- (ii) Guarantees / Counter Guarantees (including un-utilized Letters of Credit) issued ₹ 362.49 Millions (₹ 297.29 Millions in Previous year).
- (iii) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 58.73 Millions (P.Y. ₹ 100.13 Millions).
- (iv) The company is contingently liable for the pending disputed labour and other matters, amount is ₹ 2.28 Millions (P.Y. ₹ 7.76 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 ₹ 299.57 Millions as at March 31, 2010 (Previous Year ₹ 374.65 Millions). Against these, exports amounting to ₹ 2396.56 Millions (Previous Year ₹ 2997.21 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 st March 2010	Year ended 31 st March 2009
Profit attributable to the Equity Shareholder (After prior period expenses) ₹ Millions	529.55	514.03
Closing number of Equity Shares outstanding during the year	1,14,76,374	1,14,76,374
Basic/ Weighted average number of Equity Shares outstanding during the year	1,14,76,374	1,12,48,977
Nominal value of Equity Share (₹)	10.00	10.00
Basic Earning per Share (₹)	46.14	45.70
Diluted Earning per Share (₹)	46.14	45.70

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 (the "Scheme") envisaging the utilization of share premium account against the expenses as provided in the scheme and transfer to a Business Development Reserve Account and also provide for recording of immovable assets at their respective fair value, between the Company and its equity shareholders under section 391 and section 78 read with section 100, 102 and 103 of the Companies Act, 1956. The said Scheme was approved by the Board of Directors vide its resolution dated April 13, 2009, by the shareholders in their Court convened meeting held on June 16, 2009 and by the Hon'ble High Court of Gujarat vide its order dated November 30, 2009. The Company has filed the Order with the Registrar of Companies, Gujarat on December 21, 2009. The financial statements of the Company are based on the Scheme of Arrangement approved by the Hon'ble Gujarat High Court and its effects on the financial accounts are as under:-
- Immovable assets of the Company, namely Land and Building, on the basis of Revaluation report of the Government approved competent Valuer appointed by the Company have been recorded at their respective fair values and resulting increase over Book Value of ₹ 2481.95 Millions, has been transferred to General Reserve Account.
 - ₹ 500 Millions has been transferred from Share Premium Account to Business Development Reserve (BDR) Account and entire BDR Account has been utilized for writing off obsolete or unrealizable assets, unrealizable loans and/or advances etc.
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.

As per our even report attached

For Mehta Lodha & Co.

Chartered Accountants

Prakash D. Shah

Partner

Place : Ahmedabad

Date : 30th May, 2010

Ashwin Patel

Company Secretary

For and on behalf of Board of Directors

Shailesh Bhandari

Managing Director

Avinash Bhandari

Joint Managing Director & CEO

Narendra Dalal

Whole Time Director

ADDITIONAL INFORMATION PURSUANT TO THE PROVISION OF PART-IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
I Registration Details

Registration No. : 9126

State Code : 04

Balance Sheet : 31st March, 2010

(Amount in ₹ 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	Nil

III Position of Mobilisation and Deployment of Funds

Total Liabilities	23,012,889
Total Assets	23,012,889

Sources of Funds

Paid-Up Capital	234,764
Secured Loans	12,267,610
Reserves & Surplus	6,806,320
Deferred Tax Liability	814,497
Unsecured Loans	2,889,698

Application of Funds

Net Fixed Assets (Including Capital Work in Progress)	15,734,210
Investments	72,685
Net Current Assets	6,820,073
Misc. Expenditures	385,921

IV Performance of Company

Turnover and Other Income	20,168,346
Total Expenditure	19,373,538
Profit Before Tax	794,808
Profit After Tax	537,973
Basic Earning Per Share (In ₹)	46.14
Dividend on Equity Shares	25.00%

V Generic Names of Three Principal Products / Services of Company

<u>Item Code (ITC Code)</u>	<u>Product Description</u>
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 & CEO

Place : Ahmedabad

 Date : 30th May, 2010

Ashwin Patel
 Company Secretary

Narendra Dalal Whole Time Director



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

Sr. No.	Particulars	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	31.12.2009	31.12.2009	31.03.2010	31.03.2010
3	Extent of Holding	100%	100%	52.63%	56.10%
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 (₹ In Millions)	1.01	0.69	(0.47)	(0.07)
(b)	Not dealt with or provided for in the account of the Holding Company (₹ In Millions)	Nil	Nil	Nil	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 (₹ In Millions)	(1.75)	2.59	0.00	0.00
(b)	Not dealt with or provided for in the account of the Holding Company (₹ In Millions)	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 2009-2010

Sr. No.	Particulars	Name of Subsidiary Company	
		Jinhua Indus Enterprises Ltd.	Jinhua Jahari Enterprises Ltd.
1	Change in the interest between 31.12.2009 to 31.03.2010	Nil	Nil
2	Material changes between 31.12.2009 to 31.03.2010 in respect of – (₹ In Millions)		
	(i) Fixed Assets	1.97	0.03
	(ii) Investments	2.03	0.00
	(iii) Moneys lent	0.00	0.00
	(iv) Moneys borrowed	0.00	0.00

For and on behalf of Board of Directors

Shailesh Bhandari Managing Director
Avinash Bhandari Joint Managing Director & CEO
Narendra Dalal Whole Time Director

Place : Ahmedabad
Date : 30th May, 2010

Ashwin Patel
Company Secretary

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 :

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

Particulars	Page No.
Subsidiary's Financial Statements	
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BALANCE SHEET AS AT 31ST DECEMBER, 2009

(₹ In Millions)

Particulars	Schedule No.	As at 31/12/2009	As at 31/12/2008
SOURCES OF FUNDS			
Shareholders' Funds			
1 Share Capital	1	20.56	20.56
2 Reserves & Surplus	2	0.54	-
Loan Funds			
1 Unsecured Loans	3	21.86	19.05
Total		42.96	39.61
APPLICATION OF FUNDS			
Fixed Assets			
1 Gross Block	4	21.09	21.09
2 Less: Depreciation		3.18	1.78
3 Net Block		17.91	19.31
Investments	5	5.41	5.41
Current Assets, Loans & Advances			
1 Inventories	6	11.69	2.09
2 Sundry Debtors		5.05	-
3 Cash & Bank Balances	7	0.34	0.05
4 Loans & Advances	8	10.28	11.52
		27.36	13.66
Less: Current Liabilities & Provisions			
1 Current Liabilities	9	7.72	0.45
		7.72	0.45
Net Current Assets		19.64	13.21
Miscellaneous Expenditure	10	-	1.69
(To the extent not written off or adjusted)			
Total		42.96	39.61

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST DECEMBER, 2009

(₹ In Millions)

Particulars	Schedule No.	For the year ended on 31/12/2009	For the year ended on 31/12/2008
INCOME			
Sales & Other Operational Income	11	34.76	31.61
Other Income	12	0.43	0.35
		35.18	31.96
EXPENDITURE			
Material Cost		25.01	19.48
Manufacturing Expenses	13	0.23	0.41
Employees Remuneration	14	4.33	3.36
Administrative, Selling & General Expenses	15	1.98	1.47
Financial Expenses	16	0.01	0.01
		31.57	24.73
Profit Before Depreciation & Tax		3.62	7.23
Depreciation		1.39	1.36
Profit Before Taxation		2.23	5.87
Provision for Taxation		-	-
Profit after Tax		2.23	5.87
Balance Brought Forward		(1.69)	(7.55)
Balance carried to Balance Sheet		0.54	(1.69)

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

(₹ In Millions)

Particulars	As at 31/12/2009	As at 31/12/2008
SCHEDULE : 1 - SHARE CAPITAL		
Authorised Share Capital		
38,00,000 Equity Shares of RMB 1.00/- each	20.56	20.56
	20.56	20.56
Issued, Subscribed & Paid-up Share Capital		
Equity Shares		
38,00,000 (Previous Year 38,00,000) Equity Shares of RMB 1.00/- each	20.56	20.56
	20.56	20.56
SCHEDULE : 2 - RESERVES & SURPLUS		
Profit & Loss Account	0.54	-
	0.54	-
SCHEDULE : 3 - UNSECURED LOANS		
Customers, Staff & Others	21.86	19.05
	21.86	19.05

SCHEDULE : 04 - 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 31/12/09	As at 31/12/08
Plant and Machinery	19.19	0.00	-	19.19	1.60	1.24	-	2.84	16.35	17.59
Furniture & Fixture	0.97	0.00	-	0.97	0.03	0.04	-	0.07	0.90	0.94
Vehicles	0.93	-	-	0.93	0.16	0.11	-	0.27	0.66	0.77
Total	21.09	0.00	-	21.09	1.79	1.39	-	3.18	17.91	19.30
Previous Year	20.37	0.72	-	21.09	0.42	1.36	-	1.79	19.30	19.95

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

(₹ In Millions)

Particulars	As at 31/12/2009	As at 31/12/2008
SCHEDULE : 5 - INVESTMENTS		
Unquoted		
Investment in Subsidiary Company		
10,00,000 (Previous Year 10,00,000) Shares of RMB 1.00 each of Jinhua Jahari Enterprises Limited	5.41	5.41
	5.41	5.41
SCHEDULE : 6 - INVENTORIES		
Raw Materials	11.69	2.09
	11.69	2.09
SCHEDULE : 7 - CASH & BANK BALANCES		
1 Cash on Hand	0.01	0.05
2 Bank Balance	0.33	-
	0.34	0.05
SCHEDULE : 8 - LOANS & ADVANCES		
[Unsecured Considered Good]		
1 Advances Recoverable in Cash or in Kind for Value to be Received	10.17	11.41
2 Sundry Deposits	0.11	0.12
	10.28	11.52
SCHEDULE : 9 - CURRENT LIABILITIES		
1 Sundry Creditors	7.72	0.45
	7.72	0.45
SCHEDULE : 10 - MISC. EXPENDITURE (TO THE EXTENT NOT W/OFF)		
Debit Balance of Profit & Loss Account	-	1.69
	-	1.69

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

(₹ In Millions)

Particulars	For the year ended on 31/12/2009	For the year ended on 31/12/2008
SCHEDULE : 11 - SALES & OTHER OPERATIONAL INCOME		
Gross Sales	34.76	31.61
	34.76	31.61
SCHEDULE : 12 - OTHER INCOME		
1 Interest Income (Gross)	0.00	0.10
2 Net Foreign Exchange Fluctuation	0.36	-
3 Miscellaneous Income	0.06	0.25
	0.43	0.35
SCHEDULE : 13 - MANUFACTURING EXPENSES		
1 Inspection Charges	0.03	-
2 Power & Fuel	0.01	0.06
3 Stores Consumption	0.12	0.20
4 Repairs & Maintenance	0.08	0.16
	0.23	0.41
SCHEDULE : 14 - EMPLOYEES REMUNERATION		
1 Salary, Wages & Bonus	3.83	3.36
2 Staff & Labour Welfare	0.50	-
	4.33	3.36
SCHEDULE : 15 - ADMINISTRATIVE, SELLING & GENERAL EXPENSES		
1 Post-Telephone & Fax Expenses	0.25	0.36
2 Printing & Stationery	0.04	0.02
3 Conveyance Expenses	0.37	0.23
4 Hire-Lease-Rent Charges	0.07	0.05
5 Insurance Premium	0.47	0.33
6 Consultation & Legal Expenses	0.02	0.03
7 Rates & Taxes	0.00	-
8 Travelling Expenses	0.09	0.31
9 Advertising & Sales Development Expenses	0.07	0.03
10 Freight Outward And Other Expenses	0.01	0.07
11 Miscellaneous Expenses	0.59	0.04
	1.98	1.47
SCHEDULE : 16 - FINANCIAL EXPENSES		
Bank Charges	0.01	0.01
	0.01	0.01

BALANCE SHEET AS AT 31ST DECEMBER, 2009

(₹ In Millions)

