





FORM B

Covering Letter for filing of Annual Audit Report with the Stock Exchanges

1.	Name of Company	Electrotherm (India) Limited
2.	Annual Financial Statements for the year ended	31 st March, 2014
3.	Type of Audit Qualification	Qualified Opinion/ Matter of Emphasis and other observations
4.	Frequency of Qualification	It appears since last audit report of 2011-2012 (consisting of 18 months)
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report	<p>Emphasis matters and Qualifications :</p> <ol style="list-style-type: none">1. Note No. 2.27 of the accompanying financial statement in respect of Winding up petition and recovery cases against the company,2. Note No. 2.28 of the accompanying financial statement in respect of restructuring of the debts of the company and filing of Reference to BIFR3. Note No.2.30 relating to pending judgment of Hon'ble Supreme Court, above 1 to 3 affecting the going concern's concept of the company.4. Note No. 2.29 of the accompanying financial statement in respect of non provision of long disputed advances and claims/liability against the company and on account of the reasons for recovery/realization/non provision as stated in said notes, the exact amount of the said non provisions are not determined and accounted for by the company.5. Note No. 2.31 of the accompanying financial statement in respect of additional disclosures in relation to financial statements of the Company.6. Note No. 2.39 of the accompanying financial statement in respect of third party balance confirmation and its classification, non provision of interest on NPA accounts of banks of Rs 698.66 Crore, erosion of net worth of the company, indication of impairment of Capital Work in Progress, doubtful trade receivables, obsolete old stocks and other issues and the balance amount of the same is not exactly quantified for the reporting aspect.

		<p>Other observations/remarks :</p> <ol style="list-style-type: none">7. The fixed assets of other Plants are required to be physically verified and to be reconciled with the records.8. The company has defaulted in repayment of dues (including interest) to financial institution and banks and as informed to us, details relating to extent of defaults is not readily available with the company and therefore its relevant details cannot be reported. <p>Management Response :</p> <ol style="list-style-type: none">1. The winding up petitions and recovery cases against the company have been contested by the Company before the statutory authorities including Courts/Tribunals and hence in our opinion the said legal cases would not affect the going concern concept of accounting to the Company.2. The CDR Cell has approved CDR Package of the Company on CDR EG Meeting dated November 14, 2013 and issued letter conveying approval on February 03, 2014. As Per CDR Directives as described in Letter of Approval under the head of "Critical conditions" the company has filed reference to BIFR on February 28, 2014. Since net worth of the Company is fully eroded, it was obligatory at the company's end to file reference to BIFR. The Monitoring Institution i.e. Bank of India has informed the Company vide their letter dated 24th April, 2014 that they have decided the withdrawal of the case under CDR mechanism.3. A special Civil Application in the nature of PIL was filed in the year 2010 against the company before Hon'ble Gujarat High Court challenging the Environment Clearance for expansion of steel plant and No objection Certificate (NOC) & consolidation consent and authorization. Gujarat High Court on May 11, 2012 set aside the environment clearance with liberty to Company to apply once again and to stop the operation of the steel Plant. The Company has filed a Special Leave Petition (SLP) in the Hon'ble Supreme Court, Challenging the High Court order. After hearing, the Hon'ble Supreme Court of India on May 18, 2012 stayed the order passed by the Hon'ble Gujarat High Court. All the parties to the petition have filed their reply before the Hon'ble Supreme Court of India and now hon'ble Supreme Court of India directed the Central pollution Control Board of India and Gujarat
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		<p>Pollution Control Board to make joint inspection & submit the report. They have submitted the report to Hon'ble Supreme Court. The Next date for listing is 16.09.2014.</p> <p>4. The Company has contested with the Excise Department and is hopeful of recovering the terminal excise duty of Rs.1.58 crore and shall also be able to recover the advance of Rs.12.23 crore on resolution of the dispute. In case of VAT liability with Maharashtra Sales Tax Department the company has contested the liability and is hopeful of recovering the advance payment of Rs.40.00 Million from Maharashtra Sale Tax Department in due course. The old Vat Input Credit Receivable is hopeful of its reliasation. Regarding VAT Assessment order 2009-2010 for Tax liability of Rs.5.94 crores. The Company has filed an appeal and hopeful to recover from the statutory authority.</p> <p>5. With regard to additional disclosures in relation to financial statements, management thinks it is sufficient to disclose the same in note no.2.31 of notes to accounts.</p> <p>6. With regard to the third party Balance Confirmation and its classification and other issue affecting the financial statements, to the extent stated therein, the management is taking all necessary steps, so that the confirmation of the third parties are obtained and establish proper mechanism to reconcile inter departmental transactions.</p> <p>With regards to slow moving inventories, the company has valued on estimate net realizable value.</p> <p>With regards to capital work in progress, the said may required further investment to bring them into commercial use and therefore these are not treated as impaired assets.</p> <p>7. With regards to fixed assets of other Plants are required to be physically verified and to be reconciled with the records, the management is of the view that the Company has appointed RSM Astute (Gujarat) Pvt. Limited as Internal Auditor and they make physical verification of other plant and make audit of the same.</p> <p>8. With regards to defaulted in repayment of dues (including interest) to financial institution and banks, the same is mentioned in point no. 2 of the above.</p>
6.	Additional comments from the Board/Audit committee chair	No Additional Comments offered.

7.	Mr. Shailesh Bhandari Managing Director	
	Mr. Pawan Gaur Chief Financial Officer (CFO)	
	Auditor of the Company	<p>For Mehta Lodha & Co. Firm Registration No. 106250W Chartered Accountants</p> <p> Prakash D. Shah Partner M. No.34363</p>
	Mr. Ram Singh Audit Committee Chairman	

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
Electrotherm (India) Limited
Ahmedabad

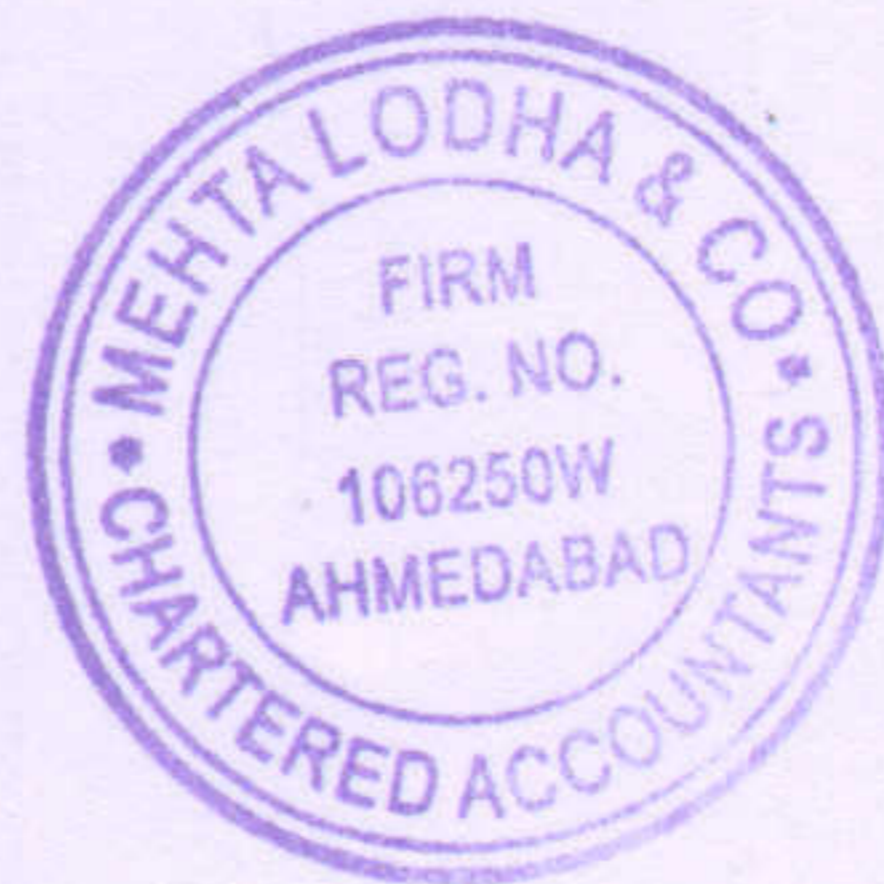
We have examined the compliance of conditions of Corporate Governance by **Electrotherm (India) Limited** for the period ended on 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

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

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

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



Place: Pune
Date: 13th August, 2014

A handwritten signature in green ink, appearing to read "P. D. Shah", with a horizontal line underneath it.

Prakash D. Shah
Partner
Membership No. 34363



ELECTROTHERM (INDIA) LIMITED



Steel & Stainless Steel



Continuous Casting Machine

Pollution Control Equipment

Melting equipments for Steel Plants & Foundries

Solar Water Heater

Transformers

Metal Refining Konverter

Electrotherm Refining Furnace

Gas based DRI Plant

Continuous Casting Machine

Solar Energy

Hydraulic Grab

Steel & Stainless Steel

Coal Based DRI Plant

Turnkey Projects for Steel Melt Shop

Induction Heating Equipment

Ductile Iron Pipe

Electric Bikes

Transmission Line

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Mukesh Bhandari	<i>Chairman</i>
Mr. Shailesh Bhandari	<i>Managing Director</i>
Mr. Avinash Bhandari	<i>Joint Managing Director & CEO</i>
Mr. Nilesh Desai	<i>Director (up to 16 May, 2014)</i>
Mr. Ram Singh	<i>Director</i>
Mr. Pradeep Krishna Prasad	<i>Director</i>

CHIEF FINANCIAL OFFICER

Mr. Pawan Gaur

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 (Guj.) Pvt. Ltd.
Surat

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
Standard Chartered Bank
Allahabad Bank

REGISTERED OFFICE

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

REGISTRAR & TRANSFER AGENT

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

WORKS

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

Wind Farm

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

Special Steel and DI Pipe Division

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

Electric Vehicle Division

Survey No. 689 Paiki, Village : Thol,
Taluka : Kadi, Dist. : Mehasana – 382 715, Gujarat

Transmission Line Tower Division

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

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28TH ANNUAL GENERAL MEETING

28th Annual General Meeting of the members of the Company will be held on Tuesday, the 30th September, 2014 at 11.00 A.M. at S-5, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015.



CHAIRMAN'S MESSAGE



Dear Shareholders,

The GDP growth slowed to below 5 per cent for two consecutive years, i.e. 2012-13 and 2013-14. The combination of domestic structural constraints, inflationary pressures, particularly food inflation and uncertainty in the global economy, has affected growth and posed challenges for macroeconomic stability. However, the Economic Survey 2013-14 has pegged GDP growth for the year 2014-15 in the range of 5.4-5.9 per cent. As a result, sentiment in the country is upbeat and there is a profound change in the outlook. The GDP growth will be driven by multiple factors such as control on inflation, focus on infrastructure revival and manufacturing growth.

The increased expenditure is the main focus area of the new government therefore, opportunities to boost steel demand look more positive. Such a scenario will definitely lead to good business for the company for both Engineering division and Steel division.

The economy of India is also sure to get a boost in the coming years owing to the improvement in the global economies and the political scenario in India, where for the first time in over three decades, we have a stable government with a clear majority of a single political party. These developments both on the global and domestic front will have huge recuperations on the Indian economy.

The steps taken by the previous Government to reduce the export of iron ore through imposition of export duty has started yielding positive results. Production of pellets is on the rise, some through beneficiation and others directly. This has eased the raw material situation for the steel units in the country. The steel units operating in the South and West part of the country are specially benefitted as they were the ones which were most effected on account of ban on iron ore mining. I am sure things will further improve going forward as more and more pelletization and beneficiation plants become operational across the country.

The lifting of ban on remaining mines, expected to happen over the next 12 months, will further ease the raw material situation in the country. While the raw material situation has improved in comparison to the last year, the finished goods demand has not changed much. This has resulted into lower capacity utilization of most steel plants across the country, specially the induction based mini steel plants.

While the demand for steel is low, the demand for DI pipes is pretty robust. We have also seen price improvements in this part of the business on account of improved demand. We expect the steel demand also to substantially increase, given the renewed focus of the new government on the infrastructure sector. The demand in Gujarat is expected to be higher than the country average.

The company's efforts in its engineering division to introduce newer products in the last few years are also yielding positive results. In a short span of time since its introduction, the company has installed more than 60 mini high speed casters, probably the highest ever by any company in such short span of time. With the changing norms by BIS for steel products in the country, the ERF introduced with the EldFOS patented process is also being accepted and appreciated by the secondary steel makers. Both these products are expected to fetch huge demand over the next 5 years as the new steel capacity creation kicks in.

Most products of the company are linked very closely to the state of the economy. With GDP expected to grow at a much faster pace and the macroeconomic parameters expected to improve substantially going forward, we see better times ahead fourth company.

I would like to thank all my colleagues and the shareholders for their dedication and commitment towards the company during these testing times.

Mukesh Bhandari
Chairman



NOTICE

NOTICE is hereby given that the **28th Annual General Meeting** of Members of **Electrotherm (India) Limited** will be held on Tuesday, 30th September, 2014 at 11.00 a.m. at S-5, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015 to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt Audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date together with Report of Board of Directors and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Avinash Bhandari (DIN : 00058986), who retire by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

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

SPECIAL BUSINESS:

4. To appoint Mr. Ram Singh (DIN: 00059026) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 reads with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to provision of Clause 49 of the Listing Agreement including any modification or amendment thereof, Mr. Ram Singh (DIN: 00059026), be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years from this Annual General Meeting till the conclusion of Thirty Third Annual General Meeting to be held in the calendar year 2019, not liable to retire by rotation, and in respect of whom the company has received a notice pursuant to the provisions of Section 160 of the Act from a member signifying his intention to propose Mr. Ram Singh as a candidate for the office of Director of the Company."

5. To appoint Mr. Pradeep Krishna Prasad (DIN: 00059004) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT, pursuant to the provisions of Sections 149, 152 reads with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to provision of Clause 49 of the Listing Agreement including any modification or amendment thereof, Mr. Pradeep Krishna Prasad (DIN: 00059004), be and is hereby appointed as an Independent Director of the Company to hold office for 5(five) consecutive years from this Annual General Meeting till the conclusion of Thirty Third Annual General Meeting to be held in the calendar year 2019, not liable to retire by rotation, and in respect of whom the company has received a notice pursuant to the provisions of Section 160 of the Act from a member signifying his intention to propose Mr. Pradeep Krishna Prasad as a candidate for the office of Director of the Company."

6. To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2015 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors viz. V. H. Savaliya & Associates, Cost Accountant, Ahmedabad appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid the remuneration of ₹2,00,000/- (Rupees : Two Lacs Only) plus service tax as applicable and reimbursement of out-of-pocket expenses.

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

7. To reconfirm authority to the Board of Directors for borrowing limit up to ₹4000.00 crores and in this regard to consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution** :

"RESOLVED THAT in supersession of all the earlier resolutions passed by the members of the Company in this regard under Section 293(1)(d) of the Companies Act, 1956 and pursuant to the provisions of Section 180(1)(c) of the of the Companies Act, 2013 and the rules made there under (including any statutory modifications or re-enactment thereof for the time being in force) ('the Act') and other applicable provisions, if any, of the Act and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred as 'Board' which term shall include a Committee thereof authorized

**NOTICE**

for the purpose) of the Company, to borrow, from time to time at their discretion, any sum or sums of money (including non-fund based banking facilities) as may be required for the purpose of the business of the Company, from one or more Banks, Financial Institutions and other persons, firms, bodies corporate, whether in India or abroad, notwithstanding that the monies so borrowed together with the monies already borrowed (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may at any time exceed the aggregate of the paid up capital of the company and its Free Reserves (that is to say reserves not set apart for any specific purpose) provided that the total amount that may be borrowed by the Board and outstanding at any point of time, shall not exceed the sum of ₹4000.00 Crores (Rupees : Four Thousand Crores Only) and that the Board of Directors be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment security or otherwise as they may, in their absolute discretion, think fit.

RESOLVED FURTHER THAT for the purpose of giving effect of this resolution, the Board of Directors or its Committee thereof of the Company be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in the respect of the borrowing (s) aforesaid and further to do all such acts, deeds and things to do execute all documents and writings as may be necessary, proper desirable or expedient to give effect to this resolution."

8. To re-appoint Mr. Mukesh Bhandari (DIN: 00014511) as a Managing Director designated as a Chairman and in this regard to considers and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 200 & 203 read with Schedule V and all other applicable provisions, if any of the Companies Act, 2013 (Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Memorandum and Article of Association of the Company and subject to the remuneration recommended by the Nomination and Remuneration Committee and subject to approval of the Banks, Financial Institutions, Board of Industrial Financial reconstruction and Central Government and such other approval that may be necessary, consent and approval of the Company be and is hereby granted to the re-appointment of Mr. Mukesh Bhandari (DIN: 00014511) as Managing Director designated as a Chairman of the Company, for a further period of 3 (three) years with effect from February 01, 2014 and concluding on 31st January, 2017as hereunder :

A) REMUNERATION:

Monthly Salary of ₹2,00,000/- (Rupees Two Lacs Only)

B) PERQUISITES:

- i) In addition to the salary as above, Mr. Mukesh Bhandari will be entitled to Personal Accident Insurance and Group Life Insurance, Club fees subject to a maximum of two clubs, medical reimbursement, company provided car and driver.
- ii) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- iii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- iv) Encashment of leave at the end of the tenure.

II POWERS

The appointee shall function under the supervision, control and guidance of the Board of Directors of the Company and shall exercise substantial powers of management to the extent and in the manner delegated by the Board of Directors of the Company.

III SITTING FEES

The appointment shall not receive any sitting fees for attending any meeting of the Board or Committees thereof.

IV RETIREMENT BY ROTATION

The appointee shall not be liable to retire by rotation at annual general meeting of the Company.

C) MINIMUM SALARY

In the event of any absence or inadequacy of profits in any financial year of the Company during his tenure, the remuneration payable to Mr. Mukesh Bhandari shall be in conformity with the conditions specified in Section II of Part II of the Schedule V of the Companies Act, 2013 or any modifications thereof to the extent and in the manner as may be mutually agreed by the Company and the appointee.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds things and matters as may be necessary proper or expedient to give effect to this resolution."

9. To re-appoint Mr. Shailesh Bhandari (DIN: 00058866) as a Managing Director and in this regard to considers and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 200 & 203 read with Schedule V and all other applicable provisions, if any of the Companies Act, 2013 (Act) and the Companies (Appointment and Remuneration of Managerial Personnel)

**NOTICE**

Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Memorandum and Article of Association of the Company and subject to the remuneration recommended by the Nomination and Remuneration Committee and subject to approval of the Banks, Financial Institutions, Board of Industrial Financial Reconstruction and Central Government and such other approval that may be necessary, consent and approval of the Company be and is hereby granted to the re-appointment of Mr. Shailesh Bhandari (DIN: 00058866) as a Managing Director of the Company, for a further period of 3 (three) years with effect from February 01, 2014 and concluding on 31st January, 2017as hereunder :

A) REMUNERATION:

Monthly salary of ₹2,00,000/- (Rupees Two Lacs Only)

B) PERQUISITES:

- i) In addition to the salary as above, Mr. Shailesh Bhandari will be entitled to Personal Accident Insurance and Group Life Insurance, Club fees subject to a maximum of two clubs, medical reimbursement, company provided car and driver.
- ii) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- iii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- iv) Encashment of leave at the end of the tenure.

II POWERS

The appointee shall function under the supervision, control and guidance of the Board of Directors of the Company and shall exercise substantial powers of management to the extent and in the manner delegated by the Board of Directors of the Company.

III SITTING FEES

The appointment shall not receive any sitting fees for attending any meeting of the Board or Committees thereof.

IV RETIREMENT BY ROTATION

The appointee shall be liable to retire by rotation at annual general meeting of the Company.

C) MINIMUM SALARY

In the event of any absence or inadequacy of profits in any financial year of the Company during his tenure, the remuneration payable to Mr. Shailesh Bhandari shall be in conformity with the conditions specified in Section II of Part II of the Schedule V of the Companies Act, 2013 or any modifications thereof to the extent and in the manner as may be mutually agreed by the Company and the appointee.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds things and matters as may be necessary proper or expedient to give effect to this resolution."

10. To re-appoint Mr. Avinash Bhandari (DIN: 00058986) as a Joint Managing Director & CEO and in this regard to considers and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 200 & 203 read with Schedule V and all other applicable provisions, if any of the Companies Act, 2013(Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Memorandum and Article of Association of the Company and subject to the remuneration recommended by the Nomination and Remuneration Committee and subject to approval of the Banks, Financial Institutions, Board of Industrial Financial Reconstruction and Central Government and such other approval that may be necessary, consent and approval of the Company be and is hereby granted to the re-appointment of Mr. Avinash Bhandari (DIN : 00058986) as Joint Managing Director & CEO of the Company, for a further period of 3 (three) years with effect from February 01, 2014 and concluding on 31st January, 2017as hereunder :

A) REMUNERATION:

Monthly salary of ₹2,00,000/- (Rupees Two lacs only)

B) PERQUISITES:

- i) In addition to the salary as above, Mr. Avinash Bhandari will be entitled to Personal Accident Insurance and Group Life Insurance, Club fees subject to a maximum of two clubs, medical reimbursement, company provided car and driver.
- ii) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- iii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- iv) Encashment of leave at the end of the tenure.

NOTICE

II POWERS

The appointee shall function under the supervision, control and guidance of the Board of Directors of the Company and shall exercise substantial powers of management to the extent and in the manner delegated by the Board of Directors of the Company.

III SITTING FEES

The appointment shall not receive any sitting fees for attending any meeting of the Board or Committees thereof.

IV RETIREMENT BY ROTATION

The appointee shall be liable to retire by rotation at annual general meeting of the Company.

C) MINIMUM SALARY

In the event of any absence or inadequacy of profits in any financial year of the Company during his tenure, the remuneration payable to Mr. Avinash Bhandari shall be in conformity with the conditions specified in Section II of Part II of the Schedule V of the Companies Act, 2013 or any modifications thereof to the extent and in the manner as may be mutually agreed by the Company and the appointee.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds things and matters as may be necessary proper or expedient to give effect to this resolution."

11. To approve adoption of new set of Articles of Association of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Rules framed there under (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

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

12. Authority for related party transactions under section 188(1) of the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 188(1) an other applicable provisions of the Companies Act, 2013, if any, the consent of the members of the Company be and is hereby accorded for entering into the related party transactions by the Company with effect from 1st April, 2014 up to the maximum per annum amounts as appended below :

(₹ In Crores)

MAXIMUM VALUE OF CONTRACT/TRANSACTION (PER ANNUM) WEF 1 ST APRIL, 2014		
Name of Related Parties	Transactions defined u/s.188(1) of the Companies Act, 2013	
	Nature of Interest/ Relationship transaction	Value of estimated Transaction per annum
COMPANIES :		
ETA IN Immodo Renewables Ltd.	Sale /Purchase or Supply of any goods, materials	25.00
Electrotherm Solar Limited	Sale /Purchase or supply of any goods, materials	5.00
Electra Transformer Limited	Sale /Purchase or supply of any goods, materials	5.00
TRUST :		
Bhandari Charitable Trust	Sale /Purchase or supply of any goods, materials	5.00
SUBSIDIARY COMPANIES :		
Hans Ispat Limited	Sale /Purchase or supply of any goods, materials	500.00
DIRECTORS/KMPS/RELATIVES OF DIRECTOR AND KMPS		
Mukesh Bhandari	Leasing of Property	0.50
Shailesh Bhandari	Leasing of Property	0.50
Indubala Bhandari	Leasing of Property	0.10
Jyoti Bhandari	Leasing of Property	0.10

**NOTICE**

RESOLVED FURTHER THAT to give effect to this resolution the Board of Directors and /or any Committee thereof be and is hereby authorised to settle any question, difficulty or doubt that may arise with regard to giving effect to the above resolution and to do all acts, deeds, things, as may be necessary in its absolute discretion deem necessary, proper desirable and to finalise any documents and writings related thereto.”

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

**Jigar Shah
Company Secretary**

Place : Ahmedabad
Date : 13th August, 2014
Registered Office:
A-1, Skylark Apartment,
Satellite Road, Satellite,
Ahmedabad – 380 015
CIN : L29249GJ1986PLC009126
E-mail Id : sec@electrotherm.com

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE 28TH ANNUAL GENERAL MEETING (THE “MEETING”) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
A PERSON SHALL ACT AS PROXY FOR ONLY 50 MEMBERS AND HOLDING IN AGGREGATE NOT MORE THAN 10 PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER MEMBER.
- Corporate members intending to send their authorized representative(s) to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company a certified copy of the Board Resolution authorizing such representative(s) to attend and vote on their behalf at the Meeting.
- An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Item No. 4 to 12 of the Notice which sets out details relating to Special Business to be transacted at the meeting, is annexed hereto.
- The Register of Members and Share Transfer Books of the Company will remain closed From 26th September, 2014 to 30th September, 2014 (Both days inclusive).
- Members are requested to make all correspondence in connection with shares held by them by addressing letters directly to the Company or its RTA quoting their Folio number or their Client ID number with DP ID number, as the case may be.
- Disclosure pursuant to Clause 49 of the Listing Agreement with respect to Directors seeking re-appointment at the Annual General Meeting is attached hereto.
- Relevant documents referred to in the accompanying Notice and the statement is open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the meeting.
- (a) Members are requested to notify immediately any change of address:
 - to their Depository Participants (DPs) in respect of the shares held in electronic form and
 - to the Company or its RTA, in respect of the shares held in physical form together with a proof of address viz. Electricity Bill, Telephone Bill, Ration Card, Voter ID Card, Passport etc.
 (b) In case the mailing address mentioned on this Annual Report is without the PINCODE, members are requested to kindly inform their PINCODE immediately.
- 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 lose their right to claim such dividend.

Financial Year	Rate (Amt. per Share)	Date of Declaration	Due for Transfer on
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

In August, 2014, the Company has transferred the money lying to unpaid / unclaimed dividend account for the year 2006-2007 to Investor Education and Protection Fund established by the Central Government.

**NOTICE**

10. In terms of Investor Education & Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 issued by the Ministry of Corporate Affairs effective from 20th May, 2012, Company has uploaded the data regarding unpaid/unclaimed dividend for the last seven years on the website of the Company as well as that of Ministry of Corporate Affairs.
11. In terms of Circular issued by the Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN card to the Company or its RTA in the following cases viz. Transfer of shares, deletion of name and transmission of shares and transposition of shares. Members holding shares in electronic form can submit their copy of PAN to Depository participant and holding shares in physical form can submit their PAN details to the Company.
12. 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.
13. The Annual Report of the Company for the year 2013-2014, circulated to the Members of the Company, is available on the Company's website viz. www.electrotherm.com.
14. In line with the measures of Green Initiative taken by SEBI, Companies Act, 2013 also provided for sending notice of the meeting and other shareholder correspondences through electronic mode, members holding shares in physical mode are requested to register their e-mail ID's with the Company or RTA and Members holding shares in Demat mode are requested to register their e-mail ID's with their respective Depository Participants (DPs). If there is any change in the e-mail ID already registered with the Company or its RTA in respect of shares held in physical form and to DPs in respect of shares held in electronic form.

