

# ELECTROTHERM®

[www.electrotherm.com](http://www.electrotherm.com)

## Products:

Melting equipments for Steel Plants & Foundries

Metal Refining Konverter

Electrotherm Refining Furnace

Continuous Casting Machine

Transformers

Turnkey Projects for Steel Melt Shop

Induction Heating Equipment

Coal Based DRI Plant

Pollution Control Equipment

Hydraulic Grab

Steel & Stainless Steel

Ductile Iron Pipe

Solar Energy

Solar Water Heater

Transmission Line

Electric Bikes



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Mukesh Bhandari	<i>Chairman</i>
Mr. Shailesh Bhandari	<i>Managing Director</i>
Mr. Avinash Bhandari	<i>Joint Managing Director &amp; CEO</i>
Mr. Ram Singh	<i>Director</i>
Mr. Chaitanyapratap Sharma	<i>Director(w.e.f. 11 Feb., 2015)</i>
Mr. Pradeep Krishna Prasad	<i>Director(Up to 15 Nov., 2014)</i>
Ms. Neeta Mukati	<i>Woman Director(Up to 2 June, 2015)</i>

### CHIEF FINANCIAL OFFICER

Mr. Pawan Gaur

### COMPANY SECRETARY

Mr. Jigar Shah (Up to 14 Aug., 2015)

### STATUTORY AUDITORS

Mehta Lodha & Co.  
Chartered Accountants, Ahmedabad

### COST AUDITORS

V. H. Savaliya & Co.  
Cost Accountants, Ahmedabad

### INTERNAL AUDITOR

RSM Astute Consulting (Guj.) Pvt. Ltd.  
Surat

### BANKERS / FINANCIAL INSTITUTIONS

Edelweiss Asset Reconstruction Company Limited  
Punjab National Bank  
Corporation Bank  
Dena Bank  
Oriental Bank of Commerce  
Union Bank of India  
Standard Chartered Bank  
Allahabad Bank

### REGISTERED OFFICE

A-1, Skylark Apartment,  
Satellite Road, Satellite,  
Ahmedabad – 380 015  
CIN : L29249GJ1986PLC009126  
Email: sec@electrotherm.com  
Phone: +91-79-26768844, Fax: +91-79-26768855

### REGISTRAR & TRANSFER AGENT

**Link Intime India Private Limited**  
303, 3<sup>rd</sup> Floor, Shoppers Plaza V,  
Opp. Municipal Market, Behind Shoppers Plaza II,  
Off C. G. Road, Ahmedabad – 380 009

### WORKS

**Engineering & Projects Division**  
Survey No. 72, Village : Palodia,  
Taluka : Kalol, Dist : Gandhinagar – 382115

### Wind Farm

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

### Special Steel and DI Pipe Division & Electric Vehicle Division

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

### Transmission Line Tower Division

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

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## 29TH ANNUAL GENERAL MEETING

29th Annual General Meeting of the members of the Company will be held on Wednesday, the 30th September, 2015 at 11.00 A.M. at S-5, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015.

## CHAIRMAN'S MESSAGE



*Dear Shareholders,*

The Indian economy has regained confidence in financial year 2015 as a result of the various initiatives announced by the new Government like Make in India, Housing for all, Developing 100 Smart Cities, Boost to Infrastructure, Focus on Road Building etc. Contradictory to this, global economy did not show any signs of improvement and the global economic scenario was marked by weak growth with volatile commodity prices and appreciation of US Dollar against most global currencies. While the domestic market sentiments improved in the last year, the tangible changes are still awaited in the business environment. The growth during the year also remained muted with no major demand in the capital goods sector or the steel sector. The core sectors of steel, power, cement, oil etc. continue to remain subdued thus affecting the capital goods sector where the orders flow remains muted as well.

The Indian economy grew at 7.3 percent (GDP) in 2014-15 due to improvement in the performance of both services as well as manufacturing sectors in comparison to 5.1 percent in 2012-13 and 6.9 percent in 2013-14. Cumulative industrial growth during the entire fiscal 2014-15 was recorded at 2.8% as against a contraction of 0.1% during the previous fiscal. The manufacturing sector bounced back to the growth path in FY 15 with strong indication of further improvement. We expect industrial production will be better in the ongoing fiscal.

Though India is one of the top steel producers in the world, the price of Indian steel is very high in the international market. The Indian steel industry, especially the finished steel producers, are having a tough time, owing to the high cost of raw material in the domestic market. The supply of cheaper material from neighboring countries is also a major worry for domestic steel producers.

However, the Indian steel industry has a very promising future in the long term. The current government has ushered in an era of optimism by implementing multiple, far reaching reforms and has focused on infrastructure creation as one of its key priorities. That is an encouraging sign for the steel players in the long run. We envisage new demand for steel in the domestic market once the announced programs from the government start gaining momentum as well as the policies are tweaked to make it beneficial for the industry. The structural reforms initiated by the government are bound to have long-term benefits, impacting all industries and sectors.

In the last year, our company has clocked a sales turnover of ₹ 1833.26 crores which is 55% growth in comparison to FY 2013-14. Capacity utilization during the year has improved especially on account of improved raw materials availability. The pipe division, on account of comparatively better demand situation, has shown the maximum increase in capacity utilization.

The demand for the DI pipe remains pretty robust due to the increased focus of the government to provide better drinking water infrastructure but the prices are under pressure because of the intense competition.

We have started seeing an increased number of enquiries from steel plants in our Engineering & Projects division with steel plants wanting to increase their existing capacities either through expansion or by adding productivity improvement equipments. There is also an increased order generation of casters by the steel plants, as they have become aware about the benefits and the need to cast billets as against traditional ingot casting. Also, our new product, Pollution Control Equipment will see rise in demand as the government policies related to the environment norms get stringent. While we believe that these inquiries will take time to convert into orders, we remain optimistic of the demand situation over the next 2 – 3 years for the Engineering division.

The company is also optimistic about the demand situation for electric 3 wheelers due to various initiatives taken by the new government in the electric vehicle sector. In this year, the company has introduced its range of E-Rickshaws (Passenger Application) under brand name of E-TAXE and product for cargo application under brand name E-WINNER. Government of India has announced incentives for Electric two wheelers under FAME – INDIASHEME. Your company is looking at revival of two wheeler electric vehicle sales.

We continue to nurture talent and leadership through our focused and different learning and development programs, aimed at enabling our people achieve their personal as well as professional goals.

On behalf of the board, I thank all our Employees, Customers, Bankers, Investors and Vendors for extending their trust and faith in your company.

**Mukesh Bhandari**  
*Chairman*



## NOTICE

NOTICE is hereby given that the **29<sup>th</sup> Annual General Meeting** of Members of **Electrotherm (India) Limited** will be held on Wednesday, 30<sup>th</sup> September, 2015 at 11.00 a.m. at S-5, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015 to transact the following business :

### ORDINARY BUSINESS:

1. To consider and adopt audited financial statement of the Company (including consolidated financial statement) for the financial year ended on 31<sup>st</sup> March, 2015 together with report of Board of Directors and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Shailesh Bhandari (DIN : 00058866), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time, M/s. Mehta Lodha & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 106250W), be and is hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the Next Annual General Meeting of the Company at such remuneration and reimbursement of out of pocket expenses for the purpose of audit as may be fixed by the Board of Directors of the Company."

### SPECIAL BUSINESS:

4. **To appoint Mr. Chaitanyapratap Sharma (DIN 07067095) as an Independent Director:**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Chaitanyapratap Sharma (DIN 07067095), in respect of whom the company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years with effect from 11<sup>th</sup> February, 2015 to 10<sup>th</sup> February, 2020, whose period of office shall not be liable to determination by retirement of directors by rotation."

5. **To ratify the remuneration of the Cost Auditors for the financial year ending on 31<sup>st</sup> March, 2016:**

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

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the consent of the members be and is hereby accorded to ratify the remuneration decided by the Board of Directors on recommendation of the Audit Committee of ₹ 2,00,000/- (Rupees Two Lacs Only) to M/s V. H. Savaliya & Associates, Cost Accountants (Membership No.13867) for conducting the audit of cost records of the Company for the financial year ending on 31<sup>st</sup> March, 2016."

6. **To approve Alteration of Articles of Association of the Company:**

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

**"RESOLVED THAT** pursuant to the provisions of section 14 and all other applicable provisions, if any, of the Companies Act, 2013 read with Rules framed there under (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Articles of Association of the Company be altered by completely deleting Article No. 168 to Article No. 185.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board  
For Electrotherm (India) Limited

Shailesh Bhandari  
Managing Director  
(DIN : 00058866)

Place : Palodia

Date : 14<sup>th</sup> August, 2015

Registered Office:

A-1, Skylark Apartment,

Satellite Road, Satellite,

Ahmedabad - 380 015

CIN : L29249GJ1986PLC009126

E-mail Id : sec@electrotherm.com

## NOTICE

### NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE 29TH ANNUAL GENERAL MEETING (“AGM”) OF THE COMPANY IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE AGM.**

**A PERSON SHALL ACT AS PROXY FOR NOT EXCEEDING 50 MEMBERS AND HOLDING IN AGGREGATE NOT MORE THAN 10 PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER MEMBER.**

2. A body corporate intending to send their authorized representative(s) to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company a certified copy of resolution of the Board of Directors or other governing body authorizing such representative(s) to attend and vote on their behalf at the Meeting.
3. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to special business in respect of item no. 4 to 6 of the Notice to be transacted at the AGM is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 25<sup>th</sup> September, 2015 to 30<sup>th</sup> September, 2015 (Both days inclusive).
5. Members are requested to make all correspondence in connection with shares held by them by addressing letters directly to the Company or its RTA quoting their Folio number or their Client ID number with DP ID number, as the case may be.
6. Disclosure pursuant to Clause 49 of the Listing Agreement and Secretarial Standard - 2 with respect to Directors seeking appointment / re-appointment at the Annual General Meeting is attached hereto.
7. Relevant documents referred to in the accompanying Notice and the statement pursuant to section 102(1) of the Companies Act, 2013 are available for inspection by the members at the Registered Office of the Company on all working days, except Saturdays during business hours up to the date of the meeting.
8. Members are requested to bring their copy of the Annual Report to the Meeting and members are also requested to notify immediately if any change of address:
  - (i) To their Depository Participants (DPs) in respect of the shares held in electronic form and
  - (ii) To the Company or its RTA, in respect of the shares held in physical form together with a proof of address viz. Electricity Bill, Telephone Bill, Ration Card, Voter ID Card, Passport etc.
9. 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 205C of the Companies Act, 1956 and section 125 of the Companies Act, 2013, when notified by the Central Government and rules proposed to be prescribed by the Central Government, on respective due dates mentioned hereunder. Kindly note, that after such date, the members will lose their right to claim such dividend, unless the provisions of section 125 of the Companies Act, 2013 and rules are notified by the Central Government.

Financial Year	Rate (Amt. per Share)	Date of Declaration	Due for Transfer on
2008 - 2009	25% (₹ 2.50)	15/09/2009	21/10/2016
2009 - 2010	25% (₹ 2.50)	24/09/2010	30/10/2017

In August, 2015, the Company has transferred the money lying to unpaid / unclaimed dividend account for the year 2007-2008 to Investor Education and Protection Fund established by the Central Government.

10. In terms of Investor Education & Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 issued by the Ministry of Corporate Affairs effective from 20<sup>th</sup> May, 2012, Company has uploaded the data regarding unpaid/unclaimed dividend for the last seven years on the website of the Company as well as that of Ministry of Corporate Affairs.
11. Securities and Exchange Board of India (SEBI) has mandated submission of PAN to the Company or its RTA in the cases related to transfer of shares, deletion of name, transmission of shares and transposition of shares. Members holding shares in electronic form can submit their copy of PAN to Depository participant and holding shares in physical form can submit their PAN details to the Company.



**NOTICE**

12. Members holding shares in single name are advised to avail the facility of nomination in respect of shares held by them pursuant to the provision of section 72 of the Companies Act, 2013 read with the Rules issued there under. Members holding shares in physical form desiring to avail this facility may send their nomination in the prescribed Form No. SH-13 duly filled to RTA. Members holding shares in electronic form may contact their respective Depository Participants(s) for availing this facility.
13. Electronic copy of the Notice convening the 29<sup>th</sup> AGM of the Company, Annual Report along with attendance slip and Proxy Form are being sent to the members who have registered their email ids with the company/Depository Participant(s), RTA. For members who have not registered their email ids, physical copies of the aforementioned documents are being sent in the permitted mode. Also the copy of full annual report 2014-2015 is available on the Company's website viz. [www.electrotherm.com](http://www.electrotherm.com).
14. In line with the measures of Green Initiative taken by SEBI, Companies Act, 2013 also provided for sending notice of the meeting and other shareholder correspondences through electronic mode, members holding shares in physical mode are requested to register their e-mail ID's with the Company or RTA and Members holding shares in Demat mode are requested to register their e-mail ID's with their respective Depository Participants (DPs). If there is any change in the e-mail ID already registered with the Company or its RTA in respect of shares held in physical form and to DPs in respect of shares held in electronic form.
15. Members / Proxies should bring the Attendance Slip sent herewith duly filled & signed in for attending the Meeting and members who hold shares in electronic form are requested to bring their Client ID and DP ID numbers for identification.
16. 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 7 (seven) days prior to the meeting so that the required information can be made available at the Meeting.
17. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules issued there under and Clause 35B of the Listing Agreement, the members are provided with the facility to cast their vote by electronic means through the remote e-voting platform provided by CDSL and the business may be transacted through such voting. The process for remote e-voting is annexed hereto.
18. The Voting rights of members shall be in proportion to their shares of the paid-up equity share capital in the company as on cut-off date i.e. Wednesday, 23<sup>rd</sup> September, 2015.
19. Mr. Dipak Rachchha, Advocate has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
20. The facility for voting, either through electronic voting system or ballot or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
21. Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
22. Any person, who acquires shares of the company and becomes a member of the Company after dispatch of the Notice and holding shares as on cut-off date may cast vote after following the instructions for e-voting as provided in the Notice convening the Meeting, which is available on the website of the company and CDSL. However, if you are already registered with CDSL for remote e-voting then you can use your existing User ID and password for casting your vote.
23. The scrutinizer shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting and make, not later than three days of the conclusion of the meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the chairman of the Annual General Meeting, who shall countersign the same.
24. The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.electrotherm.com](http://www.electrotherm.com). The Company shall simultaneously forward the result to BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) where the equity shares of the company are listed.

**PROCESS AND MANNER FOR VOTING BY ELECTRONIC MEANS ( E-VOTING):****The instructions for members for voting electronically are as under:**

- i) The voting period begins on Saturday, 26<sup>th</sup> September, 2015 from 9:00 a.m. and ends on Tuesday, 29<sup>th</sup> September, 2015 at 5:00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on 23<sup>rd</sup> September, 2015, being the Cut-Off date may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iv) Click on Shareholders.

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- v) Now Enter your User ID
- For CDSL : 16 digits beneficiary ID,
  - For NSDL : 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi) Next enter the Image Verification as displayed and Click on Login.
- vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- viii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat and Physical Form</b>
<b>PAN</b>	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for shareholders holding shares in demat as well as physical form)
<b>Dividend Bank Details OR Date of Birth (DOB)</b>	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- ix) After entering these details appropriately, click on "SUBMIT" tab.
- x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii) Click on the EVSN of ELECTROTHERM (INDIA) LIMITED on which you choose to vote.
- xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

### **xix) Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

**NOTICE**

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xx) For Details relating to remote e-voting, please refer to the Notice of the AGM. In case of any queries relating to voting by electronic means, please refer to the Frequently Asked Questions (FAQs) and e- voting user manual for Shareholders available at the Help section of [www.evotingindia.com](http://www.evotingindia.com) or contact at toll free No. 1800-200-5533.

In case of any grievances connected with facility for voting by electronic means, please contact:

**Mr. Wenceslaus Furtado**

Deputy Manager,  
CDSL, 17<sup>th</sup> Floor, P J Towers,  
Dalal Street, Fort, Mumbai – 400 001  
Email : [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)  
Tel : 022-22723333

**ANNEXURE TO THE NOTICE  
EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013:**

**ITEM NO. 4**

The Companies Act, 2013 (“the Act”) provides for appointment of Independent Directors for a term up to 5 consecutive years. Further the Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of Independent Directors by a listed Company.

Mr. Chaitanyapratap Sharma was appointed as an additional & Independent Director on the Board of the Company on 11<sup>th</sup> February, 2015. It is proposed to appoint him as an Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for a term of 5 (five) consecutive years from 11<sup>th</sup> February, 2015 to 10<sup>th</sup> February, 2020, whose period of office shall not be liable to determination by retirement of directors by rotation.

The Company has received notice pursuant to the provisions of Section 160 of the Act from a member signifying his intention to propose the candidature of Mr. Chaitnyapratap Sharma as an Independent Director of the Company.

The above mentioned Director is not disqualified from being appointed as Director in terms of Section 164 of the Act. The Company has received declaration from him that he meets the criteria of independence as prescribed under Section 149(6) of the Act and Clause 49 of the Listing Agreement.

Pursuant to Secretarial Standard- 2, details of Mr. Chaitnyapratap Sharma are annexed with the notice.

In the opinion of the Board, Mr. Chaitnyapratap Sharma fulfils the conditions for his appointment as an Independent Director as specified in the Act, the Rules made there under and the Listing Agreement. He is an independent of the management. Considering his varied experience, his presence on the Board will be of immense value to the Company.

Except Mr. Chaitnyapratap Sharma, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

The resolution as set out in Item No. 4 of this Notice is accordingly recommended for your approval.

**ITEM NO. 5**

The Board of Directors at their Meeting held on 14<sup>th</sup> August, 2015, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. V. H. Savaliya & Associates, Cost Accountants (Membership No.13867), Ahmedabad, to conduct the audit of the cost accounting records of the Company for the financial year ending on 31<sup>st</sup> March, 2016 at a remuneration of ₹ 2,00,000/- (Rupees Two Lacs Only).

In accordance with the provisions of Section 148 (3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration payable to the Cost Auditor is required to be ratified by the Members of the Company.

Accordingly, consent of the Members is sought for approving the Ordinary Resolution as set out in Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending on 31<sup>st</sup> March, 2016.

None of the Directors, Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise in the said resolution.

The resolution as set out in Item no. 5 of this Notice is accordingly recommended for your approval.



**NOTICE****ITEM NO. 6**

As the members are aware, the Company has inserted present Article 168 to 176 of the Articles of Association pursuant to execution of Shareholders Agreement with India Advantage Fund – VI through its investment manager ICICI Venture Funds Management Company Limited in the year May, 2007. Further the Company has also inserted present Article 177 to 185 of the Articles of Association pursuant to execution of Shareholders Agreement with DEG-Deutsche Investitions-und Entwicklungsgesellschaft mbH in the year March, 2009.

Since now both the above said investors have ceased to be the shareholders of the Company, the Company is no longer require to abide by the provisions of the Shareholders Agreement entered into with them. As such, it is proposed to alter the Articles of Association by completely deleting Articles 168 to 185.

None of the Directors, Key Managerial Personnel of the Company or their relatives in any way, concerned or interested, financially or otherwise in the said resolution.

The resolution as set out in Item no. 6 of this Notice is accordingly recommended for your approval.

**By Order of the Board  
For Electrotherm (India) Limited**

**Place : Palodia**

**Date : 14<sup>th</sup> August, 2015**

**Registered Office:**

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

CIN : L29249GJ1986PLC009126

E-mail Id : sec@electrotherm.com

**Shailesh Bhandari  
Managing Director  
(DIN : 00058866)**

**NOTICE****INFORMATION REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT AND SECRETARIAL STANDARD-2 WITH RESPECT TO THE APPOINTMENT / RE-APPOINTMENT OF A DIRECTOR**

<b>Name of Director</b>	<b>Mr. Shailesh Bhandari</b>	<b>Mr. Chaitanyapratap Sharma</b>
<b>Director Identification Number</b>	00058866	07067095
<b>Age</b>	56 years	34 years
<b>Date of Appointment</b>	27/06/1989	11/02/2005
<b>Qualification</b>	B.Sc.(Economics)	B.Com with Specialization International Marketing Management and Imports & Exports.
<b>Experience / Expertise in functional areas</b>	He has having more than 30 years experience and has immensely contributed in designing and developing metallurgical equipment as an import substitute. He closely supervises the marketing and financial activities in the Company	He has 8 years experience in Marketing, Export and Production Business in China and India, with a strong local network and professional sourcing. He is Sociable, flexible, effective communicator, excellent in negotiation, responsible in quality control and inspection.
<b>Terms and conditions of appointment / re-appointment</b>	He is retired by rotation at 29 <sup>th</sup> AGM and being eligible offers himself for re-appointment. He was re-appointed as Managing Director of the Company for a period of 3 (three) years with effect from February 1, 2014 to 31 <sup>st</sup> January, 2017.	He was appointed as an Additional & Independent Director w.e.f. 11th February, 2015. He is proposed to be appointed as Independent Director for a term of 5 (five) consecutive years with effect from 11th February, 2015 to 10th February, 2020, whose period of office shall not be liable to determination by retirement of directors by rotation
<b>Remuneration sought to be paid and the remuneration last drawn</b>	NIL	NIL
<b>No. of Shares held in the Company</b>	8,48,275 equity shares	NIL
<b>Relationship with other Directors, Manager and other KMP</b>	He is brother of Mr. Mukesh Bhandari, Chairman	N.A.
<b>Number of Meetings of the Board attended during the year</b>	5 (100%)	2 (100%)
<b>Directorship held in other Public Limited Companies</b>	<ol style="list-style-type: none"> <li>1. Ahmedabad Aviation And Aeronautics Limited.</li> <li>2. Bhaskarpara Coal Company Limited</li> <li>3. Electrotherm Engineering &amp; Projects Limited</li> <li>4. Western India Speciality Hospital Limited.</li> <li>5. Hans Ispat Limited</li> <li>6. Shree Hans Papers Limited</li> <li>7. Shree Ram Electro Cast Limited</li> <li>8. Gujarat Mint Alloys Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. Hans Ispat Limited</li> </ol>
<b>Memberships / Chairmanships of Committees</b>	<p><b>Audit Committee :</b></p> <ol style="list-style-type: none"> <li>1. Hans Ispat Ltd. - Chairman</li> <li>2. Western India Speciality Hospital Limited - Member</li> <li>3. Bhaskarpara Coal Company Limited. -Member</li> <li>4. Shree Ram Electro Cast Limited -Member</li> </ol> <p><b>Nomination &amp; Remuneration Committee</b></p> <ol style="list-style-type: none"> <li>1. Hans Ispat Ltd. - Member</li> <li>2. Shree Ram Electro Cast Limited -Member</li> </ol>	<p><b>Audit Committee :</b></p> <ol style="list-style-type: none"> <li>1. Hans Ispat Ltd. - Member</li> </ol> <p><b>Nomination &amp; Remuneration Committee</b></p> <ol style="list-style-type: none"> <li>1. Hans Ispat Ltd. - Member</li> </ol>

## DIRECTORS' REPORT

To,  
The Members  
**Electrotherm (India) Limited**

Your Directors have pleasure in presenting the 29<sup>th</sup> Annual Report on the business and operations of the Company and Audited Financial Statements for the year ended on 31<sup>st</sup> March, 2015.

### FINANCIAL RESULTS:

The financial year 2014-2015 is consisting of 12 (Twelve) months from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015 and the previous financial year 2013-2014 was consisting of 6 (Six) months from 1<sup>st</sup> October, 2013 to 31<sup>st</sup> March, 2014. Hence the figures of the financial year 2014-2015 are not comparable with the figures of previous financial year 2013-2014.

The standalone financial performance of the Company, for the year ended on 31<sup>st</sup> March, 2015 is summarized below:

Particulars	(₹ In Crores)	
	2014-2015 (Twelve Months)	2013-2014 (Six Months)
Total Revenue	1833.26	662.37
Total Expenses	2122.08	884.72
Loss before Depreciation, Finance Cost & Tax	(288.82)	(222.35)
Less : Depreciation & Amortization	146.18	69.39
Finance Cost	6.37	1.89
Loss before exception and extra ordinary items	(441.37)	(293.63)
Exceptional items & Extraordinary Items	0.00	(27.54)
Loss before Tax	(441.37)	(321.17)
Less : Wealth Tax	(0.02)	(0.02)
Loss for the Year / Period	(441.39)	(321.19)
Add / (Less) : Prior period adjustments	0.88	0.03
Loss for the Year / Period	(440.51)	(321.16)

### DIVIDEND:

In view of losses incurred by the Company during the financial year, the Board of Directors of the Company do not recommend any dividend on Equity Shares and on Preference Shares for the year ended on 31<sup>st</sup> March, 2015.

### TRANSFER TO RESERVES:

In view of losses incurred by the company during the financial year, no amount has been transferred to the General Reserve.

### OPERATIONS / STATE OF THE COMPANY'S AFFAIRS:

During the year ended on 31<sup>st</sup> March, 2015, the total revenue of the company was ₹ 1833.26 Crores & Loss was ₹440.51 Crores. A detailed analysis of performance for the year is included in the Management Discussion and Analysis, which forms part of this Annual Report.

During the financial year, there was no change in the nature of the business carried out by the Company.

### MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION AFTER THE END OF FINANCIAL YEAR:

As per the settlement terms & conditions vide document dated 10<sup>th</sup> March, 2015 with Edelweiss Asset Reconstruction Company Limited ("EARC") for restructuring of dues / loan, the Board of Directors of the Company at their meeting held on 2<sup>nd</sup> July, 2015 and the Shareholders



## DIRECTORS' REPORT

through postal ballot on 10<sup>th</sup> August, 2015 approved the issue of 2,85,90,000 Partially Convertible Partially Redeemable Preference Shares ("PCPRPS") of face value of ₹ 10/- each convertible into proportionate number of equity shares within 18 months and balance PCPRPS shall continue as Non-Convertible Redeemable Preference Shares and shall carry 0% Coupon Rate and shall be redeemed / re-purchased on such date as determined by the Board but not later than a period exceeding three years.

### CONSOLIDATED FINANCIAL STATEMENTS:

The Consolidated financial statements of the Company for the financial year 2014-15 are prepared in compliance with applicable provisions of the Companies Act, 2013, Accounting Standards and Listing Agreement. The company has prepared Consolidated Financial Statements of the Company and its subsidiaries, which form part of this Annual Report.

### SUBSIDIARY COMPANY:

The company has the following subsidiaries as on 31<sup>st</sup> March, 2015:

1. Jinhua Jahari Enterprises Ltd.
2. Jinhua Indus Enterprises Ltd.
3. Bhaskarpara Coal Company Ltd.
4. ET Elec-Trans Ltd.
5. Hans Ispat Ltd.
6. Shree Hans Papers Ltd.
7. Shree Ram Electro Cast Ltd.
8. Electrotherm Mali SARL

Pursuant to section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statement of the subsidiary companies in Form AOC-1 is attached as "Annexure – A" to this Report.

Pursuant to the section 136 of the Companies Act, 2013, the financial statements of the company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the company [www.electrotherm.com](http://www.electrotherm.com).

During the financial year 2014-2015, none of the companies have become or ceased to subsidiaries, joint ventures or associate companies.

### NUMBER OF BOARD MEETINGS:

During the financial year 2014-15, 5 (Five) Board Meetings were convened and held. Details of the composition of the Board and its Committees and of the meetings held, attendance of the Directors at such meetings and other relevant details are provided in the Corporate Governance report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL:

#### ❖ Retirement by Rotation

Pursuant to the provisions of section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Articles of Association of the Company, Mr. Shailesh Bhandari, Managing Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

#### ❖ Appointment of Director

Pursuant to section 161 of the Companies Act, 2013 and the Rules framed there under, the Board of Directors has appointed Mr. Chaitanyapratap Sharma (DIN 07067095) as an Additional Director of the Company in the category of Independent & Non-Executive Director with effect from 11<sup>th</sup> February, 2015 and Mrs. Nita Mukati (DIN 07161844) as an Additional Woman Director of the company in the category of Independent & Non-Executive Director with effect from 20<sup>th</sup> April, 2015.

Mr. Chaitanyapratap Sharma shall hold office up to date the ensuing Annual General Meeting. The company has received a notice in writing from a member proposing the candidature of Mr. Chaitanyapratap Sharma for appointment as a Director. Your Directors recommend his appointment as a Director of the Company.

#### ❖ Resignation of Directors

Mr. Nilesh Desai (DIN 00058890) has resigned from directorship on 16<sup>th</sup> May, 2014, Mr. Pradeep Krishna Prasad (DIN 00059004) has resigned from directorship on 15<sup>th</sup> November, 2014 and Mrs. Nita Mukati (DIN 07161844) has resigned from directorship on 2<sup>nd</sup> June, 2015. The Board places on record its appreciation for the services rendered by them during their tenure as members of the Board of Directors of the company.

## DIRECTORS' REPORT

### ❖ Key Managerial Personnel:

Mr. Mukesh Bhandari, Managing Director designated as Chairman, Mr. Shailesh Bhandari, Managing Director, Mr. Avinash Bhandari, Managing Director designated as Joint Managing Director & CEO and Mr. Pawan Gaur, Chief Financial Officer and Mr. Jigar Shah, Company Secretary are the key managerial personnel of the company in accordance with the provisions of sections 2(51) and section 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Mr. Pawan Gaur was appointed as Chief Financial Officer (CFO) of the Company with effect from 7<sup>th</sup> July, 2014. Mr. Jigar Shah, Company Secretary has resigned with effect from 14<sup>th</sup> August, 2015.

### ❖ Declaration of Independence:

All Independent Directors have given declaration that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and clause 49 of the Listing Agreement.

### ❖ Annual Evaluation of Board's Performance:

In terms of the provisions of Section 134(3)(p) the Companies Act, 2013 read with Rule 8(4) of the Companies (Accounts) Rules, 2014 and Clause 49 of the Listing Agreement, the Board of Directors has carried out the annual performance evaluation of itself, the Directors individually as well as the evaluation of its committees. The manner in which the evaluation was carried out is provided in the Corporate Governance Report, which is part of this Annual Report.

### ❖ Nomination and Remuneration Policy:

The Board of Directors of the Company has, on recommendation of the Nomination and Remuneration Committee, framed and adopted a policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management and their remuneration. The salient aspects covered in the Nomination and Remuneration Policy, covering the policy on appointment and remuneration of Directors and other matters have been outlined in the Corporate Governance Report which forms part of this Annual Report. The said policy is available on the website of the Company at [www.electrotherm.com](http://www.electrotherm.com).

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT:

Particulars of investments made and loans given covered under the section 186 of the Companies Act, 2013, has been provided in Note No. 2.10 and 2.11 of the notes to the financial statement which form part of this Annual Report. The company has not given any guarantee during the financial year.

### CORPORATE SOCIAL RESPONSIBILITY (CSR):

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted a CSR Committee. The Board of Directors in its meeting held on 15<sup>th</sup> November, 2014 on the recommendation of Corporate Social Responsibility (CSR) Committee had approved the Corporate Social Responsibility Policy. The CSR policy is available on the website of the company at [www.electrotherm.com](http://www.electrotherm.com). The composition and terms of reference of the Committee are detailed in the enclosed Corporate Governance Report.

Since the Company has incurred losses during three immediately preceding financial years, the Company has not incurred any expenditure on CSR activities. The Annual Report on CSR activities in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out as "Annexure –B" to this report.

### RELATED PARTY TRANSACTIONS:

The Company has pursuant to the approval of shareholders through special resolution under Section 188 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, entered into related party transactions. The said transactions entered by the company with Related Parties were in the ordinary course of business and at arm's length basis.

The details of contracts or arrangements with related parties for the financial year ended on 31<sup>st</sup> March, 2015 is given in Note No. 2.36 of the financial statements of the Company.

### FIXED DEPOSIT:

During the financial year 2014-15, the Company has not accepted any deposit within the meaning of section 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

### DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to section 134(3)(c) of the Companies Act, 2013, the Directors state that :

- in the preparation of the annual accounts for the financial year ended on 31<sup>st</sup> March, 2015, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- the Directors had selected such accounting policies and applied them consistently and 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 loss of the company for that period;



**DIRECTORS' REPORT**

- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities;
- d) the Directors had prepared the Annual Accounts on a going concern basis;
- e) the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and.
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

**AUDITORS AND AUDITORS' REPORT:****➤ Statutory Auditor:**

M/s. Mehta Lodha & Co., Chartered Accountants (Firm Registration No. 106250W), Ahmedabad, statutory auditors of the company, retires at the forthcoming Annual General Meeting and are eligible for re-appointment. The company has received a letter from the retiring auditors to the effect that their re-appointment as a statutory auditors, if made, would be within the limits prescribed under section 141 of the Companies Act, 2013.

The Board of Directors on the recommendation of the Audit Committee, recommends the re-appointment of M/s. Mehta Lodha & Co., Chartered Accountants as the statutory auditors of the company.

There are matter of emphasis and qualification in the Auditors' Report for the year ended on 31<sup>st</sup> March, 2015. The Board of Directors of the company would like to clarify/explain the same as under:

1. With regard to Note No. 2.27 in respect of the winding up petitions and recovery cases against the Company, the same has been contested by the Company before the relevant statutory authorities including Courts/Tribunals and hence in opinion of the Board, the said legal cases would not affect the going concern concept of the Company.
2. With regard to Note No. 2.28 in respect of filing of Reference to BIFR on account of erosion of the net worth of the Company, the Board submits that as per CDR directives as described in Letter of Approval under the head of "critical conditions" and since the networth of the Company is fully eroded, the company has filed reference to BIFR on February 28, 2014 and the same has been registered on June 27, 2014 as Case No. 29/2014 and the same would not affect the going concern concept of the Company.
3. With regard to Note No. 2.30 relating to pending judgment of Hon'ble Supreme Court, the said note is self-explanatory and in the opinion of the Board, the same would not affect the going concern concept of the Company.
4. With regard to Note No. 2.29(a) to (d) in respect of non-provision of long disputed advances / claims / liability related to VAT / CST / Excise Duty against the Company, the Board submits that the Company is contesting the relevant disputed advances / claims / liability related to VAT / CST / Excise Duty with appropriate statutory authorities and as such the same are treated as good and no provision has been made in the accounts.
5. With regard to Note No. 2.29(f) related to non-provision of interest on NPA accounts of banks of ₹ 933.01 Crores, the Board submits that loans accounts of the Company have been classified as Non Performing Assets by Bankers and some of the bankers has not charged interest on the said accounts and therefore provision for Interest (other than upfront charges) has not been made in the book of accounts. Further the company has filed Reference to BIFR on February 28, 2014 and the same has been registered on June 27, 2014 as Case No. 29/2014.
6. With regard to Note No. 2.31 related to additional disclosures in the standalone financial statements
  - (a) In view of non-realization and payment, as per the prevalent accounting practices, the Company has written off the old balances of advances, trade receivables and Inventories during the financial year.
  - (b) As disclosed in the Note 2.31(j), Bank of India, the lead bank of the consortium, Bank of Baroda, State Bank of India, Canara Bank and State Bank of Travancore has assigned their debt to Edelweiss Asset Reconstruction Company Limited ("EARC"). The Board submits that the debts of the EARC are restructured as per the settlement terms & conditions vide document dated 10<sup>th</sup> March, 2015 and the same is in the best interest of the Company.
  - (c) With regard to diminution in the value of investments in Subsidiaries, the Board submits that the value of investment in Electrotherm Mali SARL is only ₹ 1 Lacs, while Shree Ram Electrocast Limited is non operation due to working capital crunch and losses.