Particulars	Schedule No.	As at 31/12/2009	As at 31/12/2008
SOURCES OF FUNDS			
Shareholders' Funds			
1 Share Capital	1	5.41	5.41
2 Reserves & Surplus	2	6.32	3.01
Loan Funds			
1 Unsecured Loans	3	2.63	2.29
Total		14.36	10.71
APPLICATION OF FUNDS			
Fixed Assets			
1 Gross Block	4	0.57	0.57
2 Less: Depreciation		0.08	0.04
3 Net Block		0.49	0.53
Current Assets, Loans & Advances			
1 Inventories	5	0.10	0.73
2 Sundry Debtors		-	0.54
3 Cash & Bank Balances	6	1.31	1.93
4 Loans & Advances	7	14.24	22.08
		15.65	25.28
Less: Current Liabilities & Provisions			
1 Current Liabilities	8	1.78	15.10
		1.78	15.10
Net Current Assets		13.87	10.18
Total		14.36	10.71


PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST DECEMBER, 2009

(₹ In Millions)

Particulars	Schedule No.	For the year ended on 31/12/2009	For the year ended on 31/12/2008
INCOME			
Sales & Other Operational Income	9	113.50	179.42
Other Income	10	2.92	0.05
		116.42	179.47
EXPENDITURE			
Material Cost		109.85	183.06
Manufacturing Expenses	11	0.08	0.12
Employees Remuneration	12	1.33	1.44
Administrative, Selling & General Expenses	13	1.80	2.13
Financial Expenses	14	0.02	0.03
		113.07	186.78
Profit Before Depreciation & Tax		3.35	(7.31)
Depreciation		0.04	0.03
Profit Before Taxation		3.31	(7.35)
Provision for Taxation		-	-
Profit after Tax		3.31	(7.35)
Balance Brought Forward		3.01	10.36
Balance carried to Balance Sheet		6.32	3.01

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

(₹ In Millions)

Particulars	As at 31/12/2009	As at 31/12/2008								
SCHEDULE : 1 - SHARE CAPITAL										
Authorised Share Capital										
20,00,000 Equity Shares of RMB 1.00/- each	10.82	10.82								
	10.82	10.82								
Issued, Subscribed & Paid-up Share Capital										
Equity Shares										
10,00,000 (Previous Year 10,00,000) Equity Shares of RMB 1.00/- each	5.41	5.41								
	5.41	5.41								
SCHEDULE : 2 - RESERVES & SURPLUS										
Profit & Loss Account	6.32	3.01								
	6.32	3.01								
SCHEDULE : 3 - UNSECURED LOANS										
Customers, Staff & Others	2.63	2.29								
	2.63	2.29								
SCHEDULE : 04 - 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 31/12/09	As at 31/12/08
Plant & Machinery	0.57	-	-	0.57	0.04	0.04	-	0.08	0.49	0.53
Total	0.57	-	-	0.57	0.04	0.04	-	0.08	0.49	0.53
Previous Year	0.34	0.23	-	0.57	0.01	0.03	-	0.04	0.53	0.33
SCHEDULE : 5 - INVENTORIES										
Raw Materials								0.10		0.73
								0.10		0.73
SCHEDULE : 6 - CASH & BANK BALANCES										
1 Cash on Hand								0.04		0.07
2 Bank Balance								1.27		1.86
								1.31		1.93
SCHEDULE : 7 - LOANS & ADVANCES										
[Unsecured Considered Good]										
1 Advances Recoverable in Cash or in Kind for Value to be Received								14.19		22.08
2 Sundry Deposits								0.05		-
								14.24		22.08
Schedule : 8 - Current Liabilities										
1 Sundry Creditors								1.78		15.10
								1.78		15.10

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

(₹ In Millions)

Particulars	For the year ended on 31/12/2009	For the year ended on 31/12/2008
SCHEDULE : 9 - SALES & OTHER OPERATIONAL INCOME		
Gross Sales	113.50	179.42
	113.50	179.42
SCHEDULE : 10 - OTHER INCOME		
1 Interest Income (Gross)	0.01	0.05
2 Net Foreign Exchange Fluctuation	2.91	-
	2.92	0.05
SCHEDULE : 11 - MANUFACTURING EXPENSES		
1 Inspection Charges	0.00	-
2 Power & Fuel	0.01	0.01
3 Repairs & Maintenance	0.06	0.12
	0.08	0.13
SCHEDULE : 12 - EMPLOYEES REMUNERATION		
1 Salary, Wages & Bonus	1.09	1.44
2 Staff & Labour Welfare	0.24	-
	1.33	1.44
SCHEDULE : 13 - ADMINISTRATIVE, SELLING & GENERAL EXPENSES		
1 Post-Telephone & Fax Expenses	0.17	0.32
2 Printing & Stationery	0.00	0.02
3 Conveyance Expenses	0.31	0.12
4 Hire-Lease-Rent Charges	0.02	-
5 Insurance Premium	0.31	0.38
6 Consultation & Legal Expenses	0.06	0.01
7 Travelling Expenses	0.17	0.30
8 Advertising & Sales Development Expenses	0.38	0.40
9 Freight Outward And Other Expenses	0.01	0.40
10 Miscellaneous Expenses	0.37	0.19
	1.80	2.14
SCHEDULE : 14 - FINANCIAL EXPENSES		
Bank Charges	0.02	0.03
	0.02	0.03

DIRECTORS' REPORT

To,
The Members
ET ELEC-TRANS LIMITED

Your Directors have pleasure in presenting the **2nd Annual Report** on the business and operations of the Company together with Audited Accounts for the year ended on **31st March, 2010**.

1. Financial Performance

(Amount In ₹)

Particulars	2009-2010	2008-2009
Sales and Other Income	13,737	Nil
Profit / (Loss) Before Interest, Deprecation & Tax	(80,841)	(2,500)
Profit / (Loss) Before Deprecation & Tax	(82,378)	(2,715)
Profit / (Loss) Before Tax	(1,08,234)	(2,715)
Deferred Tax Assets / (Liability)	23,837	Nil
Net Profit / (Loss)	(1,32,071)	(2,715)

2. Dividend

Due to the loss incurred by the Company, your Directors express their inability to recommend any dividend for the year under review.

3. Operations

The Company has started the pre operation activity for the business of the Company and your directors expects that the project of the Company will be started in the coming year.

4. Directors

Pursuant to section 256(1) of the Companies Act, 1956 and Article 154 of the Articles of Association of the Company, Mr. Siddharth Bhandari, Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

5. Auditors

Pursuant to section 224(1) of the Companies Act, 1956 and Article 209 of the Articles of Association of the Company M/s. Ashok Bhaogilal & Co., Chartered Accountants, Ahmedabad, Statutory 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 section 224(1B) 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. Auditors Report

There are no qualifications or adverse remarks in the Auditors' Report which require any clarification / explanation. The Notes to Accounts forming part of the financial statements are self explanatory and needs no further explanation.

7. Deposits

The Company has neither accepted nor invited any deposits during the year from public, within the meaning of section 58A and section 58AA of the Companies Act, 1956.

8. Particulars of Employees

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

9. Compliance Certificate

Compliance Certificate of M/s. Jignesh A. Maniar & Associates, Company Secretaries, Ahmedabad as required under the provisions of sub-section (1) of section 383A of the Companies Act, 1956 is annexed herewith.

10. Director's Responsibility Statement

Pursuant to section 217(2AA) of the Companies Act, 1956 as inserted by the Companies (Amendment) Act, 2000, the Board of Directors of the Company hereby confirms that :

1. In the preparation of the annual accounts for the year ended on 31st March, 2010, the applicable accounting standards have been followed by the company along with proper explanation relating to material departures, if any;
2. The Directors had selected such accounting policies and applied them consistently and have made judgment 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 and of the loss of the Company for that period;
3. The Director had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
4. The Annual Accounts have been prepared on a going concern basis.

11. Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo

Information required under section 217(1)(e) 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 |

12. Appreciation and Acknowledgement

The Board of Directors are pleased to place on record their appreciation for the continued guidance and support provided by Customers, Banks, Government Authorities, Auditors and Shareholders during the year under review. The Board also would particularly like to express great appreciation for the understanding and support extended by the employees.

By order of the Board of Directors

Place : Ahmedabad
Date : 2nd August, 2010

Avinash Bhandari
Director



CIN : U34102GJ2008PLC055557

Authorised Share Capital : Rs. 1,00,00,000/-

COMPLIANCE CERTIFICATE

To
The Members
ET Elec-Trans Limited
A-1, Skylark Apartment,
Satellite Road, Satellite,
Ahmedabad – 380 015

We have examined the registers, records, books and papers of **ET ELEC-TRANS LIMITED** (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the Rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2010** (financial year). In our opinion and to the best of our information and according to the examination carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Gujarat. The Company was not required to file any forms and returns to Regional Director, Company Law Board, Central Government or such other authorities as may be prescribed under the various provisions of the Act and rules made thereunder during the financial year.
3. The Company being a Public Limited Company, comments are not required.
4. The Board of Directors duly met 7 (Seven) times on 14th April 2009, 10th July 2009, 15th July 2009, 27th July 2009, 10th September 2009, 2nd January 2010 and 30th January 2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the minutes Book maintained for the purpose. The Company did not pass any circular resolution during the financial year.
5. The Company has not closed its Register of Members and Share Transfer Books during the year under review.
6. The Annual General Meeting for the financial year ended on 31st March, 2009 was held on 30th September, 2009 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. One Extra-Ordinary General Meeting was held on 31st August, 2009 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
8. The Company has not advanced any loans to its directors and / or persons or firms or companies referred in section 295 of the Act.
9. The Company has not entered into any contracts to which the provisions of section 297 of the Act applies.
10. The Company has made necessary entries in the register maintained under section 301 of the Act for disclosure of interest by the Directors under section 299 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The Board of Directors of the Company has approved the issue of duplicate share certificate for 1,75,000 Equity Shares during the financial year.
13. (i) The Company has delivered all the share certificates on allotment of shares in accordance with the provisions of the Act. There was no transfer / transmission of securities during the financial year.
(ii) The Company has not declared any dividend during the financial year under review.
(iii) The Company was not required to post warrants for dividends to any members of the Company, as no dividend was declared during the financial year.
(iv) The Company was not required to transfer to Investor Education and Protection Fund, the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon, as there was no amount which had remained unclaimed or unpaid for a period of seven years.
(v) The Company has duly complied with the requirements of section 217 of the Act.

14. The Board of Directors of the Company is duly constituted and appointment of directors, additional directors or alternate directors to fill causal vacancies have been duly made.
15. The appointment of Managing Director has been made in compliance with the provisions of section 269 read with Schedule XIII to the Act. The Company has not appointed any Whole Time-Director/ Manager during the financial year.
16. The Company has not appointed any sole-selling agent during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has issued / allotted 3,50,000 Equity Shares during the financial year and complied with the provisions of the Act.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any preference shares/debentures; therefore question of redemption does not arise.
22. There were no transactions necessitating the company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited or accepted any deposit from public falling within the purview of section 58A and 58AA of the Companies Act, 1956, read with Companies (Acceptance of Deposit) Rules, 1975.
24. The amount borrowed by the Company from directors, members, public, financial institutions, banks and others during the financial year is within the borrowing limits of company and the necessary resolution as per section 293(1)(d) of the Act have been passed in duly convened Extra Ordinary General Meeting.
25. The Company has not made any loans and Investments in securities or given guarantees or provided securities to other bodies corporate during the financial year.
26. The Company has not altered the provisions of the memorandum with respect to situation of the company's registered office from the one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
30. The Company has not altered its articles of association during the year under scrutiny.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money from its employees as security deposit pursuant to section 417(1) of the Act during the financial year.
33. The Company has not constituted any trust for its employees and hence provisions of section 418 of the Act are not applicable.

