



**2011**

**Mission Accomplished**

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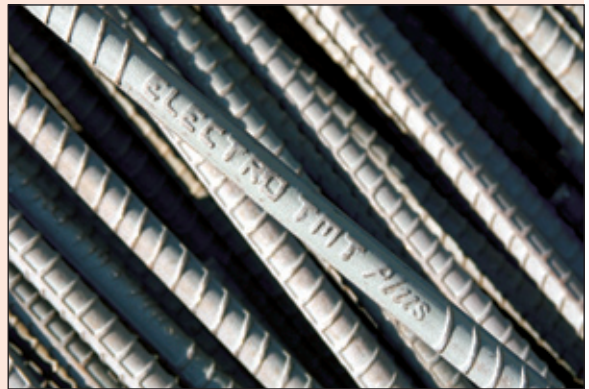
## Engineering & Projects

Electrotherm is a trusted name in foundry and steel / alloy steel industry for providing unmatched technological leadership for more than two decades. It caters to Ferrous & Non-Ferrous foundries and metal melting industry by manufacturing Medium Frequency Induction Melting Furnaces, Metal Refining Konverter, Induction Ladle Refining Furnace, Induction Heating & Hardening Equipments, Submerged Arc Furnace & a host of allied products. Its also undertakes turnkey projects in India and abroad.



## Steel

Electrotherm has a state of the art steel manufacturing facility for production of high quality stainless steel of various grades for industrials and utensils applications. Electro TMT bars are manufactured at state of the art fully integrated steel plant at Kutch. Electro TMT bars have superior mechanical properties and better chemical composition as compared to cold twisted bars and other TMT bars and become the preferred choice of builders, structural engineers, architectures requiring quality steel.



## Ductile Iron Pipe

Electrotherm has introduced range of Ductile Iron pipes as a result of its constant endeavour towards ensuring better quality of life. DI pipes developed by Electrotherm provide the excellent means of transporting water keeping its quality intact.



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**25TH ANNUAL GENERAL MEETING**

25th Annual General Meeting of the members of the Company will be held on Friday, the 30th September, 2011 at 11.00 A.M. at S-5, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015,

**CORPORATE INFORMATION****BOARD OF DIRECTORS**

Mr. Mukesh Bhandari  
Mr. Shailesh Bhandari  
Mr. Avinash Bhandari  
Mr. Narendra Dalal  
Mr. Nilesh Desai  
Mr. Madhusudan Somani  
Mr. Ram Singh  
Mr. Pradeep Krishna Prasad  
Mr. Ravikumar Trehan  
Dr. Sudhir Kapur  
Mr. Parth Gandhi  
Mr. Ashokkumar Lahiri

Chairman & CTO  
Managing Director  
Joint Managing Director & CEO  
Whole Time Director

Nominee Director(up to 12.08.2011)  
(up to 04.02.2011)

**CHIEF FINANCIAL OFFICER**

Mr. Dilipsingh Lodha (w.e.f. 04.02.2011)

**COMPANY SECRETARY**

Mr. Jigar Shah

**STATUTORY AUDITORS**

Mehta Lodha & Co.  
Chartered Accountants, Ahmedabad

**COST AUDITORS**

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

**INTERNAL AUDITOR**

RSM Astute Consulting Pvt. Ltd.  
Mumbai

**BANKERS**

Bank of India  
State Bank of India  
Punjab National Bank  
State Bank of Travancore  
Corporation Bank  
Bank of Baroda  
Dena Bank  
Oriental Bank of Commerce  
Union Bank of India  
Canara Bank  
State Bank of Indore  
Standard Chartered Bank  
UCO Bank  
Allahabad Bank

**REGISTERED OFFICE**

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

**WORKS****Engineering & Projects Division**

Survey No. 72, Village : Palodia,  
Taluka : Kalol, Dist : Gandhinagar –382115

**Special Steel, DI Pipe and Electric Vehicle Division**

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

**Wind Farm Project**

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

**Renewables Division**

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

**Transmission Line Tower Division**

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

**REGISTRAR & TRANSFER AGENT****Link Intime India Private Limited**

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

## CHAIRMAN'S MESSAGE



*Dear Shareholders,*

The fiscal year 2010–11 was a journey of recovery from the global meltdown, consolidation and development of path breaking new products. The global economic climate posed several challenges, but we made the best use of our resources and abilities to grow. Our world class manufacturing & project implementation standards helped our clients build their own enterprises of tomorrow.

The global steel giants from across the world have shown interest in the Indian steel industry in the recent past. Both China and India's domestic steel demand not only survived the economic slowdown, but actually grew at a remarkable rate. China accounted for 45% of steel production in 2010 and India was recently confirmed as the world's fourth largest steel producer. The crude steel production in India registered a year-on-year growth of 6.4% in 2010 and reached 66.8 Million Metric Tons.

In India, the secondary producers of steel are currently playing an important role in production and growth of steel industry. In the annual report for FY 2010-11, the Indian Ministry of Steel recognized the contribution of several relatively smaller and medium scale units such as Sponge Iron Plants, Mini Blast Furnace units, Electric Arc Furnaces, Induction Furnaces, which not only play an important role in production of secondary steel, but also contribute substantial value addition in terms of quality, innovation and cost effectiveness.

Perhaps the greatest challenge facing the steel producers is a sharp increase in the cost of iron ore, coal and oil that have not yet been matched by price increases for customers. These have created pressures on the viability of the steel industry and consequently the competitiveness of the user industries.

In spite of an extremely volatile raw material market, cost escalations and non-availability of key raw materials, the company has achieved a 15% growth in sales to clock a turnover of ₹ 2311 Crores.

### **Engineering & Projects Division**

With the introduction of larger capacity Induction Melting Furnaces (IMF), the total installed capacity for Steel production through induction route has steadily increased in India over the years. World's largest 40 ton IMF for billet making introduced sometime back is gaining popularity with the mini steel plants in India and is helping customers produce steel at lower cost. This is also helping them build plants of capacity of 0.3 – 0.6 MTPA through the induction route.

The price realisations of products like Billets and TMT bars in export markets that we service (Turkey, Middle East, Iran, Africa, Pakistan and Bangladesh) have gone up considerably in comparison to the financial year 2008–09, making the billet production through Induction Furnace route viable again. We are seeing an increased number of enquiries for setting up turnkey steel projects over the last 6 months from such markets. Therefore, we expect our export sales to go up significantly in the year 2011–12 as against 2009-10 and 2010-11 helping us to not only increase our sales for the E & P division but also improve our realisations/ margins.

The company has spent substantial amount of resources in design and development of Continuous Casting Machine (CCM) for billets suitable for small induction based steel plants. This, we believe, will be a highly successful product because the small steel manufacturers using induction route want to migrate from ingot making to billet making. We have a large captive base of existing customers who can use this product. Over the next 5 years, we expect to sell large numbers of CCMs and help our customers improve their productivity, yield and price realisations.

Along with the growth of the auto industry in India, the foundry sector is also booming. Over the next 5 years as India aims to gain a dominant position in the auto ancillary market, we see a large market for our foundry furnaces.

Induction heating and hardening is another area which is growing along with the auto sector. The forging industries are also switching from conventional fuel fired furnace to induction heating furnace due to increasing cost of oil, pollution related issues and low productivity. We are therefore, seeing a good growth in the sales of our Induction heating & hardening equipment.

We have been working on a new steel making technology along with a scientist Mr. Louis J. Fourie from South Africa for the past 10 years. This technology has the potential to dramatically reduce the cost of steel production through the use of inferior grade raw materials. The Ministry of Steel and the Department of Science & Technology have recognized our continuous efforts to bring this concept to a pilot stage and have sanctioned & released amount of ₹ 6.55 crores from their Steel Development Fund (SDF). We appreciate the contribution from Ministry of Steel and the Department of Science & Technology which will help us to take this concept to the next stage of development.

The transformer manufacturing started in the year 2009 – 10 has shown good progress. The company increased its market share in the furnace transformer sector and clocked sales of more than ₹ 20 crores. In the coming years, the company plans to widen its focus to cater to non-furnace segments and grow this business manifold.



## CHAIRMAN'S MESSAGE

### Steel Division

The biggest challenge the company faced during the last financial year was the non-availability of iron ore from the Hospet/ Bellary area forcing the company to source this critical raw material either from east or through imports thereby increasing the cost substantially. The problem still continues and will continue to effect the operations till the Karnataka Government and the Central Government together resolve this serious issue facing the steel industry.

Domestic DI pipe demand grew steadily at the rate of 12% over the last five years and the total manufacturing capacity in India stood at about 1.2 MMT by the end of the year 2010-11. The Company has retained its position as the third largest manufacturer of DI Pipe (by actual production), and is augmenting its capacity further. The company has commissioned its 128 m<sup>3</sup> Blast Furnace and new facility for DI Pipe production of higher diameter up to 1200 mm. The Company also got BIS approval for higher sizes of DI Pipes up to 1200 mm. The marketing and distribution network for DI pipes has been expanded by opening offices across 14 states in the country and experienced people have been leading the marketing function across the network.

With the approval from Power Grid Corporation, the company has established credibility in the market and is poised to increase the production of angles for Transmission Line Tower (TLT) applications. The Company has also received BIS approval for its MS Billets which has improved its realization in the Gujarat market.

"Electro TMT Plus" bars have emerged as the premium brand in rebar segment in Gujarat. With the kicking in of full Hans Ispat capacity, "Electro TMT Plus" bars has become the largest selling TMT brand in Gujarat. With a strong brand image, the price realizations are steadily improving and the product has been approved for supply to various large Government and private projects. The new variants of TMT introduced by the company like CRS (Corrosion Resistant Steel) and EQR (Earth Quake Resistant) are gaining acceptability in the market and the volumes are slowly increasing resulting into higher realisations per ton.

With the commissioning of ladle refining furnace and induction refining furnace, the company will focus more on production of value added products like stainless steel and forging grade low alloy steel.

The Company renewed the appointment of ECS (Eicher Consultancy Services, subsidiary of Price Waterhouse Coopers) to help it with productivity and EBITDA improvements through FY 2010-11. Several process improvements have been made in SMS, TMT Mill and Structural Mill to improve the productivity and optimize cost.

### Electric Vehicle Division

Electric 2 wheeler market has seen an upward trend in India in the recent past on account of subsidy from the Central Government, petrol price hike and improved performance of our products due to various R & D efforts.

We hope to take the maximum advantage of the above situations because of being the longest standing brand in the market, our reputation of being the EV technology leader and a vast dealer network across India. We expect more than 50% growth in our revenues in the coming financial year and an exponential growth from there on.

We are improving our key internal operations to ensure a consistent and positive experience for our customers, partners, suppliers and employees.

As a Group we remain committed to corporate and social responsibility. In all of our actions we strive to ensure that all economic, environmental and social aspects are considered. We believe that this approach, driven by our principles of respect, trust and integrity, makes us more responsible and informed as a company.

I wish to record my appreciation to all for their contribution towards the growth of the company and look forward to take on new challenges and scale new heights of achievement in future.

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

**NOTICE**

NOTICE is hereby given that the **25th Annual General Meeting** of Members of **Electrotherm (India) Limited** will be held on Friday, the 30th September, 2011 at 11.00 a.m. at S-5, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015, Ahmedabad to transact the following business :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date together with schedules annexed thereto as well as the Directors' and Auditors' Reports attached therewith.
2. To appoint a Director in place of Mr. Shailesh Bhandari, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Avinash Bhandari, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Sudhir Kapur, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**By Order of the Board  
for, Electrotherm (India) Limited**

Place : Ahmedabad  
Date : 12th August, 2011

**Jigar Shah**  
*Company Secretary*

**Registe.red Office :**

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

**NOTES :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM SHOULD BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME OF THE COMMENCEMENT OF THE MEETING.**
2. Corporate members intending to send their authorized representative(s) to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing such representative(s) to attend and vote on their behalf at the Meeting.
3. In terms of the provisions of the Article of Association of the Company, Mr. Shailesh Bhandari, Mr. Avinash Bhandari and Dr. Sudhir Kapur, Directors, are liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, have offered themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement, a brief profile of the said Directors seeking re-appointment at the meeting forms part of this annual report. The board of directors of your Company commends their re-appointment.
4. The register of members and share transfer books of the Company will remain closed from 26th September, 2011 to 30th September, 2011 (Both days inclusive).
5. Members holding shares in the physical form are requested to notify the change of address, if any, to the Company's Registrar and Share Transfer Agent, LINK INTIME INDIA PRIVATE LIMITED (Formerly known as INTIME SPECTRUM REGISTRY LIMITED) at 211, Sudarshan Complex, Nr. Mithakhali Underbridge, Navrangpura, Ahmedabad – 380 009 or to their respective depository participants if the shares are held in demat form.
6. Members who holds shares in physical form, under multiple folios, in identical names or joint accounts in the same order of names, are requested to send the share certificates to Registrar and Share Transfer Agent, LINK INTIME INDIA PRIVATE LIMITED (Formerly known as INTIME SPECTRUM REGISTRY LIMITED) at 211, Sudarshan Complex, Nr. Mithakhali Underbridge, Navrangpura, Ahmedabad – 380 009
7. Those members who have not encashed their dividend warrants pertaining to the following years are requested to approach the Company for the payment thereof as the same will stand transferred to the Investor Education and Protection Fund (IEPF), pursuant to section 205A(5) of the Companies Act, 1956, on respective due dates mentioned hereunder. Kindly note that after such date, the members will loose their right to claim such dividend.

**NOTICE**

Financial Year	Rate (Amt per Share)	Date of Declaration	Due for Transfer on
2004 – 2005	15% (₹ 1.50)	30/09/2005	06/11/2012
2005 – 2006	20% (₹ 2.00)	29/09/2006	05/11/2013
2006 – 2007	20%(₹ 2.00)	25/06/2007	01/08/2014
2007 – 2008	25%(₹ 2.50)	20/06/2008	27/07/2015
2008 – 2009	25% (₹ 2.50)	15/09/2009	21/10/2016
2009 - 2010	25% (₹ 2.50)	24/09/2010	30/10/2017

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

**REQUEST TO THE MEMBERS :**

1. Members / Proxies should bring the Attendance Slip sent herewith duly filed in for attending the Meeting.
2. A Member desirous of getting any information on the accounts or operations of the Company during the year is requested to forward his / her queries to the Company at least 10 days prior to the meeting so that the required information can be made available at the Meeting.
3. Members are requested to bring their copy of the Annual Report to the Meeting.
4. **The Ministry of Corporate Affairs (“MCA”), Government of India, through its Circular No.17/2011 dated 21st April, 2011 and Circular No.18/2011 dated 29th April, 2011 has allowed Companies to send Annual Report comprising of Balance Sheet, Profit & Loss Account, Directors’ Report and Auditors’ Report etc. through electronic mode to the Registered e-mail address of the members. Keeping in view of the underlying theme and circulars issued by MCA, we propose to send future communications in electronic mode to the e-mail address provided by you to the depositories and made available by them being the registered address. By opting to receive communication through electronic mode you have the benefit of receiving communications promptly and avoiding loss in postal transit.**

Members who hold shares in physical form and desire to receive the documents in electronic mode are requested to provide their details (Name, Folio. No., E-mail Id) on the Company’s e-mail address : investor@electrotherm.com. Members who hold shares in electronic form are requested to get their details updated with the respective Depositories.

5. **A Members who desirous of getting any information for subsidiary company’s Accounts it shall be available for inspection at the Registered office of the Company during the Business hours of the Company.**

By Order of the Board  
for, Electrotherm (India) Limited

Place : Ahmedabad  
Date : 12th August, 2011

Jigar Shah  
Company Secretary

**Registered Office :**  
A-1, Skylark Apartment,  
Satellite Road, Satellite,  
Ahmedabad – 380 015



**INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT REGARDING APPOINTMENT OR RE-APPOINTMENT OF A DIRECTOR**

Name	Mr. Shailesh Bhandari	Mr. Avinash Bhandari	Dr. Sudhir Kapur
<b>Age</b>	53 Years	46 Years	64 years
<b>Date of Appointment</b>	26/08/1989	08/10/2003	13/04/2009
<b>Qualification</b>	B.Sc.(Economics)	B.E. (Electronics),M.S. (U.S.A.), M.B.A. (Finance)(U.S.A.)	B.Tech., M.S., PhD.
<b>Expertise in functional areas</b>	He has having more than 28 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 having 20 years experience in stainless steel manufacturing plant.	He has more than 36 years of experience in the matters of Management and Industry.
<b>Directorship held in other Public Limited Companies</b>	<ol style="list-style-type: none"> <li>1. Ahmedabad Aviation &amp; Aeronautics Limited</li> <li>2. Bhaskarpara Coal Company Limited</li> <li>3. Indus Coils &amp; Plates Limited</li> <li>4. Electrotherm Engineering &amp; Projects Limited</li> <li>5. E-motion Power Limited</li> <li>6. Gujarat Mint Alloys Limited</li> <li>7. Inspira Solar Energy Limited</li> <li>8. Magnum Limited</li> <li>9. Western India Speciality Hospital Limited</li> <li>10. GSY Eurofibers Limited</li> <li>11. Hans Ispat Limited</li> <li>12. Shree Hans Papers Limited</li> <li>13. Firefly Energy Limited</li> <li>14. Shree Ram electro Cast Pvt. Limited (A wholly owned Subsidiary of Electrotherm India Limited)</li> </ol>	<ol style="list-style-type: none"> <li>1. Mangalam Information Technologies Limited</li> <li>2. ET Elec-Trans Limited</li> <li>3. Indus Coils &amp; Plates Limited</li> <li>4. Hans Ispat Limited</li> <li>5. Shree Hans Papers Limited</li> <li>6. Electrotherm Energy Holdings Limited</li> <li>7. Electrotherm Immodo Renewables Limited</li> <li>8. Shree Ram electro Cast Pvt. Limited (A Wholly owned Subsidiary of Electrotherm India Limited)</li> </ol>	Nil
<b>Memberships / Chairmanships of Committees</b>	<b>Audit Committee :</b> <ol style="list-style-type: none"> <li>1. Hans Ispat Limited - Chairman</li> <li>2. Western India Speciality Hospital Limited - Chairman</li> <li>3. Magnum Limited – Member</li> <li>4. Bhaskarpara Coal Co. Limited - Member</li> <li>5. Shree Ram Electro Cast Pvt. Limited – Member</li> </ol>	<b>Audit Committee :</b> <ol style="list-style-type: none"> <li>1. Shree Ram Electro Cast Pvt. Limited - Chairman</li> <li>2. Hans Ispat Limited - Member</li> </ol>	Nil
<b>No. of Shares held in the Company</b>	8,48,275	Nil	Nil

**DIRECTORS' REPORT**

To,

The Members

Your Directors have pleasure in presenting the 25th Annual Report on the business and operations of your Company and Audited Financial Statements for the financial year ended on 31st March, 2011.

**FINANCIAL RESULTS:**

(₹ In Millions)

Particulars	2010-2011	2009-2010
Sales and other Income	23114.23	20168.35
Profit before Interest, Depreciation & Tax	3412.19	2859.15
Interest & Financial Charges	1924.82	1332.52
Depreciation	1077.76	723.76
Profit before Tax	409.61	802.87
Provision for Tax	76.14	136.45
Profit after Tax (Before Deferred Tax)	333.47	666.42
Provision for Deferred Tax	50.63	120.39
Profit after Deferred Tax	282.84	546.03
Prior period adjustment	5.41	(8.06)
Profit after prior period adjustment	288.25	537.97
Surplus brought forward	1494.03	1198.05
Balance	1782.28	1736.02
(a) Proposed Dividend on Equity Shares	0.00	28.69
(b) Proposed Dividend on Preference Shares	0.00	7.20
(c) Tax on Dividend	0.00	6.10
(d) Transfer to General Reserves	200.00	200.00
Balance Carried forward	1582.28	1494.03

**DIVIDEND**

In Order to conserve the financial resources, the Board of Directors of the Company do not recommended any Dividend on Equity Share and on Preference Share for the financial year 2010-11.

**OPERATIONS**

During the year, your Company has achieved a turnover of ₹ 22968.93 Millions representing an increase of 14.69% over the previous year turnover of ₹ 20027.53 Millions. The Net Profit for the year is ₹ 288.25 Millions as against ₹ 537.97 Millions of the previous year.

**EXPORTS**

During the year, the Company has achieved Export Turnover of ₹ 611.48 Millions as against ₹ 534.53 Millions. Our Exports are mainly from Engineering & Projects Division. It was marginally increase compared to previous year.



## DIRECTORS' REPORT

### DIRECTORS

In accordance with the provisions of section 256(1) of the Companies Act, 1956 and the Article 153 of the Articles of Association of the Company, Mr. Shailesh Bhandari, Managing Director and Mr. Avinash Bhandari, Joint Managing Director, Dr. Sudhir Kapur, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

During the year, Mr. Ashok Kumar Lahiri was appointed as a Director on 26.10.2010 and resigned on 04.02.2011. ICICI Venture Funds Management Company Limited on July 06 2011 has withdrawn the nomination of Mr. Parth Gandhi as a Nominee Director and Mr. Parth Gandhi has also given his resignation letter on July 06, 2011. The same was received by the Company on July 28, 2011 and the Board of Directors has approved the same on Board meeting held on August 12, 2011. The Board places on record its appreciation for the services rendered by him during his tenure as Member of the Board.

### SUBSIDIARIES

As on March 31st, 2011, the Company has the following Subsidiaries namely:

1. ET Elec-Trans Limited
2. Bhaskarpara Coal Company Limited
3. Jinhua Indus Enterprises Limited
4. Jinhua Jahari Enterprises Limited
5. Shree Ram Electrocast Private Limited
6. Hans Ispat Limited
7. Shree Hans Papers Limited
8. Electrotherm Mali SRL

As per Section 212 of the Companies Act, 1956, we are required to attach Directors' report, Auditors' Report, Balance Sheet and Profit and Loss account of our subsidiaries. The Ministry of Corporate Affairs, Government of India vide its Circular No.2/2011 dated 08.02.2011 has provided an exemption to Companies from complying with section 212, provided such Companies publish the Audited Consolidated financial statements in the Annual Report. Accordingly the Annual Report 2010-11, does not contain the financial statements of our subsidiaries. The audited annual accounts and related information of our subsidiaries, where applicable, will be made available upon request. These documents will also be available for inspection during business hours at our registered office. The same will also given on our website : [www.electrotherm.com](http://www.electrotherm.com)

### CONSOLIDATED FINANCIAL STATEMENTS

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

### FIXED DEPOSIT

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

### DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In the preparation of the annual accounts for the year ended on 31st March, 2011, the applicable accounting standards have been followed by the company along with proper explanation relating to material departures, if any;
2. Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the profit of the company for that period;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
4. The Annual Accounts have been prepared on a going concern basis.



## DIRECTORS' REPORT

### RESEARCH & DEVELOPMENT

R & D is the back bone of the company and could progress due to focus on new product – process development in line with emerging technology and customer demand. Development activity is primarily addressing energy efficiency, safety apart from user friendliness. R & D manpower is continuously exposed to learn new technology and encouraged to take challenge being demanded by the industry.

The development activity is addressing changing requirement and features in the existing product manufactured and sold by the company. It also addresses the raising needs of the existing customers by way of new equipment or process.