The Bhaskarpara Coal Block in Chhattisgarh was allotted to the company jointly with UltraTech Cement Limited in the year 2008 by the Ministry of Coal.

During the year under review, Hon'ble Supreme Court of India vide Order dated 24<sup>th</sup> September, 2014 cancelled 204 coal blocks which had been allocated earlier for the purposes of mining coal for captive consumption. These include coal block allotted to the

## DIRECTORS' REPORT

company jointly with UltraTech Cement Limited viz. Bhaskarpara Coal Block in Chhattisgarh. No mining activity had commenced on this block and the cancellation will not have any material adverse impact on the company.

Subsequent to the Supreme Court judgment, the Central Government promulgated Ordinances dated 21<sup>st</sup> October, 2014 and 26<sup>th</sup> December, 2014 for allotment and auction of 204 coal blocks. The Ordinance framed and notified by the Ministry of Coal for the auction and allotment of all the above mentioned coal blocks.

As regard to investment in the cancelled coal block, the Company is likely to recover most of the expenditure from the new allottees in terms of the ordinances promulgated by the Central Government. The Board is of the opinion that the value of the investments will be recovered / realized in due course.

7. With regard to Note No. 2.39 in respect of third party balance confirmation, its classification in nature of realization of the amount and provision, the Board is of the opinion that it is realizable in the ordinary course of business and the provisions for all known liabilities are adequate.
8. With regard to Note No. 2.09 in respect of change in the method of depreciation on account of introduction of Schedule II of the Companies Act, 2013, the same was as per the requirement of the Companies Act, 2013. The Company has evaluated the useful lives of its fixed assets and has computed depreciation according to the provisions of Schedule II of the Companies Act, 2013.

### ➤ **Cost Auditor:**

As per Section 148 and other applicable provisions if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the Board of Directors of the Company has on the recommendation of the Audit Committee appointed M/s. V. H. Savaliya & Associates, Cost Accountants, Ahmedabad, as Cost Auditors, to conduct the cost audit of the Company for the financial year ending on 31<sup>st</sup> March, 2016, at a remuneration as mentioned in the notice convening the Annual General Meeting, subject to ratification of the remuneration by the Members of the Company.

The Audit Committee has received consent from Cost Auditor M/s. V. H. Savaliya & Associates to act as Cost Auditor of the Company for the financial year 2015-2016 along with a certificate certifying their Independence and arm's length relationship with the Company.

### ➤ **Secretarial Auditor:**

Pursuant to the provisions of section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Bharat Prajapati & Co., Company Secretaries in Practice to conduct the Secretarial Audit of the Company. The Secretarial Audit Report in Form No. MR-3 is annexed herewith as "**Annexure – C**" to this Report.

There are certain observations in the Secretarial Audit Report and Certificate of Corporate Governance for the financial year ended on 31<sup>st</sup> March, 2015. The Board of Directors of the company would like to clarify/explain the same as under:

1. With regard to non appointment of required number of Independent Director in pursuance of Clause 49 of the Listing Agreement, the Board submits that due to resignation of the Non-Executive & Independent Directors of the Company during the financial year, there was no optimum combination of executive and non-executive / independent directors on the Board. The Company is doing its best efforts to appoint suitable candidate as Independent Director to comply with the provisions of Clause 49(II)(A) of the Listing Agreement.
2. With regard to non re-constitution of the Nomination and Remuneration Committee, the Board submits that due to resignation of the Non-Executive & Independent Directors of the Company during the financial year, the composition of the Nomination and Remuneration Committee is not as per the provisions of Section 178 of the Companies Act 2013, Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement. However, the Board has re-constituted the Nomination and Remuneration Committee by appointing Mr. Mukesh Bhandari, Executive Chairman as member of the said Committee w.e.f. 14<sup>th</sup> August, 2015.
3. With regard to non appointment of Woman Director as on 31<sup>st</sup> March, 2015, the Board submits that the Company has appointed Mrs. Nita Mukati as a Woman Director on 20<sup>th</sup> April, 2015. However, she has resigned on 2<sup>nd</sup> June, 2015. The Company is doing its best efforts to appoint suitable candidate as Woman Director to comply with the provisions of Section 149 of the Companies Act, 2013, Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement.

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

The information required under the provisions of section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) the Companies (Accounts) Rules, 2014 with respect to conservation of energy, technology absorptions and foreign exchange earning and outgo is given in **Annexure - D**" which forms part of this Annual Report.

### **PARTICULARS OF EMPLOYEES:**

The information required pursuant to section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of the employees are given in "**Annexure- E**" to this Annual Report.



## **DIRECTORS' REPORT**

### **AUDIT COMMITTEE:**

The composition, terms of the reference and number of meetings of the Audit Committee held during the financial year is covered in the enclosed Corporate Governance Report.

### **RISK MANAGEMENT POLICY:**

The Board of Directors of the company has on recommendation of the Risk Management Committee framed and adopted a policy on Risk Management of the company. The broad terms of reference of the Committee are stated in Corporate Governance Report.

In the opinion of the Board, except the legal cases related to winding up petitions, recovery of dues, pending judgment of Hon'ble Supreme Court and Reference to BIFR on account of erosion of the networth of the Company, there are no other elements of risk which may threaten the existence of the Company.

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS:**

Presently, there are certain significant and material orders passed by the regulator / court / tribunal impacting the going concern status and company's operations in future as mentioned in Note No. 2.27 of the standalone financial statements in respect of winding up petitions and recovery cases against the Company, Note No. 2.28 in respect of filing of Reference to BIFR on account of erosion of the net worth of the Company and Note No. 2.30 relating to pending judgment of Hon'ble Supreme Court.

### **CORPORATE GOVERNANCE:**

In compliance with the provisions of Clause 49 of the Listing Agreement, a separate report on Corporate Governance along with a certificate from a Practising Company Secretary regarding compliance of conditions of corporate governance forms a part of this report.

### **WHISTLE BLOWER POLICY/VIGIL MECHANISM:**

The Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly the Board of Directors has formulated Whistle Blower Policy/Vigil Mechanism policy in compliance with the provision of Section 177(10) of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The policy provides for a framework and process whereby concerns can be raised by its employees against any kind of discrimination, harassment, victimization or any other unfair practice being adopted against them. More details of the Whistle Blower Policy/Vigil Mechanism are explained in the Corporate Governance Report. The Policy of Vigil Mechanism of the company is available on the website of the company at [www.electrotherm.com](http://www.electrotherm.com).

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

Pursuant to Clause 49 of the Listing Agreement, Management Discussion and Analysis Report is annexed after the Directors' Report and form a part of this report.

### **EXTRACT OF ANNUAL RETURN:**

Pursuant to section 143(3)(a) and section 92(3) of the Companies Act, 2013, the extract of the Annual Return in Form No. MGT-9 is annexed herewith as "Annexure – F" and forms a part of this report.

### **DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:**

The Company has put in place adequate internal financial controls with reference to the financial statements. During the financial year, such internal financial controls were operating effectively and it is commensurate with the size of the Company and the nature of business of the Company.

### **OTHER DISCLOSURES:**

- a) The Company has not issued equity shares with differential rights as to dividend, voting or otherwise.
- b) The Company has not issued sweat equity shares to its directors or employees.
- c) The Company does not have any Employees Stock Option Scheme for its Employees/Directors.
- d) The Auditors has not reported any frauds under sub-section (12) of Section 143 of the Companies Act, 2013.
- e) During the year the Company has not received any complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### **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 and on behalf of the Board of Directors**

**Place : Ahmedabad  
Date : 14<sup>th</sup> August, 2015**

**Mukesh Bhandari  
Chairman**

**DIRECTORS' REPORT****ANNEXURE – A****FORM AOC-I**

*(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)*  
Statement containing salient features of the financial statements of subsidiaries / associate companies / joint ventures

**PART A: SUBSIDIARIES**

Sr. No.	Name of Subsidiary	Reporting period	Reporting currency	Share capital	Reserves & surplus	Total assets	Total Liabilities	Investments	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed Dividend	% of share holding
1	Jinhua Indus Enterprises Limited	31/12/2014	RMB	2.06	(3.21)	0.50	2.21	0.56	0.18	(2.23)	0.00	(2.23)	-	100.00
2	Jinhua Jahari Enterprises Limited #	31/12/2014	RMB	0.54	(0.67)	3.54	3.68	-	10.45	0.39	(0.54)	0.93	-	-
3	Bhaskarpata Coal Company Limited @	31/03/2015	INR	17.19	(4.06)	15.67	2.54	-	-	(3.48)	0.03	(3.51)	-	52.63
4	ET Elec-Trans Limited	31/03/2015	INR	0.90	(1.47)	0.00	0.57	-	-	0.00	-	0.00	-	80.49
5	Hans Ispat Limited	31/03/2015	INR	36.42	(59.37)	131.15	154.10	-	342.59	(23.55)	-	(23.55)	-	100.00
6	Shree Hans Papers Limited	31/03/2015	INR	0.35	-	0.35	4.18	4.18	-	-	-	-	-	100.00
7	Shree Ram Electro Cast Limited	31/03/2015	INR	8.19	21.50	76.30	46.62	0.01	-	(9.94)	-	(9.94)	-	100.00
8	Electrotherm Mali SARL	31/12/2014	CFA	0.01	(5.96)	0.02	5.97	0.01	-	(0.40)	-	(0.40)	-	100.00

Exchange Rate as on 31.03.2015 1 RMB = ₹ 10.05

Exchange Rate as on 31.03.2015 1 CFA= ₹ 0.1021

1. Bhaskarpata Coal Company Limited and Shree Hans Papers Limited are yet to commence operations. ET Elec-Trans Limited, Shree Ram Electro Cast Limited and Electrotherm Mali SARL has not carried out any business activities during the financial year.

2. No Company which have been liquidated or sold during the year.

# 100% holding by Jinhua Indus Enterprises Limited

@ Joint Venture Company and for the purpose of disclosure considered as subsidiary as per section 129 of the Companies Act, 2013.

**PART B: Associates and Joint Ventures**

**Statement pursuant to section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Name of Associates/Joint Ventures : Not Applicable

**For and on behalf of the Board**

**SHAILESH BHANDARI**  
Managing Director  
DIN NO : 00058866

**AVINASH BHANDARI**  
Joint Managing Director  
DIN NO. : 00058986

**JIGAR SHAH**  
Company Secretary

**PAWAN GAUR**  
Chief Financial Officer

**Place : Ahmedabad**  
**Date : 26<sup>th</sup> May, 2015**

**DIRECTORS' REPORT**

**ANNEXURE – 'B'**  
**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

**1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

The Board of Directors at its meeting held on 15<sup>th</sup> November, 2014 has approved the CSR Policy of the Company pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014

As per the CSR Policy, the CSR activities to be undertaken by the Company are as specified in Schedule VII of the Companies Act, 2013, which interalia, includes promoting education, eradicating hunger, empowering women, preventive health care etc.

The CSR policy framed by the Company is placed on the Company's website at [www.electrotherm.com](http://www.electrotherm.com).

**2. The Composition of the CSR Committee is mentioned below :**

1. Mr. Shailesh Bhandari - Chairman
2. Mr. Avinash Bhandari - Member
3. Mr. Chaitanyapratap Sharma - Member

**3. Average net profit of the company for last three financial years.**

The Company has incurred losses during three immediately preceding financial years

**4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above).**

Not Applicable

**5. Details of CSR spent during the financial year:**

- (a) Total amount to be spent for the financial year : N.A.
- (b) Amount unspent, if any : N.A.
- (c) Manner in which the amount spent during the financial year is detailed below:

Sr. No.	Project/ Activity	Sector	Locations	Amount Outlay (Budget project or programs wise)	Amount spent on the project or programs	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing agency
—NA—							

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report. - Not Applicable
7. The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of your company.

Place : Ahmedabad  
 Date : 14th August, 2015

**Avinash Bhandari**  
 Managing Director & CEO

**Shailesh Bhandari**  
 Chairman – CSR Committee



**DIRECTORS' REPORT****ANNEXURE - "C"  
SECRETARIAL AUDIT REPORT  
FORM NO. MR-3****FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2015**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members,  
**Electrotherm (India) Limited**  
A-1, Skylark Apartment,  
Satellite Road, Satellite,  
Ahmedabad – 380015

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Electrotherm (India) Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the **Electrotherm (India) Limited** books, papers, minutes books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorised representatives during the conduct of secretarial audit, We hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2015** ('Audit Period') complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Electrotherm (India) Limited (CIN: L29249GJ1986PLC009126)** having its Registered office at A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad - 380015 for the financial year ended on **31<sup>st</sup> March, 2015** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during the Audit Period);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities Regulations, 2008 (Not applicable to the Company during the Audit Period);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period);

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India (Not notified hence not applicable to the Company during Audit Period).

**DIRECTORS' REPORT**

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has broadly complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation:

- 1) *The Company has not appointed required numbers of Independent Director in pursuance of clause 49 of the Listing Agreement.*
- 2) *The Company has not Re-Constituted the Nomination and Remuneration Committee as per the Provision of Section 178 of the Companies Act, 2013 and Rules 6 of The Companies (Meetings of Board and its Powers) Rules, 2014 and clause 49 of the Listing Agreement.*
- 3) *The Company has not appointed Woman Director as per section 149 of the Companies Act, 2013, Rules 3 of The Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement.*

**We further report that** the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by the statutory financial audit and other designated professionals.

**We further report that**

The Board of Directors of the Company is not duly constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meeting, agenda and detailed notes on agenda were usually sent seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliances with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, following are the specific events / actions having a major bearing on the Company's affairs:

1. Reconfirmation of borrowing limit upto ₹ 4000 Crores as per Section 180(1)(c) of the Companies Act, 2013
2. Creation of charge / security on properties of the Company as per Section 180(1)(a) of the Companies Act, 2013.
3. Central Bureau of Investigation (CBI) has filed FIR against the Company and its Directors namely, Mr. Mukesh Bhandari, Mr. Shailesh Bhandari, Mr. Avinash Bhandari, Mr. Ram Singh, Mr. Pradeep Krishna Prasad and Mr. Nilesh Desai.
4. The Company had made an application with BIFR under The Sick Industrial Companies (Special Provisions) Act, 1985 and the reference filed by the Company has been registered with BIFR Board as case No. 29/2014 dated 27th June, 2014.

**FOR BHARAT PRAJAPATI & CO.  
COMPANY SECRETARIES**

**BHARAT PRAJAPATI  
PROPRIETOR**

**A.C.S. NO. : 25607**

**C. P. NO. : 10788**

**Place :** Ahmedabad

**Date :** 14/08/2015

**Note :** This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

**DIRECTORS' REPORT****'ANNEXURE A'**

To the Members,  
**Electrotherm (India) Limited**  
A-1, Skylark Apartment, Satellite Road,  
Satellite, Ahmedabad – 380015

Our report of even date is to be read along with this letter.

1. The Management of the Company is responsible for maintenance of secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.
2. Our responsibility is to express an opinion on these secretarial records and procedures followed by the Company with respect to secretarial Compliance.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
5. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**FOR BHARAT PRAJAPATI & CO.  
COMPANY SECRETARIES**

**BHARAT PRAJAPATI  
PROPRIETOR  
A.C.S. NO. : 25607  
C. P. NO. : 10788**

**Place :** Ahmedabad  
**Date :** 14/08/2015

**DIRECTORS' REPORT****ANNEXURE – D**

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo under section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014

**A. CONSERVATION OF ENERGY:****(i) The steps taken or impact on conversion of energy**

- Coke rate in BF has been reduced from 580 Kgs/ton to 570 kgs/ton of hot metal by improving the preparation of burden.
- In steel melt shop, the energy consumption has been reduced and established to 730 KWH/ton from 745 KWH/ton with 80% DRI.

**(ii) The Steps taken for utilizing alternate source of energy**

No step has been taken for utilizing alternate source of energy

**(iii) The capital investment on energy conservation equipments: NIL****B. TECHNOLOGY ABSORPTION:****(i) The efforts made towards technology absorption**

- Magnetizing roasting of hematite medium grade iron ore fines for upgradation to high grade and subsequent pelletisation and induration in shaft furnace.
- Autoclaving of composite pellets to increase strength and their reduction and melting in shaft furnace.

**(ii) Benefits derived like product improvement, cost reduction, product development, import substitution etc.**

Induction Furnace based plant can reduce dependency on imported scrap and reduction in the cost of production to remain competitive.

**(iii) Imported Technology : None****(iv) Expenditure incurred on Research and Development : ₹ 0.0087 Crores****C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

1. Foreign exchange Earning : ₹ 112.70 Crores
2. Foreign Exchange Out Go : ₹ 58.65 Crores

**For and on behalf of the Board**

Place : Palodia  
Date : 14<sup>th</sup> August, 2015

**Mukesh Bhandari**  
Chairman

**DIRECTORS' REPORT**
**ANNEXURE – E  
PARTICULARS OF EMPLOYEES**

Disclosures as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) and 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

**1 Ratio of the remuneration of each director to the median remuneration of the employees of the Company and the percentage increase in remuneration of Directors & Key Managerial Personnel (KMP) in the Financial Year :**

Sr. No.	Name of Director/KMP	Designation	Ratio of Remuneration of each Director to Median Remuneration to employees	Percentage increase in Remuneration during FY 2014-2015
1	Mr. Mukesh Bhandari	Chairman	No remuneration was paid during the Financial year 2014-2015	N.A.
2	Mr. Shailesh Bhandari	Managing Director		
3	Mr. Avinash Bhandari	Joint Managing Director & CEO		
4	Mr. Ram Singh	Independent Director		
5	Mr. Chaitanyapratap Sharma	Independent Director		
6	Mr. Pawan Gaur	CFO	Not Applicable	18.33
7	Mr. Jigar Shah	Company Secretary	Not Applicable	5.43

- The percentage increase in the median remuneration of employees in the financial year was 13%.
- There were 1977 permanent employees on the rolls of the company as on 31<sup>st</sup> March, 2015.
- Average increase in the remuneration of employees is based on individual performance and criteria set out by the management, despite there being losses incurred by the Company.
- In view of the losses incurred by the Company, comparison of the remuneration of the KMP against the performance of the Company is not applicable.
- The market capitalisation as on March 31, 2015 was ₹ 27.14 Crores against ₹ 19.85 Crores as on March 31, 2014.  
In view of losses, PE Ratio is Negative as at March 31, 2015 and at March 31, 2014.  
The Company came out with Initial Public Offer in February, 1987 at a price of ₹ 10/- per share. The market price of the shares as on 31<sup>st</sup> March, 2015 was ₹ 21.85 on BSE Limited and ₹ 23.65 on the National Stock Exchange of India Limited (NSE).
- The average annual increase in the salaries of the employees, other than managerial personnel was 10.88%. There was no increase in the managerial remuneration, as no remuneration was paid to the Chairman / Managing Directors.
- There is no variable component of remuneration availed by any of the Directors during the financial year.
- As the Company has incurred losses during the financial year, no remuneration was paid to the Directors including Chairman / Managing Director. As such, the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year is not applicable.
- The company affirms that the remuneration paid, if any is as per the remuneration Policy.
- During the year there is no employee employed throughout the financial year or part of the financial year receiving remuneration in aggregate of not less than ₹ 5 lakh per month or ₹ 60 lakhs per year.



**DIRECTORS' REPORT**

**Annexure-"G"**  
**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN AS ON MARCH 31, 2015**  
**[Pursuant to Section 92 (3) of the Companies Act, 2013, and rule 12(1)**  
**of the Companies (Management & Administration ) Rules, 2014]**

**I REGISTRATION & OTHER DETAILS:**

i	CIN	<b>L29249GJ1986PLC009126</b>
ii	Registration Date	<b>29/10/1986</b>
iii	Name of the Company	<b>ELECTROTHERM (INDIA) LIMITED</b>
iv	Category/Sub-category of the Company	Company limited by shares Indian Non-Government Company
v	Address of the Registered office & contact details	A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380015 Contact details: Corporate office Tel: 02717-234553-7 / 660550 Fax: 02717-660600 Email: sec@electrotherm.com
vi	Whether listed company	Yes
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	<b>Link Intime India Pvt. Ltd.</b> Unit No. 303, 3rd Floor, Shoppers Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, Off C. G. Road, Ahmedabad - 380 009, Gujarat Contact No. (079) 26465179 Fax No.(079) 26465179 E-mail : ahmedabad@linkintime.co.in website: www.linkintime.co.in

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL No	Name & Description of main products / services	NIC Code of the Product /service	% to total turnover of the company
1	Electronic Furnaces	25113	19.67%
2	Steel	24100	80.06%

**DIRECTORS' REPORT****III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES**

Sl No	Name & Address of the Company	CIN/GLN	HOLDING/SUBSIDIARY /ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Jinhua Indus Enterprises Limited Address :Room 201, Building 8, Nanbin Garden, Binhong Road, Jinhua, Zhejiang Province, Postal Code : 321017 China	NA	Subsidiary Company	100.00%	Section 2(87) of the Companies Act, 2013
2	Jinhua Jahari Enterprises Limited Address :2nd Floor, 9 Building, Zhejiang Nai Si Kang Medicine Co Ltd, Shi Cheng Street No.399. Jinhua Industry Zone, Jinhua Zhejiang, Postal Code – 321017 China	NA	Step-down Subsidiary Company	100% by Jinhua Indus Enterprises Limited	Section 2(87) of the Companies Act, 2013
3	Bhaskarpara Coal Company Limited Address: Crystal Tower, 1 <sup>st</sup> Floor, G. E. Road, Opp. Minocha Petrol Pump, Telibandha, Raipur, Chhattisgarh – 492006	U10100CT2008PLC020943	Subsidiary Company	52.63%	Section 2(87) of the Companies Act, 2013
4	ET Elec-Trans Limited Address :A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380015	U34102GJ2008PLC055557	Subsidiary Company	80.49%	Section 2(87) of the Companies Act, 2013
5	Hans Ispat Limited Address:A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380015	U51109GJ1991PLC057955	Subsidiary Company	100.00%	Section 2(87) of the Companies Act, 2013
6	Shree Ram Electro Cast Limited Address:A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380015	U27109GJ2004PLC066347	Subsidiary Company	95.00% *	Section 2(87) of the Companies Act, 2013
7	Shree Hans Papers Limited Address :A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380015	U21012GJ1995PLC064736	Subsidiary Company	100.00%	Section 2(87) of the Companies Act, 2013
8	Electrotherm Mali SARL Address :Bamako Niarela Ibrahim Building, Street 428, Gate 1375, Mali	NA	Subsidiary Company	100.00%	Section 2(87) of the Companies Act, 2013

\* 5% shares of Shree Ram Electro Cast Limited are held by Shree Hans Papers Limited, Subsidiary Company


**DIRECTORS' REPORT**
**IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)**
**i) Category-wise Shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	2,280,575	-	2,280,575	19.87	2,280,575	-	2,280,575	19.87	0.00
b) Central Govt.	-	-	-	-	-	-	-	-	0.00
c) State Govt.	-	-	-	-	-	-	-	-	0.00
d) Bodies Corporates	975,000	-	975,000	8.50	975,000	-	975,000	8.50	0.00
e) Bank/FI	-	-	-	-	-	-	-	-	0.00
f) Any other	-	-	-	-	-	-	-	-	0.00
<b>SUB TOTAL:(A) (1)</b>	<b>3,255,575</b>	<b>-</b>	<b>3,255,575</b>	<b>28.37</b>	<b>3,255,575</b>	<b>-</b>	<b>3,255,575</b>	<b>28.37</b>	<b>0.00</b>
(2) Foreign									
a) NRI- Individuals	512,500	-	512,500	4.47	512,500	-	512,500	4.47	0.00
b) Other Individuals	-	-	-	-	-	-	-	-	0.00
c) Bodies Corp.	-	-	-	-	-	-	-	-	0.00
d) Banks/FI	-	-	-	-	-	-	-	-	0.00
e) Any other...	-	-	-	-	-	-	-	-	0.00
<b>SUB TOTAL (A) (2)</b>	<b>512,500</b>	<b>-</b>	<b>512,500</b>	<b>4.47</b>	<b>512,500</b>	<b>-</b>	<b>512,500</b>	<b>4.47</b>	<b>0.00</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>3,768,075</b>	<b>-</b>	<b>3,768,075</b>	<b>32.83</b>	<b>3,768,075</b>	<b>-</b>	<b>3,768,075</b>	<b>32.84</b>	<b>0.00</b>
<b>B. PUBLIC SHAREHOLDING</b>									
(1) Institutions									
a) Mutual Funds	-	9,800	9,800	0.09	-	9,800	9,800	0.09	0.00
b) Banks/FI	-	100	100	0.00	-	100	100	0.00	0.00
c) Central govt	-	-	-	-	-	-	-	-	0.00
d) State Govt.	-	-	-	-	-	-	-	-	0.00

**DIRECTORS' REPORT**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Venture Capital Fund	-	-	-	-	-	-	-	-	0.00
f) Insurance Companies	-	-	-	-	-	-	-	-	0.00
g) FIIs	-	-	-	-	-	-	-	-	0.00
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	0.00
i) Others (specify)	-	-	-	-	-	-	-	-	0.00
- Foreign Financial Institution	1,366,666	-	1,366,666	11.91	-	-	-	-	-11.91
<b>SUB TOTAL (B)(1):</b>	<b>1,366,666</b>	<b>9,900</b>	<b>1,376,566</b>	<b>11.99</b>	<b>-</b>	<b>9,900</b>	<b>9,900</b>	<b>0.09</b>	<b>-11.91</b>
<b>(2) Non Institutions</b>									
<b>a) Bodies corporates</b>									
i) Indian	801,917	501,700	1,303,617	11.36	1,718,076	501,700	2,219,776	19.34	7.98
ii) Overseas	-	2,000,000	2,000,000	17.43	-	2,000,000	2,000,000	17.43	0.00
<b>b) Individuals</b>	-	-							
i) Individual shareholders holding nominal share capital upto ₹1 lakhs	1,307,450	36,482	1,343,932	11.71	1,402,688	34,307	1,436,995	12.52	0.81
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	200,279	71,200	271,479	2.37	265,061	71,200	336,261	2.93	0.56
<b>c) Others (specify)</b>									
(i) Clearing Member	50,616	-	50,616	0.44	361,039	-	361,039	3.15	2.71
(ii) Non-Resident Indians	69,358	500	69,858	0.61	51,597	500	52,097	0.45	-0.16
(iii) Trusts	1,292,231	-	1,292,231	11.26	1,292,231	-	1,292,231	11.26	0.00
<b>SUB TOTAL (B)(2):</b>	<b>3,721,851</b>	<b>2,609,882</b>	<b>6,331,733</b>	<b>55.18</b>	<b>5,090,692</b>	<b>2,607,707</b>	<b>7,698,399</b>	<b>67.08</b>	<b>11.91</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>5,088,517</b>	<b>2,619,782</b>	<b>7,708,299</b>	<b>67.17</b>	<b>5,090,692</b>	<b>2,617,607</b>	<b>7,708,299</b>	<b>67.17</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>8,856,592</b>	<b>2,619,782</b>	<b>11,476,374</b>	<b>100.00</b>	<b>8,858,767</b>	<b>2,617,607</b>	<b>11,476,374</b>	<b>100.00</b>	<b>-</b>

**DIRECTORS' REPORT**
**(ii) Shareholding of Promoters**

Sr No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Western India Speciality Hospital Ltd.	975000	8.50	---	975000	8.50	---	---
2	Shailesh Bhandari	848275	7.39	1.31	848275	7.39	1.31	---
3	Mukesh Bhandari	809500	7.05	1.31	809500	7.05	1.31	---
4	Rakesh Bhandari	512500	4.47	---	512500	4.47	---	---
5	Ritu Bhandari	243025	2.12	---	243025	2.12	---	---
6	Nagesh Bhandari	233125	2.03	---	233125	2.03	---	---
7	Mukesh Bhanwarlal Bhandari [HUF]	60000	0.52	---	60000	0.52	---	---
8	Indubala Bhandari	51500	0.45	---	51500	0.45	---	---
9	Narendra Dalal	34500	0.30	---	34500	0.30	---	---
10	Jyoti Bhandari	375	0.00	---	375	0.00	---	---
11	Reema Bhandari	275	0.00	---	275	0.00	---	---
	<b>Total</b>	<b>3768075</b>	<b>32.83</b>	<b>2.61</b>	<b>3768075</b>	<b>32.83</b>	<b>2.61</b>	<b>---</b>

**(iii) Change in Promoter's Shareholding (please specify, if there is no change)**

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
There is no change in the shareholding of the Promoter Group. [Refer (ii) above]					



**DIRECTORS' REPORT**
**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)**

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (01/04/2014)		Cumulative Shareholding during the year (31/03/2015)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	DEG-Deutsche Investitions –UndEntwicklungsgesellschaft mbH	1366666	11.90	0	0.00
2	IDBI Trusteeship Services Limited (India Advantage Fund-VI)	1292231	11.25	1292231	11.25
3	Castleshine Pte Limited	1000000	8.71	1000000	8.71
4	Leadhaven Pte Limited	1000000	8.71	1000000	8.71
5	Web Businesses.Com Global Ltd.	293299	2.55	293299	2.55
6	Highland Finances & Investments Pvt. Ltd.	250000	2.17	250000	2.17
7	Froid Finance & Investment Pvt. Ltd.	250000	2.17	250000	2.17
8	Lavish Packagers Limited	248347	2.16	248347	2.16
9	Pushpa Sharma	85000	0.74	85000	0.74
10	Amit Harivadan Parikh	37279	0.32	37279	0.32
11	Passim Share Trade Pvt. Ltd.	0	0.00	374918	3.27
12	Sunflower Broking Private Limited	0	0.00	320250	2.79
13	SSJ Finance & Securities Pvt. Ltd.	0	0.00	192521	1.67

The shares of the company are traded on daily basis in dematerialised form and hence the date wise increase/decrease in shareholding is not indicated.

**(v) Shareholding of Directors & Key Managerial Personnel (KMP)**

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (01/04/2014)		Cumulative Shareholding during the year (31/03/2015)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
1	Mukesh Bhandari	809500	7.05	809500	7.05
2	Shailesh Bhandari	848275	7.39	848275	7.39
3	Avinash Bhandari	---	---	---	---
4	Pawan Gaur*	---	---	8676	0.07
5	Jigar Shah**	---	---	---	---

\* Mr. Pawan Gaur is holding shares in the name of Pawan Gaur (HUF)

\*\* Mr. Jigar Shah resigned from the post of Company Secretary of the company w.e.f. 14<sup>th</sup> August, 2015.

**DIRECTORS' REPORT**
**V INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits/ Optionally Fully Convertible Debentures	Total Indebtedness
<b>Indebtness at the beginning of the financial year</b>				
i) Principal Amount	2,839.01	268.57	-	3,107.58
ii) Interest due but not paid	As per Note	As per Note	-	As per Note
iii) Interest accrued but not due	As per Note	As per Note	-	As per Note
<b>Total (i+ii+iii)</b>	<b>2,839.01</b>	<b>268.57</b>	<b>-</b>	<b>3,107.58</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	77.38	-	-	77.38
Reduction	-	121.67	-	121.67
<b>Net Change</b>	<b>77.38</b>	<b>121.67</b>	<b>-</b>	<b>(44.29)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2,916.40	146.89	-	3,063.29
ii) Interest due but not paid	As per Note	As per Note	-	As per Note
iii) Interest accrued but not due	As per Note	As per Note	-	As per Note
<b>Total (i+ii+iii)</b>	<b>2,916.40</b>	<b>146.89</b>	<b>-</b>	<b>3,063.29</b>

**Note:** Loan accounts of the Company have been classified as Non Performing Assets by the Bankers and some of the bankers has not charged interest on the said accounts and therefore provision for interest (other than upfront charges) has not been made in the books of accounts. The extent of the exact amount is under determination and reconciliation with the banks, however, the amount of unprovided interest, on approximate basis, on the said loans (other than the loans with are assigned to Edelweiss Assets Reconstruction Company Limited) is ₹ 933.01 Crores upto 31<sup>st</sup> March, 2015.

**DIRECTORS' REPORT**
**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and / or Manager**

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager			Total Amount (₹)
		Mr. Mukesh Bhandari (Chairman)	Mr. Shailesh Bhandari (Managing Director)	Mr. Avinash Bhandari (Jt. Managing Director & CEO)	
<b>1.</b>	<b>Gross salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	---	---	---	---
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	---	---	---	---
	(c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	---	---	---	---
<b>2.</b>	Stock Option	Nil	Nil	Nil	Nil
<b>3.</b>	Sweat Equity	Nil	Nil	Nil	Nil
<b>4.</b>	Commission				
	- as % of profit	Nil	Nil	Nil	Nil
	- others, specify	Nil	Nil	Nil	Nil
<b>5.</b>	Others, please specify	---	---	---	---
	<b>Total (A)</b>	---	---	---	---
	Ceiling as per the Act (₹)		N.A.		

In view of losses incurred by the Company during the financial year, the Company has not paid any remuneration to its Chairman / Managing Directors.