REQUEST TO THE MEMBERS:

1. Members / Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
2. A Member desirous of getting any information on the accounts or operations of the Company is requested to forward his / her queries to the Company at least 7 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. Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses, so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars etc from the Company electronically.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 :****ITEM NO. 4 & 5**

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

The following Directors are Independent Directors viz. Mr. Ram Singh, Mr. Pradeep Krishna Prasad on the Board of the Company.

It is proposed to appoint each of them as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for a term of 5 (five) consecutive years from the conclusion of this Annual General Meeting till the conclusion of the Thirty Third Annual General Meeting to be held in the calendar year 2019, not liable to retire by rotation.

The Company has received notices pursuant to the provision of Section 160 of the Act from Members signifying their intention to propose the candidature of Mr. Ram Singh and Mr. Pradeep Krishna Prasad as Independent Directors of the Company.

The above mentioned Directors are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors. The Company has received declarations from each of them that they meet the criteria of independence as prescribed under subsection (6) of Section 149 of the Act and Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Ram Singh and Mr. Pradeep Krishna Prasad fulfils the conditions for their appointment as Independent Directors as specified in the Act, the Rules made there under and the Listing Agreement. All of them are independent of the management. Considering their vast experience, their presence on the Board will be of immense value to the Company.

A copy of their draft letters of appointment as Independent Directors setting out the terms and conditions are available for inspection by the Members at the registered office of the Company on all working days (except Saturdays, Sundays and Public Holidays) between 10:00 am to 12:00 pm up to the date of the AGM.

None of the Directors, Key Managerial Personnel and their relatives thereof other than Mr. Ram Singh, Mr. Pradeep Krishna Prasad and their relatives are concerned or interested financially or otherwise in the respective resolutions for their appointment. The resolutions as set out in Item nos. 4 & 5 of this Notice are accordingly commended for your approval.

ITEM NO. 6

The Board of Directors of your Company, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. V. H. Savaliya & Associates, Cost Accountant, Ahmedabad, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company.

**NOTICE**

Accordingly, consent of the Members is sought for passing the resolution as set out in Item No. 6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2015.

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

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

ITEM NO. 7

In terms of the provisions of Section 180(1)(c) of the Companies Act, 2013, the Board of Directors of the Company cannot, except with the consent of the Company by a special resolution, borrow moneys, apart from temporary loans, in excess of aggregate of the paid up capital and its free reserves. The above section 180(1)(c) of the Companies Act, 2013 corresponds to section 293(1)(d) of Companies Act, 1956 under which the consent of the Company was required by ordinary resolution.

Accordingly, the shareholders of the Company had accorded consent by ordinary resolutions to the Board of Directors for borrowing any sum or sums of money outstanding at any point of time, not exceeding the sum of ₹4000.00 Crores (Rupees : Four Thousand Crores only) by way of postal ballot passed on 12th January, 2013. However, the Ministry of Corporate Affairs, New Delhi vide its General Circular No. 4/2014 dated 25th March, 2014 has stated that such ordinary resolutions passed under old Companies Act, 1956 for borrowing money in excess of limits and to create security on undertaking of the Company, shall remain valid up to one year from the commencement of the Companies Act, 2013 i.e. up to 11th September, 2014.

Therefore, it is proposed to reconfirm the limit of such borrowing power of ₹4000.00 Crores (Rupees Four Thousand Crores only) by special resolution.

None of the Directors, Key Managerial Personnel or their relatives has any concern or interest, financially or otherwise in the resolutions.

The Board recommends the resolution set out in Item No.7 for the approval of the members.

ITEM NO.8, 9 & 10

The Shareholders of the Company by postal ballot passed on 20th March, 2009 approved the appointment of Mr. Mukesh Bhandari, Managing Director designated as Chairman, Mr. Shailesh Bhandari, Managing Director and Mr. Avinash Bhandari as a Joint Managing Director and CEO of the Company for a period of five years from 01st February, 2009 to 31st January, 2014. Further their Remunerations were revised on the Annual General Meeting held on 15th September, 2009.

Remuneration to Mr. Mukesh Bhandari, Managing Director designated as Chairman, Mr. Shailesh Bhandari, Managing Director and Mr. Avinash Bhandari as a Joint Managing Director and CEO of the Company were paid in accordance with the approval of Shareholders and in accordance with the provision of the Companies Act, 1956 and Notification issued by the Ministry of Corporate Affairs.

Nomination and Remuneration Committee and the Board of Directors have approved and recommended the remuneration to Mukesh Bhandari, Shailesh Bhandari and Avinash Bhandari on 31.01.2014.

The Networth of the Company has been fully eroded and the reference of BIFR has been filed by the Company by making an application to it. The Company is in default in payment of interest and principal. Payment of Remuneration to Mr. Mukesh Bhandari, Mr. Shailesh Bhandari and Mr. Avinash Bhandari would be subject to the approval from Banks, Financial institutions, Board of Industrial Financial Reconstruction and Central Government and such other approval that may be necessary in terms of the provisions of Schedule V of the Companies Act, 2013.

The Board recommends the Resolution for approval of the shareholders.

The above may be treated as a written memorandum setting out the terms of re-appointment and remuneration of Mr. Mukesh Bhandari, Mr. Shailesh Bhandari, Mr. Avinash Bhandari as required under Section 190 of the Companies Act, 2013.

Mr. Mukesh Bhandari, Mr. Shailesh Bhandari, Mr. Avinash Bhandari and their relatives may be deemed to interested or concerned financially or otherwise in the proposed resolutions. None of the other Directors, Key Managerial Personnel of the Company or their relatives are interested or concerned financially or otherwise in the above resolutions.

Statement pursuant to the provisions of clause (B) of Section II of Part II of Schedule V to the Companies Act, 2013 with respect to Item No. 8, 9 & 10.

The particulars required to be disclosed in the explanatory Statement in accordance with provisions of Section II of Part II of Schedule V of the Companies act, 2013, are given below:

I General Information**(1) Nature of Industry:**

Electrotherm (India) Limited (hereinafter referred to as "ET/the Company") was incorporated on 29.10.1986 is amongst India's Largest Furnace Manufacturing Company. It also manufactures Ductile Iron Pipe, Electric Bikes, Steel and Stainless Steel, Solar Water Heater, Solar Energy Products, Induction Heating Equipment, Hydraulic Grab, Transformers, Transmission Line Tower, Continuous Casting Machine and has also handled Turnkey Projects. It serves its customer in 43 Countries.

(2) Date or expected date of Commercial Production:

The Company commenced its manufacturing operation in 1986.

NOTICE

- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospects:

Not Applicable

- (4) Financial performance based given indicators:

The Financial performance of the Company in last three years is as under:

A. Standalone: (₹ In Crores)

Financial Parameters	As per the Audited financials for the Year		
	2013-2014 (6 Months)	2012-2013 (12 Months)	2011-2012 (18 Months)
Sales	659.86	1055.23	2246.06
Profit/(Loss) before exceptional items and tax	(293.63)	(253.85)	(815.06)
Net Profit/(Loss)	(321.16)	(253.88)	(815.06)

B. Consolidated: (₹ In Crores)

Financial Parameters	As per the Audited financials for the Year		
	2013-2014 (6 Months)	2012-2013 (12 Months)	2011-2012 (18 Months)
Sales	764.51	1246.84	2581.93
Profit/(Loss) before exceptional items and tax	(298.50)	(265.76)	(867.33)
Net Profit/(Loss)	(321.91)	(265.90)	(781.63)

- (5) Foreign Investment or Collaborations:

The Details of direct overseas subsidiaries of the Company are as under:

Sr. No.	Name of the Entity	Description of Investment	Number of Shares/ Securities & Shareholding	(₹ In Crores) Amount
1.	Jinhua Indus Enterprise Limited	Ordinary Shares of face value RMB 1 each.	38,00,000	2.04
2.	Electrotherm Mali SRL	Ordinary Shares of CFA 10,000 each.	100	0.01

II. Information about the appointee:

(1) Background Details:

- Mr. Mukesh Bhandari aged about 63 years has been associated with the Company since its inception as its Director and he has contributed immensely to the growth of the business of the Company. He is an Electrical Engineer. He is the brain behind indigenously designing and developing metallurgical equipment as import substitution and to provide effective customer service in India. He looks after the entire Research & Development activities in connection with DC Arc Furnace, Induction Melting Furnace & Induction Heating & Hardening Equipment etc. & leads the team of R & D. Mr. Mukesh Bhandari is a member of Iron & Steel Society, USA, Institution of Indian Foundry men and Society of Automotive Engineers (SAE). He is advisor to Daly College Business School, a partner in education with De Mont Fort University, Leicester, UK.
- Mr. Shailesh Bhandari aged about 56 years. He has been associated with the Company since its inception as its Director and he has contributed immensely to the growth of the business of the Company. Mr. Shailesh Bhandari is B. Sc. (Economics). His areas of responsibility are marketing and international business. He has developed a strong bond with national and international customers and gives highest priority to customer's satisfaction. He has immensely contributed in designing and developing metallurgical equipment as import substitute. He closely supervises the marketing and financial activities of the Company.
- Mr. Avinash Bhandari aged about 48 years. He is B. E. (Electronics), M. S. (USA), M.B.A. (Finance) (USA). He is associated with the Company since 2003 and he is operation in charge of Steel and Electric Vehicle Division of the Company since 2006. He is an expert in production, operations and quality systems. He integrates manufacturing and marketing operations of the Company.

(2) Past Remuneration:

Total remuneration of ₹0.24 Crores (Excluding retiral benefits) was paid to Mr. Mukesh Bhandari, Mr. Shailesh Bhandari and Mr. Avinash Bhandari for 4 months period from October, 2013 to March, 2014. Remuneration to Mr. Mukesh Bhandari, Mr. Shailesh Bhandari and Mr. Avinash Bhandari for the period 2013-2014 was paid in accordance with the approval of the shareholders, provisions of the Companies Act, 1956 and Notification issued by the Ministry of Corporate Affairs.

**NOTICE****(3) Recognition of awards**

Mr. Mukesh Bhandari has got following awards in the following field by below mentioned persons :

Sr. No.	Name of Awards	Contribution Areas	By whom
1	Young Electronic Engineer of the Year Award in 1987.	For contribution in Electric Engineering.	By the then President of India, Hon'ble Giani Zail Singh.
2	VASVIK Research Award	for contribution in the field of Electrical Sciences & Technology	By M G K Menon, Minister for Science & Technology, Govt. of India.
3	IFEX Award, IEEMA Awards and FIEF Foundation Award	for eminence in the field of Engineering	By Chandra Shekhar former Prime Minister of India.
4	Special Recognition Award	for Indigenous Development of Technology, instituted by SIDO, Ministry of Industries	By R Venkatraman
5	Udyog Patra	-	By then former Vice President of India, Shri S.D.Sharma
6	IIM Binatone Award and Dhatu Nayak Award	-	-
7	Professional Excellence Award	-	Rotary International District 3050 in the year 2008
8	Award for 75 th Best Performing mid-sized enterprises in Inc. India 500 in the year 2009.	-	-
9	INDINOX award	by ISDO	By Honorable Steel Minister Shri Veer Bhadra Singh.
10	K K Award	in recognition of his selfless & meritorious contribution towards Professional and Metallurgical Society.	By Indian Institute of Metals, Baroda Chapter on July 29, 2012

Mr. Shailesh Bhandari : No awards on personal name

Mr. Avinash Bhandari : No awards on personal name

(4) Job Profile and suitability:**Mr. Mukesh Bhandari:**

Mr. Mukesh Bhandari is the key architect behind the complete technical development of various products in the Engineering & Electric Auto division. The products have been developed completely indigenously (with no collaboration/ technology transfer) primarily because of Mukesh Bhandari's expertise in developing such high end technologically advanced products. Most products developed under his leadership continue to enjoy he success.

Mr. Shailesh Bhandari:

Mr. Shailesh Bhandari has led the marketing initiative at Electrotherm for the Engineering division over the last 30 years. He has been primarily responsible for building and sustaining a very strong and large customer base for the Engineering division. Mr. Shailesh Bhandari also manages the banking and various governmental relationships for the company.

Mr. Avinash Bhandari:

Mr. Avinash Bhandari is responsible for the overall operations of the Steel, Pipe and Engineering Divisions of the company. His expertise of blending finance with operations has made the company grow substantially over the last 10 years. He continues to provide leadership for improving the productivity and profitability of both the divisions that he manages.

(5) Remuneration proposed

The terms of the remuneration proposed to be paid to Mr. Mukesh Bhandari, Mr. Shailesh Bhandari, and Mr. Avinash Bhandari has been specified in the resolution.

(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details with reference to the country of his origin)

The Company has operations spanning over 28 years. The remuneration proposed to be paid to Mr. Mukesh Bhandari, Mr. Shailesh Bhandari and Mr. Avinash Bhandari is in line with remuneration of CEOs & Managing Directors of other companies having similar operations, keeping in view his job profile, the size and complexity of the business of the Company.

**NOTICE****(7) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:**

Mr. Mukesh Bhandari and Mr. Shailesh Bhandari are brothers. Mr. Avinash Bhandari is not related to any other Director as well as Managerial Personnel of the Company. He does not have any pecuniary relationship directly or indirectly with the Company or its managerial personnel, other than drawing his remuneration in the capacity of Joint Managing Director and CEO of the Company.

III. Other Information:**(1) Reason for loss:**

1. The company started facing problems in sourcing of its key raw material (iron ore) due to various issues in the state of Karnataka including ban of iron ore mining by Supreme Court. All the steel making units, specially the ones operating in West and South India, were severely impacted on account of this.
2. The company's profitability took a severe beating and the company incurred large cash losses post March 2011 both on account of lower capacity utilization and sourcing of expensive raw material through imports.
3. Due to the non-availability of iron ore and reduced realizations of products, the company was not able to utilize the plant at optimum capacity which resulted in increased operating cost and low output.
4. The company also suffered financial stress due to Interest rate hikes which increased from ~10% to ~14% between 2008 to 2011 due to frequent RBI intervention to control inflation.
5. The company is facing serious liquidity crunch due to which it is unable to fully utilize its steel and pipe making capacities.

(2) Steps taken or proposed to be taken for improvement

1. The demand for the steel products has improved now. The iron ore situation has also improved significantly on account of lifting of ban from A category and certain B category mines by the supreme court of India.
2. The steps taken by the Government to reduce the export of iron ore through imposition of export duty has started yielding positive results. Production of pellets is on the rise, some through beneficiation and others directly. This has substantially eased the raw material situation for our steel unit.
3. The demand for DI pipes is pretty robust. We have also seen price improvements in this area on account of improved demand.
4. The company has reduced the employee cost substantially through manpower optimization steps and this should bring down the fixed cost in the steel and pipe division.
5. The new products introduced by the company including small High Speed Modular Caster (HSMC), ERF using patented EldFOS process and pollution control equipment in the last few years have started gaining traction in the market. This should help the company not only to improve its sales but also profits in the Engineering & Projects division.

IV. Disclosures:

The requisite disclosure of remuneration package etc. of Mr. Mukesh Bhandari, Mr. Shailesh Bhandari and Mr. Avinash Bhandari has been made in the Report on Corporate Governance which forms part of the Annual Report.

ITEM NO. 11

The existing Articles of Association ("AOA") are based on the Companies Act, 1956 and several regulations in the existing AOA contain references to specific Sections of the Companies Act, 1956 and some regulations in the existing AOA are no longer in conformity with the Act. With the coming into force of the Companies Act, 2013, several regulations of the existing AOA of the Company require alteration or deletion in several articles. Given this position, it is considered expedient to replace the entire existing AOA by a new set of Articles.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise in the Special Resolution.

The Board commends the Special Resolution for approval by the shareholders.

ITEM NO.12

The provisions of section 188 (1) of the Companies Act, 2013 that governs the following Related Party Transactions require a Company to obtain prior approval of the Board of Directors and in case the paid-up share capital of the Company is ₹ 10.00 crores or more, the prior approval of shareholders by special resolution :

- (a) Sale, Purchase or supply of any goods or materials;
- (b) Selling or otherwise disposing of, or buying property of any kind;
- (c) Leasing of property of any kind;
- (d) Availing or rendering of any services;
- (e) Appointment of any agent for purchase or sale of goods, materials service or property;
- (f) Such related party's appointment to any office or place of profit in the company, its subsidiary company or associates company and
- (g) Underwriting the subscription of any securities or derivatives thereof, of the company

Further, third proviso to section 188(1) provides that nothing shall apply to any transaction entered into by the company in its ordinary course of business other than transactions which are not on arm's length basis.

**NOTICE**

The provisions of section 188(3) also provide that any contract or arrangement entered in u/s. 188(1) may be ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into.

In the light of provisions of the Companies act, 2013 the Board of directors of your Company has approved the proposed transactions along with annual limits that your company may enter into with its Related Parties (as defined under the Companies act, 2013) for the financial year 2014-2015 and beyond.

All prescribed disclosures as required to be given under the provisions of the Companies Act and the Companies (Meeting of Board and its Powers) Rules, 2014 are given herein below in a tabular format for kind perusal of the members.

(₹ In Crores)

MAXIMUM VALUE OF CONTRACT/TRANSACTION (PER ANNUM) WEF 1ST APRIL, 2014		
Name of Related Parties	Transactions defined u/s.188(1) of the Companies Act, 2013	
	Nature of Interest/ Relationship transaction	Value of estimated Transaction per annum
COMPANIES :		
ETA IN Immodo Renewables Ltd. - Directors relatives are Director.	Sale /Purchase or Supply of any goods, materials	25.00
Electrotherm Solar Limited - Directors Relatives are Director.	Sale /Purchase or supply of any goods, materials	5.00
Electra Transformer Limited - Directors Relatives are Director.	Sale /Purchase or supply of any goods, materials	5.00
TRUST :		
Bhandari Charitable Trust - Directors Relative is a Trustee	Sale /Purchase or supply of any goods, materials	5.00
SUBSIDIARY COMPANIES :		
Hans Ispat Limited - Direct Subsidiary Company	Sale /Purchase or supply of any goods, materials	500.00
DIRECTORS/KMPS/RELATIVES OF DIRECTOR AND KMPS		
Mukesh Bhandari – Managing Director	Leasing of Property	0.50
Shailesh Bhandari – Managing Director	Leasing of Property	0.50
Indubala Bhandari – Mother of Managing Director	Leasing of Property	0.10
Jyoti Bhandari – Wife of Manging Director	Leasing of Property	0.10

(a) Name of the related party, Name of Directors or Key Managerial personnel who is related and nature of relationship: As provided in table above.

(b) Nature, material terms, monetary value and particulars of the Contract if any: As provided in table above.

(c) Any other information relevant or important for the Shareholders to take a decision on the proposed transactions : Nil

Members are hereby informed that pursuant to second proviso of section 188(1) of the Companies Act, 2013, no member of the Company shall vote on such special resolution to approve any contract or arrangement which may be entered into by the Company, if such member is a related party.

The Board of Directors of your Company has approved this item in the board Meeting held on 13th August, 2014 and recommends the Resolution as set out in the accompanying Notice for the approval of members of the Company as a Special Resolution.

Except Mr. Shailesh Bhandari, Mr. Mukesh Bhandari and Mr. Avinash Bhandari and their relatives are concerned or interested financially or otherwise, if any, in respect of the resolution, no other Director is concerned or interested financially or otherwise interested in the resolution.

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

Place : Ahmedabad
Date : 13th August, 2014
Registered Office:
A-1, Skylark Apartment,
Satellite Road, Satellite,
Ahmedabad – 380 015
CIN : L29249GJ1986PLC009126
E-mail Id : sec@electrotherm.com

**Jigar Shah
Company Secretary**


INFORMATION PURSUANT TO CLAUSE 49 OF LISTING AGREEMENT REGARDING RE-APPOINTMENT /APPOINTMENT OF A DIRECTOR

Name	Mr. Mukesh Bhandari	Mr. Shailesh Bhandari	Mr. Avinash Bhandari	Mr. Ram Singh	Mr. Pradeep Krishna Prasad
Age	63 years	56 years	48 Years	72 years	71 years
Date of Appointment	01/03/1994	27/06/1989	08/10/2003	05/10/2005	05/10/2005
Qualification	B.E. (Electronics),	B.Sc.(Economics)	B.E. (Electronics), M.S. (U.S.A.), M.B.A. (Finance) (U.S.A.)	B. E. (Metallurgical)	B.Sc., M. Tech., Post Graduate Diploma in Industrial Engineering & Management
expertise in functional areas	He is the brain behind indigenously designing and developing metallurgical equipment as import substitution and to provide effective customer service in India. He looks after the entire Research & Development activities in connection with DC& D. He is member of Iron & Steel Society, USA, Institution of Indian Foundry men and Society of Automotive Engineers (SAE). He is advisor to Daly College Business School, a partner in education with De Mont Fort University, Leicester, UK.	He has having more than 30 years experience and has immensely contributed in designing and developing metallurgical equipment as an import substitute. He closely supervises the marketing and financial activities in the Company	He has having 23 years experience in stainless steel manufacturing plant.	He has around 42 years of experience as a Metallurgical Engineer. He has won gold medals for best technical paper and best process design engineering.	He is a retired brigadier from Indian Army and has around 40 years of experience in industrial engineering.
Directorship held in other Public Limited Companies	1. Ahmedabad Aviation and Aeronautics Limited 2. Western India Speciality Hospital Limited 3. Electrotherm Engineering & Projects Limited 4. Shree Ram Electro Cast Limited 5. Hans Ispat Limited 6. Shree Hans Papers Limited	1. Ahmedabad Aviation And Aeronautics Limited. 2. Bhaskarpara Coal Company Limited 3. Electrotherm Engineering & Projects Limited 4. Western India Speciality Hospital Limited. 5. Hans Ispat Limited 6. Shree Hans Papers Limited 7. Shree Ram Electro Cast Limited	1. ET Elec-Trans Ltd. 2. Hans Ispat Ltd. 3. Shree Hans Papers Ltd. 4. Shree Ram Electro Cast Limited	Nil	Hans Ispat Limited
Memberships / Chairmanships of Committees	Audit Committee : 1. Western India Speciality Hospital Limited	Audit Committee : 1. Hans Ispat Ltd. - Chairman 2. Western India Speciality Hospital Limited - Chairman 3. Bhaskarpara Coal Company Limited. - Member 4. Shree Ram Electro Cast Limited -Member	1. Shree Ram Electro Cast Ltd.- Chairman 2. Hans Ispat Limited - Member	Nil	Nil
No. of Shares held in the Company	809500	8,48,275	Nil	Nil	Nil

**DIRECTORS' REPORT**

To,
The Members

Your Directors have pleasure in presenting the 28th Annual Report on the business and operations of your Company and Audited Financial Statements for the year ended on 31st March, 2014.

Financial Results

The Financial year 2013-2014 was consisting of 6 (Six) months for the year ended on 31st March, 2014 and as such all references to financial year 2013-2014 in this Directors' Report and Annual Report is to be read as year of 6 (six) months starting from 1st October, 2013 and ending on 31st March, 2014. Hence figures of the financial year 2013-2014 are not comparable with figures of previous financial year 2012-2013.

(₹In Crore)

Particulars	2013-2014 (Six Months)	2012-2013 (Twelve Months)
Total Revenue	662.20	1,060.42
Loss before Depreciation, Finance Costs & Tax	(364.91)	(494.23)
Less : Depreciation	69.39	138.83
Finance Costs	1.89	101.55
Loss before exceptional and extra ordinary items and tax (A-B)	(293.63)	(253.85)
Exceptional items & Extraordinary Items	(27.54)	0.00
Loss before Tax	(321.17)	(253.85)
Less : Wealth Tax	0.02	0.03
Loss after Tax / Deferred Tax	(321.19)	(253.88)
Add / (Less) : Prior period adjustment	0.03	(0.01)
Loss for the period / year	(321.16)	(253.89)
Surplus brought forward	(824.92)	(571.03)
Balance	(1146.08)	(824.92)
Less : Transfer to General Reserve	-	-
Balance carried to Balance Sheet	(1146.08)	(824.92)

Dividend

In view of losses incurred by the Company during the year, the Board of Directors of the Company do not recommend any Dividend on Equity Shares and on Preference Shares for the year ended on 31st March, 2014.

Operations

During the period of 6 months for the year ended on 31st March, 2014, the total revenue of the Company is ₹662.20 Crores. The Loss for the period of 6 months for the year ended on 31st March, 2014 is ₹321.16 Crores.

Directors

Pursuant to the provisions of the Companies Act, 2013 and Articles of Association of the Company Mr. Avinash Bhandari, Joint Managing Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Mr. Nilesh Desai has resigned from directorship on 16th May, 2014. The Board places on record its appreciation for the services rendered by them during their tenure as members of the Board of Directors of the Company.

The Term of Mr. Mukesh Bhandari – Managing Director designated as Chairman, Mr. Shailesh Bhandari , Managing Director and Mr. Avinash Bhandari – Joint Managing Director has expired on 31st January, 2014. They being eligible have offered themselves for re-appointment and the resolution has been placed for approval of Member.

Mr. Ram Singh and Mr. Pradeep Krishna Prasad, Independent Directors, whose period of office was liable to determination by retirement of Directors by rotation under the erstwhile applicable provision of the Companies Act, 1956 are being appointed as Independent Director for a term of five consecutive years. Notice under section 160 of the Companies, Act, 2013 have been received from Members signifying their intention to propose their candidature as directors of the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

DIRECTORS' REPORT

As required under Clause 49 of the Listing Agreement with stock exchanges, the details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting has been provided in the Notice of the Annual General Meeting.

Corporate Social Responsibility (CSR)

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted a CSR Committee. Mr. Shailesh Bhandari is the Chairman and Mr. Avinash Bhandari and Mr. Pradeep Krishna Prasad are the Members of the Committee. The said committee has been entrusted with the responsibility of formulating and recommending to the Board a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company.

Subsidiary Companies

As on 31st March, 2014, the Company has 8 (Eight) subsidiary company in India and outside India. Pursuant to the General Circular issued by the Ministry of Corporate Affairs, Government of India copies of Balance Sheet, Statement of Profit and Loss, Report of the Board of Directors and the Report of the Auditors of subsidiary companies have not been attached with the annual accounts of the Company. However, the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular.

The annual accounts of the subsidiary companies and the related information are available for inspection by any shareholder at the registered office of the Company during business hours and make them available upon the request by any shareholder of the Company.

Consolidated Financial Statements

Pursuant to clause 32 and 41 of the Listing Agreement and Accounting Standard 21 issued by the Institute of Chartered Accountants of India, the Board of Directors have pleasure in attaching the Audited Consolidated financial statements including the financial statements of subsidiary companies.