For Jignesh A. Maniar & Associates
Company Secretaries

Place : Ahmedabad
Date : 2nd August, 2010

Jignesh A. Maniar
Proprietor
C.P.No. : 6996



Annexure A
Registers as maintained by the Company

1. Register of Members u/s 150 of the Act
2. Register of Directors etc. u/s 303 of the Act
3. Register of Director Shareholding u/s 307 of the Act
4. Register of Disclosure of Interest u/s 301(3) of the Act
5. Register of Issue of Duplicate Shares
6. Minutes Book of the Board Meeting u/s 193(1) of the Act
7. Minutes Book of the General Meeting u/s 193(1) of the Companies Act, 1956
8. Attendance Register of Directors
9. Attendance Register of Members at General Meeting of the Company

Annexure B

Forms and Returns as filed by the Company with Registrar of Companies, Gujarat / Ministry of Corporate Affairs during the financial year ended on 31st March, 2010.

Sr. No.	Forms	Filed Under Section	Purpose
1	32	260	Appointment of Additional Directors dated 15/07/2009 filed vide Challan No. A65627283 dated 21/07/2009
2	32	260	Appointment of Additional Director dated 27/07/2009 filed vide Challan No. A66892357 dated 10/08/2009
3	25C	269	Appointment of Managing Director dated 31/08/2009 filed vide Challan No. A68401298 dated 01/09/2009
4	23	192	Registration of Resolutions passed on 31/08/2009 filed vide Challan No. A68400357 dated 01/09/2009
5	2	75	Return of Allotment for 3,50,000 Equity Shares dated 10/09/2009 filed vide Challan No. A70022587 dated 29/09/2009
6	32	260	Appointment of Directors dated 30/09/2009 filed vide Challan No. A70963871 dated 15/10/2009
7	23AC & 23ACA	220	Annual Accounts for the year ended 31/03/2009 filed vide Challan No. P35900851 dated 12/10/2009
8	20B	159	Annual Return made upto 30/09/2009 filed vide Challan No. P40231672 dated 09/11/2009
9	62	58A	Statement in Lieu of Advertisement dated 30/01/2010 filed vide Challan No. A78537040 dated 15/02/2010

For Jignesh A. Maniar & Associates
Company Secretaries

Place : Ahmedabad
Date : 2nd August, 2010

Jignesh A. Maniar
Proprietor
C.P.No. : 6996

AUDITORS' REPORT

To,
The Members
ET Elec-Trans Limited

1. We have audited the attached Balance Sheet of ET Elec-Trans Limited as on 31st March, 2010 and also Profit & Loss Account for the year 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 and Subject to note no. 2 in schedule 12 regarding notes forming parts of accounts, 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 31st March, 2010 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 31st March, 2010.
 - ii) In case of Profit and Loss Account of the Loss for the year ended on that date.

For Ashok Bhogilal & Co.
Chartered Accountants

Ashok B. Shah
Proprietor

Membership No. 106874
Firm Reg. No. 119508W

Place : Ahmedabad
Date : 26th May, 2010

**ANNEXURE "A" TO THE AUDITOR'S REPORT**

Referred to in Paragraph 3 of the Auditor's report of even date to the members of ET Elec-Trans Limited on the financial statements for the period ended 31st March, 2010.

- (1) The nature of Company's business/ activities during the period is such that the clause (viii),(x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xvii), (xix) and (xx) are not applicable.
- (2) (a) The company has maintained records showing particulars of quantity and situation of fixed assets.
(b) As informed to us, according to the phased manner program of physical verification of the fixed assets, during the year, fixed assets of the company, have been physically verified by the management which in our opinion is reasonable having regard to the size of the Company and the nature of its assets and as informed to us, no material discrepancies were noticed on such physical verification.
(c) None of the fixed assets has been disposed off during the year under review.
- (3) (a) As informed to us, during the year the management has conducted physical verification of the inventories & 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 proper records of inventory. 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 accounts.
- (4) (a) As informed to us, the Company has not taken unsecured loan from the Companies, firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
(b) As informed to us, the company has not given loans to the Companies, firms and other parties listed 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, there are generally adequate internal control procedures commensurate with the size of the company and the nature of its business with regards to purchase 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 weakness in the internal control system.
- (6) 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.
- (7) In our opinion and according to the information and explanation given to us, the company has not accepted deposits from public for which the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975 are applicable.
- (8) As the paid up capital and Free reserve of the company does not exceed ₹ 50 lacs and the average annual turnover of the preceding three years does not exceed ₹ 5 crore, the company is not required to have Internal Audit System.
- (9) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Income Tax, Sales Tax, Custom Duty, Wealth Tax, Excise Duty and Cess, Professional Tax and other material statutory dues applicable to it.
(b) According to information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Custom Duty, Wealth Tax, Excise Duty and Cess, were in arrears as at 31st March, 2010 for a period of more than six months from the date they become payable.
(c) According to the information and explanations given to us, there is no 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.
- (10) 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 shares have been issued is not prima-facie prejudicial to the interest of the Company.
- (11) Based upon the audit procedures performed and information and explanations given by the management, we report that no financial fraud on or by the Company has been noticed or reported during the course of our audit.

For Ashok Bhogilal & Co.

Chartered Accountants

Ashok B. Shah

Proprietor

Membership No. 106874

Firm Reg. No. 119508W

Place : Ahmedabad
Date : 26th May, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

(Amount In ₹)

Particulars	Schedule No.	As at 31/03/2010	As at 31/03/2009
I. SOURCES OF FUND			
A. SHARE HOLDERS FUNDS			
Share Capital	1	4,000,000	500,000
B. LOAN FUNDS	2		
Secured Loans		-	-
Unsecured Loans		874,903	208,620
Deferred Tax Liability		23,837	-
TOTAL		4,898,740	708,620
II. APPLICATION OF FUNDS			
A. FIXED ASSETS			
Gross Block	3	932,165	-
Less : Depreciation		25,856	-
Net Block		906,309	-
B. INVESTMENTS (at cost)		-	-
C. CURRENT ASSETS, LOANS & ADVANCES	4		
Closing Stock (Spares)		82,973	-
Sundry Debtors		5,518	-
Cash & Bank Balance		17,837	492,265
Loans & Advances		573,119	-
		679,447	492,265
LESS : D. CURRENT LIABILITIES & PROVISIONS	5		
Current Liabilities		411,949	2,000
NET CURRENT ASSETS (C - D)		267,498	490,265
E. MISCELLANEOUS EXPENDITURES	6		
(To the extent not written off or adjusted)			
Preliminary Expenses		172,422	215,640
Pre - Operative Expenses		3,417,725	-
		3,590,147	215,640
F. PROFIT & LOSS A/C		134,786	2,715
TOTAL		4,898,740	708,620

Significant Accounting Policies and
Notes forming part of Accounts

12

As per Our Report of Even Date
For Ashok Bhogilal & Co.
Chartered Accountants

Ashok Shah
Proprietor

Place : Ahmedabad
Date : 26th May, 2010

For ET Elec-Trans Limited

Narendra Dalal
Director

Dilip Nandkeolyar
Managing Director

Place : Ahmedabad
Date : 26th May, 2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

(Amount In ₹)

Particulars	Schedule No.	For the year ended on 31/03/2010	For the year ended on 31/03/2009
I INCOME			
Sales	7	10,902	-
Other Income (Labour Charges)		2,835	-
TOTAL		13,737	-
II. EXPENDITURE			
Material Consumption	8	10,902	-
Employees Remuneration	9	30,958	-
Administrative, Selling & General Expenses	10	52,718	2,500
Financial Charges	11	1,537	215
		96,115	2,715
Profit / (Loss) Before Depreciation		(82,378)	(2,715)
Depreciation		25,856	-
Profit / (Loss) After Depreciation		(108,234)	(2,715)
Less : Provision for Tax		-	-
Less : Deferred Tax Liability		23,837	-
Net Profit/(Loss) for the year		(132,071)	(2,715)
Add : Balance brought forward from previous year		(2,715)	-
Balance carried to the Balance Sheet		(134,786)	(2,715)

Significant Accounting Policies and Notes forming part of Accounts

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 As per Our Report of Even Date
For Ashok Bhogilal & Co.
 Chartered Accountants

Ashok Shah
 Proprietor

 Place : Ahmedabad
 Date : 26th May, 2010

For ET Elec-Trans Limited
Narendra Dalal **Dilip Nandkeolyar**
 Director Managing Director

 Place : Ahmedabad
 Date : 26th May, 2010

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

(Amount In ₹)

Particulars	As at 31/03/2010	As at 31/03/2009
SCHEDULE : 1 - SHARE CAPITAL		
Authorised :		
10,00,000 Equity Shares each of ₹ 10/-	10,000,000	10,000,000
	10,000,000	10,000,000
Issued, Subscribed and Paid up :		
4,00,000 Equity Shares of ₹ 10/- each (Of the above 2,24,400 (Previous Year 49,400) Equity Shares are held by Electrotherm (India) Limited the Holding Company.	4,000,000	500,000
	4,000,000	500,000
SCHEDULE : 2 - UNSECURED LOAN		
From Directors	161,140	208,620
From Holding Company	205,577	-
From Others	508,186	-
	874,903	208,620

SCHEDULE : 3 - FIXED ASSETS

Sr. No.	Particulars	Rate	Gross Block			Depreciation				Net Block		
			As at 1st April, 2009	Addition	Deduction	As at 31st March 2010	As at 1st April, 2009	Addition	Deduction	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
1	Plant & Machinery											
	Computer - Pune	16.21%	-	216,800	-	216,800	-	11,640	-	11,640	205,160	-
	Toos & Equipments	4.75%	-	67,319	-	67,319	-	806	-	806	66,513	-
	Tools	4.75%	-	20,293	-	20,293	-	79	-	79	20,214	-
			-	304,412	-	304,412	-	12,525	-	12,525	291,887	-
2	Electrical Installations											
	Elec.Installation	6.33%	-	38,688	-	38,688	-	624	-	624	38,064	-
			-	38,688	-	38,688	-	624	-	624	38,064	-
3	Office Equipments											
	Furniture & Fixtures	6.33%	-	589,065	-	589,065	-	12,707	-	12,707	576,358	-
			-	589,065	-	589,065	-	12,707	-	12,707	576,358	-
	Total		-	932,165	-	932,165	-	25,856	-	25,856	906,309	-

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

(Amount In ₹)

Particulars	As at 31/03/2010	As at 31/03/2009
SCHEDULE : 4 - CURRENT ASSETS, LOANS & ADVANCES		
Current Assets		
Sundry Debtors (Unsecured, considered Good)		
Over six months	-	-
Others	5,518	-
	5,518	-
Cash and Bank Balances		
Cash On Hand	2,020	1,980
Balance with Scheduled Banks in Current Account	15,817	490,285
	17,837	492,265
Loans and Advances (Unsecured, Considered Good) (to be recoverable in cash or kind or for value to be received) (As certified by Management)		
Inter Corporate Loans	475,000	-
Others	98,119	-
	573,119	-
	596,474	492,265
SCHEDULE : 5 - CURRENT LIABILITIES & PROVISIONS		
(A) Current Liabilities	170,247	2,000
	170,247	2,000
(B) Statutory Liabilities	241,702	-
	241,702	-
	411,949	2,000
SCHEDULE : 6 - MISCELLANEOUS EXPENDITURES (To the extent not written off or adjusted)		
Preliminary Expenses	215,640	215,640
Less : Written off During the Year	43,218	-
	172,422	215,640
Pre Operative Expenses		
Employees Remuneration	729,163	-
Administrative Expenses	2,688,562	-
	3,417,725	-
	3,590,147	-

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010

(Amount In ₹)