### HUMAN CAPITAL DEVELOPMENT AND INTEGRATION WITH BUSINESS PROCESSES IN THE COMPANY

The Company on its journey to build Organizational Capability has taken following initiatives to cope up with change in business environment during the year;

- Communication of Vision, Mission and Values across the Organization.
- Engaged Customer Lab for Strategy Development through implementation of Strategy Map and Balanced Scorecard. Linked Performance Management System to Balanced Scorecard. Linked Variable Pay to performance. Launched Recognition Program to create conducive environment by developing healthy result oriented work culture and promoting collaborative teams.
- Conducted "Organization Pulse Survey" across the organization through KPMG to know the pulse of the organization.
- Rolled out HR Policies to strengthen the HR systems & processes and retain the right talent.
- EBIDTA improvement and operational excellence initiatives taken in Steel Division including development of Maintenance Systems in DIP Division. Strengthen Project Management Capability and launched Total Quality Management Initiatives in E&P Division in partnership with Price Waterhouse Coopers.
- Investment in Training and Development of People for capability building. Launched Induction Training Program.
- Launched Mass-scale Innovation Workshop, an organization wide intervention to convert Vision into Reality.
- Institutionalized Corporate Communication Function to strengthen employee engagement. Launched "Jyoti – People First Bulletin" to bring visibility of various happenings in the company and connect the people.
- Strengthened Enterprise Resource Management capability through implementation of SAP software across the organization.
- Launched Knowledge Management Portal to enhance the organization's performance through the improvement and sharing of organizational knowledge.
- Initiatives to transform Recruitment to Talent Management.
- Designed Organization Structure for all the levels and developed Role Profiles for the various positions.

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

The Company had 02 employees who were in receipt of remuneration of not less than ₹ 60.00 Lacs during the year or ₹ 5.00 Lacs per month during any part of the said year. The information required under section 217(2A) of the Companies Act, 1956 and the Rules made there under is not provided in the Annexure forming part of the Report. In terms of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any Shareholder interested in obtaining a copy of the same may write to the Company Secretary of the Company.

### COST AUDITOR

Pursuant to Section 233-B of the Companies Act, 1956 and Circular No. F No. 52/26/cab-2010 dated 02.05.11 and Circular No. F. No.52/26/cab-2010 dated 03.05.11 issued by the Ministry of Corporate affairs, Cost Audit Branch ordering the Cost Audit of the Listed Companies for its "Steel Plant" and "Electricity Industry" every year. Hence to comply the said order, the Company has appointed M/s. V.H. Savaliya & Associates, Ahmedabad as a Cost Accountant for the year 2011-12. The Cost Audit Report for the year 2011-12 will be submitted to the Central Government on or before the due date.

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

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



## **DIRECTORS' REPORT**

### **"GROUP" FOR INTER-SE TRANSFER OF SHARES**

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

### **CORPORATE GOVERNANCE**

Your Company has fully complied with the requirements of Clause 49 of the Listing Agreement regarding Corporate Governance. Pursuant to Clause 49 of the Listing Agreement, a Corporate Governance Report along with a Certificate from the Auditors confirming the compliance is annexed and forms a part of this report.

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

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

### **AUDITORS & AUDITORS' REPORT**

M/s. Mehta Lodha & Co., Chartered Accountants, Ahmedabad, Statutory Auditors of the Company, retires at the forthcoming Annual General Meeting and the Company has received a certificate pursuant to Section 224(1B) of the Companies Act, 1956 from them to the effect that their re-appointment, if made, will be in accordance with the limits as specified in the said section.

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

### **APPRECIATION**

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

**For and on behalf of the Board**

Place : Ahmedabad  
Date : 12th August, 2011

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



## ANNEXURE - "A" TO DIRECTORS' REPORT

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

### A. CONSERVATION OF ENERGY:

#### (a) Energy conservation measures taken

- Installation of the power optimizers for the furnaces to improve the power utilization while melting in all melting furnace in SMS.
- Absorption of pulverized coal injection (PCI) technology for injection of coal in BF 2 to reduce the coke consumption. Oxygen enrichment is done to support higher coal injection.
- To reduce cost and improve productivity sinter contain in the BF2 charge mix increased to 80/85 % with 15 /20 pallet charging
- Charging of 15 to 20 % mill scale in sinter burden to improve Fe content

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

- Installation of PCI facility for BF2
- Oxygen plant for BF 2 PCI support
- Power optimizer installation in all melting furnace of SMS

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

- Reduction of electrical energy for melting by 2 %
- Reduction of coke of BF2 due to PCI resulted in saving of 3 % in cost
- Reduction in coke rate of BF 2 by 2 % due to mill scale addition

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

As per Form "A" attached.

### B. TECHNOLOGY ABSORPTION:

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

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

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

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

- Induction heating equipment for warm forging application
- Development of battery chargers with fast charging cycle will boost sale of battery powered vehicles.
- Development of process for removing Sulfur & Phosphorous in Induction furnace

##### 3. Future Plan of action

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



## ANNEXURE - "A" TO DIRECTORS' REPORT

- Development of continuous casting machine for casting smaller heat size
- Development of iron ore fine reduction through tunnel kiln using coal
- Development of new generation charger, controllers for electric three wheelers and higher capacity two wheelers

### 4. Expenditure on R & D

- (a) Capital Expenditure : ₹ 247.75 Millions
- (b) Recurring Expenditure : ₹ 2.55 Millions
- (c) Total Expenditure : ₹ 250.30 Millions
- (d) R&D as % of Turnover : 1.09 %

## (II) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

### 1. Efforts, in brief, made towards technology absorption, adaptation and innovation

- Creation of R&D set up for carrying out trials in rotary drum on magnetizing roasting of iron ore fines and reduction of composite pellets
- Creation of static Contifur hot model for carrying out reduction trials using iron ore fines and coal fines
- Development of composite pellet using different kinds of binders as well as non coking coals
- Reduction studies in SS saggars
- Magnetizing roasting process in tunnel kiln for concentration of Fe

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

- Development of Contifur process for production of hot metal using iron ore fines and coal fines.
- Development of reduction process in tunnel kiln

### 3. Imported Technology : None

## C FOREIGN EXCHANGE EARNING AND OUTGO:

### (I) Activities Relating to Exports :

The Company has been making efforts for direct exports at international level. Company has executed export orders worth ₹ 797.53 Millions during the year and intends to further diversify its export market.

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

- (i) Foreign Exchange Earnings : ₹ 611.48 Millions
- (ii) Foreign Exchange Outgo : ₹ 3163.67 Millions

**ANNEXURE - "A" TO DIRECTORS' REPORT**

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

**Disclosure of particulars with respect to conservation of energy**
**A. POWER AND FUEL CONSUMPTION**

SR. NO.	PARTICULARS	2010-11	2009-10
<b>1</b>	<b>ELECTRICITY</b>		
(a)	Purchased Units	117254728	119913564
	Total Amount (₹ Million)	765.20	727.17
	Rate per unit (₹)	6.52	6.06
(b)	Own Generation		
(i)	Through diesel generator (Unit)	16800	65768
	Unit per Liter of Diesel Oil (Unit)	3.80	3.80
	Cost per Unit (₹ / KWH)	12.09	10.00
(ii)	Through Wind Mill (Unit)	359007	477000
	Cost per Unit. (₹ / KWH)	5.28	0.70
(iii)	Through Steam Turbine / generator	217245530	119471000
	Cost per Unit. (₹ / KWH)	3.83	4.10
<b>2.1</b>	<b>COAL FOR POWER PLANT</b>		
	Quantity – MT	162840	88623
	Total Cost (₹ In Millions)	556.21	351.94
	Average Rate (₹ Per MT)	3416	3971
<b>2.2</b>	<b>COAL FOR SPONGE PLANT</b>		
	Quantity – MT	138222	76889
	Total Cost (₹ In Millions)	650.15	464.40
	Average Rate (₹ Per MT)	4704	6039
<b>3</b>	<b>FURNACE OIL</b>		
	Quantity – MT(Litres)	5307.783	6421000
	Total amount (₹)	167.78	251.38
	Average Rate (₹ Per Litre)	31.61	39.15
<b>4</b>	<b>OTHERS / INTERNAL GENERATION</b>		
	Quantity used	Nil	Nil
	Total Cost (₹)	Nil	Nil
	Rate / unit	Nil	Nil

**B. CONSUMPTION PER UNIT OF PRODUCTION**

SR. NO.	PARTICULARS	STANDARDS (IF ANY)	2010-11	2009-10
1	Electricity			
(a)	For Steel Billets / TMT / DI Pipes (KWH/Ton)	NA	745	754
(b)	For Equipment manufacturing Equipment (KWH / Equipment Dispatched)	NA	8993	4653
2	Furnace Oil	NA	NA	NA
3	Coal	NA	NA	NA
4	Lignite	NA	NA	NA

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



**ANNEXURE - "B" TO DIRECTORS' REPORT****GROUP FOR INTER SE TRANSFER OF SHARES :**

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

Sr. No.	Name of the Company	Sr. No.	Name of the Company
1.	Adroit Trading & Investment Company	2.	Afghan Trading Pvt. Limited
3.	Ahmedabad Aviation & Aeronautics Limited	4.	Alwar Trading & Investment Company
5.	Airfones Innovative Pvt. Limited	6.	Arjun Ceramics & Carbon Pvt. Limited
7.	Bhandari Real Estate Pvt. Limited	8.	BNB Real Estate Pvt. Limited
9.	Bhandari Brothers Commercial Pvt. Limited	10.	Crystal Real Estate Pvt. Limited
11.	Electrotherm Solar Limited	12.	EIL Hospitality Pvt. Limited
13.	EIL Realty Pvt. Limited	14.	EIL Software Pvt. Limited
15.	EIL Software Services Offshore Pvt. Limited	16.	Electrotherm Energy Holdings Limited
15.	EIL Technology Pvt. Limited	18.	Electra Transformers Pvt. Limited
19.	ET Elec-Trans Limited	20.	Electrotherm Engineering & Projects Limited
21.	E-Motion Power Limited	22.	Electrotherm Renewables Pvt. Limited
23.	Electrotherm Foundation	24.	Electrotherm Infrastructure Pvt. Limited
25.	Electrotherm Immodo Renewables Limited	26.	Firefly Energy Limited
27.	Gujarat Mint Alloys Limited	28.	Indus Chargers & Controllers Pvt. Limited
29.	Indus Coils & Plates Limited	30.	Indus Real Estate Pvt. Limited
31.	Indus Elec-Trans Pvt. Limited	32.	Jayshri Petro-Yarn Pvt. Limited
33.	Liberty Finance & Leasing Company Pvt. Limited	34.	Magnum Limited
35.	New Delhi Real Estate Pvt. Limited	36.	NET Architectures Pvt. Limited
37.	Palace Tours and Air Charters Pvt. Limited	38.	Palace Solar Energy Limited
39.	Palace Infrastructure Pvt. Limited	40.	Palanpur Reality Developers Pvt. Limited
41.	Sun Residency Pvt. Limited	42.	Suraj Advisory Services Pvt. Limited
43.	S B Realty Developers Pvt. Limited	44.	Suraj Real Estate Pvt. Limited
45.	S N Advisory Pvt. Limited	46.	Sun Infrapower Pvt. Limited
47.	Western India Speciality Hospital Limited		

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****AN OVERVIEW OF ECONOMY:**

The global economy is recovering at different speed in various regions. The world economy is projected to grow at about 4.5 % in 2010 and 4.25% in 2011 (Source :IMF) These positive trends have led to lower risk perceptions, greater global financial stability and improved business sentiments. Having said so, there are some other problematic factors that may impact the future growth. There is economic instability in some countries in Europe. Ireland for example is facing threats of complete banking collapse. Also there has been a surge in prices of commodities and oil leading to high levels of inflation, which has hit normal life especially in emerging economies like India. There is growing unrest in the Middle East and North African region which has affected Asian trade and market sentiments.

The Indian Economy is well on its way to regaining the high growth momentum seen in the period immediately prior to the economic meltdown of 2008. India's GDP grew at a healthy 8.6% in the year 2010-11 as against 8.00% in the previous year. The growth rate shall be 9.00% GDP at the start of fiscal 2011-12. This growth was largely owing to the significant growth in the agricultural sector at 5.4% (0.4% in 2009-10); the service and industrial sectors maintained their previous year's momentum. These positive trends have led to lower risk perceptions, greater global financial stability and improved business sentiments. India is today rated as one of the most attractive investment destinations across the globe.

**INDUSTRY STRUCTURE & DEVELOPMENT****A. ENGINEERING, CAPITAL EQUIPMENT AND PROJECTS DIVISION**

Demand and production of steel in India has been rising continuously over the last few years. The steel ministry has projected the steel production to go up to 200 million tones by 2020 from the present level of around 66 million tones. While china's per capita steel consumption over the last 10 years has hovered around 350 kgs, India's per capita consumption is a meager 40 kg's. Given this, the demand forecast of 200 million tones by 2020 does not seem unrealistic. We expect a sizeable portion of this demand to be met through the secondary steel making route given the various issue related to land and mining being faced by large primary producers in the country today. More and more mini steel plants (0.3 to 0.6 million tones) through the induction route are expected to come up over the next 5 years to cater to regional demands as logistics cost plays a more critical role in PAN India Distribution of long steel products of large producers. New technologies which have been developed over the last few years will help in solving the key issue of refining steel produced through the induction route to bring it at par, with respect to quality, with the primary producers.

The setting up of fully integrated mini steel plants with larger capacities (Iron ore → Kiln → Induction → rolling mill and CPP) is opening up new opportunities for companies like Electrotherm in the areas of material handling, scrap processing and pollution control. The company is gearing up to take advantage of these large opportunities by developing some of these new products which are going to be necessary either for productivity improvement or for making the plants environmentally more compliant.

**Developments****1. Induction Melting:**

- Bigger capacity furnace with improved efficiency to produce steel cheaper by about 600 / ton compared to smaller capacity furnace.
- Development of continuous casting machine for smaller heat size. This helps improving our end customer's productivity while still remain cost effective.
- Efficient furnace for foundry.
- Development of higher capacity induction melting furnace for aluminum.
- Automation to improve operational efficiency and increase utilization factor up to 94 %.

**2. Induction Heating and Hardening:**

- Enhancement in the operating frequency and power range of High frequency power supply.
- Digital controller for all power supply above 10 KHz frequency.

**3. Dynamic power factor correction system and Thyristor switched capacitor bank:**

Dynamic power factor correction system being developed by the company is state of the art technology which gives superior response time helps maintaining constant power factor of the plant with fluctuating reactive power of the load.

**4. Quality steel production through Induction Furnace:**

Direct Reduced Iron (DRI) has increased for production steel in induction furnace to the tune of 70 % to 80%, which has aggravated the issue of higher Phosphorus and Sulfur level in steel produced through Induction Furnace route. The induction refining equipment helps to produce steel with lower Phosphorus and Sulfur. This has open up new avenue to those who uses induction furnace to produce steel using higher percentage of DRI and new route getting establish to produce quality steel in small size (50,000 to 2,50,000 tons / annum) which is economically competitive to ARC furnace route.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****B. SPECIAL STEEL DIVISION****Steel Industry**

World Steel forecasts that apparent steel use will increase by 5.9% to 1,359 mmt in 2011, following 13.2% growth in 2010. In 2012, it is forecast that world steel demand will grow further by 6.0% to reach a new record of 1,441 mmt. (Source: World Steel Association)

India is the 5th largest producer of crude steel in the world and is expected to become the 2nd largest producer by 2015-16. India continues to maintain its lead position as the world's largest producer of direct reduced iron (DRI) or sponge iron during January-December 2010, a rank it has held on since 2002.

Despite the recessionary trend continuing in the beginning of the year and restricted supply of iron ore from Hospet region, the steel production was not affected substantially. In the year 2010-11, the crude steel production in India was 68.2 MMT approximately, registering a growth of over 4% over previous year.

**Secondary route in Domestic Steel production**

In India, the secondary producers of steel are currently playing an important role in production and growth of steel industry. In the annual report for FY 2010-11, the Indian Ministry of Steel recognized the contribution of several relatively smaller and medium scale units such as Sponge iron plants, Mini Blast Furnace units, Electric Arc Furnaces, Induction Furnaces, which not only play an important role in production of secondary steel, but also contribute substantial value addition in terms of quality, innovation and cost effectiveness.

**Per Capita Consumption of Finished Steel**

The present per capita consumption of steel in the country is only around 49 kg against the world average of 182 kg. China growing and large economy like India registered a per capita steel consumption in excess of 400Kgs during 2009-10. A study has been commissioned through the Joint Plant Committee (JPC) during the 2010-11 to estimate the per capita demand for iron and steel in the rural sector of India and to determine the factors that can contribute to its enhancement. The findings of the study are expected to be finalized by June 2011. (Source: Ministry of Steel, India)

**Share of Induction route**

The SME sector in India has benefited largely from the ability to set up Mini Steel Mills with Induction route. The Induction furnace technology helps SMEs to set up Steel production facility within a short period of time and with reasonably small investment. Besides it also offers operational flexibility in terms of production, given the variation in the raw material availability. On the whole, for a mini steel mill, it is very economical to produce steel through the induction route.

With the introduction of better technology and building of larger capacity induction furnaces, primarily by the efforts of Electrotherm, the total installed capacity for induction route of Steel production has steadily increased over the years.

**DI Pipe Industry**

Domestic DI pipe manufacturing capacity stood at about 1.2 MMT by the end of the year 2010-11. Present capacity utilisation is about 70-75% in the industry.

It is to be noted that almost all major manufacturers have backward integration with in-house pig iron manufacturing facility. Most of them also have captive iron ore mines.

Domestic DI pipe demand grew steadily at the rate of 12% over the last five years and stood at around 1 MMT by the end of FY 2010-11. There is additional demand that is being created through increasing investments by the local government bodies in installing new water supply facilities. This has yet to be serviced and presents a positive outlook for the DI Pipe market.

Prices realisation of DI pipes were in the range of 42,000 to 48,000 during year 2010-11 with an average realisation of around 45000. Prices of DI pipes depend on basic raw material prices such as Pig Iron and prevailing demand-supply scenario for DI pipes.

The Company has retained its position as third largest manufacturer of DI Pipe (by actual production), and is augmenting its capacity further.

**Developments**

The Company renewed the appointment of ECS (Eicher Consultancy Services, subsidiary of Price Waterhouse Coopers) to help it with productivity & EBITDA improvements through FY 2010-11. Several process improvements have been made in SMS, TMT Mill & Structural Mill to improve the productivity & optimize cost.

The Company is a leading manufacturer of DI Pipe and has commissioned its 128 m<sup>3</sup> Blast Furnace & new facility for DI Pipe production of higher diameter up-to 1200 mm. The Company also got BIS approval for higher sizes of DI Pipes up-to 1200 mm. The Marketing & Distribution Network for DIP has been expanded by opening offices across 8 states in the Country & experienced people have been leading the marketing function across the network.

With the approval from Power Grid Corporation, the company has established credibility in the market and is poised to increase the production of angles for Transmission Line Tower (TLT) applications. The Company has also received BIS approval for its MS Billets which has improved its realization in the Gujarat market.



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Electro TMT Plus bars have a lion's share of Gujarat market and with the brand image, the price realizations are steadily improving and the product has been approved for supply to various large Government & private projects.

### C. ELECTRIC VEHICLE DIVISION

Electric Vehicle market has seen an upward trend, in India, in the last quarter wherein there is growth in revenues of more than 45% due to the following:

- a) Subsidy from the Central Government
- b) Petrol Price hike
- c) Better performance of YO bykes

We believe the petrol prices will continue to rise due to increasing demand and therefore electric vehicles will come forth as an alternative solution for the consumer over the period of time.

YObykes will be able to take best advantage of this situation because of it being the longest standing brand in the market, its reputation of being the EV technology leader and vast network across India. Also, the Promoters of Electrotherm are starting an independent venture wherein they will produce batteries for deep discharge application. The technology they have acquired from an US based technology oriented company which has got the world class Microcell Carbon Foam technology for making the batteries for Deep-discharge application. We believe these batteries will be the game changer for YObykes because of their ability to stand longer life cycles, higher energy density and its ability to take faster charge and discharge.

We have started various initiatives in our division with objective to consolidate our position in the market and extract maximum from this opportunity. The results of these initiatives will be visible from the end of this quarter.

### INTERNAL CONTROL SYSTEM, IT SECURITY AND ADEQUACY

After successful implementation of SAP in major divisions, the company has rolled out SAP in other divisions during the year 2010-11.

Company has gained enormously in terms of bringing transparency, improved operational efficiency and moreover the controls in the operations apart from other intangible benefits.

To further strengthen the Information control, your company revamped the whole IT infrastructure and built well equipped data center. Your company has implemented complete suite of Microsoft solutions and signed Enterprise Agreement which made your company license compliant. Entire infrastructure solution runs on HP hardware platform. Enough redundancy has been built to take care of any contingency to ensure business continuity.

Your company has been secured from any external threats to the information system and data. Your company has deployed Data Loss Prevention (DLP) solution to protect precious business data from theft, loss & pilferage. There had been no single incidence reported of virus attack or intrusions during the entire year.

Robust back-up & recovery procedure has been built and practiced to ensure minimum down time to rebuild whole system in case of any technical failures or any catastrophe.

Your company has built secured & scalable data communication infrastructure to connect its plants & offices across the geographies of its presence.

### RISK AND CONCERNS

The Company's business and results of operations may be adversely affected by various factors like slowdown in growth of Steel consumption in the Indian and global markets, fluctuations in the price and availability of key raw materials, change in tariffs and levies, etc and also Company's operating results of the Company might fluctuate in future due to a number of factors, many of which are beyond control and it shall not be predict.

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

### DEVELOPMENT IN HUMAN RESOURCES FRONT

The Company's journey on a high trajectory necessitates the enhancement of the organization's capability to meet the demands of the dynamic business environment. During the year, the Company has taken following initiatives on Human Resource front:

- Organization Building through HR capability building with help of KPMG
- Launched "People First Initiatives" for HR transformation.
- Engaged TAACT (Technocrat's Academy of Automation & Control Training) to establish Technical Training Centre for technical skill up-gradation of Engineers.
- Institutionalized ET Academy of Excellence for empowerment through Learning & Development to enhance functional competencies and behavioral reformation.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

- Institutionalized "Office of Strategy Management and Organization Transformation" to become Strategy Focused Organization and transform in to New Generation Organization.
- Organized Competency Development Centre with assistance from KPMG for top 70 Managers to enhance managerial band width.
- Revisited Vision, Mission through a structured workshop facilitated by KPMG to evolve new ET Vision & Mission and Value System.
- Conducted Strategy Awareness Program by IIM Ahmedabad. Organized Strategy formulation workshop internally to construct strategy Map and Balanced Scorecard to link it with performance management system.