**B. Remuneration to other directors**

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount (₹)
		Mr. Ram Singh	Mr. Pradeep Krishna Prasad*	Mr. Chaitanyapratap Sharma #	
<b>1.</b>	<b>Independent Directors</b>				
	• Fee for attending board / committee meetings	-	-	-	-
	• Commission	-	-	-	-
	• Others, please specify	-	-	-	-
	<b>Total (1)</b>	-	-	-	-
<b>2.</b>	<b>Other Non-Executive Directors</b>				
	• Fee for attending board / committee meetings	-	-	-	-
	• Commission	-	-	-	-
	• Others, please specify	-	-	-	-
	<b>Total (2)</b>	-	-	-	-
	<b>Total (B) = (1+2)</b>	-	-	-	-
	Total Managerial Remuneration	-	-	-	-
	Overall Ceiling as per the Act (₹)	-	-	-	-

\* Mr. Pradeep Krishna Prasad has resigned from the Directorship on 15<sup>th</sup> November, 2014

# Mr. Chaitanyapratap Sharma appointed as Director w.e.f. 11<sup>th</sup> February, 2015

**DIRECTORS' REPORT**
**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD**

(₹ in Crores)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount (₹)
		CEO	Mr. Jigar Shah Company Secretary	Mr. Pawan Gaur CFO	
<b>1.</b>	<b>Gross salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	0.08	0.26	0.34
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	-	0.01	0.02	0.03
	(c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	-	-	-	-
<b>2.</b>	Stock Option	-	-	-	-
<b>3.</b>	Sweat Equity	-	-	-	-
<b>4.</b>	Commission - as % of profit - others, specify	-	-	-	-
<b>5.</b>	Others, please specify	-	-	-	-
	<b>Total</b>	-	<b>0.09</b>	<b>0.28</b>	<b>0.37</b>

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT / Court)	Appeal made, if any, give details
<b>A. COMPANY</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>B. DIRECTORS</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

 For and on behalf of the Board of Directors of  
 Electrotherm (India) Limited

 Place : Ahmedabad  
 Date : 14<sup>th</sup> August, 2015

 Mukesh Bhandari  
 Chairman  
 (DIN: 00014511)

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### OVERVIEW OF ECONOMY

#### Global and Domestic Scenario:

Globally the year 2014 didn't prove to be the year of any major improvement and continued with slow recovery from the previous economic slowdown. Global economic output grew by just 3.3%, whereas the improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms and RBI's inflation focus supported by benign global commodity prices. In 2014-15, the Indian economy has emerged as one of the fastest growing economies with a promising economic outlook on the back of controlled inflation, rise in domestic demand, increase in investments, decline in oil prices and reforms among others. India retained position of 4<sup>th</sup> largest steel producing country with steel production of 88.12 million tonnes.

The Indian GDP growth expanded to 7.2% in 2014-15 due to improving economic sentiments post the election of a new government. The overall growth in core industries has improved marginally to 4.4% compared to 4.1% in the same period last year. However, steel demand at grass root level has not improved due to import supply from China.

The GDP growth projected for the year 2015-16 is 7.6% and the 'Make in India' campaign focusing on 25 key sectors with a vision to increase the share of manufacturing sector in the GDP from current 16% to 25% by 2022 will fuel this growth. This initiative is likely to generate 100 million new jobs, besides creating huge demand for steel and cement.

#### A. Engineering & Projects Division:

The Engineering & Projects division primarily undertakes turnkey projects worldwide for iron & steel melting making facility up to 0.5 Million TPA production capacity with indigenous technology. The growth of Engineering & Projects division is very closely linked with the progress of metal industry. It is likely that the new government initiatives and focus on the infrastructure sector will create demand for the steel products over the next five years. Addition of steel-making capacity is expected to meet the demand forecasts of more than 300 million tons by 2025.

Mini steel plant projects based on Induction furnace route up to 0.5 Million TPA capacities will continue to remain in a good demand due to lower gestation and investments compared to setting up projects with blast furnace. The company has already started receiving an increased enquiry flow owing to renewed interest of customers for either expansion of capacities or setting up new IF based project.

In last financial year, company has achieved another mile stone by supplying in line billet heaters of 7.5 MW capacity, which will save huge energy by facilitating direct rolling. Many steel rolling mills (up to 100 t/hr capacity) will be able to save almost ₹ 1000/- per ton by adopting direct rolling through ELECTROTHERM inline induction heater technology.

The introduction of the High Speed Modular Caster (HSMC) has made practically possible the direct rolling of billets and has gained wide acceptance in the industry. This has substantially brought down the production cost of rolling through a huge saving in fuel consumption and burning losses in the billet reheating furnaces and saving the environment. The company has supplied more than 110 casters during past 3 years and has seen considerable demand for its high speed casters facilitating direct rolling. Most of the new plants are being set up with caster as against traditional ingot casting. We are also seeing a lot of existing players upgrading their facilities from ingot making to billet making. We expect the demand for the casters to increase going forward.

Our latest refining technology (ERF – ELdFOS) will allow Induction Furnace based plants to compete with EAF based plants and even primary producers. With increasing demand, the primary producers will go back to producing flat products while the demand for the long products will be met by secondary producers thereby, improving the demand for induction melting furnaces.

The company has also introduced technologically advanced pollution control system for induction furnace based plant. The product is gaining popularity due to awareness in environment concerns and most existing units are expected to upgrade and switch over to advanced pollution control system.

The company has increased its focus on new product development and plans to invest a sizeable amount into continuing R&D activities to develop innovative products for steel industry.

#### B. Steel Division:

The key issue of non-availability of iron ore facing the steel division over the last few years has been primarily resolved with the opening up of most large sized 'A' category mines in the country. This has eased the supply of raw material which was severely constrained and was the main cause of losses incurred by the company. There is improved availability of iron ore both from Hospet-Bellary region and from imports at Kandla port. There is also good availability of pellets for sponge iron making.

While the raw material situation has eased, the overall plant performance remains subdued primarily on account of low capacity utilization owing to non-availability of adequate working capital. The various initiatives of the new government have not resulted into any major changes in the demand scenario in the country till now. Also, there has been sizeable finished goods' dumping from China.



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The new product introduced by the company – 500D LPS is fast gaining popularity and acceptability as a primary product. This has opened up a new market niche for the company.

The demand for our low alloy steel billets (treated thru LRF) is also increasing owing to improvement in the automobile sector.

### **Ductile Iron Pipe Division:**

The DI Pipe division showed improvement in performance with production and capacity utilization increasing. While the demand situation is expected to be strong, the prices are expected to remain under pressure. We have already seen the prices coming down by 5 – 10% in different regions of the country owing to the reduction in raw material prices.

Nationwide infrastructural development, urbanization, government's focus on housing, irrigation to drive agricultural growth have been identified as major factors facilitating the growth of the pipes industry in the country and DI Pipe is the best solution for transmission and distribution of potable water, irrigation and sewage field. Hence, the company is expecting growth in DI Pipe business.

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

The new government has increased its focus on the use of electric vehicles. The government is taking various initiatives and the Government of India has sanctioned subsidy for the same. After a very dull period with very subdued demand from the market, the company is now seeing an increase in the enquiries from the market and the company is expected to grow and grab a large market share of the electric two wheeler market.

#### **E-Rickshaw Market:**

In last couple of years, market of E-Rickshaws has grown exponentially in India. The market was mainly dominated by unorganized small traders who mainly import products from China. In October 2014, Government of India decided to regularize the E-Rickshaws in India and Homologation Norms were announced.

Considering the opportunity in E-Rickshaws market in India, ET decided to develop and launch 100% Made in India E-Rickshaws powered by ET's own Power Train which includes Motor, Charger, Controller and Converter. It gives us immense pleasure to inform that in March 2015, ET has successfully completed the I-CAT approval for Homologation compliance as per Common Motor Vehicle Rule applicable for E-Rickshaws.

ET has introduced its range of E-Rickshaws (Passenger Application) under brand name of E-TAXE and product for cargo application under brand name E-WINNER. E-WINNER is India's FIRST E-CART in India which has been tested and certified by any authorized testing agency for Homologation norms.

#### **1<sup>st</sup> Phase of NEMMP 2020:**

The new and stable government in center has worked aggressively to give final shape to the Government of India's visionary plan National Electric Mobility Mission Plan 2020 (NEMMP 2020). NEMMP 2020 is an initiative by Ministry of Heavy Industry and Public Enterprises to promote and develop a self sustained Electric Vehicle industry in India, which can support national fuel security, provide affordable and environment-friendly transportation to the citizens of India.

Government of India has already announced launch of Phase 1 of NEMMP 2020 from 1<sup>st</sup> April 2015 onwards. Under the Phase 1, subsidy of ₹ 7500 and ₹ 9400 has been proposed on Low Speed and High Speed Electric Scooter category respectively.

We are proud to inform that Mr Mukesh Bhandari, Chairman Electrotherm (India) Limited, has been appointed as "Co-Chairman - SUB Group on BMS and Battery" under National Electric Mobility Mission Plan 2020. At YObykes, with our credentials (technologically advanced product, largest customer base and network), we are in the best position to take the advantage of the opportunity which will be created by NEMMP 2020.

#### **Financial Situation:**

The Company has incurred losses for the financial year 2014-2015. Various banks / lenders has initiated winding up / recovery proceedings / cases under section 138 of the Negotiable Instruments Act, which are pending before respective Court / Tribunal.

Some lenders of company have assigned their debt to Asset Reconstruction Company (ARC) and company has entered into settlement agreement with ARC to resolve the debt. Further, the reference has been filed with BIFR and the case has been registered with Board u/s 15(1) of Sick Industrial Companies (Special Provision) Act, 1985.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### SEGMENT-WISE PERFORMANCE:

The Business segment of the Company comprises of Engineering & Project Division, Special Steel Division and Electric Vehicle Division. The Segment wise performance of the Company for all the three divisions for the period ended on 31st March, 2015 is as under:

(₹ In Crores)

Particulars	Engineering & Projects Division	Special Steel Division	Electric Vehicle Division
Revenue from operations	360.88	1468.92	4.95
Segment Profit / (Loss)	(34.03)	(373.51)	(27.45)
Capital employed	(124.70)	263.33	45.26

### DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

As the financial year 2014-2015 comprises of 12 months ended on 31st March, 2015, hence, the figures for 12 months are not comparable to figures for the previous year of 6 months period ended on 31<sup>st</sup> March, 2014.

#### REVENUE FROM OPERATIONS:

The total income from operations of the Company for the financial year period ended on 31st March, 2015 is ₹ 1829.21 Crores as compared to ₹ 659.86 Crores of previous financial year.

#### COST OF MATERIALS CONSUMED INCLUDING PURCHASE OF TRADED GOODS:

The cost of materials consumed including purchase of traded goods for the financial year period ended on 31<sup>st</sup> March, 2015 is ₹ 1364.59 Crores as compared to ₹ 487.10 Crores of previous financial year.

#### DEPRECIATION:

Depreciation for the financial year period ended on 31<sup>st</sup> March, 2015 is ₹ 146.18 Crores as compared to ₹ 69.39 Crores of the previous financial year.

#### FINANCE COSTS:

Finance costs for the financial year period ended on 31<sup>st</sup> March, 2015 is of ₹ 6.37 Crores as compared to ₹ 1.89 Crores of previous financial year.

Further, loan accounts of the Company have been classified as Non Performing Assets by the Bankers and some of the bankers has not charged interest on the said accounts and therefore provision for interest (other than upfront charges) has not been made in the books of accounts. The extent of the exact amount is under determination and reconciliation with the banks, however, the amount of un-provided interest, on approximate basis, on the said loans (other than the loans with are assigned to Edelweiss Assets Reconstruction Company Limited) is ₹ 933.01 Crores upto 31st March, 2015.

#### PROFIT ANALYSIS:

Net Loss for the financial year period ended on 31<sup>st</sup> March, 2015 is ₹ 440.51 as compared to Loss of ₹ 321.16 Crores of previous financial year.

#### RISK AND CONCERNS:

The Company has established a well-defined process of risk management, wherein the identification, analysis and assessment of the various risks, measuring of the probable impact of such risks, formulation of risk mitigation strategy and implementation of the same takes place in a structured manner. Further pursuant to Clause 49 of the Listing Agreement, the company has constituted a Risk Management Committee to oversee the Risk Management efforts of the company. Though the various risks associated with the business cannot be eliminated completely, all efforts are made to minimize the impact of such risks in the operations of the Company.

At present, the Company is at risk with regards to winding up petitions filed by UCO Bank, Syndicate Bank, Shiv Sales Industries and Shiv Metals Industries which is pending at Gujarat High Court. Further matters related to recovery proceedings filed by UCO Bank, Syndicate Bank, Allahabad Bank, ICICI Bank Limited, Central Bank of India and Dena Bank are pending before DRT / DRAT. A Public Interest Litigation is pending before Hon'ble Supreme Court challenging Environment Clearance and BIFR Application / Reference is pending in BIFR Board which in opinion of the Board threaten the existence of your Company.





## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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 repay in foreign currency along with ECB and this will mean an exposure of the Foreign Exchange fluctuation risk.

### INTERNAL CONTROL SYSTEM, ITS SECURITY AND ADEQUACY

#### INTERNAL CONTROL SYSTEM:

The Internal Control System is designed to prevent operational risks through a framework of internal controls and processes. The Company has in place adequate system of internal control and internal audit commensurate with its size and the nature of its operations. Our internal control system ensures that all business transactions are recorded in a timely manner, the financial records are complete, resources are utilized effectively and our assets are safeguarded. Internal Audit is conducted by experienced chartered accountants in close coordination with company's Finance, Accounts and other department of the Company. The findings of the Internal Audit team are discussed internally with the Executive Directors as well as in Audit Committee Meetings and their suggestion for improvement & strengthening is accepted by the Board.

#### DEVELOPMENT OF HUMAN RESOURCES FRONT:

The Company on its journey to be a Technological & Strategically Leader by its innovative ideas, strong R&D & New Learning & Development to cope up with change in business environment during the year. As on 31<sup>st</sup> March, 2015, there are 1977 permanent employees employed by the Company. Some of the developments related to human resources are as under:

- Aligned individual goals to the Departmental Objectives by deploying Individual Goal Sheet by interlinking with E-PMS,
- Organized various training programs for developing functional, behavioral and technical skills. Initiated Induction Training Programs for all the new on-board inductees to understand organization vision, mission and values,
- Strengthened corporate communication through 'Appointments, Elevation & Utsav Delights' across the organization.
- Initiated employer branding with campus interviews at IITs/ NITs and other top engineering colleges at Pan India level for taking on board the best talent for critical departments.
- Rationalized organization structure, developed role profiles & assessed recruitment road map for FY 2015-16 across all the divisions.
- Initiated outings for sales team to strengthen employee engagement.
- Rationalized employee benefits through Group Personal Accident Policy, Group Health Insurance, & Incentive Schemes and many more.

#### CAUTIONARY STATEMENT:

*Statements in this Management Discussion and Analysis detailing 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 believes in maintaining a valuable relationship and trust with all stakeholders. We consider stakeholders as partners in our success and we remain committed to maximising stakeholder's value, be it shareholders, employees, suppliers, customers, investors, communities or policy makers. This approach to value creation emanates from our belief that sound governance system, based on relationship and trust, is integral to creating enduring value for all. The responsibility for managing corporate governance standards is with your Company's Board of Directors and various Board Committees, which are empowered to monitor implementation of the best Corporate Governance practise including making necessary disclosure within the framework of legal and regulatory provisions. The Company also understands and respects its fiduciary role and responsibility towards its shareholders and strives hard to meet their expectation.

### 2. Board of Directors:

The Board of Directors of the Company is having combination of Executive and Non-Executive Directors. As on the date of this report, the Board of Directors comprises five Directors, out of which three are Executive Directors and two are Non-Executive & Independent Directors.

As on the date of this report, the details of composition of Board, category of all Directors as well as their Directorship/Membership in other Companies/Committees are given below:

Sr. No	Name of Director	Category & Position	Number of other Directorship and Other Committee Membership / Chairmanship		
			Directorship	Committee Membership	Committee Chairmanship
1.	Mr. Mukesh Bhandari	Promoter & Executive Chairman	6	2	Nil
2.	Mr. Shailesh Bhandari	Promoter & Managing Director	8	4	1
3.	Mr. Avinash Bhandari	Jt. Managing Director & CEO	4	2	1
4.	Mr. Ram Singh	Independent & Non-Executive	Nil	Nil	Nil
5.	Mr. Chaitanyapratap Sharma	Independent & Non-Executive	1	1	Nil
6.	Mr. Pradeep Krishna Prasad*	Independent & Non-Executive	Nil	Nil	Nil
7.	Mrs. Nita Mukati**	Independent & Non Executive	Nil	Nil	Nil

\* Mr. Pradeep Krishna Prasad has resigned from the Directorship on 15<sup>th</sup> November, 2014

\*\* Mrs. Nita Mukati was appointed as Additional Independent Woman Director on 20<sup>th</sup> April, 2015 and resigned on 2<sup>nd</sup> June, 2015

- While calculating the number of Membership / Chairmanship in Committees of other Companies, Membership/Chairmanship of only Audit Committee and Stakeholders Relationship Committee have been considered pursuant to Clause 49 of the listing agreement. None of the Director is a member in more than ten committees or act as a Chairman of 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 ended on 31<sup>st</sup> March, 2015, 5 (Five) Board Meetings were held on 27<sup>th</sup> May, 2014, 13<sup>th</sup> August, 2014, 15<sup>th</sup> November, 2014, 11<sup>th</sup> February, 2015 and 10<sup>th</sup> March, 2015.

**REPORT ON CORPORATE GOVERNANCE**

Attendances of Directors at the Board Meetings and at the Last Annual General Meeting held on 30<sup>th</sup> September, 2014 are as under:

Name of Director	Total Board Meetings held	Attendance	
		Board Meetings	AGM held on 30/09/2014
Mr. Mukesh Bhandari	5	4	No
Mr. Shailesh Bhandari	5	5	Yes
Mr. Avinash Bhandari	5	5	Yes
Mr. Ram Singh	5	4	No
Mr. Mr. Chaitanyapratap Sharma	2	2	No
Mr. Mr. Pradeep Krishna Prasad *	3	3	No

\* Mr. Pradeep Krishna Prasad has resigned from the Directorship on 15<sup>th</sup> November, 2014.

- Mr. Nilesh Desai has resigned from the Directorship on 16<sup>th</sup> May, 2014

All the information required to be furnished to the Board was made available to them along with detailed agenda notes. The maximum time gap between two Board meetings was not more than one hundred and twenty days.

**Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 ("Act") and Rules made thereunder and as provided in Schedule IV of the Act and Clause 49 of the Listing Agreement, the Board has carried out the evaluation of its own performance, its committees, individual directors and Chairman of the Board.

The Board has evaluated the composition of the Board, its committees, experience and expertise, performance of duties and obligations, governance issues etc. Performance of individual Directors and Chairman was also carried out in terms of adherence to code of conduct, participation in board meetings, implementing corporate governance practices etc. The Directors expressed their satisfaction with the evaluation process.

**Meeting of Independent Directors:**

During the year under review, a separate meeting of the Independent Directors of the Company was held on 11<sup>th</sup> February, 2015 to review the performance of non-independent directors, chairman and the Board as a whole and to assess the flow of information between the company management the Board.

**Familiarisation Programme for Independent Directors:**

Independent Directors are familiarised with their roles, rights and responsibilities in the Company as well as with the nature of industry and business model of the Company by providing various presentation at Board/ Committee meetings from time to time. Further the Independent Directors of the Company are made aware of their role, responsibility and liabilities at the time of their appointment, through a formal letter of appointment, which also stipulates various terms and conditions of their engagement apart from clarifying their role and responsibilities. The details of the familiarisation programmes can be accessed on the website [www.electrotherm.com](http://www.electrotherm.com).

**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 Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013. Minutes of the Audit Committee are circulated and discussed at the Board Meetings.

**(ii) Composition of the Committee:**

The Audit Committee comprises of three directors as members and two thirds of the members of Audit Committee are independent directors. The Company Secretary acts as a secretary to the Audit Committee. The Audit Committee was re-constituted during the year due to resignation of Mr. Nilesh Desai and Mr. Pradeep Krishna Prasad as Director and at present Mr. Ram Singh is the Chairman and Mr. Chaitanyapratap Sharma and Mr. Avinash Bhandari are members of the Audit Committee.

## REPORT ON CORPORATE GOVERNANCE

### (iii) Meetings and Attendance:

During the financial year ended on 31<sup>st</sup> March, 2015, four Meetings of the Audit Committee were held on 27<sup>th</sup> May, 2014, 13<sup>th</sup> August, 2014, 15<sup>th</sup> November, 2014 and 11<sup>th</sup> February, 2015.

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

Name	Designation	Attendance
Mr. Ram Singh	Chairman	4
Mr. Pradeep Krishna Prasad *	Member	3
Mr. Avinash Bhandari	Member	4
Mr. Chitanyapratap Sharma	Member	1

\* Pradeep Krishna Prasad has resigned from the Directorship as on 15<sup>th</sup> November, 2014.

### B. Nomination & Remuneration Committee:

The Nomination and Remuneration Committee was constituted as per the provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement.

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

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees and carry out evaluation of every director's performance;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

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

The Nomination and Remuneration Committee was re-constituted during the year due to resignation of Mr. Pradeep Krishna Prasad as Director. Further Mrs. Nita Mukhati was appointed as member of the Committee w.e.f. 20<sup>th</sup> April, 2015 and ceased to be member of the Committee w.e.f. 2<sup>nd</sup> June, 2015 due to resignation as director. At present, Mr. Ram Singh is the Chairman and Mr. Chaitanyapratap Sharma and Mr. Mukesh Bhandari are members of the Nomination and Remuneration Committee. The Company Secretary acts as Secretary to the Committee.

#### (iii) Meetings and attendance:

During the financial period 2014-2015, two Meeting of the Nomination and Remuneration Committee was held on 15<sup>th</sup> November, 2014 and 11<sup>th</sup> February, 2015 and all the members were present at the meetings.

#### (iv) Remuneration Policy:

The Nomination and Remuneration Committee will recommend the remuneration to be paid to the Managing Director, Whole-time Director, KMP and Senior Management Personnel to the Board for their approval.

The level and composition of remuneration so determined by the Committee shall be reasonable & sufficient to attract, retain and motivate directors, Key Managerial Personnel & Senior Management Personnel. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

The details of the remuneration policy including criteria for making payments to non-executive directors can be accessed on the website [www.electrotherm.com](http://www.electrotherm.com).

#### (a) Director/ Managing Director

Besides the above Criteria, the Remuneration/ compensation/ commission etc to be paid to Director / Managing Director shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

**REPORT ON CORPORATE GOVERNANCE****(b) Non executive Independent Directors**

The Non- Executive Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

**(c) Key Management Personnels (KMPs) / Senior Management Personnel etc**

The Remuneration to be paid to KMPs/ Senior Management Personnel shall be based on the experience, qualification and expertise of the related personnel and governed by the limits, if any prescribed under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

**(v) Details of Remuneration of Directors:**

During the financial year ended on 31<sup>st</sup> March, 2015, in view of the losses incurred by the company and pursuant to the provisions of Section 197 of the Companies Act, 2013 read with Schedule V, the Company has not paid any remuneration to any of its directors viz. Chairman, Managing Director, Jt. Managing Director & CEO or other directors.

During the financial year ended on 31<sup>st</sup> March, 2015, the shareholders at the 28<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> September, 2014 re-appointed Mr. Mukesh Bhandari as Chairman, Mr. Shailesh Bhandari as Managing Director and Mr. Avinash Bhandari as Jt. Managing Director & CEO of the Company for the period from 1<sup>st</sup> February, 2014 to 31<sup>st</sup> January, 2017.

The Company has not paid any sitting fees / remuneration to the Non-Executive & Independent Directors of the Company during the financial year. Non-Executive Directors of the Company does not hold any equity shares of the Company as on 31<sup>st</sup> March, 2015. During the year, there were no pecuniary relationships or transactions between the Company and its Non-Executive Directors.

**C. Stakeholders Relationship Committee:**

The Stakeholders Relationship Committee was constituted as per the provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement. The Committee specifically look into the redressal of grievances of shareholders including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. To expedite the process of share transfers, the Board of the Company has delegate the power of share transfer to the registrar and share transfer agents, who attends the share transfer formalities at least once in a fortnight.

During the financial year ended on 31<sup>st</sup> March, 2015, the Stakeholders Relationship Committee was re-constituted due to cessation of Mr. Pradeep Krishna Prasad as Director w.e.f. 15<sup>th</sup> November, 2014 and appointment of Mr. Chaitanyapratap Sharma as member w.e.f. 11<sup>th</sup> February, 2015. Mr. Ram Singh, a Non-Executive and Independent Director is the Chairman and Mr. Avinash Bhandari and Mr. Chaitanyapratap Sharma are members of the Committee.

During the year under review, 4 meetings of the Stakeholders Relationship Committee were held on 30<sup>th</sup> April, 2014, 31<sup>st</sup> July, 2014, 31<sup>st</sup> October, 2014 and 31<sup>st</sup> January, 2015. Mr. Jigar H. Shah, Company Secretary is the Compliance Officer.

**Details of Shareholders Complaints:**

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

Sr.No.	Nature of Complaint	Complaints received	Complaints solved	Complaints pending
1.	Non receipt of Dividend	1	1	NIL
2.	Non receipt of Annual Report	0	0	NIL

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

The Company has constituted a Share Allotment Committee on 29<sup>th</sup> 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 ended on 31<sup>st</sup> March, 2015, no meeting of the Share allotment Committee was held.

## REPORT ON CORPORATE GOVERNANCE

### (ii) Management Committee

The Company has constituted a Management Committee on 29<sup>th</sup> 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, Opening/Closing of Current Accounts with various Banks, Change in signatory in various Current Accounts with various Banks, Transfer of unpaid dividend to Investor Education and Protection Fund and closing of such dividend accounts and other authorities on behalf of the Company.

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

During the financial year ended on 31<sup>st</sup> March, 2015, 10 (Ten) Meetings of the Management Committee were held.

### (iii) Risk Management Committee

The Company has constituted a Risk Management Committee on 30<sup>th</sup> September, 2011. The terms of reference of Risk Management Committee includes reviewing the risk management processes across all businesses and functions, to identify the key risk and develop action plans to mitigate those risks, to assess the risks on periodical basis including effective control and management reporting system etc.

During the financial year ended on 31<sup>st</sup> March, 2015, Risk Management Committee was re-constituted due to cessation of Mr. Pradeep Krishna Prasad as Director w.e.f. 15<sup>th</sup> November, 2014 and appointment of Mr. Chaitanyapratap Sharma as member w.e.f. 11<sup>th</sup> February, 2015. At Present, Mr. Avinash Bhandari is the Chairman and Mr. Shailesh Bhandari and Mr. Chaitanyapratap Sharma are members of the Risk Management Committee.

### (iv) Corporate Social Responsibility Committee (CSR Committee):

The Company has constituted a Corporate Social Responsibility Committee on 27<sup>th</sup> May, 2014. The CSR Committee has formulated a CSR policy of the Company at their meeting held on 15<sup>th</sup> November, 2014 and the same has been placed on the website of the Company at [www.electrotherm.com](http://www.electrotherm.com).

During the financial year ended on 31<sup>st</sup> March, 2015, CSR Committee was re-constituted due to cessation of Mr. Pradeep Krishna Prasad as Director w.e.f. 15<sup>th</sup> November, 2014 and appointment of Mr. Chaitanyapratap Sharma as member w.e.f. 11<sup>th</sup> February, 2015. At present, the CSR Committee comprises of Mr. Shailesh Bhandari as Chairman and Mr. Avinash Bhandari and Mr. Chaitanyapratap Sharma are the members of the CSR Committee.

## 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
28 <sup>th</sup>	2013-2014	S-5, Ahmedabad Management Association, AITRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	30.09.2014	11.00 A.M.
27 <sup>th</sup>	2012-2013	A-1 Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380 015	30.12.2013	11.00 A.M.
26 <sup>th</sup>	2011-2012	S-5, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	28.12.2012	11.00 A.M.

### Special Resolutions:

No Special Resolution was passed at the 26<sup>th</sup> Annual General Meeting held on 28<sup>th</sup> December, 2012 and 27<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> December, 2013.

Following special resolutions were passed at the 28<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> September, 2014:-

Sr. No.	Special Resolutions Passed
1	Reconfirming Authority to Board of Directors of the Company for borrowing limit up to ₹ 4000 Crores
2	Re-appointment of Mr. Mukesh Bhandari as a Managing Director designated as a Chairman
3	Re-appointment of Mr. Shailesh Bhandari as a Managing Director
4	Re-appointment of Mr. Avinash Bhandari as a Joint Managing Director & CEO
5	Adoption of new set of Articles of Association
6	Authority for Related Party Transactions under section 188 of Companies Act, 2013

**REPORT ON CORPORATE GOVERNANCE****(ii) Extra Ordinary General Meetings**

No Extra Ordinary General Meeting was held during the financial year ended on 31<sup>st</sup> March, 2015.

**(iii) Postal Ballot**

During the financial year ended on 31<sup>st</sup> March, 2015, the following special resolutions were passed by requisite majority through postal ballot on 7<sup>th</sup> January, 2015 as per notice of postal ballot dated 15<sup>th</sup> November, 2014:

Sr. No.	Resolutions Passed
1	Creation of Charge/ Security on properties of the Company
2	Making of Loans or Investments and to give Guarantees or to provide security in connection with a loan for an amount not exceeding ₹ 500 Crores
3	Change in the Memorandum of Association of the Company

Details of voting pattern for the above said postal ballot was as under:

Resolution No. and Description	Number of valid Votes received	Votes in favour of the Resolution	Votes against the Resolution
Resolution No.1 as a Special Resolution for Creation of Charge/security on properties of the Company	4905811	4905243	568
Resolution No. 2 as a Special Resolution to make loans or investment and to give guarantees or to provide security in connection with a loan.	4907111	4905243	1868
Resolution No.3 as a Special Resolution to change the Memorandum of Association of the Company.	4905811	4905793	18

**5. Disclosures:****(i) Related party transactions**

The Company has pursuant to the approval of shareholders through special resolution under Section 188 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, entered into related party transactions. However, such related party transactions does not have any potential conflict with the interests of the Company at large. The details of related party transactions as per Accounting Standard 18 are included in the notes to accounts. The policy on dealing with Related Party Transactions is available on the website of the Company at [www.electrotherm.com](http://www.electrotherm.com).

**(ii) Code of Conduct**

Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. In compliance with the Code, directors and senior management of the Company have affirmed compliance with the Code for year ended on 31<sup>st</sup> March, 2015. The declaration of compliance of Code of Conduct by the Joint Managing Director & CEO is part of this Annual Report.

**(iii) Details of Non-Compliance related to capital markets**

The Company is not in compliance with Clause 49(II)(A) of the Listing Agreement related to appointment of required number of Independent Directors and Woman Director and Clause 49(IV) of the Listing Agreement related to re-constitution of Nomination and Remuneration Committee. Stock Exchanges has imposed the fine for non-compliance with appointment of Woman Director as on 31<sup>st</sup> March, 2015. Apart from this, there is no other non-compliance by the company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company has complied with all the mandatory requirements of Clause 49, except as mentioned above. The Company has not adopted any non-mandatory requirements mentioned in Clause 49 of the Listing Agreement.

**(iv) Whistle Blower Policy:**

Pursuant the provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement, the Whistle Blower Policy / Vigil Mechanism was established for directors and employees to report concern about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct. The Board hereby affirms that no personnel has been denied access to the Audit Committee. The whistle blower policy / vigil mechanism is available on the website of the Company at [www.electrotherm.com](http://www.electrotherm.com).



## REPORT ON CORPORATE GOVERNANCE

### (v) Policy on “Material” Subsidiaries

The Board of Directors of the Company has approved a policy on determining Material Subsidiary which is available on the website of the Company at [www.electrotherm.com](http://www.electrotherm.com)

### 6. Means of Communication:

The quarterly results are normally published in national and local daily such as “Business Standard and Free Press Gujarat” in English Edition and “Prabhat & Lokmitra” in Gujarati Editions.

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

The Company has not made any presentations to the institutional investors or to the analysts during the financial year ended on 31<sup>st</sup> March, 2015.

### 7. General Shareholder Information:

Day, Date & Time of 29 <sup>th</sup> AGM	Wednesday, 30 <sup>th</sup> September, 2015 at 11.00 a.m.
Venue of AGM	S-5, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015
Book Closure Date	25 <sup>th</sup> September, 2015 to 30 <sup>th</sup> September, 2015
Compliance Officer	Mr. Shailesh Bhandari, Managing Director
Email for Investor Complaint	sec@electrotherm.com
Website	<a href="http://www.electrotherm.com">www.electrotherm.com</a>
Financial Period	1 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2015
ISIN with NSDL & CDSL	INE822G01016
Dividend payment date	Not Applicable, as no dividend is declared for the financial year ended on 31 <sup>st</sup> March, 2015

#### Tentative Financial Calendar for 2015-2016 (Twelve Months from 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016):

Quarter ending on 30th June, 2015	On or before 14 <sup>th</sup> August, 2015
Quarter ending on 30th September, 2015	On or before 14 <sup>th</sup> November, 2015
Quarter ending on 31 <sup>st</sup> December, 2015	On or before 14 <sup>th</sup> February, 2016
Quarter ending on 31 <sup>st</sup> March, 2016	On or before 30 <sup>th</sup> May, 2016

### A. Listing on Stock Exchange(s):

Shares of your Company are listed in the Two Stock Exchanges namely:

Name & Address of Stock Exchange	Stock Code
BSE 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 2015-16 have been paid to both Stock Exchanges.