Fixed Deposit

The Company has neither accepted nor invited any deposit from public, within the meaning of section 58 and 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 2014, as amended, during the year under review.

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, 2014, the applicable accounting standards have been followed by the company along with proper explanation relating to material departures, if any from the same;
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 loss 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 for the financial year ended on 31st March, 2014 have been prepared on a going concern basis.

Cost Auditor

The Board of Directors of your Company have on the recommendation of the Audit Committee appointed M/s. V. H. Savaliya & Associates, Cost Accountants, Ahmedabad, as Cost Auditors, to conduct the cost audit of your Company for the financial year ending 31st March, 2015, at a remuneration as mentioned in the Notice convening the AGM, subject to ratification of the remuneration by the Members of your Company.

The Audit Committee has received a Certificate from the Cost Auditors certifying their Independence and arm's length relationship with your Company. The Cost Audit Report for the financial year 2012-13 was filed with Central Government.

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

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

Particulars of Employees

There are no employees within the purview of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended. Hence, no information is required to be appended to this Report in this regard.

Corporate Debt Restructuring ("CDR") & BIFR Application

The CDR Cell has approved CDR Package of the Company on CDR EG Meeting dated November 14, 2013 and issued letter conveying approval on February 03, 2014. As Per CDR Directives as described in Letter of Approval under the head of "Critical conditions" the company has filed reference to BIFR on February 28, 2014. Since net worth of the Company is fully eroded, it was obligatory at the company's end to file reference to BIFR. The Monitoring Institution i.e. Bank of India has informed the Company vide their letter dated 24th April, 2014 that they have decided the withdrawal of the case under CDR mechanism.



DIRECTORS' REPORT

Corporate Governance

Your Company has 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 is annexed after the Directors' Report and form a part of this report.

Auditors

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 141(3)(g) of the Companies Act, 2013 from them to effect that their re-appointment, if made, will be in accordance with the limit as specified in the said section and that they are not disqualified for re-appointment.

Auditors Report

There are certain reservations, qualifications or adverse remarks in the Auditors' Report for the period ended on 31st March, 2014. The Board of Directors of the Company would like to clarify/explain the same as under:

1. The winding up petitions and recovery cases against the company have been contested by the Company before the statutory authorities including Courts/Tribunals and hence in our opinion the said legal cases would not affect the going concern concept of accounting to the Company.
2. The CDR Cell has approved CDR Package of the Company on CDR EG Meeting dated November 14, 2013 and issued letter conveying approval on February 03, 2014. As Per CDR Directives as described in Letter of Approval under the head of "Critical conditions" the company has filed reference to BIFR on February 28, 2014. Since net worth of the Company is fully eroded, it was obligatory at the company's end to file reference to BIFR. The Monitoring Institution i.e. Bank of India has informed the Company vide their letter dated 24th April, 2014 that they have decided the withdrawal of the case under CDR mechanism.
3. A special Civil Application in the nature of PIL was filed in the year 2010 against the company before Hon'ble Gujarat High Court challenging the Environment Clearance for expansion of steel plant and No objection Certificate (NOC) & consolidation consent and authorization. Gujarat High Court on May 11, 2012 set aside the environment clearance with liberty to Company to apply once again and to stop the operation of the steel Plant. The Company has filed a Special Leave Petition (SLP) in the Hon'ble Supreme Court, Challenging the High Court order. After hearing, the Hon'ble Supreme Court of India on May 18, 2012 stayed the order passed by the Hon'ble Gujarat High Court. All the parties to the petition have filed their reply before the Hon'ble Supreme Court of India and now hon'ble Supreme Court of India directed the Central pollution Control Board of India and Gujarat Pollution Control Board to make joint inspection & submit the report. They have submitted the report to Hon'ble Supreme Court. The Next date for listing is 16.09.2014.
4. The Company has contested with the Excise Department and is hopeful of recovering the terminal excise duty of Rs.1.58 crore and shall also be able to recover the advance of Rs.12.23 crore on resolution of the dispute. In case of VAT liability with Maharashtra Sales Tax Department the company has contested the liability and is hopeful of recovering the advance payment of Rs.40.00 Million from Maharashtra Sale Tax Department in due course. The old Vat Input Credit Receivable is hopeful of its reliasation. Regarding VAT Assessment order 2009-2010 for Tax liability of Rs.5.94 crores. The Company has filed an appeal and hopeful to recover from the statutory authority.
5. With regard to additional disclosures in relation to financial statements, management thins it is sufficient to disclose the same in note no.2.31 of notes to accounts.
6. With regard to the third party Balance Confirmation and its classification and other issue affecting the financial statements, to the extent stated therein, the management is taking all necessary steps, so that the confirmation of the third parties are obtained and establish proper mechanism to reconcile inter departmental transactions.
With regards to slow moving inventories, the company has valued on estimate net realizable value.
With regards to capital work in progress, the said may required further investment to bring them into commercial use and therefore these are not treated as impaired assets.
7. With regards to fixed assets of other Plants are required to be physically verified and to be reconciled with the records, the management is of the view that the Company has appointed RSM Astute Consulting (Guj.) Pvt. Limited as a Internal Auditor and they make physical verification of other plant and make audit of the same.
8. With regards to defaulted in repayment of dues (including interest) to financial institution and banks, the same is mentioned in point no. 2 of the above.

Appreciation

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

For and on behalf of the Board

Place : Ahmedabad
Date : 13th August, 2014

Mukesh Bhandari
Chairman

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

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

A. CONSERVATION OF ENERGY:**(a) Energy conservation measures taken**

- Coke rate in BF has been reduced from 600 Kgs/ton to 580 kgs/ton of hot metal by improving the preparation of burden.
- In steel melt shop, the energy consumption has been reduced and established to 745 KWH/ton from 760 KWH/ton with 80% DRI.

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

Nil

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

- 20 Kgs/ton reductions in coke rate in BF.
- Reduction in electrical energy for steel making by 15 unit/ton

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

As per Form "A" is attached.

B. TECHNOLOGY ABSORPTION:**(I) RESEARCH AND DEVELOPMENT (R & D):****1. Specific areas in which R & D carried out by the Company**

- Magnetizing roasting of low grade hematite iron ore for dry beneficiation from 50-55% Fe content to 60-65 % Fe content has been developed on lab scale.
- Steam curing of cement bonded pelletizing of iron ore fine has been developed on pilot scale and being used in BF.
- Power supply for Induction Heating and Melting equipment
- Development of power supply and BLDC motor for two / three wheelers

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

- Decrease in production cost of pig iron.
- Decrease in cost of steel produced.
- By magnetic roasting of low grade hematite ore upgraded to high grade for production of oxide pallet to be used in rotary kiln and BF.
- Indigenization of power supply of induction heating and melting reduces dependability and cost at the same time enhanced reliability.
- Reduce import content of two / three wheelers by indigenously developed motor and controller.

3. Future Plan of action

- Reduction of composite pellet in vertical shaft furnace and subsequent melting by using coal.
- Development of continuous casting machine for casting billets up to 280 mm at high speed with a feature to directly feed hot billet to rolling mill
- Development of energy efficient power supply for billet heaters
- Design and manufacturing of BLDC motor indigenously for electric vehicles

4. Expenditure on R & D

- (a) Capital Expenditure : ₹ 0.88 Crores
- (b) Recurring Expenditure : ₹ 0.11 Crores
- (c) Total Expenditure : ₹ 0.99 Crores
- (d) R & D as % of Turn over: 0.002%

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

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

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

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

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

The Company has been making efforts for direct exports at international level. The Company has executed export orders worth ₹85.55 Crores during the year and intends to further enhance its export market.

(II) Total Foreign Exchange Earnings and Outgo:

- 1. Foreign Exchange Earnings : ₹ 85.55 Crores
- 2. Foreign Exchange Outgo : ₹ 22.45 Crores

**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	2013-14 (Six Months)	2012-13 (Twelve Months)
1	ELECTRICITY		
(a)	Purchased Units	36395925	92181210
	Total Amount (₹ In Crores)	35.88	61.45
	Rate per Unit (₹)	9.85	6.67
(b)	Own Generation		
(i)	Through diesel generator (Unit)	16467	1163
	Unit per Liter of Diesel Oil (Unit)	4.07	4.70
	Cost per Unit (₹/ KWH)	15.09	11.71
(ii)	Through Wind Mill (Unit)	114962	287729
	Cost per Unit (₹ / KWH)	6.35	5.46
(iii)	Through Steam Turbine / generator	51631700	74409672
	Cost per Unit (₹/ KWH)	4.35	4.83
2.1	COAL FOR POWER PLANT		
	Quantity – MT	49831	81129
	Total Cost (₹ In Crores)	176.30	287.00
	Average Rate (₹ Per MT)	3539	3537
2.2	COAL FOR SPONGE PLANT		
	Quantity – MT	42655	37615
	Total Cost (₹ In Crores)	276.40	239.60
	Average Rate (₹ Per MT)	6479	6369
3	FURNACE OIL		
	Quantity – Litres	284007	453959
	Total Amount (₹ In Crores)	124.71	183.35
	Average Rate (₹ Per Liter)	43.91	40.39
4	OTHERS / INTERNAL GENERATION		
	Quantity used	Nil	Nil
	Total Cost (₹ In Crores)	Nil	Nil
	Rate / Unit	Nil	Nil

B. CONSUMPTION PER UNIT OF PRODUCTION

SR. NO.	PARTICULARS	STANDARDS (IF ANY)	2013-14	2012-13
1	Electricity			
	(a) For Steel Billets / TMT / DI Pipes (KWH/Ton)*	NA	638	700
	(b) For Equipment manufacturing (KWH / Equipment dispatched)	NA	8668	6811
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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview of Economy :

Global and Domestic Scenario :

The global economy began a modest recovery in the second half of the FY 2013-14 and ended on a more encouraging note than earlier years. The growth momentum is expected to strengthen further in the FY 2014-15.

India's growth has slowed to just 4.7% in FY 2013-14, its second lowest in a decade primarily as a result of policy uncertainties and weak investor sentiments. India continued to face challenges on account of persistent inflation, fiscal imbalances and low investments resulting in a sluggish domestic demand growth. However, fiscal and monetary initiatives taken by the Indian Government and the Reserve Bank of India (RBI) helped in stabilizing the financial market conditions but the domestic macro-economic environment still remains challenging.

In FY 13 - 14, the overall industrial growth and more particularly infrastructure sector showed largely a downward trend. The key reason for poor performance was contraction in mining and deceleration in manufacturing. Slowdown in the construction resulted in under-utilization of capacity in the steel and cement sectors. During the year, the rupee depreciated to an all-time low. Towards the end of the year, certain focused measures by the Government and RBI, helped to bring in some positive trends as rupee stabilized, exports increased, current account deficit declined and project clearances were fast-tracked.

The Company sees a positive trend for the steel industry as the new government's focus is on implementing speedy reforms, nurture strong macroeconomic fundamentals and an improving investment scenario.

A. Engineering, Capital Equipment and Projects Division:

The Engineering division primarily supplies capital equipment to the steel industry and the Projects division of the company executes turnkey steel projects around the world up to the size of 0.5 million tons per annum. Thus, the growth of Engineering & Projects division is very closely linked to the fortunes of the steel industry. With the new government expected to focus on the infrastructure sector, the demand for the steel products will increase substantially over the next five years. New steel-making capacity is expected to be created to meet the demand forecasts of more than 200 million tons by 2020.

Given the long gestation period for setting up of green field steel capacities through the blast furnace route, induction based mini steel plants will continue to see a robust demand. The company has already started seeing an increased enquiry flow and a renewed interest by the customers in either expanding their capacities or setting up new capacities.

The company during the last 12 months period of April 2013 to March 2014 has seen an increased demand for its casters. The company has installed 26 number of casters in the last 12 months. While most new steel plants being set up are opting for caster for producing billets as against moulds for making ingots, we are also seeing a lot of existing players upgrading their facilities from ingot making to billet making. We expect the demand for the casters to substantially increase going forward.

The direct rolling of billets made viable because of the introduction of high speed modular caster (HSME) is fast becoming the industry norm. This has substantially brought down the cost of rolling through a huge saving in fuel consumption and burning losses in the billet reheating furnaces.

The company has also introduced a high speed caster in larger size. The product is currently under commissioning and the company expects all large sized mini-steel plants to shift to this kind of caster once the first installation is up and running.

The company has also introduced state of the art pollution control systems for mini-steel plants. The product is gaining popularity and more and more existing steel plants are expected to upgrade and switch over to his new and technologically advanced pollution control system.

The company has increase its focus on new product development and plans to re-invest the sizeable amount into the continue R&D efforts introduce innovative product in the market.

The company has also started seeing some good traction from its export markets.

B. Steel Division:

The demand for the steel products during the last year remained low. The prices of finished goods have also improved a bit over the last six to nine months on account of Rupee depreciation and resultant import protection. The company expects the demand to increase from the first quarter of the next calendar year. The raw material situation has eased on account of availability of iron ore pellets across the country.

The company has introduced 500D grade TMT through 100% iron ore route using blast furnace, sponge iron kiln, induction furnace and ladle refining furnace (LRF) for the first time in the country. This will allow the company to position itself strongly against the primary producers like Tata and SAIL.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The demand for super ductile and high strength TMT bars (500D BIS grade) is slowly increasing and the company expects to grab a substantial portion of the Gujarat market due to logistics advantage going forward. The company is also seeing an increased demand for LRF treated low alloy steel billets given the improvement in the automobile sector.

Ductile Iron Pipe Division:

The demand for DI pipes has remained strong in spite of the demand for overall steel products being weak during the past year. The company expects the demand for ductile iron pipes to further improve going forward. This should also result into increased pricing power for the company in a industry plagued with supply constraints (limited DI pipe makers in the country).

C. Electric Vehicle Division:

We are immensely proud to inform that in FY 2013-14 with more than 30% market share YO bykes has successfully continued its leadership position in the Electric Scooter Market in India. With more than 80% market share in High speed market YOEXL has emerged as the largest selling market in Indian EV category. This achievement is a reflection of the success of our vehicles, which truly offer customers a combination of the most advanced technology, latest innovative and elegant designs and protection against soaring petrol price & pollution.

At the beginning of FY 2013-14 we had set very challenging and strategic business targets in the area of Indigenization, In house manufacturing, Appointment of C&F etc. We are happy that we have successfully achieved the set goals like

- **In-house supply of Power Train**

We have started supply of Electronic components like Motor, Charger and Converters from in-house manufacturing facility at Ahmedabad. Controller is being out-sourced based on our design.

- **Battery Management System**

BMS ensures proper equalization of all battery cells hence increases the battery life. This is a unique features and YObykes is the FIRST to introduce BMS in Electric Scooter Category in India.

- **C&F and C&A**

During the year we successfully appointed 6 C&F agents and 5 Consignment agents. This has not only helped us to taxation issues but new arrangement has also enabled us to shorten the business process time - order to delivery.

- **Warranty Cost below 1%**

Warranty burden dropped below 1% of vehicle cost, lowest since inception.

- **Consumer Finance Through Credit Cards :**

Non-availability of Consumer Finance is one the key issues which our prospect customers face while buying YObykes. To address the issue and to push the sales we have recently launched a pilot where customer will be able to buy YObykes on EMI buying using credit card of any Nationalize or Private banks (14 banks covered under program). Pilot has been launched at Ahmedabad, Gujarat and depending upon the outcome same will be implemented at the other dealerships across India.

- **National Electric Mobility Mission Plan 2020 :**

With the new and stable Govt. in centre, we are very optimistic that visionary National Electric Mobility Mission Plan 2020 will be launched very soon! National Electric Mobility Mission Plan 2020 (NEMMP 2020), is an initiative proposed by Ministry of Heavy Industry and Public Enterprises to promote and develop a self sustained Electric Vehicle industry in India, which can support national fuel security, provide affordable and environment-friendly transportation to the citizens of India. We firmly believe that with effective implementation of NEMPP 2020, India can emerge as Global Hub for Electric Vehicles. We are proud to inform that Mr Mukesh Bhandari, Chairman ELECTROTHERM (INDIA) LIMITED, has been appointed as "Chairman - SUB Group on BMS and Battery" under National Electric Mobility Mission Plan 2020.

At YO bykes with our credentials (Technologically advanced product, largest Customer Base and Network) we are in the best position to take the advantage of the opportunity which will be created by NEMMP 2020.

Opportunities

NEMMP 2020 is expected to give needed push to the EV industry India. With our strong product line and largest network, we are in the best position to leverage the opportunity. At Electrotherm (India) Ltd we are also exploring market opportunity to enter into Battery Operated Three Wheeler business in India.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Threats

Electric vehicle industry has threat in form of low volumes, lack of R&D efforts due to indecisiveness of Government decisions for the support to EV Industry. All over the world growth of EV Industry is supported by respective Governments. Government support is imperative to use electric vehicle as personal and public transport in view fuel crisis in the country.

Financial Situation:

The company's restructuring proposal with the CDR cell could not be implemented with certain banks deciding to transfer their loans to Asset Reconstruction Companies (ARCs). As the net worth of the company has been eroded and as per the statutory requirement, the company has filed a reference with BIFR.

In the absence of adequate and matching working capital, company could not utilize the plant capacities at optimum level which has, resulted into loss as reported in the financial statements. We are still working on the different options to improve the liquidity of the company including by way of monetizing valuable non-core assets. This will help in enhancing the working capital and reducing the debt liability of the company.

SEGMENT-WISE PERFORMANCE:

The Business segment of the Company comprises of Engineering & Project Division, Special Steel Division and Electric Vehicle Division. The Segment wise performance of the Company for all the three divisions for the period ended on 31st March, 2014 is as under:

₹ In Crores

Particulars	Engineering & Projects Division	Special Steel Division	Electric Vehicle Division
Revenue from operations	191.22	463.08	6.24
Segment Profit / (Loss)	(31.45)	(283.18)	(4.65)
Capital employed	(64.09)	(433.55)	44.43

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

As the financial year 2013-2014 comprises of 6 months ended on 31st March, 2014, hence, the figures for the 6 months are not comparable to figure of the previous year of 12 months period ended on 30th September, 2013.

REVENUE FROM OPERATIONS:

The total income from operations of the Company for the 6 months period ended on 31st March, 2014 is ₹662.20 Crores as compared to 1060.42 Crores of previous financial year.

COST OF MATERIALS CONSUMED INCLUDING PURCHASE OF TRADED GOODS:

The cost of materials consumed including purchase of traded goods for the 6 months period ended on 31st March, 2014 is ₹487.04 Crores as compared to ₹ 738.87 Crores of previous financial year.

DEPRECIATION :

Depreciation for the 6 months period ended on 31st March, 2014 is ₹69.39 crores as compared to ₹ 138.83 crores of previous financial year.

FINANCE COSTS :

Finance costs for the 6 months period ended on 31st March, 2014 is ₹1.89 Crores as compared to ₹ 101.55 crores of previous financial year.

PROFIT ANALYSIS :

Net Loss for the 6 months period ended on 31st March, 2014 is ₹ 321.16 as compared to Loss of ₹253.89 Crores of previous financial year.

RISK AND CONCERNS:

It is constant endeavor of the company to identify, assess, prioritise and manage existing as well as emerging risks in a planned and comprehensive manner. The objective of the Risk Management is to ensure that it is adequately estimated and controlled to enhance shareholder value. The Company has also Risk Management Policy and the Company has also framed Risk Management Committee and



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

various types of risk associated with the company, has been discussed in the Committee Meeting. However there are always going to be unforeseen risks and natural calamities which will be beyond the control of the Company.

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

INTERNAL CONTROL SYSTEM, IT SECURITY AND ADEQUACY

INTERNAL CONTROL SYSTEM:

The Company has in place adequate system of internal control and internal audit commensurate with its size and the nature of its operations. Regular internal audits and checks are carried out and the management also reviews the internal control system. Internal Audit is conducted by experienced and independent Company of chartered accountants in close coordination with company's Finance, Accounts and other department of the Company. The findings of the Internal Audit team are discussed internally with the Executive Directors as well as in Audit Committee Meetings. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them from time to time and also upgrading it.

IT SECURITY AND ADEQUACY:

The organizations focused on security of its intellectual property, by digitizing it records and store them at highly secured central repository. Organization successfully closed yet another financial year in SAP. The SAP system has brought transparency across the board and hassle free working.

On infrastructure front there had been zero down time during entire year. There had been no security intrusion incidences recorded during the entire year. This indicates the organization has robust security mechanism in place and ready to face any sort of threat perception.

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

DEVELOPMENT OF HUMAN RESOURCES FRONT:

The Company on its journey to be a Technological Leader by its innovative ideas & strong R&D to cope up with change in business environment during the year;

- * Strengthen Employee Engagement through Welfare Activities by availability of fresh Vegetables and fruits with Good Quality @ No Profit & No Loss.
- * Rationalized Employee Benefits through Group Personal Accident Policy, Group Health Insurance, & Incentive Schemes.
- * Transformed the whole Canteen Facility by providing quality food at Canteen.
- * Continued Volunteer Blood Donation Camp in association with Bhandari Charitable Trust & Free Eye Check-up Camp.
- * Started corporate tie-up with Applewoods Sandesh group for Residential housing scheme.
- * Initiatives for ET Knock-out T20 Cricket Tournament.
- * Aligned Recruitment to Talent Management. Set a system for taking an employee on board with pre assessment in every aspect. Also initiated Campus Branding with employer branding to IITs, NITs & Premier Institutes for on boarding best talent for critical departments across the region.
- * Strengthen corporate communication through 'Strategy Communication' across the organization.

CAUTIONARY STATEMENT:

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

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance:

The Company believes in adopting and adhering to upholding the highest standards of Corporate Governance in its operation. Its policies and practices are not only in line with statutory requirements but also reflect its commitment to operate in the best interest of shareholders. The responsibility for managing high corporate governance standards with your Company's Board of Directors and various Board Committees, which are empowered to monitor implementation of the best Corporate Governance practise including making necessary disclosure within the framework of legal and regulatory provisions. The Company also understands and respects its fiduciary role and responsibility towards its shareholders and strives hard to meet their expectation. The philosophy of corporate governance is an important tool for shareholder protection and maximisation of their long term values. The Cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures, credibility, sustainability etc. serve as the means for implementing the philosophy of corporate Governance in letter and spirit.

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 combination of Executive and Non-Executive Directors in compliance of Clause 49 of the Listing Agreement. As on the date of this report, the Board of Directors comprises Five Directors, out of which three are Executive Directors and two are Non-Executive & Independent Directors of the Company.

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

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

* Mr. Nilesh Desai has resigned from the Directorship as on 16th May, 2014.

- Directorship in other Companies mentioned above excludes Directorship in Private Limited Companies, Unlimited Companies, Section 25 Company and Foreign Companies.
- While calculating the number of Membership / Chairmanship in Committees of other Companies, Membership / Chairmanship of only Audit Committee and Shareholders' / Investors' Grievance Committee have been considered pursuant to Clause 49 of the listing agreement. None of the Director is a member in more than ten committees and 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.

**REPORT ON CORPORATE GOVERNANCE****Board Meetings:**

During the financial period 2013 -14, 4 (Four) Board Meetings were held on 22nd November, 2013, 31st January, 2014, 11th February, 2014, 26th February, 2014.

Attendances of Directors at the Board Meetings and at the Last Annual General Meeting held on 30th December, 2013 are as under:

Name of Director	Attendance	
	Board Meetings	AGM held on 30.12.2013
Mr. Mukesh Bhandari	2	No
Mr. Shailesh Bhandari	4	Yes
Mr. Avinash Bhandari	4	Yes
Mr. Nilesh Desai *	4	Yes
Mr. Ram Singh	4	Yes
Mr. Pradeep Krishna Prasad	4	No

* Mr. Nilesh Desai has resigned from the Directorship as on 16th May, 2014.

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 three members and two thirds of the members of Audit Committee are independent directors. The Company Secretary acts as a secretary to the Audit Committee. Mr. Nilesh Desai has resigned as a Director w.e.f. 16th May, 2014. Hence the Audit committee was reconstituted by appointing Mr. Pradeep Krishna Prasad as a member of the Committee. At present Mr. Ram Singh is the Chairman and Mr. Pradeep Krishna Prasad and Mr. Avinash Bhandari as a member of the Committee.

(iii) Meetings and Attendance

During the financial period 2013-14, Two Meetings of the Audit Committee were held on 22nd November, 2013 and 11th February, 2014.

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

Name	Designation	Attendance
Mr. Ram Singh	Chairman	2
Mr. Nilesh Desai	Member	2
Mr. Avinash Bhandari	Member	2

B. Nomination & Remuneration Committee:

The Board of Directors of the Company in its meeting held on 17th May, 2014, changed the nomenclature of the Remuneration Committee of the Company to "Nomination and Remuneration Committee" and also modified its terms of reference to comply with the requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement

(i) Brief description of Terms of Reference

The Nomination and Remuneration has been constituted to recommend and review remuneration package of Executive Directors and relatives of Directors of the Company and recommend suitable revision to the Board and also recommend the scope of work and on such other matters as may be required, from time to time, under the provisions of the Companies Act, 2013 and Listing Agreement with Stock Exchanges.

(ii) Composition of the Committee

At present, the Nomination and Remuneration Committee consists of two Non-Executive Director & Independent Directors. Mr. Nilesh Desai has resigned as a Director w.e.f. 16th May, 2014. Hence, At present Mr. Pradeep Krishna Prasad and Mr. Ram Singh are members of the Nomination and Remuneration Committee. The Company Secretary acts as Secretary to the Committee.

(iii) Meetings and attendance

During the financial period 2013-2014, One Meeting of the Nomination and Remuneration Committee was held.

(iv) Remuneration Policy

The remuneration policy of the Company for managerial personnel is based on the performance, experience and responsibilities. The members of the Company passed resolutions through postal ballot on 20th March, 2009 and further through resolutions passed at 23rd Annual General Meeting held on 15th September, 2009 approved the terms of remuneration of managerial personnel subject to the Schedule XIII and other applicable provisions of the Companies Act, 1956.

Due to the losses incurred by the Company during the financial period 2013-2014, the remuneration of the managerial personnel was reduced / revised to the minimum remuneration of ₹ 2,00,000/- per month as per Schedule XIII of the Companies Act, 1956 up to 31.01.2014. The terms of Directors expires on 31.01.2014. Hence, they are re-appointed for further period of 3 years subject to approval of Shareholders, Banks Financial Institutions, Board of Financial Restructuring and Central Government.

(v) Details of Remuneration of Directors

The details of remuneration paid to Chairman and Managing Directors for the financial period ended on 31st March, 2014 (up to 31st January, 2014) is as under:

Name of Executive Director	Salary	Allowances & PF Contribution	Total	Tenure of Appointment
Mr. Mukesh Bhandari	8,00,000	60,000	8,60,000	01.02.2014 To 31.01.2017
Mr. Shailesh Bhandari	8,00,000	60,000	8,60,000	01.02.2014 to 31.01.2017
Mr. Avinash Bhandari	8,00,000	60,000	8,60,000	01.02.2014 to 31.01.2017
Total	24,00,000	1,80,000	25,80,000	

**REPORT ON CORPORATE GOVERNANCE**

During the financial period 2013-2014, Ms. Shivani Bhandari Daughter of Mr. Shailesh Bhandari has been paid the remuneration of ₹ 33,000/- per month.