### DISCUSSION ON RESULTS OF OPERATIONS :

#### ANALYSIS OF PROFIT & LOSS ACCOUNT :

(₹ In Millions)

Sr. No.	Particulars	2010-11	2009-10	2008-09
<b>A</b>	<b>INCOME</b>			
1	Sales	22968.93	20027.53	16827.75
2	Other Income	145.30	140.82	69.36
3	Increase / (Decrease) in stock	4827.38	(111.82)	903.28
	<b>Total Income</b>	<b>27941.61</b>	<b>20056.53</b>	<b>17800.39</b>
<b>B</b>	<b>EXPENDITURE</b>			
1	Material Cost (including Stores & Spares)	20716.22	13958.13	12534.40
2	Manufacturing Expense	1890.82	1713.41	1472.40
3	Employee Cost	645.93	517.97	389.51
4	Administrative & General Expense	463.20	399.45	439.84
5	Selling Expense	720.59	581.50	501.97
6	Research & Development Expense	2.55	26.91	21.14
	<b>Total Expenses</b>	<b>24439.31</b>	<b>17197.38</b>	<b>15359.26</b>
<b>7</b>	<b>Profit Before Depreciation, Interest &amp; Tax (PBIDT)</b>	<b>3412.19</b>	<b>2859.15</b>	<b>2441.13</b>
8	Financial Expense	1924.82	1332.52	1150.47
	<b>Profit Before Depreciation</b>	<b>1487.38</b>	<b>1526.63</b>	<b>1290.66</b>
9	Depreciation	1077.77	723.76	517.91
<b>10</b>	<b>Profit Before Tax (PBT)</b>	<b>409.61</b>	<b>802.87</b>	<b>772.75</b>
11	Tax	126.77	256.84	265.61
<b>12</b>	<b>Net Profit (PAT)</b>	<b>282.84</b>	<b>546.03</b>	<b>507.14</b>
13	Prior Period Adjustment	5.42	(8.06)	15.31
<b>14</b>	<b>Profit After Prior Period Adjustment</b>	<b>288.27</b>	<b>537.97</b>	<b>522.45</b>

#### INCOME COMPARISON :

(₹ In Millions)

Particulars	2010-11	2009-10	2008-09
<b>Sales</b>			
Capital Equipment, Engineering & Projects	2490.82	2038.12	3410.60
Special Steel	20227.69	17732.60	12949.06
Electric Vehicles	250.43	256.81	468.09
<b>Total Sales</b>	<b>22968.93</b>	<b>20027.53</b>	<b>16827.75</b>
Other Income	145.30	140.82	69.36

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Sales for the Year have increased to 22969 Millions from 20028 Millions in FY 10-11 showing a growth of 14.68%. The growth is mainly due to growth of 14.06% in the turnover of Steel Segment and 22.21% in Capital Equipment and E&P. Turnover for Electric Vehicle division has also declined by 2.48%, mainly due to shrunk in category by 40% during the last year, due to closure of large number of small units.

**MATERIAL COST :**

Material Cost for last three Financial Years are compared below:

(₹ in Millions)

Particulars	2010-11	2009-10	2008-09
Material Cost (including Stores & Spares)	20716.22	13958.13	12534.40
Material Cost as % of (Sales + Increase / (Decrease) in Stock)	74.53%	70.09%	70.69%

Raw Material Cost during 2010-11 increased due to price pressure has been reduced during the year due to better utilization of backward integration facilities, such as Sponge Iron, Sinter, Blast Furnace. The Company has been able to absorb impact of price rise in basic raw materials for Steel manufacturing.

**POWER & FUEL COST :**

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

(₹ in Millions)

Particulars	2010-11	2009-10	2008-09
Power & Fuel Cost	1333.59	1110.19	965.92
Power & Fuel Cost as % of (Sales + Increase / (Decrease) in Stock)	4.79%	5.54%	5.75%

Power & Fuel Cost has come down from peak level of 2008-09 and is again reduce from 5.54% in 2009-10 to 4.79% in 2010-11 due to more capacity utilization of Power plant.

**REPAIR AND MAINTENANCE COST :**

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

(₹ in Millions)

Particulars	2010-11	2009-10	2008-09
Repair and Maintenance Cost	24.98	35.91	13.63
Repair and Maintenance Cost as % of Sales	0.11%	0.18%	0.08%
Repair and Maintenance Cost as % of Gross Block	0.13%	0.22%	0.18%

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

**EMPLOYEE COST :**

Employee Cost for last three Financial Years are compared below:

(₹ in Millions)

Particulars	2010-11	2009-10	2008-09
Employee Cost	645.93	517.97	389.51
Employee Cost as % of Sales	2.81%	2.59%	2.31%

Employee Cost in absolute terms has gone up due to increase in the employee strength 1350 in 2008-09 and from 1856 at the end of 2009-10 to 2640 in 2010-11. This is in line with the growth in the business of the Company; Employee Cost is marginally higher than last year.

**ADMINISTRATIVE AND GENERAL EXPENSES :**

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

(₹ in Millions)

Particulars	2010-11	2009-10	2008-09
Administrative & General Expenses	463.20	399.45	439.84
Administrative & General Expenses as % of Sales	2.02%	1.99%	2.61%

The administrative cost of the Company has increased due to higher lease rent, consultancy expenses and freight expenses compared to previous year in absolute terms as well as % to sales.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### SELLING EXPENSES :

Selling Expense for the last three Financial Years are compared below: (₹ in Millions)

Particulars	2010-11	2009-10	2008-09
Selling Expenses	720.59	581.50	501.97
Selling Expenses as % of Sales	3.14%	2.90%	2.98%

Selling Expenses have increased in absolute term, due to variable portion of selling expenses incurred for achieving higher turnover. However, Selling Expenses as % of sales has also increased.

### FINANCIAL EXPENSES :

Financial Expenses for the last three Financial Years are compared below: (₹ in Millions)

Particulars	2010-11	2009-10	2008-09
Financial Expenses	1924.82	1332.52	1150.47
Financial Expenses as % of Sales	8.38%	6.65%	6.84%

Financial Expenses have increased due to higher amount of debt, which went up from ₹ 11801 Millions at the end of 2009-10 to ₹ 13533 Millions at the end of 2010-11.

### PROFIT BEFORE DEPRECIATION, INTEREST AND TAX (PBDIT) :

PBDIT for last three Financial Years are compared below : (₹ in Millions)

Particulars	2010-11	2009-10	2008-09
PBDIT	3412.19	2859.15	2441.13
PBDIT as % of Sales	14.86%	14.28%	14.51%

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

### CASH PROFIT (PAT + DEFERRED TAX + DEPRECIATION) :

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

(₹ in Millions)

Particulars	2010-11	2009-10	2008-09
Cash Profit	1411.24	1390.18	1197.60
Cash Profit as % of Sales	6.14%	6.94%	7.12%

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

### NET PROFIT :

Net Profit After Tax (before Prior Period Adjustments) for last three Financial Years are compared below: (₹ in Millions)

Particulars	2010-11	2009-10	2008-09
Net Profit	282.84	546.03	507.14
Net Profit as % of Sales	1.23%	2.73%	3.01%

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

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****ANALYSIS OF BALANCE SHEET :**

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

(₹ In Millions)

Sr. No.	Particulars	2010-11	2009-10	2008-09
<b>A</b>	<b>SOURCES OF FUNDS</b>			
1	Shareholders Fund	7294.66	7041.08	4597.82
2	Loan Funds			
2.1	Secured Loans	13545.60	12257.69	10311.74
2.2	Unsecured Loans & others	9097.00	2899.62	1981.94
	<b>Total Loan Funds</b>	<b>22632.60</b>	<b>15157.31</b>	<b>12293.68</b>
3	Deferred Tax Liability	865.13	814.50	694.11
	<b>TOTAL SOURCES</b>	<b>30802.39</b>	<b>23012.89</b>	<b>17585.61</b>
<b>B</b>	<b>APPLICATION OF FUNDS</b>			
1	Fixed Assets (Net)	18066.72	15734.21	10971.90
2	Investments	1083.86	72.69	22.00
3	Current Assets, Loans & Advances	16472.57	12289.34	9178.78
4	Current Liabilities & Provision	5162.97	5469.26	2978.43
	<b>Net Current Assets</b>	<b>11309.60</b>	<b>6820.08</b>	<b>6200.35</b>
5	Misc Expenditure to the extent not written off	342.21	385.92	391.36
	<b>TOTAL APPLICATION</b>	<b>30802.39</b>	<b>23012.89</b>	<b>17585.61</b>

**NET WORTH :**

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

(₹ in Millions)

Particulars	2010-11	2009-10	2008-09
Equity Share Capital	114.76	114.76	114.76
Preference Share Capital	120.00	120.00	120.00
Warrants / Application Money	0.00	0.00	0.00
Reserves & Surplus	7059.89	6806.32	4363.06
<b>Total Net Worth</b>	<b>7294.65</b>	<b>7041.08</b>	<b>4597.82</b>

Neworth of the Company which stood at ₹ 7041.08 millions in financial year 2009-10 jumped to ₹ 7294.65 millions in financial year 2010-11 which shown increased by 253.58 millions during the year.

**SECURED LOANS :**

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

(₹ in Millions)

Particulars	2010-11	2009-10	2008-09
Secured Term Loans	6311.14	6320.01	6320.01
Secured Working Capital Loans	7222.04	4686.76	3991.73
Others	12.43	9.92	8.02
<b>Total</b>	<b>13545.61</b>	<b>11811.14</b>	<b>10319.76</b>



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Secured Loans is increased by ₹ 1467 Millions. This comprised of decreased in Term Loans by ₹ 803.32 Millions and Working Capital Loans increase by ₹ 2535 Millions to support growth in the turnover of the Company.

### FIXED ASSETS :

Fixed Assets of the Company at the end of last three Financial Years are compared below: (₹ in Millions)

Particulars	2010-11	2009-10	2008-09
Gross Block	18745.50	16415.97	7608.27
Capital Work in Progress	2335.04	1221.42	4510.22
<b>Total Fixed Assets</b>	<b>21080.54</b>	<b>17637.39</b>	<b>12118.49</b>
Accumulated Depreciation	3013.82	1903.18	1146.59
<b>Net Block</b>	<b>18066.72</b>	<b>15734.21</b>	<b>10971.90</b>

Fixed Assets increased by ₹ 2332 Millions during the Financial Year. Out of total increase, ₹ 1113 Millions is increased as a result of capital work in progress increase during the year.

### RAW MATERIAL INVENTORY :

Raw Material Inventory of the Company at the end of last three Financial Years are compared below: (₹ in Millions)

Particulars	2010-11	2009-10	2008-09
Value of Raw Material, Stores & Spares	2325.77	3466.99	3035.31
Stock of Raw Material in no. of months' consumption	1.75	2.98	2.91

Level of Raw Material inventory is 1.75 months' of consumption (2.98 months' of consumption) is at lower level than last year.

### FINISHED GOODS AND WIP :

Inventory of Finished Goods and WIP of the Company at the end of last three Financial Years are compared below: (₹ in Millions)

Particulars	2010-11	2009-10	2008-09
Value of Finished Goods & WIP	6201.84	1374.45	1486.27
Stock of Finished Goods & WIP in no. of months' sales	3.22	0.82	1.06

The Company is not able to improve levels of Finished Goods and WIP inventory, due to not selling various inventory by inventory management with better planning in production and marketing front.

### DEBTORS :

Debtors of the Company at the end of last three Financial Years are compared below: (₹ in Millions)

Particulars	2010-11	2009-10	2008-09
Debtors	4820.54	3364.67	2483.87
Debtors equal to no. of months' sale	2.52	2.02	1.77

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

### CURRENT LIABILITIES :

The Current Liabilities of the Company at the end of last three Financial Years are compared below: (₹ in Millions)

Particulars	2010-11	2009-10	2008-09
Current Liabilities	5099.11	5354.70	2894.51
Current Liabilities equal to no. of months' purchase	3.88	4.60	2.77

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

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### PERFORMANCE INDICATORS AND IMPORTANT RATIOS OF ELECTROTHERM :

#### CURRENT RATIO :

(₹ in Millions)

Particulars	2010-11	2009-10	2008-09
Current Assets	16472.58	12289.34	9178.78
Current Liabilities	12385.01	9722.34	6970.16
<b>Current Ratio (Times)</b>	<b>1.33</b>	<b>1.21</b>	<b>1.32</b>

#### TOL/TNW :

(₹ In Millions)

Particulars	2010-11	2009-10	2008-09
Loan Funds	22642.61	15157.31	12293.68
Current Liabilities	5162.97	5469.26	2978.43
<b>Total Outside Liabilities</b>	<b>27805.58</b>	<b>20626.57</b>	<b>15272.11</b>
Less: Loan Pertaining to Assets which are not fully operational	1830.00	0.00	0.00
Less: Loan pertaining to CWIP	330.00	500.00	3000.00
<b>Liabilities pertains to Operation</b>	<b>25645.58</b>	<b>20126.57</b>	<b>12272.11</b>
Total Net Worth	7294.65	7041.08	4597.82
<b>TOL / TNW (Times)</b>	<b>3.52</b>	<b>2.86</b>	<b>2.67</b>

#### DEBT/EBIDTA :

(₹ in Millions)

Particulars	2010-11	2009-10	2008-09
Loan Funds	22642.61	15157.31	12293.68
Less: Loan Pertaining to Assets which are not fully operational	1830.00	0.00	0.00
Less: Loan pertaining to CWIP	330.00	500.00	3000.00
<b>Liabilities pertains to Operation</b>	<b>20482.61</b>	<b>20126.57</b>	<b>12272.11</b>
EBIDTA	3412.19	2859.14	2441.13
<b>Debt / EBIDTA (Times)</b>	<b>6.01</b>	<b>7.04</b>	<b>5.03</b>

#### DEBT SERVICE COVERAGE RATIO :

(₹ in Millions)

Particulars	2010-11	2009-10	2008-09
Profit After Tax	288.25	537.96	522.45
Deferred Tax	50.63	120.39	172.55
Depreciation	1077.77	723.76	517.91
Interest Expense	1924.82	1332.52	1150.47
<b>Total (A)</b>	<b>3341.47</b>	<b>2714.63</b>	<b>2363.38</b>
Interest Expense	1924.82	1332.52	1150.47
Loan Repayment	1563.44	800.20	528.02
<b>Total (B)</b>	<b>3488.26</b>	<b>2132.72</b>	<b>1678.49</b>
<b>DSCR (Times)</b>	<b>0.96</b>	<b>1.27</b>	<b>1.41</b>

#### CAUTIONARY STATEMENT :

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

## REPORT ON CORPORATE GOVERNANCE

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

Electrotherm believes that Corporate Governance is a set of relationship between Company's Management, its Board of Directors, its Shareholders, its Auditors, its Bankers and other stakeholders. Your Company also believes that it is driven by the core values of the Company. Your Company promotes the value of team work, customer orientation, commitment, growth, transparency of corporate structure and operations & trust. These reflect the Company's approach to all its stakeholders in the course of carrying out its business. Your Company further believes that adaptation to changing times is the key to corporate growth and long term survival. Your Company ensures appropriate disclosure to transparently communicate significant events and information regarding the performance of the Company. The Company seeks to comply with all applicable legal, regulatory and other requirements and strives to work constructively with regulatory body.

The Company is in compliance of the requirements of Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges.

### 2. Board of Directors:

The Board of Directors of the Company is having optimum combination of Executive and Non-Executive Directors in compliance of Clause 49 of the Listing Agreement. As on 31st March, 2011, the Board of Directors comprises Eleven Directors out of which Four are Executive Directors, Six are Non-Executive Directors and one is a Nominee Director of the Company. All the Non-Executive Directors are Independent Directors.

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 and Designation of Director	Category	Number of other Directorship and Committee Membership / Chairmanship		
			Other Directorships	Committee Membership	Committee Chairmanship
1.	Mr. Mukesh Bhandari Chairman & Chief Technology Officer	Promoter & Executive	13	1	Nil
2.	Mr. Shailesh Bhandari Managing Director	Promoter & Executive	14	3	2
3.	Mr. Narendra Dalal Whole Time Director	Promoter & Executive	5	1	Nil
4.	Mr. Avinash Bhandari Jt. Managing Director & CEO	Executive	6	1	1
5.	Mr. Nilesh Desai	Independent & Non-Executive	2	2	1
6.	Mr. Madhusudan Somani	Independent & Non-Executive	Nil	Nil	Nil
7.	Mr. Ram Singh	Independent & Non-Executive	1	2	Nil
8.	Mr. Pradeep Krishna Prasad	Independent & Non-Executive	Nil	Nil	Nil
9.	Mr. Ravikumar Trehan	Independent & Non-Executive	Nil	Nil	Nil
10.	Dr. Sudhir Kapur	Independent & Non-Executive	Nil	Nil	Nil
11.	Mr. Ashok Kumar Lahiri*	Independent & Non-Executive	Nil	Nil	Nil
12.	Mr. Parth Gandhi	Nominee Director	01	Nil	Nil

\* Mr. Ashokumar Lahiri has resigned from the Directorship as on 04.02.2011.

\* ICICI Venture Fund Management Company Limited and Investment Manager of India Advantage fund - VI has withdrawn the nomination of Mr. Parth Gandhi on July 06, 2011. Hence, Mr. Parth Gandhi has resigned from directorship on July 06, 2011 which was received by the Company on July 28, 2011 and the Board was approved the same on August 12, 2011.

- Directorships in other Companies mentioned above includes Directorship in Private Company which is a subsidiary of Public Company but excludes Directorships in Private Limited Companies, Unlimited Companies, Section 25 Company and Foreign Companies.

## REPORT ON CORPORATE GOVERNANCE

- While calculating the number of Membership / Chairmanship in Committees of other Companies, Membership / Chairmanship of only Audit Committee and Shareholders' / Investors' Grievance Committee have been considered pursuant to Clause 49 of the listing agreement. None of the Director is a member in more than Ten committees and act as a Chairman in more than Five Committees across all Companies in which he is a Director.
- None of the Directors are related to each other except Mr. Mukesh Bhandari and Mr. Shailesh Bhandari, who are Brothers.

### Board Meetings:

During the financial year 2010 -11, five Board Meetings were held on 19th April 2010, 30th May 2010, 13th August, 2010, 26th October 2010 and 04th February 2011.

Attendance of Directors at the Board Meetings and at the Last Annual General Meeting held on 24th September, 2010 are as under:

Name of Director	Attendance	
	Board Meetings	AGM held on 24.09.2010
Mr. Mukesh Bhandari	4	No
Mr. Shailesh Bhandari	4	Yes
Mr. Avinash Bhandari	4	Yes
Mr. Narendra Dalal	5	No
Mr. Nilesh Desai	3	Yes
Mr. Madhusudan Somani	2	No
Mr. Ram Singh	4	No
Mr. Pradeep Krishna Prasad	5	No
Mr. Ravikumar Trehan	2	No
Mr. Sunay Mathure	1	Not Applicable
Dr. Sudhir Kapur	4	Yes
Mr. Parth Gandhi	2	No
Mr. Ashok Lahiri	1	Not Applicable

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

### 3. Committees of Board

#### A. Audit Committee

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

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

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

The Audit Committee comprises of four members all being Non-Executive Directors. Audit Committee was re-constituted w.e.f. 13th August, 2010 by appointing Mr. Parth Gandhi as a Member of the Audit Committee in place of Mr. Ram Singh. At present, Mr. Madhusudan Somani is the Chairman and Mr. Parth Gandhi, Mr. Nilesh Desai and Dr. Sudhir Kapur are members of the Audit Committee. The Company Secretary acts as secretary to the Audit Committee.

##### (iii) Meetings and Attendance

During the Financial Year 2010-11, four meetings of the Audit Committee were held on 30th May, 2010, 13th August, 2010, 26th October, 2010 and 4th February, 2011.

**REPORT ON CORPORATE GOVERNANCE****Details of Attendance at the Audit Committee**

Name	Designation	Attendance
Mr. Madhusudan Somani	Chairman	2
Mr. Nilesh Desai	Member	4
Mr. Sudhir Kapur	Member	3
Mr. Ram Singh *	Member	2
Mr. Parth Gandhi *	Member	1

\* Mr. Parth Gandhi has been appointed on the Committee w.e.f. 13.08.2010 in place of Mr. Ram Singh.

**B. Remuneration Committee:****(i) Brief description of Terms of Reference**

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

**(ii) Composition of the Committee**

The Remuneration Committee consists of three Non-Executive & Independent Directors, to comply with and meet the requirements of the Listing Agreement and Schedule XIII of the Companies Act, 1956. Mr. Nilesh Desai is the Chairman and Mr. Madhusudan Somani and Mr. Pradeep Krishna Prasad are members of the Remuneration Committee.

**(iii) Meetings and attendance**

During the Financial Year 2010 -2011, No Meeting of the Remuneration Committee was held.

**(iv) Remuneration Policy**

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

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

The details of remuneration paid to Chairman, Managing Directors and Whole Time Director for the Financial Year ended on 31st March, 2011 is as under:

(In ₹)

Name of Executive Director	Salary	Allowances & PF Contribution	Commission	Total
Mr. Mukesh Bhandari	75,00,000	54,00,000	0	1,29,00,000
Mr. Shailesh Bhandari	56,25,000	40,50,000	0	96,75,000
Mr. Avinash Bhandari	22,50,000	16,20,000	0	38,70,000
Mr. Narendra Dalal	20,62,500	14,85,000	0	35,47,500
<b>Total</b>	<b>1,74,37,500</b>	<b>1,25,55,000</b>	<b>0</b>	<b>2,99,92,500</b>

During the year the Company has paid gross sitting Fees of ₹60,000/- to ICICI Venture Fund Management Company Limited, an investment Manager of India Advantage fund-VI as per Shareholders' Agreement entered into with it and which are within the limits prescribed under the Companies Act, 1956 and as fixed by the Board of Directors. No sitting Fees are paid to any other Directors of the Company.

**C. Shareholders'/Investors' Grievance Committee**

The Company has Shareholders'/Investors' Grievance Committee comprising of one Executive Director and two Non-Executive & Independent Directors to expedite the process of redressal of complaints like non-transfer of shares, non-receipt of annual report, non-receipt of dividends etc.

Mr. Ram Singh, a Non-Executive and Independent Director is the Chairman and Mr. Avinash Bhandari and Mr. Nilesh Desai are members of the Committee. The Committee generally meets two times a quarter to expedite all matters relating to shareholders' / investors' grievances received during that period. The Committee reviews summary of share transfers, dematerialization of shares, consolidation or sub-division of shares, complaints received and disposed off etc.

**REPORT ON CORPORATE GOVERNANCE**

During the Financial Year 2010-11, Seven meetings of the Shareholders' / Investors' Grievance Committee were held. Mr. Jigar H. Shah, Company Secretary is the Compliance Officer.

**Details of Shareholders Complaints**

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

Sr.No.	Nature of Complaint	Complaints received	Complaints solved	Complaints pending
1.	Non receipt of Dividend	2	2	NIL
2.	Non receipt of Annual Report	6	6	NIL

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

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

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

During the Financial Year 2010-11, no meeting of the Share allotment Committee was held.

**(ii) Management Committee**

The Company has constituted a Management Committee on 29th October, 2007. The terms of reference of Management Committee includes to look into the day to day functioning and exercise of delegated power of the Board for matters relating to operations and granting of authority for various functional requirements such as issue of Power of Attorney, arranging for vehicle loans, dealings with Central / State Governments and various Statutory / Judicial / Regulatory / Local / Commercial / Excise / Customs / Port / Sales Tax / Income tax / Electricity Board etc. and other authorities on behalf of the Company.

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

During the Financial year 2010-11, Eight Meetings of the Management Committee were held.

**4. General Body Meeting:****(i) Annual General Meetings**

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

AGM	Financial Year	Venue	Date	Time
24th	2009-2010	H. T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	24.09.2010	11.00 A.M.
23rd	2008-2009	H. T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	15.09.2009	11.00 A.M.
22nd	2007-2008	A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380 015	20.06.2008	11.00 A.M.

**Special Resolutions:**

Special Resolutions were passed at the previous three Annual General Meetings:

- (1) Special Resolution under section 163 of the Companies Act, 1956 for keeping the Register of Members, Index of Members and other related books at the premises of the Companies' Registrar and Transfer Agent viz. Link Intime India Private Limited was passed at the 23rd Annual General Meeting held on 15th September, 2009.

## REPORT ON CORPORATE GOVERNANCE

(2) No Special Resolution was passed at the 22nd Annual General Meeting held on 20th June, 2008 and at the 24th Annual General Meeting held on 24th September, 2010

### (ii) Extra Ordinary General Meetings

No Extra Ordinary General Meeting was held during the Financial Year 2010–2011.

### (iii) Postal Ballot

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

## 5. Disclosures:

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

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

### (ii) Code of Conduct

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

In compliance with the Code, directors and senior management of the Company have affirmed compliance with the Code for year ended on 31st March, 2011. The declaration of compliance of Code of Conduct by the Joint Managing Director & CEO is part of this Annual Report.

