

Ref. No. : EIL/SD/30th AGM/2016-17/3X
Date : 3rd October, 2016

To,
General Manager (Listing)
BSE Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai – 400 001
COMPANY CODE : 526608

To,
Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra – Kurla Complex,
Bandra (East), Mumbai – 400 051
COMPANY CODE : ELECTHERM

Dear Sir,


Sub : Compliance under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

With reference to above and pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith 30th Annual Report for the financial year ended on 31st March, 2016.

You are requested to kindly take the same on your record.

Thanking you,

Yours faithfully,
For Electrotherm (India) Limited


Fageshkumar Soni
Company Secretary



Encl: As above

ELECTROTHERM (India) Limited

HEAD OFFICE & WORKS:
Survey No. 72, Palodia, (Via Thalaj), Ahmedabad), Gujarat-382115, India.
Phone: +91-2717-234553 – 7, 660550 Fax: +91-2717-234866
Email: ho@electrotherm.com | Website: www.electrotherm.com

REGD. OFFICE:
A-1, Skylark Apartment, Satellite Road,
Satellite, Ahmedabad-380015.
Phone: +91-79-26768844, Fax: +91-79-26768855
CIN : L29249GJ1986PLC009126
Email: sec@electrotherm.com

Other Offices: • Angul • Bangalore • Bangladesh • Bellary • Chennai • Coimbatore • Delhi • Ghaziabad • Goa • Hyderabad • Jaipur • Jalna
• Jalandhar • Jamnagar • Jamshedpur • Kanpur • Koderma • Kolhapur • Kolkata • Ludhiana • Mandi Gobindgarh • Mumbai
• Nagpur • Nasik • Panaji • Pune • Raipur • Raigarh • Rajkot • Rourkela • Sambalpur

**Statement on Impact of Audit Qualifications (for audit report with modified opinion)
submitted along-with Annual Audited Financial Results**

| Statement on Impact of Standalone Audit Qualifications for the Financial Year ended 31 st March, 2016 (See Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016) | | | | |
|---|---------|--|---|--|
| I. | Sr. No. | Particulars | Audited Figures (as reported before adjusting for qualifications) (Rs. In Crores) | Audited Figures (as reported after adjusting for qualifications) (Rs. In Crores) |
| | 1. | Turnover / Total Income | 1866.66 | 1866.66 |
| | 2. | Total Expenditure | 2084.97 | 2768.05 |
| | 3. | Net Profit / (Loss) | (218.31) | (901.39) |
| | 4. | Earnings Per Share | (190.22) | (785.43) |
| | 5. | Total Assets | 2051.96 | 2051.96 |
| | 6. | Total Liabilities | 3287.24 | 3970.32 |
| | 7. | Net Worth | (1235.28) | (1918.36) |
| | 8. | Any other financial item(s) (as felt appropriate by the management) | Not Applicable | |
| II. | | Audit Qualification (each audit qualification separately) | | |
| | a. | Details of Audit Qualification | Non provision of Interest on bank loan as account declared as Non-performing Assets (NPA) amounting to Rs.683.08 Crores | |
| | b. | Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion | Qualified Opinion | |
| | c. | Frequency of qualification : Whether appeared first time / repetitive / since how long continuing | Repetitive (Since Financial Year 2011-2012) | |






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| | | |
|---|--|--|
| d. | For Audit Qualification(s) where the impact is quantified by the auditor, Management's views | The loan accounts of the Company have been classified as Non-Performing Assets (NPA) by the Bankers and some of the Bankers has not charged interest on the said accounts and therefore provision for interest has not been made in the books of account. The quantification has been done only for the loans which has not been settled. |
| e. | For Audit Qualification(s) where the impact is not quantified by the auditor | Not Applicable |
| | (i) Management's estimation on the impact of audit qualification (ii) If management is unable to estimate the impact, reasons for the same (iii) Auditor's Comments on (i) or (ii) above | Not Applicable |
| III. | Signatories |  Shailesh Bhandari Managing Director  Pawan Guar Chief Financial Officer  Ram Singh Chairman – Audit Committee |
| For Mehta Lodha & Co. Chartered Accountants Firm Registration No. 106250W  Prakash D. Shah Partner Membership No. 34363  | | |

Place : Ahmedabad
 Date: 30th May, 2016

ELECTROTHERM (India) Limited

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**Statement on Impact of Audit Qualifications (for audit report with modified opinion)
submitted along-with Annual Audited Financial Results**

| Statement on Impact of Consolidated Audit Qualifications for the Financial Year ended 31 st March, 2016 (See Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016) | | | | |
|--|---------|--|---|--|
| I. | Sr. No. | Particulars | Audited Figures (as reported before adjusting for qualifications) (Rs. In Crores) | Audited Figures (as reported after adjusting for qualifications) (Rs. In Crores) |
| | 1. | Turnover / Total Income | 2108.80 | 2108.80 |
| | 2. | Total Expenditure | 2288.66 | 3004.44 |
| | 3. | Net Profit / (Loss) | (179.86) | (895.64) |
| | 4. | Earnings Per Share | (156.72) | (780.42) |
| | 5. | Total Assets | 2196.03 | 2196.03 |
| | 6. | Total Liabilities | 3437.07 | 4152.85 |
| | 7. | Net Worth | (1241.04) | (1956.82) |
| | 8. | Any other financial item(s) (as felt appropriate by the management) | Not Applicable | |
| II. | | Audit Qualification (each audit qualification separately) | | |
| | a. | Details of Audit Qualification | Non provision of Interest on bank loan as account declared as Non-performing Assets (NPA) amounting to Rs.715.78 Crores | |
| | b. | Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion | Qualified Opinion | |
| | c. | Frequency of qualification : Whether appeared first time / repetitive / since how long continuing | Repetitive (Since Financial Year 2011-2012) | |