Particulars	For the year ended on 31/03/2010	For the year ended on 31/03/2009
SCHEDULE : 7 - INCOME FROM OPERATION		
Sale of Spare	10,902	-
Labour Charges Income	2,835	-
	13,737	-
SCHEDULE : 8 - CONSUMPTION		
Opening Stock	-	-
Add: Purchase	86,591	-
Freight & Octroi	7,284	-
Less: Closing Stock	82,973	-
	10,902	-
SCHEDULE : 9 - PAYMENT TO EMPLOYEE		
Salary & Allowances	30,958	-
	30,958	-
SCHEDULE : 10 - ADMINISTRATIVE EXPENSES		
ROC Exp	4,500	500
Preliminary Expenses written off	43,218	-
Auditors' Remuneration	5,000	2,000
	52,718	2,500
SCHEDULE : 11 - INTEREST & FINANCE CHARGES		
Bank Charges	1,537	215
	1,537	215

SCHEDULE : 12 - NOTES FORMING PART OF ACCOUNTS**1. Significant Accounting Policies**

- The accompanying financial statements have been prepared under the historical cost convention, in accordance with Indian Generally Accepted Accounting Principles and as per the provisions of the Companies Act, 1956.
- System of Accounting:
All items of expenses and income are accounted on accrual basis.
- Fixed Assets are stated at cost less depreciation.
- Depreciation has been provided as per straight line method on all fixed assets at the rates specified in Schedule XIV of the Companies Act, 1956.
- Inventories consist of Spares and are valued at cost.
- Investments are unquoted and stated at cost.
- As per Accounting Standard 22 "Accounting for Taxes on Income" deferred tax Assets at year end comprises of Depreciation ₹ 23,837/-.
- Employee Benefits:
Provident fund is a defined contribution scheme and the contributions as required by the statute made to Government Provident Fund are charged to profit and loss account.
The liability for number of days of unutilized leave at balance sheet date is provided for based on actual valuation.
Since this being the second year of the incorporation, the company is not liable to pay any gratuity to any of its employee and hence no provision has been made.

2. As per explanation and information given to us by the management, the company has not carried out its main activity of providing vehicles on hire basis and hence Pre operative expenses for the amount of ₹ 34,17,725 /- will be written off to the profit and loss account over the period of 5 years from the year of commencement of its main activities.
3. Additional information pursuant to the provisions of paragraph 3 and 4 part II of Schedule VI of the Companies Act.

Particulars	2009-10		2008-09	
	%	Value	%	Value
1. Licenced Capacity		N.A.		N.A.
2. Installed Capacity		N.A.		N.A.
3. Production, Sales & Closing Stock		N.A.		N.A.
4. Raw Material consumed		N.A.		N.A.
	%	Value	%	Value
Imported	—	—	—	—
Indigenous	—	—	—	—
5. Stores and Spares Consumed				
Imported	—	—	—	—
Indigenous	100	3618	—	—

4. Based on the guiding principle given in accounting standard 17, on segment reporting issued by the Institute of Chartered Accountants of India, the Company's primary business is Providing Vehicles on Hire basis and providing services to vehicles on behalf of Sellers. Therefore there are no separate reportable segments as far as primary segment is concerned. As providing above services outside India is Nil, Secondary segment wise reporting is not required to be shown. Also the operations of the Company are in India and all the Assets and Liabilities are located in India, the providing of services is wholly in India and therefore geographical analysis is not given.

5. Related Parties disclosures under accounting standard-18.

1. Holding Company	Electrotherm (India) Ltd.
2. Subsidiary Company	Not Applicable
3. Fellow Subsidiary	Not Applicable
4. Key Managerial persons Managing Director	Shri Dilip Nandkeolyar
5. Remuneration paid to Directors Shri Dilip Nandkeolyar	₹ 4,53,924/-
6. Loan Received from Key Managerial persons	Nil
Loan Repaid to Key Managerial persons	₹ 50,000
Loan Outstanding to Key Managerial persons	₹ 1,61,140
Loan Outstanding to Holding Company	₹ 2,05,577

2009-10 2008-09

- | | | |
|------------------------------------|-----|-----|
| 6. C.I.F. Value of Imports | Nil | Nil |
| 7. Expenditure in Foreign Currency | Nil | Nil |
| 8. Earning in Foreign Exchange | Nil | Nil |
9. The figures of the previous year have been regrouped, wherever necessary.

As per Our Report of Even Date
For Ashok Bhogilal & Co.
Chartered Accountants

Ashok Shah
Proprietor

Place : Ahmedabad
Date : 26th May, 2010

For ET Elec-Trans Limited

Narendra Dalal **Dilip Nandkeolyar**
Director Managing Director

Place : Ahmedabad
Date : 26th May, 2010



**STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I Registration Details :		
Registration No.		U34102GJ2008PLC055557
Balance Sheet Date		31-03-2010
II Capital Raised during the Year (₹ in thousands)		Amount
Public Issue		NIL
Right Issue		NIL
Bonus Issue		NIL
Private Placement		3,500
III Details of Mobilisation and deployment of Fund (₹ in thousands)		
Total Liabilities		4,899
Total Assets		4,899
Sources of Funds (₹ in thousands)		
Paid-up Capital		4,000
Reserve & Surplus (Including Deffered Tax)		24
Secured Loan		NIL
Unsecured Loans		875
Application of Funds (₹ in thousands)		
Net Fixed Assets		906
Investments		NIL
Net Current Assets		267
Misc. Expenditure		3,590
Accumulated Losses		135
IV Performance of Company (₹ in thousands)		
Turn Over		14
Total Expenditure		96
Profit before tax & after Depreciation		(108)
Profit After tax		(132)
Earning per share		(0.45)
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 "12"

As per Our Report of Even Date
For Ashok Bhogilal & Co.
Chartered Accountants

Ashok Shah
Proprietor

Place : Ahmedabad
Date : 26th May, 2010

For ET Elec-Trans Limited

Narendra Dalal
Director

Dilip Nandkeolyar
Managing Director

Place : Ahmedabad
Date : 26th May, 2010

DIRECTORS' REPORT

To,
The Members
Bhaskarpara Coal Company Limited
Raipur (Chhattisgarh)

Your Directors have pleasure in presenting their **Second (2nd) Annual Report** together with the Audited Accounts of the Company as at **31st March, 2010**.

1. Financial Results

(Amount In ₹)

Particulars	For the Year 2009-2010	For the Year 2008-2009
Turnover & Other Income	Nil	Nil
Expenditures & Preliminary Expenses Write off	23,21,956	Nil
Less : Expenses Transferred to Project Development Expenditure	14,31,923	Nil
Profit / (Loss) for the Year	(8,90,033)	Nil

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, Chattisgarh by the Ministry of Coal, Government of India.

The Company has made remarkable achievement in project execution as per the implementation schedule. The Company has appointed experienced consultants / advisors for various activities of the Company. The Company has obtained various approvals from the Government Authorities like approval of mine plan, railway siding etc. The Company has also made applications to Government Authorities for Forest Clearance, Environment Clearance, Land Acquisition etc.

3. 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.

4. 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.

5. Directors

In accordance with the provisions of the section 256 of the Companies Act, 1956 and Article of Association of the Company, Mr. Shailesh Bhandari, Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer him self for re-appointment.

6. Auditors & Auditors' Report

The Comments in the Auditors Report read with noted to the Accounts are self – explanatory.

M/s. Manubhai & Co., Chartered Accountants, Ahmedabad, retires at the ensuing 2nd Annual General Meeting and are willing to be re-appointed and the Company has received a certificate under section 224(1B) 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.

7. Audit Committee

As per the provisions of section 292A of the Companies Act, 1956, the Company has constituted the Audit Committee with effect from 1st June, 2010. The Audit Committee comprises of Mr. Shailesh Bhandari, Mr. Kalish Chand Birla and Mr. Radha Mohan Gupta and Mr. Radha Mohan Gupta is the Chairman of the Committee.

**8. 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.

9. 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 standards has been followed alongwith proper explanation relating to material departures, if any ;
- (ii) the Directors has 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 and of the loss of the company for that period;
- (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.

10. Particulars of Employees

The Company has started recruiting of employees for the Project of the Company and will recruit the necessary manpower as and when required.

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

11. 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.

By Order of the Board of Directors

Place : Palodia
Date : 3rd July, 2010

Radha Mohan Gupta **Narendra Dalal**
Director **Director**

ANNEXURE 'A' TO DIRECTORS' REPORT

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 31ST MARCH, 2010

[A] Conservation of Energy

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

[B] Technology Absorption : Nil

[C] Foreign Exchange Earning and Outgo : Nil

By Order of the Board of Directors

Place : Palodia
Date : 3rd July, 2010

Radha Mohan Gupta **Narendra Dalal**
Director **Director**

**AUDITORS' REPORT**

To
The Members
Bhaskarpara Coal Company Limited

1. We have audited the attached Balance sheet of **BHASKARPARA COAL COMPANY LIMITED** as on 31st March, 2010 and also the Profit and Loss Account for the year ended on that date 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.
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 and 5 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, Profit and Loss Account 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, Profit and Loss Account 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 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 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 to 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 31st March, 2010;
 - ii. In the case of the Profit and Loss account of the Loss for the year ended on that date; and
 - iii. In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

Place : Ahmedabad
Date : 26th April, 2010

For Manubhai & Co.
Chartered Accountants

(K. C. Patel)
Partner
Mem. No. 30083

ANNEXURE TO AUDITORS' REPORT
(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, 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 ₹ 50 Lacs as at the commencement of financial year, 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. According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident funds, sales tax, income tax, wealth tax, custom duty, excise duty, service tax, cess and other material statutory dues application to it except there were some defaults in compliance to the provisions of tax deducted at source. As informed to use, provisions of Employees' State Insurance Act are not applicable to the Company.

a. According to the information and explanations given to us, no undisputed amount payable in respect of sales tax, income tax, wealth tax, customs duty, excise duty, service tax and cess were in arrears, as at 31st March, 2010 for a period of more than six months from the date they became payable.

c. According to the records of the Company, there are no dues of sales tax, income tax, customs duty, service tax, excise duty, wealth tax and cess which have not been deposited on account of any disputes.

**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
Date : 26th April, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

(Amount In ₹)

Particulars	Schedule	Current Year	Previous Year
I SOURCES OF FUNDS			
1) Shareholders' Funds			
a) Share Capital	A	93,520,000	500,000
b) Share Application money received			1,000,000
Total		93,520,000	1,500,000
II APPLICATION OF FUNDS			
1) Fixed Capital Expenditure			
Project Development Expenditure	B	85,564,524	21,306
2) Current Assets, Loans and Advances:	C		
Cash & Bank Balance		7,008,883	1,500,000
Loans and Advances		90,768	-
Less: Current Liabilities and Provisions	D	34,209	791,903
Net Current Assets		7,065,443	708,097
3) Miscellaneous Expenses			
(To the extent not written off or adjusted)			
Preliminary Expenses		-	770,597
Profit & Loss Debit Balance		890,033	-
		890,033	770,597
Total		93,520,000	1,500,000

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 : 26th April, 2010

For and on behalf of Board of Directors

Radha Mohan Gupta
 Director

Narendra Dalal
 Director

Place : Ahmedabad
 Date : 21st April, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

(Amount In ₹)

Particulars	Schedule	Current Year	Previous Year
INCOME			
Interest on Fixed Deposit (Gross-Tax deducted at source ₹ 29,247, Prev. Year ₹ NIL)		292,474	-
Less: Transferred to		292,474	-
Project Development Expenditure		-	-
EXPENDITURE			
Advertisement Expenses		66,013	-
Auditors Remuneration		22,060	-
Bank Charges and Commission		641,523	-
Stamp Duty on issue of shares		93,876	-
Printing & Stationery Expenses		150,438	-
Traveling Expenses		556,617	-
Rates, Duties and Taxes		14,832	-
Other Expenses		2,500	-
Filing Fees		3,500	-
Prior Period adjustment (Preliminary Expense Write off)		770,597	-
Less: Expenses Transferred to Project Development Expenditure		1,431,923	-
		890,033	-
Net Loss for the Year		890,033	-
Profit / (Loss) brought forward from previous year		-	-
Balance of Loss carried to Balance Sheet		890,033	-
Earning per Share (Basic and Diluted) (Face Value ₹ 10/- each)		(1.01)	-