### (iii) CEO / CFO Certification:

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

### (iv) Cases of Non-Compliance / Penalties:

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

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

### (v) Whistle Blower Policy

The Company has adopted Whistle Blower Policy on the Board Meeting held on August 12, 2011. The Company hereby affirms that all employees, officers and managerial personnel has right to access to the Audit Committee against any violation of the Policy.

### (vi) Non-Mandatory Requirements:

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

(a) The Company has set up a Remuneration Committee. Please see the Para 3B on Remuneration Committee for details.

(b) The Statutory Financial Statements of the Company are unqualified.

## 6. Means of Communication:

The quarterly results are normally published in national and local daily such as "Economic Times" in English and Gujarati editions.

The Company has its own website [www.electrotherm.com](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 Management Discussion and Analysis Report is attached herewith and form part of the Annual Report.

## REPORT ON CORPORATE GOVERNANCE

### 7. General Shareholder Information:

Day, Date & Time of 25th AGM	Friday, 30th September, 2011 at 11.00 a.m.
Venue of AGM	S-5, Ahmedabad Management Association, ATIRA Complex, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015
Book Closure Date	26th September, 2011 to 30th September, 2011 (Both days inclusive)
Compliance Officer	Mr. Jigar Shah, Company Secretary
Email for Investor Complaint	sec@electrotherm.com
Website	www.electrotherm.com
Financial Year	1st April to 31st March
ISIN with NSDL & CDSL	INE822G01016

### Tentative Financial Calendar for 2011 -2012:

First Quarter Results	On or before 14th August, 2011
Half Yearly Results	On or before 14th November, 2011
Third Quarter Results	On or before 14th February, 2012
Audited Results for 2011-2012	On or before 30th May, 2012

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

Annual Listing Fees for the Financial Year 2011-12 have been paid to both Stock Exchanges and Annual Custodial Fees for the Financial Year 2011-12 have been also paid to NSDL and CSDL.

### B. Market Price Data:

Market price data of Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for the financial year 2010-11 are given below:

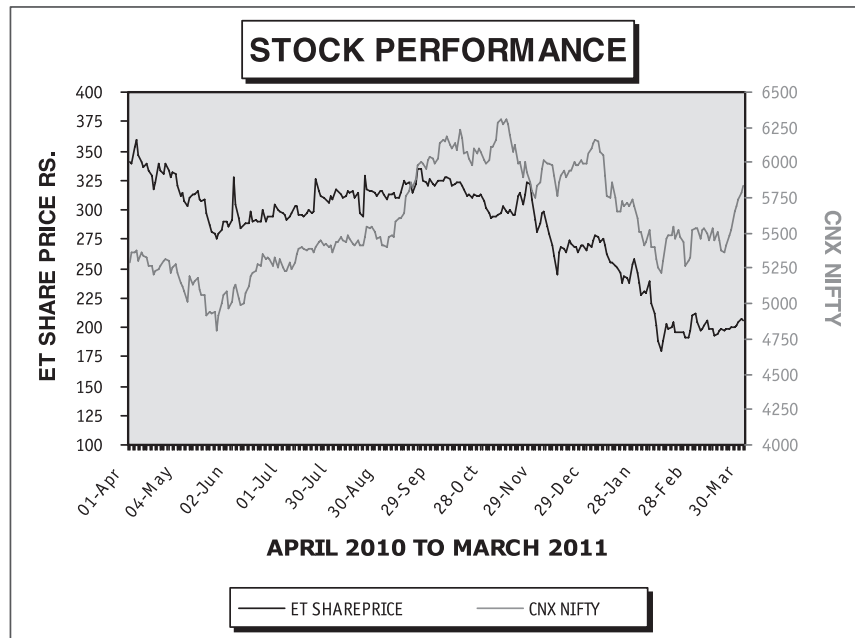
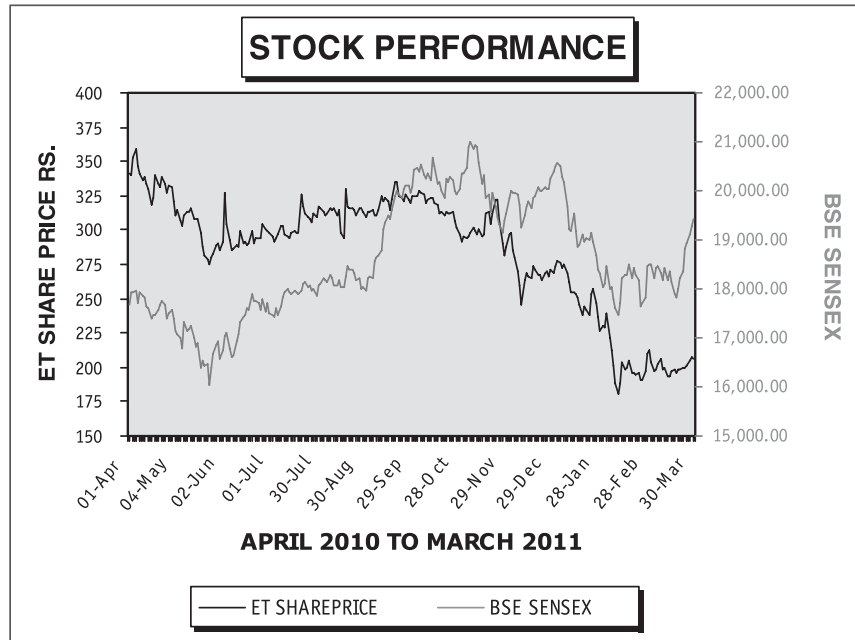
Month	BSE – Share Price		BSE Monthly Volume	NSE – Share Price		NSE Monthly Volume
	High	Low		High	Low	
April, 2010	366.60	314.90	201143	372.50	314.10	244954
May, 2010	333.00	274.00	62149	332.40	275.00	61172
June, 2010	344.45	275.25	329384	344.45	278.00	472454
July, 2010	333.50	291.10	360310	334.00	290.00	588858
August, 2010	344.00	254.30	197946	343.00	270.65	255161
September, 2010	349.80	307.00	223521	349.00	308.20	275435
October, 2010	334.80	290.00	98613	333.00	306.45	103772
November, 2010	342.00	275.05	342815	338.95	272.00	495187
December, 2010	310.00	243.10	97315	305.00	240.00	120608
January, 2011	283.70	225.10	120030	281.00	222.40	185300
February, 2011	241.80	176.10	158232	243.00	177.60	153006
March, 2011	225.05	192.00	144369	225.90	191.00	143175



## REPORT ON CORPORATE GOVERNANCE

### C. Stock Performance:

Performance of share price of the Company in comparison to BSE Sensex for the year 2010–2011 are as under:



### D. Registrar and Share Transfer Agent:

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

#### **LINK INTIME INDIA PVT. LTD.**

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

**REPORT ON CORPORATE GOVERNANCE**
**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, 2011**

Category	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% of Shares
1 – 500	7454	93.82	619472	5.39
501 – 1000	244	3.07	185821	1.61
1,001 – 2000	129	1.62	194600	1.70
2,001 – 3000	38	0.47	94668	0.83
3,001 – 4000	17	0.22	60481	0.53
4,001 – 5000	13	0.17	61918	0.54
5,001 – 10,000	17	0.21	11923	1.04
10,001 & above	33	0.42	10140191	88.36
<b>Total ....</b>	<b>7945</b>	<b>100.00</b>	<b>11476374</b>	<b>100.00</b>

**G. Categories of Shareholding as on 31st March, 2011**

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	59,800	0.52
3.	Banks/Financial Institutions	100	0.00
4.	Insurance Companies	9,384	0.08
5.	Foreign Institutional Investors	2,675	0.02
6.	Foreign Financial Institution	13,66,666	11.91
7.	Bodies Corporate	14,81,978	12.91
8.	NRIs	50,138	0.44
9.	Trusts	13,68,533	11.92
10.	Foreign Companies	20,00,000	17.43
11.	Clearing Members	27,517	0.24
12.	Indian Public	13,41,508	11.70
	<b>Total</b>	<b>1,14,76,374</b>	<b>100.00</b>

## REPORT ON CORPORATE GOVERNANCE

### 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, 2011 is as under:

Sr.No.	Particulars	No. of Shares	% of Paid up Capital
1	Held in Demat form	88,12,897	76.79
2	Held in Physical form	26,63,477	23.21
	<b>Total</b>	<b>1,14,76,374</b>	<b>100.00</b>

No Equity Shares are under lock-in as on 31st March, 2011.

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

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

As on 31st March, 2011, the Company does not have any GDRs/ADRs/Warrants or any other convertible instruments.

### J. Plant Locations:

Engineering & Projects Division : Survey No.: 72, Village: Palodia, Taluka: Kalol, Dist.: Gandhinagar 382 115, Gujarat

Steel & Electric Vehicle Division : Survey No. 325, Village Samkhiyali, Taluka : Bhachau, Dist. Kutch, Gujarat

Wind Farm : Village: Dhank, Taluka:Upleta, Dist.: Rajkot, Gujarat

Renewables Division : 414/1 GIDC, Phase : II, Vatva Industrial Area Ahmedabad - 382 445, Gujarat

Transmission Line Tower Division : Village : Juni Jithardi, Tal : Karjan, Dist : Vadodara, Gujarat

### K. Correspondence:

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

Mr. Jigar Shah  
 Company Secretary  
 Electrotherm (India) Limited  
 A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380 015  
 Phone No. (02717) 234553 to 57 Fax No. (02717) 660600 Email sec@electrotherm.com

### DECLARATION OF CODE OF CONDUCT

As provided under Clause 41 of the Listing Agreement with the stock exchanges, the Board Members and Senior Management Personnel have confirmed compliance with the code of conduct for the year ended on 31st March, 2011.

Date : August 12, 2011  
 Place : Ahmedabad

**Avinash Bhandari**  
*Joint Managing Director & CEO*



**ELECTROTHERM**

## **AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members  
Electrotherm (India) Limited  
Ahmedabad

We have examined the compliance of conditions of Corporate Governance by **Electrotherm (India) Limited** for the year ended on 31st March 2011 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 as stipulated in the said Clause. 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 based on the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

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

**For Mehta Lodha & Co.**  
(Registration No.106250W)  
*Chartered Accountants*

Place : Ahmedabad  
Date : August 12, 2011

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



**AUDITOR'S REPORT**

To,  
The Members  
**ELECTROTHERM (INDIA) LIMITED.**  
**AHMEDABAD**

1. We have audited the attached Balance Sheet of **ELECTROTHERM (INDIA) LIMITED**, as at **31st March, 2011**, the Profit & Loss Account and also the Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Amended order 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanation given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, for the year under consideration.
4. Further to our comments as stated above in para (3) of this report and subject to notes on account & significant accounting policies, we further broadly report that:-
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, read with the notes to accounts and accounting policies, comply with the applicable accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representation received from the Directors of the Company as on March 31st, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31st, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant accounting policies and notes appearing thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
    - (a) in the case of balance sheet, of the state of affairs of the company as at 31st March, 2011;
    - (b) in the case of the profit and loss account, of the profit for the year ended on that date; and
    - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

**For Mehta Lodha & Co.**  
(Registration No.106250W)  
*Chartered Accountants*

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

Place : Ahmedabad  
Date : May 30, 2011

**ANNEXURE TO THE AUDITOR'S REPORT****ANNEXURE REFERRED TO IN PARAGRAPH (3) OF THE AUDIT REPORT OF EVEN DATE OF THE MEMBERS OF ELECTROTHERM (INDIA) LIMITED, ON THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2011.**

- (1) (a) The company has maintained records showing particulars of quantity and situation of fixed assets.
  - (b) As informed to us, the company has formulated a programme of physical verification of all the fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Accordingly, the physical verification of the fixed assets has been carried out by the management during the year and as informed to us, no material discrepancies were noticed on such physical verification.
  - (c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
- (2) (a) As informed to us, during the year the management has conducted physical verification of the inventories (except good in transit and stock lying with third parties) and in our opinion the frequency of verification is reasonable.
  - (b) The procedures of physical verification of inventories followed by the management is broadly reasonable and adequate having regard to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanation given to us, the Company has maintained proper records of inventory. As informed to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (3) (a) As informed to us, the company has taken unsecured loan from the Companies, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956. The aggregate of loan outstanding of six such parties as on the last day of the year is ₹ 11.74 Millions. 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.
  - (b) As informed to us, the company has given loans to the companies firms and other parties listed in the register maintained under section 301 of the Companies Act. In respect of the said loans, the amount outstanding as on the last day of the year is ₹ 120.10 Millions. 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.
- (4) In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the company and the nature of its business with regards to purchases of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (5) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that transactions that need to be entered into the register maintained under section 301 have been so entered.
  - (b) In respect of transactions with parties with whom transactions exceeding value of ₹ 5 Lacs have been entered into during the financial year, are at the prices which are reasonable having regard to the prevailing market prices at the relevant time, except in case of transactions where we are unable to comment owing to the unique and specialized nature of the items and absence of any comparable prices, whether the transactions are made at the prevailing market prices at the relevant time or not.
- (6) In our opinion and according to the information and explanation given to us, the company has not accepted deposits from the public as per the directives issued by the Reserve Bank of India and the provisions of section 58A, section 58AA and any other relevant provisions of the Act and the rules framed there under.
- (7) The Company has an Internal Audit Department system; however, the same is required to be further strengthened with regard to the scope, reporting and its compliance so that it can be commensurate with size and nature of business of the company.
- (8) The Central Government of India has prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the Steel Products and Vehicles and on the basis of the explanation given and our broad review of the records maintained prima facie the company has maintained cost records for the said records for the said Products. The contents of these accounts and records have not been examined by us.
- (9) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees; state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty, Excise Duty and cess were in arrears as at 31st March, 2011 for a period of more than six months from the date they become payable.

## ANNEXURE TO THE AUDITOR'S REPORT

(c) On the basis of information furnished to us, following are the details of outstanding dues in respect of Sales tax, Income tax, Custom duty, Wealth tax, Excise Duty and Cess, which have not been deposited/adjusted/reversed on account of any dispute. :-

NAME OF THE STATUTORY DUES	FORUM WHERE DISPUTE IS PENDING	AMOUNT (₹ In Millions)
Income tax	Commissioner of Income-Tax (Appeals)	1.42
Excise Duty	Central Excise and Custom Appellate Tribunal	5.40
Excise Duty	Commissioner of Central Excise and Custom (Appeals)	910.60
Excise Duty	Dy. Commissioner of Excise and Custom	122.30
Excise Duty	Commissioner of Central Excise	1750.10
Vat	Asst Commissioner of Commercial Tax( Appeals)	0.61

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

**For Mehta Lodha & Co.**  
(Registration No.106250W)  
Chartered Accountants

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

Place : Ahmedabad  
Date : May 30, 2011

**BALANCE SHEET AS AT 31ST MARCH, 2011**

Particulars	Schedule No.	As At March 31, 2011 ₹ In Millions		As At March 31, 2010 ₹ In Millions	
<b>SOURCES OF FUNDS</b>					
<b>Shareholder's Funds :</b>					
1. Share Capital	01	234.76		234.76	
2. Reserves & Surplus	02	7,059.90	7,294.66	6,806.32	7,041.08
<b>Loan Funds :</b>					
1. Secured Loans	03	13,545.60		11,811.14	
2. Unsecured Loans	04	9,097.00	22,642.60	3,346.17	15,157.31
<b>Deferred Tax Liability :</b>					
			865.13		814.50
<b>Total</b>		<b>30,802.39</b>		<b>23,012.89</b>	
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets :</b>					
	05				
1. Gross Block		18,745.51		16,415.97	
2. Less : Depreciation		3,013.83		1,903.20	
3. <b>Net Block</b>		<b>15,731.68</b>		<b>14,512.77</b>	
4. Capital Work-In-Progress		2,335.04	18,066.72	1,221.42	15,734.19
<b>Investments :</b>					
	06		1,083.86		72.69
<b>Current Assets, Loans And Advances :</b>					
1. Inventories	07	8,487.50		4,841.45	
2. Sundry Debtors	08	4,820.54		3,364.67	
3. Cash & Bank Balances	09	1,175.51		1,864.81	
4. Loans & Advances	10	1,989.02		2,218.40	
		<b>16,472.57</b>		<b>12,289.33</b>	
<b>Less : Current Liabilities And Provisions :</b>					
1. Current Liabilities	11	5,099.11		5,354.68	
2. Provisions	12	63.86		114.56	
		<b>5,162.97</b>	<b>11,309.60</b>	<b>5,469.24</b>	<b>6,820.09</b>
<b>Net Current Assets :</b>					
<b>Miscellaneous Expenditure :</b>					
(To the extent not Written off or adjusted)	13		342.21		385.92
<b>Total</b>		<b>30,802.39</b>		<b>23,012.89</b>	

**Notes To The Accounts** 21

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

For and on behalf of Board of Directors

**Prakash D. Shah**  
Partner

**Shailesh Bhandari**  
Managing Director

**Avinash Bhandari**  
Joint Managing Director

Place : Ahmedabad  
Date : May 30, 2011

**Dilipsingh Lodha**  
Chief Financial Officer

**Jigar Shah**  
Company Secretary



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON 31ST MARCH, 2011**

Particulars	Schedule No.	For the year ended March 31, 2011 ₹ In Millions	For the year ended March 31, 2010 ₹ In Millions
<b>INCOME</b>			
Sales & Other Operational Income	14	22,968.93	20,027.53
Other Income	15	145.30	140.82
		<b>23,114.23</b>	<b>20,168.35</b>
<b>EXPENDITURE</b>			
Material Cost		19,797.90	13,039.81
(Increase)/Decrease in Stocks	16	(4,827.39)	111.82
Manufacturing Expenses	17	2,899.24	2,631.73
Employees Remuneration	18	645.93	517.97
Administrative, Selling & General Expenses	19	1,183.81	980.96
Financial Expenses	20	1,924.82	1,332.52
		<b>21,624.31</b>	<b>18,614.81</b>
<b>Profit Before Depreciation and Research &amp; Development Expenses</b>		<b>1,489.92</b>	<b>1,553.54</b>
Research & Development Expenses		2.55	26.91
<b>Profit Before Depreciation</b>		<b>1,487.37</b>	<b>1,526.63</b>
Depreciation		1,112.43	758.43
Amount Tranfered from General Reserve		34.67	34.67
		1,077.76	723.76
<b>Profit Before Tax</b>		<b>409.61</b>	<b>802.87</b>
<b>Less: Provision For</b>			
Income Tax		76.14	136.45
Deferred Tax		50.63	120.39
<b>Net Profit For The Year</b>		<b>282.84</b>	<b>546.03</b>
Prior Period Adjustment- Income Tax and Others		5.41	(8.06)
<b>Profit After Prior Period Adjustment</b>		<b>288.25</b>	<b>537.97</b>
Balance Brought Forward		1,494.03	1,198.05
Transfer to General Reserve		200.00	200.00
<b>Proposed Dividend</b>			
Equity Shares		—	28.69
Preference Shares		—	7.20
Tax on Proposed Dividend		—	6.10
<b>Balance Carried to Balance Sheet</b>		<b>1,582.28</b>	<b>1,494.03</b>
<b>Basic Earnings per share (₹)</b>		25.12	46.14
<b>Diluted Earnings per share (₹)</b>		25.12	46.14
<b>Refer Note No.11 of Schedule 21</b>			
<b>Nominal value of Equity Share (₹)</b>		10.00	10.00

**NOTES TO THE ACCOUNTS**

21

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

**For and on behalf of Board of Directors**
**Prakash D. Shah**  
Partner

**Shailesh Bhandari**  
Managing Director

**Avinash Bhandari**  
Joint Managing Director

Place : Ahmedabad  
Date : May 30, 2011

**Dilipsingh Lodha**  
Chief Financial Officer

**Jigar Shah**  
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

Particulars	For the year ended on 31st March, 2011 ₹ In Millions	For the year ended on 31st March, 2010 ₹ In Millions
<b>A. Cash Flow From Operating Activities</b>		
Net Profit Before Tax	409.61	802.87
Adjustment For :		
Depreciation	1,077.76	723.76
Preliminary & Deferred Revenue Expenses Written Off	92.80	83.12
Dividend Income	—	(0.02)
Interest Paid	1,738.64	1,324.07
Interest Received	(51.26)	(75.70)
Prior Period Adjustment	5.41	(8.06)
Loss On Sale Of Assets	0.69	0.60
<b>Operating Profit Before Changes In Working Capital</b>	<b>3,273.65</b>	<b>2,850.64</b>
Adjustment For :		
Trade & Other Receivable	(1,226.49)	(1,586.95)
Inventories	(3,646.05)	(319.87)
Trade & Other Payable	(283.00)	2,450.08
Cash Generated From Operations	(1,881.89)	3,393.89
Income Tax Paid	57.42	95.71
<b>Cash Flow Before Extraordinary Item</b>	<b>(1,939.31)</b>	<b>3,298.19</b>
<b>Net Cash Flow From Operating Activity [A]</b>	<b>(1,939.31)</b>	<b>3,298.19</b>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets (Incl. Capital Work In Progress)	(3,447.36)	(3,039.88)
Sale of Fixed Assets	1.71	0.49
Investments	(1,011.17)	(50.69)
Dividend Income	—	0.02
Interest Received	51.26	75.70
Preliminary Expenses, Deferred Revenue & Product Development	(49.09)	(77.68)
<b>Net Cash Used In Investing Activities [B]</b>	<b>(4,454.65)</b>	<b>(3,092.04)</b>
<b>C. Cash Flow From Financing Activities</b>		
Amount written off From Business Development Reserve	—	(500.00)
Proceed From Term Loan & Working Capital Borrowing	9,048.73	3,663.83
Repayment of Term Borrowing	(1,563.44)	(800.20)
Dividend Paid	(35.89)	(35.89)
Dividend Tax	(6.10)	(6.10)
Interest Paid	(1,738.64)	(1,324.07)
<b>Net Cash From Financing Activities [C]</b>	<b>5,704.67</b>	<b>997.57</b>
<b>Net Increase (Decrease) In Cash &amp; Cash Equivalents Total [A + B + C]</b>	<b>(689.30)</b>	<b>1,203.72</b>
Cash & Cash Equivalents As At 1st April 2010	1,864.81	661.09
Cash & Cash Equivalents As At 31st March 2011	1,175.51	1,864.81