Non-Executive Directors of the Company does not hold any equity shares of the Company as on 31st March, 2014. During the year, there were no pecuniary relationships or transactions between the Company and its Non Executive Directors.

C. Stakeholders Relationship Committee:

The Board of Directors of the Company in its meeting held on 27th May, 2014 changed the nomenclature of "Shareholders'/ Investor' Grievances Committee" to "Stakeholders' Relationship Committee" and also modified its terms of reference to comply with the requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The Company has Stakeholders Relationship 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. Nilesh Desai has resigned as a Director w.e.f. 16th May, 2014. Hence, Stakeholders Relationship Committee was reconstituted by appointing Mr. Pradeep Krishana Prasad as a member in his place. Mr. Ram Singh, a Non-Executive and Independent Director is the Chairman and Mr. Avinash Bhandari and Mr. Pradeep Krishna Prasad are members of the Committee. The Committee generally meets two times a quarter to expedite all matters relating to shareholders' / investors' grievances received during that period. The Committee reviews summary of share transfers, dematerialization of shares, consolidation or sub-division of shares, complaints received and disposed off etc.

During the financial period 2013-14, 3 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 financial period are as under:

Sr.No.	Nature of Complaint	Complaints received	Complaints solved	Complaints pending
1.	Non receipt of Dividend	0	0	NIL
2.	Non receipt of Annual Report	3	3	NIL

SEBI Complaints Redress System (SCORES)

The investors complaints are processed in a centralised web-based complaints redress system.

The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned Companies and online viewing by investors of action taken on the complaint and its current status etc.

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 period 2013-14, 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, Opening/Closing of Current Accounts with various Banks, Change in signatory in various Current Accounts with various Banks, Transfer of unpaid dividend to Investor Education and Protection Fund and closing of such dividend accounts and other authorities on behalf of the Company.

**REPORT ON CORPORATE GOVERNANCE**

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

During the financial period 2013-2014, Six Meetings of the Management Committee were held.

(iii) Risk Management Committee

The Company has constituted a Risk Management Committee on 30th September, 2011. The terms of reference of Risk Management Committee includes reviewing the risk management processes across all businesses and functions, to identify the key risk and develop action plans to mitigate those risks, to assess the risks on periodical basis including effective control and management reporting system etc. At Present, Mr. Avinash Bhandari is the Chairman and Mr. Shailesh Bhandari and Mr. Pradeep Krishna Prasad are members of the Risk Management Committee.

During the financial period 2013-14, No meeting of the Risk Management Committee was held.

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

As per the Companies Act, 2013 all Companies having a net worth or ₹ 500 Crore or more, or turnover of ₹ 1,000 Crore or more or a net profit of ₹ 5 Crore or more during any financial year will required to constitute a Corporate Social Responsibility Committee of the Board of Directors consisting of three or more Directors, at least one of whom will be independent Director and have a CSR policy approved by the Board.

Accordingly, the Board of Directors on 27th May, 2014, constituted the CSR Committee comprising Mr. Shailesh Bhandari Chairman and Mr. Avinash Bhandari and Mr. Pradeep Krishna Prasad are the members of the CSR Committee. The CSR Committee will formulate and monitor the CSR policy of the Company and other policy.

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
27th	2012-2013	A-1 Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380 015	30.12.2013	11.00 A.M.
26th	2011-2012	S-5, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	28.12.2012	11.00 A.M.
25th	2010-2011	S-5, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	30.09.2011	11.00 A.M.

Special Resolutions:

Special Resolutions passed at the previous three Annual General Meetings:

No Special Resolution was passed at the 25th Annual General Meeting held on 30th September, 2011, 26th Annual General Meeting held on 28th December, 2012 and 27th Annual General Meeting held on 30th December, 2013.

(ii) Extra Ordinary General Meetings

No Extra Ordinary General Meeting was held during the financial period 2013–2014.

(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.

REPORT ON CORPORATE GOVERNANCE

(ii) Code of Conduct

The Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct has been posted on the website of the Company www.electrotherm.com

In compliance with the Code, directors and senior management of the Company have affirmed compliance with the Code for year ended on 31st March, 2014. The declaration of compliance of Code of Conduct by the Joint Managing Director & CEO is part of this Annual Report.

(iii) CEO / CFO Certification

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

(iv) Cases of Non-Compliance / Penalties

There are no non-compliances by the Company on any matter related to capital markets, during the last three years. Similarly, there are no penalties or strictures imposed on the Company by Stock Exchanges or 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) Non-Mandatory Requirements

The Company has complied with all the mandatory requirements of Clause 49 of the listing agreement. Further 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 Nomination and Remuneration Committee. Please see the Para 3B on Nomination and Remuneration Committee for details.
- (b) The Company has adopted Whistle Blower Policy at the Board Meeting held on 12th August, 2011. The Company hereby affirms that all employees has right to access to the Audit Committee against any violation of the company's code of conduct or ethics policy. Further the Board has also approved vigil mechanism system as per the New Companies Act, 2013 in the Board Meeting held on 27th May, 2014.

6. Means of Communication:

The quarterly results are normally published in national and local daily such as "Business Standard" in English and "Prabhat" in Gujarati Editions.

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

7. General Shareholder Information:

Day, Date & Time of 28 th AGM	Tuesday, 30 th September, 2014 at 11.00 a.m.
Venue of AGM	S-5, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015
Book Closure Date	26 th September, 2014 to 30 th September, 2014
Compliance Officer	Mr. Jigar Shah, Company Secretary
Email for Investor Complaint	sec@electrotherm.com
Website	www.electrotherm.com
Financial Period	1 st October, 2013 to 31 st March, 2014
ISIN with NSDL & CDSL	INE822G01016

REPORT ON CORPORATE GOVERNANCE

Tentative Financial Calendar for 2014 -2015 (Twelve Months from 1 st April, 2014 to 31st March, 2015):	
Quarter ending on 30th June, 2014	On or before 14 th August, 2014
Quarter ending on 30th September, 2014	On or before 14 th November, 2014
Quarter ending on 31 st December, 2014	On or before 14 th February, 2015
Quarter ending on 31 st March, 2015	On or before 30 th May, 2015

A. Listing on Stock Exchange(s):

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

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

Annual Listing Fees for the Financial Year 2014-15 have been paid to both Stock Exchanges and Annual Custodial Fees for the Financial Year 2014-15 have been also paid to NSDL and CSDL.

B. Market Price Data :

Market price data of equity shares of the Company having face value of ₹ 10/- on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) for the financial period 2013-14 are given below:

Month	BSE – Share Price		BSE Monthly Volume	NSE – Share Price		NSE Monthly Volume
	High	Low		High	Low	
October 2013	15.43	12.21	8,664	14.80	13.35	1,104
November 2013	17.20	14.48	11,855	18.45	13.15	9,975
December 2013	18.90	14.55	24,647	17.85	15.85	9,571
January 2014	27.40	18.80	30,227	27.80	18.45	30,887
February 2014	26.20	20.20	24,217	26.60	21.30	13,482
March 2014	24.00	15.15	52,909	24.85	17.05	50,055

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, 2014

Category	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% of Shares
1 - 500	7120	92.10	695619	6.06
501 - 1000	294	3.80	222429	1.94
1001 - 2000	172	2.22	254043	2.22
2001 - 3000	46	0.60	113965	0.99
3001 - 4000	25	0.32	89917	0.78
4001 - 5000	18	0.23	82590	0.72
5001 - 10000	23	0.30	154122	1.34
10001 & Above	33	0.43	9863689	85.95
Total	7731	100.00	11476374	100.00

G. Categories of Shareholding as on 31st March, 2014

Sr.No.	Category	No. of Shares	% to Share Capital
A.	PROMOTERS SHAREHOLDING		
1.	Promoters and Promoters Group	37,68,075	32.83
B.	PUBLIC SHAREHOLDING		
2.	Mutual Funds / UTI	9,800	0.09
3.	Banks/Financial Institutions	100	0.00
4.	Foreign Financial Institution	13,66,666	11.91
5.	Bodies Corporate	13,03,617	11.36
6.	NRIs	5,82,358	5.08
7.	Trusts	12,92,231	11.26
8.	Foreign Companies	20,00,000	17.43
9.	Clearing Members	50,616	0.44
10.	Indian Public	11,02,911	9.60
	Total	1,14,76,374	100.00

**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, 2014 is as under:

Sr.No.	Particulars	No. of Shares	% of Paid up Capital
1.	Held in Physical form	26,19,782	22.83
2.	Held in Demate form	88,56,592	77.17
	Total	1,14,76,374	100.00

No Equity Shares are under lock-in as on 31st March, 2014. Shares of the company are frequently traded in BSE and NSE.

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

As on 31st March, 2014, 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 : Survey No. 325, Village Samkhiyali, Taluka : Bhachau, Dist. Kutch, Gujarat

Electric Vehicle Division : 689 Paiki, Thor Kadi, Mehsana - 382715

Wind Farm : Village: Dhank, Taluka:Upleta, Dist.: Rajkot, 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 & Compliance Officer
 Electrotherm (India) Limited
 A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380 015
 Phone No. : (02717) 234553 to 57 Fax No. : (02717) 660600 Email : sec@electrotherm.com

DECLARATION OF CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement with the stock exchanges, the Board Members and Senior Management Personnel have confirmed compliance with the code of conduct for the financial period ended on 31th March, 2014.

Date : 13th August, 2014
Place : Palodia

Avinash Bhandari
Joint Managing Director& CEO



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, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

We further state that such compliance is neither an assurance as to the future viability of the Company nor 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 : Pune
Date : 13th August, 2014

Prakash D.Shah
Partner
Membership No. 34363



INDEPENDENT AUDITOR'S REPORT

To,
The Members of Electrotherm (India) Limited,

Report on the Financial Statements

We have audited the accompanying financial statements of **Electrotherm (India) Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the six months period ended on 31st March 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with the General Circular 8/2014 dated April 4 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, read with the points stated in the Emphasis of Matter and Qualification, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the **loss** for the 6 months period ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

Emphasis of Matter and Qualification

1. We draw attention to Note No. 2.27 of the accompanying financial statement in respect of Winding up petition and recovery cases against the company, Note No. 2.28 of the accompanying financial statement in respect of restructuring of the debts of the company and filing of Reference to BIFR and Note No.2.30 relating to pending judgment of Hon'ble Supreme Court, all affecting the going concern's concept of the company.
2. We draw attention to Note No. 2.29 of the accompanying financial statement in respect of non provision of long disputed advances and claims/liability against the company and on account of the reasons for recovery/realization/non provision as stated in said notes, the exact amount of the said non provisions are not determined and accounted for by the company.
3. We draw attention to Note No. 2.31 of the accompanying financial statement in respect of additional disclosures in relation to financial statements of the Company.
4. We draw attention to Note No. 2.39 of the accompanying financial statement in respect of third party balance confirmation and its classification, non provision of interest on NPA accounts of banks of ₹ 698.66 Crore, erosion of net worth of the company, indication of impairment of Capital Work in Progress, doubtful trade receivables, obsolete old stocks and other issues and the balance amount of the same is not exactly quantified for the reporting aspect.



INDEPENDENT AUDITOR'S REPORT

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:-
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the balance sheet, statement of profit and loss, and cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the balance sheet, statement of profit and loss, and cash flow statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; ("the Act") read with the General Circular 8/2014 dated April 4 2014 issued by the Ministry of Corporate Affairs.
 - (e) On the basis of written representations received from the Directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Prakash D.Shah
Partner

Membership No. 34363

Place : Ahmedabad

Date : 27th May, 2014

**ANNEXURE TO THE AUDITOR'S REPORT****[ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF ELECTROTHERM (INDIA) LIMITED, FOR THE SIX MONTHS PERIOD ENDED ON 31ST MARCH, 2014.]**

- (1) (a) We have been informed that, the company is in process of updating the 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 has been carried out by the management during the period of the fixed assets at Palodia plant and as informed to us, no material discrepancies were noticed on such physical verification. *In our opinion, the fixed assets of other Plants are required to be physically verified and to be reconciled with the records.*
 - (c) None of the substantial part of fixed assets has been disposed off during the period.
- (2) (a) As informed to us, during the period the management has conducted physical verification of the inventories and in our opinion the frequency of verification is reasonable.
 - (b) The procedures of physical verification of inventories followed by the management are 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 (except foreign associates) listed in the register maintained under section 301 of the Companies Act, 1956. The aggregate of loan outstanding from seven such parties as on the last day of the period is ₹ 5.36 Crore. 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 (except foreign associates) listed in the register maintained under section 301 of the Companies Act. The aggregate of loan outstanding of three such parties as on the last day of the period is ₹ 10.21 Crore. 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 of the Companies Act 1956, have been so entered.
 - (b) According to the explanations given to us, the transaction of purchase of goods materials and service and sale of goods, materials and service made in pursuance of contracts agreements entered in the register maintained under section 301 of the companies Act, 1956 and aggregating Rs. five lakhs or more in respect of each party are reasonable having regard to the prevailing market prices for such goods or services or prices at which transactions for similar goods or services have been entered with other parties except where comparable quotations are not available having regard to the specialized nature of the materials purchased by the company.
- (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 Products of the Company 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 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, employee's 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, 2014 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 Taxes, Excise Duty and Cess which have not been deposited on account of any dispute:-

NAME OF THE STATUTORY DUES	FORUM WHERE DISPUTE IS PENDING	AMOUNT (₹ In Crore)
Excise Duty	Customs Excise and Service Tax Appellate Tribunal	175.58
Excise Duty	Dy. Commissioner/Commissioner of Excise and Custom	121.93
Excise Duty	Directorate General Of Central Excise Intelligence -Ahmedabad	1.30
Custom Duty	Dy. Commissioner/Commissioner of Customs	13.78
Custom Duty	The Additional Director General, Directorate of Revenue Intelligence, Zonal Unit, Ahmedabad	7.27
VAT	Joint Commissioner (Rajkot)	5.94
VAT	Joint Commissioner (Mazgaon, Mumbai)	17.94
Income Tax	Commissioner of Income Tax (Appeals)	25.17

- (10) The accumulated losses at the end of the reporting period have exceeded fifty percent of the net worth of the company and it has incurred cash losses in current period and in the immediately 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 defaulted in repayment of dues (including interest) to financial institution and banks and as informed to us, details relating to extent of defaults is not readily available with the company and therefore its relevant details cannot be reported.*
- (12) We are of the opinion, that the company has not granted any 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 (Auditor's Report) Order, 2003 are not applicable to the Company.
- (15) According to the information and explanations given to us, the Company has not given 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, during the period under consideration no new term loan has been taken by the company.
- (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 preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (19) The company has not issued any debentures and accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (20) During the period, the company has not raised any money through a public issue and accordingly the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (21) During the course of our examination of the books and records of the company, carried out in accordance with generally accepted practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the period, 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 : 27th May, 2014

**BALANCE SHEET AS AT 31ST MARCH, 2014**

Sr. No.	Particulars	Note No.	As at 31st March 2014 ₹ In Crore	As at 30th September 2013 ₹ In Crore
	EQUITY AND LIABILITIES			
	<i>Shareholders' funds</i>			
(a)	Share Capital	2.01	23.48	23.48
(b)	Reserves and Surplus	2.02	(596.69)	(273.80)
	<i>Non - Current liabilities</i>			
(a)	Long Term Borrowings	2.03	147.12	269.37
(b)	Long Term Provisions	2.04	5.17	5.37
	<i>Current liabilities</i>			
(a)	Short-term borrowings	2.05	2,960.47	2,853.00
(b)	Trade Payables	2.06	189.51	199.62
(c)	Other current liabilities	2.07	116.31	101.07
(d)	Short Term Provisions	2.08	3.49	4.25
	TOTAL		2,848.86	3,182.36
	ASSETS			
	<i>Non-Current Assets</i>			
(a)	Fixed Assets			
(i)	Tangible Assets	2.09	1,412.46	1,478.78
(ii)	Intangible Assets	2.09	1.62	1.82
(iii)	Capital work-in-progress	2.09	10.45	11.14
(b)	Non-current Investments	2.10	127.39	127.39
(c)	Long-term loans and advances	2.11	23.64	20.25
	Other Non-Current Assets	2.12	32.29	33.27
	<i>Current Assets</i>			
(a)	Inventories	2.13	418.29	650.93
(b)	Trade Receivables	2.14	406.02	385.58
(c)	Cash and Bank Balances	2.15	30.46	28.29
(d)	Short-term loans and advances	2.16	385.40	444.29
(e)	Other Current assets	2.17	0.84	0.62
	TOTAL		2,848.86	3,182.36

Significant Accounting Policies **1**
Notes to Accounts **2**
The accompanying notes are an integral part of the financial statements.

As per our report of even date attached
For & on behalf of
Mehta Lodha & Co.,
Firm Registration No: 106250W
Chartered Accountants

Prakash D. Shah
M. NO. 34363
Partner

Place : Ahmedabad
Date : 27th May, 2014

For & on behalf of the Board of Directors

Shailesh Bhandari
Managing Director

Avinash Bhandari
Joint Managing Director

Jigar Shah
Company Secretary

Pawan Gaur
Sr. Vice President-Finance

STATEMENT OF PROFIT AND LOSS FOR THE 6 MONTHS ENDED ON 31ST MARCH 2014

Sr. No.	Particulars	Note No.	6 Months ended on	Year ended on
			31st March 2014 (₹ In Crore) Current Period	30th September 2013 (₹ In Crore) Pervious Year
	Income			
	Revenue from Operations	2.18	659.86	1,054.02
	Other Income	2.19	2.34	6.40
A	Total Revenue		662.20	1,060.42
	Expenditure			
	Cost of Materials Consumed	2.20	487.04	738.87
	Purchases of Stock in Trade	2.20	11.26	26.88
	Changes in Inventories of Finished Goods and Work in Process	2.21	195.25	14.62
	Employee Benefits Expense	2.22	37.54	67.27
	Finance Cost	2.23	1.89	101.55
	Depreciation and Amortization Expense	2.09	69.39	138.83
	Other Expenses	2.24	153.46	226.23
	Preliminary Expenses Written Off		-	0.02
B	Total Expenses		955.83	1,314.27
	Loss before exceptional and extra ordinary items and tax (A-B)		(293.63)	(253.85)
	Exceptional items & Extraordinary Items		(27.54)	-
	Loss before Tax		(321.17)	(253.85)
	Tax Expenses			
	Wealth Tax		(0.02)	(0.03)
	Loss for the Period/Year		(321.19)	(253.88)
	Add/(Less) : Prior Period Adjustments	2.25	0.03	(0.01)
	Loss for the Period/Year		(321.16)	(253.89)
	Earnings per Equity Share (Nominal Value of Share ₹10/- each)	2.40	Negative	Negative
	Basic and Diluted (In ₹)			

Significant Accounting Policies

1

Notes to Accounts

2

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

As per our report of even date attached

For & on behalf of

Mehta Lodha & Co.,

Firm Registration No: 106250W

Chartered Accountants

Prakash D. Shah

M. NO. 34363

Partner

Place : Ahmedabad

Date : 27th May, 2014

For & on behalf of the Board of Directors

Shailesh Bhandari

Managing Director

Avinash Bhandari

Joint Managing Director

Jigar Shah

Company Secretary

Pawan Gaur

Sr. Vice President-Finance

CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31ST MARCH, 2014

(₹ In Crore)

PARTICULARS	Current Period	Previous Year
A: CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss before tax as per Statement of Profit and Loss	(321.17)	(253.85)
Adjusted For:		
Profit on Sale/Discard of assets (net)	(0.03)	(0.37)
Depreciation	69.39	138.83
Interest Income	(1.01)	(4.25)
Dividend Income	-	-
Prior Period Item	0.03	(0.01)
Finance Cost	1.89	101.55
Operating profit before working capital changes	(250.90)	(18.10)
Adjusted For:		
Trade and other Receivables	(20.44)	60.35
Inventories	232.64	43.36
Trade and other Payables	(10.11)	(15.90)
Loans and advances and other assets	56.53	(12.01)
Other liabilities and provisions	14.29	(27.87)
Cash Generated from Operations	22.01	29.83
Taxes Paid	(0.30)	(0.95)
Net Cash Generated from Operating activities	21.71	28.88
B: CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(4.12)	(4.89)
Sales of Fixed Assets	0.24	2.24
Purchases of Investments	-	(5.00)
Dividend Income	-	-
Interest Income	1.01	4.25
Net Cash (used in) Investing Activities	(2.87)	(3.40)
C: CASH FLOW FROM FINANCING ACTIVITIES		
Government subsidy received	-	0.35
Increase in Borrowings*	(14.78)	59.95
Dividend Paid (Including Dividend Distribution Tax)	-	-
Finance Cost*	(1.89)	(101.55)
Net Cash (used in) Financing Activities	(16.67)	(41.25)
Net Increase/(Decrease) in Cash and Bank Balances	2.17	(15.77)
Opening Balance of Cash and Bank Balances	28.29	44.06
Closing Balance of Cash and Bank Balances (Refer note no 2.15)	30.46	28.29

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

* Includes amount of unpaid interest converted into term Loans

As per our report of even date attached

For & on behalf of

Mehta Lodha & Co.,

Firm Registration No: 106250W

Chartered Accountants

Prakash D. Shah

M. NO. 34363

Partner

Place : Ahmedabad

Date : 27th May, 2014

For & on behalf of the Board of Directors

Shailesh Bhandari

Managing Director

Avinash Bhandari

Joint Managing Director

Jigar Shah

Company Secretary

Pawan Gaur

Sr. Vice President-Finance



CORPORATE INFORMATION

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

1. SIGNIFICANT ACCOUNTING POLICIES:

(A) BASIS OF PREPARATION OF ACCOUNTS:

The Financial Statements are prepared to comply in all material respects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention (except for revalued assets which are stated at revalued amount) on an accrual basis.

(B) USE OF ESTIMATES:

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

(C) REVENUE RECOGNITION:

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

(D) TANGIBLE ASSETS:

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

(E) INTANGIBLE ASSETS:

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

(F) DEPRECIATION:

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.) as per the rates prescribed in Schedule XIV of the Companies Act, 1956.

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.

(G) INVESTMENTS:

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



(H) INVENTORIES:

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

(I) RESEARCH AND DEVELOPMENT:

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

(J) FOREIGN EXCHANGE TRANSACTIONS:

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

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

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

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

(K) TAXES ON INCOME:

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

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

Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred Tax asset/liability is calculated on the basis of the rate of Income Tax (excluding other levies) applicable for the current year.

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

(L) LEASES:

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

(M) BORROWING COSTS:

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset till put for its intended use is capitalized as part of the cost of that asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing cost (except as stated in notes) is charged to revenue.



(N) IMPAIRMENT OF ASSETS:

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

(O) DEFERRED REVENUE EXPENDITURE:

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

(P) RETIREMENT / POST RETIREMENT BENEFITS:

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

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

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

(Q) PROVISIONS AND CONTINGENT LIABILITIES:

(i) Provisions are recognized when the present obligation of a past event gives rise to a probable outflow, embodying economic benefits on settlement and the amount of obligation can be reliably estimated. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(ii) Contingent Liabilities are disclosed after a careful evaluation of facts and legal aspects of the matter involved.

(iii) Provisions and Contingent Liabilities are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

(R) SEGMENT REPORTING:

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

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

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

(S) FINANCE COST:

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

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

(T) GENERAL:

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



NOTES TO ACCOUNTS

2.01 Share Capital

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

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
Authorised		
2,50,00,000 Equity Shares of ₹10/- each	25.00	25.00
2,50,00,000 6% Non-Cumulative Redeemable Preference Shares of ₹10/- each	25.00	25.00
Total	50.00	50.00
Issued, Subscribed & Paid up		
1,14,76,374 (Previous Period 1,14,76,374) Equity Shares of ₹10/- each Fully paid up	11.48	11.48
1,20,00,000 (Previous Period 1,20,00,000) 6 % Non-Cumulative Redeemable Preference Shares of ₹10/- each Fully Paid Up, Redeemable At Par. (35,60,000 Preference Shares Redeemable not later than 11th March 2025, 44,40,000 Preference Shares Redeemable not later than 1st April 2025 and 40,00,000 Preference Shares Redeemable not later than 14th May 2025)	12.00	12.00
Total	23.48	23.48

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

(i) Equity Shares	As at 31st March 2014	As at 30th September 2013
	Numbers	Numbers
Shares outstanding at the beginning of the Period	11,476,374	11,476,374
Shares outstanding at the end of the Period	11,476,374	11,476,374
(ii) 6% Non-Cumulative Redeemable Preference Shares	As at 31st March 2014	As at 30th September 2013
	Numbers	Numbers
Shares outstanding at the beginning of the Period	12,000,000	12,000,000
Shares outstanding at the end of the Period	12,000,000	12,000,000

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

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

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

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

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

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

Sr. No.	Name of Shareholder	As at 31st March 2014		As at 30th September 2013	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	DEG-Deutsche Investitions- Und Entwicklungsgesellschaft Mbh	1,366,666	11.91	1,366,666	11.91
2	IDBI Trusteeship Services Limited (India Advantage Fund-VI)	1,292,231	11.26	1,292,231	11.26
3	Castleshine PTE Limited	1,000,000	8.71	1,000,000	8.71
4	Leadhaven PTE Limited	1,000,000	8.71	1,000,000	8.71
5	Western India Specialty Hospital Ltd.	975,000	8.50	975,000	8.50
6	Mr. Shailesh Bhandari	848,275	7.39	848,275	7.39
7	Mr. Mukesh Bhandari	809,500	7.05	809,500	7.05

6% Non-Cumulative Redeemable Preference Shares

Sr. No.	Name of Shareholder	As at 31st March 2014		As at 30th September 2013	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Web Businesses.com Global Ltd.	2,730,000	22.75	2,730,000	22.75
2	Lavish Packagers Ltd.	2,580,000	21.50	2,580,000	21.50
3	Highland Finance and Investments Pvt. Ltd.	3,240,000	27.00	3,240,000	27.00
4	Froid Finance and Investments Pvt. Ltd.	1,200,000	10.00	1,200,000	10.00
5	Ahmedabad Aviation And Aeronautics Ltd.	1,050,000	8.75	1,050,000	8.75
6	Mr. Shailesh Bhandari	1,200,000	10.00	1,200,000	10.00

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

2.02 Reserves and surplus

Particulars	As at 31st March 2014 (₹ In Crore)		As at 30th September 2013 (₹ In Crore)	
(A) Capital Reserve				
As per Last Balance Sheet Date	13.37		13.02	
Add: Government Subsidy	-	13.37	0.35	13.37
(B) Share Premium Account				
As per Last Balance Sheet Date		212.69		212.69
(C) General Reserve				
As per Last Balance Sheet Date	325.06		328.59	
Less : Reduction on Sales of Revalued Land	-		(0.06)	
Less : Transferred for depreciation on Revaluation of Fixed Assets	(1.73)	323.33	(3.47)	325.06
(D) Surplus/Deficit in Statement of Profit & Loss				
As per Last Balance Sheet Date	(824.92)		(571.03)	
Add: Loss for the Period/Year	(321.16)	(1,146.08)	(253.89)	(824.92)
Total		(596.69)		(273.80)

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

Particulars	As at 31st March 2014 (₹ In Crore)		As at 30th September 2013 (₹ In Crore)	
	Non-Current	Current	Non-Current	Current
Secured				
Term Loans from Banks				
- Rupee Term Loan-[Note No.(a) & Note No. 2.39 (c)]	123.09	1,643.52	215.65	1,542.07
- Foreign Currency Term Loan-[Note No.(b)]	24.00	62.59	43.65	46.66
Total	147.09	1,706.11	259.30	1,588.73
Hire Purchase Finance for Vehicles (Secured By Hypothecation of Specific Vehicles)	0.03	0.04	0.07	0.12
Unsecured				
- Foreign Currency Term Loan	-	66.16	10.00	57.76
Total	147.12	1,772.31	269.37	1,646.61

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

(b) ECB Loan is secured by Pari Passu Charge over the movable assets and first Pari Passu Charge on immovable assets of the company.