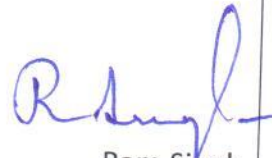
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| | | |
|---|--|---|
| d. | For Audit Qualification(s) where the impact is quantified by the auditor, Management's views | The loan accounts of the Company and its two subsidiary i.e Hans Ispat Limited and Shree Ram Electro Cast Limited has been classified as Non-Performing Assets (NPA) by the Bankers and some of the Bankers has not charged interest on the said accounts and therefore provision for interest has not been made in the books of account. The quantification has been done only for the loans which has not been settled. |
| e. | For Audit Qualification(s) where the impact is not quantified by the auditor | Not Applicable |
| | (i) Management's estimation on the impact of audit qualification (ii) If management is unable to estimate the impact, reasons for the same (iii) Auditor's Comments on (i) or (ii) above | Not Applicable |
| III. | Signatories | |
| <p>For Mehta Lodha & Co. Chartered Accountants Firm Registration No. 106250W</p> <p><i>P. D. Shah</i></p>  <p>Prakash D. Shah Partner Membership No. 34363</p> | |  <p>Shailesh Bhandari Managing Director</p>  <p>Pawan Guar Chief Financial Officer</p>  <p>Ram Singh Chairman – Audit Committee</p> |

Place : Ahmedabad
Date: 30th May, 2016

ELECTROTHERM (India) Limited

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30th **ANNUAL REPORT**
2015-16

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. Ram Singh | <i>Independent Director</i> |
| Mr. Chaitanyapratap Sharma | <i>Independent Director</i> |
| Ms. Kruti Shukla | <i>Independent Director</i> |

(w.e.f. 30th September, 2015)

KEY MANAGERIAL PERSONNEL

| | |
|----------------------|--------------------------------|
| Mr. Pawan Gaur | <i>Chief Financial Officer</i> |
| Mr. Fageshkumar Soni | <i>Company Secretary</i> |

AUDITORS

| | |
|---|--|
| Mehta Lodha & Co. | Chartered Accountants (Statutory Auditor) |
| Bharat Prajapati & Co. | Company Secretaries (Secretarial Auditor) |
| V. H. Savaliya & Associates | Cost Accountants (Cost Auditor) |
| RSM Astute Consulting (Guj.) Pvt. Ltd. | Internal Auditor |

BANKERS / FINANCIAL INSTITUTIONS

Edelweiss Asset Reconstruction Company Limited
 Invent Assets Securitisation & Reconstruction Pvt. Ltd.
 International Finance Corporation
 Corporation Bank
 Dena Bank
 Union Bank of India
 Standard Chartered Bank
 Central Bank Of India
 Indian Overseas Bank
 Vijya Bank
 Uco Bank
 Syndicate 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
 Email : ahmedabad@linkintime.co.in
 Phone : +91-79-26465179

WORKS

Engineering & Projects Division

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

Special Steel and DI Pipe Division & Electric Vehicle Division

Survey No. 325, Village : Samakhiali, N. H. No. 8A,
 Near Toll Naka, Taluka : Bhachau, Dist : Kutch, Gujarat

Wind Farm

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

Transmission Line Tower Division

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

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30TH ANNUAL GENERAL MEETING

30th Annual General Meeting of the members of the Company will be held on Friday, September 30, 2016 at 11.00 A.M. at Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015.

CHAIRMAN'S MESSAGE

Dear Shareholders,

Despite the sheer drop in crude oil and commodity prices, the global scenario continues on low growth trail. The IMF projects global growth to be increased from 3.1% in 2015 to 3.2% in 2016 and increasing to 3.5% in 2017. Growth in the emerging markets in 2016 overall is projected at 4.1% and much of it coming from China, India and the ASEAN region. The path ahead for the global economy remains challenging, with greater uncertainties thrown in.

For 2016-17, GDP growth is expected at 7.5%. The data indicates 5.7% year-on-year growth in core sector industries, against growth of 2.3% last year. The growth in the manufacturing sector has been subdued, including a decline in the output of capital goods.



India has become the world's 3rd largest producer of crude steel in 2015 against its 8th position in 2003. Besides achieving the rank of the 3rd largest global crude steel producer in 2015, India has also made a mark globally in the production of sponge iron/direct reduced iron (DRI).

The growth of steel industry is closely linked to the growth of the Indian economy. With the challenging macro-economic situation in the country, steel industry is yet to improve. In recent years, the steel industry has been impacted by import oversupply, lower demand, falling spreads between finished steel prices and raw material prices and volatile currency movements.