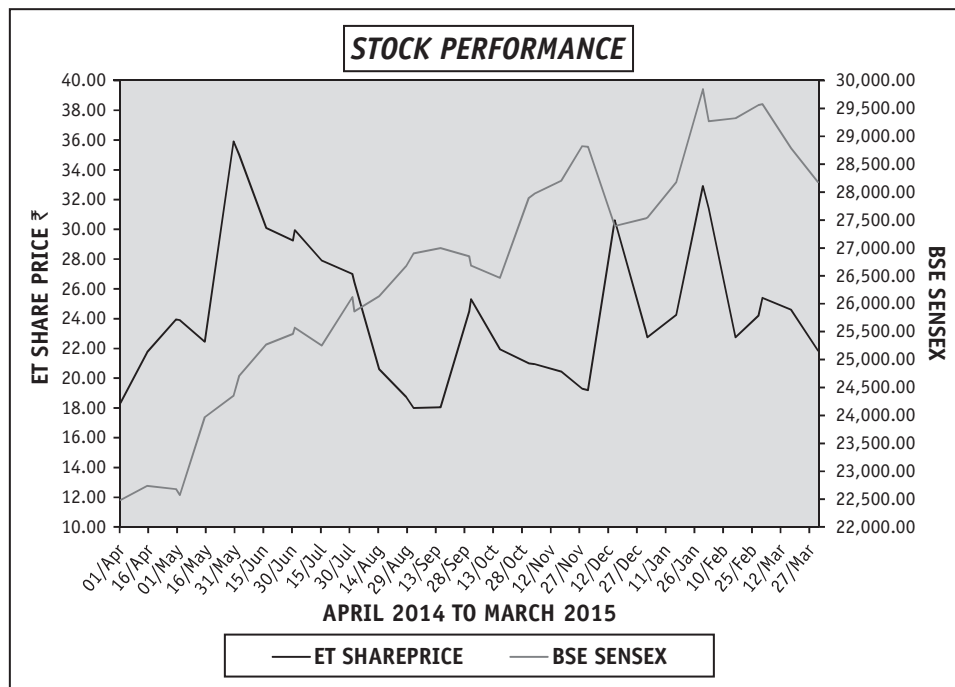
**REPORT ON CORPORATE GOVERNANCE****B. Market Price Data :**

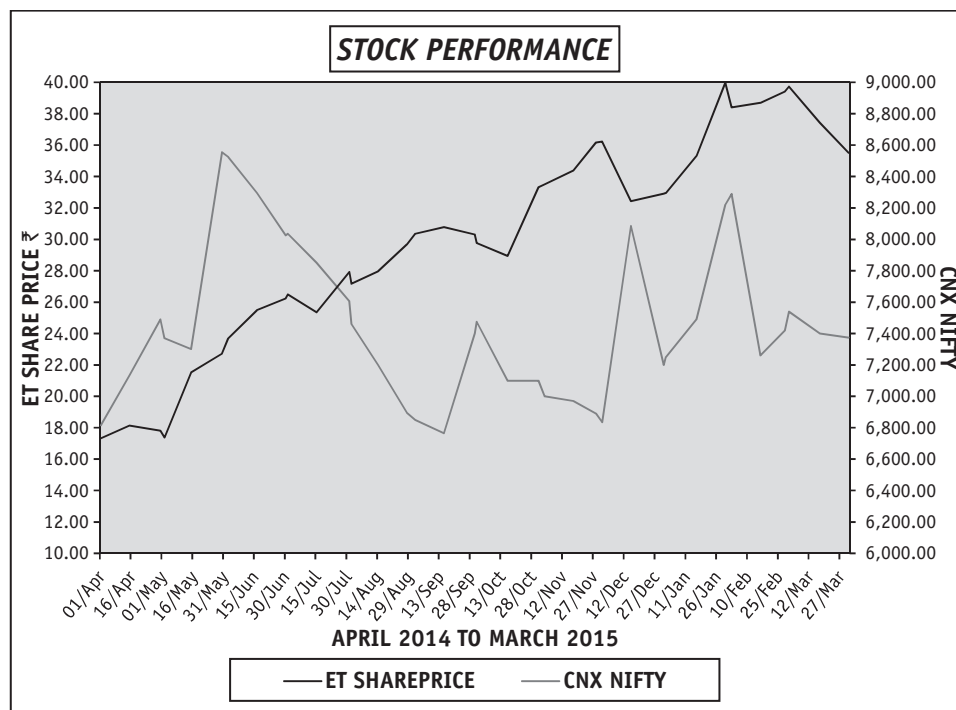
Market price data of equity shares of the Company having face value of ₹ 10/- on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) for the financial period 2014-2015 are given below:

Month	BSE – Share Price		BSE Monthly Volume	NSE – Share Price		NSE Monthly Volume
	High	Low		High	Low	
April, 2014	25.70	17.00	27,296	27.10	16.90	41,754
May, 2014	35.90	20.05	72,796	35.55	19.60	63,757
June, 2014	35.00	28.25	54,919	35.25	28.15	47,712
July, 2014	32.00	25.00	47,951	33.25	23.90	44,834
August, 2014	26.45	18.55	26,962	25.40	18.50	53,391
September, 2014	26.50	13.55	87,839	25.70	13.40	96,578
October, 2014	25.30	18.95	29,024	24.75	19.00	17,621
November, 2014	21.00	18.10	29,385	20.45	18.05	23,980
December, 2014	30.60	17.70	66,439	30.85	18.00	84,461
January, 2015	32.90	20.55	14,52,889	32.20	20.05	61,264
February, 2015	31.40	21.10	55,694	32.90	21.25	46,156
March, 2015	27.95	20.50	7,48,197	27.95	21.00	8,04,412

**C. Stock Performance:**

Performances of share price of the Company in comparison to BSE Sensex for the financial period 2014-2015 are as under:



**REPORT ON CORPORATE GOVERNANCE**

**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.**

303, 3<sup>rd</sup> Floor, Shopper Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, Off C. G. Road, Ahmedabad – 380 009  
Phone & Fax No. (079) 2646 5179 E-mail : 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 Reconciliation of Share Capital Audit Report 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, 2015**

Category	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% of Shares
1 - 500	6480	90.53	654990	5.71
501 - 1000	338	4.72	261749	2.28
1001 - 2000	167	2.33	252656	2.20
2001 - 3000	54	0.75	135172	1.18
3001 - 4000	27	0.38	97736	0.85
4001 - 5000	27	0.38	127191	1.11
5001 - 10000	22	0.31	154409	1.35
10001 & Above	43	0.60	9792471	85.33
<b>Total</b>	<b>7158</b>	<b>100.00</b>	<b>11476374</b>	<b>100.00</b>

## REPORT ON CORPORATE GOVERNANCE

### G. Categories of Shareholding as on 31st March, 2015

Sr.No.	Category	No. of Shares	% to Share Capital
<b>A.</b>	<b>PROMOTERS SHAREHOLDING</b>		
1.	Promoters and Promoters Group	37,68,075	32.83
<b>B.</b>	<b>PUBLIC SHAREHOLDING</b>		
2.	Mutual Funds / UTI	9,800	0.09
3.	Banks/Financial Institutions	100	0.00
4.	Foreign Financial Institution	0	0.00
5.	Bodies Corporate	2219776	19.34
6.	NRIs	52,097	0.45
7.	Trusts	12,92,231	11.26
8.	Foreign Companies	20,00,000	17.43
9.	Clearing Members	3,61,039	3.15
10.	Indian Public	17,73,256	15.45
	<b>Total</b>	<b>1,14,76,374</b>	<b>100.00</b>

### 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, 2015 is as under:

Sr.No.	Particulars	No. of Shares	% of Paid up Capital
1.	Held in Physical form	26,17,607	22.81
2.	Held in Demate form	88,58,767	77.19
	<b>Total</b>	<b>1,14,76,374</b>	<b>100.00</b>

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

As on, 31st March, 2015, 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  
 Transmission Line Tower Division : Village : Juni Jithardi, Tal : Karjan, Dist : Vadodara, Gujarat

### K. Address for Correspondence:

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

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

## REPORT ON CORPORATE GOVERNANCE

### DECLARATION OF CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement provided by the stock exchanges, the Board Members and Senior Management Personnel have confirmed compliance with the Code of Conduct for the financial period ended on 31<sup>st</sup> March, 2015.

Date : 14<sup>th</sup> August, 2015  
Place : Palodia

**Avinash Bhandari**  
Joint Managing Director & CEO

### CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members  
Electrotherm (India) Limited  
Ahmedabad

We have examined the compliance of conditions of Corporate Governance by **Electrotherm (India) Limited** for the year ended on 31<sup>st</sup> March, 2015 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 except the following:

- (a) *The Company has not appointed required number of Independent Director as per Clause 49(II)(A)(1) of the Listing Agreement.*
- (b) *The Company has not appointed Woman Director as per Clause 49(II)(A)(1) of the Listing Agreement.*
- (c) *The Company has not re-constituted the Nomination and Remuneration Committee as per Clause 49(IV) of the 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 Bharat Prajapati & Co.**  
Company Secretaries

Place : Ahmedabad  
Date : 14<sup>th</sup> August, 2015

**Bharat Prajapati**  
Proprietor  
ACS No. 25607, CP No. 10788



## INDEPENDENT AUDITOR'S REPORT

To,  
**The Members of Electrotherm (India) Limited,**

### Report on the Standalone Financial Statements

We have audited the accompanying Standalone financial statements of **Electrotherm (India) Limited** ('the Company'), which comprises the balance sheet as at 31<sup>st</sup> March 2015, the Statement of Profit and Loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Standalone Financial statements that give a true and fair view of the Financial position, Financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Matter of Emphasis and Qualification

1. *We draw attention to Note No. 2.27 of the accompanying Standalone Financial statements in respect of Winding up petitions and recovery cases against the company, Note No. 2.28 of the accompanying Standalone Financial statements in respect of filing of Reference to BIFR on account of erosion of the net worth of the company and Note No.2.30 relating to pending judgment of Hon'ble Supreme Court, all affecting the going concern's concept of the company.*
2. *We draw attention to Note No. 2.29(a) to (d) of the accompanying Standalone Financial statements, in respect of non- provision of long disputed advances/claims/liability against the company, on account of the reasons for recovery/realization/settlement as stated in said notes, and the Note No 2.29(f) of non- provision of interest on NPA accounts of banks of Rs. 933.01Crore. The exact amounts of the said non provisions are not determined and accounted for by the company.*
3. *We draw attention to Note No. 2.31 of the accompanying Standalone Financial statements in respect (a) writing Off of the Old Balances of advances, Trade Receivables and Inventories (b) assignment of Debts of the Some of the Bankers to Edelweiss Asset Reconstruction Company Limited and (c) non provision of diminution in the value of Investments in the Subsidiaries and other additional disclosures in relation to Standalone Financial statements of the Company.*
4. We draw attention to Note No. 2.39 of the accompanying Standalone Financial statements in respect of third party balance confirmations, its classification in respect of nature of realization of the amount and provision thereof.



## INDEPENDENT AUDITOR'S REPORT

5. We draw attention to Note No. 1 of Note No. 2.09 of the accompanying Standalone Financial statements in respect of change in the method of depreciation on account of introduction of Schedule II of the Companies Act, 2013.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, read with the points stated in the Emphasis of Matter and Qualification, the Standalone Financial statements give the information required by the Act 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 the Balance Sheet, of the state of affairs of the Company as at March 31<sup>st</sup>, 2015;
- (b) in the case of the Statement of Profit and Loss, of the loss 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.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable for the year.
2. As required by Section 143 (3) of the Act, we broadly report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the balance sheet, the statement of profit and loss and cash flow statement dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid Standalone Financial statements, read with Note No 2.31(e) of the notes to Accounts relating to accounting of Deferred Tax Liability/Asset, comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) on the basis of the written representations received from the directors as on 31<sup>st</sup> March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
  - (f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) the Company has disclosed the impact of pending litigations on its Financial position in its Standalone financial statements, to the extent possible. *However attention is drawn on Note no. 2.27 to 2.30, 2.32 and 2.31 (n) to the standalone financial statements;*
    - (ii) there are no long term contracts including derivative contracts and accordingly no provision is required to be made for any loss from the same; and
    - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended on March 31,2015..

**FOR MEHTA LODHA & CO.**  
(FIRM REGD. NO.: 106250W)  
CHARTERED ACCOUNTANTS

**PRAKASH D.SHAH**  
Partner

Membership No. 34363

Place : Ahmedabad

Date : 26<sup>th</sup> May, 2015

**ANNEXURE TO THE AUDITOR'S REPORT****[ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF ELECTROTHERM (INDIA) LIMITED, FOR THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31<sup>ST</sup>MARCH 2015]**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a programme of physical verification of its fixed assets by which fixed assets are verified at regular intervals. In accordance with this programme fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (ii) (a) As informed to us, the inventory has been physically verified by the management during the year except goods in transit, material with third parties and old inventories. In our opinion, the frequency of such physical verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories (other than old unused inventory which have been written off during the year), were not material, and have been properly dealt with in the books of accounts.
- (iii) As informed to us, the Company has granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). The rate of interest and the terms of repayment are not stipulated and other terms and conditions are not prima facie prejudicial to the interest of the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) The Company has not accepted deposits from the public (other than exempted public deposits) and accordingly paragraph 3 (v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of Cost records under sub section (1) of section 148 of the Companies Act and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of the same.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues with the appropriate authorities *though there is slight delay in a few cases..*

Further no undisputed amounts payable in respect of above dues were in arrears as at 31<sup>st</sup> March 2015 for a period of more than six months from the date they became payable.

**ANNEXURE TO THE AUDITOR'S REPORT**

- (b) On the basis of information furnished to us, following are the details of outstanding dues in respect of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax or cess, which have not been deposited / adjusted / reversed on account of any dispute:-

Name of the Statute	Nature of dues	Amount (in Crore Rupees)	Period to which the amount relates	Forum Where Dispute is pending
Central Excise Act, 1944	EXCISE DUTY	12.23	APR-09 TO MAR-10	ASST. COMMISSIONER, GANDHIDHAM (MATTER WAS REMANDED BY CESTAT, AHMEDABAD)
	EXCISE DUTY	0.004	28-12-2005	COMMISSIONER, CENTRAL EXCISE, RAJKOT
	EXCISE DUTY	16.65	DEC-05 TO DEC-08	CESTAT, AHMEDABAD
	EDUCATION CESS	0.41	JAN-09 TO JAN-10	CESTAT, AHMEDABAD
	EXCISE DUTY	175.00	APR-05 TO MAR-10	CESTAT, AHMEDABAD
	EDUCATION CESS	0.17	JAN-11 TO MAR-11	CESTAT, AHMEDABAD
	EXCISE DUTY (ADVANCE LICENCE)	22.41	MAR-11 TO DEC-11	COMMISSIONER, CENTRAL EXCISE, RAJKOT
	SERVICE TAX	1.84	APR-07 TO MAR-08	COMMISSIONER, CENTRAL EXCISE, RAJKOT
	EXCISE DUTY	68.62	OCT-07 TO SEPT-12	COMMISSIONER, CENTRAL EXCISE, RAJKOT
	EXCISE DUTY	0.12	APR-08 TO JULY-11	CESTAT, AHMEDABAD
	SERVICE TAX	3.57	2009-10 TO 2013-14	COMMISSIONER, CENTRAL EXCISE, GANDHIDHAM, KUTCH
<b>Sub Total</b>		<b>301.02</b>		
Customs Act, 1962	CVD	7.27	MAR-11 TO DEC-11	CESTAT, AHMEDABAD
	INTEREST	6.95	MAY-07 TO FEB-08	CESTAT, AHMEDABAD
	INTEREST	5.26	JAN-08 TO MAY-08	ADDITIONAL COMMISSIONER, MUNDRA
	CUSTOM DUTY	0.83	MAR-12 TO JAN-13	CESTAT, AHMEDABAD
<b>Sub Total</b>		<b>20.31</b>		
Income Tax Act, 1961	Income Tax	6.38	Assessment Year (2010-2011)	(Commissioner of Income Tax)(Appeals)
	Income Tax	25.17	Assessment Year (2011-2012)	(Commissioner of Income Tax)(Appeals)
<b>Sub Total</b>		<b>31.55</b>		
Gujarat VAT Act 2005	VAT	17.94	Assessment Year (2009-2010)&(2010-2011)	Joint Commissioner, Mumbai (Mazgaon)
	VAT	20.95	Assessment Year (2010-2011)	Joint Commissioner, Rajkot
Central Sales Tax Act, 1956	CST	11.15	Assessment Year (2010-2011)	Joint Commissioner, Rajkot
<b>Sub Total</b>		<b>50.04</b>		
<b>Grand Total</b>		<b>402.92</b>		

- (c) The amount required to be transferred to investor education and protection fund has been transferred within time in accordance with the relevant provisions of the Companies Act, 1956 and rules made there under.
- (viii) The Company has accumulated losses at the end of the reporting period and the said accumulated losses at the end of the year has exceeded fifty percent of the net worth of the company and it has cash losses in the current year and also in the immediately preceding financial period.
- (ix) Based on our audit procedures and on the information and explanations given by the management we are of the opinion that the company has defaulted in repayment of dues to financial institution and Banks of Rs.1768.87 Crore (other than debts assigned by State Bank of India, Bank of India, Bank of Baroda, Canara Bank, State Bank of Travancore to Edelweiss Asset Reconstruction Company Ltd), from 2011. The said defaulted amounts does not include the amount of interest not provided by the company of Rs. 933.01 Crore on the NPA accounts.
- (x) The company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) During the year under consideration, the company has not taken term loans.
- (xii) During the course of our examination of the books and records of the company, carried out in accordance with generally accepted 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.**  
(FIRM REGD. NO.: 106250W)  
CHARTERED ACCOUNTANTS

**PRAKASH D.SHAH**  
Partner  
Membership No. 34363

Place : Ahmedabad  
Date : 26<sup>th</sup> May, 2015

**BALANCE SHEET AS AT 31ST MARCH, 2015**

Sr. No.	Particulars	Note No.	As at 31st March 2015 ₹ In Crore	As at 31st March 2014 ₹ In Crore
	<b>EQUITY AND LIABILITIES</b>			
	<i>Shareholders' funds</i>			
(a)	Share Capital	<b>2.01</b>	23.48	23.48
(b)	Reserves and Surplus	<b>2.02</b>	(1,036.50)	(596.69)
	<i>Non - Current liabilities</i>			
(a)	Long Term Borrowings	<b>2.03</b>	1,221.41	0.03
(b)	Long Term Provisions	<b>2.04</b>	7.58	5.17
	<i>Current liabilities</i>			
(a)	Short-term borrowings	<b>2.05</b>	1,841.89	3,107.57
(b)	Trade Payables	<b>2.06</b>	187.58	189.51
(c)	Other current liabilities	<b>2.07</b>	110.33	116.59
(d)	Short Term Provisions	<b>2.08</b>	4.10	3.49
	<b>TOTAL</b>		<b>2,359.87</b>	<b>2,849.15</b>
	<b>ASSETS</b>			
	<i>Non-Current Assets</i>			
(a)	Fixed Assets			
(i)	Tangible Assets	<b>2.09</b>	1,276.39	1,412.46
(ii)	Intangible Assets	<b>2.09</b>	0.94	1.62
(iii)	Capital work-in-progress	<b>2.09</b>	10.45	10.45
(b)	Non-current Investments	<b>2.10</b>	127.39	127.39
(c)	Long-term loans and advances	<b>2.11</b>	36.78	23.71
(d)	Other Non-Current Assets	<b>2.12</b>	32.11	32.29
	<i>Current Assets</i>			
(a)	Inventories	<b>2.13</b>	274.44	418.29
(b)	Trade Receivables	<b>2.14</b>	343.51	405.94
(c)	Cash and Bank Balances	<b>2.15</b>	54.88	30.87
(d)	Short-term loans and advances	<b>2.16</b>	202.43	385.37
(e)	Other Current assets	<b>2.17</b>	0.55	0.76
	<b>TOTAL</b>		<b>2,359.87</b>	<b>2,849.15</b>

Significant Accounting Policies

1

Notes to Accounts

2

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For &amp; on behalf of

**Mehta Lodha & Co.,**

Firm Registration No: 106250W

**Chartered Accountants****Prakash D. Shah**

M. NO. 34363

**Partner**

Place : Ahmedabad

Date : 26th May, 2015

For &amp; on behalf of the Board of Directors

**Shailesh Bhandari**  
**Managing Director**  
DIN NO : 00058866**Jigar Shah**  
**Company Secretary****Avinash Bhandari**  
**Joint Managing Director**  
DIN NO : 00058986**Pawan Gaur**  
**Chief Financial Officer**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH 2015**

Sr. No.	Particulars	Note No.	Year ended on	6 Months ended on
			31st March 2015 (₹ In Crore) Current Period	31st March 2014 (₹ In Crore) Pervious Year
	<b>Income</b>			
	Revenue from Operations (Gross)		1,950.80	700.15
	<b>Less: Excise Duty</b>		121.59	40.29
	Revenue from Operations	<b>2.18</b>	1,829.21	659.86
	Other Income	<b>2.19</b>	4.05	2.51
<b>A</b>	<b>Total Revenue</b>		<b>1,833.26</b>	<b>662.37</b>
	<b>Expenditure</b>			
	Cost of Materials Consumed	<b>2.20</b>	1,364.59	487.10
	Purchases of Stock in Trade	<b>2.20</b>	32.72	11.26
	Changes in Inventories of Finished Goods and Work in Process	<b>2.21</b>	126.00	195.25
	Employee Benefits Expense	<b>2.22</b>	88.12	37.54
	Finance Cost	<b>2.23</b>	6.37	1.89
	Depreciation and Amortization Expense	<b>2.09</b>	146.18	69.39
	Other Expenses	<b>2.24</b>	510.57	153.57
	Preliminary Expenses Written Off		0.08	-
<b>B</b>	<b>Total Expenses</b>		<b>2,274.63</b>	<b>956.00</b>
	<b>Loss before exceptional and extra ordinary items and tax (A-B)</b>		<b>(441.37)</b>	<b>(293.63)</b>
	Exceptional items & Extraordinary Items		-	(27.54)
	<b>Loss before Tax</b>		<b>(441.37)</b>	<b>(321.17)</b>
	<b>Tax Expenses</b>			
	Wealth Tax		(0.02)	(0.02)
	<b>Loss for the Year/Period</b>		<b>(441.39)</b>	<b>(321.19)</b>
	Add/(Less) : Prior Period Adjustments	<b>2.25</b>	0.88	0.03
	<b>Loss for the Year/Period</b>		<b>(440.51)</b>	<b>(321.16)</b>
	<b>Earnings per Equity Share (Nominal Value of Share ₹10/- each)</b>	<b>2.40</b>	<b>Negative</b>	<b>Negative</b>
	Basic and Diluted (In ₹)			

Significant Accounting Policies

1

Notes to Accounts

2

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For &amp; on behalf of

**Mehta Lodha & Co.,**

Firm Registration No: 106250W

**Chartered Accountants**
**Prakash D. Shah**

M. NO. 34363

**Partner**

Place : Ahmedabad

Date : 26th May, 2015

For &amp; on behalf of the Board of Directors

**Shailesh Bhandari**
**Managing Director**

DIN NO : 00058866

**Jigar Shah**  
**Company Secretary**
**Avinash Bhandari**
**Joint Managing Director**

DIN NO : 00058986

**Pawan Gaur**  
**Chief Financial Officer**

**CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31ST MARCH, 2015**

(₹ in Crore)

PARTICULARS	Current Year	Previous Period
<b>A: CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Loss before tax as per Statement of Profit and Loss	(441.37)	(321.17)
<b>Adjusted For:</b>		
Profit on Sale/Discard of assets (net)	(0.24)	(0.03)
Depreciation	146.18	69.39
Dividend Income	-	-
Interest Income	(3.04)	(1.18)
Prior Period Item	0.88	0.03
Finance Cost	6.37	1.89
<b>Operating profit before working capital changes</b>	<b>(291.22)</b>	<b>(251.07)</b>
Adjusted For:		
Trade Receivables	62.43	(20.36)
Inventories	143.85	232.64
Trade Payables	(1.93)	(10.11)
Loans and advances and other assets	170.85	56.59
Other liabilities and provisions	(3.24)	14.56
<b>Cash Generated from Operations</b>	<b>80.74</b>	<b>22.25</b>
Taxes Paid	(0.61)	(0.30)
<b>Net Cash Generated from Operating activities</b>	<b>80.13</b>	<b>21.95</b>
<b>B: CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(9.96)	(4.12)
Sales of Fixed Assets	0.77	0.24
Dividend Income	-	-
Interest Income	3.04	1.18
<b>Net Cash (used in) Investing Activities</b>	<b>(6.15)</b>	<b>(2.70)</b>
<b>C: CASH FLOW FROM FINANCING ACTIVITIES</b>		
Government subsidy received	0.70	-
Increase in Borrowings*	(44.30)	(14.78)
Finance Cost	(6.37)	(1.89)
<b>Net Cash (used in) Financing Activities</b>	<b>(49.97)</b>	<b>(16.67)</b>
Net Increase/(Decrease) in Cash and Bank Balances	24.01	2.58
Opening Balance of Cash and Bank Balances	30.87	28.29
Closing Balance of Cash and Bank Balances (Refer note no 2.15)	54.88	30.87

The said statement is to be read alongwith the Notes to accounts and in particular Note No.2.39

\* Includes amount of unpaid interest converted into term Loans

As per our report of even date attached

For &amp; on behalf of

**Mehta Lodha & Co.,**

Firm Registration No: 106250W

**Chartered Accountants**
**Prakash D. Shah**

M. NO. 34363

**Partner**

Place : Ahmedabad

Date : 26th May, 2015

For &amp; on behalf of the Board of Directors

**Shailesh Bhandari**
**Managing Director**

DIN NO : 00058866

**Jigar Shah**
**Company Secretary**
**Avinash Bhandari**
**Joint Managing Director**

DIN NO : 00058986

**Pawan Gaur**
**Chief Financial Officer**

## CORPORATE INFORMATION

Electrotherm (India) Limited (the Company) is a listed public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in the Manufacturing of Electronic furnaces and other capital equipments, Sponge and PIG Iron, Ferrous and Non-ferrous Billets/Bars/Ingots, Duct Iron Pipes, Battery operated vehicles, Electric Power Generation and services relating to Electric furnaces, other capital equipments and battery operated vehicles.

### 1. SIGNIFICANT ACCOUNTING POLICIES:

#### (A) BASIS OF PREPARATION OF ACCOUNTS:

The Financial Statements are prepared to comply in all material respect with the Accounting Standards notified under the relevant provisions of Companies, Act, 2013. The financial statements have been prepared under the historical cost convention (except for revalued assets which are stated at revalued amount) and on an accrual basis.

#### (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 year 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) TANGIBLE ASSETS:

Tangible Assets are stated at cost net of recoverable taxes and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. It also includes assets acquired from other division of the Company less depreciation thereon. All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets are capitalized.

#### (E) INTANGIBLE ASSETS:

An intangible asset is recognized, only where it is probable that future economic benefits attributable to the asset will accrue to the enterprise and the cost can be measured reliably.

#### (F) DEPRECIATION:

##### Tangible Assets

- (a) The Company has provided depreciation on tangible assets on Straight-line method (SLM) except the assets at Chatral unit over the useful life of the assets as defined in Schedule II of the Companies Act, 2013. The life has been decided by the management considering the type and nature of the assets as defined in Schedule II of the Companies Act, 2013.
- (b) The assets at Chatral unit are depreciated to the extent of depreciable amount on the Written Down Value (WDV) Method. Depreciation is calculated based on useful life of the assets as defined in Schedule II of the Companies Act, 2013.
- (c) Since the depreciation for the year under consideration has been computed considering the balance useful life of the assets to comply with the requirements of Schedule II of Companies Act, 2013, and being a transitional year, the impact of change in the method of depreciation has been reported.
- (d) The amount of Long Term lease hold land is amortized by equal installments during the last fifteen years of the residual lease period.
- (e) Depreciation for Power Plant at Kutch is provided at the rates applicable for continuous process plant.

##### Intangible Assets

The intangible assets consist of Computer Software and the same is amortized over a period of 6 years.





## **(G) INVESTMENTS:**

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

## **(H) 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.

## **(I) 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 Statement of Profit & Loss from the commencement of the project in five years. Capital expenditure on research and development is shown as an addition to fixed assets.

## **(J) 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 the Statement of 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.

Differences between the forward exchange rates and the exchange rates at the date of transactions are recognized 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.

Profit/loss arising on cancellation or renewal of forward exchange contracts are accounted for 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.

## **(K) TAXES ON INCOME:**

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

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 asset/liability is calculated on the basis of the rate of Income Tax (excluding other levies) applicable for the current year.

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.

## **(L) LEASES:**

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

## **(M) 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 notes) is charged to revenue.



## **(N) 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 Statement of Profit and Loss. 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.

## **(O) 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.

## **(P) RETIREMENT / POST RETIREMENT BENEFITS:**

Contributions to defined contribution schemes such as Employees Provident fund and Family pension fund are charged to the Statement of Profit & Loss as and when incurred.

The company contributes to Group Gratuity policy with SBI Life Insurance Company Limited and Life Insurance Company Limited, for the Future Gratuity payment of 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.

## **(Q) 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. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(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.

## **(R) SEGMENT REPORTING:**

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

Inter segment revenue have been accounted for, based on the transaction price agreed to, between segments which is primarily market led.

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis and have been included under "unallocated corporate expenses".

## **(S) FINANCE COST:**

Finance Costs includes interest, bank charges, amortization of ancillary costs incurred in connection with the arrangement of borrowing and applicable gain/loss on foreign currency transactions and translation arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Finance Costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to statement of profit and loss.

## **(T) GENERAL:**

Accounting policies not specifically referred to are consistent with generally accepted accounting policies.



## NOTES TO ACCOUNTS

## 2.01 Share Capital

(a) Authorised, Issued, Subscribed and Paid- Up Capital:

Particulars	As at 31st March 2015 (₹ In Crore)	As at 31st March 2014 (₹ In Crore)
<b>Authorised</b>		
2,50,00,000 Equity Shares of ₹10/- each	25.00	25.00
2,50,00,000 6% Non-Cumulative Redeemable Preference Shares of ₹10/- each	25.00	25.00
<b>Total</b>	<b>50.00</b>	<b>50.00</b>
<b>Issued, Subscribed &amp; Paid up</b>		
1,14,76,374 (Previous Period 1,14,76,374) Equity Shares of ₹10/- each Fully paid up	11.48	11.48
1,20,00,000 (Previous Period 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)	12.00	12.00
<b>Total</b>	<b>23.48</b>	<b>23.48</b>

(b) A reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period.

(i) <b>Equity Shares</b>	<b>As at 31st March 2015</b>	<b>As at 31st March 2014</b>
	<b>Numbers</b>	<b>Numbers</b>
Shares outstanding at the beginning of the year	11,476,374	11,476,374
Shares outstanding at the end of the year	11,476,374	11,476,374
(ii) <b>6% Non-Cumulative Redeemable Preference Shares</b>	<b>As at 31st March 2015</b>	<b>As at 30th September 2014</b>
	<b>Numbers</b>	<b>Numbers</b>
Shares outstanding at the beginning of the year	12,000,000	12,000,000
Shares outstanding at the end of the year	12,000,000	12,000,000

(c) **Rights, preference and restriction attached to Equity Shares**

- The face value of the Equity shares is ₹ 10/- per share . Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. During the year, the company has not declared any dividend.
- The shareholders are not entitled to exercise any voting right either personally or proxy at any meeting of the Company in cases calls or other sums payable have not been paid.
- In the event of liquidation of the company, holder of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(d) **Rights, preference and restriction attached to Preference Shares**

- The face value of the Preference shares is ₹ 10/- per share . The Preference share holder does not have any voting rights. During the year, the company has not declared any dividend.
- In the event of liquidation of the company, the preference share holders will have priority over equity shares in the payment of dividend and repayment of capital .

(e) There were no shares reserved at the year-end for issue under options and contracts / commitments for the sale of shares / disinvestment.

**NOTES TO ACCOUNTS**
**(f) Shareholders holding more than 5% of the Shares in the Company :**
**Equity Shares**

Sr. No.	Name of Shareholder	As at 31st March 2015		As at 31st March 2014	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	DEG-Deutsche Investitions-Und Entwicklungsgesellschaft Mbh	-	-	1,366,666	11.91
2	IDBI Trusteeship Services Limited (India Advantage Fund-VI)	1,292,231	11.26	1,292,231	11.26
3	Castleshine PTE Limited	1,000,000	8.71	1,000,000	8.71
4	Leadhaven PTE Limited	1,000,000	8.71	1,000,000	8.71
5	Western India Specialty Hospital Ltd.	975,000	8.50	975,000	8.50
6	Mr. Shailesh Bhandari	848,275	7.39	848,275	7.39
7	Mr. Mukesh Bhandari	809,500	7.05	809,500	7.05

**6% Non-Cumulative Redeemable Preference Shares**

Sr. No.	Name of Shareholder	As at 31st March 2015		As at 31st March 2014	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Web Businesses.com Global Ltd.	2,730,000	22.75	2,730,000	22.75
2	Lavish Packagers Ltd.	2,580,000	21.50	2,580,000	21.50
3	Highland Finance and Investments Pvt. Ltd.	3,240,000	27.00	3,240,000	27.00
4	Froid Finance and Investments Pvt. Ltd.	1,200,000	10.00	1,200,000	10.00
5	Ahmedabad Aviation And Aeronautics Ltd.	1,050,000	8.75	1,050,000	8.75
6	Mr. Shailesh Bhandari	1,200,000	10.00	1,200,000	10.00

(g) The Company have calls in arrears / unpaid calls of ₹ Nil (Previous Year Nil)

**2.02 Reserves and surplus**

Particulars	As at 31st March 2015 (₹ In Crore)		As at 31st March 2014 (₹ In Crore)	
<b>(A) Capital Reserve</b>				
As per Last Balance Sheet Date	13.37		13.37	
Add: Government Subsidy	0.70	14.07	-	13.37
<b>(B) Share Premium Account</b>				
As per Last Balance Sheet Date		212.69		212.69
<b>(C) General Reserve</b>				
As per Last Balance Sheet Date	323.33		325.06	
Less : Transferred for depreciation on Revaluation of Fixed Assets	(3.26)	320.07	(1.73)	323.33
<b>(D) Surplus/Deficit in Statement of Profit &amp; Loss</b>				
As per Last Balance Sheet Date	(1,146.08)		(824.92)	
Less: Transferred from General Reserve	3.26		-	
Add: Loss for the Period/Year	(440.51)	(1,583.33)	(321.16)	(1,146.08)
<b>Total</b>		<b>(1,036.50)</b>		<b>(596.69)</b>



## NOTES TO ACCOUNTS

## 2.03 Long term borrowings

Particulars	As at 31st March 2015 (₹ In Crore)		As at 31st March 2014 (₹ In Crore)	
	Non-Current	Current	Non-Current	Current
<b>Secured</b>				
Term Loans from Banks				
- Rupee Term Loan-[Note No.(a) & Note No. 2.39 (c)]	1,221.40	1,216.39	-	1,766.59
- Foreign Currency Term Loan-[Note No.(b)]	-	90.13	-	86.58
<b>Total</b>	<b>1,221.40</b>	<b>1,306.52</b>	<b>-</b>	<b>1,853.17</b>
Hire Purchase Finance for Vehicles (Secured By Hypothecation of Specific Vehicles)	0.01	0.02	0.03	0.04
<b>Unsecured</b>				
- Foreign Currency Term Loan	-	67.63	-	66.16
<b>Total</b>	<b>1,221.41</b>	<b>1,374.17</b>	<b>0.03</b>	<b>1,919.37</b>

- (a) 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, and Chhadawada – Bhachau and Juni Jithardi, Karjan, Vadodara and Bank Fixed Deposits & as second charge on all Stock-in-Trade & Receivables. Further the loans are guaranteed by the personal guarantees of some of Directors.
- (b) ECB Loan is secured by Pari Passu Charge over the movable assets and first Pari Passu Charge on immovable assets of the company.