Significant Accounting Policies & Notes on Accounts

E

As per our report of even date
For Manubhai & Co.
 Chartered Accountants

K. C. Patel
 Partner

Place : Ahmedabad
 Date : 26th April, 2010

For and on behalf of Board of Directors

Radha Mohan Gupta
 Director

Narendra Dalal
 Director

Place : Ahmedabad
 Date : 21st April, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2010

(Amount In ₹)

Sr No	Particulars	Current Year	Previous Year
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit / (Loss) after Tax	(890,033)	-
	Prior Period adjustment (Preliminary Expense Write off)	770,597	-
	Operating Profit before Working Capital Changes	(119,436)	-
	Movement in Working Capital		
	Increase/(Decrease) in Current Liabilities	(757,694)	791,903
	Decrease/(Increase) in Loans and Advances	(90,768)	-
	NET CASH (USED)/GENERATED IN OPERATING ACTIVITIES	(967,898)	791,903
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Fixed Capital Expenditure (Including Project Development Expenditure and Incidental Expenditure)	(85,543,218)	(21,306)
	Miscellaneous Expenses not written off	-	(770,597)
	NET CASH (USED)/GENERATED IN INVESTING ACTIVITIES	(85,543,218)	(791,903)
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Issue of Shares	92,020,000	1,500,000
	NET CASH (USED)/GENERATED IN FINANCING ACTIVITIES	92,020,000	1,500,000
	Net (Decrease)/Increase in Cash & Cash Equivalent (A+B+C)	5,508,883	1,500,000
	Cash & Cash Equivalents as at beginning of the Year	1,500,000	-
	Cash & Cash Equivalents as at End of the Year	7,008,883	1,500,000

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.
- Cash & Cash Equivalents includes Cash on hand and balance with banks in Current as well as deposit account.

As per our report of even date

For Manubhai & Co.

Chartered Accountants

K. C. Patel
PartnerPlace : Ahmedabad
Date : 26th April, 2010

For and on behalf of Board of Directors

Radha Mohan Gupta
Director**Narendra Dalal**
DirectorPlace : Ahmedabad
Date : 21st April, 2010

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

(Amount In ₹)

Particulars	Current Year	Previous Year
SCHEDULE 'A' : SHARE CAPITAL		
Authorised		
1,00,00,000 Equity shares of ₹ 10 each	100,000,000	100,000,000
Issued, Subscribed & Paid-up Capital		
93,52,000 Equity Shares of ₹ 10/- each	93,520,000	500,000
(Of the above 49,21,997 (Prev. Year 26,312) Equity Shares are held by Electrotherm (India) Limited the Holding Company		
TOTAL	93,520,000	500,000
SCHEDULE 'B' : FIXED CAPITAL EXPENDITURE		
Project Development Expenditure		
Opening Balance:	21,306	-
Add: Expenditure incurred during the year	84,403,770	21,306
Add: Indirect Project Exps. Transferred from Profit & Loss Account	1,431,923	-
Less : Interest Earned during the year	292,474	-
TOTAL	85,564,524	21,306
SCHEDULE 'C' : CURRENT ASSETS, LOANS AND ADVANCES		
A CURRENT ASSETS		
Cash on hand	18,811	-
Balance with bank in current account	2,426,845	1,500,000
Balance with bank in deposit account (Pledged with Bank as margin money for guarantee issued by Bank)	4,563,227	-
Sub-Total - A	7,008,883	1,500,000
B LOANS & ADVANCES		
Income Tax Deducted at source - FY 09-10	29,247	-
Traveling Advance	61,521	-
Sub-Total - B	90,768	-
TOTAL	7,099,652	1,500,000
SCHEDULE 'D' : CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors		
Due to Micro, Small and Medium Enterprises	-	-
Due to others	16,545	791,903
Other Liabilities	17,664	-
TOTAL	34,209	791,903

SCHEDULE “E” : SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS**A. Significant Accounting Policies**

1. 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.
2. Expenditure during Construction period:
The Company is engaged in the work of development of COAL BLOCK so that coal can be mined from the block. The direct and indirect expenditure incurred during the construction period related to acquisition, development and exploration of COAL Mine are accumulated under the head Project Development Expenditure and same will be allocated to respective assets on the completion of its acquisition and development.
3. Taxation:
 - (i) Current tax is determined as the amount of tax payable in respect of taxable income for the year.
 - (ii) Deferred tax is calculated at the tax rates and laws that have been enacted or substantially enacted as of the Balance Sheet date and is recognized on timing difference that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent that they can be realized.
4. Provisions, Contingent Liabilities and Contingent Assets :
 - (i) Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the Financial Statements.
 - (ii) Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date in accordance with the Accounting Standard AS-29 on “Provisions, Contingent Liabilities and Contingent Assets” issued by the Institute of Chartered Accountants of India.
5. General:
Accounting policies not specifically referred to are consistent with generally accepted accounting practice.

B. Notes forming part of Accounts

1. M/s. Electrotherm (India) Limited and M/s. Grasim Industries Limited has provided their corporate guarantees to Ministry of Coal, as security for allotment of “Bhaskarpara Coal Block” to the Company.
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 31.03.2010 to Micro, Small and Medium Enterprises.
4. Auditor’s Remuneration:

(Amount In ₹)

Particulars	Current Year	Previous Year
For Statutory Audit	16,545	5,515
For other services	5,515	-

5. 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 exercise control over the Company
 - a. Electrotherm (India) Limited - Holding Company
 - b. Grasim Industries Limited - Associate

**(B) Transactions with related parties for the year ended 31st March 2010**

(Amount In ₹)

Sr. No.	Particulars	Enterprises where control exists	
		Current Year	Previous Year
A.	Transactions during the year		
1.	Proceeds from Issue of shares		
	- Electrotherm (India) Limited	48,956,850	261,120
	- Grasim Industries Limited	44,063,150	1,236,820
2.	Issue of Equity Shares:		
	- Electrotherm (India) Limited	48,956,850	261,120
	- Grasim Industries Limited	44,063,150	236,820
B.	Amount outstanding as at year end		
	- Share Application Money	Nil	1,000,000
	- Reimbursement of Expenditure incurred on behalf of the company	Nil	786,388
	- Electrotherm (India) Limited	Nil	Nil
	- Grasim Industries Limited	Nil	Nil

6. In accordance with Accounting Standard 22, 'Accounting for Taxes on Income' notified under Companies Accounting Standard Rules 2006, the Company has deferred tax asset of ₹ 1,84,646 (prev year Nil) by way of Preliminary Expenses claimable in future (₹ 1,42,869/-, Previous Year ₹ Nil) and carry forward losses (₹ 41,777/-, Previous Year ₹ Nil) under the Income Tax Act, 1961. However as a matter of prudence, the same is not recognized.

7. Earning Per Share:

The calculation of Basic and Diluted Earning per Share is as under:

Particulars	Current Year	Previous Year
Loss for the year (in ₹)	(890,033)	0
Weighted average no. of Equity shares outstanding during the year	883,378	8,219
Nominal Value of Equity Shares (₹)	10/-	10/-
Basic and diluted Earning/(Loss) per share (₹)	(1.01)	0

8. There are no other particulars required to be given as per Part II of Schedule VI to the Companies Act, 1956.

9. Previous period figure are for the period from November 21, 2008 to March 31, 2009. Hence figures are not strictly comparable with those of current year.

As per our report of even date
For Manubhai & Co.
Chartered Accountants

K. C. Patel
Partner

Place : Ahmedabad
Date : 26th April, 2010

For and on behalf of Board of Directors

Radha Mohan Gupta
Director

Narendra Dalal
Director

Place : Ahmedabad
Date : 21st April, 2010



**STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I Registration Details :		
Registration No.		U10100CT2008PLC020943
Balance Sheet Date		31-03-2010
II Capital Raised during the Year (₹ in thousands)		Amount
Public Issue		NIL
Right Issue		NIL
Bonus Issue		NIL
Private Placement		93,020
III Details of Mobilisation and deployment of Fund (₹ in thousands)		
Total Liabilities		93,520
Total Assets		93,520
Sources of Funds (₹ in thousands)		
Paid-up Capital		93,520
Share Application Money		NIL
Reserve & Surplus		NIL
Secured Loan		NIL
Unsecured Loans		NIL
Application of Funds (₹ in thousands)		
Net Fixed Assets		85,565
Investments		NIL
Deferred Tax Assets		NIL
Net Current Assets		7,065
Misc. Expenditure		890
Accumulated Losses		NIL
IV Performance of Company (₹ in thousands)		
Turn Over		NIL
Total Expenditure		890
Profit Before tax		(890)
Profit After tax		(890)
Earning per share		(1.01)
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

K. C. Patel
Partner

Place : Ahmedabad
Date : 26th April, 2010

For and on behalf of Board of Directors

Radha Mohan Gupta
Director

Narendra Dalal
Director

Place : Ahmedabad
Date : 21st April, 2010

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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, 2010**, 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 ₹ 131.99 Millions as at 31st March, 2010, the total revenues of ₹ 150.98 Millions and net profit (after-tax) amounting to ₹ 0.68 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 Bhaskarpara Coal Company Limited and ET Elec-Trans Limited and un audited financial statements 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 31st March, 2010. 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 31st March, 2010;
- (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.

Place : Ahmedabad
Date : 30th May, 2010

For Mehta Lodha & Co.
Chartered Accountants

Prakash D. Shah
Partner
Membership No.34363

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

(₹ In Millions)

Particulars	Schedule No.	As at 31 st March, 2010		As at 31 st March, 2009	
SOURCES OF FUNDS					
Shareholder's Funds :					
1. Share Capital	01	234.76		234.76	
2. Reserves & Surplus	02	6,816.82	7,051.58	4,378.34	4,613.10
Loan Funds					
1. Secured Loans	03	12,267.61		10,319.76	
2. Unsecured Loans	04	2,891.84	15,159.45	1,976.32	12,296.08
Deferred Tax Liability			814.52		694.11
Minority Interest			45.59		1.25
			23,071.14		17,604.54
APPLICATION OF FUNDS					
Fixed Assets					
05					
1. Gross Block		16,440.55		7,631.10	
2. Less : Drepreciation		1,908.78		1,150.44	
3. Net Block		14,531.77		6,480.66	
4. Capital Work-in-Progress		1,306.99	15,838.76	4,510.25	10,990.91
Investments		06	0.81		0.83
Current Assets, Loans and Advances:					
1. Inventories	07	4,852.08		4,528.42	
2. Sundry Debtors	08	3,364.68		2,483.87	
3. Cash & Bank Balances	09	1,877.19		665.36	
4. Loans & Advances	10	2,246.57		1,540.04	
			12,340.52	9,217.69	
Less: Current Liabilities and Provisions					
1. Current Liabilities	11	5,383.93		2,913.32	
2. Provisions	12	114.53		83.92	
			5,498.46	2,997.24	
Net Current Assets					
			6,842.06		6,220.45
Miscellaneous Expenditure					
(To the extent not written off or adjusted)					
			389.51		392.35
			23,071.14		17,604.54
Notes to the Accounts					
		21			

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

Prakash D. Shah
Partner

Place : Ahmedabad
Date : 30th May, 2010

Ashwin Patel
Company Secretary

For and on behalf of Board of Directors

Shailesh Bhandari Managing Director

Avinash Bhandari Joint Managing Director & CEO

Narendra Dalal Whole Time Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

(₹ In Millions)