With eroding profitability and worsening leverage ratios, the Government of India has intervened and undertook necessary corrective trade remedial measures. The objective was to provide a level playing field to the domestic steel industry. The Government enhanced customs duty and introduced the minimum import price (MIP) mechanism to curb imports at prices below marginal cost of exporting nations. The Government also introduced BIS standards for steel to control sales of inferior quality steel into India.

Despite the aforesaid challenges, India's long-term outlook for the steel sector appears bright. The Government of India is aiming to scale up the country's steel production to 300 million tonnes by 2025. It is taking relevant steps to bolster the growth of the sector. Some of the initiatives comprise setting up of the Steel Research and Technology Mission of India to spearhead research and development activities; and establishing Special Purpose Vehicles (SPVs) with four iron ore rich states to set up plants having capacity between 3 and 8 MTPA.

In the Union Budget 2016-17, the Government of India has proposed to spend ₹ 218,000 Crores on roads and railways. In addition, India's automobile industry witnessed a rebound in demand among emerging economies. Such a scenario augurs well for the domestic steel sector.

The raw material situation in the country has changed dramatically in the last two years and the economy is on the revival path. This is expected to change the profitability of the steel business going forward.

Notwithstanding dismal growth in domestic steel industry your company has managed to improve results as compare to last financial year by clocking in a sales turnover of ₹ 1866.66 crores. This has been combined result of cost management in every areas like inventory management, repair and maintenance, logistics as well as focus on efficiency improvement and achieving higher productivity. With trying to achieve excellence in operation your company has also strengthened its focus on customers.

The company has already settled substantial portion of its outstanding debt and also started paying scheduled dues since March 2015 to ARCs and Banks. In the present difficult scenario of the steel industry, our approach towards banks indicates company's seriousness towards settling of its liabilities.

On behalf of the board, thank you as the shareholders of the company for your support and motivation to the Company during the year. I would also like to thank the lenders, suppliers, customers, various national and provincial governments with whom we have been working, the employees and the associates who have stood by the company and I took forward to their continued support in the future.

Mukesh Bhandari
Chairman

NOTICE

NOTICE is hereby given that the **30th Annual General Meeting** of Members of **Electrotherm (India) Limited** will be held on Friday, September 30, 2016 at 11.00 a.m. at Ahmedabad Management Association (AMA), ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015 to transact the following business :

ORDINARY BUSINESS:

1. To consider and adopt audited standalone and consolidated financial statements of the Company for the financial year ended on 31st March, 2016 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 retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

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

SPECIAL BUSINESS:

4. **To appoint Ms. Kruti Shukla (DIN 07298899) as an Independent Director:**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule IV of 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 Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Kruti Shukla (DIN 07298899), who was appointed as an Additional Director of the Company, categorized as Independent Director / Woman Director, by the Board of Directors with effect from 30th September, 2015 in terms of Section 161(1) of the Act and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a member proposing Ms. Kruti Shukla for the office of Director, be and is hereby appointed as an Independent Director (Woman Director) of the Company to hold office for 5 (five) consecutive years with effect from 30th September, 2015 to 29th September, 2020."

5. **To ratify the remuneration of the Cost Auditors for the financial year ending on 31st March, 2017:**

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the consent of the members be and is hereby accorded to ratify the remuneration decided by the Board of Directors on recommendation of the Audit Committee of ₹ 2,00,000 (Rupees Two Lacs Only) to M/s V. H. Savaliya & Associates, Cost Accountants (Membership No.13867) for conducting the audit of cost records of the Company for the financial year ending on 31st March, 2017."

6. **Service of Documents through a particular mode as may be sought by the Members:**

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 20 of the Companies Act, 2013 and other applicable provisions, if any, of the said Act and relevant rules prescribed there under, whereby a document may be served on any member by the Company by sending it to him by post or by registered post or by speed post or by courier or by delivering to his office or address, or by such electronic or other mode as may be prescribed, the consent of the Company be and is hereby accorded to charge from the member the fee in advance equivalent to the estimated actual expenses of delivery of the documents, pursuant to any request made by the member for delivery of such document to him, through a particular mode of services mentioned above provided such request along with requisite fee has been duly received by the Company at least one week in advance of the dispatch of document by the Company and that no such request shall be entertained by the Company post the dispatch of such document by the Company to the members.

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

7. **To re-appoint Mr. Mukesh Bhandari (DIN:00014511) as a Managing Director designated as a Chairman:**

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 Sections 196, 19, 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

NOTICE

Association of the Company and recommendation by the Nomination and Remuneration Committee and subject to approval of the Banks / Financial Institutions / Board for Industrial and Financial Reconstruction (BIFR) / National Company Law Tribunal (NCLT) / 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 a Managing Director designated as a Chairman of the Company, for a further period of 3 (three) years with effect from February 1, 2017 and concluding on January 31, 2020 as 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 and 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 appointee 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 and Section III 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."

8. To re-appoint Mr. Shailesh Bhandari (DIN: 00058866) as a Managing Director:

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 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 recommendation by the Nomination and Remuneration Committee and subject to approval of the Banks / Financial Institutions / Board for Industrial and Financial Reconstruction (BIFR) / National Company Law Tribunal (NCLT) / 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 1st February, 2017 and concluding on 31st January, 2020 as 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 and 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.