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

For and on behalf of Board of Directors

**Prakash D. Shah**  
Partner

**Shailesh Bhandari**  
Managing Director

**Avinash Bhandari**  
Joint Managing Director

Place : Ahmedabad  
Date : May 30, 2011

**Dilipsingh Lodha**  
Chief Financial Officer

**Jigar Shah**  
Company Secretary

**SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2011**

Particulars	As at 31st March, 2011 ₹ In Millions	As at 31st March, 2010 ₹ In Millions
<b>SCHEDULE : 01 - SHARE CAPITAL</b>		
<b>Authorised</b>		
2,50,00,000 Equity Shares of ₹ 10/- each	250.00	250.00
2,50,00,000 6% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each	250.00	250.00
<b>Total</b>	<b>500.00</b>	<b>500.00</b>
<b>Issued, Subscribed &amp; Paid Up</b>		
<b>1. Equity Shares</b>		
1,14,76,374(Previous Year 1,14,76,374) Equity Shares of ₹ 10/- each fully paid up (Out of above Shares 9,53,275 Shares are allotted on 13th November, 1995 as fully paid up Bonus Shares by Capitalising General Reserve and Profit & Loss Account)	114.76	114.76
<b>2. Preference Shares</b>		
1,20,00,000 (P.Y. 1,20,00,000) 6 % Non-Cumulative Redeemable Preference Shares of ₹ 10/- each fully paid Up, Redeemable at par.  (35,60,000 Preference Shares Redeemable not later than 11th March 2025, 44,40,000 Preference Shares Redeemable not later than 1st April 2025 and 40,00,000 Preference Shares Redeemable not later than 14th May 2025)	120.00	120.00
<b>Total</b>	<b>234.76</b>	<b>234.76</b>
<b>SCHEDULE : 02 - RESERVES &amp; SURPLUS</b>		
<b>1. Capital Reserve</b>		
As Per Last Balance Sheet	9.11	9.11
<b>2. Share Premium Account</b>		
As Per Last Balance Sheet	2,126.90	2,626.90
Less : Transferred To Business Development Reserve	—	500.00
<b>Sub Total</b>	<b>2,126.90</b>	<b>2,126.90</b>
<b>3. General Reserve</b>		
As Per Last Balance Sheet	3,176.28	529.00
Add : Transfer From Profit & Loss Account	200.00	200.00
Add : Amount Transferred On Revaluation Of Fixed Assets	—	2,481.95
Less : Transferred For Depreciation On Revaluation Of Fixed Assets	34.67	34.67
<b>Sub Total</b>	<b>3,341.61</b>	<b>3,176.28</b>
<b>4. Profit &amp; Loss Account</b>		
	<b>1,582.28</b>	<b>1,494.03</b>
<b>Total</b>	<b>7,059.90</b>	<b>6,806.32</b>


**SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2011**

Particulars	As at 31st March, 2011 ₹ In Millions	As at 31st March, 2010 ₹ In Millions
<b>SCHEDULE : 03 - SECURED LOANS</b>		
<b>1. Working Capital Loans From Banks</b> (Secured by first charge by way of Hypothecation of Stock in Trade & Receivables and Second Charge on all Movable Fixed Assets & Second Charge by way of Equitable Mortgage of all Immovable Properties situated At Vatva, Palodia, Dhank, Samakhiyali - Kutch. Further the loans are guaranteed by the Personal Guarantees of some of the Directors of the company)	7,222.04	4,686.76
<b>2. Long Term And Other Loans From</b>		
<b>A. Banks</b> (Secured by first charge by way of Equitable Mortgage of all immovable properties and hypothecation of specified Movable Assets situated at Vatva, Palodia, Dhank, Samakhiyali - Kutch 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 the Directors).	5,727.23	6,435.96
<b>B. International Finance Corporation (Usd 13 Millions P.Y. 15 Millions)</b> (ECB Loan is secured by first pari passu charge over the Movable Assets and first Pari Passu charge on immovable assets) (includes interest accrued but not due ₹ 5.83 Million (Previous Year ₹ 5.00 Million))	583.91	678.50
<b>C. Vehicle Loans</b> (Secured by hypothecation of specific vehicles)	12.43	9.30
<b>3. Sales Tax Deferment</b> (Amount due within one year ₹ Nil (Previous Year ₹ 0.62))	—	0.62
<b>Total</b>	<b>13,545.61</b>	<b>11,811.14</b>
<b>SCHEDULE : 04 - UNSECURED LOANS</b>		
<b>1. Short Term</b> From Banks	5,422.76	1,509.35
<b>2. Other Loan/Deposits/Advances</b>		
A. From Banks	2,648.81	977.35
B. From International Finance Corporation (US \$ 10 Millions)	448.16	451.25
C. Directors	6.35	0.15
D. Body Corporates	21.76	3.89
E. Customers & Others	549.16	404.18
<b>Total</b>	<b>9,097.00</b>	<b>3,346.17</b>

**SCHEDULE : 05 - FIXED ASSETS**

₹ In Millions

Sr.	Description	Gross Block				Depreciation				Net Block	
		Opening Balance	Addition	Deduction	Closing Balance	Opening Balance	Addition	Deduction	Closing Balance	As At March 31, 2011	As At March 31, 2010
1	Free Hold Land	1,486.92	2.48	—	1,489.40	—	—	—	—	1,489.40	1,486.92
2	Leasehold Land	10.96	—	—	10.96	—	—	—	—	10.96	10.96
3	Building	2,658.09	604.06	—	3,262.15	189.85	95.26	—	285.11	2,977.04	2,468.24
4	Plant And Machinery	12,095.12	1,696.72	—	13,791.84	1,667.46	1,004.38	—	2,671.84	11,120.00	10,427.66
5	Furniture And Fixtures	86.68	17.81	—	104.49	21.27	5.56	—	26.83	77.66	65.41
6	Vehicles	78.20	12.68	4.21	86.67	24.62	7.23	1.80	30.05	56.62	53.58
	<b>Total</b>	<b>16,415.97</b>	<b>2,333.75</b>	<b>4.21</b>	<b>18,745.51</b>	<b>1,903.20</b>	<b>1,112.43</b>	<b>1.80</b>	<b>3,013.83</b>	<b>15,731.68</b>	<b>14,512.77</b>
	Previous Year	7,608.27	8,810.62	2.92	16,415.97	1,146.61	758.43	1.84	1,903.20	14,512.77	6,461.66

**SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2011**

Particulars	As at 31st March, 2011 ₹ In Millions	As at 31st March, 2010 ₹ In Millions
<b>SCHEDULE : 06 - INVESTMENTS</b>		
<b>A) Unquoted :</b>		
1. 6,540 (Previous Year 6,540) Shares of ₹ 25 each of Siddhi Co.Op Bank Ltd.	0.16	0.16
2. National Saving Certificates	0.01	0.01
<b>B) Investment In Subsidiary Companies :</b>		
1. 89,95,127 (Previous Year 49,21,997) Equity Shares of ₹ 10 each of Bhaskarpara Coal Company Limited	89.95	49.22
2. 7,24,400 (Previous Year 2,24,400) Equity Shares of ₹ 10 each of Et Elec-Trans Ltd.	7.24	2.24
3. 38,00,000 (Previous Year 38,00,000) Shares of RMB 1 each of Jinhua Indus Enterprise Ltd.	20.42	20.42
4. 17,770,000 (Previous Year Nil) Equity Shares of ₹ 10/- each of Hans Ispat Ltd.	178.05	—
5. 50,000 (Previous Year Nil) Equity Shares of ₹ 10/- each of Shree Hans Papers Ltd.	0.50	—
6. 100 (Previous Year Nil) Shares of CFA 10,000 each of Electrotherm Mali SARL	0.10	—
7. 7,78,000 (Previous Year Nil) Equity Shares of ₹ 100/- each of Shree Ram Electrocast Pvt Ltd	786.79	—
<b>C) Quoted :</b>		
1. 64288.778 (Previous Year 64288.778) Units of ₹ 10 each of PNB Mutual Fund Market Value of Quoted Investments ₹ 0.68 Millions (Previous Year ₹ 0.71 Millions)	0.64	0.64
<b>Total</b>	<b>1,083.86</b>	<b>72.69</b>

Investment Purchased During The Year	Face Value	No. of Shares	₹ In Million
Bhaskarpara Coal Company Limited	₹ 10	4,073,130	40.73
Et Elec-Trans Limited	₹ 10	500,000	5.00
Hans Ispat Limited	₹ 10	17,770,000	178.05
Shree Hans Papers Limited	₹ 10	50,000	0.50
Electrotherm Mali SARL	CFA. 10000	100	0.10
Shree Ram Electrocast Pvt Limited	₹ 100	778,000	786.79

Particulars	As at 31st March, 2011 ₹ In Millions	As at 31st March, 2010 ₹ In Millions
<b>SCHEDULE : 07 - INVENTORIES</b>		
<b>[As Verified, Valued &amp; Certified By The Management]</b>		
1. Stores, Spares & Fuel	199.89	245.88
2. Raw Materials	2,125.87	3,221.12
3. Work In Process	5,772.38	835.45
4. Finished Goods	429.46	539.00
	8,527.60	4,841.45
Less: Excise Duty Payable on Closing Stock of Finished Goods	40.10	—
<b>Total</b>	<b>8,487.50</b>	<b>4,841.45</b>
<b>SCHEDULE : 08 - SUNDRY DEBTORS (NET)</b>		
<b>[Unsecured Considered Good]</b>		
1. More than Six Months	1,735.74	962.18
2. Others (Includes Dues From Subsidiaries ₹ 5.17 Millions P.Y Nil)	3,084.80	2,402.49
<b>Total</b>	<b>4,820.54</b>	<b>3,364.67</b>

**SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2011**

Particulars	As at 31st March, 2011 ₹ In Millions	As at 31st March, 2010 ₹ In Millions
<b>SCHEDULE : 09 - CASH &amp; BANK BALANCES</b>		
1. Cash on Hand	1.92	1.90
2. Balance with Scheduled Bank in		
[A] Current Account (Includes amount of cheques in hand of ₹ 2.28 millions previous year ₹ 2.28 millions)	118.57	693.92
[B] Fixed Deposits - Under Pledge/Lien of the Bank (Including interest receivable ₹ 8.91 Millions P.Y. 14.57 Millions)	1,054.11	1,168.39
[C] Unpaid Dividend	0.91	0.60
<b>Total</b>	<b>1,175.51</b>	<b>1,864.81</b>
<b>SCHEDULE : 10 - LOANS &amp; ADVANCES [Unsecured Considered Good Or Except Otherwise Stated]</b>		
1. Advances To Subsidiaries	120.10	0.20
2. Advances Recoverable In Cash Or In Kind For Value To Be Received (Net)	141.05	373.48
3. Balance/ Receivable - Excise & Other Govt. Agencies	1,542.96	1,589.14
4. Sundry Deposits	184.91	255.58
<b>Total</b>	<b>1,989.02</b>	<b>2,218.40</b>
<b>SCHEDULE : 11 - CURRENT LIABILITIES</b>		
1. Sundry Creditors (Net)	5,016.60	5,335.98
2. Due to Subsidiaries	2.14	—
3. Statutory Liabilities	79.46	18.10
4. Unpaid Dividend	0.91	0.60
<b>Total</b>	<b>5,099.11</b>	<b>5,354.68</b>
<b>SCHEDULE : 12 - PROVISIONS</b>		
1. Taxation (Net of Advance Tax Paid ₹ 57.42 Millions Previous Year ₹95.71 Millions)	18.52	40.74
2. Employee's Unavailed Leave	28.19	22.81
3. Proposed Dividend (Including Dividend Distribution Tax)	—	41.99
4. Gratuity	17.15	9.02
<b>Total</b>	<b>63.86</b>	<b>114.56</b>
<b>SCHEDULE : 13 : MISCELLANEOUS EXPENDITURES (To the extent not written off or adjusted)</b>		
1. Preliminary Expenses	9.91	17.07
2. Deffered Revenue Expenditure	156.23	216.83
3. Product Development Cost	176.07	152.02
<b>Total</b>	<b>342.21</b>	<b>385.92</b>

**SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2011**

Particulars	For the year ended on 31st March, 2011 ₹ In Millions	For the year ended on 31st March, 2010 ₹ In Millions
<b>SCHEDULE : 14 - SALES &amp; OTHER OPERATIONAL INCOME</b>		
1. Gross Sales	24,275.30	20,220.36
2. Electricity Power Generation - WIND MILL	1.90	3.07
3. Technical know-how & Service income	21.18	45.60
<b>Sub Total</b>	<b>24,298.38</b>	<b>20,269.03</b>
Less : Excise Duty	1,217.60	132.82
Less : Inter Division Sales	111.85	108.68
<b>Total</b>	<b>22,968.93</b>	<b>20,027.53</b>
<b>SCHEDULE : 15 - OTHER INCOME</b>		
1. Interest Income (Gross) [T.D.S ₹ 5.29 Millions (Previous Year ₹ 7.13 Millions)]	51.26	75.70
2. Rent Income(Gross) [T.D.S ₹ 1.60 Millions (Previous Year ₹ 3.14 Millions)]	16.05	19.20
3. Dividend Income (Gross) [T.D.S. ₹ Nil Previous Year ₹ Nil]	—	0.02
4. Miscellaneous Income	77.99	45.90
<b>Total</b>	<b>145.30</b>	<b>140.82</b>
<b>SCHEDULE : 16 - INCREASE/DECREASE IN STOCK</b>		
<b>A Opening Stock</b>		
1. Work In Process	835.45	981.99
2. Finished Goods	539.00	504.28
<b>Sub Total</b>	<b>1,374.45</b>	<b>1,486.27</b>
<b>B Closing Stock</b>		
1. Work In Process	5,772.38	835.45
2. Finished Goods	429.46	539.00
<b>Sub Total</b>	<b>6,201.84</b>	<b>1,374.45</b>
<b>Increase (Decrease) In Stock (B - A)</b>	<b>4,827.39</b>	<b>(111.82)</b>
<b>SCHEDULE : 17 - MANUFACTURING EXPENSES</b>		
1. Job Charges	532.25	567.31
2. Power & Fuel	1,333.59	1,110.19
3. Stores Consumption	1,008.42	918.32
4. Repairs & Maintenance		
[A] Machinery	7.20	3.48
[B] Building	4.94	5.87
[C] Others	12.84	26.56
<b>Total</b>	<b>2,899.24</b>	<b>2,631.73</b>

**SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2011**

Particulars	For the year ended on 31st March, 2011 ₹ In Millions	For the year ended on 31st March, 2010 ₹ In Millions
<b>SCHEDULE : 18 - EMPLOYEES REMUNERATION</b>		
1. Salary, Wages & Bonus	593.81	478.10
2. Staff & Labour Welfare	13.22	11.82
3. Contribution To Provident Fund & Other Funds	38.90	28.05
<b>Total</b>	<b>645.93</b>	<b>517.97</b>
<b>SCHEDULE : 19 - ADMINISTRATIVE, SELLING &amp; GENERAL EXPENSES</b>		
1. Post-Telephone & Fax Expenses	21.25	19.37
2. Printing & Stationery	13.37	11.04
3. Vehicle Expenses	13.44	11.12
4. Conveyance Expenses	4.26	4.97
5. Hire-Lease-Rent Charges	69.20	17.26
6. Security Charges	11.04	9.21
7. Insurance	14.96	8.41
8. Subscription & Membership	2.42	2.25
9. Consultation & Legal Expenses	80.51	66.16
10. Rates & Taxes	9.75	7.81
11. Travelling Expenses	64.64	103.11
12. Sales Commission	94.05	92.50
13. Advertising & Sales-Development Expenses	200.25	160.21
14. Net Freight Outward And Other Expenses	480.63	373.76
15. Donation	0.81	0.23
16. Net Sundry Balances Written Off/(Back)	(18.61)	(63.03)
17. Miscellaneous Expenses	76.57	77.76
18. Preliminary Expenses Written Off	7.34	7.34
19. Net Foreign Exchange Fluctuation	(2.86)	70.88
20. Net Loss On Sale Of Fixed Assets	0.69	0.60
21. Excise Duty On Closing Stock Of Finished Goods	40.10	—
<b>TOTAL</b>	<b>1,183.81</b>	<b>980.96</b>
<b>SCHEDULE : 20 - FINANCIAL EXPENSES</b>		
1. Interest on Working Capital	990.84	548.25
2. Interest on Term Loan	700.53	745.77
3. Interest to Others	47.27	30.04
4. Bank charges	368.81	377.22
<b>SUB TOTAL</b>	<b>2,107.45</b>	<b>1,701.28</b>
Less: Interest Capitalized	182.63	368.76
<b>TOTAL</b>	<b>1,924.82</b>	<b>1,332.52</b>



**NOTES TO THE ACCOUNTS****SCHEDULE-21 : NOTES TO THE ACCOUNTS****1. SIGNIFICANT ACCOUNTING POLICIES:****(A) BASIS OF PREPARATION OF ACCOUNTS:**

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

**(B) USE OF ESTIMATES:**

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

**(C) REVENUE RECOGNITION:**

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

**(D) FIXED ASSETS:**

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

**(E) DEPRECIATION:**

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

Depreciation on all assets has been provided on Straight Line Method (S.L.M) except assets at Chattral Unit on which depreciation has been provided on Written down Value Method (W.D.V.).

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

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

**(F) INVESTMENTS:**

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

**(G) INVENTORIES:**

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

**(H) RESEARCH AND DEVELOPMENT:**

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

**(I) FOREIGN EXCHANGE TRANSACTIONS:**

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

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

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

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

## NOTES TO THE ACCOUNTS

### (J) TAXES ON INCOME :

Current tax is determined as the amount of tax payable in respect of taxable income for the period and the credits computed in accordance with the provisions of the Income Tax 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

### (K) LEASES:

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

### (L) BORROWING COSTS:

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset till put for its intended use is capitalized as part of the cost of that asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing cost(except as stated in note no 7) is charged to revenue.

### (M) IMPAIRMENT OF ASSETS:

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

### (N) DEFERRED REVENUE EXPENDITURE :

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

### (O) RETIREMENT / POST RETIREMENT BENEFITS:

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

The company contributes to Group Gratuity policy with SBI Life Insurance Company Limited 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.

### (P) PROVISIONS AND CONTINGENT LIABILITIES:

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

### (Q) SEGMENT REPORTING

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

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


**NOTES TO THE ACCOUNTS**

2.1 As per Accounting Standard 15 "Employee Benefit", the disclosures as defined in the Accounting Standard are given below:

(₹ In Million)

Particulars	Current Year			Previous Year		
<b>A) Defined contribution plan</b>						
Employer's Contribution to Provident Fund		22.15			18.40	
Employer's Contribution to Pension Scheme		16.75			9.63	
	<b>Grauity Unfunded</b>	<b>Grauity Funded</b>	<b>Leave Encashment</b>	<b>Grauity Unfunded</b>	<b>Grauity Funded</b>	<b>Leave Encashment</b>
<b>B) Defined Benefit Plans -</b>						
<b>a) Liability recognised in the Balance Sheet</b>						
i) Present Value of obligation at the beginning of the Period	6.42	16.90	22.81	4.02	24.11	11.89
Current Service Cost	4.62	4.35	4.23	2.64	3.87	2.65
Adjustment due to Valuation	0.00	3.35	0.00	0.00	0.00	0.00
Interest Cost	0.51	1.62	1.83	0.32	1.93	0.95
Actuarial (Gain)/Loss	(1.74)	1.49	4.52	(0.56)	(12.97)	10.93
Benefit Paid	(0.22)	(0.62)	(5.19)	0.00	(0.04)	(3.61)
<b>Present Value of obligation as at year end</b>	<b>9.59</b>	<b>27.09</b>	<b>28.19</b>	<b>6.42</b>	<b>16.90</b>	<b>22.81</b>
Less:						
ii) Fair Value of Plan Assets at the beginning of the Period	0.00	14.30	0.00	0.00	0.00	0.00
Expected return on Plan Assets	0.00	1.14	0.00	0.00	0.27	0.00
Actuarial gain/(loss)	0.00	0.08	0.00	0.00	0.07	0.00
Employers' Contribution	0.22	4.62	5.19	0.00	6.72	3.61
Benefit Paid	(0.22)	(0.62)	(5.19)	0.00	(0.04)	(3.61)
<b>Fair Value of Plan Assets as at year end</b>	<b>0.00</b>	<b>19.53</b>	<b>0.00</b>	<b>0.00</b>	<b>14.30</b>	<b>0.00</b>
<b>Amount recognised in the Balance Sheet or Paid to Fund Manager</b>	<b>(9.59)</b>	<b>(7.56)</b>	<b>(28.19)</b>	<b>(6.42)</b>	<b>(2.60)</b>	<b>(22.81)</b>
<b>b) Expenses during the year</b>						
Service Cost	4.62	4.35	4.23	2.64	3.87	2.65
Interest Cost	0.51	1.62	1.83	0.32	1.93	0.95
Expected return on Plan assets	0.00	(1.14)	0.00	0.00	(0.27)	0.00
Actuarial (Gain)/Loss	(1.74)	1.41	4.52	(0.56)	(13.03)	10.93
<b>Total</b>	<b>3.39</b>	<b>6.24</b>	<b>10.57</b>	<b>2.40</b>	<b>(7.50)</b>	<b>14.53</b>
<b>c) Actual Return on plan assets</b>	<b>0.00</b>	<b>1.23</b>	<b>0.00</b>	<b>0.00</b>	<b>6.80</b>	<b>0.00</b>
<b>d) Break up of Plan Assets as a percentage of total Plan Assets (Percentage or Value)</b>						
Insurer managed Funds	NIL	100%	NIL	NIL	100%	NIL
<b>e) Principal actuarial assumptions</b>						
Rate of Discounting	8.25%	8.25%	8.00%	8.00%	8.00%	8.00%
Expected return on Plan Assets	8.25%	8.25%	8.00%	8.00%	8.00%	8.00%
Rate of increase in Salaries	6.00%	6.00%	6.00%	6.00%	5.00%	6.00%
Attrition Rate	2.00%	2.00%	1.00%	1.00%	8.00%	1.00%



## NOTES TO THE ACCOUNTS

## 2.2 QUANTITATIVE AND OTHER INFORMATION:

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

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

SN	Particulars	Unit	Current Year		Previous Year	
			Installed Capacity	Actual Production	Installed Capacity	Actual Production
1	Electronic Furnaces and other capital equipments.	Sets	350	291	350	282
2	Wind Power generation	KW Million KWH	500 0.80	0 0.359	500 0.80	0 0.557
3	Battery Operated Vehicles	Nos	150000	8190	150000	8021
4	Ferrous and Non-Ferrous Billets /Bars/Ingots (excluding captive consumption)	MT	314000	247282	314000	282376
5	Duct Iron Pipes	MT	192000	82998	150000	63635
6	Sponge & Pig Iron	MT	286000	3085	286000	11414

## B. OPENING AND CLOSING STOCK OF FINISHED GOODS.

SN	Particulars	Units	Opening Stock				Closing Stock			
			Current Year		Previous Year		Current Year		Previous Year	
			Qty.	Value ₹ Millions	Qty.	Value ₹ Millions	Qty.	Value ₹ Millions	Qty.	Value ₹ Millions
(a)	Ferrous and Non-Ferrous Billets /Bars/Ingots	MT	3550	123.77	3289	141.11	4872	308.20	3550	123.77
(b)	Duct Iron Pipes	MT	8667	411.68	6862	356.82	2507	119.54	8667	411.68
(c)	Battery Operated Vehicles (with spares in value)	Nos.	156	3.55	287	6.35	84	1.72	156	3.55
	<b>TOTAL</b>			<b>539.00</b>		<b>504.28</b>		<b>429.46</b>		<b>539.00</b>

## C. GROSS SALES AND OTHER OPERATIONAL INCOME:-

Particulars	Unit	Current Year		Previous Year	
		Qty.	₹ Millions	Qty.	₹ Millions
Electronic Furnaces & Other Capital Equipment	No.	291	2098.61	282	1581.60
Ferrous and Non-Ferrous Billets /Bars/Ingots	MT	245960	9079.85	282115	9211.55
Duct Iron Pipes	MT	89158	4208.27	61830	2954.11
S.S. Flats / S.S. Billets Trade	MT	87986	6310.74	78285	5389.41
Battery Operated Vehicles ( spares in value)	No.	8262	250.33	8152	256.81#
Electricity Power Generation	Million / KW	0.359	1.90	0.557	3.07
Sponge & Pig Iron	MT	3085*	45.45	11414	177.52
Spares / Up Gradation Income & Misc. Sale			952.60		407.86
Technical Fees & Service income			21.18		45.60
<b>Net Sales &amp; Other Operational Income</b>			<b>22,968.93</b>		<b>20,027.53</b>
Excise Duty			1217.60		132.82
Inter Division Transfer			111.85		108.68
<b>Gross Sales &amp; Other Operational Income</b>			<b>24,298.38</b>		<b>20,269.03</b>

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

\* Includes Captive consumption towards fixed assets of ₹ 265.46 Millions (Previous Year ₹ 123.40 Millions).