## 2.04 Long Term Provisions

Particulars	As at 31st March 2015 (₹ In Crore)	As at 31st March 2014 (₹ In Crore)
Provision for Leave Encashment	3.82	3.15
Provision for Gratuity	3.76	2.02
<b>Total</b>	<b>7.58</b>	<b>5.17</b>

## NOTES TO ACCOUNTS

### 2.05 Short-term borrowings

Particulars	As at 31st March 2015 (₹ In Crore)	As at 31st March 2014 (₹ In Crore)
<b>Secured Loan from Banks</b>		
Term Loan	0.02	0.02
Current Maturities of Long terms borrowings [Refer Note No.(a) & Note No. 2.29 (f)]	1,374.17	1,919.37
Working Capital Facilities [Refer Note No.(b) & Note No. 2.29 (f)]	388.43	985.76
<b>Unsecured</b>		
<b>Loans and Advances repayable on demand from: -</b>		
Related Parties (Including Body Corporates)	1.94	2.54
Other Body Corporates	0.34	0.34
Directors (Refer Note No 2.36(b))	1.13	2.82
<b>Sub total</b>	<b>1,766.03</b>	<b>2,910.85</b>
<b>Term Loan from Banks</b>		
- Rupee Term Loan	66.40	176.59
- Foreign Currency Term Loan	9.46	20.13
<b>Total</b>	<b>1,841.89</b>	<b>3,107.57</b>

- (a) 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, and Chhadawada –Bhachau and Juni Jithardi, Karjan, Vadodara and Bank Fixed Deposits & as second charge on all Stock-in-Trade & Receivables. Further the loans are guaranteed by the personal guarantees of some of Directors.
- (b) Secured by first charge by way of hypothecation of all stocks of raw material, packing materials, fuel, stock in process, semi finished and finished goods, stores and spares not relating to the plant and machinery and stocks in trade & receivables and second charge on all movable fixed assets & second and subservient charge by way of equitable mortgage of all immovable properties situated at Vatva, Palodia, Dhank, Samakhyali- Kutch and Chhadawada -Bhachau. Further the loans are guaranteed by the personal guarantees of some of the Directors of the company.

### 2.06 Trade Payables

Particulars	As at 31st March 2015 (₹ In Crore)	As at 31st March 2014 (₹ In Crore)
Micro, Small and Medium Enterprises	0.49	0.49
Others [Refer Note No 2.39(b)]	187.09	189.02
Dues to Related Parties	-	-
Dues to Subsidiaries	-	-
<b>Total</b>	<b>187.58</b>	<b>189.51</b>

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. In regard to this, the company has received intimation from one such party and details of which are as under-

Particulars	As at 31st March 2015 (₹ In Crore)	As at 31st March 2014 (₹ In Crore)
Supreme Metallurgical Services (P). Ltd.	0.49	0.49

Interest on the said amount has not been provided. (Refer Note No. 2.31(n))

## NOTES TO ACCOUNTS

### 2.07 Other current liabilities

Particulars	As at 31st March 2015 (₹ In Crore)		As at 31st March 2014 (₹ In Crore)	
Unclaimed Dividend#	0.05		0.06	
Creditors for Capital expenditure	1.54		1.89	
Advance from Customers [Refer Note No 2.39(b)]	89.94		94.16	
Advance from Related Parties/Subsidiaries	1.81		-	
Others (including cheques overdrawn)	6.78	100.12	14.49	110.60
<b>Statutory Liabilities</b>				
Provident Fund & Other Contribution	0.77		0.49	
Tax Deducted and Collected at Source	1.40		0.71	
Value Added Tax and Central Sales Tax	2.42		1.91	
Service Tax Payable	0.01		0.01	
Excise Duty Payable on Stock of Finished Goods	5.61	10.21	2.87	5.99
<b>Total</b>		<b>110.33</b>		<b>116.59</b>

# The figure does not include any amount, due and outstanding, to be credited to Investor Education and Protection Fund.

### 2.08 Short Term Provisions

Particulars	As at 31st March 2015 (₹ In Crore)		As at 31st March 2014 (₹ In Crore)	
Provision for Bonus		4.08		3.47
Provision for Wealth Tax		0.02		0.02
<b>Total</b>		<b>4.10</b>		<b>3.49</b>

### 2.09 Fixed Assets

(₹ in Crore)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2014	Addition / Adjustment	Deduction / Adjustment	As at 31.03.2015	As at 01.04.2014	Addition/ Adjustment	Deduction / Adjustment	As at 31.03.2015	As at 31.03.2015	As at 30.09.2014
<b>TANGIBLE ASSETS:</b>										
<b>Own Assets:</b>										
Freehold Land	149.00	-	-	149.00	-	-	-	-	149.00	149.00
Leasehold Land	1.10	-	-	1.10	-	-	-	-	1.10	1.10
Building	356.08	3.05	-	359.13	62.99	13.70	-	76.69	282.44	293.09
Plant and Machinery	1,590.19	5.17	0.66	1,594.70	635.03	125.82	0.22	760.63	834.07	955.16
Computer	11.69	0.98	-	12.67	8.18	1.79	-	9.97	2.70	3.51
Furnitures & Fixtures	7.72	0.14	-	7.86	3.32	1.04	-	4.36	3.50	4.40
Office Equipment	3.90	0.35	-	4.25	1.29	1.84	-	3.13	1.12	2.61
Vehicles	8.66	0.27	0.23	8.70	5.07	1.31	0.14	6.24	2.46	3.59
<b>Total(A)</b>	<b>2,128.34</b>	<b>9.96</b>	<b>0.89</b>	<b>2,137.41</b>	<b>715.88</b>	<b>145.50</b>	<b>0.36</b>	<b>861.02</b>	<b>1,276.39</b>	<b>1,412.46</b>
<b>INTANGIBLE ASSETS:</b>										
Software	4.31	-	-	4.31	2.69	0.68	-	3.37	0.94	1.62
<b>Total(B)</b>	<b>4.31</b>	<b>-</b>	<b>-</b>	<b>4.31</b>	<b>2.69</b>	<b>0.68</b>	<b>-</b>	<b>3.37</b>	<b>0.94</b>	<b>1.62</b>
<b>Total(A+B)</b>	<b>2,132.65</b>	<b>9.96</b>	<b>0.89</b>	<b>2,141.72</b>	<b>718.57</b>	<b>146.18</b>	<b>0.36</b>	<b>864.39</b>	<b>1,277.33</b>	<b>1,414.08</b>
<b>Previous Year</b>	<b>2,128.09</b>	<b>4.80</b>	<b>0.24</b>	<b>2,132.65</b>	<b>647.48</b>	<b>71.12</b>	<b>0.03</b>	<b>718.57</b>	<b>1,414.08</b>	<b>1,480.61</b>

- Note:** (1) As per the requirement of the "The Companies Act 2013", the Company has evaluated the useful lives of its fixed Asstes and has computed depreciation according to the provisions of Schedule II of the Act. Consequently, in the financial results of the company, the depreciation charge for the year ended 31 March 2015 is higher by ₹ 3.63 Crore (Previous Period ₹Nil)
- (2) During the Financial year 2009-10, in pursuance of the Scheme of Arrangement approved by the Hon'ble High Court of Gujarat vide its order dated November 30,2009 the 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 were recorded at their respective fair values and resulting increase over Book Value of ₹ 248.20 Crore was transferred to General Reserve Revaluation Account. Accordingly, the depreciation for the Current Year includes depreciation of ₹ 3.26 Crore on account of the said revaluation and which has been charged to Statement of Profit & Loss. However during the previous period the depreciation on account of revaluation of ₹ 1.73 Crore has been reduced from the balance of General Reserve.



**NOTES TO ACCOUNTS**
**2.10 Non Current Investments**

Particulars	As at 31st March 2015 (₹ In Crore)	As at 31st March 2014 (₹ In Crore)
<b>(A) Investment in Mutual Funds(Quoted)</b>		
1 64,288.778 (Previous Year 64,288.778) Units of ₹ 10 each of Punjab National Bank Mutual Fund (NAV of ₹ 0.441 Crore (Previous Year ₹ 0.257 Crore)	0.06	0.06
<b>(B) Investment in Equity Instruments (UnQuoted)</b>		
1 6,540 (Previous Year 6,540) Shares of ₹ 25 each of Siddhi Co.Op Bank Ltd.	0.02	0.02
2 National Saving Certificates	-	-
<b>(C) Investment In Subsidiary Companies (UnQuoted) :</b>		
1 90,45,127 (Previous Year 90,45,127) Equity Shares of ₹ 10 each of Bhaskarpara Coal Company Limited	9.05	9.05
2 7,24,400 (Previous Year 7,24,400) Equity Shares of ₹ 10 each of ET Elec-Trans Limited	0.72	0.72
3 38,00,000 (Previous Year 38,00,000) Shares of Rmb 1 each of Jinhua Indus Enterprise Limited	2.04	2.04
4 3,64,20,000 (Previous Year 3,64,20,000) Equity Shares of ₹ 10/- each of Hans Ispat Limited	36.46	36.46
5 3,50,000 (Previous Year 3,50,000) Equity Shares of ₹ 10/- each of Shree Hans Papers Limited	0.35	0.35
6 7,78,000 (Previous Year 7,78,000) Equity Shares of ₹ 100/- each At a Premium of ₹ 909/- of Shree Ram Electrocast Limited	78.68	78.68
7 100 (Previous Year 100) Shares of CFA 10,000 each of Electrotherm Mali Sarl	0.01	0.01
<b>Total</b>	<b>127.39</b>	<b>127.39</b>

The Company does not hold any Current Investment.

**2.11 Long Term Loans & Advances**

Particulars	As at 31st March 2015 (₹ In Crore)	As at 31st March 2014 (₹ In Crore)
<b>Unsecured, considered good unless stated otherwise</b>		
Loans and Advances to related parties/subsidiaries (Refer Note No 2.36(B))	4.18	4.18
Sundry Deposits (Includes Bank Fixed Deposit of ₹ 23.32 Crore given as EMD(Previous Period ₹ 11.45 Crore)	32.60	19.53
<b>Total</b>	<b>36.78</b>	<b>23.71</b>

**2.12 Other Non-Current Assets**

Particulars	As at 31st March 2015 (₹ In Crore)	As at 31st March 2014 (₹ In Crore)
(To the extent not written off or adjusted)		
Deferred Revenue Expenditure	-	0.59
Product Development Cost (Refer Note No 2.31(f))	32.11	31.70
<b>Total</b>	<b>32.11</b>	<b>32.29</b>

**NOTES TO ACCOUNTS****2.13 Inventories [Refer Note No. 2.31 (k) & 2.39(e)]**

Particulars	As at 31st March 2015 (₹ In Crore)	As at 31st March 2014 (₹ In Crore)
(As valued, verified & certified by the Management)		
a. Raw Material [including goods in transit of ₹5.21 Crore (Previous Period ₹ 5.37 Crore)]	120.61	128.61
b. Work-In-Process (Refer Note No. 2.31(k))	73.18	223.53
c. Finished Goods	50.48	26.13
d. Stores and Spares	30.17	40.02
<b>Total</b>	<b>274.44</b>	<b>418.29</b>

**2.14 Trade Receivables [Refer Note No 2.39(b)]**

Particulars	As at 31st March 2015 (₹ In Crore)	As at 31st March 2014 (₹ In Crore)
(Unsecured, considered good unless stated otherwise)		
Over Six Months		
- Considered good	122.41	276.77
- Considered Doubtful	63.26	-
	<b>185.67</b>	<b>276.77</b>
Less : Provision for doubtful Debts	(28.47)	-
	<b>157.20</b>	<b>276.77</b>
Other receivables (considered good)	129.16	87.61
Due from Related Parties [ Includes ₹ 9.03 Crore. ( Previous Period ₹ 8.62 Crore.) which is outstanding for more than six months ]	13.13	9.16
Due from Subsidiaries [ Includes ₹ 38.63 Crore. ( Previous Period ₹ 7.64 Crore.) which is outstanding for more than six months ]	44.02	32.40
<b>Total</b>	<b>343.51</b>	<b>405.94</b>

**2.15 Cash and Bank Balances**

Particulars	As at 31st March 2015 (₹ In Crore)	As at 31st March 2014 (₹ In Crore)
a. Balances with Bank		
- Current Account	36.33	14.02
- Fixed Deposit (Pledged with Bankers) *	18.32	16.58
- Unclaimed Dividend Account	0.05	0.06
b. Cash on hand (As certified by the Management)	0.18	0.21
<b>Total</b>	<b>54.88</b>	<b>30.87</b>

\*Fixed Deposit includes deposits with maturity period as under.

Particulars	As at 31st March 2015 (₹ In Crore)	As at 31st March 2014 (₹ In Crore)
Less than equal to 12 months	15.59	6.82
More than 12 months	2.73	9.76
	<b>18.32</b>	<b>16.58</b>

**NOTES TO ACCOUNTS**
**2.16 Short-term loans and advances**

Particulars	As at 31st March 2015 (₹ In Crore)		As at 31st March 2014 (₹ In Crore)	
<b>(Unsecured, considered good unless stated otherwise)</b>				
Advances Recoverable In Cash or Kind [Refer Note No 2.39(i)]	7.72		9.76	
Advance to Related Parties (Refer Note No 2.36(B))	-		0.13	
Advance for Capital Goods	0.17		1.04	
Advances to Staff(Refer Note No.2.39(i))	0.69		0.92	
Advance to Suppliers and Other Parties (Refer Note No.2.39(b)(iii))				
Considered Good	126.82		229.59	
Considered Doubtful	28.78		-	
Less : Provision for doubtful Debts	(16.50)		-	
Advances to Subsidiaries	11.13	158.81	11.52	252.96
<b>Others</b>				
Prepaid Expenses	1.60		2.36	
Loan to Employees	0.17		0.12	
Balance with Revenue Authorities [Refer Note No. 2.29 & 2.39(f)]	38.50		127.17	
Advance Income Tax	3.35	43.62	2.76	132.41
<b>Total</b>		<b>202.43</b>		<b>385.37</b>

**2.17 Other current assets**

Particulars	As at 31st March 2015 (₹ In Crore)		As at 31st March 2014 (₹ In Crore)	
Interest accrued but not due on deposit		0.55		0.76
<b>Total</b>		<b>0.55</b>		<b>0.76</b>

**2.18 Revenue from operations**

Particulars	Current Year (₹ In Crore)		Previous Period (₹ In Crore)	
Sale of Products (Includes Export Incentives of ₹ 3.53 Crore (Previous Period ₹ 0.75 Crore))	1,916.68		688.29	
Less: Inter Division Sales	5.54	1,911.14	0.69	687.60
Service income	6.04		2.13	
Less : Inter Division Service	0.02	6.02	-	2.13
Power Generation Income		0.21		0.07
Trading Sales		33.43		10.35
<b>Total</b>		<b>1,950.80</b>		<b>700.15</b>

**(a) Sale of Product**

Particulars	Current Year (₹ In Crore)		Previous Period (₹ In Crore)	
Electronic Furnaces & Other Capital Equipment	254.36		156.75	
Ferrous and Non-Ferrous Billets /Bars/Ingots and Others	822.84		220.03	
Duct Iron Pipes	647.09		234.96	
Battery Operated Vehicles	4.12		5.84	
Sponge & Pig Iron	64.13		25.97	
Spares / Up Gradation Income & Misc. Sale	118.60		44.05	
<b>Total</b>		<b>1,911.14</b>		<b>687.60</b>

**(b) Trading Sales**

Particulars	Current Year (₹ In Crore)		Previous Period (₹ In Crore)	
S.S.Flats/ S.S Billetes & Bars		33.43		10.35
<b>Total</b>		<b>33.43</b>		<b>10.35</b>



## NOTES TO ACCOUNTS

(c)	Particulars	Current Year (₹ In Crore)	Previous Period (₹ In Crore)
	F.O.B value of Export Sales	126.29	82.08

## 2.19 Other Income

Particulars	Current Year (₹ In Crore)	Previous Period (₹ In Crore)
Interest Income from Bank Fixed Deposits	3.04	1.18
Dividend Income from Long Term Investment	-	-
Rent Income	0.01	-
Profit on Sales of Asset (Net)	0.24	0.03
Miscellaneous Income	0.76	1.30
<b>Total</b>	<b>4.05</b>	<b>2.51</b>

## 2.20 Cost of Material Consumed

Particulars	Current Year (₹ In Crore)	Previous Period (₹ In Crore)
Opening Stock	128.61	165.15
Add: Purchases of Raw Material	1,356.59	450.56
Total	1,485.20	615.71
Less: Closing Stock	120.61	128.61
Cost of Raw Material Consumed ( Refer Note no. 2.31(b), (c) & (d)	<b>1,364.59</b>	<b>487.10</b>
Trading Purchase	32.72	11.26

## (a) Details of Raw Material Consumed

Particulars	Current Year (₹ In Crore)	Previous Period (₹ In Crore)
M.S. Scrap/S.S. Scrap	168.09	47.97
Iron Ore/ Pelletes/Lam Coke/ Sinter/ Limestone	597.90	213.17
Copper and Engineering Items	231.71	152.46
Other Materials	366.89	73.50
<b>Total</b>	<b>1,364.59</b>	<b>487.10</b>

## (b) Composition of Raw Materials Consumed

Particulars	Current Year %	Current Year (₹ In Crore)	Previous Period %	Previous Period (₹ In Crore)
Imported (including high seas purchase)	13.70	186.99	5.21	25.40
Indigenous	86.30	1,177.60	94.79	461.70
<b>Total</b>	<b>100.00</b>	<b>1,364.59</b>	<b>100.00</b>	<b>487.10</b>

## (c) Details of Closing Stock of Raw Materials

Particulars	Current Year (₹ In Crore)	Previous Period (₹ In Crore)
M.S. Scrap/S.S. Scrap/Sponge	9.12	3.88
Iron Ore/ Pelletes/Lam Coke/ Sinter/ Limestone	9.19	10.81
Copper and Engineering Items	74.33	58.67
Others	27.97	55.25
<b>Total</b>	<b>120.61</b>	<b>128.61</b>

## (d) Details of Purchase of Stock-In-Trade (Traded Goods)

Particulars	Current Year (₹ In Crore)	Previous Period (₹ In Crore)
S.S. Flats / S.S. Billets / Bars	32.72	11.26
<b>Total</b>	<b>32.72</b>	<b>11.26</b>

**NOTES TO ACCOUNTS**
**(e) Value Of Imports Calculated On CIF Basis:**

Particulars	Current Year (₹ In Crore)	Previous Period (₹ In Crore)
Raw Materials (including high seas purchase)	207.15	49.47
Stores	28.44	9.59
<b>Total</b>	<b>235.59</b>	<b>59.06</b>

**2.21 Changes in Inventories of Finished Goods and Work in Process**

Particulars	Current Year (₹ In Crore)		Previous Period (₹ In Crore)	
<b>Inventories (At Commencement)</b>				
- Work In Process	223.53		417.23	
- Finished Goods	26.13	249.66	27.68	444.91
<b>Inventories (At end)</b>				
- Work In Process	73.18		223.53	
- Finished Goods	50.48	123.66	26.13	249.66
<b>Total</b>		<b>126.00</b>		<b>195.25</b>

**(a) Details of Work in Process in Inventories**

Particulars	Current Year (₹ In Crore)	Previous Period (₹ In Crore)
M S Billets	2.21	2.19
Sponge Iron	8.25	5.49
Pipe	1.30	4.75
Electronic Furnaces & Other Capital Equipment's	60.26	102.81
Skull/Slag & Miscellaneous Items	-	101.79
Others	1.16	6.50
<b>Total</b>	<b>73.18</b>	<b>223.53</b>

**(b) Details of Finished Goods in Inventories**

Particulars	Current Year (₹ In Crore)	Previous Period (₹ In Crore)
Ferrous and Non-Ferrous Billets /Bars/Ingots	15.17	12.81
Duct Iron Pipes	35.30	13.31
Battery Operated Vehicles	0.01	0.01
<b>Total</b>	<b>50.48</b>	<b>26.13</b>

**2.22 Employee Benefit Expenses**

Particulars	Current Year (₹ In Crore)	Previous Period (₹ In Crore)
Salaries, Wages and Allowances and Bonus	81.82	34.87
Contribution to Provident and other funds	4.67	2.02
Staff Welfare and amenities	1.63	0.65
<b>Total</b>	<b>88.12</b>	<b>37.54</b>

**NOTES TO ACCOUNTS****2.23 Finance Cost**

Particulars	Current Year (₹ In Crore)	Previous Period (₹ In Crore)
Interest Expenses on Bank and Other Loan	1.34	0.18
Other Borrowing Cost & Charges	1.26	1.16
Loss on foreign currency transactions and translation	3.77	0.55
<b>Total</b>	<b>6.37</b>	<b>1.89</b>

**2.24 Other Expenses**

Particulars	Current Year (₹ In Crore)	Previous Period (₹ In Crore)
<b>Manufacturing Expenses</b>		
Power and Fuel	100.07	43.44
Stores and Spares	131.32	45.00
Job Charges	61.97	24.33
Machinery Repairs	0.43	0.53
Building Repairs	0.20	0.08
Other Repairs	3.28	1.05
Less : Inter Division Service	(0.02)	-
Water Charges	1.96	1.29
Excise duty (on account of Duty on Finished Good Stocks and Others)	2.74	(0.18)
	<b>301.95</b>	<b>115.54</b>
<b>Establishment/ Administrative Expenses</b>		
Hire-Lease-Rent Charges	4.80	1.44
Rates & Taxes	0.48	0.30
Insurance Premium	2.40	1.52
Postage Telegram & Telephone Expenses	1.50	0.72
Conveyance Expenses	0.89	0.41
Travelling Expenses	6.37	2.94
Printing and Stationery	0.81	0.33
Vehicle Expenses	1.27	0.73
Security Expenses	1.33	0.64
Subscription & Membership	0.18	0.05
Net Sundry Balances Written Off	141.39	10.24
Auditors' Remuneration:		
- Audit Fees	0.20	0.20
- Other Matters	0.01	-
Legal and Professional Charges	5.38	2.58
Miscellaneous Expenses	2.99	1.14
Research & Development Expenses	0.01	0.11
Donation	0.10	0.05
	<b>170.11</b>	<b>23.40</b>
<b>Selling &amp; Distribution Expenses</b>		
Advertisement & Sales Promotion	15.10	8.00
Commission	13.30	4.11
Freight Outward and other Expenses (Net)	10.11	2.52
	<b>38.51</b>	<b>14.63</b>
<b>Total</b>	<b>510.57</b>	<b>153.57</b>

**2.25 Prior Period Adjustment**

Particulars	Current Year (₹ In Crore)	Previous Period (₹ In Crore)
Prior Period Adjustment- Income Tax And Others	0.88	0.03
	<b>0.88</b>	<b>0.03</b>

## NOTES TO ACCOUNTS

**2.26** The account under consideration is for the financial year 2014-15 commencing from 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015 (Referred as "Current year") and the previous period is for the Six months commencing from 1<sup>st</sup> October 2013 to 31<sup>st</sup> March 2014 (Referred as "Previous Period") and therefore figures of the Current Year and Previous Period are not comparable.

**2.27 Details of the Cases of Winding Up of the Company, Recovery by the Lenders / Creditors against the company**

**(a) Winding Up Petitions:**

UCO Bank, Syndicate Bank, Shiv Sales Industries and Shiv Metal Industries have filed winding up petitions under section 433 and 434 of the Companies Act, 1956 against the company before the Hon'ble Gujarat High Court.

The winding up petition filed by UCO Bank, was admitted on March 7, 2012 and the Hon'ble Gujarat High Court has passed an order for advertisement of petition and appointment of Official Liquidator. The Company has challenged the said orders before Hon'ble Division Bench of Hon'ble Gujarat High Court by filing an appeal and the Division bench vide order dated August 13, 2013 has granted the stay against the said orders.

Winding up petition filed by Syndicate Bank, Shiv Sales Industries and Shiv Metals Industries are pending before with Hon'ble Gujarat High Court.

**(b) DRT/DRAT Cases:**

(i) UCO Bank, Syndicate Bank and ICICI Bank Limited had filed original applications against the Company before the Debt Recovery Tribunal, Ahmedabad ("DRT") under section 19 of the Recovery of Debts due to Banks and Financial Institutions Act, 1993. The company has filed its reply / application in all the three matters and the Ex-parte ad-interim injunction orders has been passed in the matter of UCO Bank and Syndicate Bank. The Company has got ad-interim injunction orders against transfer of certain properties in the matter of UCO Bank and Syndicate Bank. No order has been passed in the matter of ICICI Bank Limited. The company has filed an appeal before Debts Recovery Appellate Tribunal, Mumbai ("DRAT") in the matter of UCO Bank against the order of DRT for rejection of application of cross examination. Syndicate Bank has also filed an appeal before DRAT, Mumbai against the order of DRT for modification of ex-parte ad-interim injunction order.

(ii) Further, Allahabad Bank has filed an original application before Debt Recovery Tribunal, Ahmedabad and the DRT has passed an ex-parte ad-interim injection order and the Company is in process of contesting the said order.

(iii) Central Bank of India and Dena Bank has filed original application against the Company before the Debt Recovery Tribunal, Ahmedabad ("DRT") under Section 19 of the recovery of Debt due to Banks/Financial Institution Act, 1993. DRT has passed an ex-parte ad-interim injunction order in both the cases. In the matter of Central Bank of India, the Company has filed rejoinder and other submission in the DRT for the same and which is pending for further hearing before DRT.

Accordingly, all the aforesaid original applications / appeal are pending for further hearing before DRT/DRAT or appeal/ Application.

**(c) Cases Under section 138 of the Negotiable Instruments Act, 1881**

UCO Bank, Syndicate Bank, Vijaya Bank, ICICI Bank and Indian Overseas Bank had filed criminal complaints against the company and its Directors/ officers under section 138 of Negotiable Instruments Act, 1881 for dishonor of various cheques issued by the Company and the Company has contested all the said cases and all the matters are pending for further hearing before the respective Hon'ble Metropolitan Magistrate, Ahmedabad.

**(d) Willful Defaulters:**

(i) UCO Bank had declared the Company and its guarantors as willful defaulter. The action of declaring the company and its guarantors as willful defaulter by UCO Bank has been challenged in the Hon'ble Gujarat High Court and the matter is pending for further hearing.

(ii) State Bank of Travancore, Central Bank of India and Oriental Bank of Commerce had written a letter to the Company for declaring the company & its guarantor as willful defaulter. The company has filed reply of the same. No further communication has been received thereafter.

**(e) Notice under SARFAESI Act, 2002**

Vijaya Bank had issued a notice under section 13(2) of Chapter III of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act, 2002") for assets of Transmission Line Tower Division of the Company situated at Village : Juni Jithardi, Tal : Karjan, Dist : Vadodara on 19/03/2015 and the bank has not taken any further action. The company has given its reply vide its letter dated 18/05/2015.

**2.28 Net Worth and filing of Reference to BIFR:**

As per CDR directives as described in Letter of Approval under the head of "critical conditions" and since the net worth of the Company is fully eroded the company has filed Reference to BIFR on February 28, 2014 and the same has been registered on June 27, 2014 as Case No. 29/2014.

**2.29 Non Provisions of Disputed Advances and Claims/Liability/Impairment of Assets**

**(a)** The Company has VAT tax liability (including interest) of ₹21.94 Crore (Previous period ₹ 21.94 Crore) under Maharashtra Sales tax Act and out of which the company had paid ₹ 4.00 Crore on 22.07.2011, under protest and the same has been shown as Loans and Advances. Provision as expenditure for the impugned disputed tax liability of ₹ 21.94 Crore (Previous period ₹ 21.94 Crore) has not been made as the company is hopeful of matter being decided in its favor by the appellate authority.



**NOTES TO ACCOUNTS**

- (b) During the current year, VAT/CST Assessment for the financial year 2010-11 was completed and competent authority (DCCT, Rajkot) has determined the tax liability of ₹20.95 Crore against VAT and ₹11.15 Crore against CST. The company has made part payment of ₹ 1.50 Crore for CST on 12/05/2015 and ₹ 3.25 Crore for VAT on 09/05/2015 and company has filed an appeal and the stay for payment of demand has been granted till 14.08.2015.
- (c) The Company had filed application for refund of Excise Duty of ₹12.23 Crore (Previous period ₹ 12.23 Crore) and the same has been treated as recoverable and has been shown as Short Term Loans and Advances. The said claim has been rejected by the Department but the Management is of the opinion that the company will receive the claim on resolution of the dispute on submission of further documents, and therefore the same is treated as good for its realization and not provided for as expenses.
- (d) In view of the non-provision of the above items 2.29(a) to 2.29(c), the losses of the company are under stated by ₹ 66.29 Crore and to the extent advances are overstated or the respective liabilities are understated.
- (e) During the previous period, VAT Assessment for financial year 2009-10 was completed and the competent Authority has determined the tax liability of ₹ 5.94 crore and against this demand the company has filed an appeal before the Joint Commissioner, Rajkot and during the year, the Learned Joint Commissioner, Rajkot has deleted the said demand and has determined refund of ₹ 9.50 Crore. The said amount of refund will be accounted on its actual receipt of the refund.
- (f) Loan accounts of the Bank of the company have been classified as Non Performing Assets by the Bankers and some of the bankers has not charged interest on the said accounts and therefore provision for Interest (Other than upfront charges) has not been made in the books of accounts and to that extent loss and bankers loan liability has been understated. The extent of exact amount is under determination and reconciliation with the banks, however as per the details available with the company, the amount of un-provided interest, on approximate basis, on the said loans {(Other than the loans which are assigned to Edelweiss Assets Reconstruction Company Limited (EARC))} is as under:-

(₹ In Crore)

Particulars	Up to March 2014	From April 14 to March 15	Up to 31 <sup>st</sup> March 2015
Interest on Corporate Loan and working Capital Loan	698.66	234.35	933.01

**2.30** A Special Civil Application in the nature of Public Interest Litigation was filed in the year 2010, inter alia, against the Company before the Hon'ble Gujarat High Court challenging the environment clearance for expansion of steel plant and No Objection Certificate (NOC) & Consolidated Consent and Authorization. The Gujarat High Court by its order dated May 11, 2012 set aside the environment clearance with liberty to the Company to apply once again and to stop the operation of the steel plant. The Company has filed a Special Leave Petition (SLP) before the Hon'ble Supreme Court of India, challenging the impugned order of Hon'ble Gujarat High Court. The Hon'ble Supreme Court of India stayed the order passed by the Hon'ble Gujarat High Court. The Hon'ble Supreme Court of India directed the Central pollution Control Board and Gujarat pollution Control Board to make a joint inspection and submit its report to Hon'ble Supreme Court. Central pollution Control Board and Gujarat pollution Control Board have submitted their joint report before the Hon'ble Supreme Court on 7<sup>th</sup> July 2014, regarding compliance of jobs done by the company and its next hearing has been fixed on 7<sup>th</sup> July 2015.

**2.31 Additional Disclosures**

- (a) Power and Fuel expenses are inclusive of duties and taxes of ₹11.15 Crore (Previous Period ₹ 3.25 Crore) paid towards power generation.
- (b) During the year, the Terminal Excise Duty of ₹ 1.58 Crore (Previous Period ₹ Nil) has been written off considering its reliability as doubtful and has been debited it to cost of Material consumed. During the previous period Terminal Excise Duty of ₹ 1.58 Crore was included in Short Term Loan and Advance.
- (c) During the year, Old Vat Input Credit Receivable of ₹ 69.13 Crore (Previous Period ₹ Nil) has been written off, by debiting it to cost of Material consumed, as company is not hopeful of its realization. During the previous period Old Vat Input Credit Receivable of ₹ 69.13 Crore was included in Short Term Loan and Advance.
- (d) The cost of Material consumed includes freight, Loading and Unloading Expenses, inspection fees, Balance written off, commission, taxes & duties, and ancillary thereof (including reversal of any claims).
- (e) In view to heavy accumulated losses and uncertainty of its realization/ payment of taxes in near future, no provision for Deferred Tax Asset/liability has been made by the company.
- (f) Product Development Cost includes total Research and Development expenses of ₹ 32.11 Crore (Previous Period ₹ 31.70 Crore) incurred on development of Hybrid Bus/T-Cab/project and CONTIFUR Project, which is still in progress and said expenses, would be written off in five years from the year of completion.
- (g) Some of the creditors have filed cases of recovery against the company before the various Hon'ble Courts/Forums for ₹ 1.96 Crore (Previous Period ₹ 1.96 Crore).
- (h) During the year old non recoverable amount of ₹158.15 Crore (Previous Period ₹ 19.57 Crore) and unclaimed amount of ₹ 16.77 Crore (Previous Period ₹ 9.33 Crore) have been written off/ back on account of non realization and payment. Its' net balance of ₹ 141.38 Crore (Previous period ₹ 10.24 Crore) has been charged to the Statement of Profit and loss.

## NOTES TO ACCOUNTS

- (i) During the previous period, the company has paid ₹ 2.00 Crore to Allahabad Bank which has been adjusted by Bank against unprovided interest, but the company has adjusted the same against the existing liability as appearing in the books of the Company.
- (j) Bank of India, the Lead bank of the consortium, Bank of Baroda, State Bank of India, Canara Bank and State Bank of Travancore has assigned their debt to Edelweiss Asset Reconstruction Company Limited (EARC). The Company has entered into settlement agreement on 10<sup>th</sup> March 2015 for the repayment of the Debts of the said Bank to EARC. In terms of settlement agreement, if all the terms and conditions are fully complied by the company upto the March 2023, there will be reduction in debt, as per Books of accounts of the Company by ₹403.90 Crore.
- (k) During the year, in view of non reliability/ non usability of stock of book value of ₹ 162.91 Crore (previous period ₹ 145.42 Crore), the company has not considered the said stock for the purpose of stock valuation and accordingly it has been written off.
- (l) The Balances of Dena Bank, UCO Bank and Central Bank of India are not being properly confirmed / reconciled by the bank as these banks treated the loan account as NPA Account. Similarly, International Financial Corporation has not issued loan balance confirmation certificate.
- (m) In view of the commercial prudence, during the year, the company has not restated the long outstanding export trade receivable at the rate prevailing as on 31<sup>st</sup> March 2015.
- (n) There is dispute with the Supreme Metallurgical Services (P) Ltd (a Micro, Small and Medium Enterprise) in relation to material supplied by the said party and for which the said party has filed a case before the Hon'ble Madhya Pradesh Micro and Small Facilitation Council, Bhopal for the recovery of the principal amount and interest there on. The Hon'ble Council has passed the order dated August 12, 2013 and has ordered to the company to pay ₹ 0.91 Crore (Including interest upto July 31, 2013). The company has filed appeal before District Court Bhopal under Section 34 of Arbitration and Reconciliation Act 1996 against the order passed by Hon'ble Madhya Pradesh Micro and Small Facilitation Council, Bhopal.
- (o) The company holds investment in Shree Ram Electrocast Limited, Electrotherm Mali SARM and Bhaskarpara Coal Company Limited (Subsidiaries of the Company). These Companies have incurred heavy losses and/or non operating and therefore the fate of said Companies are uncertain but Provision for the diminishing in the value of investment in subsidiary has not been made, as the Company treat it as temporary nature.
- (p) The Central Bureau of Investigation has conducted certain proceedings, on the basis of the complaint filed by Central Bank of India with regard to the utilization of the loan disbursed by Central Bank of India. At present, the said matter is pending before the Central Bureau of Investigation for the investigation and the company is supporting them at various stages.