**NOTICE****III SITTING FEES**

The appointee 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 and Section III 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. Avinash Bhandari (DIN: 00058986) as a Joint Managing Director & CEO:

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 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 recommendation by the Nomination and Remuneration Committee and subject to approval of the Banks / Financial Institutions / Board for Industrial and Financial Reconstruction (BIFR) / National Company Law Tribunal (NCLT) / 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 a Joint Managing Director & CEO of the Company, for a further period of 3 (three) years with effect from February 1, 2017 and concluding on January 31, 2020 as 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 and 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 appointee 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 and Section III 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."

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

**Fageshkumar Soni
Company Secretary**

Place : Palodia

Date : 11th August, 2016

Registered Office:

A-1, Skylark Apartment,
Satellite Road, Satellite,

Ahmedabad – 380 015

CIN : L29249GJ1986PLC009126

E-mail Id : sec@electrotherm.com

NOTICE

NOTES:

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

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

2. A body corporate intending to send their authorized representative(s) to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company a certified copy of resolution of the Board of Directors or other governing body authorizing such representative(s) to attend and vote on their behalf at the Meeting.
3. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to special business in respect of Item No. 4 to 9 of the Notice to be transacted at the AGM is annexed hereto.
4. Information pursuant to Regulation 36(3) of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard - 2 with respect to Directors seeking appointment / re-appointment at the Annual General Meeting is attached hereto.
5. Relevant documents referred to in the accompanying Notice and the statement pursuant to section 102(1) of the Companies Act, 2013 are available for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, Sundays and National Holidays during business hours up to the date of the Annual General Meeting.
6. Members are requested to bring their copy of the Annual Report to the Meeting.
7. Those members who have not encashed their dividend warrants pertaining to the following years are requested to approach the Company for the payment thereof as the same will stand transferred to the Investor Education and Protection Fund (IEPF), pursuant to section 205C of the Companies Act, 1956 and / or section 125 of the Companies Act, 2013, when notified by the Central Government and rules proposed to be prescribed by the Central Government, on respective due dates mentioned hereunder. Kindly note, that after such date, the members will lose their right to claim such dividend, unless the provisions of section 125 of the Companies Act, 2013 and rules are notified by the Central Government.

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

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

8. In terms of Investor Education & Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, Company has uploaded the data regarding unpaid/unclaimed dividend for the last seven years on the website of the Company www.electrotherm.com as well as that of Ministry of Corporate Affairs www.mca.gov.in.
9. Electronic copy of the Notice convening the 30th AGM of the Company, Annual Report along with attendance slip and Proxy Form are being sent to the members who have registered their email ids with the company/Depository Participant(s), RTA. For members who have not registered their email ids, physical copies of the aforementioned documents are being sent in the permitted mode. Also the copy of full Annual Report 2015-2016 is available on the Company's website viz. www.electrotherm.com
10. 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).
11. Members / Proxies should bring the Attendance Slip sent herewith duly filled & signed in for attending the Meeting and members who hold shares in electronic form are requested to bring their Client ID and DP ID numbers for identification.
12. A Member desirous of getting any information on the accounts or operations of the Company is requested to forward his / her queries to the Company at least 7 (seven) days prior to the meeting so that the required information can be made available at the Meeting.
13. In compliance with the provisions of Regulation 44 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the members are provided with the facility to cast their vote by electronic means through the remote e-voting platform provided by CDSL and the business may be transacted through such voting. The process for remote e-voting is annexed hereto.

**NOTICE**

14. The Voting rights of members shall be in proportion to their shares of the paid-up equity share capital in the company as on cut-off date i.e. Friday, September 23, 2016.
15. Mr. Jignesh A. Maniar, Practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
16. The facility for voting through ballot or polling paper shall also be made available at the Annual general Meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to eligible to exercise their right at the meeting through ballot or poll paper.
17. Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
18. Any person, who acquires shares of the company and becomes a member of the Company after dispatch of the Notice and holding shares as on cut-off date may cast vote after following the instructions for e-voting as provided in the Notice convening the Meeting, which is available on the website of the company and CDSL. However, if you are already registered with CDSL for remote e-voting then you can use your existing User ID and password for casting your vote.
19. The scrutinizer shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting and make, not later than three days of the conclusion of the meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the chairman of the Annual General Meeting, who shall countersign the same.
20. The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.electrotherm.com. The Company shall simultaneously forward the result to BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) where the equity shares of the company are listed.

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

- i) The voting period begins on Tuesday, September 27, 2016 at 9:00 a.m. and ends on Thursday, September 29, 2016 at 5:00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 23, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- iii) Click on Shareholders.
- iv) Now Enter your User ID
 - a. For CDSL : 16 digits beneficiary ID,
 - b. For NSDL : 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v) Next enter the Image Verification as displayed and Click on Login.
- vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vii) If you are a first time user follow the steps given below:

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

- viii) After entering these details appropriately, click on "SUBMIT" tab.
- ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other

NOTICE

company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi) Click on the EVSN for the relevant ELECTROTHERM (INDIA) LIMITED on which you choose to vote.
- xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xix) **Note for Non – Individual Shareholders and Custodians**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

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

Mr. Mehboob Lakhani

Assistant Manager
CDSL, 16th Floor, P J Towers,
Dalal Street, Fort, Mumbai – 400 001
Email : helpdesk.evoting@cdslindia.com
Tel : 18002005533

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

ITEM NO. 4:

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations), the Company is required to appoint a woman Director and also an Independent Director.