Particulars	Schedule No.	For the Year ended on 31 st March 2010		For the Year ended on 31 st March 2009	
INCOME					
Sales & Other Operational Income	14	20,027.54		16,827.76	
Other Income	15	140.91		87.65	
			20,168.45		16,915.41
EXPENDITURE					
Material Cost		13,025.98		11,881.16	
(Increase) / Decrease in Stocks	16	111.82		(903.28)	
Manufacturing Expenses	17	2,631.85		2,111.04	
Employees Remuneration	18	523.88		393.68	
Administrative, Selling & General Expenses	19	992.33		961.82	
Financial Expenses	20	1,332.54		1,150.50	
			18,618.40		15,594.92
Profit Before Depreciation and Research & Development Expenses			1,550.05		1,320.49
Research & Development Expenses			26.91		21.14
Profit Before Depreciation			1,523.14		1,299.35
Depreciation		760.18		521.16	
Amount transferred from General Reserve		34.67	725.51	-	521.16
Profit Before Tax			797.63		778.19
Less : Provision For					
Income Tax		136.45		87.55	
Fringe Benefit Tax		-		5.50	
Deferred Tax		120.41		172.56	
			256.86		265.61
Net Profit for the Year			540.77		512.58
Add : Share of (Profit / Loss) Transfer to Minority Interest			0.48		-
Net Profit for the Year (After adjustment for Minority Interest)			541.25		512.58
Prior Period Adjustment - Income Tax and Others			(8.06)		15.31
Profit after Prior Period Adjustment			533.19		527.89
Balance Brought Forward			1,213.33		926.28
Transfer from Foreign Exchange Fluctuation Reserve			-		1.17
Transfer to General Reserve			200.00		200.00
Proposed Dividend					
Equity Shares			28.69		28.69
Preference Shares			7.20		7.20
Tax on Proposed Dividend			6.10		6.10
Balance carried to Balance Sheet			1,504.53		1,213.33
Basic Earnings per share (₹)			45.73		46.18
Diluted Earnings per share (₹)			45.73		46.18
Refer Note No.11 of Schedule 21					
Nominal value of Equity Share (₹)			10.00		10.00
Notes to the Accounts	21				

As per our even report attached

For Mehta Lodha & Co.
 Chartered Accountants
Prakash D. Shah
 Partner
 Place : Ahmedabad
 Date : 30th May, 2010

Ashwin Patel
 Company Secretary

For and on behalf of Board of Directors

Shailesh Bhandari Managing Director
Avinash Bhandari Joint Managing Director & CEO
Narendra Dalal Whole Time Director



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(₹ In Millions)

Particulars	For the year ended on 31 st March, 2010	For the year ended on 31 st March, 2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	797.63	778.19
Adjustment For		
Depreciation	725.51	521.16
Preliminary & Deferred Revenue Expenses Written Off	52.35	49.35
Interest Paid	1,324.06	1,197.27
Dividend Income	(0.02)	-
Interest Received	(75.70)	(40.50)
Prior Period Adjustment	(8.06)	15.31
Profit on Sale of Assets	0.60	0.36
Operating Profit Before Changes in Working Capital	2,816.37	2,521.14
Adjustment For		
Trade & Other Receivable	(1,587.34)	(555.21)
Inventories	(323.67)	(1,565.05)
Trade & other Payable	2,460.50	1,312.00
Cash Generated From Operations	3,365.86	1,712.88
Income Tax Paid	95.74	68.74
Cash Flow Before Extraordinary Item	3,270.12	1,644.14
Net Cash Flow From Operating Activity [A]	3,270.12	1,644.14
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(3,127.17)	(4,602.00)
Sale of Fixed Assets	0.49	1.23
Investments	0.02	-
Dividend Income	0.02	-
Interest Received	75.70	40.50
Minority Interest	44.82	1.25
Preliminary Expenses, Deferred Revenue & Product Development	(49.51)	(141.24)
Net Cash Used in Investing Activities [B]	(3,055.63)	(4,700.26)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Equity Shares & Equity Share Warrants	-	270.00
Amount Written off from Business Development Reserve	(500.00)	-
Proceed From Term Loan & Working Capital Borrowing	3,663.59	4,593.42
Repayment of Term Borrowing	(800.20)	(528.02)
Dividend Paid	(35.89)	(34.64)
Dividend Tax	(6.10)	(5.89)
Interest Paid	(1,324.06)	(1,197.27)
Net Cash From Financing Activities [C]	997.34	3,097.60
Net Increase (Decrease) in Cash & Cash Equivalents Total [A + B + C]	1,211.83	41.48
Cash & Cash Equivalents as at 1st April, 2009	665.36	623.88
Cash & Cash Equivalents as at 31st March, 2010	1,877.19	665.36

As per our even report attached

For Mehta Lodha & Co.

Chartered Accountants

Prakash D. Shah

Partner

Place : Ahmedabad

Date : 30th May, 2010

Ashwin Patel

Company Secretary

For and on behalf of Board of Directors

Shailesh Bhandari

Managing Director

Avinash Bhandari

Joint Managing Director & CEO

Narendra Dalal

Whole Time Director

CONSOLIDATED SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010

(₹ In Millions)

Particulars	As at 31 st March, 2010	As at 31 st March, 2009
SCHEDULE : 01 - SHARE CAPITAL		
Authorised		
2,50,00,000 Equity Shares of ₹ 10/- each	250.00	250.00
2,50,00,000 6% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each	250.00	250.00
Total	500.00	500.00
Issued, Subscribed & Paid Up		
1. Equity Shares		
1,14,76,374 (Previous Year 1,14,76,374) Equity Shares of ₹ 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	114.76
2. Preference Shares		
1,20,00,000 (P.Y. 1,20,00,000) 6 % Non-Cumulative Redeemable Preference Shares of ₹ 10/- each Fully Paid Up, Redeemable at Par (35,60,000 Preference Shares Redeemable not later then 11th March 2025, 44,40,000 Preference Shares Redeemable not later then 1st April 2025 and 40,00,000 Preference Shares Redeemable not later then 14th May 2025)	120.00	120.00
Total	234.76	234.76
SCHEDULE : 02 - RESERVES & SURPLUS		
1. Capital Reserve		
As Per Last Balance Sheet	9.11	9.11
2. Share Premium Account		
As Per Last Balance Sheet	2,626.90	2,331.90
Add : Addition during the Year	-	295.00
Less : Transferred to Business Development Reserve (Refer Note No. 12 of schedule 21)	500.00	-
Sub Total	2,126.90	2,626.90
3. General Reserve		
As per Last Balance Sheet	529.00	329.00
Add : Transfer From Profit & Loss Account	200.00	200.00
Add : Amount Transferred on Revaluation of Fixed Assets (Refer Note No. 12 of schedule 21)	2,481.95	-
Less: Transferred for Depreciation on Revaluation of Fixed Assets (Refer Note No. 12 of schedule 21)	34.67	-
Sub Total	3,176.28	529.00
4. Profit & Loss Account		
	1,504.53	1,213.33
Total	6,816.82	4,378.34


CONSOLIDATED SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010

(₹ In Millions)

Particulars	As at 31 st March, 2010	As at 31 st March, 2009
SCHEDULE : 03 - SECURED LOANS		
1. Working Capital Loans From Banks	4,253.08	3,991.73
(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, Samakhiyali - Kutch. Further the loans are guaranteed by the Personal Guarantees of some of the Directors of the Company)		
2. Long Term and Other Loans From		
A. Banks	7,326.11	5,559.36
(Secured by First Charge by way of Equitable Mortgage of all Immovable Properties and Hypothecation of specified Movable Assets situated at Vatva, Palodia, Dhank, Samakhiyali - Kutch & As Second Charge on all Stock in Trade & Receivables. Further the Loans are guaranteed by the Personal Guarantees of some of the Directors)		
B. International Finance Corporaiton (USD 15 Millions)	678.50	760.65
(ECB Loan is secured by First Pari Passu charge over the movable Assets and First Pari Passu Charge on Immovable Assets) (Includes Interest accrued but not due ₹ 5.00 Millions)		
C. Vechicle Loans	9.30	7.40
(Secured by Hypothecation fo Specific Vehicles)		
3. SALES TAX DEFERMENT	0.62	0.62
(Amount due within one Year ₹ Nil (Previous Year ₹ Nil)		
Total	12,267.61	10,319.76
SCHEDULE : 04 - UNSECURED LOANS		
A Short Term		
From Banks	84.18	100.80
B Other Loan / Deposits / Advances		
1. Banks	1,946.05	1,020.75
2. International Finance Corporation (USD 10 Millions) (Includes interest accrued but not due ₹ 2.25 Millions)	451.25	507.10
3. Directors	0.30	1.36
4. Customers & Others	410.06	346.31
Total	2,891.84	1,976.32



SCHEDULE : 05 - FIXED ASSETS

(₹ In Millions)

Sr. No.	Description	Gross Block			Depreciation			Net Block				
		Opening Balance	Addition	Addition on Revaluation	Deduction	Closing Balance	Opening Balance	Addition	Deduction	Closing Balance	As at March 31, 2010	As at March 31, 2009
1	Freehold Land	39.19	12.48	1,435.25	-	1,486.92	-	-	-	-	1,486.92	39.19
2	Leasehold Land	2.47	-	8.49	-	10.96	-	-	-	-	10.96	2.47
3	Building	1,035.20	584.68	1,038.21	-	2,658.09	107.20	82.64	-	189.84	2,468.25	928.00
4	Plant and Machinery	6,413.45	5,702.73	-	-	12,116.18	1,004.66	665.99	-	1,670.65	10,445.53	5,408.79
5	Furniture and Fixtures	72.73	15.97	-	-	88.70	17.68	4.83	-	22.51	66.19	55.05
6	Vehicles	68.06	14.57	-	2.93	79.70	20.90	6.72	1.84	25.78	53.92	47.16
	Total	7,631.10	6,330.43	2,481.95	2.93	16,440.55	1,150.44	760.18	1.84	1,908.78	14,531.77	6,480.66
	Previous Year	6,199.41	1,439.06	-	7.37	7,631.10	635.06	521.16	5.78	1,150.44	6,480.66	5,564.35


CONSOLIDATED SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010

(₹ In Millions)

Particulars	As at 31 st March, 2010	As at 31 st March, 2009
SCHEDULE : 06 - INVESTMENTS		
A) Unquoted		
1. 6,540 (Previous Year 6,540) Shares of ₹ 25 each of Siddhi Co. Op. Bank Ltd.	0.16	0.16
2. National Saving Certificates	0.01	0.01
3. NIL (Previous Year 1000) Shares of ₹ 10 each of EIL Software Pvt. Ltd.	-	0.01
4. NIL (Previous Year 1000) Shares of ₹ 10 each of EIL Technology Pvt. Ltd.	-	0.01
B) Quoted		
1. 64288.778 (Previous Year 64288.778) Units of ₹ 10 each of PNB Mutual Fund (Market Value of Quoted Investment ₹ 0.71 Millions (Previous Year ₹ 0.29 Millions))	0.64	0.64
Total	0.81	0.83
SCHEDULE : 07 - INVENTORIES		
[As Verified, Valued & Certified by the Management]		
1. Stores, Spares & Fuel	245.96	171.05
2. Raw Materials	3,231.67	2,871.10
3. Work In Process	835.45	981.99
4. Finished Goods	539.00	504.28
Total	4,852.08	4,528.42
SCHEDULE : 08 - SUNDRY DEBTORS (NET)		
[Unsecured Considered Good]		
1. More than Six Months	962.18	509.76
2. Others	2,402.50	1,974.11
Total	3,364.68	2,483.87
SCHEDULE : 09 - CASH & BANK BALANCES		
1. Cash On Hand	2.02	1.77
2. Balance with Scheduled Bank In		
[A] Current Account (Includes Amount of Cheques in Hands of ₹ 2.27 Millions Previous Year ₹ 2.27 Millions)	701.61	76.01
[B] Fixed Deposits (Under Pledge / Lien of the Bank)	1,172.96	587.01
[C] Unpaid Dividend	0.60	0.57
Total	1,877.19	665.36