### 2.32 The company is contingently liable for the following :-

- (a) Claims against the Company not acknowledged as debts amounting to ₹ 0.70 Crore (Previous Period ₹ 0.70 Crore), are pending before various courts, authorities, arbitration, Consumer Dispute Redressal Forum etc.
- (b) Guarantees / Counter Guarantees (including un-utilized Letters of Credit) issued ₹7.47 Crore (Previous Period ₹ 19.50 Crore).
- (c) Disputed Statutory Claims/Levies for which the company has preferred appeal in respect,
  - (i) Excise Duty Liability of ₹ 295.61 Crore (Previous period ₹ 296.97 Crore) and Service Tax Liability of ₹5.41 Crore (Previous period ₹ 1.84 Crore),
  - (ii) Custom Duty Liability of ₹20.31Crore (Previous period ₹ 21.05 Crore),
  - (iii) Income Tax liability of ₹ 31.55 Crore (Previous period ₹ 25.17 Crore),
  - (iv) VAT AND CST Liability of ₹ 50.04 Crore against the outstanding liability company has paid the ₹ 4.75 Crore subsequently there of (Previous Period ₹ 17.94 Crore),

(The above amounts (except where specifically stated)are excluding the amount of additional Interest payable and of the amount involved in appeal preferred by the department, if any.)

### 2.33 FOREIGN EXCHANGE EARNING & OUTGO (on Cash basis):

- (a) Earning in Foreign Exchange for Export of Goods & Services ₹ 112.70 (Previous period ₹ 85.55 Crore).
- (b) Expenditure in Foreign Currency for Import of Materials, Traveling & Others is ₹ 58.65 Crore (Previous period ₹ 22.45 Crore).

### 2.34 DIRECTOR'S REMUNERATION :

Particulars	Current Year ₹ in Crore	Previous Period ₹ in Crore
Salary	Nil	0.24
Contribution to Provident & other funds	Nil	0.02
<b>Total</b>	<b>Nil</b>	<b>0.26</b>

In view of loss during the year and non-payment of any Remuneration to the Directors of the Company, computation of Net Profit in accordance with the Companies Act, 2013, is not required to stated.

- 2.35 Previous Period amount has been regrouped / re-casted / re-arranged / re-classified / re-determined, wherever necessary, by the company on the basis of data available with the company, to make the figure of the current year with the previous period comparable.

**NOTES TO ACCOUNTS****2.36 RELATED PARTY (AS IDENTIFIED AND DETERMINED BY THE COMPANY) DISCLOSURES UNDER ACCOUNTING STANDARD 18:-****A. List of Related Parties****I) SUBSIDIARY COMPANIES**

1. Jinhua Indus Enterprises Limited
2. JinhuaJahari Enterprises Limited
3. Bhaskarpara Coal Company Limited
4. ET Elec-Trans Limited
5. Hans Ispat Limited
6. Shree Ram Electro Cast Limited
7. Shree Hans Paper Limited
8. Electrotherm Mali SARL

**II) Enterprises owned or significantly influenced by key management personnel or their relatives\* (Except foreign companies)**

1. Ahmedabad Aviation and Aeronautics Ltd.
2. Western India Speciality Hospital Ltd.
3. E-Motion Power Ltd.
4. Indus Elec-Trans Pvt. Ltd.
5. Jaysri Petro-Yarn Pvt. Ltd.
6. Adroit Trading and Investment Co.
7. EIL Hospitality Pvt. Ltd.
8. EIL Software Services Offshore Pvt. Ltd.
9. EIL Technology Pvt. Ltd.
10. Electrotherm Engineering & Projects Ltd.
11. Kappa Consultancy Pvt. Ltd.
12. Electrotherm Foundation.
13. Gujarat Mint Alloys Ltd.
14. Etain Electric Vehicles Limited (Formerly Known as Electra Transformer Private Limited)
15. Airfones Innovatives Private Limited
16. BNB Real Estate Private Limited
17. ETAIN Energy Holdings Limited (Formerly Known as Electrotherm Energy Holdings Ltd.)
18. Electrotherm Solar Limited
19. Palace Solar Energy Pvt. Ltd.
20. SBRB Real Estate Pvt. Ltd.
21. Bhandari Real Estate Pvt. Ltd.
22. ETAIN Immodo Renewables Ltd.
23. Arjun Ceramics & Carbon Pvt. Ltd.
24. Indus Chargers & Controllers Pvt. Ltd.
25. Arjun Solar One Pvt. Ltd.
26. Arjun Green Power Pvt. Ltd.
27. Arjun Raj Solar One Pvt. Ltd.
28. Bhandari Charitable Trust
29. Arjun Raj Solar Five Pvt. Ltd.

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

1. Mr. Mukesh Bhandari (Chairman)
2. Mr. Shailesh Bhandari (Managing Director)
3. Mr. Avinash Bhandari (Joint Managing Director & CEO)
4. Mr. Ram Singh (Independent Director)
5. Mr. Chaitnya Sharma (Independent Director)

**IV) Relatives of Key Management Personnel (With whom transaction has taken place during the year)**

1. Mrs. Indubala Bhandari
2. Mrs. Jyoti Bhandari
3. Mr. Rakesh Bhandari
4. Mr. Anurag Bhandari
5. Mr. Siddharth Bhandari
6. Ms. Shivani Bhandari
7. Mrs. Panna Bhandari
8. Ms. Radhika Bhandari


**NOTES TO ACCOUNTS**
**B. Related Parties transactions as identified by the Company from its record.**
**(₹ in Crore)**

SR. NO.	NAME	SALES (INCL. STORE, SPARE & OTHERS)		PURCHASE		EXPENSES/ (INCOME)		PURCHASE (SALE) OF FIXED ASSET		LOAN RECEIVED		LOAN GIVEN /REPAID		INTEREST PAID		RENT PAID		SALARY		CLOSING BALANCE		
		Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period	
(I)	<b>Subsidiary Companies</b>																					
1	Jinhua Indus Enterprises Ltd.			0.13	0.31																1.42	1.55
2	Jinhua Jahari Enterprises Ltd.			7.08	4.67																1.18	4.10
3	ET Elec-Trans Ltd																				0.51	0.51
4	Shree Ram Electro Cast Ltd					0.03					0.82	0.54									6.74	5.90
5	Hans Ispat Ltd	84.91	27.71	5.38	4.71			1.29													43.48	31.86
6	Shree - Hans Papers Ltd					3.95															4.18	4.18
7	Electrotherm Mali SARL																					
(II)	<b>Associates</b>																					
1	Ahmedabad Aviation and Aeronautic Limited																				0.00	0.13
2	ETAIn Immodo Renewables Limited	0.07	0.04																		2.82	2.98
3	Indus Chargers & Comtrollers Pvt. Limited																					
4	EIL Software Services Offshore								1.00		1.25										(1.75)	(2.00)
5	Bhandari Charitable Trust	1.06	0.22																		5.38	5.22
6	ETAIn Energy Holdings																					
7	Electrotherm Solar Limited	0.02	0.15			0.01			0.02		1.27										4.34	2.81
8	ETAIn Electric Vehicles Limited	0.46	0.25	0.08																	0.58	0.28
(III)	<b>KEY MANAGEMENT PERSONNEL :</b>																					
1	Mr. Mukesh Bhandari (Chairman & Chief Technology Office)											0.15			0.11	0.05			0.09	(0.64)	(0.64)	
2	Mr. Shailesh Bhandari (Managing Director)										1.69	0.58	0.01	0.03	0.05				0.09	(0.49)	(2.18)	
3	Mr. Avinash Bhandari (Joint Managing Director & CEO)										0.001								0.09			
(IV)	<b>RELETIVES OF KEY MANAGEMENT PERSONNEL :</b> (With whom Transaction has been taken Place during the year)																					
1	Mrs. Indubala Bhandari														0.07	0.04					0.00	(0.00)
2	Mrs. Jyoti Bhandari											0.05			0.03	0.02		0.05	0.03	(0.17)	(0.17)	
3	Mr. Rakaesh Bhandari																			(0.02)	(0.02)	
4	Mr. Siddharth Bhandari																					
5	Ms. Shivani Bhandari																	0.04	0.02			
6	Mr. Anurag Bhandari										0.40										0.05	(0.35)
7	Mrs. Panna Bhandari																		0.02			
8	Ms. Radhika Bhandari																		0.02			

**NOTES TO ACCOUNTS****2.37 SEGMENT REPORTING UNDER ACCOUNTING STANDARD****(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:-As Identified by the management** (₹ in Crore)

Particulars	Current Year	Previous Period
<b>SEGMENT REVENUE</b>		
Engineering & Projects Division	360.87	191.22
Special Steel Division	1,468.94	463.09
Electric Vehicle Division	4.94	6.24
<b>Total Sales</b>	<b>1,834.75</b>	<b>660.55</b>
<b>Less : Inter segment Revenue</b>	<b>5.54</b>	<b>0.69</b>
<b>Net Sale</b>	<b>1,829.21</b>	<b>659.86</b>
<b>SEGMENT PROFIT BEFORE TAX AND INTEREST</b>		
Engineering & Projects Division	(34.03)	(31.45)
Special Steel Division	(373.51)	(283.17)
Electric Vehicle Division	(27.47)	(4.65)
<b>Profit/(Loss) Before Interest, Tax &amp; Prior Period Adjustment</b>	<b>(435.00)</b>	<b>(319.28)</b>
<b>Less: FINANCIAL EXPENSES</b>	6.37	1.89
<b>Less : Provision for Tax (Including Deferred Tax)</b>	0.02	0.02
<b>Net Profit/(Loss) After Tax</b>	<b>(441.39)</b>	<b>(321.19)</b>
<b>OTHER INFORMATION</b>		
<b>Segment Assets</b>		
Engineering & Projects Division	425.76	471.03
Special Steel Division	1,845.91	2,269.43
Electric Vehicle Division	56.09	76.39
<b>Total Segment Assets</b>	<b>2,327.77</b>	<b>2,816.86</b>
<b>Segment Liabilities</b>		
Engineering & Projects Division	156.74	171.74
Special Steel Division	3,032.62	3,074.22
Electric Vehicle Division	183.53	176.40
<b>Total Segment Liabilities</b>	<b>3,372.89</b>	<b>3,422.36</b>

**NOTES TO ACCOUNTS**

(₹ In Crore)

Particulars	Current Year	Previous Period
<b>Segment Depreciation</b>		
Engineering & Projects Division	8.46	2.74
Special Steel Division	135.96	66.01
Electric Vehicle Division	1.76	0.64
<b>Total Depreciation</b>	<b>146.18</b>	<b>69.39</b>
<b>Other Non Cash Expenses</b>		
Engineering & Projects Division	0.08	0.73
Special Steel Division	0.50	1.02
Electric Vehicle Division	0.01	0.11
<b>Total</b>	<b>0.58</b>	<b>1.86</b>
<b>Segment Capital Expenditure</b>		
Engineering & Projects Division	1.43	2.24
Special Steel Division	8.52	1.74
Electric Vehicle Division	-	0.13
<b>Total Capital Expenditure (Net)</b>	<b>9.95</b>	<b>4.11</b>

**(B) Geographical Segments**

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

(₹ In Crore)

PARTICULARS	Current Year	Previous Period
India	1,735.01	574.31
Overseas	94.20	85.55
<b>Total</b>	<b>1,829.21</b>	<b>659.86</b>

**2.38** As per Accounting Standard 15 "Employee Benefit", the disclosures as defined in the Accounting Standard on the basis of certificate of the valuer are given below:

**A) Defined contribution plan**

(₹ In Crore)

	Current Year	Previous Period
Employer's Contribution to Provident Fund	2.80	1.42
Employer's Contribution to Pension Scheme	1.70	0.54


**NOTES TO ACCOUNTS**
**B) Defined Benefit Plans -**
**(₹ In Crore)**

Particulars	Current Year			Previous Period		
	Gratuity Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Unfunded	Gratuity Funded	Leave Encashment Unfunded
<b>a) Liability recognised in the Balance Sheet</b>						
i) Present Value of obligation at the beginning of the Period	1.70	4.19	3.15	1.42	3.96	3.09
Current service Cost	0.41	0.48	0.64	0.18	0.24	0.30
Adjustment due to Valuation	-	-	-	-	-	-
Interest Cost	0.16	0.39	0.29	0.07	0.18	0.14
Actuarial (GaIn)/Loss	0.62	0.59	0.52	0.07	-	0.27
Benefit Paid	(0.10)	(0.74)	(0.78)	(0.04)	(0.19)	(0.65)
<b>Present Value of obligation as at year end</b>	<b>2.79</b>	<b>4.91</b>	<b>3.82</b>	<b>1.70</b>	<b>4.19</b>	<b>3.15</b>
Less:						
ii) Fair Value of Plan Assets at the beginning of the Period	-	3.86	-	-	3.13	-
Expected return on Plan Assets	-	0.34	-	-	0.14	-
Actuarial gain/(loss)	-	(0.09)	-	-	0.31	-
Employers' Contribution	0.10	0.58	0.78	0.04	0.48	0.65
Benefit Paid	(0.10)	(0.74)	(0.78)	(0.04)	(0.19)	(0.65)
<b>Fair Value of Plan Assets as at year end</b>	<b>-</b>	<b>3.95</b>	<b>-</b>	<b>-</b>	<b>3.87</b>	<b>-</b>
<b>Excess Provision for Leave Encashment</b>						
<b>Amount recognised in the Balance Sheet or Paid to Fund Manager</b>	<b>2.79</b>	<b>0.96</b>	<b>3.82</b>	<b>1.70</b>	<b>0.32</b>	<b>3.15</b>
<b>b) Expenses during the year</b>						
Service Cost	0.41	0.48	0.64	0.18	0.24	0.30
Interest Cost	0.16	0.39	0.29	0.07	0.18	0.14
Expected return on Plan assets	-	(0.34)	-	-	(0.14)	-
Actuarial (Gain)/Loss	0.62	0.68	0.52	0.07	(0.31)	0.27
<b>Total</b>	<b>1.19</b>	<b>1.21</b>	<b>1.45</b>	<b>0.32</b>	<b>(0.03)</b>	<b>0.71</b>
<b>c) Actual Return on plan assets</b>		<b>0.25</b>			<b>0.44</b>	
<b>d) Break up of Plan Assets as a percentage of total Plan Assets (Percentage or Value)</b>						
Insurer managed Funds	NIL	3.95	NIL	NIL	3.86	NIL
<b>e) Principal actuarial assumptions</b>						
Rate of Discounting	8.03%	7.96%	8.00%*	9.31%	9.31%	9.31%
Expected return on Plan Assets	NA	7.96%	NA	NA	8.70%	NA
Rate of increase in Salaries	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Attrition Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

\* The Rate of Discounting for Leave Encashment Unfunded is taken as average of Divisions.

- 2.39 (a) In the opinion of the Management, the current assets, Trade Receivable, 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) (i) The account of "Trade Receivables", "Borrowings", "Trade payables", "Advances from Customer", "Short Term Loans and Advances" and some Bank Balances are subject to confirmation / reconciliation and the same includes very old non moving items and therefore the same are subject to necessary adjustments for accounting or re-grouping /classification.
- (ii) The amount of "Advance from Customers" includes, ₹ 1.91 Crore (Previous Period ₹2.06Crore) (net of receipts and payments) of the parties in the bank accounts of which names are not readily available with the company and which are to be accounted under the correct account head on receipt of accurate information from the Banker/parties.
- (iii) During previous period the amount of account of some of the major single party under the Head "Advance from customers", "Trade Payable", "Advance to Suppliers and Others", "Trade Receivables" are shown on gross basis and the same are not netted off and which has resulted in overstatement of two account heads.



## NOTES TO ACCOUNTS

- (c) The amount of current maturity of Long Term Liability of ₹1374.17 Crore (Previous Period ₹ 1919.37 Crore) has been determined on the basis of the data available with the company and has been treated as short term Borrowings.
- (d) The classification/grouping of items of the accounts are made by the management, on the basis of the available data with the company and which has been relied upon by the auditors.
- (e) The amount of inventory has been taken by the management on the basis of information available with the company and without conducting physical verification of the slow moving inventory. The slow moving inventories have been valued by the management on estimate net realizable value and which has been relied upon by the auditors.
- (f) Account of Service Tax Receivables, CENVAT Receivables and Vat input credit Receivables is subject to reconciliation, submission of its return for its claim and/or its assessment, if any.
- (g) The management is of the opinion that the uncompleted projects shown as Capital Work in Progress of ₹ 10.45 Crore (Previous Period ₹ 10.45 Crore) require some further investment to bring them into commercial use and therefore these are not treated as impaired assets.
- (h) In view of the non recovery of the amounts or non settlement of the accounts, the company has determined ₹ 63.26 Crore as doubtful Trade Receivable and ₹28.78 Crore of Advance to Suppliers and in view of business prudence, the company has made provision of ₹ 28.47 Crore for said doubtful Trade Receivables and ₹16.50 Crore for said doubtful Advance to Suppliers.
- (i) Account of "Advance to staff" is under confirmation, reconciliation and subject to the settlement of the accounts with the respective employees (including ex-employees) of the company.

### 2.40 EARNINGS PER SHARE (EPS):

The basic Earnings per Share is calculated by dividing the profit/ loss attributable to the existing Equity Shares outstanding and in view of losses during the year, EPS has not been calculated.

### 2.41 Signed Notes No.1 and 2 forms part of the Annexed account of the Company

As per our report of even date attached

For & on behalf of

**Mehta Lodha & Co.,**

Firm Registration No: 106250W

**Chartered Accountants**

**Prakash D. Shah**

M. NO. 34363

**Partner**

Place : Ahmedabad

Date : 26th May, 2015

**For & on behalf of the Board of Directors**

**Shailesh Bhandari**

**Managing Director**

DIN NO : 00058866

**Jigar Shah**

**Company Secretary**

**Avinash Bhandari**

**Joint Managing Director**

DIN NO : 00058986

**Pawan Gaur**

**Chief Financial Officer**

## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,  
The Members of Electrotherm (India) Limited,

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Electrotherm (India) Limited** ("the Company"), and its Subsidiaries (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended on 31<sup>st</sup> March 2015, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of other auditors, on the financial statements of the subsidiaries noted below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2015, and its consolidated profit and loss and its consolidated cash flows for the year ended on that date.

### Emphasis of Matter and Qualification

1. We draw attention to Note No. 2.28 of the accompanying consolidated financial statements in respect of Winding up petition and recovery cases against the company, Note No. 2.29 of the accompanying consolidated financial statements in respect of filing of Reference to BIFR on account of erosion of the net worth and Note No.2.31 relating to pending judgment of Hon'ble Supreme Court, all affecting the going concern concept of the company.
2. We draw attention to Note No. 2.30(a) to (f) of the accompanying consolidated financial statements in respect of non-provisions of long disputed advances/claims/liability against the Group and on account of the reasons for recovery/realization/settlement as stated in said notes and note no 2.30(i) of non-provision of interest on NPA accounts of banks of Rs 956.50 Crore. The exact amount of the said non provisions are not determined and accounted for by the Company.
3. We draw attention to Note No. 2.32 of the accompanying consolidated financial statements in respect of (a) writing off of the Old balances of advances, Trade receivables and Inventories (b) assignments of Debts of Some of the Bankers to Edelweiss Asset Reconstruction Company Limited & Invent Assets Securitization & Reconstruction Private Limited and (c) non provision of diminution in the value of Investments in the Subsidiaries and other additional disclosures in relation to Consolidated Financial statements of the group.

4. We draw attention to Note No. 2.38 of the accompanying consolidated financial statements in respect of third party balance confirmation and its classification, non provision of interest on NPA accounts of banks of ₹ 956.50 Crore, erosion of net worth of the Group, indication of impairment of Capital Work in Progress, doubtful trade receivables, obsolete old stocks and other issues and the balance amount of the same is not exactly quantified for the reporting aspect.
5. We draw attention to Note No.4 of Note No. 2.09 of accompanying consolidated financial statements, in respect of change in the method of depreciation on account of introduction of Schedule II of the Companies Act, 2013.

**Other Matters**

1. We did not audit the financial statements of Hans Ispat Limited, Shree Ram Electro Cast Limited, Shree Hans Papers Limited, ET Elec-Trans Limited and Bhaskarpara Coal Company Limited (The subsidiary Companies) included in the consolidated financial statements which constitute total assets of ₹ 225.73 Crore as at 31st March, 2015, Total revenue of ₹ 306.86 Crore, Net Loss of ₹ 37.00 Crore and net cash outflows amounting to ₹ 20.05 Crore for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such auditors.
2. We have relied on the unaudited financial statements of Jинуha Indus Enterprises Limited, Jинуha Jahari Enterprises Limited and Electrotherm Mali (SARL) (The Subsidiary Companies) wherein the group's share of loss aggregate ₹2.32 Crore. These unaudited financial statements are as approved by the respective Board of Directors/Management of these companies and our report in so far as it relates to the amounts included in respect to these subsidiaries is based solely on such approved unaudited financial statements.

**FOR MEHTA LODHA & CO.**  
(FIRM REGD. NO.: 106250W)  
CHARTERED ACCOUNTANTS

**PRAKASH D.SHAH**

Partner

Membership No. 34363

Place : Ahmedabad  
Date : 26<sup>th</sup> May, 2015

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2015**

Sr. No.	Particulars	Note No.	As at 31st March 2015 ₹ In Crore	As at 31st March 2014 ₹ In Crore
	<b>EQUITY AND LIABILITIES</b>			
	<i>Shareholders' funds</i>			
(a)	Share Capital	<b>2.01</b>	23.48	23.48
(b)	Reserves and Surplus	<b>2.02</b>	(1,087.62)	(610.08)
	<b>Share Application Money Pending For Allotment</b>		2.49	2.55
	<b>Minority Interest</b>		6.11	7.77
	<i>Non - Current liabilities</i>			
(a)	Long Term Borrowings	<b>2.03</b>	1,288.33	55.47
(b)	Long Term Provisions	<b>2.04</b>	8.23	5.51
	<i>Current liabilities</i>			
(a)	Short-term borrowings	<b>2.05</b>	1,880.28	3,165.42
(b)	Trade Payables	<b>2.06</b>	217.47	214.97
(c)	Other current liabilities	<b>2.07</b>	133.04	133.73
(d)	Short Term Provisions	<b>2.08</b>	4.12	3.49
	<b>TOTAL</b>		<b>2,475.93</b>	<b>3,002.31</b>
	<b>ASSETS</b>			
	<i>Non-Current Assets</i>			
(a)	Fixed Assets			
(i)	Tangible Assets	<b>2.09</b>	1,381.35	1,529.26
(ii)	Intangible Assets	<b>2.09</b>	75.64	76.32
(iii)	Capital work-in-progress	<b>2.09</b>	21.40	23.28
(b)	Non-current Investments	<b>2.10</b>	0.11	0.09
(c)	Long-term loans and advances	<b>2.11</b>	41.59	26.18
(d)	Other Non-Current Assets	<b>2.12</b>	34.06	34.63
	<i>Current Assets</i>			
(a)	Inventories	<b>2.13</b>	337.37	484.72
(b)	Trade Receivables	<b>2.14</b>	320.04	406.14
(c)	Cash and Bank Balances	<b>2.15</b>	63.54	34.02
(d)	Short-term loans and advances	<b>2.16</b>	199.67	385.34
(e)	Other Current assets	<b>2.17</b>	1.16	2.33
	<b>TOTAL</b>		<b>2,475.93</b>	<b>3,002.31</b>

Significant Accounting Policies

1

Notes to Accounts

2

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For &amp; on behalf of

**Mehta Lodha & Co.,**

Firm Registration No: 106250W

**Chartered Accountants****Prakash D. Shah**

M. NO. 34363

**Partner**

Place : Ahmedabad

Date : 26th May, 2015

For &amp; on behalf of the Board of Directors

**Shailesh Bhandari**  
**Managing Director**  
DIN NO : 00058866**Jigar Shah**  
**Company Secretary****Avinash Bhandari**  
**Joint Managing Director**  
DIN NO : 00058986**Pawan Gaur**  
**Chief Financial Officer**

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH 2015**

Sr. No.	Particulars	Note No.	Year ended on	6 Months ended on
			31st March 2015 (₹ In Crore) Current Year	31st March 2014 (₹ In Crore) Previous Period
	<b>Income</b>			
	Revenue from Operations (Gross)	2.18	2,206.54	819.95
	Less: Excise Duty		(159.01)	(55.44)
	Revenue from Operations		2,047.53	764.51
	Other Income	2.19	6.08	2.84
<b>A</b>	<b>Total Revenue</b>		<b>2,053.61</b>	<b>767.35</b>
	<b>Expenditure</b>			
	Cost of Materials Consumed	2.20	1,503.45	562.67
	Purchases of Stock in Trade	2.20	33.05	12.16
	Changes in Inventories of Finished Goods and Work in Process	2.21	140.69	183.92
	Employee Benefits Expense	2.22	100.90	43.42
	Finance Cost	2.23	9.94	9.96
	Depreciation and Amortization Expense	2.09	159.26	71.59
	Other Expenses	2.24	583.11	181.92
	Preliminary Expenses Written Off		0.47	0.21
<b>B</b>	<b>Total Expenses</b>		<b>2,530.87</b>	<b>1,065.84</b>
	<b>Loss before exceptional and extra ordinary items and tax (A-B)</b>		<b>(477.26)</b>	<b>(298.49)</b>
	Exceptional items & Extraordinary Items		3.49	27.54
	<b>Loss before Tax</b>		<b>(480.75)</b>	<b>(326.03)</b>
	<b>Tax Expenses</b>			
	Current Tax		-	(0.06)
	Wealth Tax		(0.02)	(0.02)
	Deferred Tax		-	4.18
	<b>Profit/(loss) (before adjustment of Minority Interest)</b>		<b>(480.77)</b>	<b>(321.94)</b>
	<b>Less:- Share of Loss transferred to Minority Interest</b>		<b>1.66</b>	<b>0.00</b>
	<b>Loss for the Year / Period</b>		<b>(479.11)</b>	<b>(321.94)</b>
	Add/(Less) : Prior Period Adjustments	2.25	0.88	0.03
	<b>Loss for the Year/Period</b>		<b>(478.23)</b>	<b>(321.90)</b>
	<b>Earnings per Equity Share (Nominal Value of Share ₹.10/- each) Basic and Diluted (In ₹)</b>	2.40	<b>Negative</b>	<b>Negative</b>

Significant Accounting Policies

1

Notes to Accounts

2

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For &amp; on behalf of

**Mehta Lodha & Co.,**

Firm Registration No: 106250W

**Chartered Accountants**
**Prakash D. Shah**

M. NO. 34363

**Partner**

Place : Ahmedabad

Date : 26th May, 2015

For &amp; on behalf of the Board of Directors

**Shailesh Bhandari**  
**Managing Director**  
 DIN NO : 00058866

**Jigar Shah**  
**Company Secretary**
**Avinash Bhandari**  
**Joint Managing Director**  
 DIN NO : 00058986

**Pawan Gaur**  
**Chief Financial Officer**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2015**

₹ In Crore

PARTICULARS	CURRENT YEAR	PREVIOUS PERIOD
<b>A: CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before tax as per Statement of Profit and Loss	(480.75)	(326.03)
Adjusted For:		
Profit on Sale/Discard of assets (net)	(0.02)	(0.03)
Depreciation	159.26	71.60
Dividend Income	-	-
Interest Income	(3.84)	(1.45)
Prior Period Item	0.88	0.03
Finance Cost	9.94	9.96
<b>Operating profit before working capital changes</b>	<b>(314.53)</b>	<b>(245.92)</b>
Adjusted For:		
Trade and other Receivables	86.10	(7.05)
Inventories	147.35	224.97
Trade and other Payables	2.50	(9.70)
Loans and advances and other assets	172.01	55.19
Other liabilities and provisions	2.66	28.55
<b>Cash Generated from Operations</b>	<b>96.09</b>	<b>46.05</b>
Taxes Paid	(0.68)	(0.37)
<b>Net Cash Generated from Operating activities</b>	<b>95.41</b>	<b>45.68</b>
<b>B: CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(8.69)	(4.52)
Sales of Fixed Assets	0.12	0.24
Sales / (Purchases) of Investments (net)	(0.02)	-
Minority Interest	(0.01)	0.00
Dividend Income	-	-
Interest Income	3.84	1.45
<b>Net Cash (used in) Investing Activities</b>	<b>(4.76)</b>	<b>(2.82)</b>
<b>C: CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Share Application Money	0.06	0.13
Government subsidy received	0.70	-
Increase in Borrowings*	(51.95)	(29.67)
Financial Cost	(9.94)	(9.96)
<b>Net Cash (used in) Financing Activities</b>	<b>(61.13)</b>	<b>(39.50)</b>
Net Increase in Cash and Cash Equivalents	29.52	3.35
Opening Balance of Cash and Bank Balance	34.02	30.68
Closing Balance of Cash and Bank Balance (Refer note no 2.15)	63.54	34.02

The said statement is to be read alongwith the Notes to accounts and in particular Note No.2.38

\* Includes amount of unpaid interest converted into Term Loan

As per our report of even date attached

For &amp; on behalf of

**Mehta Lodha & Co.,**

Firm Registration No: 106250W

**Chartered Accountants**
**Prakash D. Shah**

M. NO. 34363

**Partner**

Place : Ahmedabad

Date : 26th May, 2015

For &amp; on behalf of the Board of Directors

**Shailesh Bhandari**
**Managing Director**

DIN NO : 00058866

**Jigar Shah**
**Company Secretary**
**Avinash Bhandari**
**Joint Managing Director**

DIN NO : 00058986

**Pawan Gaur**
**Chief Financial Officer**

**NOTES 1 TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2015****1. SIGNIFICANT ACCOUNTING POLICIES:****(A) BASIS OF PREPARATION OF ACCOUNTS:**

The Consolidated Financial Statement read with notes to accounts are prepared in accordance with the accounting policies generally accepted in India including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared under the historical cost convention, (except for revalued assets which are stated at revalued amount) on an accrual basis.

**(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) PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements relates to Electrotherm (India) Limited ('the Company') and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

- (a) 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, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements"
- (b) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the period. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in Statement of Profit and Loss.
- (c) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- (d) Minority Interest's share of net profit/(loss) of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- (e) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- (f) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

**(D)** Investments have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments"

**(E) Other significant accounting policies**

These are set out under "Significant Accounting Policies" as given in the Company's separate financial statements.





## CONSOLIDATED NOTES TO ACCOUNTS

### 2.01 Share Capital

(a) Authorised, Issued, Subscribed and Paid- Up Capital:

Particulars	As at 31st March 2015 (₹ In Crore)		As at 31st March 2014 (₹ In Crore)	
<b>Authorised</b>				
2,50,00,000 Equity Shares of ₹10/- each	25.00		25.00	
2,50,00,000 6% Non-Cumulative Redeemable Preference Shares of ₹10/- each	25.00	50.00	25.00	50.00
<b>Total</b>		<b>50.00</b>		<b>50.00</b>
<b>Issued, Subscribed &amp; Paid up</b>				
1,14,76,374 (Previous Period 1,14,76,374) Equity Shares of ₹10/- each Fully paid up	11.48		11.48	
1,20,00,000 (Previous Period 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)	12.00	23.48	12.00	23.48
<b>Total</b>		<b>23.48</b>		<b>23.48</b>

(b) A reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period.

(i) <b>Equity Shares</b>	As at 31st March 2015	As at 31st March 2014
	Numbers	Numbers
Shares outstanding at the beginning of the year	11,476,374	11,476,374
Shares outstanding at the end of the year	11,476,374	11,476,374

(ii) <b>6% Non-Cumulative Redeemable Preference Shares</b>	As at 31st March 2015	As at 31st March 2014
	Numbers	Numbers
Shares outstanding at the beginning of the year	12,000,000	12,000,000
Shares outstanding at the end of the year	12,000,000	12,000,000

(c) **Rights, preference and restriction attached to Equity Shares**

- The face value of the Equity shares is ₹ 10/- per share . Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. During the period, the company has not declared any dividend.
- The shareholders are not entitled to exercise any voting right either personally or proxy at any meeting of the Company in cases calls or other sums payable have not been paid.
- In the event of liquidation of the company, holder of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(d) **Rights, preference and restriction attached to Preference Shares**

- The face value of the Preference shares is ₹ 10/- per share . The Preference share holder does not have any voting rights. During the period, the company has not declared any dividend.
- In the event of liquidation of the company, the preference share holders will have priority over equity shares in the payment of dividend and repayment of capital.

(e) There were no shares reserved at the year-end for issue under options and contracts / commitments for the sale of shares / disinvestment.