2.04 Long Term Provisions

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
Provision for Leave Encashment	3.15	3.09
Provision for Gratuity	2.02	2.28
Total	5.17	5.37

NOTES TO ACCOUNTS
2.05 Short-term borrowings

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
Secured loan from Banks		
Current Maturities of Long terms borrowings [Refer Note No.(a) & Note No. 2.39 (c)]	1,772.31	1,646.61
Working Capital Facilities [Refer Note No.(b) & Note No. 2.39 (c)]	985.74	998.68
Unsecured		
Loans and Advances repayable on demand from: -		
Related Parties (Including Body Corporates)	2.54	2.59
Other Body Corporates	0.34	0.34
Directors (Refer Note No 2.36(b))	2.82	3.57
Term Loan from Banks		
- Rupee Term Loan	176.59	177.90
- Foreign Currency Term Loan	20.13	23.31
Total	2,960.47	2,853.00

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

2.06 Trade Payables

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
Micro, Small and Medium Enterprises	0.49	0.49
Others [Refer Note No 2.39(b)]	189.02	198.90
Dues to Related Parties	-	0.05
Dues to Subsidiaries	-	0.18
Total	189.51	199.62

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 as under-

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
Supreme Metallurgical Services (P). Ltd.	0.49	0.49

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


NOTES TO ACCOUNTS
2.07 Other current liabilities

Particulars	As at 31st March 2014 (₹ In Crore)		As at 30th September 2013 (₹ In Crore)	
Unclaimed Dividend#	0.06		0.07	
Creditors for Capital expenditure	1.89		0.25	
Advance from Customer [Refer Note No 2.39(b)]	94.16		85.74	
Advance from Related Parties/Subsidiaries	0.13		2.17	
Others (including cheques overdrawn)	14.09	110.33	6.12	94.35
Statutory Liabilities				
Provident Fund & Other Contribution	0.49		0.33	
Tax Deducted and Collected at Source	0.71		0.64	
Value Added Tax and Central Sales Tax	1.91		2.16	
Excise duty & Service & Tax Payable	-		0.53	
Excise Duty Payable on Stock of Finished Goods	2.87	5.98	3.06	6.72
Total		116.31		101.07

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

2.08 Short Term Provisions

Particulars	As at 31st March 2014 (₹ In Crore)		As at 30th September 2013 (₹ In Crore)	
Provision for Bonus		3.47		4.22
Provision for Wealth Tax		0.02		0.03
Total		3.49		4.25

2.09 Fixed Assets

(₹ in Crore)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.10.2013	Addition / Adjustment	Deduction / Adjustment	As at 31.03.2014	As at 1.10.2013	Addition/ Adjustment	Deduction / Adjustment	As at 31.03.2014	As at 31.03.2014	As at 30.09.2013
TANGIBLE ASSETS:										
Own Assets:										
Freehold Land	149.00	-	-	149.00	-	-	-	-	149.00	149.00
Leasehold Land	1.10	-	-	1.10	-	-	-	-	1.10	1.10
Building	355.79	0.29	-	356.08	57.15	5.84	-	62.99	293.09	298.64
Plant and Machinery	1,587.85	2.55	0.21	1,590.19	571.44	63.59	-	635.03	955.16	1,016.41
Computer	10.18	1.51	-	11.69	7.65	0.53	-	8.18	3.51	2.51
Furnitures & Fixtures	7.69	0.03	-	7.72	3.10	0.22	-	3.32	4.40	4.59
Office Equipment	3.70	0.20	-	3.90	1.17	0.12	-	1.29	2.61	2.54
Vehicles	8.69	-	0.03	8.66	4.71	0.39	0.03	5.07	3.59	3.99
Total (A)	2,124.00	4.58	0.24	2,128.34	645.22	70.69	0.03	715.88	1,412.46	1,478.78
INTANGIBLE ASSETS:										
Software	4.09	0.22	-	4.31	2.26	0.43	-	2.69	1.62	1.82
Total (B)	4.09	0.22	-	4.31	2.26	0.43	-	2.69	1.62	1.82
Total (A+B)	2,128.09	4.80	0.24	2,132.65	647.48	71.12	0.03	718.57	1,414.08	1,480.60
Previous Year	2,127.06	3.33	2.31	2,128.09	505.56	142.30	0.38	647.48	1,480.60	1,621.50

Note: During the Financial Year 2009-10, in pursuance of the Scheme of Arrangement approved by the Hon'ble High Court of Gujarat vide its order dated November 30, 2009 the immovable assets of the Company, namely Land and Building, on the basis of Revaluation report of the Government approved competent Valuer appointed by the Company were recorded at their respective fair values and resulting increase over Book Value, of ₹ 248.20 Crore, was transferred to General Reserve Revaluation Account. Accordingly, the depreciation for Current Period includes depreciation of ₹ 1.73 Crore (Previous Year ₹ 3.47 Crore) on account of the said revaluation, and which has been reduced from the balance of General Reserve.

NOTES TO ACCOUNTS
2.10 Non Current Investments

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
(A) Investment in Mutual Funds(Quoted)		
1 64,288.778 (Previous Year 64,288.778) Units of ₹ 10 each of Punjab National Bank Mutual Fund (NAV of Rs 0.257 Crore (Previous Year ₹ 0.193 Crore)	0.06	0.06
(B) Investment in Equity Instruments (UnQuoted)		
1 6,540 (Previous Year 6,540) Shares of ₹ 25 each of Siddhi Co.Op Bank Ltd.	0.02	0.02
2 National Saving Certificates	-	-
(C) Investment In Subsidiary Companies (UnQuoted) :		
1 90,45,127 (Previous Year 90,45,127) Equity Shares of ₹ 10 each of Bhaskarpara Coal Company Limited	9.05	9.05
2 7,24,400 (Previous Year 7,24,400) Equity Shares of ₹ 10 each of ET Elec-Trans Limited	0.72	0.72
3 38,00,000 (Previous Year 38,00,000) Shares of Rmb 1 each of Jinhua Indus Enterprise Limited	2.04	2.04
4 3,64,20,000 (Previous Year 3,64,20,000) Equity Shares of ₹ 10/- each of Hans Ispat Limited	36.46	36.46
5 3,50,000 (Previous Year 3,50,000) Equity Shares of ₹ 10/- each of Shree Hans Papers Limited	0.35	0.35
6 7,78,000 (Previous Year 7,78,000) Equity Shares of ₹ 100/- each At a Premium of ₹ 909/- of Shree Ram Electrocast Limited	78.68	78.68
7 100 (Previous Year 100) Shares of CFA 10,000 each of Electrotherm Mali Sarl	0.01	0.01
Total	127.39	127.39

The Company does not hold any Current Investment.

2.11 Long Term Loans & Advances

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
Unsecured, considered good unless stated otherwise		
Loans and Advances to related parties/subsidiaries (Refer Note No 2.36(b))	4.18	4.18
Sundry Deposits	19.46	16.07
Total	23.64	20.25

2.12 Other Non-Current Assets

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
(To the extent not written off or adjusted)		
Deferred Revenue Expenditure (Refer Note No 2.31(o))	0.59	2.45
Product Development Cost	31.70	30.82
Total	32.29	33.27



NOTES TO ACCOUNTS

2.13 Inventories [Refer Note No. 2.31 (j) & 2.39(e)]

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
(As valued, verified & certified by the Management)		
a. Raw Material [including goods in transit of ₹ 5.37 Crore (Previous Period ₹ 0.16 Crore)]	128.61	165.15
b. Work-In-Process	223.53	417.23
c. Finished Goods	26.13	27.68
d. Stores and Spares	40.02	40.87
Total	418.29	650.93

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

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
(Unsecured, considered good unless stated otherwise)		
Over Six Months	276.77	325.66
Others	87.61	43.19
Due from Related Parties	9.24	9.12
Due from Subsidiaries	32.40	7.61
Total	406.02	385.58

2.15 Cash and Bank Balances

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
a. Balances with Bank		
- Current Account	13.63	10.90
- Fixed Deposit (Pledged with Bankers) *	16.56	17.21
- Unclaimed Dividend Account	0.06	0.07
b. Cash on hand (As certified by the Management)	0.21	0.11
Total	30.46	28.29

*Fixed Deposit includes deposit of ₹ 13.17 Crore (Previous Period ₹ 14.54 Crore) having maturity within 12 months

2.16 Short-term loans and advances

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
(Unsecured, considered good unless stated otherwise)		
Advances Recoverable In Cash or Kind [Refer Note No 2.39(b)]	9.76	14.93
Advance to Related Parties (Refer Note No 2.36(b))	0.18	2.30
Advance for Capital Goods	1.04	4.06
Others		
Prepaid Expenses	2.36	1.76
Advances to Staff(Refer Note No.2.39(h))	0.92	1.32
Advance to Suppliers and Other Parties (Refer Note No.2.39(b))	229.59	268.04
Advances to Subsidiaries	11.52	15.00
Loan to Staff	0.12	0.18
Balance with Revenue Authorities [Refer Note No. 2.29 & 2.39(f)]	127.15	134.21
Advance Income Tax	2.76	2.49
Total	385.40	444.29

NOTES TO ACCOUNTS
2.17 Other current assets

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
Interest accrued and due on fixed deposit & others	0.84	0.62
Total	0.84	0.62

2.18 Revenue from operations

Particulars	Current Period (₹ In Crore)		Previous Year (₹ In Crore)	
Sale of Products (Includes Export Incentives of ₹ 0.75 Crore (Previous Period ₹ 2.64 Crore)	688.29		1,093.76	
Less: Inter Division Sales	0.69		3.11	
Less: Excise Duty	40.29	647.31	69.81	1,020.84
Service income		2.13		6.28
Power Generation Income		0.07		0.17
Trading Sales		10.35		26.73
Total		659.86		1,054.02

(a) Sale of Product

Particulars	Current Period (₹ In Crore)		Previous Year (₹ In Crore)	
Electronic Furnaces & Other Capital Equipment		145.63		317.16
Ferrous and Non-Ferrous Billets /Bars/Ingots and Others		191.72		261.45
Duct Iron Pipes		234.96		334.63
Battery Operated Vehicles		4.98		12.34
Sponge & Pig Iron		25.97		30.73
Spares / Up Gradation Income & Misc. Sale		44.05		64.53
Total		647.31		1,020.84

(b) Trading Sales

Particulars	Current Period (₹ In Crore)		Previous Year (₹ In Crore)	
S.S.Flats/ S.S Billtes & Bars		10.35		26.73
Total		10.35		26.73

(c)

Particulars	Current Period (₹ In Crore)		Previous Year (₹ In Crore)	
F.O.B value of Export Sales		82.08		79.75
Total		82.08		79.75



NOTES TO ACCOUNTS

2.19 Other Income

Particulars	Current Period (₹ In Crore)	Previous Year (₹ In Crore)
Interest Income from Bank Fixed Deposits	1.01	4.25
Rent Income	-	0.03
Profit on Sales of Asset (Net)	0.03	0.37
Miscellaneous Income	1.30	1.75
Total	2.34	6.40

2.20 Cost of Material Consumed

Particulars	Current Period (₹ In Crore)	Previous Year (₹ In Crore)
Opening Stock	165.15	187.93
Add: Purchases of Raw Material	450.50	716.09
Total	615.65	904.02
Less: Closing Stock	128.61	165.15
Cost of Raw Material Consumed	487.04	738.87
Trading Purchase	11.26	26.88

(a) Details of Raw Material Consumed

Particulars	Current Period (₹ In Crore)	Previous Year (₹ In Crore)
M.S. Scrap/S.S. Scrap	47.97	91.36
Iron Ore/ Pelletes/Lam Coke/ Sinter/ Limestone	213.17	247.52
Copper and Engineering Items	152.46	304.99
Other Materials	73.44	95.00
Total	487.04	738.87

(b) Composition of Raw Materials Consumed

Particulars	Current Period		Previous Year	
	%	(₹ In Crore)	%	(₹ In Crore)
Imported	5.21	25.40	6.66	49.24
Indigenous	94.79	461.64	93.34	689.63
Total	100.00	487.04	100.00	738.87

(c) Details of Closing Stock of Raw Materials

Particulars	Current Period (₹ In Crore)	Previous Year (₹ In Crore)
M.S. Scrap/S.S. Scrap/Sponge	3.88	29.85
Iron Ore/ Pelletes/Lam Coke/ Sinter/ Limestone	10.81	9.27
Copper and Engineering Items	58.67	97.70
Others	55.25	28.33
Total	128.61	165.15

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

Particulars	Current Period (₹ In Crore)	Previous Year (₹ In Crore)
S.S. Flats / S.S. Billets / Bars	11.26	26.88
Total	11.26	26.88

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

Particulars	Current Period (₹ In Crore)	Previous Year (₹ In Crore)
Raw Materials	49.47	77.25
Stores	9.59	4.54
Total	59.06	81.79

2.21 Changes in Inventories of Finished Goods and Work in Process

Particulars	Current Period (₹ In Crore)		Previous Year (₹ In Crore)	
Inventories (At Commencement)				
- Work In Process	417.23		406.65	
- Finished Goods	27.68	444.91	52.88	459.53
Inventories (At end)				
- Work In Process	223.53		417.23	
- Finished Goods	26.13	249.66	27.68	444.91
Total		195.25		14.62

(a) Details of Work in Process in Inventories

Particulars	Current Period (₹ In Crore)	Previous Year (₹ In Crore)
M S Billets	2.19	1.92
Sponge Iron	5.49	5.25
Pipe	4.75	3.21
Electronic Furnaces & Other Capital Equipment's	102.81	118.30
Skull/Slag & Miscellaneous Items	101.79	282.32
Others	6.50	6.23
Total	223.53	417.23

(b) Details of Finished Goods in Inventories

Particulars	Current Period (₹ In Crore)	Previous Year (₹ In Crore)
Ferrous and Non-Ferrous Billets /Bars/Ingots	12.81	14.88
Duct Iron Pipes	13.31	12.67
Battery Operated Vehicles	0.01	0.13
Total	26.13	27.68

2.22 Employee Benefit Expenses

Particulars	Current Period (₹ In Crore)	Previous Year (₹ In Crore)
Salaries, Wages and Allowances and Bonus	34.87	62.10
Contribution to Provident and other funds	2.02	3.86
Staff Welfare and amenities	0.65	1.31
Total	37.54	67.27

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

Particulars	Current Period (₹ In Crore)		Previous Year (₹ In Crore)	
Interest Expenses				
- Term Loan	-		68.12	
- Bank and Other Loan	0.18	0.18	21.92	90.04
Other Borrowing Cost & Charges		1.16		3.73
Loss on foreign currency transactions and translation		0.55		7.78
Total		1.89		101.55

2.24 Other Expenses

Particulars	Current Period (₹ In Crore)		Previous Year (₹ In Crore)	
Manufacturing Expenses				
Power and Fuel	43.56		65.40	
Stores and Spares	46.29		66.81	
Job Charges	24.33		48.53	
Machinery Repairs	0.53		0.79	
Building Repairs	0.08		0.35	
Other Repairs	1.05		1.14	
Excise duty (on account of Duty on Finished Good Stocks and Others)	(0.18)	115.66	(6.77)	176.25
Establishment/ Administrative Expenses				
Hire-Lease-Rent Charges	1.44		2.76	
Rates & Taxes	0.30		0.36	
Insurance Premium	1.52		2.62	
Postage Telegram & Telephone Expenses	0.72		1.55	
Conveyance Expenses	0.29		0.52	
Travelling Expenses	2.94		6.32	
Printing and Stationery	0.33		0.78	
Vehicle Expenses	0.73		1.16	
Security Expenses	0.64		1.32	
Subscription & Membership	0.05		0.21	
Net Sundry Balances Written Off	10.24		0.07	
Auditors' Remuneration:				
- Audit Fees	0.20		0.20	
- Tax Audit Fees	-		0.03	
- Other Matters	-		0.05	
Legal and Professional Charges	2.52		4.84	
Miscellaneous Expenses	1.03		1.94	
Research & Development Expenses	0.11		3.74	
Donation	0.05	23.11	0.05	28.52
Selling & Distribution Expenses				
Advertisement & Sales Promotion	8.00		11.10	
Commission	4.11		10.56	
Freight Outward and other Expenses (Net)	2.58	14.69	(0.20)	21.46
Total		153.46		226.23

NOTES TO ACCOUNTS

2.25 Prior Period Adjustment

Particulars	Current Period (₹ In Crore)	Previous Year (₹ In Crore)
Prior Period Adjustment- Income Tax And Others	0.03	(0.01)
	0.03	(0.01)

2.26 In view of common financial year under the Companies Act, 2013, the company has changed the accounting year and accordingly, the account under consideration is for the period of Six months commencing from 1st October 2013 to 31st March 2014 (Referred as "Current Period") and the previous year is for the Twelve months commencing from 1st October 2012 to 30th September 2013 (Referred as "Previous Year"), and therefore figures of the Current Period and Previous Year are not comparable.

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

- (a) UCO Bank, Syndicate Bank, Shiv Sales Industries and Shiv Metal Industries have filed winding up petitions under section 433 and 434 of the Companies Act, 1956 against the company before the Hon'ble Gujarat High Court. The winding up petition filed by UCO Bank, was admitted on March 7, 2012 and the Hon'ble Gujarat High Court has passed an order for advertisement of petition and appointment of Official Liquidator. The Company has challenged the said orders before Division bench of Hon'ble Gujarat High Court by filing an appeal and the Division bench vide order dated August 13, 2013 has granted the stay against the said orders and accordingly, all the aforesaid windings up petitions / appeal are now pending for further hearing before Hon'ble Gujarat High Court.
- (b) (i) UCO Bank, Syndicate Bank and ICICI Bank Limited had filed original applications against the Company before the Debt Recovery Tribunal, Ahmedabad ("DRT") under section 19 of the Recovery of Debts due to Banks and Financial Institutions Act, 1993. The company has filed its reply / application in all the three matters and the Ex-parte ad-interim injunction orders passed in the matter of UCO Bank and Syndicate Bank were partly modified. Further, Allahabad Bank has filed an original application before Debt Recovery Tribunal, Ahmedabad. There are some ad-interim injunction orders against transfer of certain properties in the matter of UCO Bank, Syndicate Bank and Allahabad Bank. No order was passed in the matter of ICICI Bank Limited. The company has filed an appeal before Debts Recovery Appellate Tribunal, Mumbai ("DRAT") in the matter of UCO Bank against the order of DRT for rejection of application of cross examination. Syndicate Bank has filed an appeal before DRAT against the order of DRT for modification of ex-parte ad-interim injunction order. All the aforesaid original applications / appeal are now pending for further hearing before DRT / DRAT.
- (ii) During the period Central Bank of India had filed Original application against the Company before the Debt recovery Tribunal, Ahmedabad ("DRT") under Section 19 of the recovery of Debt due to Banks/Financial Institution Act, 1993. DRT passed a ex-party ad-interim injunction order.
- (c) UCO Bank, Syndicate Bank, Vijaya Bank, ICICI Bank and Indian Overseas Bank had filed criminal complaints against the company and its directors / officers under section 138 of Negotiable Instruments Act, 1881 for dishonor of various cheques issued by the Company and the Company has contested all the said cases and all the matters are pending for further hearing before the respective Hon'ble Metropolitan Magistrate, Ahmedabad.
- (d) UCO Bank had declared the Company and its guarantors as willful defaulter, which was subsequently withdrawn by the UCO Bank in a petition filed by the Company with Hon'ble Gujarat High Court. During the previous year, the action of once again declaring the company and its guarantors as willful defaulter by UCO Bank has been challenged in the Hon'ble Gujarat High Court and the matter is pending for further hearing. State Bank of Travancore has not taken any further action after issuing a letter to classify the company as willful defaulter. Central Bank of India has issued a letter for classification of company and its guarantors as Willful Defaulter and the company has replied to the said letter.
- (e) Vijaya Bank had issued a notice under section 13(2) of Chapter III of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act, 2002") for assets of Transmission Line Tower Division of the Company situated at Village : Juni Jithardi, Tal : Karjan, Dist : Vadodara and the bank has not taken any further action. The said Bank has given positive mandate for restructuring of the Debt under CDR scheme.

2.28 Corporate Debt Restructuring, Net Worth and filing of Reference to BIFR:

- (a) The Empowered Group (EG) of CDR Cell has approved CDR package of the company on November 14, 2013 and issued letter conveying approval on February 03, 2014. However, the Monitoring Institution i.e. Bank of India has informed the Company vide their letter dated 24th April 2014 that they have decided, the withdrawal of the case under CDR mechanism and therefore, as on date the Company is out of CDR.
- (b) As per CDR directives as described in Letter of Approval under the head of "critical conditions" and the since the net worth of the Company is fully eroded the company has filed Reference to BIFR on February 28, 2014.

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

- (a) The Company has filed an application for refund of Terminal Excise Duty of ₹1.58 Crore (Previous year ₹1.58 Crore) 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 on submission of the further required documents and therefore the same is treated as good for its realization and not provided for as expenses.
- (b) The Company has VAT tax liability (including interest of ₹ 21.94 Crore (Previous year ₹ 21.94 Crore) under Maharashtra Sales tax Act and out of which the company had paid ₹ 4.00 Crore in Previous year, under protest and the same has been shown as Loans and Advances. Provision for the impugned disputed liability of ₹ 21.94 Crore (Previous year ₹ 21.94 Crore) has not been made as the company is hopeful of matter being decided in its favor by the appellate authority.
- (c) Old Vat Input Credit Receivable of ₹ 69.13 Crore (Previous year ₹ 69.13 Crore) is subject to approval / sanction from the respective Government authority and the company is hopeful of its realisability.
- (d) During the current financial period VAT Assessment for financial year 2009-10 was completed and the competent Authority has determined the tax liability of ₹ 5.94 crore and against this demand the company has filed an appeal and the same is pending before the appellate Authority and the company is hopeful for favorable decision in the appeal and therefore the said amount has not been provided as expenses.
- (e) The Company had filed application for refund of Excise Duty of ₹ 12.23 Crore (Previous year ₹ 12.23Crore) and the same has been shown as Loans and Advances Balances. The said claim has been rejected by the Department but the Management is of the opinion that the company will receive the claim on resolution of the dispute on submission of further documents and therefore the same is treated as good for its realization and not provided for as expenses.
- (f) In view of the non-provision of the above items 2.29(a) to 2.29(e), the losses of the company are under stated and to the extent advances are overstated or the liabilities are understated.

2.30 A Special Civil Application in the nature of Public Interest Litigation was filed in the year 2010, inter alia, against the Company before the Hon'ble Gujarat High Court challenging the environment clearance for expansion of steel plant and No Objection Certificate (NOC) & Consolidated Consent and Authorization. The Gujarat High Court by its order dated May 11, 2012 set aside the environment clearance with liberty to the Company to apply once again and to stop the operation of the steel plant. The Company has filed a Special Leave Petition (SLP) in the Hon'ble Supreme Court of India challenging the impugned order of Hon'ble Gujarat High Court dated May 11, 2012. After hearing, the Hon'ble Supreme Court of India on May 18, 2012 stayed the order passed by the Hon'ble Gujarat High Court. All the parties to the petition have filed their reply before the Hon'ble Supreme Court of India and now the Hon'ble Supreme Court of India directed the Central pollution Control Board and Gujarat pollution Control Board to make a joint inspection in 3rd week of June, 2014 & to submit the report before 5th July 2014 and matter has been listed for the consideration of the said report on 15th July 2014, before the Hon'ble Supreme Court.

2.31 Additional Disclosures

- (a) Power and Fuel expenses are inclusive of duties and taxes of ₹3.25Crore(Previous year ₹ 3.38 Crore) paid towards power generation.
- (b) During the period Foreign Exchange Fluctuation Loss of ₹ Nil (Previous year Loss of ₹ 0.29 Crore) has been adjusted to Material Cost and Loss of ₹ 0.55 Crore (Previous year Loss of ₹ 7.78 Crore) has been charged to Finance Cost.
- (c) The cost of Material consumed includes freight, taxes and inspection fees.
- (d) In view to heavy accumulated losses and uncertainty of its realization/ payment in near future, no provision for Deferred Tax Asset/liability has been made by the company.
- (e) Miscellaneous expenditure includes total Research and Development expenses of ₹ 31.70 Crore (Previous year ₹ 30.82 Crore) incurred on development of Hybrid Bus/T-Cab/project and CONTIFUR Project, which is still in progress and said expenses, would be written off in five years from the year of completion.
- (f) Some of the creditors have filed cases of recovery against the company before the various Hon'ble Courts/ Forums for ₹ 1.96 Crore (Previous year ₹ 1.97 Crore).
- (g) During the period old non recoverable amount of ₹19.57 Crore and unclaimed amount of ₹ 9.33 Crore have been written off/ back and the net balance of ₹ 10.24 Crore has been charged to the Statement of Profit and loss.
- (h) During the period, the company has paid Rs 2.00 Crore to Allahabad Bank which has been adjusted by Bank against unprovided interest, but the company has adjusted the same against the existing liability as appearing in the books of the Company.
- (i) Bank of Baroda has informed to the company and other participating consortium lenders vide letter dated May 01, 2014 that bank has sold out its debt to Edelweiss Asset Reconstruction Company Limited (EARC) on March 26, 2014. Bank of Baroda has also mentioned that EARC has become secured lender and all the rights, title and interests of Bank of Baroda have vested in EARC. Edelweiss Asset Reconstruction Company Limited has confirmed the aforesaid transaction vide letter dated May 08, 2014.
- (j) During the period, in view of non realisability/ non usability of work in process of book value of ₹ 145.42 Crore, the company has not considered the said work in process for the purpose of stock valuation.
- (k) Central bank of India, Dena Bank, and State bank of Travancore has written off the loan given to the company of ₹ 4.17 Crore, ₹ 22.64 Crore and ₹ 6.92 Crore respectively, by debiting to suspense account and therefore the balance is not confirmed by the respective Bankers. However, the company has shown the said loans from the respective banks in its books of account, as the said liabilities has not been waived by the respective bankers.