Ms. Kruti Shukla was appointed as an Additional & Independent Director (Woman Director) on the Board of the Company on 30th September 30, 2015. It is proposed to appoint her as an Independent Director (Woman Director) under Section 149, 150 & 152 of the Act and Listing Regulations to hold office for a term of 5 (five) consecutive years from 30th September, 2015 to 29th September, 2020, whose period of office shall not be liable to determination by retirement of directors by rotation.

The Company has received notice pursuant to the provisions of Section 160 of the Act from a member signifying his intention to propose the candidature of Ms. Kruti Shukla as an Independent Director (Woman Director) of the Company.

The Company has received declaration from Ms. Kruti Shukla confirming that she is not disqualified from being appointed as Director in terms of Section 164 of the Act. The Company has also received declaration from her that she meets the criteria of independence as

NOTICE

prescribed under Section 149(6) of the Act read with Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Information as required under Regulation 36(3) of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard - 2 regarding appointment of Ms. Kruti Shukla is attached hereto.

In the opinion of the Board, Ms. Kruti Shukla fulfils the conditions for appointing her as an Independent Director (Woman Director) as specified in the Act, the Rules made thereunder and the Listing Regulations. She is an independent of the management. Considering her experience, it would be beneficial to appoint her on the Board of the Company.

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

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

ITEM NO. 5:

The Board of Directors at their Meeting held on August 11, 2016, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. V. H. Savaliya & Associates, Cost Accountants (Membership No.13867), Ahmedabad, to conduct the audit of the cost accounting records of the Company for the financial year ending on March 31, 2017 at a remuneration of ₹ 2,00,000/- (Rupees Two Lacs Only).

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

Accordingly, consent of the Members is sought for approving the Ordinary Resolution as set out in Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending on March 31, 2017.

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

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

ITEM NO. 6:

As per the provisions of section 20 of the Companies, 2013, the documents may be served on any member by sending it to him by post or by registered post or by speed post or by courier or by delivering at his address or by such electronic or other modes as may be prescribed. Further, a member may request for delivery of any document through a particular mode, for which he shall pay such fees in advance as may be determined by the company in its annual general meeting.

Therefore, to enable the members to avail of this facility, it is necessary for the Company to determine the fees to be charge for delivery of a document in a particular mode, as mentioned in this resolution.

Since the Companies Act, 2013 requires the fees to be determined in the Annual General Meeting, the Board of Directors accordingly recommend the resolution for your approval by way of an Ordinary Resolution as set out in Item no. 6 of the this notice.

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

ITEM NO. 7, 8 & 9:

The Shareholders of the Company at the 28th Annual General Meeting held on 30th September, 2014 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 three years from 1st February, 2014 to 31st January, 2017. The remuneration payable was subject to such terms and conditions and approval of Central Government / other approvals as may be required. However, no remuneration is being paid to any of them.

Nomination and Remuneration Committee and the Board of Directors have approved and recommended the re-appointment and remuneration to Mr. Mukesh Bhandari, Mr. Shailesh Bhandari and Mr. Avinash Bhandari, as per the provisions of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013.

The Network of the Company has been fully eroded and the reference under Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 has been registered with the BIFR. Further, the Company has in the past made default in repayment of its debts or interest payable thereon for a continuous period of thirty days. As such, the 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 / National Company Law Tribunal / 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.

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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 be 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 proposed resolutions.

Statement pursuant to the provisions of clause (B) of Section II of Part II of Schedule V of the Companies Act, 2013 with respect to Item No. 7, 8 & 9.

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 29th October, 1986. The Company is amongst India's Largest Furnace Manufacturing Company. It also manufactures Ductile Iron Pipe, Electric Bikes, Steel and Stainless Steel, Solar Products, Induction Heating Equipment, Hydraulic Grab, Transformers, Transmission Line Tower, Continuous Casting Machine and has also handled Turnkey Projects. It serves its customer in various countries.

(2) Date or expected date of commencement of commercial production:

The Company commenced its manufacturing operation in 1986.

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

Not Applicable

(4) Financial performance based on given indicators:

During the financial year 2015-2016, the turnover of the Company was ₹ 1866.66 Crores and the net loss was ₹ 218.31 Crores.

(5) Foreign Investment or Collaborations:

The total foreign investments as on 31st March, 2016 is ₹ 2.04 Crores in Ordinary Shares of Jinhua Indus Enterprises Limited, a wholly owned subsidiary in China and ₹ 0.01 Crores in Electrotherm Mali SARL, a wholly owned subsidiary in Mali.

II. Information about the appointee:

(1) Background Details:

(1) Mr. Mukesh Bhandari aged about 65 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.

(2) Mr. Shailesh Bhandari aged about 58 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.

(3) Mr. Avinash Bhandari aged about 51 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 incharge of all the divisions 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:

In the past, a remuneration of ₹ 2,00,000/- per month was paid to each appointee till 31st January, 2014 as per the approval of shareholders in accordance with the provisions of the Companies Act, 1956. Thereafter, in view of the losses incurred by the Company and default in repayment of debts / interest thereon, no remuneration was paid to any of the appointee.