CONSOLIDATED SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010
(₹ In Millions)

Particulars	As at 31 st March, 2010	As at 31 st March, 2009
SCHEDULE : 10 - LOANS & ADVANCES		
[Unsecured Considered Good]		
1. Advances to Subsidiaries (Maximum Outstanding Balance ₹ 0.21 Millions (P.Y. ₹ Nil))	-	-
2. Advances Recoverable in Cash or in Kind for Value to be Received (Net)	401.69	309.78
3. Balance / Receivable - Excise & Other Govt. Dept.	1,589.14	1,081.87
4. Sundry Deposits	255.74	148.39
Total	2,246.57	1,540.04
SCHEDULE : 11 - CURRENT LIABILITIES		
1. Sundry Creditors (Net)	5,364.99	2,892.51
2. Statutory Liabilities	18.34	20.24
3. Unpaid Dividend	0.60	0.57
Total	5,383.93	2,913.32
SCHEDULE : 12 - PROVISIONS		
1. Taxation (Net of Advance Tax)	40.71	24.31
2. Employee's Unavailed Leave	22.81	13.60
3. Proposed Dividend (Including Dividend Tax)	41.99	41.99
4. Gratuity	9.02	4.02
Total	114.53	83.92
SCHEDULE : 13 - MISCELLANEOUS EXPENDITURES		
(To the Extent Not Written Off or Adjusted)		
1. Preliminary Expenses	20.66	25.24
2. Deferred Revenue Expenditure	216.83	242.77
3. Product Development Cost	152.02	124.34
Total	389.51	392.35



CONSOLIDATED SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010
(₹ In Millions)

Particulars	For the Year ended on 31 st March, 2010	For the Year ended on 31 st March, 2009
SCHEDULE : 14 - SALES & OTHER OPERATIONAL INCOME		
1. Gross Sales	20,220.37	17,085.11
2. Electricity Power Generation - Windmill	3.07	2.29
3. Technical Know-how & Service Income	45.60	98.93
Sub Total	20,269.04	17,186.33
Less : Excise Duty	132.82	188.09
Less : Inter Division Sales	108.68	170.48
Total	20,027.54	16,827.76
SCHEDULE : 15 - OTHER INCOME		
1. Interest Income (Gross) [T.D.S. ₹ 7.13 Millions (Previous Year ₹ 7.92 Millions)]	75.70	40.50
2. Rent Income (Gross) [T.D.S. ₹ 3.14 Millions (Previous Year ₹ 4.88 Millions)]	19.20	19.20
3. Dividend Income (Gross) [T.D.S. ₹ Nil Previous Year ₹ Nil]	0.02	-
4. Miscellaneous Income	45.99	27.95
Total	140.91	87.65
SCHEDULE : 16 - INCREASE IN STOCK		
A Opening Stock		
1. Work in Process	981.99	407.53
2. Finished Goods	504.28	175.46
Sub Total	1,486.27	582.99
B Closing Stock		
1. Work in Process	835.45	981.99
2. Finished Goods	539.00	504.28
Sub Total	1,374.45	1,486.27
(Increase) / Decrease in Stock (B - A)	111.82	(903.28)
SCHEDULE : 17 - MANUFACTURING EXPENSES		
1. Job Charges	567.31	492.85
2. Power & Fuel	1,110.23	965.93
3. Stores Consumption	918.33	638.54
4. Repairs & Maintenance		
[A] Machinery	3.51	3.17
[B] Building	5.87	2.16
[C] Others	26.60	8.39
Total	2,631.85	2,111.04

CONSOLIDATED SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010
(₹ In Millions)

Particulars	For the Year ended on 31 st March, 2010	For the Year ended on 31 st March, 2009
SCHEDULE : 18 - EMPLOYEES REMUNERATION		
1. Salary, Wages & Bonus	483.24	361.49
2. Staff & Labour Welfare	12.59	12.28
3. Contribution to Provident Fund & Other Funds	28.05	19.91
Total	523.88	393.68
SCHEDULE : 19 - ADMINISTRATIVE, SELLING & GENERAL EXPENSES		
1. Post-Telephone & Fax Expenses	19.62	22.27
2. Printing & Stationery	11.11	8.95
3. Vehicle Expenses	11.12	11.55
4. Conveyance Expenses	5.93	4.11
5. Hire- Lease - Rent Charges	17.48	7.74
6. Security Charges	9.21	7.90
7. Insurance Premium	9.19	10.53
8. Subscription & Membership	2.25	2.66
9. Consultation & Legal Expenses	66.73	63.90
10. Rates & Taxes	8.05	8.87
11. Travelling Expenses	103.31	83.06
12. Sales Commission	92.50	145.05
13. Advertising & Sales - Development Expenses	115.25	102.63
14. Freight Outward and Other Expenses	373.77	273.26
15. Donation	0.23	0.68
16. Sundry Balances Written Off / (Back)	(63.03)	(0.31)
17. Miscellaneous Expenses	79.77	33.95
18. Preliminary Expenses Written Off	52.35	49.35
19. Foreign Exchange Fluctuation	76.89	125.31
20. Loss on Sale of Fixed Assets	0.60	0.36
Total	992.33	961.82
SCHEDULE : 20 - FINANCIAL EXPENSES		
1. Interest on Working Capital	548.25	620.98
2. Interest on Term Loan	745.77	550.69
3. Interest to Others	30.04	25.60
4. Bank Charges	377.24	322.04
Sub Total	1,701.30	1,519.31
Less : Interest Capitalized	368.76	368.81
Total	1,332.54	1,150.50

SCHEDULE : 21 - CONSOLIDATED NOTES TO THE ACCOUNTS**1. SIGNIFICANT ACCOUNTING POLICIES****(i) Basis of 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:

Name of the Subsidiary	Country of Incorporation	% voting power held as at March 31, 2010	% voting power held as at March 31, 2009
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%	52.63%
ET Elec-Trans Limited	India	56.10%	100.00%

(iii) Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the results are Known/materialized.

(iv) 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.

(v) Fixed Assets

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

(vi) 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 (S.L.M) except assets at Chattral 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.

**(vii) 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.

(viii) Inventories

Finished goods are valued at cost or estimated net realizable value whichever is lower. Raw-material and stores are valued at cost. Work-in-progress value includes raw-material, labour and appropriate overheads. The Cost is worked out on weighted average basis.

(ix) 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.

(x) 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.

(xi) 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, 1961, and based on the expected outcome of the assessment/appeals.

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

(xii) Leases

Lease payments for assets taken on operating lease are recognized as an expense in the revenue / profit and loss account over the lease term.

(xiii) 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.

**(xiv) 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.

(xv) 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.

(xvi) 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 on actuarial valuation method, 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.

(xvii) 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.

(xviii) 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.

The account of debtors, creditors and loans & advances are subject to confirmation / reconciliation and the amounts of Sundry Debtors, Creditors and Advances 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. Company is 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 The Institute of Chartered Accountants of India. By exercising the option related to amortization of foreign exchange fluctuation differences as per the notification dated 31st March, 2009 issued by the Ministry of Corporate Affairs 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 above ₹ 145.25 Millions has been reduced from the cost of fixed assets and ₹ 0.90 Millions of depreciation thereon.
4. Miscellaneous expenditure includes research and development expenses of ₹ 152.02 Millions (Previous Year ₹ 124.34 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:

(₹ In Millions)

Particulars	Current Year	Previous Year
SEGMENT REVENUE		
Engineering & Projects Division	2,130.82	3,578.15
Special Steel Division	17,748.35	12,951.29
Electric Vehicle Division	257.04	468.80
Others	0.01	-
Total Sales	20,136.22	16,998.24
Less : Inter segment Revenue	108.68	170.48
Net Sales	20,027.54	16,827.76
SEGMENT PROFIT BEFORE TAX AND INTEREST		
Engineering & Projects Division	218.67	545.84
Special Steel Division	1,992.30	1,367.30
Electric Vehicle Division	(75.58)	10.09
Others	(5.22)	5.46
Profit Before Interest, Tax & Prior Period Adjustment	2,130.17	1,928.69
Less: Financial Expenses	1,332.54	1,150.50
Less : Provision for Tax (Including Deferred Tax)	256.86	265.61
Net Profit After Tax	540.77	512.58
OTHER INFORMATION		
Segment Assets		
Engineering & Projects Division	2,348.04	1,830.76
Special Steel Division	24,780.60	17,224.23
Electric Vehicle Division	967.55	1,096.52
Others	83.90	57.92
Total Segment Assets	28,180.09	20,209.43
Segment Liabilities		
Engineering & Projects Division	771.36	669.04
Special Steel Division	19,369.57	14,059.23
Electric Vehicle Division	307.21	414.31
Others	31.33	21.20
Un-allocable Liabilities & Provisions	178.44	129.54
Total Segment Liabilities	20,657.91	15,293.32
Segment Depreciation		
Engineering & Projects Division	30.02	20.51
Special Steel Division	680.63	486.47
Electric Vehicle Division	13.11	10.92
Others	1.75	3.26
Total Depreciation	725.51	521.16



Particulars	Current Year	Previous Year
Other Non Cash Expense		
Engineering & Projects Division	5.11	12.98
Special Steel Division	47.20	36.37
Electric Vehicle Division	20.52	20.20
Others	0.04	-
Total	72.87	69.55
Segment Capital Expenditure		
Engineering & Projects Division	155.49	101.90
Special Steel Division	2876.62	4,400.67
Electric Vehicle Division	4.85	91.23
Others	87.28	0.81
Total Capital Expenditure	3124.24	4,594.61

Note: The business which were not reportable segments during the year have been grouped under the "Others" segment. This mainly comprises of Electric Motors, Coal Block and providing vehicles on hire basis and providing services to vehicles on behalf of sellers.

(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.

(₹ In Millions)

Particulars	Current Year	Previous Year
India	19,493.01	14590.06
Overseas	534.53	2237.70
Total	20,027.54	16827.76

6. RELATED PARTY (AS IDENTIFIED BY THE COMPANY) DISCLOSURES UNDER ACCOUNTING STANDARD 18

(I) Associates

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

(II) 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. R.M Gupta (Director)
6. Mr. K.C. Birla (Director)
7. Mr. Sidhharth Bhandari (Director)
8. Mr. Dilip Nandkeolyar (Managing Director)

(III) Relatives of Key Management Personnel

(With whom Transaction has taken Place)

1. Mrs. Indubala Bhandari
2. Mrs. Jyoti Bhandari
3. Mrs. Siddhi Bhandari

Transaction with Related Parties

(₹ In Millions)

Sr. No.	Nature of Relationship	2009-10		
		Associates	Key Management Personnel	Relatives of Key Personnel Management
1	Purchase of Raw Materials	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
2	Sale of Goods	2.01 (18.87)	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	0.00 (42.48)	0.00 (0.00)	0.00 (0.00)
5	Loans Payments	18.17 (25.60)	0.05 (2.00)	0.00 (0.00)
6	Rent Paid	0.00 (0.00)	0.17 (0.10)	0.45 (0.39)
7	Directors Remuneration (Please refer note No.2(g) of notes to accounts)	0.00 (0.00)	41.02 (12.97)	0.00 (0.00)
8	Remuneration to others	0.00 (0.00)	0.00 (0.00)	0.16 (0.28)
9	Credit Balance Outstanding at year end	22.82 (22.82)	0.31 (1.15)	0.40 (0.40)
10	Debit Balance Outstanding at year end	55.45 (35.27)	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 ₹ 388.66 Millions (Previous year: ₹ 468.79 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 ₹ 120.41 Millions (₹ 172.56 Millions) has been provided.