NOTES TO ACCOUNTS

- (l) The company had acquired some Computer Servers and other related accessories on lease basis and made payments of ₹ 1.34 Crore to the lessor on regular basis in earlier years. During the period the lease period is over and accordingly the total payments of ₹ 1.34 Crore made by the Company, has been capitalized under the head Computer in Fixed Asset.
- (m) In view of the commercial prudence, during the period, the company has restated, the amount of long outstanding Export Sales, at the Foreign Exchange Rate prevailing at the time of Export made and the Foreign exchange gain of ₹27.54 Crore accounted thereon, in earlier year(s) has been reversed under the head "Exceptional and Extra Ordinary item", as the amount has not been realized.
- (n) There is dispute with the Supreme Metallurgical Services (P) Ltd (a Micro, Small and Medium Enterprise) in relation to material supplied by the said party and for which the said party has filled a case before the Hon'ble Madhya Pradesh Micro and Small Facilitation Council, Bhopal for the recovery of the principal amount and interest there on. The Hon'ble Council has passed the order dated August 12, 2013 and has ordered to the company to pay ₹ 0.91 Crore (Including interest upto July 31, 2013) and for which the company is in process of taking appropriate action against the said party and the order of the said Council.
- (o) During the period, the company has amortized Deferred Advertisement expenses of ₹0.65 Crore relating to earlier year, under the head "Advertisement Expenses"

2.32 The company is contingently liable for the following :-

- (a) Claims against the Company not acknowledged as debts amounting to ₹ 0.70 Crore (Previous year ₹ 0.70 Crore), are pending before various courts, authorities, arbitration, Consumer Dispute Redressal Forum etc.
- (b) Guarantees / Counter Guarantees (including un-utilized Letters of Credit) issued ₹ 19.50 Crore (Previous year ₹ 12.19 Crore).
- (c) Disputed Statutory Claims/Levies for which the company has preferred appeal in respect, Excise Liability of ₹ 298.81 Crore (Previous year ₹ 299.35 Crore) and Custom Duty Liability of ₹ 21.05 Crore (Previous year ₹ 26.29 Crore) and Income Tax liability of ₹ 25.17 Crore (including interest) (Previous year ₹ Nil.)
(The above amounts (except where specifically stated) are excluding the amount of Interest payable and of the amount involved in appeal preferred by the department, if any.)
- (d) 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 amounts to ₹ 1.68 Crore (Previous year ₹ 16.38 Crore approx.) as at March 31, 2014. Against these, exports amounting to ₹ 7.24 Crore (approx.) (Previous year ₹ 70.46 Crore (approx.)) will have to be made within next 8 years from the date of issue of license.

2.33 FOREIGN EXCHANGE EARNING & OUTGO:

- (a) Earning in Foreign Exchange for Export of Goods & Services ₹ 85.55 Crore. (Previous year ₹ 129.82 Crore).
- (b) Expenditure in Foreign Currency for Import of Materials, Traveling & Others is ₹ 22.45 Crore (Previous year ₹ 66.11 Crore).

2.34 DIRECTOR'S REMUNERATION :

Particulars	Current Period ₹ in Crore	Previous Year ₹ in Crore
Salary	0.24	0.78
Contribution to Provident & other funds	0.02	0.05
Total	0.26	0.83

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

(₹ In Crore)

Particulars	Current Period	Previous Year
Profit before Tax		
Add: Directors' Remuneration		
Add: Depreciation as per accounts		
Add: Loss on sale of Assets		
Less: Depreciation under section 350		
Sub Total : Net profit under section 349 & 350		
10% thereof, amount eligible for Directors remuneration.		
Total Remuneration paid to Directors	In view of Loss it has not been calculated	In view of Loss it has not been calculated

Due to the losses incurred by the Company during the period ended on 31st March 2014, the remuneration of the managerial personnel was reduced / revised to the minimum remuneration of ₹ 2,00,000/- per month. Later, from February 2013 onwards in view of lack of adequate profit, management has waived off their right to remuneration and accordingly no remuneration has been given from February, 2014

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

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

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

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

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

* Enterprises namely Palace Tours and Air Charters Pvt. Ltd., Crystal Real Estate Pvt. Ltd., Afghan Trading Pvt. Ltd., Bhandari Brothers Commercial Pvt. Ltd., EIL Realty Pvt. Ltd., EIL Software Pvt. Ltd., Indus Real Estate Pvt. Ltd., New Delhi Real Estate Pvt. Ltd., Palace Infrastructure Pvt. Ltd., S N Advisory Pvt. Ltd., Suraj Real Estate Pvt. Ltd. and Suraj Advisory Services Private Limited have amalgamated with Indus Elec-Trans Pvt. Ltd. in pursuance to Scheme of Amalgamation vide the order dated September 13, 2013 of Hon'ble Gujarat High Court.

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

- | | |
|-------------------------------|---------------------------------|
| 1. Mr. Mukesh Bhandari | (Chairman) |
| 2. Mr. Shailesh Bhandari | (Managing Director) |
| 3. Mr. Avinash Bhandari | (Joint Managing Director & CEO) |
| 4. Mr. Nilesh Desai | (Non-Executive Director) |
| 5. Mr. Ram Singh | (Non-Executive Director) |
| 6. Mr. Pradeep Krishna Prasad | (Non-Executive Director) |

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

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


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

SR. NO.	NAME	SALES (INCL. STORE, SPARE & OTHERS)		PURCHASE		EXPENSES/ (INCOME)		PURCHASE (SALE) OF FIXED ASSET		LOAN RECEIVED		LOAN GIVEN /REPAID		INTEREST EXPENSES		RENT PAID		SALARY		CLOSING BALANCE		
		Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year	
(I)	Subsidiary Companies																					
1	Jinhua Indus Enterprises Ltd.			0.31	1.98																1.55	1.31
2	Jinhua Jahari Enterprises Ltd.			4.67	13.15																4.10	2.19
3	ET Elec-Trans Ltd.		0.02						0.17												0.51	0.46
4	Shree Ram Electro Cast Ltd.										0.54	0.91									5.90	5.36
5	Hans Tspat Ltd.	27.71	39.75	4.71	26.17		0.93						0.40								31.86	6.95
6	Shree Hans Papers Ltd.				0.44	3.95															4.18	4.18
7	Electrotherm Mail SARL																					6.16
(II)	Associates																					
1	Ahmedabad Aviation and Aeronautics Limited																				0.13	0.13
2	ETAIN Immodo Renewables Limited	0.04	0.95	3.65																	2.98	3.04
3	Indus Chargers & Controllers Pvt. Limited																					0.01
4	EIL Software Services Offshore Pvt. Ltd.																				(2.00)	(2.00)
5	Bhandari Charitable Trust	0.22																			5.22	5.02
8	ETAIN Energy Holdings Limited								(0.50)													
9	Electrotherm Solar Limited	0.15	3.71						(1.28)												2.81	2.97
10	Electra Transformer Limited	0.25	0.42																		0.28	0.20
(III)	KEY MANAGEMENT PERSONNEL:																					
1	Mr. Mukesh Bhandari, (Chairman)										0.15	0.65			0.05	0.11	0.09	0.24		(0.64)	(0.79)	
2	Mr. Shailesh Bhandari, (Managing Director)										0.58	0.10	0.03	0.10		0.03	0.09	0.24		(2.18)	(2.78)	
3	Mr. Avinash Bhandari, (Joint Managing Director & CEO)																0.09	0.24				
(IV)	RELATIVES OF KEY MANAGEMENT PERSONNEL :																					
1	Mrs. Indubala Bhandari														0.04	0.07					(0.00)	(0.00)
2	Mrs. Jyoti Bhandari										0.05				0.02	0.03	0.03	0.05		(0.17)	(0.22)	
3	Mr. Rakesh Bhandari																				(0.02)	(0.02)
4	Mr. Siddharth Bhandari																	0.03				
5	Miss. Shivani Bhandari																0.02	0.03				
6	Mr. Anurag Bhandari																	0.05			(0.35)	(0.35)

Note: The above chart consists details of parties who are relatives during the Financial Period ended on 31st March 2014 The Figures in bracket indicates Credit Balance.

NOTES TO ACCOUNTS
2.37 SEGMENT REPORTING UNDER ACCOUNTING STANDARD
(A) Business Segment

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

PRIMARY SEGMENT INFORMATION:-As Identified by the management (₹ In Crore)

Particulars	Current Period	Previous Year
SEGMENT REVENUE		
Engineering & Projects Division	191.22	387.93
Special Steel Division	463.09	654.74
Electric Vehicle Division	6.24	14.46
Total Sales	660.55	1,057.13
Less : Inter segment Revenue	0.69	3.11
Net Sale	659.86	1,054.02
SEGMENT PROFIT BEFORE TAX AND INTEREST		
Engineering & Projects Division	(31.45)	(25.23)
Special Steel Division	(283.18)	(115.77)
Electric Vehicle Division	(4.65)	(11.30)
Profit/(Loss) Before Interest, Tax & Prior Period Adjustment	(319.28)	(152.30)
Less: FINANCIAL EXPENSES	1.89	101.55
Less : Provision for Tax (Including Deferred Tax)	0.02	0.03
Net Profit/(Loss) After Tax	(321.19)	(253.88)
OTHER INFORMATION		
Segment Assets		
Engineering & Projects Division	470.75	479.03
Special Steel Division	2,269.43	2,584.15
Electric Vehicle Division	76.39	85.91
Total Segment Assets	2,816.57	3,149.09
Segment Liabilities		
Engineering & Projects Division	171.45	141.94
Special Steel Division	3,074.22	3,111.59
Electric Vehicle Division	176.40	179.15
Total Segment Liabilities	3,422.07	3,432.68

NOTES TO ACCOUNTS

(₹ In Crore)

Particulars	Current Period	Previous Year
Segment Depreciation		
Engineering & Projects Division	2.74	5.55
Special Steel Division	66.01	131.93
Electric Vehicle Division	0.64	1.35
Total Depreciation	69.39	138.83
Other Non Cash Expenses		
Engineering & Projects Division	0.73	-
Special Steel Division	1.02	3.01
Electric Vehicle Division	0.11	-
Total	1.86	3.01
Segment Capital Expenditure		
Engineering & Projects Division	2.24	2.13
Special Steel Division	1.74	2.48
Electric Vehicle Division	0.13	0.27
Total Capital Expenditure (Net)	4.11	4.88

(B) Geographical Segments

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

(₹ In Crore)

PARTICULARS	Current Period	Previous Year
India	574.31	924.20
Overseas	85.55	129.82
Total	659.86	1054.02

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

A) Defined contribution plan

(₹ In Crore)

	Current Period	Previous Year
Employer's Contribution to Provident Fund	1.28	2.36
Employer's Contribution to Pension Scheme	0.74	1.50


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

Particulars	Current Period			Previous Year		
	Gratuity Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Unfunded	Gratuity Funded	Leave Encashment Unfunded
a) Liability recognised in the Balance Sheet						
i) Present Value of obligation at the beginning of the Period	1.42	3.96	3.09	1.48	4.40	3.63
Current Service Cost	0.18	0.24	0.30	0.44	0.53	0.74
Adjustment due to Valuation	0.00	0.00	0.00	0.00	0.00	0.00
Interest Cost	0.07	0.18	0.14	0.13	0.37	0.31
Actuarial (Gain)/Loss	0.07	0.00	0.27	(0.43)	(1.19)	(0.82)
Benefit Paid	(0.04)	(0.19)	(0.65)	(0.19)	(0.15)	(0.77)
Present Value of obligation as at year end	1.70	4.19	3.15	1.42	3.96	3.09
Less:						
ii) Fair Value of Plan Assets at the beginning of the Period	0.00	3.13	0.00	0.00	2.41	0.00
Expected return on Plan Assets	0.00	0.14	0.00	0.00	0.20	0.00
Actuarial gain/(loss)	0.00	0.31	0.00	0.00	0.01	0.00
Employers' Contribution	0.04	0.48	0.65	0.19	0.51	0.77
Benefit Paid	(0.04)	(0.19)	(0.65)	(0.19)	0.00	(0.77)
Fair Value of Plan Assets as at year end	0.00	3.87	0.00	0.00	3.13	0.00
Excess Provision for Leave Encashment						
Amount recognised in the Balance Sheet or Paid to Fund Manager	1.70	0.32	3.15	1.42	0.83	3.09
b) Expenses during the year						
Service Cost	0.18	0.24	0.30	0.44	0.53	0.74
Interest Cost	0.07	0.18	0.14	0.13	0.37	0.31
Expected return on Plan assets	0.00	(0.14)	0.00	0.00	(0.20)	0.00
Actuarial (Gain)/Loss	0.07	(0.31)	0.27	(0.43)	(1.19)	(0.82)
Total	0.32	(0.03)	0.71	0.13	(0.50)	0.22
c) Actual Return on plan assets		0.44		0.00	0.33	0.00
d) Break up of Plan Assets as a percentage of total Plan Assets (Percentage or Value)						
Insurer managed Funds	NIL	3.86	NIL	NIL	0.10	NIL
e) Principal actuarial assumptions						
Rate of Discounting	9.31%	9.31%	9.31%	9.25%	9.25%	9.25%
Expected return on Plan Assets	NA	8.70%	NA	NA	8.70%	NA
Rate of increase in Salaries	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Attrition Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

- 2.39 (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) (i) The account of "Trade Receivables", "Borrowings", "Trade payables", "Advances from Customer", "Short Term Loans and Advances" and some Bank Balances are subject to confirmation / reconciliation and the same includes very old non moving items and therefore the same are subject to necessary adjustments for accounting or re-grouping /classification.
- (ii) The amount of "Trade receivable", "Advances Recoverable In cash or Kind", and "Advances to suppliers/Other Parties", includes very old Trade receivables and/or payments made and the management is hopeful of the recovery and therefore these are not treated as doubtful for the recovery and not provided for.
- (iii) The amount of "Advance from Customers" includes, ₹ 2.06 Crore (Previous Year ₹ 6.92 Crore) (net of receipts and payments) of the parties in the bank accounts of which names are not readily available with the company and which are to be accounted under the correct account head on receipt of accurate information from the Banker/parties.

NOTES TO ACCOUNTS

- (iv) During previous year the amount of account of some of the major single party under the Head "Advance from customers", "Trade Payable", "Advance to Suppliers and Others", "Trade Receivables" are shown on gross basis and the same are not netted off and which has resulted in overstatement of two account Heads and the determination of the exact amount of the said overstatement is in progress.
- (v) The account of the stale cheques of ₹ 0.30 Crore Credit balance (Previous Year ₹ 0.56 Crore Debit Balance) shown under the head Trade Payable (Previous Year "Advance to Suppliers and Others") is subject to reconciliation and proper accounting.
- (c) All the Bank Accounts of the company has been classified as Non Performing Assets by the Bankers and the bankers has not charged interest on the said accounts and therefore provision for Interest (Other than upfront charges) on Corporate Loan and Working Capital Loans has not been provided in the books of accounts and to that extent loss and bankers loan liability has been understated. The extent of exact amount is under determination and reconciliation with the banks. However as per the details available with the company the amount of un-provided interest, on approximate basis, on the said loans are as under:-

(₹ In Crore)

Particulars	Upto 30 th Sept. 2013	From Oct. 13 to March 14	Upto 31 st March 2014
Interest on Corporate Loan and working Capital Loan	458.83	239.83	698.66

- (d) The classification/grouping of items of the accounts are made by the management, on the basis of the available data with the company and which has been relied upon by the auditors.
- (e) The amount of inventory has been taken by the management on the basis of information available with the company and without conducting physical verification of the slow moving inventory. The slow moving inventories have been valued by the management on estimate net realizable value and which has been relied upon by the auditors.
- (f) Account of Service Tax Receivables is subject to reconciliation, submission of its return for its claim and/or its assessment, if any.
- (g) The management is of the opinion that the uncompleted projects shown as Capital Work in Progress require some further investment to bring them into commercial use and therefore these are not treated as impaired assets.
- (h) Account of "Advance to staff" is under confirmation, reconciliation and subject to the settlement of the accounts with the respective employees (including ex-employees) of the company.

2.40 EARNINGS PER SHARE (EPS):

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

EPS CALCULATION	Current Period	Previous Year
Profit attributable to the Equity Shareholder (After prior period expenses) ₹ Crore	In view of Loss it has not been calculated	In view of Loss it has not been calculated
Closing number of Equity Shares outstanding during the year		
Basic/ Weighted average number of Equity Shares outstanding during the year		
Nominal value of Equity share (₹)		
Basic Earning per Share (₹)		
Diluted Earning per share (₹)		

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

As per our report of even date attached

For & on behalf of

Mehta Lodha & Co.,

Firm Registration No: 106250W

Chartered Accountants

Prakash D. Shah

M. NO. 34363

Partner

Place : Ahmedabad

Date : 27th May, 2014

For & on behalf of the Board of Directors

Shailesh Bhandari

Managing Director

Avinash Bhandari

Joint Managing Director

Jigar Shah

Company Secretary

Pawan Gaur

Sr. Vice President-Finance



FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

(₹ In Crore)

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	2.06	(0.90)	3.76	3.76	0.54	0.37	(0.56)	-	(0.56)	-	People's Republic of China
2	Jinhua Jahari Enterprises Ltd.	RMB	0.54	(1.06)	4.27	4.27	-	4.59	(1.57)	0.03	(1.60)	-	People's Republic of China
3	Bhaskarpara Coal Company Ltd	INR	17.19	(0.55)	19.23	19.23	-	-	(0.01)	-	(0.01)	-	India
4	ET Elec-Trans Ltd	INR	0.90	(1.47)	0.01	0.01	-	-	(0.00)	-	(0.00)	-	India
5	Shree Ram Electro Cast Pvt. Ltd.	INR	8.19	31.44	85.99	85.99	0.01	0.00	(1.50)	-	(1.50)	-	India
6	Hans Ispat Limited	INR	36.42	(35.82)	139.82	139.82	-	137.06	(4.75)	(4.18)	(0.57)	-	India
7	Shree Hans Papers Limited	INR	0.35	-	4.53	4.53	4.18	-	-	-	-	-	India
8	Electrotherm mali SRL	CHF	0.01	(5.56)	0.42	0.42	-	0.02	3.55	0.02	3.53	-	Mali

Exchange Rate as on 31.12.2013 1 RMB = Rs. 10.2179 and as on 31.03.2014 1 RMB = Rs. 9.6615

Exchange Rate as on 31.12.2013 1 CFA = Rs. 7.6974 and as on 31.03.2014 1 CFA = Rs. 7.9291

For & on behalf of the Board of Directors

Place : Ahmedabad
Date : 27th May, 2014**Shailesh Bhandari**
Managing Director**Avinash Bhandari**
Joint Managing Director**Pawan Gaur**
Sr. Vice President-Finance**Jigar Shah**
Company Secretary

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,
**The Members of Electrotherm (India) Limited,
Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **Electrotherm (India) Limited** ("the Company"), and its Subsidiaries (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the six months period ended on 31st March 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with the General Circular 8/2014 dated April 4 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, read with the points stated in the Emphasis of Matter and Qualification, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-

- in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- in the case of the Consolidated Statement of Profit and Loss, of the **loss** for the 6 months period ended on that date; and
- in the case of the Consolidated Cash Flow Statement, of the cash flows for the period ended on that date.

Emphasis of Matter and Qualification

- We draw attention to Note No. 2.29 of the accompanying consolidated financial statements in respect of Winding up petition and recovery cases against the company, Note No. 2.30 of the accompanying consolidated financial statement in respect of restructuring of the debts of the company and filing of Reference to BIFR and Note No.2.32(a) relating to pending judgment of Hon'ble Supreme Court, all affecting the going concern concept of the company.
- We draw attention to Note No. 2.31 of the accompanying consolidated financial statement in respect of non provision of long disputed advances and claims/liability against the Group and on account of the reasons for recovery/realization/non provision as stated in said notes, the exact amount of the said non provisions are not determined and accounted for by the Group.
- We draw attention to Note No. 2.33 of the accompanying consolidated financial statement in respect of additional disclosures in relation to consolidated financial statements of the Group.
- We draw attention to Note No. 2.39 of the accompanying consolidated financial statement in respect of third party balance confirmation and its classification, non provision of interest on NPA accounts of banks of Rs 712.97 Crore, erosion of net worth of the Group, indication of impairment of Capital Work in Progress, doubtful trade receivables, obsolete old stocks and other issues and the balance amount of the same is not exactly quantified for the reporting aspect.

Other Matters

- We did not audit the financial statements of ET Elec-Trans Limited and Bhaskarpara Coal Company Limited (The subsidiary Company) included in the consolidated financial statements which constitute total assets of Rs. 19.23 Crore as at 31st March, 2014, Total revenue of Rs. Nil, Net Loss of Rs.0.01 Crore and net cash outflows amounting to Rs. 0.01 Crore for the period then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such auditors.
- We have relied on the unaudited financial statements of Jинуha Indus Enterprises Limited, Jинуha Jahari Enterprises Limited, Hans Ispat Limited, Shree Ram Electrocast Limited, Shree Hans Papers Limited and Electrotherm Mali (SARL) (The Subsidiary Company) wherein the group's share of loss aggregate Rs.0.70 Crore. These unaudited financial statements are as approved by the respective Board of Directors of these companies and our report in so far as it relates to the amounts included in respect to these subsidiaries is based solely on such approved unaudited financial statements.

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

Prakash D.Shah
Partner

Membership No. 34363

Place : Ahmedabad
Date : 27th May, 2014

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014**

Sr. No.	Particulars	Note No.	As at 31st March 2014 ₹ In Crore	As at 30th September 2013 ₹ In Crore
	EQUITY AND LIABILITIES			
	<i>Shareholders' funds</i>			
(a)	Share Capital	2.01	23.48	23.48
(b)	Reserves and Surplus	2.02	(610.08)	(282.83)
(c)	Share Application Money		2.55	2.42
	Minority Interest		7.77	7.77
	<i>Non - Current liabilities</i>			
(a)	Long Term Borrowings	2.03	202.56	331.60
(b)	Deferred Tax Liabilities	2.04	-	4.18
(c)	Long Term Provisions	2.05	5.51	5.50
	<i>Current liabilities</i>			
(a)	Short-term borrowings	2.06	3,030.82	2,918.96
(b)	Trade Payables	2.07	214.39	224.67
(c)	Other current liabilities	2.08	120.95	104.73
(d)	Short Term Provisions	2.09	3.49	4.25
	TOTAL		3,001.44	3,344.73
	ASSETS			
	<i>Non-Current Assets</i>			
(a)	Fixed Assets			
	(i) Tangible Assets	2.10	1,529.26	1,600.94
	(ii) Intangible Assets	2.10	76.32	76.52
	(iii) Capital work-in-progress	2.10	23.28	24.03
(b)	Non-current Investments	2.11	0.09	0.09
(c)	Long-term loans and advances	2.12	25.55	22.16
	Other Non-Current Assets	2.13	34.74	35.93
	<i>Current Assets</i>			
(a)	Inventories	2.14	484.72	709.69
(b)	Trade Receivables	2.15	405.64	399.09
(c)	Cash and Bank Balances	2.16	33.61	30.68
(d)	Short-term loans and advances	2.17	385.93	443.75
(e)	Other Current assets	2.18	2.30	1.85
	TOTAL		3,001.44	3,344.73

Significant Accounting Policies

1

Notes to Accounts

2

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For & on behalf of

Mehta Lodha & Co.,

Firm Registration No: 106250W

Chartered Accountants

For & on behalf of the Board of Directors

Prakash D. Shah

M. NO. 34363

Partner

Shailesh Bhandari

Managing Director

Avinash Bhandari

Joint Managing Director

Place : Ahmedabad

Date : 27th May, 2014

Jigar Shah

Company Secretary

Pawan Gaur

Sr. Vice President-Finance

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE 6 MONTHS ENDED ON 31ST MARCH 2014

Sr. No.	Particulars	Note No.	6 Months ended on	Year ended on
			31st March 2014 (₹ In Crore) Current Period	30th September 2013 (₹ In Crore) Previous Year
	Income			
	Revenue from Operations	2.19	764.51	1,240.12
	Other Income	2.20	2.67	7.16
A	Total Revenue		767.18	1,247.28
	Expenditure			
	Cost of Materials Consumed	2.21	562.61	851.19
	Purchases of Stock in Trade	2.21	12.16	27.91
	Changes in Inventories of Finished Goods and Work in Process	2.22	183.92	23.45
	Employee Benefits Expense	2.23	43.42	77.87
	Finance Cost	2.24	9.96	106.87
	Depreciation and Amortization Expense	2.10	71.60	143.22
	Other Expenses	2.25	181.80	281.66
	Preliminary Expenses Written Off		0.21	0.87
B	Total Expenses		1,065.68	1,513.04
	Loss before exceptional and extra ordinary items and tax (A-B)		(298.50)	(265.76)
	Exceptional items & Extraordinary Items		27.54	-
	Loss before Tax		(326.04)	(265.76)
	Tax Expenses			
	Current Tax		(0.06)	(0.12)
	Wealth Tax		(0.02)	(0.03)
	Deffered Tax		4.18	0.07
	Profit/(loss) for the Period/year (before adjustment of Minority Interest)		(321.94)	(265.84)
	Less: Share of Loss transferred to Minority Interest		0.00	0.15
	Loss for the Year / Period		(321.94)	(265.69)
	Add/(Less) : Prior Period Adjustments	2.26	0.03	(0.21)
	Loss for the Period/Year		(321.91)	(265.90)
	Earnings per Equity Share (Nominal Value of Share ₹10/- each)	2.40	Negative	Negative
	Basic and Diluted (In ₹)			

Significant Accounting Policies

1

Notes to Accounts

2

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

As per our report of even date attached

For & on behalf of

Mehta Lodha & Co.,

Firm Registration No: 106250W

Chartered Accountants

Prakash D. Shah

M. NO. 34363

Partner

Place : Ahmedabad

Date : 27th May, 2014

For & on behalf of the Board of Directors

Shailesh Bhandari

Managing Director

Avinash Bhandari

Joint Managing Director

Jigar Shah

Company Secretary

Pawan Gaur

Sr. Vice President-Finance

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2014**

₹ In Crore

PARTICULARS	CURRENT PERIOD	PREVIOUS YEAR
A: CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Statement of Profit and Loss	(326.04)	(265.76)
Adjusted For:		
Profit on Sale/Discard of assets (net)	(0.03)	(0.17)
Depreciation	71.60	143.22
Interest Income	(1.28)	(5.10)
Prior Period Item	0.03	(0.21)
Finance Cost	9.96	106.87
Operating profit before working capital changes	(245.76)	(21.15)
Adjusted For:		
Trade and other Receivables	(6.55)	57.36
Inventories	224.97	52.49
Trade and other Payables	(10.28)	(25.48)
Loans and advances and other assets	55.45	(18.06)
Other liabilities and provisions	15.48	(32.25)
Cash Generated from Operations	33.31	12.91
Taxes Paid	(0.37)	(0.89)
Net Cash Generated from Operating activities	32.94	12.02
B: CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(4.52)	(8.91)
Sales of Fixed Assets	0.24	3.43
Sales / (Purchases) of Investments (net)	-	0.02
Minority Interest	(0.00)	(0.00)
Interest Income	1.28	5.10
Net Cash (used in) Investing Activities	(3.00)	(0.36)
C: CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Application Money	0.13	1.04
Government subsidy received	-	0.35
Increase in Borrowings*	(17.18)	74.77
Financial Cost	(9.96)	(106.87)
Net Cash (used in) Financing Activities	(27.01)	(30.71)
Net Increase in Cash and Cash Equivalents	2.93	(19.05)
Opening Balance of Cash and Bank Balance	30.68	49.73
Closing Balance of Cash and Bank Balance (Refer note no 2.16)	33.61	30.68

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

* Includes amount of unpaid interest converted into term loan.