**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 FIE 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 |

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 Vehicle Divisions. 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 the success.

Mr. Shailesh Bhandari:

Mr. Shailesh Bhandari has led the marketing initiative at Electrotherm for the Engineering division over the last more than 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 13 years. He continues to provide leadership for improving the productivity and profitability of both the divisions that he manages.

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(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 30 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 their job profile, the size and complexity of the business of the Company.

(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) Reasons 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, especially 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 was 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 been gradually improving 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 bellets 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. This has 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 details 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.

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

**Fageshkumar Soni
Company Secretary**

Place : Palodia

Date : 11th August, 2016

Registered Office:

A-1, Skylark Apartment,
Satellite Road, Satellite,

Ahmedabad – 380 015

CIN : L29249GJ1986PLC009126

E-mail Id : sec@electrotherm.com

NOTICE
INFORMATION REQUIRED UNDER REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARD-2 WITH RESPECT TO THE APPOINTMENT / RE-APPOINTMENT OF A DIRECTOR

| Name of Director | Mr. Avinash Bhandari | Ms. Kruti Shukla |
|---|--|--|
| Director Identification Number (DIN) | 00058986 | 07298899 |
| Age | 51 years | 21 years |
| Date of First Appointment on the Board | 08/10/2003 | 30/09/2015 |
| Qualification | B.E. (Electronics),M.S. (U.S.A.), M.B.A. (Finance)(U.S.A.) | B.A. |
| Experience / Expertise in functional areas | <p>He has having more than 25 years' experience in the Steel Manufacturing plant.</p> <p>His expertise of blending finance with operations has made the company grow substantially over the last 13 years.</p> <p>He continues to provide leadership for improving the productivity and profitability of both the divisions that he manages.</p> | She has having around 2 years' experience in general administration. |
| Terms and conditions of appointment / re-appointment | He retires by rotation at 30 th AGM and being eligible offers himself for re-appointment. He was re-appointment as Joint Managing Director & CEO of the Company for a period of 3 (three) years with effect from February 1, 2014 to 31 st January, 2017. | She was appointed as an Additional & Independent Director (Woman Director) w.e.f. 30 th September, 2015. She is proposed to be appointed as Independent Director (Woman Director) for a term of 5 (five) consecutive years with effect from September 30, 2015 to September 29, 2020, whose period of office shall not be liable to determination by retirement of directors by rotation. |
| Remuneration sought to be paid and the remuneration last drawn | NIL | NIL |
| No. of Shares held in the Company | NIL | NIL |
| Relationship with other Directors, Manager and other KMP | N.A. | N.A. |
| Number of Meetings of the Board held & attended during the year | 10 / 10 | 5 / 5 |
| Directorship held in Companies | <ol style="list-style-type: none"> Hans Ispat Limited Shree Ram Electro Cast Limited Shree Hans Papers Limited ET Elec-Trans Limited | <ol style="list-style-type: none"> Hans Ispat Limited |
| Memberships / Chairmanships of Committees | Audit Committee <ol style="list-style-type: none"> Hans Ispat Limited - Member | Audit Committee <ol style="list-style-type: none"> Hans Ispat Limited - Member Nomination & Remuneration Committee: <ol style="list-style-type: none"> Hans Ispat Limited - Member |

DIRECTORS' REPORT

To,
The Members
Electrotherm (India) Limited

Your Directors have pleasure in presenting the 30th Annual Report on the business and operations of the Company and Audited Financial Statements for the year ended on March 31, 2016.

FINANCIAL SUMMARY OR HIGHLIGHTS:

The standalone financial performance of the Company for the year ended on 31st March, 2016 is summarized below:

(₹ In Crores)

| Particulars | 2015-2016 | 2014-2015 |
|--|-----------|-----------|
| Total Revenue | 1866.66 | 1833.26 |
| Total Expenses | 1928.36 | 2122.08 |
| Loss before Depreciation, Finance Cost & Tax | (61.70) | (288.82) |
| Less : Depreciation & Amortization | 143.06 | 146.18 |
| Finance Cost | 13.55 | 6.37 |
| Loss before Tax | (218.31) | (441.37) |
| Less : Wealth Tax | 0.00 | (0.02) |
| Add / (Less) : Prior period adjustments | 0.00 | 0.88 |
| Loss for the Year | (218.31) | (440.51) |

STATE OF THE COMPANY'S AFFAIRS AND OPERATIONS:

The Company is engaged in the business of manufacturing induction furnaces, TMT Bars, Ductile Iron Pipes, Electric Two Wheelers and Electric Three Wheelers etc.

During the year ended on March 31, 2016, the total revenue of the company was ₹ 1866.66 Crores compared to ₹ 1833.26 Crores of previous financial year. The net loss for the current financial year was ₹ 218.31 Crores compared to ₹ 440.51 Crores of previous financial year. A detailed analysis of performance for the year is included in the Management Discussion and Analysis, which forms part of this Annual Report.

CHANGE IN NATURE OF BUSINESS:

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

TRANSFER TO RESERVES:

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

DIVIDEND:

In view of losses incurred by the Company during the financial year, the Board of Directors of the Company do not recommend any dividend on Equity Shares and on Preference Shares for the year ended on March 31, 2016.