**NOTES TO THE ACCOUNTS****D. DETAILS OF RAW MATERIAL CONSUMED /MATERIAL COST:**

Particulars	Unit	Current Year		Previous Year	
		Qty.	₹ Millions	Qty.	₹ Millions
M.S. Scrap/S.S. Scrap	MT	192275	4762.27	158152	2959.61
S.S. Flats / S.S. Billets Trade	MT	87986	6186.94	78285	4209.14
Other Materials*		0	8848.69	0	5871.06
<b>TOTAL</b>			<b>19797.90</b>		<b>13039.81</b>

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

**E. VALUE OF IMPORTS CALCULATED ON CIF BASIS:**

PARTICULARS	Current Year ₹ Millions	Previous year ₹ Millions
Raw Materials	3248.17	2454.79
Stores	205.82	103.96
Capital Goods	34.88	357.19
<b>Total</b>	<b>3488.87</b>	<b>2915.94</b>

**F. VALUE OF RAW MATERIAL COST AND STORES & SPARES CONSUMED:**

PARTICULARS	Current Year		Previous Year	
	₹ Millions	%	₹ Millions	%
<b>Raw Materials</b>				
(i) Imported	3883.23	28.53	2116.55	23.97
(ii) Indigenous	9727.73	71.47	6714.12	76.03
<b>Total</b>	<b>13610.96</b>	<b>100.00</b>	<b>8830.67</b>	<b>100.00</b>
<b>Stores &amp; Spares</b>				
(i) Imported	267.61	26.54	118.99	12.96
(ii) Indigenous	740.81	73.46	799.33	87.04
<b>Total</b>	<b>1008.42</b>	<b>100.00</b>	<b>918.32</b>	<b>100.00</b>

**G. DIRECTOR'S REMUNERATION :**

PARTICULARS	Current Year ₹ Millions	Previous year ₹ Millions
Salary	17.44	13.55
Contribution to Provident & other funds	2.09	1.63
Other Allowances	10.46	8.19
Commission	0.00	17.20
<b>Total</b>	<b>29.99</b>	<b>40.57</b>

**NOTES TO THE ACCOUNTS**

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

<b>PARTICULARS</b>	<b>Current Year ₹ Millions</b>	<b>Previous year ₹ Millions</b>
Profit Before Tax	409.61	802.87
Add: Directors' Remuneration	29.99	40.57
Add: Depreciation as per accounts	1077.76	723.76
Add: Loss on sale of Assets	0.69	0.60
Less: Depreciation under section 350	1077.76	723.76
Sub Total : Net profit under section 349 & 350	440.29	844.04
10% thereof, amount eligible for Directors remuneration.	44.02	84.40
Total Remuneration paid to Directors' (including commission)	29.99	40.57

**H. STATUTORY AUDITOR'S REMUNERATION :**

<b>PARTICULARS</b>	<b>Current Year ₹ Millions</b>	<b>Previous year ₹ Millions</b>
Audit Fees	2.00	1.50
Tax Audit Fees	0.30	0.30
Other Matters	0.11	0.04
<b>Total</b>	<b>2.41</b>	<b>1.84</b>

**I. TOTAL FOREIGN EXCHANGE EARNING & OUTGO:**

- (a) Earning in Foreign Exchange for Export of Goods & Services ₹ 797.53 Millions (₹ 534.53 Millions in Previous Year)
- (b) Expenditures in Foreign Currency for Import of Materials, Traveling & Others ₹ 3163.67 Millions (₹ 3204.65 Millions in Previous Year).
- 3 (a) In the opinion of the Management, the current assets, loans & advances are realizable at the values stated, if realized in the ordinary course of business and the provisions for all known liabilities are adequate.
- (b) The account of Debtors, Loans, Creditors and Loans & advances are subject to confirmation / reconciliation and the amounts of Sundry Debtors, Creditors and Advances are stated on net basis, on the basis of control account, and accordingly the same are subject to necessary adjustments or re-grouping /classification. In this process, the previous year figures of loans have been re-grouped and reclassified.
- (c) Sales include Export Sales of ₹ 219.70 Million of which shipment has taken place in next Financial Year.
- (d) Power and Fuel expenses are inclusive of duties and taxes of ₹ 53.32 Millions (Previous year ₹ Nil) paid towards power generation.
- (e) During the year Foreign Exchange Fluctuation loss of ₹ 308.10 Million has been charged to Material Cost and ₹ 157.95 Million to Interest Expenses.
- (f) The Company has filed application for refund of Terminal Excise Duty of ₹ 15.7 Million and the same is included in Loans and Advances Balances. The said claim is under dispute and has been rejected by the Department but the Management is of the opinion that the company will receive the claim; therefore the same is treated as good for its realization and not provided for as expenses.
- (g) During the year foreign interest hedging expenses of ₹ 89.91 Millions paid towards settlement has been deferred over the entire period of the forward contract.
- (h) Company is recognizing the exchange rate difference on settlement or restatement of foreign currency monetary assets and liabilities in the profit & loss account as per the pre-revised Accounting Standard -11 'Accounting for effects of changes in foreign exchange rates' issued by The Institute of Chartered Accountants of India. By exercising the option related to amortization of foreign exchange fluctuation differences as per the notification dated March 31, 2009 issued by the Ministry of Corporate Affairs the exchange difference arising on restatement or settlement of long term foreign currency monetary items in so far as they relate to acquisition of a depreciable capital asset are adjusted to the cost of such asset and depreciated over the balance life of the asset. Accordingly, in the Financial Year 2009-10, on the full payment of the loan, foreign exchange gain of ₹ 145.25 Millions has been reduced from the cost of fixed assets and consequently depreciation thereon for the current year is provided on the balance value of the assets.
4. Miscellaneous expenditure includes total Research and Development expenses of ₹ 176.07 Million (Previous Year ₹ 152.02) incurred on development of Hybrid Bus/T-Cab/project, which is still in progress and said expenses would be written off in five years from the year of completion.

**NOTES TO THE ACCOUNTS****5. SEGMENT REPORTING UNDER ACCOUNTING STANDARD 17 :****(A) Business Segment**

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

**PRIMARY SEGMENT INFORMATION:****(₹ Millions)**

<b>PARTICULARS</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
<b>SEGMENT REVENUE</b>		
Engineering & Projects Division	2,589.98	2,130.82
Special Steel Division	20,238.80	17,748.35
Electric Vehicle Division	252.00	257.04
<b>Total Sales</b>	<b>23,080.78</b>	<b>20,136.21</b>
<b>Less : Inter segment Revenue</b>	111.85	108.68
<b>Net Sale</b>	<b>22,968.93</b>	<b>20,027.53</b>
<b>SEGMENT PROFIT BEFORE TAX AND INTEREST</b>		
Engineering & Projects Division	280.54	218.67
Special Steel Division	2,189.52	1,992.30
Electric Vehicle Division	(135.63)	(75.58)
<b>Profit Before Interest, Tax &amp; Prior Period Adjustment</b>	<b>2,334.43</b>	<b>2,135.39</b>
Less: Financial Expenses	1,924.82	1,332.52
Less : Provision for Tax (Including Deferred Tax)	126.77	256.84
<b>Net Profit After Tax</b>	<b>282.84</b>	<b>546.03</b>
<b>OTHER INFORMATION</b>		
<b>Segment Assets</b>		
Engineering & Projects Division	4,221.62	2,348.05
Special Steel Division	30,484.66	24,780.61
Electric Vehicle Division	916.87	967.55
<b>Total Segment Assets</b>	<b>35,623.15</b>	<b>28,096.21</b>
<b>Segment Liabilities</b>		
Engineering & Projects Division	3,494.26	771.36
Special Steel Division	23,981.76	19,369.55
Electric Vehicle Division	253.42	307.21
Un-allocable Liabilities & Provisions	76.13	178.43
<b>Total Segment Liabilities</b>	<b>27,805.57</b>	<b>20,626.55</b>
<b>Segment Depreciation</b>		
Engineering & Projects Division	47.05	30.02
Special Steel Division	1,017.33	680.63
Electric Vehicle Division	13.38	13.11
<b>Total Depreciation</b>	<b>1,077.76</b>	<b>723.76</b>
<b>Other Non Cash Expenses</b>		
Engineering & Projects Division	16.20	15.40
Special Steel Division	56.57	47.20
Electric Vehicle Division	20.03	20.52
<b>Total</b>	<b>92.80</b>	<b>83.12</b>
<b>Segment Capital Expenditure</b>		
Engineering & Projects Division	334.11	155.48
Special Steel Division	3,105.64	2876.62
Electric Vehicle Division	3.41	4.85
<b>Total Capital Expenditure (Net)</b>	<b>3,443.16</b>	<b>3036.95</b>

**NOTES TO THE ACCOUNTS****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.

<b>PARTICULARS</b>	<b>Current Year ₹ Millions</b>	<b>Previous year ₹ Millions</b>
India	22,171.40	19,493.00
Overseas	797.53	534.53
<b>Total</b>	<b>22,968.93</b>	<b>20,027.53</b>

**6. RELATED PARTY (AS IDENTIFIED BY THE COMPANY) DICLOUSURES UNDER ACCOUNTING STANDARD 18:-****A. List of Related Parties****I) SUBSIDIARY COMPANIES**

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

**II) ASSOCIATES:**

- |   |   |
|---|---|
| 1. Ahmedabad Aviation and Aeronautics Limited     | 2. Crystal Real Estate Pvt. Limited             |
| 3. Palace Tours and Air Charters Pvt. Limited     | 4. Western India Speciality Hospital Limited    |
| 5. Mangalam Information Technologies Pvt. Limited | 6. Liberty Finance and Leasing Co. Pvt. Limited |
| 7. E-Motion Power Limited                         | 8. Indus Elec-Trans Pvt. Limited                |
| 9. Magnum Limited.                                | 10. Alwar Trading and Investment Company        |
| 11. Afghan Trading Pvt. Limited                   | 12. Bhandari Brothers Commercial Pvt. Limited   |
| 13. Palanpur Reality Developers Pvt. Limited      | 14. Jayshri Petro-Yarn Pvt. Limited             |
| 15. Adroit Trading and Investment Co.             | 16. EIL Hospitality Pvt. Limited                |
| 17. EIL Realty Pvt. Limited                       | 18. EIL Software Pvt. Limited                   |
| 19. EIL Software Services Offshore Pvt. Limited   | 20. EIL Technology Pvt. Limited                 |
| 21. Electrotherm Engineering & Projects Limited   | 22. Electrotherm Infrastructure Pvt. Limited    |
| 23. Electrotherm Renewables Pvt. Limited          | 24. Electrotherm Foundation.                    |
| 25. Gujarat Mint Alloys Limited                   | 26. Indus Real Estate Pvt. Limited              |
| 27. ICS Commercial Pvt. Limited                   | 28. New Delhi Real Estate Pvt. Limited          |
| 29. Palace Infrastructure Pvt. Limited            | 30. S B Realty Developers Pvt. Limited          |
| 31. Sun Infrapower Pvt. Limited                   | 32. Sun Residency Pvt. Limited                  |
| 33. Suraj Real Estate Pvt. Limited                | 34. S N Advisory Pvt. Limited                   |
| 35. Suraj Advisory Services Pvt. Limited          | 36. Bhandari Charitable Trust.                  |
| 37. Airfones Innovatives Pvt. Limited             | 38. BNB Real Estate Pvt. Limited                |
| 39. Electrotherm Energy Holdings Limited          | 40. Electrotherm Solar Limited                  |
| 41. Firefly Energy Limited                        | 42. Indus Coils & Plates Limited                |
| 43. Inspira Solar Energy Limited                  | 44. NET Architectures Pvt. Limited              |
| 45. Bhandari Real Estate Pvt. Limited             |   |



**NOTES TO THE ACCOUNTS****III) KEY MANAGEMENT PERSONNEL: (Other than Nominee & Independent Director)**

1. Mr. Mukesh Bhandari (Chairman & Chief Technology Officer)
2. Mr. Shailesh Bhandari (Managing Director)
3. Mr. Narendra Dalal (Whole-time Director)
4. Mr. Avinash Bhandari (Joint Managing Director & CEO)

**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

**B. Transaction with Related Parties**

SN	Nature of Relationship	Subsidiary	Associates	Key Management Personnel	Relatives of Key Management Personnel
		₹ Millions	₹ Millions	₹ Millions	₹ Millions
1	Purchase of Raw Materials	1813.63 (150.88)	0.77 (0.00)	0.00 (0.00)	0.00 (0.00)
2	Sale of Goods	1907.27 (0.15)	1.51 (2.01)	0.00 (0.00)	0.00 (0.00)
3	Loans Received	0.43 (6.49)	0.10 (0.00)	16.50 (0.00)	0.00 (0.00)
4	Loans Payments	0.43 (6.70)	0.27 (18.17)	10.30 (0.00)	0.00 (0.00)
5	Rent Paid	0.00 (0.00)	0.00 (0.00)	0.18 (0.17)	0.41 (0.45)
6	Directors Remuneration (Please refer note No.2(g) of notes to accounts)	0.00 (0.00)	0.00 (0.00)	29.99 (40.57)	0.00 (0.00)
7	Remuneration to others	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.54 (0.16)
8	Credit Balance Outstanding at year end	3.23 (0.00)	0.71 (22.82)	6.35 (0.15)	0.40 (0.40)
9	Debit Balance Outstanding at year end	155.65 (27.02)	1.44 (55.45)	0.00 (0.00)	0.00 (0.00)

**Note: Figures in the bracket are for the previous year**

7. The Company has determined Pre-Operative Expenditure (including borrowing cost) of ₹ 260.09 Millions (Previous year: ₹ 388.66 Millions) and the same have been allocated towards the respective fixed assets.

8. In compliance of Accounting Standard 22 issued by Institute of Chartered Accountants of India, Deferred Tax liability mainly arising on account of difference between book and income tax written down value of fixed assets, after adjusting unabsorbed depreciation, during the year deferred tax liability of ₹ 50.63 Millions (₹ 120.39 Millions) has been provided.

**9. CONTINGENT LIABILITIES/ UNPROVIDED LIABILITY:-**

(A) The Company is liable for following contingent liabilities:-

(i) Disputed Statutory Claims/Levies for which the company has preferred appeal in respect of Income Tax liability of ₹ 1.42 Millions (Previous Year ₹ 1.42 Millions), VAT liability of ₹ 0.61 Millions (Previous Year Nil), Excise Liability of ₹ 2788.40 Millions (Previous Year Nil).

The above amounts are excluding the amount of Interest payable and of the amount involved in appeal preferred by the department, if any.

(ii) Guarantees / Counter Guarantees (including un-utilized Letters of Credit) issued ₹ 2808.86 Millions (₹ 362.49 Millions in Previous year).

**NOTES TO THE ACCOUNTS**

- (iii) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 40.00 Millions. (Previous Year ₹ 58.73 Millions.).
- (iv) The company is contingently liable for the pending disputed labour and other matters, approximately amounting to ₹ 1.00 Millions (Previous Year ₹ 2.28 Millions).
- (v) The company has executed Legal Undertaking Bond to pay Central Excise Duty (Terminal Excise Duty), levies and liquidated damages payable, if any, in respect of imported and indigenous capital goods and stores and spares consumed duty free, in the event that certain terms and conditions are not fulfilled. In this regard aggregate duty liability amount of ₹ 271.05 Millions as at March 31, 2011 (Previous Year: ₹ 299.57 Millions). Against these, exports amounting to ₹ 1972.76 Millions (previous year ₹ 2396.56 Millions) will have to be made within next 8 years from the date of issue of license.
- (vi) The amount of sundry debtors is net of Bills discounted of ₹ 34.99 Million with bankers (Previous year ₹ Nil).
- (B) The Company is liable for Un-provided liabilities of VAT of ₹ 0.39 Million (Previous Year ₹ Nil).
- (C) The Claim for Input Vat Credit receivable of ₹ 691.67 Millions is subject to the sanction of the additional amount of Incentive of VAT, by Industries Commissioner.

**10. EARNING PER SHARE (EPS):**

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

EPS CALCULATION	Year ended 31st March 2011	Year ended 31st March 2010
Profit attributable to the Equity Shareholder (After prior period expenses) ₹ Millions	288.25	529.55
Closing number of Equity Shares outstanding during the year	11,476,374	11,476,374
Basic/ Weighted average number of Equity Shares outstanding during the year	11,476,374	11,476,374
Nominal value of Equity share (₹)	10.00	10.00
Basic Earning per Share (₹)	25.12	46.14
Diluted earning per share	25.12	46.14

11. Under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. In regard to the above the company has received intimation from one such party details of which are provided as under-

Name of the party	Amount outstanding
Supreme Metallurgical Services (P). Ltd.	₹ 49,05,261/- (Previous Year Nil)

12. 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 financial statements of the company were restated as under:-

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

13. Previous year's figures have been re-arranged/ regrouped /reclassified/Re-casted wherever necessary.

14. Signed Schedule No.1 to 21 forms part of the Annexed account of the Company.

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

**Prakash D. Shah**  
Partner

Place : Ahmedabad  
Date : May 30, 2011

**For and on behalf of Board of Directors**

**Shailesh Bhandari**  
Managing Director

**Dilipsingh Lodha**  
Chief Financial Officer

**Avinash Bhandari**  
Joint Managing Director

**Jigar Shah**  
Company Secretary

**BALANCE SHEET ABSTRACT AND A COMPANY'S GENERAL BUSINESS PROFILE**

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

**I REGISTRATION DETAILS**

Registration No	9126
State Code	04
Balance Sheet	31st March, 2011.

**II CAPITAL RAISED DURING THE YEAR (₹ in Thousands)**

Public Issue	Nil
Bonus Issue	Nil
Right Issue	Nil
Issue Of Equity Shares & Conversion Of Equity Share Warrants	Nil

**III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (₹ in Thousands)**

Total Liabilities	30,802,397
Total Assets	30,802,397

**SOURCE OF FUNDS :**

Paid-Up Capital	234,764
Secured Loans	13,545,602
Reserves & Surplus	7,059,902
Deferred Tax Liability	865,131
Unsecured Loans	9,096,998

**APPLICATION OF FUNDS :**

Net Fixed Assets (Including Capital Work In Progress)	18,066,726
Investments	1,083,858
Net Current Assets	11,309,602
Misc. Expenditures	342,211

**IV PERFORMANCE OF COMPANY (₹ in Thousands)**

Turnover And Other Income	23,114,228
Total Expenditure	22,699,203
Profit Before Tax	415,025
Profit After Tax	288,255
Basic Earning Per Share (In ₹)	25.12
Dividend On Equity Shares	0.00%

**V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY**

<u>ITEM CODE ( ITC CODE)</u>	<u>PRODUCT DESCRIPTION</u>
851420	Electronic Induction Furnace
851440	Induction Heating Equipment
8502	Electricity Power Generation
7207	Steel Billets
7213	Steel Bars
8711	Electric Vehicle

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

**Prakash D. Shah**  
Partner

Place : Ahmedabad  
Date : May 30, 2011

**For and on behalf of Board of Directors**

**Shailesh Bhandari**  
Managing Director

**Dilipsingh Lodha**  
Chief Financial Officer

**Avinash Bhandari**  
Joint Managing Director

**Jigar Shah**  
Company Secretary



## FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

(₹ In Millions)

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Capital	Reserves	Total Asset	Total Liability	Investment	Turnover / Total Income	Profit before taxation	Profit Provision for taxation	Profit After Taxation	Proposed Dividend	Country
1	Jinua Indus Enterprises Ltd.	RMB	3.80	0.40	3.42	3.42	5.41	1.54	—	—	(0.45)	—	People's Republic of China
2	Jinhua Jahari Enterprises Ltd.*	RMB	1.00	1.16	1.96	1.96	—	9.30	—	—	0.37	—	People's Republic of China
3	Bhaskarpara Coal Company Ltd	INR	170.91	(2.19)	168.72	168.72	—	—	(1.30)	—	(1.30)	—	India
4	ET Elec-Trans Ltd	INR	9.00	(0.50)	10.78	10.78	—	0.13	(0.15)	0.22	(0.37)	—	India
5	Shree Ram Electro Cast Pvt. Ltd.	INR	77.80	810.80	1,228.57	1,228.57	0.30	1,073.49	(31.97)	—	(31.97)	—	India
6	Hans Ispat Limited	INR	177.70	(81.65)	964.13	964.13	3.00	3,549.12	(169.81)	—	(169.81)	—	India
7	Shree Hans Papers Limited	INR	3.50	—	3.50	3.50	—	—	—	—	—	—	India
8	Electrotherm mali SRL	CHF	0.01	—	0.01	0.01	—	—	—	—	—	—	Mali

Exchange Rate as on 31.12.2010 1 RMB = ₹ 6.74678 and as on 31.03.2011 1 RMB = ₹ 6.78723

Exchange Rate as on 31.12.2010 1 CHF = ₹ 47.5599 and as on 31.03.2011 1 CHF = ₹ 48.43202



**ELECTROTHERM**

## AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

- 1) We have audited the attached consolidated Balance Sheet of **ELECTROTHERM (INDIA) LIMITED** ('the company') and its subsidiaries (collectively referred to as 'the Electrotherm India's group'), as at **31st March, 2011**, the consolidated Profit & Loss Account and also the consolidated Cash Flow statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) We did not audit the financial statement and other financial information of the subsidiaries [Jinhua Indus Enterprises Limited, its subsidiary in China namely Jinhua Jahari Enterprises Limited, Bhaskarpara Coal Company Limited and ET Elec-Trans Limited, Shree Ram Electrocast Private Limited, Hans Ispat Limited, Shree Hans Paper Limited and Electrotherm Mali SARL], which have been either audited by other auditors or are unaudited. The audit reports of the audited Company have been furnished to us and our opinion is based on the report of other auditors. The financial statement (amount minority's interest) of these subsidiaries reflect total net worth of ₹ 1160.53 Millions as at March 31, 2011, the total revenues (Sales and other Income) of ₹ 4696.60 Millions and net loss amounting to ₹ 203.82 Millions for the year ended on that date. These financial statements have been incorporated in the consolidated financial statements on the basis of audited accounts Bhaskarpara Coal Company Limited, ET Elec-Trans Limited, Shree Ram Electrocast Private Limited, Hans Ispat Limited and Shree Hans Paper Limited and un-audited financial statements Jinhua Indus Enterprises Limited, its subsidiary namely Jinhua Jahari Enterprises Limited and Electrotherm Mali SARL as provided and certified by the management of the said subsidiaries. All of these financial statements are of the year/period ended on March 31, 2011. With regard to unaudited accounts of the subsidiary, we are unable to comment on the impact, if any, arising out of these un-audited financial statements on the consolidated financial statements.
- 4) We report that the consolidated financial statements, read with the notes to accounts have been prepared by the company's management in accordance with the requirements of Accounting Standard 21, 'Consolidated Financial Statements', accounting standard by the Companies (Accounting Standard) Rules, 2006.
- 5) Based on our audit and on consideration of separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the said attached consolidated financial statements, subject to the notes to accounts and significant accounting policy, give a true and fair view in conformity with the accounting principles generally accepted in India.
  - (d) in the case of the consolidated balance sheet, of the consolidated state of affairs of the Electrotherm (India) group as at 31st March, 2011;
  - (e) in the case of the consolidated profit and loss account, of the consolidated result of operation of the Electrotherm (India) group for the year ended on that date; and
  - (f) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Electrotherm (India) group for the year ended on that date.