**CONSOLIDATED NOTES TO ACCOUNTS**
**(f) Shareholders holding more than 5% of the Shares in the Company :**
**Equity Shares**

Sr. No.	Name of Shareholder	As at 31st March 2015		As at 31st March 2014	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	DEG-Deutsche Investitions-Und Entwicklungsgesellschaft Mbh	-	-	1,366,666	11.91
2	IDBI Trusteeship Services Limited (India Advantage Fund-VI)	1,292,231	11.26	1,292,231	11.26
3	Castleshine PTE Limited	1,000,000	8.71	1,000,000	8.71
4	Leadhaven PTE Limited	1,000,000	8.71	1,000,000	8.71
5	Western India Specialty Hospital Ltd.	975,000	8.50	975,000	8.50
6	Mr. Shailesh Bhandari	848,275	7.39	848,275	7.39
7	Mr. Mukesh Bhandari	809,500	7.05	809,500	7.05

**6% Non-Cumulative Redeemable Preference Shares**

Sr. No.	Name of Shareholder	As at 31st March 2015		As at 31st March 2014	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Web Businesses.com Global Ltd.	2,730,000	22.75	2,730,000	22.75
2	Lavish Packagers Ltd.	2,580,000	21.50	2,580,000	21.50
3	Highland Finance and Investments Pvt. Ltd.	3,240,000	27.00	3,240,000	27.00
4	Froid Finance and Investments Pvt. Ltd.	1,200,000	10.00	1,200,000	10.00
5	Ahmedabad Aviation And Aeronautics Ltd.	1,050,000	8.75	1,050,000	8.75
6	Mr. Shailesh Bhandari	1,200,000	10.00	1,200,000	10.00

(g) The Company have calls in arrears / unpaid calls of ₹ Nil (Previous Period ₹ Nil)

**2.02 Reserves and surplus**

Particulars	As at 31st March 2015 (₹ In Crore)		As at 31st March 2014 (₹ In Crore)	
<b>(A) Capital Reserve</b>				
As per Last Balance Sheet Date	13.53		13.53	
Add: Government Subsidy	0.70	14.23	-	13.53
<b>(B) Share Premium Account</b>				
As per Last Balance Sheet Date		226.47		226.47
<b>(C) General Reserve</b>				
As per Last Balance Sheet Date	323.33		325.06	
Less : Transferred for depreciation on Revaluation of Fixed Assets	(3.26)	320.07	(1.73)	323.33
<b>(D) Revaluation Reserve</b>				
As per Last Balance Sheet Date	56.33		59.95	
Less : Transferred for depreciation on Revaluation of Fixed Assets	(7.42)	48.91	(3.62)	56.33
<b>(E) Surplus/Deficit in Statement of Profit &amp; Loss</b>				
As per Last Balance Sheet Date	(1,229.74)		(907.83)	
Less: Transferred from General Reserve / Revaluation Reserve	10.67		-	
Add/(Less): Loss for the Period/year	(478.23)	(1,697.30)	(321.91)	(1,229.74)
<b>Total</b>		<b>(1,087.62)</b>		<b>(610.08)</b>

**CONSOLIDATED NOTES TO ACCOUNTS****2.03 Long term borrowings**

Particulars	As at 31st March 2015 (₹ In Crore)		As at 31st March 2014 (₹ In Crore)	
	Non-Current	Current	Non-Current	Current
<b>Secured</b>				
Term Loans from Banks				
- Rupee Term Loan-[Note No.(a) & Note No. 2.38 (c)]	1,235.72	1,238.48	55.44	1,788.21
- Foreign Currency Term Loan -[Note No.(c)]	-	90.13	-	86.58
<b>Total</b>	<b>1,235.72</b>	<b>1,328.61</b>	<b>55.44</b>	<b>1,874.79</b>
Hire Purchase Finance for Vehicles (Secured By Hypothecation of Specific Vehicles)	0.01	0.02	0.03	0.04
Invent Assets Securitisation & Reconstruction Pvt Ltd (Refer Note (b))	52.60	1.24	-	-
<b>Unsecured</b>				
- Foreign Currency Term Loan	-	67.63	-	66.16
<b>Total</b>	<b>1,288.33</b>	<b>1,397.50</b>	<b>55.47</b>	<b>1,940.99</b>

- (a) 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, and Chhadawada –Bhachau and Juni Jithardi, Karjan, Vadodara and Bank Fixed Deposits & as second charge on all Stock-in-Trade & Receivables. Further the loans are guaranteed by the personal guarantees of some of Directors.

Secured by First Pari-passu charge on the entire fixed assets & immovable properties of the company situated at Village : Budharmora, Bhuj-Bhachau Highway, Tal : Anjar, Dist : Kutch and personal guarantee of some of the directors of the company. Further Loan from State Bank of India (Now assigned to Invent Assets Securitisation & Reconstution Pvt Ltd )are secured by all present and future goods, books debts and all other Movable Assets.

The loan is secured by First charge on the entire currents assets of the Company, both present and future. Equitable Mortgage over factory land & factory building at Siriguppa, Dist : Bellary and Hypothecation of entire plant & machinery and other fixed assets of the Company. Personal Guarantees of Mr. Mukesh Bhandari and Mr. Shailesh Bhandari, Directors of the Company.

- (b) During the Year the debt due to State Bank of India and Bank of Baroda are declared as NPA. On consequence to the clasification of the Debt due as NPA the State Bank of India have sold its debt to Invent Assets Securitisation & Reconstruction Private Limited on 13th Feburary 2015. The Company had entered in to an settlement aggreement with Invent Assets Securitisation & Reconstruction Private Limited on 05th March 2015.

- (c) Foreign Currency Loan is secured by Pari Passu Charge over the movable assets and first Pari Passu Charge on immovable assets of the company.

**2.04 Long Term Provisions**

Particulars	As at 31st March 2015 (₹ In Crore)	As at 31st March 2014 (₹ In Crore)
Provision for Leave Encashment	3.97	3.23
Provision for Gratuity	4.26	2.28
<b>Total</b>	<b>8.23</b>	<b>5.51</b>

**CONSOLIDATED NOTES TO ACCOUNTS**
**2.05 Short-term borrowings**

Particulars	As at 31st March 2015 (₹ In Crore)	As at 31st March 2014 (₹ In Crore)
<b>Secured Loan from Banks</b>		
Term Loan	0.02	0.02
Current Maturities of Long terms borrowings [Refer Note No.(a) & Note No. 2.38 (c) & Note No.2.30(i) ]	1,381.51	1,928.49
Working Capital Facilities [Refer Note No.(b) & Note No. 2.30 (i)]	419.46	1,032.51
<b>Unsecured</b>		
<b>Loans and Advances repayable on demand from: -</b>		
Related Parties (Including Body Corporates)	1.94	2.54
Other Body Corporates	0.34	2.30
Directors (Refer Note No 2.36(B))	1.15	2.84
<b>Term Loan from Banks</b>		
- Rupee Term Loan	66.40	176.59
- Foreign Currency Term Loan	9.46	20.13
<b>Total</b>	<b>1,880.28</b>	<b>3,165.42</b>

- (a) Secured by first Charge by way of Equitable mortgage of all immovable properties and hypothecation of specified movable assets situated at Vatva, Palodia, Dhank, Samakhiali – Kutch, and Chhadawada –Bhachau and Juni Jithardi, Karjan, Vadodara and Bank Fixed Deposits & as second charge on all Stock-in-Trade & Receivables. Further the loans are guaranteed by the personal guarantees of some of Directors.

Secured by First Pari-passu charge on the entire fixed assets & immovable properties of the company situated at Village : Budharmora, Bhuj-Bhachau Highway, Tal : Anjar, Dist : Kutch and personal guarantee of some of the directors of the company. Further Loan from State Bank of India (Now assigned to Invent Assets Securitisation & Reconstution Pvt Ltd )are secured by all present and future goods, books debts and all other Movable Assets.

The loan is secured by First charge on the entire currents assets of the Company, both present and future. Equitable Mortgage over factory land & factory building at Siriguppa, Dist : Bellary and Hypothecation of entire plant & machinery and other fixed assets of the Company. Personal Guarantees of Mr. Mukesh Bhandari and Mr. Shailesh Bhandari, Directors of the Company.

- (b) Secured by first charge by way of hypothecation of all stocks of raw material, packing materials, fuel, stock in process, semi finished and finished goods, stores and spares not relating to the plant and machinery and stocks in trade & receivables and second charge on all movable fixed assets & second and subservient charge by way of equitable mortgage of all immovable properties situated at Vatva, Palodia, Dhank, Samakhiali- Kutch and Chhadawada -Bhachau. Further the loans are guaranteed by the personal guarantees of some of the Directors of the company.

Working Capital Loans are Secured by Hypothecation of Inventories and Book Debts and personal guarantee of some of the directors of the company.

The loan is secured by First charge on the entire currents assets of the Company, both present and future. Equitable Mortgage over factory land & factory building at Siriguppa, Dist : Bellary and Hypothecation of entire plant & machinery and other fixed assets of the Company. Personal Guarantees of Mr. Mukesh Bhandari and Mr. Shailesh Bhandari, Directors of the Company.

**2.06 Trade Payable**

Particulars	As at 31st March 2015 (₹ In Crore)	As at 31st March 2014 (₹ In Crore)
Micro, Small and Medium Enterprises	0.49	0.49
Others [Refer Note No 2.38(b)]	216.98	214.48
<b>Total</b>	<b>217.47</b>	<b>214.97</b>

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. In regard to the above the company has received intimation from one such party and details of which are as under-

Particulars	As at 31st March 2015 (₹ In Crore)	As at 31st March 2014 (₹ In Crore)
Supreme Metallurgical Services (P). Ltd.	0.49	0.49

Interest on the said amount has not been provided. (Refer Note No. 2.32(n))

**CONSOLIDATED NOTES TO ACCOUNTS**
**2.07 Other current liabilities**

Particulars	As at 31st March 2015 (₹ In Crore)		As at 31st March 2014 (₹ In Crore)	
Unclaimed Dividend#	0.05		0.06	
Current Maturity of Long Term Borrowings (Refer Note 2.38(c))	15.99		12.50	
Creditors for Capital expenditure	1.59		1.89	
Advance from Customer [Refer Note No 2.38(b)] (Includes Advance of ₹ 1.81 Crore (Previous Period ₹ Nil) of Jinhua Jahari Enterprises Limited)	93.19		95.33	
Others (including cheques overdrawn)	7.46	118.28	14.82	124.60
<b>Statutory Liabilities</b>				
Provident Fund & Other Contribution	0.84		0.55	
Tax Deducted and Collected at Source	1.50		0.76	
Value Added Tax and Central Sales Tax	2.66		2.41	
Service Tax Payable	0.03		0.08	
Excise Duty Payable on Stock of Finished Goods	9.73	14.76	5.33	9.13
<b>Total</b>		<b>133.04</b>		<b>133.73</b>

# The figure does not include any amount, due and outstanding, to be credited to Investor Education and Protection Fund.

**2.08 Short Term Provisions**

Particulars	As at 31st March 2015 (₹ In Crore)		As at 31st March 2014 (₹ In Crore)	
Provision for Bonus		4.08		3.47
Provision for Wealth Tax		0.02		0.02
Provision for income tax		0.02		-
<b>Total</b>		<b>4.12</b>		<b>3.49</b>

**2.09 Fixed Assets**
**(₹ in Crore)**

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2014	Addition / Adjustment	Deduction / Adjustment	As at 31.03.2015	As at 01.04.2014	Addition/ Adjustment	Deduction / Adjustment	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
<b>TANGIBLE ASSETS:</b>										
<b>Own Assets:</b>										
Freehold Land	174.85	-	-	174.85	-	-	-	-	174.85	174.85
Leasehold Land	1.10	-	-	1.10	-	-	-	-	1.10	1.10
Building	371.53	3.05	-	374.58	69.00	14.31	-	83.31	291.27	302.53
Plant and Machinery	1,740.29	5.69	-	1,745.98	704.73	137.71	0.20	842.24	903.74	1,035.56
Computer	13.08	0.98	-	14.06	9.55	1.80	-	11.35	2.71	3.53
Furnitures & Fixtures	8.16	0.14	-	8.30	3.54	1.19	-	4.73	3.57	4.62
Office Equipment	4.33	0.35	-	4.68	1.44	2.04	-	3.48	1.20	2.89
Vehicles	10.07	0.36	0.32	10.11	5.89	1.53	0.22	7.20	2.91	4.18
<b>Total(A)</b>	<b>2,323.41</b>	<b>10.57</b>	<b>0.32</b>	<b>2,333.66</b>	<b>794.15</b>	<b>158.58</b>	<b>0.42</b>	<b>952.31</b>	<b>1,381.35</b>	<b>1,529.26</b>
<b>INTANGIBLE ASSETS:</b>										
Goodwill *	74.70	-	-	74.70	-	-	-	-	74.70	74.70
Software	4.31	-	-	4.31	2.69	0.68	-	3.37	0.94	1.62
<b>Total(B)</b>	<b>79.01</b>	<b>-</b>	<b>-</b>	<b>79.01</b>	<b>2.69</b>	<b>0.68</b>	<b>-</b>	<b>3.37</b>	<b>75.64</b>	<b>76.32</b>
<b>Total(A+B)</b>	<b>2,402.42</b>	<b>10.57</b>	<b>0.32</b>	<b>2,412.67</b>	<b>796.84</b>	<b>159.26</b>	<b>0.42</b>	<b>955.68</b>	<b>1,456.99</b>	<b>1,605.58</b>
Previous Period	2,397.39	5.27	0.24	2,402.42	719.92	76.95	0.03	796.84	1,605.58	1,677.47
Capital Work in Progress									21.40	23.28

Note 1: During the Financial Year 2009-10, in pursuance of the Scheme of Arrangement approved by the Hon'ble High Court of Gujarat vide its order dated November 30, 2009 the 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 were recorded at their respective fair values and resulting increase over Book Value, of ₹ 248.195 Crore was transferred to General Reserve Revaluation Account. Accordingly, the depreciation for current year includes depreciation of ₹ 10.67 Crore ( Previous Period ₹ 5.35 Crore) on account of the said revaluation, and which has been reduced from the balance of General Reserve and Revaluation Reserve.

## CONSOLIDATED NOTES TO ACCOUNTS

Note 2: In the case of Bhaskaspara Coal Company Limited, depreciation of ₹ Nil (Previous Period ₹ 0.005 Crore) has not been charged to Statement of Profit and Loss and it has been capitalised under Capital Work in Progress (Project Development Expenditure)

Note 3: The deduction / adjustment of ₹ 0.20 Crore pertains to the plant and Machinery transferred to subsidiary company and accordingly net block of plant and machinery is over stated to that extent.

Note:4 As per the requirement of the Companies Act,2013 (the Act) the Company has evaluated the useful lives of its fixed assets and has computed depreciation according to the provisions of Schedule II of the Act. Consequently the depreciation charge for the year ended on 31st March,2015 by ₹ 6.50 Crore (to the extent disclosed in the respective balance sheets of subsidiary companies).

\* The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill. Further New share acquired through new issue of Subsidiary at a premium, premium paid is considered as Goodwill and share premium received thereon is considered as Reserve and Surplus.

### 2.10 Non Current Investments

Particulars	As at 31st March 2015 (₹ In Crore)	As at 31st March 2014 (₹ In Crore)
<b>Investment in Mutual Funds(Quoted)</b>		
64,288.778 (Previous Period 64,288.778) Units of ₹ 10 each of Punjab National Bank Mutual Fund (NAV of ₹ 0.193 Crore (Previous Period ₹ 0.20 Crore)	0.06	0.06
<b>Investment in Equity Instruments (UnQuoted)</b>		
6,540 (Previous Period 6,540) Shares of ₹ 25 each of Siddhi Co.Op Bank Ltd.	0.02	0.02
National Saving Certificates	0.01	0.01
Share in Profit/Loss of Jinhua Indus Enterprise Limited in Jinhua Jahari Enterprise Limited pending for adjustment	0.02	-
<b>Total</b>	<b>0.11</b>	<b>0.09</b>

The Company does not hold any Current Investment.

### 2.11 Long Term Loans & Advances

Particulars	As at 31st March 2015 (₹ In Crore)	As at 31st March 2014 (₹ In Crore)
<b>Unsecured, considered good unless stated otherwise</b>		
Loans and Advances to related parties/subsidiaries (Refer Note No 2.36(B))	0.01	0.01
Advance for Capital Goods	1.21	0.56
Sundry Deposits (Includes Bank Fixed Deposit of ₹ 23.32 Crore given as EMD(Previous Period ₹ 11.45 Crore)	40.37	25.61
<b>Total</b>	<b>41.59</b>	<b>26.18</b>

### 2.12 Other Non-Current Assets

Particulars	As at 31st March 2015 (₹ In Crore)	As at 31st March 2014 (₹ In Crore)
(To the extent not written off or adjusted)		
Preliminary Expenses	0.01	0.01
Due from Subsidiary Company	-	0.02
Deferred Revenue Expenditure	1.94	2.91
Product Development Cost (Refer Note No. 2.32(f))	32.11	31.69
<b>Total</b>	<b>34.06</b>	<b>34.63</b>

### 2.13 Inventories [Refer Note No. 2.38 (e) & 2.32(k)]

Particulars	As at 31st March 2015 (₹ In Crore)	As at 31st March 2014 (₹ In Crore)
(As valued,verified & certified by the Management)		
a. Raw Material [including goods in transit of ₹ 15.99 Crore (Previous Period ₹ 5.37 Crore)	135.31	132.73
b. Work-In-Process (Refer Note No. 2.32(k))	74.88	254.51
c. Finished Goods	87.52	48.59
d. Stores and Spares [including goods in transit ₹ Nil (Previous Period ₹ 0.02 Crore)]	39.66	48.89
<b>Total</b>	<b>337.37</b>	<b>484.72</b>

**CONSOLIDATED NOTES TO ACCOUNTS**
**2.14 Trade Receivables [Refer Note No 2.38(b)]**

Particulars	As at 31st March 2015 (₹ In Crore)	As at 31st March 2014 (₹ In Crore)
(Unsecured, considered good unless stated otherwise)		
Over Six Months		
- Considered good	132.17	289.08
- Considered Doubtful	66.17	-
	<b>198.34</b>	<b>289.08</b>
Less : Provision for doubtful Debts	(28.47)	-
	<b>169.87</b>	<b>289.08</b>
Other receivables (considered good)	137.04	107.90
Due from Related Parties [ Includes ₹ 9.03 Crore. ( Previous Period ₹ 8.62 Crore.) which is outstanding for more than six months ]	13.13	9.16
<b>Total</b>	<b>320.04</b>	<b>406.14</b>

**2.15 Cash and Bank Balances**

Particulars	As at 31st March 2015 (₹ In Crore)	As at 31st March 2014 (₹ In Crore)
a. Balances with Bank		
- Current Account	43.04	15.50
- Fixed Deposit (Pledged with Bankers) *	20.20	18.12
- Unclaimed Dividend Account	0.05	0.06
b. Cash on hand (As certified by the Management)	0.25	0.34
<b>Total</b>	<b>63.54</b>	<b>34.02</b>

Particulars	As at 31st March 2015 (₹ In Crore)	As at 31st March 2014 (₹ In Crore)
Less than equal to 12 months	16.96	7.75
More than 12 months	3.24	10.37
	20.20	18.12

**2.16 Short-term loans and advances**

Particulars	As at 31st March 2015 (₹ In Crore)	As at 31st March 2014 (₹ In Crore)
<b>(Unsecured, considered good unless stated otherwise)</b>		
Advances Recoverable In Cash or Kind [Refer Note No 2.38(b)]	13.00	13.84
Advance to Related Parties (Refer Note No 2.36(B))	0.06	0.13
Advance for Capital Goods	0.17	1.04
Advances to Staff(Refer Note No.2.38(i))	0.69	0.92
Advance to Suppliers and Other Parties (Refer Note No.2.38(b)(iii))		
Considered Good	126.82	232.95
Considered Doubtful	28.78	-
Less : Provision for doubtful Debts	(16.50)	-
	153.02	248.88
<b>Others</b>		
Prepaid Expenses	2.19	2.46
Loan to Employees	0.17	0.12
Balance with Revenue Authorities [Refer Note No. 2.30 & 2.38(f)]	40.63	130.80
Advance Income Tax	3.66	3.08
	46.65	136.46
<b>Total</b>	<b>199.67</b>	<b>385.34</b>



**CONSOLIDATED NOTES TO ACCOUNTS**
**2.17 Other current assets**

Particulars	As at 31st March 2015 (₹ In Crore)	As at 31st March 2014 (₹ In Crore)
Preliminary Expenditure to the Extent written off	0.11	0.13
Interest accrued but not due on deposit	1.05	2.20
<b>Total</b>	<b>1.16</b>	<b>2.33</b>

**2.18 Revenue from operations**

Particulars	Current Year (₹ In Crore)		Previous Period (₹ In Crore)	
Sale of Products (Includes Export Incentives of ₹ 3.53 Crore (Previous Period ₹ 0.75 Crore)	2,171.98		807.19	
Less: Inter Division Sales	(5.54)	2,166.44	(0.69)	806.50
Service income (Refer Note)		6.04		2.13
Power Generation Income		0.21		0.07
Trading Sales		33.85		11.25
<b>Total</b>		<b>2,206.54</b>		<b>819.95</b>

**Note :** The figure of service income includes interdivision service income of ₹ 0.02 Crore (Previous Period ₹ Nil ) which doesn't have any effect on the profit of the group.

**2.19 Other Income**

Particulars	Current Year (₹ In Crore)	Previous Period (₹ In Crore)
Interest Income from Bank Fixed Deposits & Others	3.84	1.45
Net Discount and Claims and net accounts written back	0.87	-
Rent Income	0.01	-
Profit on Sales of Asset (Net)	0.02	0.03
Miscellaneous Income	1.34	1.36
<b>Total</b>	<b>6.08</b>	<b>2.84</b>

**2.20 Cost of Material Consumed**

Particulars	Current Year (₹ In Crore)	Previous Period (₹ In Crore)
Opening Stock	133.21	170.57
Add: Purchases of Raw Material	1,494.77	525.31
	1,627.98	695.88
Less: Closing Stock	124.53	133.21
Cost of Raw Material Consumed ( Refer Note no. 2.32(b),( c ) & (d)	1,503.45	562.67
Trading Purchase	33.05	12.16

**2.21 Changes in Inventories of Finished Goods and Work-in-Process**

Particulars	Current Year (₹ In Crore)		Previous Period (₹ In Crore)	
<b>Inventories (At Commencement)</b>				
- Work In Process	254.50		448.20	
- Finished Goods	48.59	303.09	38.81	487.01
<b>Inventories (At end)</b>				
- Work In Process	74.88		254.50	
- Finished Goods	87.52	162.40	48.59	303.09
<b>Total</b>		<b>140.69</b>		<b>183.92</b>

**2.22 Employee Benefit Expenses**

Particulars	Current Year (₹ In Crore)	Previous Period (₹ In Crore)
Salaries, Wages and Allowances and Bonus	93.71	40.25
Contribution to Provident and other funds	5.31	2.45
Staff Welfare and amenities	1.88	0.72
<b>Total</b>	<b>100.90</b>	<b>43.42</b>



**CONSOLIDATED NOTES TO ACCOUNTS****2.23 Finance Cost**

Particulars	Current Year (₹ In Crore)	Previous Period (₹ In Crore)
Interest Expenses on Bank and Other Loan	3.27	4.69
Other Borrowing Cost & Charges	1.44	1.45
Loss on foreign currency transactions and translation	4.27	3.82
Sundry Balance Written off (Interest Receivable)	0.96	-
<b>Total</b>	<b>9.94</b>	<b>9.96</b>

**2.24 Other Expenses**

Particulars	Current Year (₹ In Crore)	Previous Period (₹ In Crore)
<b>Manufacturing Expenses</b>		
Power and Fuel	144.86	62.42
Stores and Spares	143.82	47.30
Job Charges	62.00	24.35
Machinery Repairs	0.79	0.66
Building Repairs	0.20	0.13
Factory Expenses	0.14	0.02
Other Repairs	3.31	1.18
Water Charges	1.96	1.29
Excise duty (on account of Duty on Finished Good Stocks and Others)	4.39	1.06
	<b>361.47</b>	<b>138.41</b>
<b>Establishment/ Administrative Expenses</b>		
Hire-Lease-Rent Charges	4.81	1.47
Rates & Taxes ( Refer Note )	0.89	0.36
Insurance Premium	2.52	1.55
Postage Telegram & Telephone Expenses	1.54	0.76
Conveyance Expenses	0.87	0.41
Travelling Expenses	6.36	2.95
Printing and Stationery	0.81	0.34
Vehicle Expenses	1.33	0.80
Security Expenses	1.48	0.70
Subscription & Membership	0.18	0.05
Net Sundry Balances Written Off/ (Back)	143.23	12.52
Auditors' Remuneration:		
- Audit Fees	0.23	0.23
- Other Matters	0.01	-
Legal and Professional Charges	6.88	2.85
Miscellaneous Expenses	3.91	1.65
Research & Development Expenses	0.01	0.11
Donation	0.10	0.05
	<b>175.16</b>	<b>26.80</b>
<b>Selling &amp; Distribution Expenses</b>		
Advertisement & Sales Promotion	20.44	9.50
Commission	13.50	4.12
Freight Outward and other Expenses (Net)	12.54	3.09
	<b>46.48</b>	<b>16.71</b>
<b>Total</b>	<b>583.11</b>	<b>181.92</b>

Note : Rates & Taxes includes current tax expense of ₹ 0.03 Cr. Of Bhaskerpara Coal Co. Ltd.

**2.25 Prior Period Adjustment**

Particulars	Current Year (₹ In Crore)	Previous Period (₹ In Crore)
Prior Period Adjustment- Income Tax And Others	0.88	0.03
	<b>0.88</b>	<b>0.03</b>

## CONSOLIDATED NOTES TO ACCOUNTS

**2.26** The accounts under consideration are for the financial year 2014-15 commencing from 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015 (Referred as "Current year") and the previous period is for the Six months commencing from 1<sup>st</sup> October 2013 to 31<sup>st</sup> March 2014 (Referred as "Previous Period") and therefore figures of the Current Year and Previous Period are not comparable.

**2.27 A.** The subsidiaries considered in the consolidated financial statements are:

Name of the Subsidiary	Country of Incorporation	% voting power held as at March 31, 2015	% voting power held as at September 30, 2014
Jinhua Indus Enterprises Limited* (JIEL)	China	100.00%	100.00%
Jinhua Jahari Enterprises Limited* (100% wholly owned company of JIEL)	China	100.00%	100.00%
Bhaskarpara Coal Company Limited#	India	52.63%	52.63%
ET Elec-Trans Limited#	India	80.49%	80.49%
Shree Ram Electrocast Limited#	India	100.00%	100.00%
Hans Ispat Limited#	India	100.00%	100.00%
Shree Hans Papers Limited#	India	100.00%	100.00%
Electrotherm Mali SARL*	Republic of Mali	100.00%	100.00%

\* Subsidiary Company having 31st December as a reporting date.

# Subsidiary Company having 31st March as a reporting date.

**B.** In the opinion of the management, the unaudited financial statements of foreign subsidiaries have been prepared in accordance with the Generally Accepted Accounting Principles of its Country of Incorporation or International Financial Reporting Standards and the differences in accounting policies of the Company and its subsidiaries are not material.

**2.28 Details of the Cases of Winding Up of the Company, Recovery by the Lenders / Creditors against the company {That of Electrotherm(India) Limited-Holding Company}**

**(a) Winding Up Petitions:**

UCO Bank, Syndicate Bank, Shiv Sales Industries and Shiv Metal Industries have filed winding up petitions under section 433 and 434 of the Companies Act, 1956 against the company before the Hon'ble Gujarat High Court.

The winding up petition filed by UCO Bank, was admitted on March 7, 2012 and the Hon'ble Gujarat High Court has passed an order for advertisement of petition and appointment of Official Liquidator. The Company has challenged the said orders before Hon'ble Division Bench of Hon'ble Gujarat High Court by filing an appeal and the Division bench vide order dated August 13, 2013 has granted the stay against the said orders.

Winding up petition filed by Syndicate Bank, Shiv Sales Industries and Shiv Metals Industries are pending before with Hon'ble Gujarat High Court.

**(b) DRT/DRAT Cases:**

(i) UCO Bank, Syndicate Bank and ICICI Bank Limited had filed original applications against the Company before the Debt Recovery Tribunal, Ahmedabad ("DRT") under section 19 of the Recovery of Debts due to Banks and Financial Institutions Act, 1993. The company has filed its reply / application in all the three matters and the Ex-parte ad-interim injunction orders has been passed in the matter of UCO Bank and Syndicate Bank. The Company has got ad-interim injunction orders against transfer of certain properties in the matter of UCO Bank and Syndicate Bank. No order has been passed in the matter of ICICI Bank Limited. The company has filed an appeal before Debts Recovery Appellate Tribunal, Mumbai ("DRAT") in the matter of UCO Bank against the order of DRT for rejection of application of cross examination. Syndicate Bank has also filed an appeal before DRAT, Mumbai against the order of DRT for modification of ex-parte ad-interim injunction order.

(ii) Further, Allahabad Bank has filed an original application before Debt Recovery Tribunal, Ahmedabad and the DRT has passed an ex-parte ad-interim injection order and the Company is in process of contesting the said order.

**CONSOLIDATED NOTES TO ACCOUNTS**

(iii) Central Bank of India and Dena Bank has filed original application against the Company before the Debt Recovery Tribunal, Ahmedabad ("DRT") under Section 19 of the recovery of Debt due to Banks/Financial Institution Act, 1993. DRT has passed an ex-parte ad-interim injunction order in both the cases. In the matter of Central Bank of India, the Company has filed rejoinder and other submission in the DRT for the same and which is pending for further hearing before DRT.

Accordingly, all the aforesaid original applications / appeal are pending for further hearing before DRT/DRAT or appeal/ Application.

**(c) Cases Under section 138 of the Negotiable Instruments Act, 1881**

UCO Bank, Syndicate Bank, Vijaya Bank, ICICI Bank and Indian Overseas Bank had filed criminal complaints against the company and its Directors/ officers under section 138 of Negotiable Instruments Act, 1881 for dishonor of various cheques issued by the Company and the Company has contested all the said cases and all the matters are pending for further hearing before the respective Hon'ble Metropolitan Magistrate, Ahmedabad.

**(d) Willful Defaulters:**

(i) UCO Bank had declared the Company and its guarantors as willful defaulter. The action of declaring the company and its guarantors as willful defaulter by UCO Bank has been challenged in the Hon'ble Gujarat High Court and the matter is pending for further hearing.

(ii) State Bank of Travancore, Central Bank of India and Oriental Bank of Commerce had written a letter to the Company for declaring the company & its guarantor as willful defaulter. The company has filed reply of the same. No further communication has been received thereafter.

**(e) Notice under SARFAESI Act, 2002**

Vijaya Bank had issued a notice under section 13(2) of Chapter III of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act, 2002") for assets of Transmission Line Tower Division of the Company situated at Village: Juni Jithardi, Tal: Karjan, Dist : Vadodara on 19/03/2015 and the bank has not taken any further action. The company has given its reply vide its letter dated 18/05/2015.

**2.29 Net Worth and filing of Reference to BIFR:**

As per CDR directives as described in Letter of Approval under the head of "critical conditions" and since the net worth of the Holding Company- Electrotherm (India) Limited is fully eroded, the company has filed Reference to BIFR on February 28, 2014 and the same has been registered on June 27, 2014 as Case No. 29/2014.

The net worth of the subsidiary- Hans Ispat Limited has been eroded at the end of the year and accordingly the Company has become "Sick Industrial Company" in terms of section 3(1)(o) of Sick Industrial Companies (Special Provisions) Act, 1985 and for which the Company will apply for its Registration under SICA Act within prescribed time.

**2.30 Non Provisions of Disputed Advances and Claims/Liability/Impairment of Assets**

(a) The Company has VAT tax liability (including interest) of ₹21.94 Crore (Previous period ₹ 21.94 Crore) under Maharashtra Sales tax Act and out of which the company had paid ₹ 4.00 Crore on 22.07.2011, under protest and the same has been shown as Loans and Advances. Provision as expenditure for the impugned disputed tax liability of ₹ 21.94 Crore (Previous period ₹ 21.94 Crore) has not been made as the company is hopeful of matter being decided in its favor by the appellate authority.

(b) During the current year, VAT/CST Assessment for the financial year 2010-11 was completed and competent authority (DCCT, Rajkot) has determined the tax liability of ₹20.95 Crore against VAT and ₹11.15 Crore against CST. The company has made part payment of ₹ 1.50 Crore for CST on 12/05/2015 and ₹ 3.25 Crore for VAT on 09/05/2015 and company has filed an appeal and the stay for payment of demand has been granted till 14.08.2015.

(c) The Company had filed application for refund of Excise Duty of ₹12.23 Crore (Previous period ₹ 12.23 Crore) and the same has been treated as recoverable and has been shown as Short Term Loans and Advances. The said claim has been rejected by the Department but the Management is of the opinion that the company will receive the claim on resolution of the dispute on submission of further documents, and therefore the same is treated as good for its realization and not provided for as expenses.

(d) In the subsidiary- Hans Ispat Limited Vat Receivables of ₹ 0.18 Crore (Previous Period ₹ 1.66 Crore), Service Tax Receivables of ₹ 1.08 Crore (Previous Period ₹ 0.81 Crore), Excise Duty Receivables of ₹ 0.12 Crore (Previous Period ₹ 0.12 Crore) and Tim Engineering Technologies Limited of ₹ 0.78 Crore (Previous Period ₹ 0.78 Crore) are outstanding since long and management is in view that the same is fully recoverable and therefore these are treated as good and no provision for it has been made.

(e) In the subsidiary- Hans Ispat Limited- Criminal complaint u/s 138 read with Section 142 of the Negotiable instrument Act, 1881 has been filed before the Hon'ble Judicial Magistrate First Class Ahmedabad for dishonor of cheque of following parties and the

## CONSOLIDATED NOTES TO ACCOUNTS

same has been shown as doubtful and not been written off/ provided for as the management of the company is hopeful for its recovery:-

Name of the Parties	Balance as at 31.03.2015 (₹ in Crore)
Shivamy Enterprise(India) Pvt. Ltd.	1.19
Shree Balram Steel Traders	0.12
Kailash Ispat	1.18
Jupiter Business Ltd.	0.41
<b>Total</b>	<b>2.90</b>

- (f) In the Subsidiary- Shree Ram Electro Cast Limited-Export Trade receivables of ₹ 8.02 Crore are outstanding for more than six months.
- (g) In view of the non-provision of the above items 2.30(a) to 2.30(f), the losses of the group are under stated and to the extent advances/trade receivables are overstated or the respective liabilities are understated.
- (h) During the previous period, VAT assessment for financial year 2009-10 was completed and competent authority has determined tax liability of ₹ 5.94 Crore and against this demand the company has filed an appeal before the Joint Commissioner, Rajkot and during the year, the Learned Joint Commissioner, Rajkot has deleted the said demand and has determined refund of ₹ 9.50 Crore. The amount of refund will be accounted on its actual receipt of the refund.
- (i) Loan accounts of the Bank of the company have been classified as Non Performing Assets by the Bankers and some of the bankers have not charged interest on the said accounts and therefore provision for Interest (Other than upfront charges) has not been made in the books of accounts and to that extent loss and bankers loan liability has been understated. The extent of exact amount is under determination and reconciliation with the banks, however as per the details available with the company, the amount of un-provided interest, on approximate basis, on the said loans {(Other than the loans which are assigned to Edelweiss Assets Reconstruction Company Limited (EARC) in case of Electrotherm India Limited-Holding Company and to Invent Assets Securitization & Reconstruction Pvt. Ltd. in case of Hans Ispat Limited- Subsidiary company} is as under:-

(₹ In Crore)

Particulars	Up to March 2014	From April 14 to March 15	Up to 31 <sup>st</sup> March 2015
Interest on Corporate Loan, working Capital Loan and other working Capital Loan	712.97	243.53	956.50

- 2.31 (a) A Special Civil Application in the nature of Public Interest Litigation was filed in the year 2010, inter alia, against the Company before the Hon'ble Gujarat High Court challenging the environment clearance for expansion of steel plant and No Objection Certificate (NOC) & Consolidated Consent and Authorization. The Gujarat High Court by its order dated May 11, 2012 set aside the environment clearance with liberty to the Company to apply once again and to stop the operation of the steel plant. The Company has filed a Special Leave Petition (SLP) before the Hon'ble Supreme Court of India, challenging the impugned order of Hon'ble Gujarat High Court. The Hon'ble Supreme Court of India stayed the order passed by the Hon'ble Gujarat High Court. The Hon'ble Supreme Court of India directed the Central pollution Control Board and Gujarat pollution Control Board to make a joint inspection and submit its report to Hon'ble Supreme Court. Central pollution Control Board and Gujarat pollution Control Board have submitted their joint report before the Hon'ble Supreme Court on 7<sup>th</sup> July 2014, regarding compliance of jobs done by the company and its next hearing has been fixed on 7<sup>th</sup> July 2015.
- (b) In the Subsidiary- Bhaskarpara Coal Company Limited –Ministry of Coal, Government of India vide their letter No: 13016/54/2008-CA-I Vol.III dated 15/11/2012 has order de-allocate its Coal block and invocation of partial amount of Bank Guarantee in respect thereof. However, M/s Ultratech Cement Limited one of the promoters of the company has filed writ petition under Article 226 of the Constitution of India in Chhattisgarh High Court. The High Court has granted stay against further proceedings. In view of the stay granted by the High Court, subsequently Supreme Court of India vide its order dated 24.09.2014 ordered the cancellation of coal block allotted to the Company. In view of this de-allocation matter before Chhattisgarh High Court has become in fructuous.