ALLOTMENT OF PARTIALLY CONVERTIBLE PARTIALLY REDEEMABLE PREFERENCE SHARES:

During the financial year, as per the terms and conditions of the settlement with Edelweiss Asset Reconstruction Company Limited ("EARC") and approval of the shareholders through postal ballot, the Company has issued and allotted 2,85,90,000 Partially Convertible Partially Redeemable Preference Shares ("PCPRPS") to Edelweiss Asset Reconstruction Company Limited (As trustee of EARC Trust SC 30) on 22nd August, 2015 as per SEBI (ICDR) Regulations, 2009, inter alia, on following terms:

- Such number of PCPRPS shall be converted into such proportionate number of Equity Shares based on the conversion price on the Conversion Date in such a manner so the post conversion equity capital of EARC shall not exceed 10% of total post conversion paid up Equity capital of the company and balance PCPRPS which will not get converted into equity shares shall be continue as Non convertible redeemable preference shares and shall carry 0% Coupon Rate and shall be redeemed/re-purchased on such date as determined by the board but not later than a period exceeding three years.
- As per the terms of issue and allotment of PCPRPS, the 'Conversion Date' is the date on which the PCPRPS are eligible to convert into Equity Shares of the Company, which for all purposes shall be the last date of 18 month from the date of allotment of PCPRPS.

DIRECTORS' REPORT

(iii) The Company shall take all steps to convert the PCPRPS held by the PCPRPS holder into Equity Shares of ₹ 10/- each and balance continued as Non convertible redeemable Preference shares of ₹ 10/- each and deliver the Equity Shares/Non-Convertible redeemable Preference Shares without any additional act or deed being required to be performed by the PCPRPS holder.

The PCPRPS were allotted to EARC as per the terms and conditions of the settlement, on conversion of loan amount of ₹ 28.59 Crores. As such, no fund was raised by the Company on issue and allotment of PCPRPS.

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

After the end of financial year and till the date of this report, the Company has repaid the entire settlement amount of ₹ 12.50 Crores to ICICI Bank Limited against outstanding amount of ₹ 55.97 Crores as per books of accounts of the Company. In view of settlement with ICICI Bank Limited, the debt of the Company as per books of accounts is reduced by ₹ 43.47 Crores.

Further Punjab National Bank and Allahabad Bank have assigned their outstanding dues of the Company to Invent Assets Securitisation & Reconstruction Private Limited ("Invent") and the Company has entered into settlement with Invent. As per the settlement with Invent, the repayment of outstanding dues of Punjab National Bank for settlement amount of ₹ 71.60 Crores against principal outstanding amount of ₹ 184.69 Crores and outstanding dues of Allahabad Bank for settlement amount of ₹ 108.39 Crores against principal outstanding amount of ₹ 278.21 Crores, to be paid within a period of 5 (five) years as per the settlement terms & conditions.

CONSOLIDATED FINANCIAL STATEMENTS:

The Consolidated financial statements of the Company for the financial year 2015-16 are prepared in compliance with applicable provisions of the Companies Act, 2013, Accounting Standards and Listing Agreement / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), which form part of this Annual Report.

SUBSIDIARY COMPANIES:

The company has the following subsidiaries as on 31st March, 2016:

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

Pursuant to section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statement including the highlights of the performance of the subsidiary companies in Form AOC-1 is attached as "Annexure – A" to this Report. Hans Ispat Limited, wholly owned material subsidiary of the Company is a major contributor to the consolidated performance of the Company.

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

During the financial year 2015-2016, none of the companies have become or ceased to subsidiaries, joint ventures or associate companies.

NUMBER OF BOARD MEETINGS:

During the financial year 2015-16, 10 (Ten) Board Meetings were held and the intervening gap between the meetings was within the period prescribed under the Companies Act, 2013. Details of the composition of the Board and its Committees and of the meetings held, attendance of the Directors at such meetings and other relevant details are provided in the Corporate Governance report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

❖ Retirement by Rotation

Pursuant to the provisions of section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Articles of Association of the Company, Mr. Avinash Bhandari (DIN: 00058986), Jt. Managing Director & CEO, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

❖ Appointment & Cessation of Directors

During the financial year, Mrs. Nita Mukati (DIN 07161844) resigned from directorship on 2nd June, 2015 due to pre-occupation.

Pursuant to the provisions of section 161 of the Companies Act, 2013 and the Rules framed thereunder, the Board of Directors has appointed Ms. Kruti Shukla (DIN 07298899) as an Additional Woman Director of the Company in the category of Independent & Non-Executive Director with effect from 30th September, 2015.

DIRECTORS' REPORT

Ms. Kruti Shukla shall hold office up to date the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Ms. Kruti Shukla for appointment as a Director. Your Directors recommend her appointment as a Director of the Company.

❖ Key Managerial Personnel

During the financial year, Mr. Jigar Shah, Company Secretary has resigned with effect from 14th August, 2015 and Mr. Fageshkumar Soni was appointed as Company Secretary with effect from 1st October, 2015.

Except above, there was no change in the Key Managerial Personnel during the year.

❖ Declaration of Independence

The Company has received declaration of Independence as stipulated under section 149(7) of the Companies Act, 2013 and Regulation 16(b) of the Listing Regulations from all Independent Directors confirming that they meet the criteria of independence and not disqualified from appointment / continuing as an Independent Director.