**For Mehta Lodha & Co.**  
(Registration No.106250W)  
*Chartered Accountants*

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

Place : Ahmedabad  
Date : May 30, 2011

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011**

Particulars	Schedule No.	As At March 31, 2011 ₹ In Millions		As At March 31, 2010 ₹ In Millions	
<b>SOURCES OF FUNDS</b>					
<b>Shareholder's Funds :</b>					
1. Share Capital	01	234.76		234.76	
2. Reserves & Surplus	02	7,800.99	8,035.75	6,816.82	7,051.58
<b>Loan Funds :</b>					
1. Secured Loans	03	14,586.63		11,811.14	
2. Unsecured Loans	04	9,104.19	23,690.82	3,348.31	15,159.45
<b>Deferred Tax Liability :</b>					
<b>Minority Interest</b>					
<b>Total</b>		<b>32,715.30</b>		<b>23,071.14</b>	
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
1. Gross Block	05	21,346.96		16,440.55	
2. Less : Depreciation		3,423.19		1,908.78	
3. <b>Net Block</b>		<b>17,923.77</b>		<b>14,531.77</b>	
4. Capital Work-In-Progress		2,454.32	20,378.09	1,306.99	15,838.76
<b>Investments :</b>					
<b>Current Assets, Loans And Advances :</b>					
1. Inventories	07	9,389.65		4,852.08	
2. Sundry Debtors	08	4,904.80		3,364.68	
3. Cash & Bank Balances	09	1,232.86		1,877.19	
4. Loans & Advances	10	2,026.90		2,246.57	
		17,554.21		12,340.52	
<b>Less : Current Liabilities And Provisions :</b>					
1. Current Liabilities	11	5,535.74		5,383.93	
2. Provisions	12	66.17		114.53	
		<b>5,601.91</b>	<b>11,952.30</b>	<b>5,498.46</b>	<b>6,842.06</b>
<b>Net Current Assets :</b>					
<b>Miscellaneous Expenditure :</b>					
(To The Extent Not Written Off Or Adjusted)	13		383.80		389.51
<b>Total</b>		<b>32,715.30</b>		<b>23,071.14</b>	

**Note To The Accounts**

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

For and on behalf of Board of Directors

**Prakash D. Shah**  
Partner

**Shailesh Bhandari**  
Managing Director

**Avinash Bhandari**  
Joint Managing Director

Place : Ahmedabad  
Date : May 30, 2011

**Dilipsingh Lodha**  
Chief Financial Officer

**Jigar Shah**  
Company Secretary

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON 31ST MARCH, 2011**

Particulars	Schedule No.	For the year ended March 31, 2011 ₹ In Millions	For the year ended March 31, 2010 ₹ In Millions
<b>INCOME</b>			
Sales & Other Operational Income	14	23,847.98	20,027.54
Other Income	15	241.38	140.91
		<b>24,089.36</b>	<b>20,168.45</b>
<b>EXPENDITURE</b>			
Material Cost		19,984.55	13,025.98
(Increase)/Decrease In Stocks	16	(4,888.56)	111.82
Manufacturing Expenses	17	3,548.79	2,631.85
Employees Remuneration	18	760.71	523.88
Administrative, Selling & General Expenses	19	1,319.43	992.33
Financial Expenses	20	2,031.69	1,332.54
		22,756.61	18,618.40
<b>Profit Before Depreciation and Research &amp; Development Expenses</b>		<b>1,332.75</b>	<b>1,550.05</b>
Research & Development Expenses		2.55	26.91
<b>Profit Before Depreciation</b>		<b>1,330.20</b>	<b>1,523.14</b>
Depreciation		1,273.28	760.18
Amount Tranfered From General Reserve		153.02	34.67
		1,120.26	725.51
<b>Profit Before Tax</b>		<b>209.94</b>	<b>797.63</b>
<b>Less: Provision For</b>			
Income Tax		76.14	136.45
Deferred Tax		50.85	120.41
<b>Net Profit For The Year (Before Adjustment For Minority Interest)</b>		<b>82.95</b>	<b>540.77</b>
Add: Share Of Loss Transferred To Minority Interest		1.14	0.48
<b>Net Profit For The Year (After Adjustment For Minority Interest)</b>		<b>84.09</b>	<b>541.25</b>
Prior Period Adjustment- Income Tax And Others		5.61	(8.06)
<b>Profit After Prior Period Adjustment</b>		<b>89.7</b>	<b>533.19</b>
Balance Brought Forward		1,504.53	1,213.33
<b>Balance Brought Forward of New Subsidiaries</b>		<b>2.72</b>	<b>—</b>
Transfer To General Reserve		200.00	200.00
<b>Proposed Dividend</b>			
Equity Shares		—	28.69
Preference Shares		—	7.20
Tax On Proposed Dividend		—	6.10
<b>Balance Carried To Balance Sheet</b>		<b>1,396.95</b>	<b>1,504.53</b>
<b>Basic Earnings Per Share (₹)</b>		<b>7.82</b>	<b>45.73</b>
<b>Diluted Earnings Per Share (₹)</b>		<b>7.82</b>	<b>45.73</b>
<b>Refer Note No.17 Of Schedule 21</b>			
<b>Nominal Value Of Equity Share (₹)</b>		<b>10.00</b>	<b>10.000</b>

**Notes To The Accounts**

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

**For and on behalf of Board of Directors**

**Prakash D. Shah**  
**Partner**

**Shailesh Bhandari**  
*Managing Director*

**Avinash Bhandari**  
*Joint Managing Director*

Place : Ahmedabad  
Date : May 30, 2011

**Dilipsingh Lodha**  
*Chief Financial Officer*

**Jigar Shah**  
*Company Secretary*

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

Particulars	For the year ended on 31st March, 2011 ₹ In Millions	For the year ended on 31st March, 2010 ₹ In Millions
<b>A. Cash Flow From Operating Activities</b>		
Net Profit Before Tax	1,173.62	797.63
Adjustment For :		
Depreciation	156.58	725.51
Preliminary & Deferred Revenue Expenses Written Off	94.66	72.87
Interest Paid	1,833.01	1,324.06
Dividend Income	—	(0.02)
Interest Received	(57.67)	(75.70)
Prior Period Adjustment	5.61	(8.06)
Loss On Sale Of Assets	0.93	0.60
<b>Operating Profit Before Changes In Working Capital</b>	<b>3,206.74</b>	<b>2,839.89</b>
Adjustment For :		
Trade & Other Receivable	(1,320.46)	(1,587.36)
Inventories	(4,537.57)	(323.67)
Trade & Other Payable	126.93	2,460.50
Net Prior Period Adjustment On Account Of Subsidiaries		
<b>Cash Generated From Operations</b>	<b>(2,524.36)</b>	<b>3,386.36</b>
Income Tax Paid	57.63	95.74
<b>Cash Flow Before Extraordinary Item</b>	<b>(2,581.99)</b>	<b>3,290.62</b>
<b>Net Cash Flow From Operating Activity [A]</b>	<b>(2,581.99)</b>	<b>3,290.62</b>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	(3,681.60)	(3,127.17)
Acquisition of Subsidiary (Including Additional Consideration)	(1,011.18)	—
Sale of Fixed Assets	5.62	0.49
Investments	4.44	0.02
Dividend Income	—	0.02
Interest Received	57.67	75.70
Minority Interest	37.13	44.82
Net Prior Period Adjustment on Account of Investment in Subsidiaries	(73.53)	
Preliminary Expenses, Deferred Revenue & Product Development	(88.97)	(70.01)
<b>Net Cash Used In Investing Activities [B]</b>	<b>(4,750.42)</b>	<b>(3,076.13)</b>
<b>C. Cash Flow From Financing Activities</b>		
Amount written off From Business Development Reserve	—	(500.00)
Proceed from Term Loan & Working Capital Borrowing	10,094.82	3,663.59
Repayment of Term Borrowing	(1,563.44)	(800.20)
Dividend Paid	(35.89)	(35.89)
Dividend Tax	(6.10)	(6.10)
Interest Paid	(1,833.01)	(1,324.06)
<b>Net Cash From Financing Activities [C]</b>	<b>6,656.38</b>	<b>997.34</b>
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalents Total [A + B + C]</b>	<b>(676.03)</b>	<b>1,211.83</b>
Cash & Cash Equivalents as at 1st April	1,877.19	665.36
Add: Upon Addition of Subsidiaries	31.70	
<b>Cash &amp; Cash Equivalents as at 31st March</b>	<b>1,232.86</b>	<b>1,877.19</b>

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

For and on behalf of Board of Directors

**Prakash D. Shah**  
Partner

**Shailesh Bhandari**  
Managing Director

**Avinash Bhandari**  
Joint Managing Director

Place : Ahmedabad  
Date : May 30, 2011

**Dilipsingh Lodha**  
Chief Financial Officer

**Jigar Shah**  
Company Secretary



**CONSOLIDATED SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2011**

Particulars	As at 31st March, 2011 ₹ In Millions	As at 31st March, 2010 ₹ In Millions
<b>SCHEDULE : 01 - SHARE CAPITAL</b>		
<b>Authorised</b>		
2,50,00,000 Equity Shares of ₹ 10/- each	250.00	250.00
2,50,00,000 6% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each	250.00	250.00
<b>Total</b>	<b>500.00</b>	<b>500.00</b>
<b>Issued, Subscribed &amp; Paid Up</b>		
<b>1 Equity Shares</b>		
1,14,76,374(Previous Year 1,14,76,374) Equity Shares of ₹ 10/- each Fully Paid Up (Out of Above Shares, 9,53,275 Shares are allotted On 13th November, 1995 as Fully Paid Up Bonus Shares by Capitalising General Reserve and Profit & Loss Account)	114.76	114.76
<b>2 Preference Shares</b>		
1,20,00,000 (P.Y. 1,20,00,000) 6 % Non-Cumulative Redeemable Preference Shares of ₹ 10/- each Fully Paid Up, Reedmable at par. (35,60,000 Preference Shares Redeemable not later then 11th March 2025, 44,40,000 Preference Shares Redeemable not later then 01st April 2025 and 40,00,000 Preference Shares Redeemable not later then 14th May 2025)	120.00	120.00
<b>Total</b>	<b>234.76</b>	<b>234.76</b>
<b>SCHEDULE : 02 - RESERVES &amp; SURPLUS</b>		
<b>1 Capital Reserve</b>		
As Per Last Balance Sheet	9.11	9.11
<b>2 Share Premium Account</b>		
As per Last Balance Sheet	2,126.90	2,626.90
Add : Opening Balance of Subsidiary - Hans Ispat Limited	100.09	—
Less : Transferred to Business Development Reserve	—	500.00
<b>Sub Total</b>	<b>2,226.99</b>	<b>2,126.90</b>
<b>3 General Reserve</b>		
As Per Last Balance Sheet	3,176.28	529.00
Add : Transfer from Profit & Loss Account	200.00	200.00
Add : Amount Transferred on Revaluation of Fixed Assets	—	2,481.95
Less : Transferred for Depreciation on Revaluation of Fixed Assets	34.67	34.67
<b>Sub Total</b>	<b>3,341.61</b>	<b>3,176.28</b>
<b>4 Revaluation Reserve</b>		
As Per Last Balance Sheet	—	—
Addition During the Year	944.68	—
Less : Transferred for Depreciation on Revaluation of Fixed Assets	118.35	—
<b>Sub Total</b>	<b>826.33</b>	<b>—</b>
<b>5 Profit &amp; Loss Account</b>		
	<b>1,396.95</b>	<b>1,504.53</b>
<b>Total</b>	<b>7,800.99</b>	<b>6,816.82</b>

**CONSOLIDATED SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2011**

Particulars	As at 31st March, 2011 ₹ In Millions	As at 31st March, 2010 ₹ In Millions
<b>SCHEDULE : 03 - SECURED LOANS</b>		
<b>1 Working Capital Loans From Banks</b>	8,148.92	4,686.76
A. Secured By First Charge by way of Hypothecation of Company's Stock & Receivables and Second Charge on All Movable Fixed Assets & Second Charge by way of Equitable Mortgage of All Immovable Properties Situated At Vatva, Palodia, Dhank, Samakhiyali - Kutch. Further the Loans are Guaranteed by the Personal Guarantees of Some of the Directors of the Company		
B. Equitable Mortgage over Factory Land & Factory Building at Siriguppa, Dist : Belary and Hypothecation of Entire Plant & Machinery and other Fixed Assets of the Company.		
C. Second Charge in favour of Bank of Baroda, on the Company's Immovable Properties Situated at Village : Budharmora, Tal : Anjar, Dist : Kutch.		
D. Pari-Passu 2nd Charge in Favour of State Bank of India over all the Fixed Assets of the Company Situated at Survey No. 9/2-12, Village : Budharmora, Bhuj-Bhachau Highway, Tal : Anjar, Dist : Kutch.		
<b>2 Long Term And Other Loans From</b>		
<b>A. Banks</b>	5,837.06	6,435.96
1. 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 Bank Fixed Deposits & as Second Charge on all Stock in Trade & Receivables. Further the Loans are Guaranteed by the Personal Guarantees of some of the Directors.		
2. 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.		
<b>B. International Finance Corporation (Usd 13 Millions P.Y. 15 Millions)</b>	583.90	678.50
(ECB Loan is Secured by First Pari Passu charge over the Movable Assets and First Pari Passue Charge on Immovable Assets) (includes interest accrued but not due ₹ 5.83 Million)		
<b>C. Vehicle Loans</b>	16.75	9.30
(Secured By Hypothecation Of Specific Vehicles)		
<b>3 Sales Tax Deferment</b>	—	0.62
(Amount Due Within One Year ₹ Nil (Previous Year ₹ 0.62))		
<b>Total</b>	<b>14,586.63</b>	<b>11,811.14</b>
<b>SCHEDULE : 04 - UNSECURED LOANS</b>		
<b>A Short Term</b>		
1. From Banks	5,422.76	1,509.35
<b>B Other Loan/Deposits/Advances</b>		
A. From Banks	2,648.81	977.35
B. From International Finance Corporation (Usd 10 Millions)	448.16	451.25
C. Directors	6.35	0.30
D. Body Corporates	21.76	3.89
E. Customers & Others	556.35	406.17
<b>Total</b>	<b>9,104.19</b>	<b>3,348.31</b>

**CONSOLIDATED SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2011**
**SCHEDULE : 05 - FIXED ASSETS**

(₹ In Millions)

Sr. No.	Description	Gross Block						Depreciation						Net Block	
		Opening Balance	Addition on Inclusion of New Subsidiary	Addition	Addition On Revulation	Deduction	Closing Balance	Opening Balance	Addition on Inclusion of New Subsidiary	Addition	Addition On Revulation	Deduction	Closing Balance	As At March 31, 2011	As At March 31, 2010
1	Goodwill *	—	—	709.34	—	—	709.34	—	—	—	—	—	—	709.34	—
2	Free Hold Land	1,486.92	24.76	75.11	146.34	—	1,733.13	—	—	—	—	—	—	1,733.13	1,486.92
3	Leasehold Land	10.96	—	—	—	—	10.96	—	—	—	—	—	—	10.96	10.96
4	Building	2,658.09	116.95	606.69	27.94	0.58	3,409.09	189.84	32.01	98.77	4.86	0.14	325.34	3,083.75	2,468.25
5	Plant And Machinery	12,116.18	565.29	1,814.81	770.40	0.34	15,266.34	1,670.65	207.28	1,006.50	148.16	0.20	3,032.39	12,233.95	10,445.53
6	Furniture And Fixtures	88.7	6.77	20.44	—	1.73	114.18	22.51	1.28	6.22	—	0.17	29.84	84.34	66.19
7	Vehicles	79.7	9.86	19.01	—	4.69	103.88	25.78	3.1	8.77	—	2.03	35.62	68.26	53.92
8	Live Stock	—	—	0.05	—	0.01	0.04	—	—	—	—	—	—	0.04	—
	<b>Total</b>	<b>16,440.55</b>	<b>723.63</b>	<b>3,245.45</b>	<b>944.68</b>	<b>7.35</b>	<b>21,346.96</b>	<b>1,908.78</b>	<b>243.67</b>	<b>1,120.26</b>	<b>153.02</b>	<b>2.54</b>	<b>3,423.19</b>	<b>17,923.77</b>	<b>14,531.77</b>
	Previous Year	7,631.10	—	6,330.43	2,481.95	2.93	16,440.55	1,150.44	—	725.51	34.67	1.84	1,908.78	14,531.77	6,480.66

\* Refer Note No. 4 of Schedule 21

Particulars	As at 31st March, 2011 ₹ In Millions	As at 31st March, 2010 ₹ In Millions
<b>SCHEDULE : 06 - INVESTMENTS</b>		
<b>A) Unquoted :</b>		
1 6,540 (Previous Year 6,540) Shares of ₹ 25 each of Siddhi Co.Op Bank Ltd.	0.16	0.16
2 National Saving Certificates	0.11	0.01
<b>B) Quoted :</b>		
1 64288.778 (Previous Year 64288.778) Units of ₹ 10 each of PNB Mutual Fund (Market Value of Quoted Shares ₹ 0.68 Million (Previous Year ₹ 0.71 Million))	0.64	0.64
2 SBI Mutual Fund (NAV of ₹ 2,19,088, P.Y. ₹ 2,11,320) (No of Unit 20000 P.Y. 20000)	0.20	0.00
<b>Total</b>	<b>1.11</b>	<b>0.81</b>
<b>SCHEDULE : 07 - INVENTORIES</b>		
<b>[As verified, valued &amp; certified by the Management]</b>		
1 Stores, Spares & Fuel	269.11	245.96
2 Raw Materials	2,350.36	3,231.67
3 Work in Process	6,103.54	835.45
4 Finished Goods	706.74	539.00
	<b>9,429.76</b>	<b>4,852.08</b>
Less : Total Excise Duty Payable on Closing Stock of Finished Goods	41.42	
Excise Duty on Closing Stock of Finished Goods Stated under Current Liability	1.31	0.00
<b>Total</b>	<b>9,389.65</b>	<b>4,852.08</b>

**CONSOLIDATED SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2011**

Particulars	As at 31st March, 2011 ₹ In Millions	As at 31st March, 2010 ₹ In Millions
<b>SCHEDULE : 08 - SUNDRY DEBTORS (NET)</b> <b>[Unsecured Considered Good]</b>		
1 More Than Six Months	1,735.78	962.18
2 Others	3,169.02	2,402.50
<b>Total</b>	<b>4,904.80</b>	<b>3,364.68</b>
<b>SCHEDULE : 09 - CASH &amp; BANK BALANCES</b>		
1 Cash On Hand	6.63	2.02
2 Balance With Scheduled Bank in		
[A] Current Account (Includes Amount of Cheques In Hand of ₹ 2.28 Millions Previous Year ₹ 2.28 Millions)	134.59	701.61
[B] Fixed Deposits (Under Pledge/Lien of The Bank) (Including Interest Receivable ₹ 8.91 Millions P.Y. 14.57 Millions)	1,090.73	1,172.96
[C] Unpaid Dividend	0.91	0.60
<b>Total</b>	<b>1,232.86</b>	<b>1,877.19</b>
<b>SCHEDULE : 10 - LOANS &amp; ADVANCES</b> <b>[Unsecured Considered Good Or Except Otherwise Stated]</b>		
1 Advances Recoverable In Cash Or In Kind For Value To Be Received (Net)	155.53	401.69
2 Balance/ Receivable - Excise & Other Govt. Agencies	1,627.17	1,589.14
3 Sundry Deposits	244.20	255.74
<b>Total</b>	<b>2,026.90</b>	<b>2,246.57</b>
<b>SCHEDULE : 11 - CURRENT LIABILITIES</b>		
1 Sundry Creditors (Net)	5,427.71	5,364.99
2 Statutory Liabilities	107.12	18.34
3 Unpaid Dividend	0.91	0.60
<b>Total</b>	<b>5,535.74</b>	<b>5,383.93</b>
<b>SCHEDULE : 12 - PROVISIONS</b>		
1 Taxation (Net Of Advance Tax)	18.51	40.71
2 Employee's Unavailed Leave	29.25	22.81
3 Proposed Dividend (Including Dividend Distribution Tax)	0.00	41.99
4 Gratuity	18.41	9.02
<b>Total</b>	<b>66.17</b>	<b>114.53</b>
<b>SCHEDULE : 13 - MISCELLANEOUS EXPENDITURES</b> (To The Extent Not Written Off Or Adjusted)		
1 Preliminary Expenses	51.51	20.66
2 Deffered Revenue Expenditure	156.23	216.83
3 Product Development Cost	176.07	152.02
<b>TOTAL</b>	<b>383.81</b>	<b>389.51</b>

**CONSOLIDATED SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2011**

Particulars	For the year ended on 31st March, 2011 ₹ In Millions	For the year ended on 31st March, 2010 ₹ In Millions
<b>SCHEDULE : 14 - SALES &amp; OTHER OPERATIONAL INCOME</b>		
1. Gross Sales	25,611.95	20,220.37
2. Electricity Power Generation - WINDMILL	1.90	3.07
3. Technical Know-How & Service Income	21.18	45.60
<b>Sub Total</b>	<b>25,635.03</b>	<b>20,269.04</b>
Less : Excise Duty	1,675.20	132.82
Less : Inter Division Sales	111.85	108.68
<b>Total</b>	<b>23,847.98</b>	<b>20,027.54</b>
<b>SCHEDULE : 15 - OTHER INCOME</b>		
1. Interest Income (Gross) [T.D.S ₹ 5.79 Millions (Previous Year ₹7.13 Millions)]	57.67	75.70
2. Rent Income(Gross) [T.D.S ₹ 1.60 Millions (Previous Year ₹3.14 Millions)]	16.05	19.20
3. Dividend Income [T.D.S. ₹ Nil Previous Year ₹ Nil]	0.00	0.02
4. Miscellaneous Income	167.66	45.99
<b>Total</b>	<b>241.38</b>	<b>140.91</b>
<b>SCHEDULE : 16 - INCREASE IN STOCK</b>		
<b>A Opening Stock</b>		
1. Work In Process	835.45	981.99
2. Finished Goods	539.00	504.28
3. Addition on Inclusion of New Subsidiary	547.28	0.00
<b>Sub Total</b>	<b>1,921.73</b>	<b>1,486.27</b>
<b>B Closing Stock</b>		
1. Work in Process	6,103.55	835.45
2. Finished Goods	706.74	539.00
<b>Sub Total</b>	<b>6,810.29</b>	<b>1,374.45</b>
<b>Increase In Stock (B - A)</b>	<b>4,888.56</b>	<b>(111.82)</b>
<b>SCHEDULE : 17 - MANUFACTURING EXPENSES</b>		
1. Job Charges	550.29	567.31
2. Power & Fuel	1,732.45	1,110.23
3. Stores Consumption	1,233.54	918.33
4. Repairs & Maintenance		
[A] Machinery	11.43	3.51
[B] Building	6.53	5.87
[C] Others	14.55	26.60
<b>Total</b>	<b>3,548.79</b>	<b>2,631.85</b>

**CONSOLIDATED SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2011**

Particulars	For the year ended on 31st March, 2011 ₹ In Millions	For the year ended on 31st March, 2010 ₹ In Millions
<b>SCHEDULE : 18 - EMPLOYEES REMUNERATION</b>		
1. Salary, Wages & Bonus	697.94	483.24
2. Staff & Labour Welfare	19.98	12.59
3. Contribution To Provident Fund & Other Funds	42.79	28.05
<b>Total</b>	<b>760.71</b>	<b>523.88</b>
<b>SCHEDULE : 19 - ADMINISTRATIVE, SELLING &amp; GENERAL EXPENSES</b>		
1 Post-Telephone & Fax Expenses	22.94	19.62
2 Printing & Stationery	14.10	11.11
3 Vehicle Expenses	16.67	11.12
4 Conveyance Expenses	4.31	5.93
5 Hire-Lease-Rent Charges	80.73	17.48
6 Security Charges	12.20	9.21
7 Insurance Premium	17.50	9.19
8 Subscription & Membership	2.42	2.25
9 Consultation & Legal Expenses	85.26	66.73
10 Rates & Taxes	12.11	8.05
11 Travelling Expenses	66.83	103.31
12 Sales Commission	101.45	92.50
13 Advertising & Sales-Development Expenses	221.56	160.21
14 Freight Outward And Other Expenses	528.10	373.77
15 Donation	0.87	0.23
16 Sundry Balances Written Off/(Back)	9.02	(63.03)
17 Miscellaneous Expenses	78.43	79.77
18 Preliminary Expenses Written Off	9.25	7.39
19 Net Foreign Exchange Fluctuation	(6.67)	76.89
20 Loss On Sale Of Fixed Assets	0.93	0.60
21 Excise Duty On Closing Stock Of Finished Goods	41.42	0.00
<b>Total</b>	<b>1,319.43</b>	<b>992.33</b>
<b>SCHEDULE : 20 - FINANCIAL EXPENSES</b>		
1 Interest On Working Capital	1,057.40	548.25
2 Interest On Term Loan	720.16	745.77
3 Interest To Others	55.45	30.04
4 Bank Charges	381.31	377.24
<b>Sub Total</b>	<b>2,214.32</b>	<b>1,701.30</b>
Less: Interest Capitalized	182.63	368.76
<b>Total</b>	<b>2,031.69</b>	<b>1,332.54</b>

**CONSOLIDATED NOTES TO THE ACCOUNTS****SCHEDULE-21 : NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2011****A. SIGNIFICANT ACCOUNTING POLICIES:****(i) BASIS FOR PREPARATION OF ACCOUNTS:**

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

**(ii) USE OF ESTIMATES**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities as 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.