The Ministry of Coal has issued a fresh show cause on 16.01.2015 to seek clarification on bank guarantee invocation, for which a suitable reply has been submitted to Ministry of Coal on 04.02.2015. The final decision from Ministry of Coal is still awaited. In order to bring show cause of Ministry of Coal under preview of existing WP (2136/2012) at Chhattisgarh High Court, an amendment application has already been filed at Chhattisgarh High Court on 12.03.2015 and further hearing is awaited.

In view of the order of Supreme Court of India for cancellations of coal block allotted to the company, the Company does not have any business to carry on. Hence, the accounts are prepared on the basis that company is not a going concern.

**CONSOLIDATED NOTES TO ACCOUNTS**

The Government of India has promulgated The Coal mines (Special Provisions) ordinance, 2014. As per clause 16 of the ordinance, being a prior allottee, the Company is entitled to reimbursement of cost of land and mine infrastructure expenses. Consequently out of project expenses of ₹ 11.36 Crore, the company has made provision by way of impairment of ₹ 3.49 Crore in respect of non recoverable expenditure. Further all other assets are stated at realizable value and liabilities at which they are actually payable.

- (c) The Subsidiary Company- Shree Ram Electro Cast Limited, has discontinued its operation since April 2011 because of the non-availability of Iron Ores due to limited banned by the Hon'ble Supreme Court's order in the state of the Karnataka and further the State Bank of India has issued notice dated 7th May, 2013 under section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act, 2002") for assets of the company secured by hypothecation and mortgage and therefore the concept of the going concern of the Company may be adversely affected. However the company has made representation / replied to the said notice vide letter dated 3rd July, 2013.

State Bank of India, Kolkata ("SBI") has issued notice dated 7th May, 2013 under section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act, 2002") for assets of the company secured by hypothecation and mortgage. SBI vide letter dated 18th September, 2013 has given pre intimation notice to the company for possession of the assets under section 13(4)(a) of SARFAESI Act, 2002 and thereafter taken possession of the said assets. The Bank has issued a paper publication on 20.04.2015 for tenders for sale of Movable & Immovable Property through E Auction on 23.05.2015.

- (d) The subsidiary Company- Shree Ram Electrocast Limited has acquired Land at Halekote-25 Village, Siruguppa Hobli or Firka, Siruguppa Taluka, District Bellary and Honnarahalli Village, Hactcholli Hobali, Siruguppa Taluka, Bellary District and its Legal Document for transfer of the property in the name of the Company is in process.

**2.32 Additional Disclosures**

- (a) Power and Fuel expenses are inclusive of duties and taxes of ₹ ₹11.15 Crore (Previous Period ₹ 3.25 Crore) paid towards power generation.
- (b) During the year, the Terminal Excise Duty of ₹ 1.58 Crore (Previous Period ₹ Nil) has been written off considering its reliability as doubtful and has been debited to cost of Material consumed. During the previous period Terminal Excise Duty of ₹ 1.58 Crore was included in Short Term Loan and Advance.
- (c) During the year, Old Vat Input Credit Receivable of ₹ 69.13 Crore (Previous Period ₹ Nil) has been written off, by debiting it to cost of Material consumed, as company is not hopeful of its realization. During the previous period Old Vat Input Credit Receivable of ₹ 69.13 Crore was included in Short Term Loan and Advance.
- (d) The cost of Material consumed includes freight, Loading and Unloading Expenses, inspection fees, Balance written off, commission, taxes & duties, and ancillary thereof (including reversal of any claims).
- (e) In view to heavy accumulated losses and uncertainty of its realization/ payment of taxes in near future, no provision for Deferred Tax Asset/liability has been made by the company.
- (f) Product Development Cost includes total Research and Development expenses of ₹ 32.11 Crore (Previous Period ₹ 31.70 Crore) incurred on development of Hybrid Bus/T-Cab/project and CONTIFUR Project, which is still in progress and said expenses, would be written off in five years from the year of completion.
- (g) Some of the creditors have filed cases of recovery against the company before the various Hon'ble Courts/Forums for ₹ 1.96 Crore (Previous Period ₹ 1.96 Crore).
- (h) During the year old non recoverable amount of ₹158.15 Crore (Previous Period ₹ 19.57 Crore) and unclaimed amount of ₹ 16.77 Crore (Previous Period ₹ 9.33 Crore) have been written off/ back on account of non realization and payment. Its' net balance of ₹ 141.38 Crore (Previous period ₹ 10.24 Crore) has been charged to the Statement of Profit and loss.
- (i) During the previous period, the company has paid ₹ 2.00 Crore to Allahabad Bank which has been adjusted by Bank against unprovided interest, but the company has adjusted the same against the existing liability as appearing in the books of the Company.
- (j) Bank of India, the Lead bank of the consortium, Bank of Baroda, State Bank of India, Canara Bank and State Bank of Travancore has assigned their debt to Edelweiss Asset Reconstruction Company Limited (EARC). The Company has entered into settlement agreement on 10<sup>th</sup> March 2015 for the repayment of the Debts of the said Bank to EARC. In terms of settlement agreement, if all the terms and conditions are fully complied by the company upto the March 2023, there will be reduction in debt, as per Books of accounts of the Company by ₹403.90 Crore.
- (k) During the year, in view of non reliability/ non usability of stock of book value of ₹ 162.91 Crore (previous period ₹ 145.42 Crore), the company has not considered the said stock for the purpose of stock valuation and accordingly it has been written off.

## CONSOLIDATED NOTES TO ACCOUNTS

- (l) The Balances of Dena Bank, UCO Bank and Central Bank of India are not being properly confirmed / reconciled by the bank as these banks treated the loan account as NPA Account. Similarly, International Financial Corporation has not issued loan balance confirmation certificate.
- (m) In view of the commercial prudence, during the year, the company has not restated the long outstanding export trade receivable at the rate prevailing as on 31<sup>st</sup> March 2015.
- (n) There is dispute with the Supreme Metallurgical Services (P) Ltd (a Micro, Small and Medium Enterprise) in relation to material supplied by the said party and for which the said party has filed a case before the Hon'ble Madhya Pradesh Micro and Small Facilitation Council, Bhopal for the recovery of the principal amount and interest there on. The Hon'ble Council has passed the order dated August 12, 2013 and has ordered to the company to pay ₹ 0.91 Crore (Including interest upto July 31, 2013). The company has filed appeal before District Court Bhopal under Section 34 of Arbitration and Reconciliation Act 1996 against the order passed by Hon'ble Madhya Pradesh Micro and Small Facilitation Council, Bhopal.
- (o) The company holds investment in Shree Ram Electrocast Limited, Electrotherm Mali SARM and Bhaskarpara Coal Company Limited (Subsidiaries of the Company). These Companies have incurred heavy losses and/or non operating and therefore the fate of said Companies are uncertain but Provision for the diminishing in the value of investment in subsidiary has not been made, as the Company treat it as temporary nature.
- (p) The Central Bureau of Investigation has conducted certain proceedings, on the basis of the complaint filed by Central Bank of India with regard to the utilization of the loan disbursed by Central Bank of India. At present, the said matter is pending before the Central Bureau of Investigation for the investigation and the company is supporting them at various stages.
- (q) The Subsidiary company- Bhaskarpara Coal Company Limited has paid ₹ 0.002 (Previous Period 0.02) during the year as operating lease for office premises/ Guest House of the company.
- (r) In the subsidiary company- Hans Ispat Limited- During the December 2014, State Bank of India has assigned its entire debts along with all its securities and rights to Invent Assets Securitization & Reconstruction Private Limited (IASRPL) and as per the terms and conditions of the Settlement Agreement dated 5th March 2015, if the all terms and conditions are fully complied with by the company up to 30th September 2019, there will be reduction in debts of IASRPL by ₹ 8.83 Crore, subject to fulfillment of all the terms and conditions of the impugned agreement.
- (s) The subsidiary companies- Shree Ram Electro Cast Limited and Hans Ispat Limited are in process of filling the vacancy of Company Secretary as per requirement of section of 203 of company's Act, 2013.
- (t) The subsidiary company- Shree Ram Electro Cast Limited has written off ₹ 0.16 Crore (Previous Period ₹ NIL) of Service Tax Receivable on account of non-recoverability.
- (u) The subsidiary company- Shree Ram Electro Cast Limited has written off ₹0.39 Crore (Previous Period ₹ 0.19 Crore) as Deferred Revenue Expenditure out of the unamortized amount of ₹ 3.48 Crore incurred on account of non-operation of plant during the year ended on 31<sup>st</sup> March, 2011.
- (v) In the subsidiary company- Hans Ispat Limited- Sales includes Export Sales of ₹ Nil (Previous Period ₹ 0.82/-) of which shipment has taken place in next Financial Year.

### 2.33 The company is contingently liable for the following :-

- (a) Claims against the Company not acknowledged as debts amounting to ₹ 0.81 Crore (Previous Period ₹ 0.81 Crore), are pending before various courts, authorities, arbitration, Consumer Dispute Redressal Forum etc.
- (b) Guarantees / Counter Guarantees (including un-utilized Letters of Credit) issued ₹16.28 Crore (Previous Period ₹ 27.95 Crore).
- (c) Disputed Statutory Claims/Levies for which the company has preferred appeal in respect,
  - (i) Excise Duty Liability of ₹ 295.81 Crore (Previous period ₹ 297.17 Crore) and Service Tax Liability of ₹5.41 Crore (Previous period ₹ 1.84 Crore),
  - (ii) Custom Duty Liability of ₹20.31Crore (Previous period ₹ 21.05 Crore),
  - (iii) Income Tax liability of ₹ 32.36 Crore (Previous period ₹ 26.36 Crore),
  - (iv) VAT AND CST Liability of ₹ 50.04 Crore against the outstanding liability company has paid ₹ 4.75 Crore subsequently there of (Previous Period ₹ 17.94 Crore),
  - (v) In the subsidiary company Bhaskarpara Coal Company Limited the District Registrar/Collector of Stamps has raised demand for difference in amount of stamp duty of ₹ 0.58 Crore (Previous period ₹ 0.58 Crore). The company has preferred appeal before Revenue Board.

(The above amounts (except where specifically stated) are excluding the amount of additional Interest payable and of the amount involved in appeal preferred by the department, if any.)



**CONSOLIDATED NOTES TO ACCOUNTS****2.34 FOREIGN EXCHANGE EARNING & OUTGO (on Cash basis):**

- (a) Earning in Foreign Exchange for Export of Goods & Services ₹ 113.50 (Previous period ₹ 101.98 Crore).  
 (b) Expenditure in Foreign Currency for Import of Materials, Traveling & Others is ₹ 61.26 Crore (Previous period ₹ 22.53 Crore).

**2.35** Previous Period amount has been regrouped / re-casted / re-arranged / re-classified / re-determined, wherever necessary, by the company on the basis of data available with the company, to make the figure of the current year with the previous period comparable.

**2.36 RELATED PARTY (AS IDENTIFIED AND DETERMINED BY THE COMPANY) DISCLOSURES UNDER ACCOUNTING STANDARD 18:-****I) Enterprises owned or significantly influenced by key management personnel or their relatives\* (Except foreign companies)**

1. Ahmedabad Aviation and Aeronautics Ltd.
2. Western India Speciality Hospital Ltd.
3. E-Motion Power Ltd.
4. Indus Elec-Trans Pvt. Ltd.
5. Jayshri Petro-Yarn Pvt. Ltd.
6. Adroit Trading and Investment Co.
7. EIL Hospitality Pvt. Ltd.
8. EIL Software Services Offshore Pvt. Ltd.
9. EIL Technology Pvt. Ltd.
10. Electrotherm Engineering & Projects Ltd.
11. Kappa Consultancy Pvt. Ltd.
12. Electrotherm Foundation.
13. Gujarat Mint Alloys Ltd.
14. Etain Electric Vehicles Limited (Formerly Known as Electra Transformer Private Limited)
15. Airfones Innovatives Private Limited
16. BNB Real Estate Private Limited
17. ETAIN Energy Holdings Limited (Formerly Known as Electrotherm Energy Holdings Ltd.)
18. Electrotherm Solar Limited
19. Palace Solar Energy Pvt. Ltd.
20. SBRB Real Estate Pvt. Ltd.
21. Bhandari Real Estate Pvt. Ltd.
22. ETAIN Immodo Renewables Ltd.
23. Arjun Ceramics & Carbon Pvt. Ltd.
24. Indus Chargers & Controllers Pvt. Ltd.
25. Arjun Solar One Pvt. Ltd.
26. Arjun Green Power Pvt. Ltd.
27. Arjun Raj Solar One Pvt. Ltd.
28. Bhandari Charitable Trust
29. Arjun Raj Solar Five Pvt. Ltd.

**II) Key Management Personnel (Other than Nominee Director)**

- |                                       |                                 |
|---------------------------------------|---------------------------------|
| 1. Mr. Mukesh Bhandari                | (Chairman)                      |
| 2. Mr. Shailesh Bhandari              | (Managing Director)             |
| 3. Mr. Avinash Bhandari               | (Joint Managing Director & CEO) |
| 4. Mr. Ram Singh                      | (Independent Director)          |
| 5. Mr. Chaitnya Sharma                | (Independent Director)          |
| 6. Mr. Mahendrakumar Ramniklal Patira | (Director)                      |
| 7. Mr. Pradeep Krishna Prasad         | (Director)*                     |
| 8. Mr. Narendrakumar Babubhai Dalal   | (Director)                      |
| 9. Mr. Siddharth Bhandari             | (Director)                      |

\*Is not a director as on 31.03.2015


**CONSOLIDATED NOTES TO ACCOUNTS**
**III) Relatives of Key Management Personnel (With whom transaction has taken place during the year)**

1. Mrs. Indubala Bhandari
2. Mrs. Jyoti Bhandari
3. Mr. Rakesh Bhandari
4. Mr. Anurag Bhandari
5. Mr. Siddharth Bhandari
6. Ms. Shivani Bhandari
7. Mrs. Panna Bhandari
8. Ms. Radhika Bhandari

**B. Related Parties Transaction as identified by the Company from its record**
**(₹ In Crore)**

SR. NO.	NAME	SALES (INCL. STORE, SPARE & OTHERS)		PURCHASE		EXPENSES/ (INCOME)		PURCHASE (SALE) OF FIXED ASSET		LOAN RECEIVED		LOAN GIVEN /REPAID		INTEREST PAID		RENT PAID		SALARY		CLOSING BALANCE	
		Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period
(I)	<b>Associates</b>																				
	1 Ahmedabad Aviation and Aeronautic Limited																			0.00	0.13
	2 ETAIN Immodo Renewables Limited	0.07	0.04																	2.82	2.98
	3 Indus Chargers & Controllers Pvt. Limited																				
	4 EIL Software Services Offshore									1.00		1.25								-1.75	(2.00)
	5 Bhandari Charitable Trust	1.06	0.22																	5.38	5.22
	6 ETAIN Energy Holdings																				
	7 Electrotherm Solar Limited	0.02	0.15			0.01				0.02		1.27								4.34	2.81
	8 ETAIN Electric Vehicles Limited	0.46	0.25	0.08																0.58	0.28
(II)	<b>KEY MANAGEMENT PERSONNEL :</b>																				
	1 Mr. Mukesh Bhandari (Chairman & Chief Technology Office)											0.15			0.11	0.05		0.00	0.09	(0.64)	(0.64)
	2 Mr. Shailesh Bhandari (Managing Director)										1.69	0.58	0.01	0.03	0.05			0.00	0.09	(0.49)	(2.18)
	3 Mr. Avinash Bhandari (Joint Managing Director & CEO)										0.001							0.00	0.09		
	4 Mr. Mahendrakumar Ramniklal Patira (Director)																	28.13	0.11		
(III)	<b>RELATIVES OF KEY MANAGEMENT PERSONNEL :</b>																				
	(With whom Transaction has been taken Place during the year)																				
	1 Mrs. Indubala Bhandari														0.07	0.04				(0.00)	(0.00)
	2 Mrs. Jyoti Bhandari											0.05			0.03	0.02		0.05	0.03	(0.17)	(0.17)
	3 Mr. Rakesh Bhandari																			(0.02)	(0.02)
	4 Mr. Siddharth Bhandari																				
	5 Ms. Shivani Bhandari																	0.04	0.02		
	6 Mr. Anurag Bhandari										0.40									0.05	(0.35)
	7 Mrs. Panna Bhandari																	0.02			
	8 Ms. Radhika Bhandari																	0.02			



**CONSOLIDATED NOTES TO ACCOUNTS**
**2.37 SEGMENT REPORTING UNDER ACCOUNTING STANDARD**
**(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: As Identified by the management**
**(₹ In Crore)**

Particulars	Current Year	Previous Period
<b>SEGMENT REVENUE</b>		
Engineering & Projects Division	360.87	191.22
Special Steel Division	1,468.94	463.09
Electric Vehicle Division	4.94	6.24
Others	218.32	104.65
<b>Total Sales</b>	<b>2,053.07</b>	<b>765.20</b>
<b>Less : Inter segment Revenue</b>	<b>5.54</b>	<b>0.69</b>
<b>Net Sale</b>	<b>2,047.53</b>	<b>764.51</b>
<b>SEGMENT PROFIT BEFORE TAX AND INTEREST</b>		
Engineering & Projects Division	(34.03)	(31.45)
Special Steel Division	(373.51)	(283.18)
Electric Vehicle Division	(27.47)	(4.65)
Others	(35.80)	3.19
<b>Profit Before Interest, Tax &amp; Prior Period Adjustment</b>	<b>(470.81)</b>	<b>(316.09)</b>
<b>Less: FINANCIAL EXPENSES</b>	<b>9.94</b>	<b>9.96</b>
<b>Add : Provision for Tax (Including Deferred Tax)</b>	<b>(0.02)</b>	<b>4.11</b>
<b>Net Profit After Tax</b>	<b>(480.77)</b>	<b>(321.94)</b>
<b>OTHER INFORMATION</b>		
<b>Segment Assets</b>		
Engineering & Projects Division	425.76	471.03
Special Steel Division	1,845.91	2,269.43
Electric Vehicle Division	56.09	76.39
Others	114.11	150.83
<b>Total Segment Assets</b>	<b>2,441.87</b>	<b>2,967.68</b>
<b>Segment Liabilities</b>		
Engineering & Projects Division	156.74	171.74
Special Steel Division	3,032.62	3,074.22
Electric Vehicle Division	183.53	176.40
Others	158.58	156.24
<b>Total Segment Liabilities</b>	<b>3,531.47</b>	<b>3,578.60</b>
<b>Segment Depreciation</b>		
Engineering & Projects Division	8.46	2.74
Special Steel Division	135.96	66.01
Electric Vehicle Division	1.76	0.64
Others	13.08	2.20
<b>Total Depreciation</b>	<b>159.26</b>	<b>71.59</b>

(₹ In Crore)

Particulars	Current Year	Previous Period
<b>Other Non Cash Expenses</b>		
Engineering & Projects Division	0.08	0.73
Special Steel Division	0.50	1.02
Electric Vehicle Division	0.01	0.11
Others	0.39	0.21
<b>Total</b>	<b>0.97</b>	<b>2.07</b>
<b>Segment Capital Expenditure</b>		
Engineering & Projects Division	1.43	2.24
Special Steel Division	8.52	1.74
Electric Vehicle Division	-	0.13
Others	(1.26)	0.41
<b>Total Capital Expenditure (Net)</b>	<b>8.69</b>	<b>4.52</b>

Note: The business which were not reportable segments during the period, and business of the Subsidiaries have been grouped under the "Others segment."

**PRIMARY SEGMENT INFORMATION:- As Identified by the management**

**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 Crore)

Particulars	Current Year	Previous Period
India	1952.53	673.98
Overseas	95.00	90.53
<b>Total</b>	<b>2047.53</b>	<b>764.51</b>

- 2.38 (a) In the opinion of the Management, the current assets, Trade Receivables, 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) (i) The account of "Trade Receivables", "Borrowings", "Trade payables", "Advances from Customers", "Short Term Loans and Advances" and some Bank Balances are subject to confirmation / reconciliation and the same includes very old non moving items and therefore the same are subject to necessary adjustments for accounting or re-grouping /classification.
- (ii) The amount of "Advance from Customers" includes, ₹ 1.91 Crore (Previous Period ₹2.06 Crore) (net of receipts and payments) of the parties in the bank accounts of which names are not readily available with the company and which are to be accounted under the correct account head on receipt of accurate information from the Banker/parties.
- (iii) During Previous Period the amount of account of some of the major single party under the Head "Advance from customers", "Trade Payables", "Advance to Suppliers and Others", "Trade Receivables" are shown on gross basis and the same are not netted off and which has resulted in overstatement of two account heads.
- (c) The amount of current maturity of Long Term Liability of ₹1397.50 Crore (Previous Period ₹ 1940.99 Crore) has been determined on the basis of the data available with the company and has been treated as short term Borrowings of ₹ 1381.51 Crore (Previous period ₹ 1928.49 Crore) and Other Current Liabilities of ₹ 15.99 Crore (Previous Period ₹ 12.50 Crore) respectively.



- (d) The classification/grouping of items of the accounts are made by the management, on the basis of the available data with the company and which has been relied upon by the auditors.
- (e) The amount of inventory has been taken by the management on the basis of information available with the company and without conducting physical verification of the slow moving inventory. The slow moving inventories have been valued by the management on estimate net realizable value and which has been relied upon by the auditors.
- (f) Account of Service Tax Receivables, CENVAT Receivables and Vat input credit Receivables is subject to reconciliation, submission of its return for its claim and/or its assessment, if any.
- (g) The management is of the opinion that the uncompleted projects shown as Capital Work in Progress of ₹ 10.45 Crore (Previous Period ₹ 10.45 Crore) require some further investment to bring them into commercial use and therefore these are not treated as impaired assets.
- (h) In view of the non recovery of the amounts or non settlement of the accounts, the company has determined ₹ 63.26 Crore as doubtful Trade Receivable and ₹28.78 Crore of Advance to Suppliers and in view of business prudence, the company has made provision of ₹ 28.47 Crore for said doubtful Trade Receivables and ₹16.50 Crore for said doubtful Advance to Suppliers.
- (i) Account of "Advance to staff" is under confirmation, reconciliation and subject to the settlement of the accounts with the respective employees (including ex-employees) of the company.

**2.39** The sales of Electrotherm (I) Limited includes sale of capital goods of ₹ 0.63 Crore to its Subsidiary Company Hans Ispat Limited and to that extent the sales is overstated.

#### **2.40 EARNINGS PER SHARE (EPS):**

The basic Earnings per Share is calculated by dividing the profit/ loss attributable to the existing Equity Shares outstanding and in view of losses during the year, EPS has not been calculated.

**2.41** Signed Notes No.1 and 2 forms part of the Annexed account of the Company

As per our report of even date attached

For & on behalf of

**Mehta Lodha & Co.,**

Firm Registration No: 106250W

**Chartered Accountants**

**Prakash D. Shah**

M. NO. 34363

**Partner**

Place : Ahmedabad

Date : 26th May, 2015

**For & on behalf of the Board of Directors**

**Shailesh Bhandari**

**Managing Director**

DIN NO : 00058866

**Jigar Shah**

**Company Secretary**

**Avinash Bhandari**

**Joint Managing Director**

DIN NO : 00058986

**Pawan Gaur**

**Chief Financial Officer**

**PROXY / ATTENDANCE SLIP**
**ELECTROTHERM (INDIA) LIMITED**

CIN : L29249GJ1986PLC009126

Registered Office : A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad-380015

Phone: +91-79-26768844, Fax: +91-79-26768855 • Email: sec@electrotherm.com

**ATTENDANCE SLIP**

Please complete the Attendance Slip and hand it over at the entrance of the meeting hall.

 I / We hereby record my presence at the 29<sup>th</sup> Annual General Meeting of the Company held on Wednesday, 30<sup>th</sup> September, 2015 at 11.00 a.m. at S-5, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015.

<b>DP ID</b>	<b>Folio No.</b>
<b>Client ID</b>	<b>No. of Shares</b>
<b>Name of the Shareholder (In Block Letters)</b>	
<b>Signature of Shareholder</b>	
<b>Name of the Proxy (In Block Letters)</b>	
<b>Signature of the Proxy</b>	

**NOTES:**

1. This attendance is valid only in case shares are held on the date of this Annual General Meeting.
2. You are requested to sign and hand over this slip at the entrance of the Meeting hall.

**ELECTROTHERM (INDIA) LIMITED**

CIN : L29249GJ1986PLC009126

Registered Office : A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad-380015

Phone: +91-79-26768844, Fax: +91-79-26768855 • Email: sec@electrotherm.com

**FORM NO.MGT-11**
**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) \_\_\_\_\_

Registered Address \_\_\_\_\_

Email ID \_\_\_\_\_

Folio. No./Client ID \_\_\_\_\_ DP ID \_\_\_\_\_

**I/we, being the member(s) of \_\_\_\_\_ Shares of the above named Company, hereby appoint:**

1. **Name** : \_\_\_\_\_  
**Address** : \_\_\_\_\_  
**E-mail ID** : \_\_\_\_\_ **Signature** \_\_\_\_\_ **or failing him/her** :
2. **Name** : \_\_\_\_\_  
**Address** : \_\_\_\_\_  
**E-mail ID** : \_\_\_\_\_ **Signature** \_\_\_\_\_ **or failing him/her** :
3. **Name** : \_\_\_\_\_  
**Address** : \_\_\_\_\_  
**E-mail ID** : \_\_\_\_\_ **Signature** \_\_\_\_\_ **or failing him/her** :

 as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29<sup>th</sup> Annual General Meeting of the Company, to be held on Wednesday, 30<sup>th</sup> September, 2015 at 11.00 a.m. at S-5, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015, and at any adjournment thereof in respect of such resolutions as are indicated below:

**[P.T.O.]**

Resolution No.	Particulars of Resolutions	Optional*	
		For	Against
	<b>Ordinary Business:</b>		
1	Consider and adopt audited financial statement of the Company (including consolidated financial statement) for the financial year ended on 31 <sup>st</sup> March, 2015 together with report of Board of Directors and Auditors' Report thereon.		
2	Appointment a Director in place of Mr. Shailesh Bhandari (DIN 00058866), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.		
3	Appointment of M/s. Mehta Lodha & Co., Chartered Accountant as Statutory Auditors of the Company		
	<b>Special Business</b>		
4	Appointment of Mr. Chaitanyapratap Sharma (DIN 07067095) as an Independent Director		
5	Ratification of Cost Auditors' remuneration		
6	Alteration of Articles of Association of the Company		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

Affix  
Re. 1/-  
Revenue  
Stamp

\_\_\_\_\_  
Signature of shareholder

\_\_\_\_\_  
Signature of first proxy holder

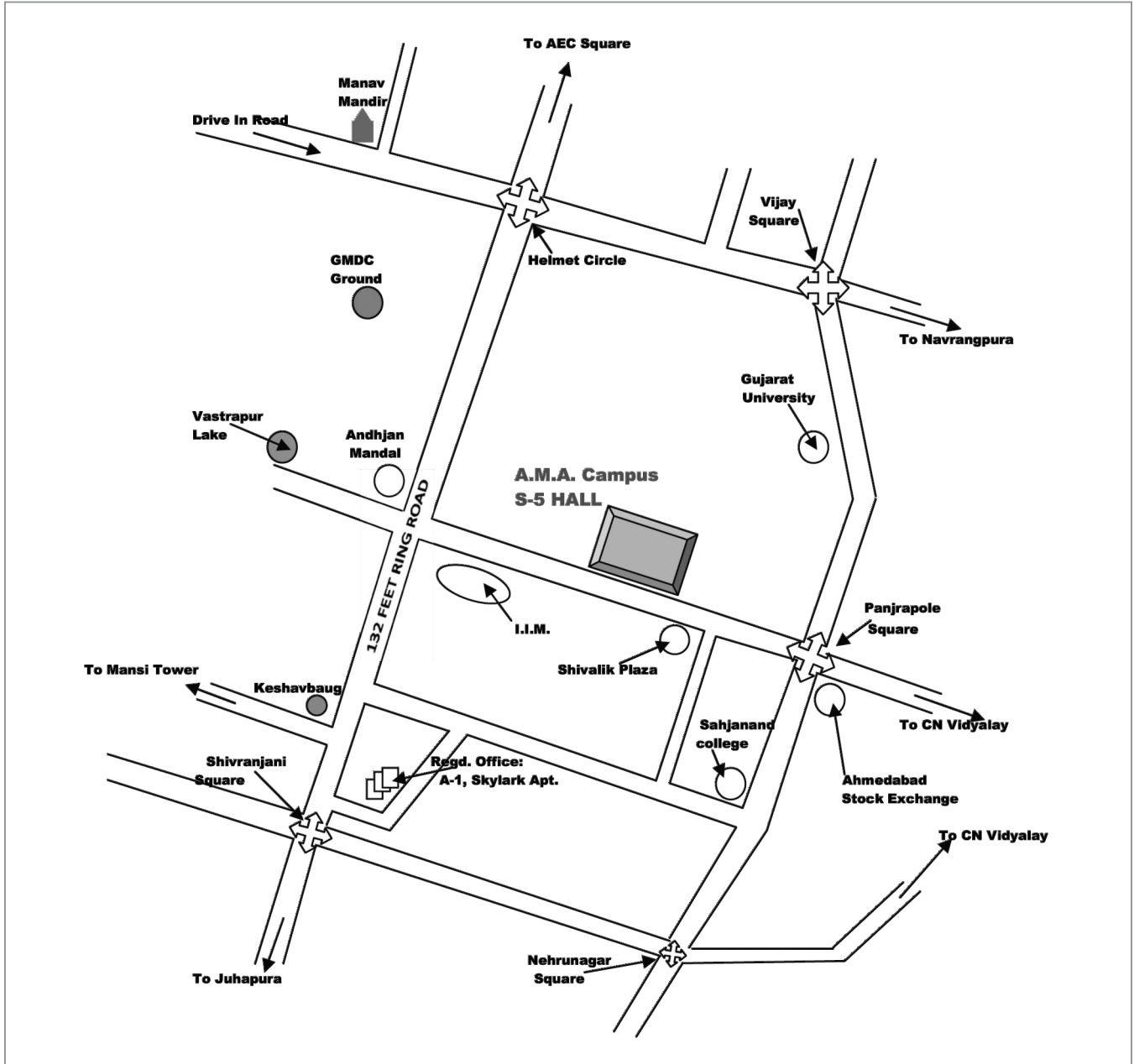
**NOTES:**

- 1 This form of Proxy in order to be effective should be duly completed and deposited at Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- 2 \*Please put a (✓) in the appropriate column against the resolutions indicated in the Box. If you leave all the columns blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
- 3 Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.
- 4 In case of joint holders, the signature of any one holder will be sufficient.

**ROUTE MAP TO THE VENUE OF THE ANNUAL GENERAL MEETING**

**Venue of AGM :** S-5, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015

**Land Mark :** IIM, Ahmedabad







Plant at Samakhiyali, Kutch



Corporate House at Palodia



Melting equipments for Steel Plants & Foundries



Metal Refining Konverter



Electrotherm Refining Furnace



Continuous Casting Machine



Transformers



Coal Based DRI Plant



Pollution Control Equipment



Hydraulic Grab



Induction Heating Equipment



Solar Energy



Solar Water Heater



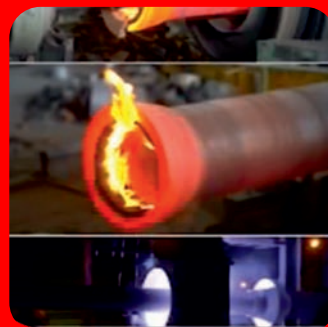
Steel & Stainless Steel



Electric Bikes



Ductile Iron Pipe



Transmission Line



# ELECTROTHERM (INDIA) LIMITED

Corporate office :  
72, Palodia(via Thaltej),  
Ahmedabad- 382 115, Gujarat, (India),  
Phone No. +91-2717-234553 to 57, 234613 to 15,  
Fax : +91-2717-237612,234866, 660550  
Website: www.electrotherm.com  
E-mail: ho@electrotherm.com

Works :  
Survey No. 325, N.H. No. 8A,  
310 KM stone, Near Toll Naka  
Village : Samakhiyali, Tal: Bhachau- 370 140,  
Dist : Kutch, Gujarat, India  
Phone : +91-2837-283310,283501  
Fax No. +91-2837-283329

Registered office :  
A1 Skylark Apartment,  
Satellite Road, Satellite, Ahmedabad - 380 015,  
Gujarat (INDIA) Phone : +91-79-26768844  
Fax: 91-79-26768855  
E-mail: sec@electrotherm.com  
CIN: L29249GJ1986PLC009126