9. Contingent Liabilities

The Company is liable for following contingent liabilities:-

- (i) Disputed Statutory Claims/Levies for which the Company has preferred appeal in respect of Income Tax liability (excluding interest leviable, if any) of ₹ 1.42 Millions (Previous Year ₹ 1.42 Millions).
- (ii) Guarantees / Counter guarantees (including un-utilized Letters of Credit) issued ₹ 362.49 Millions (₹ 297.29 Millions in Previous year).
- (iii) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 58.73 Millions (P.Y. ₹ 100.13 Millions).
- (iv) The company is contingently liable for the pending disputed labour and other matters, amount is ₹ 2.28 Millions (P.Y. ₹ 7.76 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 ₹ 299.57 Millions as at March 31, 2010 (Previous Year ₹ 374.65 Millions). Against these, exports amounting to ₹ 2396.56 Millions (Previous Year ₹ 2997.21 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 st March 2010	Year ended 31 st March 2009
Profit attributable to the Equity Shareholder (After prior period expenses) ₹ Millions	524.77	519.47
Closing number of Equity Shares outstanding during the year	1,14,76,374	1,14,76,374
Basic/ Weighted average number of Equity Shares outstanding during the year	1,14,76,374	1,12,48,977
Nominal value of Equity share (₹)	10.00	10.00
Basic Earnings per Share (₹)	45.73	46.18
Diluted Earnings per share	45.73	46.18

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 (the "Scheme") envisaging the utilization of share premium account against the expenses as provided in the scheme and transfer to a Business Development Reserve Account and also provide for recording of immovable assets at their respective fair value, between the Company and its equity shareholders under section 391 and section 78 read with section 100, 102 and 103 of the Companies Act, 1956. The said Scheme was approved by the Board of Directors vide its resolution dated April 13, 2009, by the shareholders in their Court convened meeting held on June 16, 2009 and by the Hon'ble High Court of Gujarat vide its order dated November 30, 2009. The Company has filed the Order with the Registrar of Companies, Gujarat on December 21, 2009. The financial statements of the company are based on the Scheme of Arrangement approved by the Hon'ble Gujarat High Court and its effects on the financial accounts are as under:-



- i. Immovable assets of the Company, namely Land and building, on the basis of Revaluation report of the Government approved competent Valuer appointed by the Company have been recorded at their respective fair values and resulting increase over Book Value, of ₹ 2481.95 Millions, has been transferred to General Reserve Account.
 - ii. ₹ 500 millions has been transferred from Share Premium Account to Business Development Reserve (BDR) Account and entire BDR Account has been utilized for writing off obsolete or unrealizable assets, unrealizable loans and/or advances etc.
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 report attached
For Mehta Lodha & Co.
Chartered Accountants

Prakash D. Shah
Partner

Place : Ahmedabad
Date : 30th May, 2010

Ashwin Patel
Company Secretary

For and on behalf of Board of Directors

Shailesh Bhandari	Managing Director
Avinash Bhandari	Joint Managing Director & CEO
Narendra Dalal	Whole Time Director

NOTICE

NOTICE is hereby given that the **24th Annual General Meeting** of Members of **Electrotherm (India) Limited** will be held on Friday, the 24th September, 2010 at 11.00 a.m. at H. T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt Audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date together with schedules annexed thereto as well as the Directors' and Auditors' Reports attached therewith.
2. To declare the dividend on Preference Shares.
3. To declare the dividend on Equity Shares.
4. To appoint a Director in place of Mr. Narendra Dalal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Ravikumar Trehan, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. Nilesh Desai, who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
“RESOLVED THAT Mr. Parth Gandhi, who was appointed by the Board of Directors as a Nominee Director of the Company on 30th May, 2010 pursuant to Article 231 of the Articles of Association of the Company be and is hereby appointed as Nominee Director of the Company, whose period of office shall not be liable to retire by rotation.”

By Order of the Board

Date : 13th August, 2010

Registered Office :

A-1, Skylark Apartment,
Satellite Road, Satellite,
Ahmedabad – 380 015

Ashwin Patel
Company Secretary

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM SHOULD BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME OF THE COMMENCEMENT OF THE MEETING.**
2. The Explanatory Statement as required under section 173(2) of the Companies Act, 1956 in respect of Special Business of Item No. 8 is annexed hereto and forms part of this notice.
3. The register of members and share transfer books of the Company will remain closed from 20th September, 2010 to 24th September, 2010 (Both days inclusive).
4. Dividend on Equity Shares as recommended by the Board of Directors for the year ended on 31st March, 2010 when declared at the Annual General Meeting will be paid to the members whose name appear –
 - i) As Beneficial Owner as per list to be furnished by the Depositories in respect of the shares held in demat form; and
 - ii) As Members on the Register of Members of the Company as on 20th September, 2010 after giving effect to all valid share transfers in physical form which would be received by the Company / RTA upto end to business hours on 18th September, 2010.

5. Members holding shares in the physical form are requested to notify the change of address, if any, to the Company's Registrar and Share Transfer Agent, LINK INTIME INDIA PRIVATE LIMITED (Formerly known as INTIME SPECTRUM REGISTRY LIMITED) at 211, Sudarshan Complex, Nr. Mithakhali Underbridge, Navrangpura, Ahmedabad – 380 009 or to their respective depository participants if the shares are held in demat form.
6. Those members who have not encashed their dividend warrants pertaining to the following years are requested to approach the Company for the payment thereof as the same will stand transferred to the Investor Education and Protection Fund (IEPF), pursuant to section 205A(5) of the Companies Act, 1956, on respective due dates mentioned hereunder. Kindly note that after such date, the members will loose their right to claim such dividend.

Financial Year	Rate (Amt per Share)	Date of Declaration	Due for Transfer on
2004 – 2005	15% (₹ 1.50)	30/09/2005	06/11/2012
2005 – 2006	20% (₹ 2.00)	29/09/2006	05/11/2013
2006 – 2007	20%(₹ 2.00)	25/06/2007	01/08/2014
2007 – 2008	25%(₹ 2.50)	20/06/2008	27/07/2015
2008 – 2009	25% (₹ 2.50)	15/09/2009	21/10/2016

7. In terms of Circular No. MRD/DoP/Cir-05/2009 dated 20th May, 2009 issued by the Securities and Exchange Board of India (SEBI), it shall be mandatory for the transferee of the physical shares to furnish copy of PAN card to the Company / RTA for registration of transfer of shares. Shareholders are requested to furnish copy of PAN card at the time of transferring their physical shares.
8. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form will be supplied on request of the shareholder.

REQUEST TO THE MEMBERS :

1. Members / Proxies should bring the Attendance Slip sent herewith duly filed in for attending the meeting.
2. A member desirous of getting any information on the accounts or operations of the Company is requested to forward his / her queries to the Company at least 10 days prior to the meeting so that the required information can be made available at the Meeting.
3. Members are requested to bring their copy of the Annual Report to the Meeting.
4. Payment of Dividend through National – ECS
 - a. Members holding shares in physical form are advised to submit the particulars of their new bank account number allotted by your bank after implementation of Core Banking Solution (CBS), along with a photocopy of a cheque pertaining to the concerned account directly to the Company's Registrar and Share Transfer Agent, M/s Link Intime India Private Limited, 211, Sudarshan Complex, Nr. Mithakhali Under Bridge, Navrangpura, Ahmedabad – 380 009.
 - b. Members holding the shares in demat form are advised to furnish the new bank account number allotted by your bank after implementation of CBS, along with a photocopy of a cheque pertaining to the concerned account, to your Depository Participant (DP), at your earliest for direct credit of dividend to your bank account.

Please note that if you do not provide your new account number allotted after implantation of CBS by your Bank to your DP, ECS to your old account number may either be rejected or returned.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 8

The Company has entered into a Shareholders Agreement with India Advantage Fund – VI through its Investment Manager ICICI Venture Funds Management Company Ltd. (the Investor) on 12th March, 2007.

ICICI Venture Funds Management Company Ltd. had vide its letter dated 28th May, 2010 nominated Mr. Parth Gandhi as Nominee Director in place of Mr. Sunay Mathure on the Board of Directors of the Company. The Board of Directors of the Company in their meeting held on 30th May, 2010 appointed Mr. Parth Gandhi as a Nominee Director.



As per Article 231 of the Articles of Association, the Investor has a right to appoint a Nominee Director. The Investor has withdrawn the nomination of Mr. Sunay Mathure as a Nominee Director and in his place nominated Mr. Parth Gandhi as a Nominee Director.

Mr. Parth Gandhi is BS in Electrical Engineering from the University of Bombay and MBA in International Business from the Michigan State University. Mr. Parth Gandhi has been with ICICI Venture Funds Management Company Ltd. since 2009 and has over 13 years experience in Venture Capital, Private Equity and Management Consultancy. In his current role with ICICI Venture, Mr. Parth Gandhi is president in private equity.

Prior to ICICI Venture, he was Managing Director in Navigator Capital Advisors Private Limited and Navigator Group LLC. At Navigator, Mr. Parth has handled a broad range of investments from Private Equity and Venture Capital to Mezzanine and First Charge Debt. Before Navigator, he has been a Consultant with Ernst and Young.

Expert Mr. Parth Gandhi, none of the Directors of the Company is, in any way, concerned or interested in the Resolution.

By Order of the Board

Date : 13th August, 2010

Registered Office :

A-1, Skylark Apartment,
Satellite Road, Satellite,
Ahmedabad – 380 015

Ashwin Patel
Company Secretary

INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT REGARDING APPOINTMENT OR REAPPOINTMENT OF A DIRECTOR

Name	Mr. Narendra Dalal	Mr. Ravi Kumar Trehan
Age	49 years	51 years
Date of Appointment	1 st March, 1994	30 th July, 2007
Qualification	Diploma in Electronic & Radio Engineers	B. Com., Post Graduate Diploma in Marketing and Sales Management
Expertise in functional areas	He is a Whole Time Director of Electrotherm (India) Limited and associated with the Company since 1994. He heads the electric design and development section of the Company. He is responsible for the Engineering & Development in the Company. He has reach experience of 24 years in the field of Induction technology based equipment development. He has started his carrier as fresh engineer and has worked in different areas like customer service, testing, quality control and lately development.	He has nearly 30 years experience in various fields of business. He has successfully handed various industries and trading.
Directorship held in other Public Limited Companies	1. ET Elec-Trans Limited 2. Electrotherm Engineering & Projects Limited 3. Electro Salt & Water Limited 4. Bhaskarpara Coal Company Limited	NIL
Memberships / Chairmanships of Committees	NIL	NIL
No. of Shares held in the Company	34,500 Equity Shares	NIL

Name	Mr. Nilesh Desai	Mr. Parth Gandhi
Age	50 years	39 years
Date of Appointment	5 th October, 2005	30 th May, 2010
Qualification	B. Sc.	B S Electrical Engineering, MBA International Business
Expertise in functional areas	He has 24 years experience in Insurance field.	Mr. Parth Gandhi has been with ICICI Venture Funds Management Company Ltd. since 2009 and has over 13 years experience in Venture Capital, Private Equity and Management Consultancy. In his current role with ICICI Venture, Mr. Parth Gandhi is president in private equity. Prior to ICICI Venture, he was Managing Director in Navigator Capital Advisors Private Limited and Navigator Group LLC. At Navigator, Mr. Parth has handled a broad range of investments from Private Equity and Venture Capital to Mezzanine and First Charge Debt. Before Navigator, he has been a Consultant with Ernst and Young.
Directorship held in other Public Limited Companies	1. Sahajanand Laser Technology Limited 2. Metrochem Industries Limited	NIL
Memberships / Chairmanships of Committees	Metrochem Industries Limited (a) Audit Committee – Member (b) Shareholders / Investors Grievance Committee – Member (c) Remuneration Committee - Chairman	NIL
No. of Shares held in the Company	NIL	NIL