**(iii) PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements relate 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 year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in Profit and Loss Account.
- (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 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.

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

**(v) Other significant accounting policies**

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

**B. NOTES ON ACCOUNTS:**

1.
  - (a) In the consolidated financial statements, previous year figures of subsidiaries namely Shree Ram Electrocast Private Limited, Hans Ispat Limited, Shree Hans papers Limited and Electrotherm Mali SARL has not been considered as these companies became subsidiary of the company during the current Financial Year.
  - (b) The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year consolidated financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.
2. The subsidiaries considered in the consolidated financial statements are:

Name of the Subsidiary	Country of Incorporation	% voting power held as at March 31, 2011	% voting power held as at March 31, 2010
Jinhua Indus Enterprises Limited* (JIEL)	China	100.00%	100.00%
Jinhua Jahari Enterprises Limited*(100% held by JIEL)	China	100.00%	100.00%
Bhaskarpara Coal Company Limited	India	52.63%	52.63%
ET Elec-Trans Limited	India	80.49%	56.10%
Shree Ram Electrocast Private Limited	India	100.00%	0.00%
Hans Ispat Limited	India	100.00%	0.00%
Shree Hans Papers Limited	India	100.00%	0.00%
Electrotherm Mali SARL*	Republic of Mali	100.00%	0.00%

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

**CONSOLIDATED NOTES TO THE ACCOUNTS**

3. In our opinion of the management, the unaudited financial statements of foreign subsidiaries have been prepared in accordance with the general 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 and there are no material transactions from 1st January, 2011 to 31st March, 2011 in respect of subsidiaries having financial year ended 31st December, 2010.
4. (a) 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 aged November 30, 2009, the financial statements of the Company were restated as under:-
  - i. Immovable assets of the Company, namely Land and building, on the basis of Revaluation report of the Government approved Valuer appointed by the Company were recorded at their respective fair values and resulting increase over Book Value of ₹ 2481.95 Millions, was transferred to General Reserve Revaluation Account.
  - ii. ₹ 500 Millions was transferred from Share Premium Account to Business Development Reserve (BDR) Account and entire BDR Account had been utilized for writing off obsolete or unrealizable assets, unrealizable loans and/or advances etc.
 (B) The Gross Block of Fixed Assets includes ₹ 3426.63 Millions (Previous Year ₹ 2481.95 Millions) on account of revaluation of Fixed Assets. Consequent to the said revaluation, there is an additional charge of depreciation of ₹ 153.03 Millions (Previous Year ₹ 34.67 Millions) and an equivalent amount, has been withdrawn from Revaluation Reserve/General Reserve, as applicable. This has no impact on profit for the year.
5. (a) In the opinion of the Management, the current assets, loans & advances are realizable at the values stated, if realized in the ordinary course of business and the provisions for all known liabilities are adequate.
 (b) The account of debtors, creditors, loans, and loans & advances are subject to confirmation / reconciliation and the amounts of Sundry Debtors, Creditors and Advances are stated on net basis, on the basis of control account, and accordingly the same are subject to necessary adjustments or re-grouping / classification. In this process, the previous year figures of loans have been re-grouped and reclassified.
 (c) Sales include Export Sales of ₹ 219.70 Million of which shipment has taken place in next Financial Year.
 (d) Power and Fuel expenses are inclusive of duties and taxes of ₹ 53.32 Millions (Previous year ₹ Nil) paid towards power generation.
 (e) During the year Foreign Exchange Fluctuation loss of ₹ 308.10 Million has been charged to Material Cost and ₹ 157.95 Million to Interest Expenses.
 (f) The Company has filed application for refund of Terminal Excise Duty of ₹ 15.70 Million and the same is included in Loans and Advances Balances. The said claim is under dispute and has been rejected by the Department but the Management is of the opinion that the company will receive the claim; therefore the same is treated as good for its realization and not provided for as expenses.
 (g) During the year foreign interest hedging expenses of ₹ 89.91 Millions paid towards settlement has been deferred over the entire period of the forward contract.
6. Company is recognizing the exchange rate difference on settlement or restatement of foreign currency monetary assets and liabilities in the profit & loss account as per the pre-revised Accounting Standard -11 'Accounting for effects of changes in foreign exchange rates' issued by The Institute of Chartered Accountants of India. By exercising the option related to amortization of foreign exchange fluctuation differences as per the notification dated March 31, 2009 issued by the Ministry of Corporate Affairs the exchange difference arising on restatement or settlement of long term foreign currency monetary items in so far as they relate to acquisition of a depreciable capital asset are adjusted to the cost of such asset and depreciated over the balance life of the asset. Accordingly, in the Financial Year 2009-10, on the full payment of loan, ₹ 145.25 Millions has been reduced from the cost of fixed assets and consequently depreciation thereon for the current year is provided on the balance value of assets.
7. Miscellaneous expenditure includes research and development expenses of ₹ 176.07 Million (Previous Year ₹ 152.02) incurred on development of Hybrid Bus/T-Cab/project which is still in progress and such expenses would be written off in five years from the year of completion.
8. In pursuance to the AS-21, regarding Consolidation of Financial Statement, the excess of cost to the parent company of its investment in the subsidiary over its portion of equity at the respective dates on which investment in such entities of ₹ 709.34 Millions has been recognized in the financial statement as "Goodwill". The newly subsidiary also had Capital Reserve in the form of accumulated profit of ₹ 2.72 Million & Share Premium of ₹ 100.09 Millions till the last financial year and Revaluation Reserve of ₹ 944.68 Millions, aggregating to ₹ 1047.49 Million. In pursuance to AS-21, said goodwill of ₹ 709.34 Million is required to set-off against the said capital reserve, but to amortize the Goodwill amount in future, it has not been set-off against the said Capital Reserve.
9. The subsidiary Company - Shree Ram Electrocast Private Limited is in process of executing the legal document for the Land acquired at Halekote-25 village, Siruguppa Hubli or Firka, Siruguppa Taluka, District Bellari and Honarahalli Village, Hatcholli.
10. During the year on account of non-operation of the Plant of Shree Ram Electroplast Ltd., expenses in the nature of Manufacturing, Administrative and Financial Charges, Employee Remuneration and Professional & legal expenses ₹ 36.70 Millions incurred during the period of non-operation of the plant has been deferred and 5% of the said expenditure has been written off during the current year and the balance will be written off equally, during remaining next nine years.
11. The doubtful advance of ₹ 3.28 Millions has not been provided as the management is hopeful for its recovery.



**CONSOLIDATED NOTES TO THE ACCOUNTS****12. SEGMENT REPORTING UNDER ACCOUNTING STANDARD 17 :****a. Business Segment**

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

**PRIMARY SEGMENT INFORMATION:****(₹ Millions)**

<b>PARTICULARS</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
<b>SEGMENT REVENUE</b>		
Engineering & Projects Division	2,589.98	2,130.82
Special Steel Division	20,238.80	17,748.35
Electric Vehicle Division	252.00	257.04
Others	879.05	0.01
<b>Total Sales</b>	<b>23,959.83</b>	<b>20,136.22</b>
<b>Less : Inter segment Revenue</b>	<b>111.85</b>	<b>108.68</b>
<b>Net Sale</b>	<b>23,847.98</b>	<b>20,027.54</b>
<b>SEGMENT PROFIT BEFORE TAX AND INTEREST</b>		
Engineering & Projects Division	280.54	218.67
Special Steel Division	2,189.52	1,992.30
Electric Vehicle Division	(135.63)	(75.58)
Others	(92.80)	(5.22)
<b>Profit Before Interest, Tax &amp; Prior Period Adjustment</b>	<b>2,241.63</b>	<b>2,130.17</b>
Less: Financial Expenses	2,031.69	1,332.54
Less : Provision for Tax (Including Deferred Tax)	126.99	256.86
<b>Net Profit After Tax</b>	<b>82.95</b>	<b>540.77</b>
<b>OTHER INFORMATION</b>		
<b>Segment Assets</b>		
Engineering & Projects Division	4,221.62	2,348.04
Special Steel Division	30,484.66	24,780.60
Electric Vehicle Division	916.87	967.55
Others	2,310.25	83.90
<b>Total Segment Assets</b>	<b>37,933.41</b>	<b>28,180.09</b>
<b>Segment Liabilities</b>		
Engineering & Projects Division	3,494.26	771.36
Special Steel Division	23,981.76	19,369.57
Electric Vehicle Division	253.42	307.21
Others	1,487.15	31.31
Un-allocable Liabilities & Provisions	76.14	178.44
<b>Total Segment Liabilities</b>	<b>29,292.73</b>	<b>20,657.89</b>
<b>Segment Depreciation</b>		
Engineering & Projects Division	47.05	30.02
Special Steel Division	1,017.33	680.63
Electric Vehicle Division	13.38	13.11
Others	42.50	1.75
<b>Total Depreciation</b>	<b>1,120.26</b>	<b>725.51</b>
<b>Other Non Cash Expense</b>		
Engineering & Projects Division	16.20	15.40
Special Steel Division	56.57	47.21
Electric Vehicle Division	20.03	20.52
Others	1.86	0.04
<b>Total</b>	<b>94.66</b>	<b>72.87</b>
<b>Segment Capital Expenditure</b>		
Engineering & Projects Division	334.11	155.49
Special Steel Division	3,105.64	2,876.62
Electric Vehicle Division	3.41	4.85
Others	1,665.90	87.28
<b>Total Capital Expenditure</b>	<b>5,109.06</b>	<b>3,124.24</b>

**Note:** The business which were not reportable segments during the year have been grouped under the "Others" segment.

## CONSOLIDATED NOTES TO THE ACCOUNTS

### b. Geographical Segments

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

PARTICULARS	Current Year ₹ Millions	Previous year ₹ Millions
India	23050.45	19,493.01
Overseas	797.53	534.53
<b>Total</b>	<b>23847.98</b>	<b>20,027.54</b>

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

#### A. List of Related Parties

##### I) SUBSIDIARY COMPANIES

1. Shri Ram Realcon Private Limited#
  2. Shree Ram Electrocast (Jharkhand) Private Limited.#
- # Are not the subsidiary Company as on 31st March

##### II) ASSOCIATES:

- |   |   |
|---|---|
| 1. Ahmedabad Aviation and Aeronautics Limited     | 2. Crystal Real Estate Pvt. Limited             |
| 3. Palace Tours and Air Charters Pvt. Limited     | 4. Western India Speciality Hospital Limited    |
| 5. Mangalam Information Technologies Pvt. Limited | 6. Liberty Finance and Leasing Co. Pvt. Limited |
| 7. E-Motion Power Limited                         | 8. Indus Elec-Trans Pvt. Limited                |
| 9. Magnum Limited.                                | 10. Alwar Trading and Investment Company        |
| 11. Afghan Trading Pvt. Limited                   | 12. Bhandari Brothers Commercial Pvt. Limited   |
| 13. Palanpur Reality Developers Pvt. Limited      | 14. Jayshri Petro-Yarn Pvt. Limited             |
| 15. Adroit Trading and Investment Co.             | 16. EIL Hospitality Pvt. Limited                |
| 17. EIL Realty Pvt. Limited                       | 18. EIL Software Pvt. Limited                   |
| 19. EIL Software Services Offshore Pvt. Limited   | 20. EIL Technology Pvt. Limited                 |
| 21. Electrotherm Engineering & Projects Limited   | 22. Electrotherm Infrastructure Pvt. Limited    |
| 23. Electrotherm Renewables Pvt. Limited          | 24. Electrotherm Foundation                     |
| 25. Gujarat Mint Alloys Limited                   | 26. Indus Real Estate Pvt. Limited              |
| 27. ICS Commercial Pvt. Limited                   | 28. New Delhi Real Estate Pvt. Limited          |
| 29. Palace Infrastructure Pvt. Limited            | 30. S B Realty Developers Pvt. Limited          |
| 31. Sun Infrapower Pvt. Limited                   | 32. Sun Residency Pvt. Limited                  |
| 33. Suraj Real Estate Pvt. Limited                | 34. S N Advisory Pvt. Limited                   |
| 35. Suraj Advisory Services Pvt. Limited          | 36. Bhandari Charitable Trust.                  |
| 37. Airfones Innovatives Pvt. Limited             | 38. BNB Real Estate Pvt. Limited                |
| 39. Electrotherm Energy Holdings Limited          | 40. Electrotherm Solar Limited                  |
| 41. Firefly Energy Limited                        | 42. Indus Coils & Plates Limited                |
| 43. Inspira Solar Energy Limited                  | 44. NET Architectures Pvt. Limited              |
| 45. Bhandari Real Estate Pvt. Limited             | 46. Drishti Merchandise Pvt. limited@           |
| 47. Machmorn Commodities Pvt. Limited@            | 48. Shri Ram Galleria Pvt. Limited@             |
| 49. Killick Commotrade Pvt. Limited@              | 50. Shree Ram Distributors@                     |

@ Are not related parties as on 31st March 2011.

##### III) KEY MANAGEMENT PERSONNEL: (Other than Nominee & Independent Director)

- |                                 |                                |
|---------------------------------|--------------------------------|
| 1. Mr. Mukesh Bhandari,         | 2. Mr. Shailesh Bhandari,      |
| 3. Mr. Narendra Dalal,          | 4. Mr. Avinash Bhandari        |
| 5. Mr. Rajendra Kumar Purohit   | 6. Dr. Dharmendra Gupta        |
| 7. Mr. Pradeep Kumar Santhalia* | 8. Mr. Nithyanand Santhalia*   |
| 9. Mr. Nareshkumar Agrawal*     | 10. Mr. Bishukumar Agrawal.*   |
| 11. Mr. Dilip Nandkeolyar       | 12. Mr. Siddharth Bhandari     |
| 13. Mr. Suraj Mohan Sharma      | 14. Mr. Sajid Mian Nasir*      |
| 15. Mr. Kamal Goel              | 16. Mr. Mahendra Kumar Pitara. |

\* Are not directors as on 31st March 2011.

**CONSOLIDATED NOTES TO THE ACCOUNTS**
**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

**14. Transaction with Related Parties**

SN	Nature of Relationship	Associates	Key Management Personnel	Relatives of Key Management Personnel
		₹ Millions	₹ Millions	₹ Millions
1	Purchase of Raw Materials	0.77 (0.00)	0.00 (0.00)	0.00 (0.00)
2	Sale of Goods	1.51 (2.01)	0.00 (0.00)	0.00 (0.00)
3	Purchase of Fixed Assets	0.10 (0.00)	0.00 (0.00)	0.00 (0.00)
4	Loans Received	0.27 (0.00)	16.50 (0.00)	0.00 (0.00)
5	Loans Payments	0.00 (18.17)	10.30 (0.00)	0.00 (0.00)
6	Rent Expenses	0.00 (0.00)	0.18 (0.17)	0.41 (0.45)
7	Directors Remuneration	0.00 (0.00)	43.69 (40.57)	0.00 (0.00)
8	Remuneration to others	0.00 (0.00)	0.00 (0.00)	0.54 (0.16)
9	Credit Balance Outstanding at year end	0.71 (22.82)	6.35 (0.15)	0.40 (0.40)
10	Debit Balance Outstanding at year end	1.44 (55.45)	0.00 (0.00)	0.00 (0.00)

**Note: Figures in the bracket are for the previous year**

15. The Company has determined Pre-Operative Expenditure (including borrowing cost) of ₹ 354.16 Millions (Previous year: ₹ 388.66 Millions) and the same have been allocated towards the respective fixed assets.
16. In compliance of Accounting Standard 22 issued by Institute of Chartered Accountants of India, Deferred Tax liability mainly arising on account of difference between book and income tax written down value of fixed assets, after adjusting unabsorbed depreciation, during the year deferred tax liability of ₹ 50.85 Millions (₹ 120.41 Millions) has been provided. In case of Hans Ispat Limited Deferred Tax liability has not been provided as there are unabsorbed losses and Depreciation and loss during the current year.

**17. CONTINGENT LIABILITIES:-**

(A) The Company is liable for following contingent liabilities:-

- i) Disputed Statutory Claims/Levies for which the company has preferred appeal in respect of Income Tax liability of ₹ 7.62 Millions (Previous Year ₹1.42 Millions), VAT liability of ₹ 0.61 Millions (Previous Year Nil), Excise Liability of ₹ 2788.40 Millions (Previous Year Nil).The above amounts are excluding the amount of Interest and of the amount of appeal preferred by the department.
- ii) Guarantees / Counter Guarantees (including un-utilized Letters of Credit) issued ₹2941.96 Millions (₹ 543.36 Millions in Previous year).

**CONSOLIDATED NOTES TO THE ACCOUNTS**

- iii) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹40.00 Millions. (Previous Year ₹ 58.73 Millions.).
  - iv) The company is contingently liable for the pending disputed labour and other matters, approximately amounting to ₹ 1.00 Million(Previous Year ₹ 2.28 Millions).
  - v) The company has executed Legal Undertaking Bond to pay Central Excise Duty (Terminal Excise Duty), levies and liquidated damages payable, if any, in respect of imported and indigenous capital goods and stores and spares consumed duty free, in the event that certain terms and conditions are not fulfilled. In this regard aggregate duty liability amount of ₹ 258.13 Millions as at March 31, 2011 (Previous Year: ₹ 299.57 Millions). Against these, exports amounting to ₹ 2238.93 Millions (previous year ₹ 2396.56 Millions) will have to be made within next 8 years from the date of issue of license.
  - vi) The amount of sundry debtors is net of Bills discounted of ₹ 34.99 Million with bankers (Previous year Nil).
- (B) The company is liable for un-provided liabilities of VAT of ₹ 0.39 Millions.(Previous Year Rs NIL).
- (C) The Claim for Input Vat Credit Recievable of ₹ 706.49 Millions is subject to the sanction by concerned authority.
- (D) Additionally, the group is involved in other disputes, law suits, claims, governmental and/or regulatory inspections, inquiries, investigations and proceedings including patent and commercial matters that arise from time to time in the ordinary course of business. The Group believes that there are no such pending matters that are expected to have any material adverse effect on its financial statements in any given accounting period.

**18. EARNING PER SHARE (EPS):**

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

<b>EPS CALCULATION</b>	<b>Year ended 31st March,11</b>	<b>Year ended 31st March,10</b>
Profit attributable to the Equity Shareholder (After prior period expenses) ₹ Millions	89.70	524.76
Closing number of Equity Shares outstanding during the year	1,14,76,374	1,14,76,374
Basic/ Weighted average number of Equity Shares outstanding during the year	1,14,76,374	1,14,76,374
Nominal value of Equity share (₹)	10.00	10.00
Basic Earnings per Share (₹)	7.82	45.73
Diluted Earnings per share	7.82	45.73

19. 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 details of which are provided as under-

<b>Name of the party</b>	<b>Amount outstanding</b>
Supreme Metallurgical Services (P). Ltd.	₹ 49,05,261/- (Previous Year Nil)

20. Signed Schedule No.1 to 21 forms part of the Annexed account of the Company.

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

**Prakash D. Shah**  
Partner

Place : Ahmedabad  
Date : May 30, 2011

**For and on behalf of Board of Directors**

**Shailesh Bhandari**  
Managing Director

**Dilipsingh Lodha**  
Chief Financial Officer

**Avinash Bhandari**  
Joint Managing Director

**Jigar Shah**  
Company Secretary



**PROXY / ATTENDANCE SLIP**

**ELECTROTHERM (INDIA) LIMITED**

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

**PROXY FORM**

<b>DP ID</b>		<b>Folio No.</b>	
<b>Client ID</b>		<b>No. of Shares</b>	

I / We \_\_\_\_\_ of \_\_\_\_\_ being a member / members of **ELECTROTHERM (INDIA) LIMITED** hereby appoint \_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_ for my / our behalf at the 25th Annual General Meeting of the Company to be held on Friday, 30th September, 2011 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.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2011

Affix  
One Rupee  
Revenue  
Stamp

\_\_\_\_\_  
**Signature**

**NOTE :**

1. The Proxy Form signed across revenue stamp should reach at the Company's Registered Office at A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380 015 at least 48 hours before the schedule time of the meeting.
2. The Proxy need not be a member of the Company.
3. Please fill in full particulars.
4. Company reserves the right to ask for identification of the proxy.

**ELECTROTHERM (INDIA) LIMITED**

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

**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 25th Annual General Meeting of the Company held on Friday, 30th September, 2011 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>	

**Name of the Shareholder (In Block Letters)**

**Signature of Shareholder**

**Name of the Proxy (In Block Letters)**

**Signature of the Proxy**

**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.



## Electric Vehicle

Electrotherm's competence and expertise in power electronics has facilitated to launch Electric Vehicle under the brand name 'Yobykes'. When almost all are trying to cope with the increase in the fuel prices and pollution, the 'Yobykes' is the answer to the quest of alternative way of Eco-Friendly and Economical made of commutation.



## Transformer

Electrotherm has started manufacturing of transformer with high and lower ratings as a contribution in a ramp-up in distribution infrastructure including the replacement market. Electrotherm's conscious effort to maintain quality and keep up with the growing demand by enhancing production capacity.



## Renewables

Electrotherm's constant endeavor to provide pollution free renewable source was once again shown in the solar products likes solar water heating system, solar process heating, air-conditioning system and large as well as utility scale concentrated solar power plants. Electrotherm is committed to deliver quality products and services employing the latest technology available worldwide in the area of Renewable Energy in general and solar Energy in particular.



## TLT Angles & Structures

Electrotherm has set up a state of the art structural rolling mill for rolling angles suitable for transmission line tower and other engineering applications. The recently acquired plant/assets near Baroda will help forward integration and enable the Company to enter into value added products for Transmission Line Tower business.





**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](http://www.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 : +91-2837283310,283501  
Fax No. +91-2837-283329

**Registered office :**

A1 Skylark Apartment,  
Satellite Road, Satellite, Ahmedabad - 380 015,  
Gujart (INDIA) Phone : +91-79-26768844  
Fax: 91-79-26768855  
Website : [www.electrotherm.com](http://www.electrotherm.com)