As per our report of even date attached

For & on behalf of

Mehta Lodha & Co.,

Firm Registration No: 106250W

Chartered Accountants

Prakash D. Shah

M. NO. 34363

Partner

Place : Ahmedabad

Date : 27th May, 2014

For & on behalf of the Board of Directors

Shailesh Bhandari

Managing Director

Avinash Bhandari

Joint Managing Director

Jigar Shah

Company Secretary

Pawan Gaur

Sr. Vice President-Finance



NOTES 1 TO THE CONSOLIDATED ACCOUNTS FOR THE 6 MONTHS PERIOD ENDED ON 30TH SEPTEMBER, 2014

1. SIGNIFICANT ACCOUNTING POLICIES:

(A) BASIS OF PREPARATION OF ACCOUNTS:

The Consolidated Financial Statements read with the notes to accounts are prepared to comply in all material respects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention, (except for revalued assets which are stated at revalued amount) on an accrual basis.

(B) USE OF ESTIMATES:

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

(C) PRINCIPLES OF CONSOLIDATION

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

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

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

(E) Other significant accounting policies

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



CONSOLIDATED NOTES TO ACCOUNTS

2.01 Share Capital

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

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
Authorised		
2,50,00,000 Equity Shares of ₹10/- each	25.00	25.00
2,50,00,000 6% Non-Cumulative Redeemable Preference Shares of ₹10/- each	25.00	25.00
Total	50.00	50.00
Issued, Subscribed & Paid up		
1,14,76,374 (Previous Period 1,14,76,374) Equity Shares of ₹10/- each Fully paid up	11.48	11.48
1,20,00,000 (Previous Period 1,20,00,000) 6 % Non-Cumulative Redeemable Preference Shares of ₹10/- each Fully Paid Up, Redeemable At Par. (35,60,000 Preference Shares Redeemable not later than 11th March 2025, 44,40,000 Preference Shares Redeemable not later than 1st April 2025 and 40,00,000 Preference Shares Redeemable not later than 14th May 2025)	12.00	23.48
Total	23.48	23.48

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

(i) Equity Shares	As at 31st March 2014	As at 30th September 2013
	Numbers	Numbers
Shares outstanding at the beginning of the Period	11,476,374	11,476,374
Shares outstanding at the end of the Period	11,476,374	11,476,374

(ii) 6% Non-Cumulative Redeemable Preference Shares	As at 31st March 2014	As at 30th September 2013
	Numbers	Numbers
Shares outstanding at the beginning of the Period	12,000,000	12,000,000
Shares outstanding at the end of the Period	12,000,000	12,000,000

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

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

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

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

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

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

Sr. No.	Name of Shareholder	As at 31st March 2014		As at 30th September 2013	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	DEG-Deutsche Investitions- Und Entwicklungsgesellschaft Mbh	1,366,666	11.91	1,366,666	11.91
2	IDBI Trusteeship Services Limited (India Advantage Fund-VI)	1,292,231	11.26	1,292,231	11.26
3	Castleshine PTE Limited	1,000,000	8.71	1,000,000	8.71
4	Leadhaven PTE Limited	1,000,000	8.71	1,000,000	8.71
5	Western India Specialty Hospital Ltd.	975,000	8.50	975,000	8.50
6	Mr. Shailesh Bhandari	848,275	7.39	848,275	7.39
7	Mr. Mukesh Bhandari	809,500	7.05	809,500	7.05

6% Non-Cumulative Redeemable Preference Shares

Sr. No.	Name of Shareholder	As at 31st March 2014		As at 30th September 2013	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Web Businesses.com Global Ltd.	2,730,000	22.75	2,730,000	22.75
2	Lavish Packagers Ltd.	2,580,000	21.50	2,580,000	21.50
3	Highland Finance and Investments Pvt. Ltd.	3,240,000	27.00	3,240,000	27.00
4	Froid Finance and Investments Pvt. Ltd.	1,200,000	10.00	1,200,000	10.00
5	Ahmedabad Aviation And Aeronautics Ltd.	1,050,000	8.75	1,050,000	8.75
6	Mr. Shailesh Bhandari	1,200,000	10.00	1,200,000	10.00

(g) The Company have calls in arrears / unpaid calls of ₹ Nil (P.Y Nil)

2.02 Reserves and surplus

Particulars	As at 31st March 2014 (₹ In Crore)		As at 30th September 2013 (₹ In Crore)	
(A) Capital Reserve				
As per Last Balance Sheet Date	13.53		13.02	
Add: Government Subsidy	-	13.53	0.51	13.53
(B) Share Premium Account				
As per Last Balance Sheet Date	226.47		222.70	
Addition on Issue of Shares	-	226.47	3.76	226.46
(C) General Reserve				
As per Last Balance Sheet Date	325.06		328.59	
Less : Reduction on Sales of Revalued Land	-		(0.06)	
Less : Transferred for depreciation on Revaluation of Fixed Assets	(1.73)	323.33	(3.47)	325.06
(D) Revaluation Reserve				
As per Last Balance Sheet Date	59.95		67.48	
Less: Reduction on Sales of Revalued Assets	-		-	
Less : Transferred for depreciation on Revaluation of Fixed Assets	(3.62)	56.33	(7.53)	59.95
(E) Surplus/Deficit in Statement of Profit & Loss				
As per Last Balance Sheet Date	(907.83)		(641.93)	
Add/(Less): Loss for the Period/year	(321.91)	(1,229.74)	(265.90)	(907.83)
Total		(610.08)		(282.83)



CONSOLIDATED NOTES TO ACCOUNTS

2.03 Long term borrowings

Particulars	As at 31st March 2014 (₹ In Crore)		As at 30th September 2013 (₹ In Crore)	
	Non-Current	Current	Non-Current	Current
Secured				
Term Loans from Banks				
- Rupee Term Loan-[Note No.(a) & Note No. 2.39 (c)]	178.53	1,665.14	277.88	1,561.62
- Foreign Currency Term Loan (ECB) -[Note No.(b)]	24.00	62.59	43.65	46.66
Total	202.53	1,727.73	321.53	1,608.28
Hire Purchase Finance for Vehicles (Secured By Hypothecation of Specific Vehicles)	0.03	0.04	0.07	0.15
Unsecured				
- Foreign Currency Term Loan (ECB)	-	66.16	10.00	57.76
Total	202.56	1,793.93	331.60	1,666.19

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

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

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

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

2.04 Deferred Tax Liability

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
Deferred Tax Liability (Related to Fixed Assets)	-	4.18
Total	-	4.18

2.05 Long Term Provisions

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
Provision for Leave Encashment	3.23	3.15
Provision for Gratuity	2.28	2.35
Total	5.51	5.50

CONSOLIDATED NOTES TO ACCOUNTS
2.06 Short-term borrowings

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
Secured Loan from Banks		
Current Maturities of Long terms borrowings [Refer Note No.(a) & Note No. 2.39 (c)]	1,793.93	1,666.19
Working Capital Facilities [Refer Note No.(b) & Note No. 2.39 (c)]	1,032.49	1,042.04
Unsecured		
Loans and Advances repayable on demand from: -		
Related Parties (Including Body Corporates)	2.54	2.59
Body Corporate & Others (Including Related Parties) (Refer Note 2.38)	2.30	3.34
Directors (Refer Note No 2.37(b))	2.84	3.59
Term Loan from Banks		
- Rupee Term Loan	176.59	177.90
- Foreign Currency Term Loan	20.13	23.31
Total	3,030.82	2,918.96

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

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

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

2.07 Trade Payable

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
Micro, Small and Medium Enterprises	0.49	0.49
Others [Refer Note No 2.39(b)]	213.90	224.18
Total	214.39	224.67

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

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
Supreme Metallurgical Services (P). Ltd.	0.49	0.49

Interest on the said amount has not been provided. (Refer Note No. 2.33(n))



CONSOLIDATED NOTES TO ACCOUNTS

2.08 Other current liabilities

Particulars	As at 31st March 2014 (₹ In Crore)		As at 30th September 2013 (₹ In Crore)	
Unclaimed Dividend#	0.06		0.07	
Creditors for Capital expenditure	1.89		0.25	
Advance from Customer [Refer Note No 2.38 & 2.39(b)]	95.33		86.38	
Advance from Related Parties	0.13		2.17	
Others (including cheques overdrawn) (Refer Note No. 2.38)	14.42	111.83	7.18	96.05
Statutory Liabilities				
Provident Fund & Other Contribution	0.55		0.39	
Tax Deducted and Collected at Source	0.76		0.67	
Value Added Tax and Central Sales Tax	2.41		2.38	
Excise duty & Service & Tax Payable	0.07		0.96	
Excise Duty Payable on Stock of Finished Goods	5.33	9.12	4.28	8.68
Total		120.95		104.73

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

2.09 Short Term Provisions

Particulars	As at 31st March 2014 (₹ In Crore)		As at 30th September 2013 (₹ In Crore)	
Provision for Bonus		3.47		4.22
Provision for Wealth Tax		0.02		0.03
Total		3.49		4.25

2.10 Fixed Assets

(₹ in Crore)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.10.2013	Addition / Adjustment	Deduction / Adjustment	As at 31.03.2014	As at 1.10.2013	Addition/ Adjustment	Deduction / Adjustment	As at 31.03.2014	As at 31.03.2014	As at 30.09.2013
TANGIBLE ASSETS:										
Own Assets:										
Freehold Land	174.85	-	-	174.85	-	-	-	-	174.85	174.85
Leasehold Land	1.10	-	-	1.10	-	-	-	-	1.10	1.10
Building	371.24	0.29	-	371.53	62.82	6.18	-	69.00	302.53	308.42
Plant and Machinery	1,737.48	3.02	0.21	1,740.29	635.78	68.95	-	704.73	1,035.56	1,101.70
Computer	11.57	1.51	-	13.08	8.99	0.56	-	9.55	3.53	2.58
Furnitures & Fixtures	8.13	0.03	-	8.16	3.30	0.24	-	3.54	4.62	4.83
Office Equipment	4.13	0.20	-	4.33	1.31	0.13	-	1.44	2.89	2.82
Vehicles	10.10	-	0.03	10.07	5.46	0.46	0.03	5.89	4.18	4.64
Total(A)	2,318.60	5.05	0.24	2,323.41	717.66	76.52	0.03	794.15	1,529.26	1,600.94
INTANGIBLE ASSETS:										
Goodwill *	74.70	-	-	74.70	-	-	-	-	74.70	74.70
Software	4.09	0.22	-	4.31	2.26	0.43	-	2.69	1.62	1.82
Total(B)	78.79	0.22	-	79.01	2.26	0.43	-	2.69	76.32	76.52
Total(A+B)	2,397.39	5.27	0.24	2,402.42	719.92	76.95	0.03	796.84	1,605.58	1,677.46
Previous Year	2,393.33	7.93	3.87	2,397.39	566.24	154.23	0.55	719.92	1,677.47	1,827.09

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

CONSOLIDATED NOTES TO ACCOUNTS

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

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

2.11 Non Current Investments

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
Investment in Mutual Funds(Quoted)		
1 64,288.778 (Previous Year 64,288.778) Units of ₹ 10 each of Punjab National Bank Mutual Fund (NAV of Rs 0.193 Crore (Previous Year ₹ 0.20 Crore)	0.06	0.06
Investment in Equity Instruments (UnQuoted)		
1 6,540 (Previous Year 6,540) Shares of ₹ 25 each of Siddhi Co.Op Bank Ltd.	0.02	0.02
2 National Saving Certificates	0.01	0.01
Total	0.09	0.09

The Company does not hold any Current Investment.

2.12 Long Term Loans & Advances

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
Unsecured, considered good unless stated otherwise		
Loans and Advances to related parties/subsidiaries (Refer Note No 2.37(b))	0.01	0.01
Sundry Deposits	25.54	22.15
Total	25.55	22.16

2.13 Other Non-Current Assets

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
(To the extent not written off or adjusted)		
Preliminary Expenses	0.13	0.14
Deferred Revenue Expenditure (Refer Note No 2.33(o))	2.91	4.97
Product Development Cost	31.70	30.82
Total	34.74	35.93

2.14 Inventories [Refer Note No. 2.33 (j) & 2.39(e)]

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
(As valued, verified & certified by the Management)		
a. Raw Material [including goods in transit of ₹ 5.37 Crore (Previous Year ₹ 0.16 Crore)	133.22	170.57
b. Work-In-Process	254.51	448.20
c. Finished Goods	48.59	38.81
d. Stores and Spares	48.40	52.11
Total	484.72	709.69

**CONSOLIDATED NOTES TO ACCOUNTS****2.15 Trade Receivables [Refer Note No 2.39(b)]**

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
(Unsecured, considered good unless stated otherwise)		
Over Six Months	289.08	337.37
Others	107.32	52.61
Due from Related Parties (Refer Note No 2.38)	9.24	9.11
Total	405.64	399.09

2.16 Cash and Bank Balances

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
a. Balances with Bank		
- Current Account	15.11	11.67
- Fixed Deposit (Pledged with Bankers) *	18.10	18.69
- Unclaimed Dividend Account	0.06	0.07
b. Cash on hand (As certified by the Management)	0.34	0.25
Total	33.61	30.68

*Fixed Deposit includes deposit of ₹ 13.17 Crore (Previous Year ₹ 14.54 Crore) having maturity within 12 months

2.17 Short-term loans and advances

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
(Unsecured, considered good unless stated otherwise)		
Advances Recoverable In Cash or Kind [Refer Note No 2.39(b)]	13.84	21.40
Advance to Related Parties (Refer Note No 2.37(b))	0.18	2.30
Advance for Capital Goods	1.60	4.63
	15.62	28.33
Others		
Prepaid Expenses	2.46	1.93
Advances to Staff(Refer Note No.2.39(h))	0.92	1.32
Advance to Suppliers and Other Parties (Refer Note No. 2.38 & 2.39(b))	232.95	271.84
Loan to Staff	0.12	0.18
Balance with Revenue Authorities [Refer Note No. 2.29 & 2.39(f)]	130.78	137.34
Advance Income Tax	3.08	2.81
	370.31	415.42
Total	385.93	443.75

2.18 Other current assets

Particulars	As at 31st March 2014 (₹ In Crore)	As at 30th September 2013 (₹ In Crore)
Interest accrued and due on fixed deposit & others	2.30	1.85
Total	2.30	1.85

CONSOLIDATED NOTES TO ACCOUNTS
2.19 Revenue from operations

Particulars	Current Period (₹ In Crore)		Previous Year (₹ In Crore)	
Sale of Products (Includes Export Incentives of ₹ 0.75 Crore (Previous Year ₹ 2.64 Crore)	807.19		1,304.01	
Less: Inter Division Sales	(0.69)		(3.11)	
Less: Excise Duty	(55.44)	751.06	(99.54)	1,201.36
Service income		2.13		8.66
Power Generation Income		0.07		0.17
Trading Sales		11.25		29.93
Total		764.51		1,240.12

2.20 Other Income

Particulars	Current Period (₹ In Crore)		Previous Year (₹ In Crore)	
Interest Income from Bank Fixed Deposits & Others		1.28		5.10
Rent Income		-		0.03
Profit on Sales of Asset (Net)		0.03		0.17
Miscellaneous Income		1.36		1.86
Total		2.67		7.16

2.21 Cost of Material Consumed

Particulars	Current Period (₹ In Crore)		Previous Year (₹ In Crore)	
Opening Stock		170.57		195.16
Add: Purchases of Raw Material		525.25		826.60
		695.82		1,021.76
Less: Closing Stock		133.21		170.57
Cost of Raw Material Consumed		562.61		851.19
Trading Purchase		12.16		27.91

2.22 Changes in Inventories of Finished Goods and Work-in-Process

Particulars	Current Period (₹ In Crore)		Previous Year (₹ In Crore)	
Inventories (At Commencement)				
- Work In Process	448.20		437.61	
- Finished Goods	38.81	487.01	72.85	510.46
Inventories (At end)				
- Work In Process	254.50		448.20	
- Finished Goods	48.59	303.09	38.81	487.01
Total		183.92		23.45

2.23 Employee Benefit Expenses

Particulars	Current Period (₹ In Crore)		Previous Year (₹ In Crore)	
Salaries, Wages and Allowances and Bonus		40.25		72.20
Contribution to Provident and other funds		2.45		4.19
Staff Welfare and amenities		0.72		1.48
Total		43.42		77.87



CONSOLIDATED NOTES TO ACCOUNTS

2.24 Finance Cost

Particulars	Current Period (₹ In Crore)		Previous Year (₹ In Crore)	
Interest Expenses				
- Term Loan	1.36		70.38	
- Bank and Other Loan	3.33	4.69	27.46	97.84
Other Borrowing Cost & Charges		1.45		4.48
Loss on foreign currency transactions and translation		3.82		4.55
Total		9.96		106.87

2.25 Other Expenses

Particulars	Current Period (₹ In Crore)		Previous Year (₹ In Crore)	
Manufacturing Expenses				
Power and Fuel	62.54		102.78	
Stores and Spares	48.59		78.64	
Job Charges	24.35		48.64	
Machinery Repairs	0.66		1.02	
Building Repairs	0.13		0.38	
Other Repairs	1.18		1.26	
Excise duty (on account of Duty on Finished Good Stocks and Others)	1.06	138.51	(7.67)	225.05
Establishment/ Administrative Expenses				
Hire-Lease-Rent Charges	1.47		2.84	
Rates & Taxes	0.35		0.53	
Insurance Premium	1.55		2.77	
Postage Telegram & Telephone Expenses	0.76		1.61	
Conveyance Expenses	0.29		0.52	
Travelling Expenses	2.95		6.52	
Printing and Stationery	0.34		0.80	
Vehicle Expenses	0.80		1.27	
Security Expenses	0.70		1.39	
Subscription & Membership	0.05		0.21	
Net Sundry Balances Written Off/ (Back)	12.52		(0.69)	
Auditors' Remuneration:				
- Audit Fees	0.23		0.21	
- Tax Audit Fees	-		0.03	
- Other Matters	-		0.05	
Legal and Professional Charges	2.79		5.59	
Miscellaneous Expenses	1.56		3.11	
Research & Development Expenses	0.11		3.74	
Donation	0.05	26.52	0.05	30.55
Selling & Distribution Expenses				
Advertisement & Sales Promotion	9.50		13.19	
Commission	4.12		10.57	
Freight Outward and other Expenses (Net)	3.15	16.77	2.30	26.06
Total		181.80		281.66

2.26 Prior Period Adjustment

Particulars	Current Period (₹ In Crore)	Previous Year (₹ In Crore)
Prior Period Adjustment- Income Tax And Others	0.03	0.21
	0.03	0.21

CONSOLIDATED NOTES TO ACCOUNTS

2.27 In view of common financial year under the Companies Act, 2013, the company has changed the accounting year and accordingly, the account under consideration is for the period of Six months commencing from 1st October 2013 to 31st March 2014 (Referred as "Current Period") and the previous year is for the Twelve months commencing from 1st October 2012 to 30th September 2013 (Referred as "Previous Year"), and therefore figures of the Current Period and Previous Year are not comparable.

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

Name of the Subsidiary	Country of Incorporation	% voting power held as at March 31, 2014	% voting power held as at September 30, 2013
Jinhua Indus Enterprises Limited* (JIEL)	China	100.00%	100.00%
Jinhua Jahari Enterprises Limited* (100% wholly owned company of JIEL)	China	100.00%	100.00%
Bhaskarpara Coal Company Limited#	India	52.63%	52.63%
ET Elec-Trans Limited#	India	80.49%	80.49%
Shree Ram Electrocast Limited#	India	100.00%	100.00%
Hans Ispat Limited#	India	100.00%	100.00%
Hans Papers Limited#	India	100.00%	100.00%
Electrotherm Mali SARL*	Republic of Mali	100.00%	100.00%

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

Subsidiary Company having 31st March as a reporting date.

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

2.29 Details of the Cases of Winding Up of the Company, Recovery by the Lenders / Creditors against the company (That of Electrotherm India Limited – Holding Company)

- (a) UCO Bank, Syndicate Bank, Shiv Sales Industries and Shiv Metal Industries have filed winding up petitions under section 433 and 434 of the Companies Act, 1956 against the company before the Hon'ble Gujarat High Court. The winding up petition filed by UCO Bank, was admitted on March 7, 2012 and the Hon'ble Gujarat High Court has passed an order for advertisement of petition and appointment of Official Liquidator. The Company has challenged the said orders before Division bench of Hon'ble Gujarat High Court by filing an appeal and the Division bench vide order dated August 13, 2013 has granted the stay against the said orders and accordingly, all the aforesaid windings up petitions / appeal are now pending for further hearing before Hon'ble Gujarat High Court.
- (b) (i) UCO Bank, Syndicate Bank and ICICI Bank Limited had filed original applications against the Company before the Debt Recovery Tribunal, Ahmedabad ("DRT") under section 19 of the Recovery of Debts due to Banks and Financial Institutions Act, 1993. The company has filed its reply / application in all the three matters and the Ex-parte ad-interim injunction orders passed in the matter of UCO Bank and Syndicate Bank were partly modified. Further, Allahabad Bank has filed an original application before Debt Recovery Tribunal, Ahmedabad. There are some ad-interim injunction orders against transfer of certain properties in the matter of UCO Bank, Syndicate Bank and Allahabad Bank. No order was passed in the matter of ICICI Bank Limited. The company has filed an appeal before Debts Recovery Appellate Tribunal, Mumbai ("DRAT") in the matter of UCO Bank against the order of DRT for rejection of application of cross examination. Syndicate Bank has filed an appeal before DRAT against the order of DRT for modification of ex-parte ad-interim injunction order. All the aforesaid original applications / appeal are now pending for further hearing before DRT / DRAT.
- (ii) During the period Central Bank of India had filed Original application against the Company before the Debt recovery Tribunal, Ahmedabad ("DRT") under Section 19 of the recovery of Debt due to Banks/Financial Institution Act, 1993. DRT passed a ex-parte ad-interim injunction order.
- (c) UCO Bank, Syndicate Bank, Vijaya Bank, ICICI Bank and Indian Overseas Bank had filed criminal complaints against the company and its directors / officers under section 138 of Negotiable Instruments Act, 1881 for dishonor of various cheques issued by the Company and the Company has contested all the said cases and all the matters are pending for further hearing before the respective Hon'ble Metropolitan Magistrate, Ahmedabad.
- (d) UCO Bank had declared the Company and its guarantors as willful defaulter, which was subsequently withdrawn by the UCO Bank in a petition filed by the Company with Hon'ble Gujarat High Court. During the previous year, the action of once again declaring the company and its guarantors as willful defaulter by UCO Bank has been challenged in the Hon'ble Gujarat High Court and the matter is pending for further hearing. State Bank of Travancore has not taken any further action after issuing a letter to classify the company as willful defaulter. Central Bank of India has issued a letter for classification of company and its guarantors as Willful Defaulter and the company has replied to the said letter.

**CONSOLIDATED NOTES TO ACCOUNTS**

- (e) Vijaya Bank had issued a notice under section 13(2) of Chapter III of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act, 2002") for assets of Transmission Line Tower Division of the Company situated at Village : Juni Jithardi, Tal : Karjan, Dist : Vadodara and the bank has not taken any further action. The said Bank has given positive mandate for restructuring of the Debt under CDR scheme.

2.30 Corporate Debt Restructuring, Net Worth and filing of Reference to BIFR:

- (a) The Empowered Group (EG) of CDR Cell has approved CDR package of the company on November 14, 2013 and issued letter conveying approval on February 03, 2014. However, the Monitoring Institution i.e. Bank of India has informed the Company vide their letter dated 24th April 2014 that they have decided, the withdrawal of the case under CDR mechanism and therefore, as on date the Company is out of CDR.
- (b) As per CDR directives as described in Letter of Approval under the head of "critical conditions" and the since the net worth of the Company is fully eroded the company has filed Reference to BIFR on February 28, 2014.

2.31 Non Provisions of Disputed Advances and Claims/Liability/Impairment of Assets

- (a) The Company has filed an application for refund of Terminal Excise Duty of ₹1.58 Crore (Previous year ₹1.58 Crore) 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 on submission of the further required documents and therefore the same is treated as good for its realization and not provided for as expenses.
- (b) The Company has VAT tax liability (including interest of ₹ 21.94 Crore (Previous year ₹ 21.94 Crore) under Maharashtra Sales tax Act and out of which the company had paid ₹4.00 Crore in Previous year, under protest and the same has been shown as Loans and Advances. Provision for the impugned disputed liability of ₹ 21.94 Crore (Previous year ₹ 21.94 Crore) has not been made as the company is hopeful of matter being decided in its favor by the appellate authority.
- (c) Old Vat Input Credit Receivable of ₹69.13Crore (Previous year ₹69.13Crore) is subject to approval/sanction from the respective Government authority and the company is hopeful of its realisability.
- (d) During the current financial period VAT Assessment for financial year 2009-10 was completed and the competent Authority has determined the tax liability of ₹ 5.94 crore and against this demand the company has filed an appeal and the same is pending before the appellate Authority and the company is hopeful for favorable decision in the appeal and therefore the said amount has not been provided as expenses.
- (e) The Company had filed application for refund of Excise Duty of ₹12.23Crore (Previous year ₹ 12.23Crore) and the same has been shown as Loans and Advances Balances. The said claim has been rejected by the Department but the Management is of the opinion that the company will receive the claim on resolution of the dispute on submission of further documents, and therefore the same is treated as good for its realization and not provided for as expenses.
- (f) In the subsidiary – Hans Ispat Limited - Vat Receivables of ₹ 1.66 Crore (Previous Year ₹ 1.48 Crore), Service Tax Receivables of ₹ 0.81Crore (Previous Year ₹ 0.54 Crore), Excise Duty Receivables of ₹ 0.12 Crore (Previous Year ₹ 0.12 Crore) Debtors of Shivamy Enterprise (India) Private Limited of ₹ 1.19 Crore (Previous Year ₹ 1.19 Crore) and Tim Engineering Technologies Ltd of ₹ 0.78 Crore (Previous Year ₹ 0.78 Crore) are outstanding since long and management is in view that the same would be recoverable and therefore these are not required to be written off. Bank Interest receivable of ₹ 0.96 Crore (Previous Year ₹ 0.96) is subject to acceptance by the State Bank of India.
- (g) In the subsidiary – Hans Ispat Limited - Criminal Case u/s 138 read with Section 142 of the Negotiable instrument Act, 1881 has been filed by the company before the Hon'ble Judicial Magistrate First Class Ahmedabad for dishonor of cheque. The Outstanding Balance as on 31/03/2014 of the said company is ₹ 2.77 Crore (Previous Period ₹ 2.91 Crore) and the same has been shown as good debt because the management of the company is hopeful that the amount outstanding would be recovered.
- (h) In the subsidiary – Shree Ram Electrocast Limited - Export Trade Receivable are outstanding for more than six months of ₹ 8.04 Crore (Previous Year ₹ 8.04 Crore).
- (i) In view of the non-provision of the above items 2.29(a) to 2.29(h), the losses of the group are under stated and to the extent advances/trade receivables are overstated or the liabilities are understated.

- 2.32 (a)** A Special Civil Application in the nature of Public Interest Litigation was filed in the year 2010, inter alia, against the Company before the Hon'ble Gujarat High Court challenging the environment clearance for expansion of steel plant and No Objection Certificate (NOC) & Consolidated Consent and Authorization. The Gujarat High Court by its order dated May 11, 2012 set aside the environment clearance with liberty to the Company to apply once again and to stop the operation of the steel plant. The Company has filed a Special Leave Petition (SLP) in the Hon'ble Supreme Court of India challenging the impugned order of Hon'ble Gujarat High Court dated May 11, 2012. After hearing, the Hon'ble Supreme Court of India on May 18, 2012 stayed the order passed by the Hon'ble Gujarat High Court. All the parties to the petition have filed their reply before the Hon'ble Supreme Court of India and now the Hon'ble Supreme Court of India directed the Central pollution Control Board and Gujarat pollution Control Board to make a joint inspection in 3rd week of June, 2014 & to submit the report before 5th July 2014 and matter has been listed for the consideration of the said report on 15th July 2014, before the Hon'ble Supreme Court.
- (b) The Subsidiary company – Bhaskarpara Coal Company Limited – has been ordered by the Ministry of Coal, Government of India vide their letter No: 13016/54/2008-CA-I Vol.III dated 15/11/2012 to de-allocate its Coal Block and invocation of partial amount of Bank Guarantee in respect thereof. However, M/s Ultratech Cement Limited one of the promoters of the company has

**CONSOLIDATED NOTES TO ACCOUNTS**

filed writ petition under Article 226 of the Constitution of India in Bilaspur High Court. The High Court has granted stay against further proceedings. In view of the stay granted by the High Court, and pending final outcome of the decision, the Management believes that going concern assumption is not affected. Hence accounts are prepared on going concern basis.

- (c) The Subsidiary company – Shree Ram Electrocast Limited has discontinued its operation since April 2011 because of the non-availability of Iron Ores due to limited banned by the Hon'able Supreme Court's order in the state of the Karnataka and further the State Bank of India has issued notice dated 7th May, 2013 under section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act, 2002") for assets of the company secured by hypothecation and mortgage and therefore the concept of the going concern of the Company may be adversely affected. However the company has made representation / replied to the said notice vide letter dated 3rd July, 2013. State Bank India has sent the reply to the representation vide letter dated 20th July, 2013. State Bank India has vide letter dated 18th September, 2013 has given pre intimation notice to the company for possession of the assets charged to the bank under section 13(4)(a) of SARFAESI Act, 2002. Further Bank has issued possession notice in the news paper on 21.01.2014 and thereafter defendant Bank issued a sale notice on 29.01.2014 and took possession of the Factory premises. The Company is contested the said matter by way of appeal in near future.
- (d) In The Subsidiary company – Hans Ispat Limited – The company had forwarded an application on 17th November 2011 with the BIFR under the Sick Industrial Companies (Special provisions) Act, 1956 vide Board resolution dated 01st September 2011 and which is pending.
- (e) The Subsidiary company – Shree Ram Electrocast Limited has acquired Land at Halekote-25 Village, SiruguppaHobli or Firka, SiruguppaTaluka, District Bellary and Honnarahalli Village, HactcholiHobali, SiruguppaTaluka, Bellary District and its Legal Document for transfer of the property in the name of the Company is in process.

2.33 Additional Disclosures

- (a) Power and Fuel expenses are inclusive of duties and taxes of ₹ 3.25 Crore (Previous year ₹ 3.38 Crore) paid towards power generation.
- (b) During the period Foreign Exchange Fluctuation Loss of ₹ Nil (Previous year Loss of ₹ 0.29 Crore) has been adjusted to Material Cost and Loss of ₹ 0.55 Crore (Previous year Loss of ₹ 7.78 Crore) has been charged to Finance Cost.
- (c) The cost of Material consumed includes freight, taxes and inspection fees.
- (d) In view to heavy accumulated losses and uncertainty of its realization/ payment in near future, no provision for Deferred Tax Asset/liability has been made by the company.
- (e) Miscellaneous expenditure includes total Research and Development expenses of ₹ 31.70 Crore (Previous year ₹ 30.82 Crore) incurred on development of Hybrid Bus/T-Cab/project and CONTIFUR Project, which is still in progress and said expenses, would be written off in five years from the year of completion.
- (f) Some of the creditors have filed cases of recovery against the company before the various Hon'ble Courts/ Forums for Rs 1.96 Crore (Previous year Rs 1.97 Crore).
- (g) During the period old non recoverable amount of ₹ 19.57 Crore and unclaimed amount of Rs 9.33 Crore have been written off/ back and the net balance of ₹ 10.24 Crore has been charged to the Statement of Profit and loss.
- (h) During the period, the company has paid ₹ 2.00 Crore to Allahabad Bank which has been adjusted by Bank against un-provided interest, but the company has adjusted the same against the existing liability as appearing in the books of the Company.
- (i) Bank of Baroda has informed to the company and other participating consortium lenders vide letter dated May 01, 2014 that bank has sold out its debt to Edelweiss Asset Reconstruction Company Limited (EARC) on March 26, 2014. Bank of Baroda has also mentioned that EARC has become secured lender and all the rights, title and interests of Bank of Baroda have vested in EARC. Edelweiss Asset Reconstruction Company Limited has confirmed the aforesaid transaction vide letter dated May 08, 2014.
- (j) During the period, in view of non realisability/ non usability of work in process of book value of ₹ 145.42 Crore, the company has not considered the said work in process for the purpose of stock valuation.
- (k) Central bank of India, Dena Bank, and State bank of Travancore has written off the loan given to the company of ₹ 4.17 Crore, ₹ 22.64 Crore and ₹ 6.92 Crore respectively, by debiting to suspense account and therefore the balance is not confirmed by the respective Bankers. However, the company has shown the said loans from the respective banks in its books of account, as the said liabilities has not been waived by the respective bankers.
- (l) The company had acquired some Computer Servers and other related accessories on lease basis and made payments of ₹ 1.34 Crore to the lessor on regular basis in earlier years. During the period the lease period is over and accordingly the total payments of ₹ 1.34 Crore made by the Company, has been capitalized under the head Computer in Fixed Asset.
- (m) In view of the commercial prudence, during the period, the company has restated, the amount of long outstanding Export Sales, at the Foreign Exchange Rate prevailing at the time of Export made and the Foreign exchange gain of ₹ 27.54 Crore accounted thereon, in earlier year(s) has been reversed under the head "Exceptional and Extra Ordinary item", as the amount has not been realized.
- (n) There is dispute with the Supreme Metallurgical Services (P) Ltd (a Micro, Small and Medium Enterprise) in relation to material supplied by the said party and for which the said party has filed a case before the Hon'ble Madhya Pradesh Micro and Small Facilitation Council, Bhopal for the recovery of the principal amount and interest there on. The Hon'ble Council has passed the order dated August 12, 2013 and has ordered to the company to pay ₹ 0.91 Crore (Including interest upto July 31, 2013) and for which the company is in process of taking appropriate action against the said party and the order of the said Council.
- (o) During the period, the company has amortized Deferred Advertisement expenses of ₹ 0.65 Crore relating to earlier year, under the head "Advertisement Expenses"

**CONSOLIDATED NOTES TO ACCOUNTS**

- (p) The Subsidiary company – Shree Ram Electrocast Limited has written off ₹ 0.19 Crores (Previous Year ₹ 0.39 Crore) as Deferred Revenue Expenditure out of the unamortized amount of ₹ 3.48 Crore incurred on account of non-operation of the Plant during Previous Year ended on 31st March 2011.
- (q) In the Subsidiary company – Shree Ram Electrocast Limited provision for Gratuity and compensated leaves have been made on estimate basis and is subject to final payments.
- (r) The Subsidiary companies – Shree Ram Electrocast Limited and Hans Ispat Limited are in process to fill the post of Company Secretary.
- (s) Sales of the Subsidiary company -Hans Ispat Limited includes Export Sales of ₹ 0.82 Crore of which shipment has taken place in next Financial Year.

2.34 The company is contingently liable for the following :-

- (a) Claims against the Company not acknowledged as debts amounting to ₹ 0.70 Crore (Previous year ₹ 0.70 Crore), are pending before various courts, authorities, arbitration, Consumer Dispute Redressal Forum etc. In Hans Ispat Limited a Civil Suit has been filed by a supplier of Scrap, for a dispute and the exact amount of which is not determinable.
- (b) Guarantees / Counter Guarantees (including un-utilized Letters of Credit) issued ₹ 27.95 Crore (Previous year ₹ 12.19 Crore).
- (c) Disputed Statutory Claims/Levies for which the company has preferred appeal in respect, Excise Liability of ₹298.81Crore (Previous year ₹ 299.35 Crore) and Custom Duty Liability of ₹ 21.05 Crore (Previous year ₹ 26.29 Crore) and Income Tax liability of ₹ 25.18 Crore (including interest) (Previous year ₹ Nil.)
(The above amounts (except where specifically stated) are excluding the amount of Interest payable and of the amount involved in appeal preferred by the department, if any.)
- (d) 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 amounts to ₹ 1.68 Crore (Previous year ₹ 16.38 Crore approx.) as at March 31, 2014. Against these, exports amounting to ₹ 7.24 Crore (approx.) (Previous year ₹ 70.46 Crore (approx.)) will have to be made within next 8 years from the date of issue of license.
- (e) The Subsidiary Company – Hans Ispat Limited Export Bill Discounted of ₹ 3.17 Crore (Previous Year of Rs Nil).
- (f) In the Subsidiary Company Bhaskarpara Coal Company Limited the District Registrar/Collector of Stamps has raised demand for difference in amount of stamp duty of ₹ 0.58 Crore. The company has preferred appeal before Revenue Board.

2.35 FOREIGN EXCHANGE EARNING & OUTGO:

- (a) Earning in Foreign Exchange for Export of Goods & Services ₹ 101.98 Crore. (Previous year ₹ 132.19 Crore).
- (b) Expenditure in Foreign Currency for Import of Materials, Traveling & Others is ₹ 22.45 Crore (Previous year ₹ 66.16 Crore).

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

2.37 RELATED PARTY (AS IDENTIFIED AND DETERMINED BY THE COMPANY) DISCLOSURES UNDER ACCOUNTING STANDARD 18:-**A. List of Related Parties****I) Enterprises owned or significantly influenced by key management personnel or their relatives *(Except foreign companies)**

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

* Enterprises namely Palace Tours and Air Charters Pvt. Ltd., Crystal Real Estate Pvt. Ltd., Afghan Trading Pvt. Ltd., Bhandari Brothers Commercial Pvt. Ltd., EIL Realty Pvt. Ltd., EIL Software Pvt. Ltd., Indus Real Estate Pvt. Ltd., New Delhi Real Estate Pvt. Ltd., Palace Infrastructure Pvt. Ltd., S N Advisory Pvt. Ltd., Suraj Real Estate Pvt. Ltd. and Suraj Advisory Services Private Limited have amalgamated with Indus Elec-Trans Pvt. Ltd. in pursuance to Scheme of Amalgamation vide the order dated September 13, 2013 of Hon'ble Gujarat High Court.

CONSOLIDATED NOTES TO ACCOUNTS
III) Key Management Personnel (Other than Nominee & Independent Director)

1. Mr. Mukesh Bhandari (Chairman)
2. Mr. Shailesh Bhandari (Managing Director)
3. Mr. Avinash Bhandari (Joint Managing Director & CEO)
4. Mr. Nilesh Desai (Non-Executive Director)
5. Mr. Ram Singh (Non-Executive Director)
6. Mr. Pradeep Krishna Prasad (Non-Executive Director)
7. Mr. Mahendrakumar Ramniklal Patira (Director)
8. Mr. Naredra Dalal (Director)
9. Mr. Siddhartha Bhandari (Director)

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

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

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

SR. NO.	NAME	SALES (INCL. STORE, SPARE AND OTHERS)		PURCHASE		PURCHASE (SALE) OF FIXED ASSET		LOAN RECEIVED		LOAN GIVEN /REPAID		INTEREST PAID		RENT PAID		SALARY		CLOSING BALANCE	
		Current Period	Previous year	Current Period	Previous year	Current Period	Previous year	Current Period	Previous year	Current Period	Previous year	Current Period	Previous year	Current Period	Previous year	Current Period	Previous year	Current Period	Previous year
(I)	Associates																		
	1 Ahmedabad Aviation and Aeronautics Limited																	0.13	0.13
	2 ETAIN Immodo Renewables Limited	0.04	0.95		3.85													2.98	3.04
	3 Indus Chargers & Controllers Pvt. Limited																		0.01
	4 EIL Software Services Offshore Pvt. Ltd.																	(2.00)	(2.00)
	5 Bhandari Charitable Trust	0.22																5.22	5.02
	8 ETAIN Energy Holdings Limited						(0.50)												
	9 Electrotherm Solar Limited	0.15	3.71				(1.28)											2.81	2.97
	10 Electra Transformer Limited	0.25	0.42															0.28	0.20
(II)	KEY MANAGEMENT PERSONNEL:																		
	1 Mr. Mukesh Bhandari, (Chairman)								0.15	0.65			0.05	0.11	0.09	0.24	(0.64)	(0.79)	
	2 Mr. Shailesh Bhandari, (Managing Director)								0.58	0.10	0.03	0.10		0.03	0.09	0.24	(2.18)	(2.78)	
	3 Mr. Avinash Bhandari, (Joint Managing Director & CEO)														0.09	0.24			
	4 Mr. Mahendrakumar Rammiklal Patira (Director)														0.11	0.19			
	5 Mr. Dilip Nandkeolyar (Director)															0.03			
(III)	RELATIVES OF KEY MANAGEMENT PERSONNEL:																		
	1 Mrs. Indubala Bhandari												0.04	0.07				(0.00)	(0.00)
	2 Mrs. Jyoti Bhandari								0.05				0.02	0.03	0.03	0.05	(0.17)	(0.22)	
	3 Mr. Rakesh Bhandari																(0.02)	(0.02)	
	4 Mr. Siddharth Bhandari															0.03			
	5 Miss. Shivani Bhandari														0.02	0.03			
	6 Mr. Anurag Bhandari															0.05	(0.35)	(0.35)	

Note : The above chart consists details of parties who are relatives during the Financial Period ended on 31st March 2014
The Figures in bracket indicates Credit Balance.

**CONSOLIDATED NOTES TO ACCOUNTS****2.38 SEGMENT REPORTING UNDER ACCOUNTING STANDARD****(A) Business Segment**

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

PRIMARY SEGMENT INFORMATION: As Identified by the management**(₹ In Crore)**

Particulars	Current Period	Previous Year
SEGMENT REVENUE		
Engineering & Projects Division	191.22	387.93
Special Steel Division	463.09	654.74
Electric Vehicle Division	6.24	14.46
Others	104.65	186.10
Total Sales	765.20	1,243.23
Less : Inter segment Revenue	0.69	3.11
Net Sale	764.51	1,240.12
SEGMENT PROFIT BEFORE TAX AND INTEREST		
Engineering & Projects Division	(31.45)	(25.23)
Special Steel Division	(283.18)	(115.77)
Electric Vehicle Division	(4.65)	(11.30)
Others	3.20	(6.59)
Profit Before Interest, Tax & Prior Period Adjustment	(316.08)	(158.89)
Less: FINANCIAL EXPENSES	9.96	106.87
Add : Provision for Tax (Including Deferred Tax)	4.10	(0.08)
Net Profit After Tax	(321.94)	(265.84)
OTHER INFORMATION		
Segment Assets		
Engineering & Projects Division	470.75	479.03
Special Steel Division	2,269.43	2,584.15
Electric Vehicle Division	76.39	85.91
Others	150.13	159.71
Total Segment Assets	2,966.70	3,308.80
Segment Liabilities		
Engineering & Projects Division	171.45	141.94
Special Steel Division	3,074.22	3,111.59
Electric Vehicle Division	176.40	179.15
Others	155.65	161.21
Total Segment Liabilities	3,577.72	3,593.89
Segment Depreciation		
Engineering & Projects Division	2.74	5.55
Special Steel Division	66.01	131.93
Electric Vehicle Division	0.64	1.35
Others	2.21	4.39
Total Depreciation	71.60	143.22

CONSOLIDATED NOTES TO ACCOUNTS

(₹ In Crore)

Particulars	Current Period	Previous Year
Other Non Cash Expenses		
Engineering & Projects Division	0.73	-
Special Steel Division	1.02	3.01
Electric Vehicle Division	0.11	-
Others	0.21	0.79
Total	2.07	3.80
Segment Capital Expenditure		
Engineering & Projects Division	2.24	2.13
Special Steel Division	1.74	2.48
Electric Vehicle Division	0.13	0.27
Others	0.41	4.03
Total Capital Expenditure (Net)	4.52	8.91

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

(B) Geographical Segments:

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

(₹ In Crore)

Particulars	Current Period	Previous Year
India	673.98	1094.73
Overseas	90.53	145.39
Total	764.51	1240.12

- 2.39 (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) (i) The account of "Trade Receivables", "Borrowings", "Trade payables", "Advances from Customer", "Short Term Loans and Advances" and some Bank Balances are subject to confirmation / reconciliation and the same includes very old non moving items and therefore the same are subject to necessary adjustments for accounting or re-grouping /classification.
- (ii) The amount of "Trade receivable", "Advances Recoverable In cash or Kind", and "Advances to suppliers/Other Parties", includes very old Trade receivables and/or payments made and the management is hopeful of the recovery and therefore these are not treated as doubtful for the recovery and not provided for.
- (iii) The amount of "Advance from Customers" includes, ₹ 2.06 Crore (Previous Year ₹6.92Crore)(net of receipts and payments) of the parties in the bank accounts of which names are not readily available with the company and which are to be accounted under the correct account head on receipt of accurate information from the Banker/parties.
- (iv) During previous year the amount of account of some of the major single party under the Head "Advance from customers", "Trade Payable", "Advance to Suppliers and Others", "Trade Receivables" are shown on gross basis and the same are not netted off and which has resulted in overstatement of two account Heads and the determination of the exact amount of the said overstatement is in progress.
- (v) The account of the stale cheques of ₹ 0.30 Crore Credit balance (Previous Year ₹ 0.56 Crore Debit Balance) shown under the head Trade Payable (Previous Year "Advance to Suppliers and Others") is subject to reconciliation and proper accounting.
- (c) All the Bank Accounts of the company have been classified as Non Performing Assets by the Bankers and the bankers has not charged interest on the said accounts and therefore provision for Interest (Other than upfront charges) on Corporate Loan and Working Capital Loans has not been provided in the books of accounts and to that extent loss and bankers loan liability has been understated. The extent of exact amount is under determination and reconciliation with the banks. However as per the details available with the company the amount of un-provided interest, on approximate basis, on the said loans are as under:-

**CONSOLIDATED NOTES TO ACCOUNTS****(₹ In Crore)**

Particulars	Upto 30 th Sept. 2013	From Oct. 13 to March 14	Upto 31 st March 2014
Interest on Corporate Loan and working Capital Loan	469.98	242.99	712.97

- (d) The classification/grouping of items of the accounts are made by the management, on the basis of the available data with the company and which has been relied upon by the auditors.
- (e) The amount of inventory has been taken by the management on the basis of information available with the company and without conducting physical verification of the slow moving inventory. The slow moving inventories have been valued by the management on estimate net realizable value and which has been relied upon by the auditors.
- (f) Account of Service Tax Receivables is subject to reconciliation, submission of its return for its claim and/or its assessment, if any.
- (g) The management is of the opinion that the uncompleted projects shown as Capital Work in Progress require some further investment to bring them into commercial use and therefore these are not treated as impaired assets.
- (h) Account of "Advance to staff" is under confirmation, reconciliation and subject to the settlement of the accounts with the respective employees (including ex-employees) of the company.

2.40 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	Current Period	Previous Year
Profit attributable to the Equity Shareholder (After prior period expenses) ₹ Crore	In view of Loss it has not been calculated	In view of Loss it has not been calculated
Closing number of Equity Shares outstanding during the year		
Basic/ Weighted average number of Equity Shares outstanding during the year		
Nominal value of Equity share (₹)		
Basic Earning per Share (₹)		
Diluted Earning per share (₹)		

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

As per our report of even date attached

For & on behalf of

Mehta Lodha & Co.,

Firm Registration No: 106250W

Chartered Accountants

Prakash D. Shah

M. NO. 34363

Partner

Place : Ahmedabad

Date : 27th May, 2014

For & on behalf of the Board of Directors

Shailesh Bhandari

Managing Director

Avinash Bhandari

Joint Managing Director

Jigar Shah

Company Secretary

Pawan Gaur

Sr. Vice President-Finance

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

CIN : L29249GJ1986PLC009126

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

ATTENDANCE SLIP

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

I / We hereby record my presence at the 28th Annual General Meeting of the Company held on Tuesday, 30th September, 2014 at 11.00 a.m. at S-5, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015

DP ID	Folio No.
Client ID	No. of Shares
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.

ELECTROTHERM (INDIA) LIMITED

CIN : L29249GJ1986PLC009126

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

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

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

Name of the Member(s) _____

Registered Address _____

Email ID _____

Folio. No./Client ID _____ DP ID _____

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

1. **Name** : _____
Address : _____
E-mail ID : _____ or failing him :
2. **Name** : _____
Address : _____
E-mail ID : _____ or failing him :
3. **Name** : _____
Address : _____
E-mail ID : _____ or failing him :

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28th Annual General Meeting of the Company, to be held on Tuesday, 30th September, 2014 at 11.00 a.m. at S-5, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015, and at any adjournment thereof in respect of such resolutions as are indicated below:**[P.T.O.]**



Resolution No.	Resolutions	Original	
		For	Against
	Ordinary Business:		
1.	Adoption of audited Balance Sheet as at March 31, 2014, and the statement of Profit and Loss for the financial year ended on 31 st March, 2014, the Report of the Board of Directors' and Auditors' thereon		
2.	Re-appointment of Mr. Avinash Bhandari (DIN:00058986), Director retiring by rotation.		
3.	Re-appointment of M/s. Mehta Lodha & Co., Chartered Accountants as Statutory Auditor of the Company.		
	Special Business :		
4.	Appointment of Mr. Ram Singh (DIN:00059026) as an Independent Director of the Company.		
5.	Appointment of Mr. P. K. Prasad (DIN:00059004) as an Independent Director of the Company.		
6.	Approval of the remuneration of the Cost Auditor M/s. V. H. Savaliya & Associates, Cost Accountant, Ahmedabad for the financial year ending on 31 st March, 2015		
7.	Approval of the Borrowing limits upto ₹ 4000.00 Crores.		
8.	Re-appointment of Mr. Mukesh Bhandari (DIN:00014511) as a Managing Director.		
9.	Re-appointment of Mr. Shailesh Bhandari (DIN:00058866) as a Managing Director.		
10.	Re-appointment of Mr. Avinash Bhandari (DIN:00058986) as a Joint Managing Director & CEO.		
11.	To alter Article of Association of the Company		
12.	To approve the related party transaction.		

Signed this _____ day of _____ 2014.

Affix
Re. 1/-
Revenue
Stamp

Signature of shareholder

Signature of first proxy holder

Signature of Second proxy holder

***Please put a (✓) in the appropriate column against the resolutions indicated in the Box. Alternatively you may mention the number of shares in the appropriate column in respect of which you would like your proxy to vote. If you leave all the columns blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.**

NOTES:

1. This form of Proxy in order to be effective should be duly completed and deposited at Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. A proxy need not be a Member.
3. In case the Member appointing proxy is a body corporate, the proxy form should be signed under its seal or be signed by an officer or an attorney duly authorised by it and an authenticated copy of such authorisation should be attached to the proxy form.
4. A person can act as proxy on behalf of such number of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Further, a Member holding more than ten percent of the total share capital of the Company carrying voting rights, may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.
5. Appointing a proxy does not prevent a Member from attending the meeting in person if he/she so wishes.
6. In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.



Plant at Samakhiali, Kutch



Corporate House at Palodia

Electric Bikes



Solar Energy



Solar Water Heater



Transformers



Coal Based DRI Plant



Melting equipments for Steel Plants & Foundries



Metal Refining Konverter



Electrotherm Refining Furnace



Hydraulic Grab



Pollution Control Equipment



Induction Heating Equipment



Ductile Iron Pipe



Transmission Line



ELECTROTHERM (INDIA) LIMITED

Corporate office :

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Ahmedabad- 382 115, Gujarat, (India),

Phone No. +91-2717-234553 to 57, 234613 to 15,

Fax : +91-2717-237612,234866, 660550

Website: www.electrotherm.com

E-mail: sec@electrotherm.com

Works :

Survey No. 325, N.H. No. 8A,

310 KM stone, Near Toll Naka

Village : Samakhiyali, Tal: Bhachau- 370 140,

Dist : Kutch, Gujarat, India

Phone : +91-2837-283310,283501

Fax No. +91-2837-283329

Registered office :

A1 Skylark Apartment,

Satellite Road, Satellite, Ahmedabad - 380 015,

Gujarat (INDIA) Phone : +91-79-26768844

Fax: 91-79-26768855

Website : www.electrotherm.com

E-mail: sec@electrotherm.com

CIN: L29249GJ1986PLC009126