❖ Annual Evaluation of Board's Performance:

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

❖ Nomination and Remuneration Policy:

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT:

Particulars of investments made and loans given covered under the section 186 of the Companies Act, 2013, has been provided in Note No. 2.10, 2.11 and 2.16 of the notes to the financial statement which form part of this Annual Report. The company has not given any guarantee during the financial year.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted a CSR Committee. The Board of Directors on the recommendation of Corporate Social Responsibility (CSR) Committee had approved the Corporate Social Responsibility Policy. The CSR policy is available on the website of the company at www.electrotherm.com. The composition and terms of reference of the Committee are detailed in the enclosed Corporate Governance Report.

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

RELATED PARTY TRANSACTIONS:

The Company has pursuant to the approval of the shareholders through special resolution under Section 188 of the Companies Act, 2013, entered into related party transactions on arm's length basis.

The details of contracts or arrangements with related parties for the financial year ended on March 31, 2016 is given in Note No. 2.35 of the financial statements of the Company.

FIXED DEPOSIT:

During the financial year 2015-16, the Company has not accepted any deposit within the meaning of section 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. Further there are no outstanding deposits as on 31st March, 2016.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- a) in the preparation of the annual accounts for the financial year ended on March 31, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

DIRECTORS' REPORT

- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the loss of the company for that period ;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities;
- d) the Directors had prepared the Annual Accounts on a going concern basis;
- e) the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and.
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS AND AUDITORS' REPORT:

⇒ Statutory Auditor:

M/s. Mehta Lodha & Co., Chartered Accountants (Firm Registration No. 106250W), Ahmedabad, statutory auditors of the company, retires at the forthcoming Annual General Meeting and are eligible for re-appointment. The company has received the consent and certificate from the retiring auditors to the effect that their re-appointment as statutory auditors, if made, would be in accordance with the prescribed conditions and he satisfies the criteria provided in section 141 of the Companies Act, 2013.

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

In the Independent Auditors' Report for the year ended on 31st March, 2016, there are certain matters of emphasis related to winding up petitions, recovery of dues, reference to BIFR, pending judgment of the Supreme Court of India, assignment of debts, balance confirmations, disputed amounts etc. The relevant Notes to accounts related to these matters of emphasis are self-explanatory.

With regard to the qualification in the Independent Auditors' Report for non-provision of interest on NPA accounts of banks of ₹ 683.08 Crores and that the exact amounts of the said non provisions are not determined and accounted for by the Company, the Board of Directors submits that the loan accounts of the Company have been classified as Non-Performing Assets (NPA) by the Bankers and some of the Bankers has not charged interest on the said accounts and therefore provision for interest has not been made in the books of account. The quantification of ₹ 683.08 Crores has been done only for the loans which have not been settled.

⇒ Cost Auditor:

Pursuant to the consent and certificate received from M/s V. H. Savaliya & Associates, Cost Accountants, Ahmedabad and as per Section 148 and other applicable provisions if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the Board of Directors of the Company has on the recommendation of the Audit Committee appointed him as Cost Auditors, to conduct the cost audit of the Company for the financial year ending on March 31, 2017, at a remuneration as mentioned in the notice convening the Annual General Meeting, subject to ratification of the remuneration by the Members of the Company.

⇒ Secretarial Auditor:

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

With regard to the observation / qualification in the Secretarial Audi Report and Certificate of Corporate Governance for the financial year ended on March 31, 2016 related to non-appointment of Woman Director / Independent Director for certain period, the Board of Directors submits that the Company has now appointed the Woman Director / Independent Director and is in compliance with the provisions of the Companies Act, 2013 / Listing Regulations.

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

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

PARTICULARS OF EMPLOYEES:

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

DIRECTORS' REPORT

AUDIT COMMITTEE:

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

RISK MANAGEMENT POLICY:

The Risk Management Policy adopted by the Board of Directors of the Company covers the various criteria for identification of key risk, action plans to mitigate those risks, review and reporting of identified risks on periodical basis etc.

In the opinion of the Board of the Directors of the Company, there are elements of risks in the nature of legal cases related to winding up petitions, recovery of dues, pending judgment of Hon'ble Supreme Court and Reference to BIFR on account of erosion of the net worth of the Company, which may threaten the existence of the Company.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS:

Presently, there are certain significant and material orders passed by the regulator / court / tribunal impacting the going concern status and company's operations in future as mentioned in Note No. 2.27 of the standalone financial statements in respect of winding up petitions and recovery cases against the Company, Note No. 2.28 in respect of filing of Reference to BIFR on account of erosion of the net worth of the Company and Note No. 2.29(f) relating to pending judgment of Hon'ble Supreme Court of India.

CORPORATE GOVERNANCE:

In compliance with the provisions of Listing Regulations, a separate report on Corporate Governance along with a certificate from a Practicing Company Secretary regarding the status of compliance of conditions of corporate governance forms a part of this report.

WHISTLE BLOWER POLICY/VIGIL MECHANISM:

The Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly the Board of Directors has formulated Whistle Blower Policy/Vigil Mechanism policy in compliance with the provision of Section 177(10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations. The policy provides for a framework and process whereby concerns can be raised by its employees against any kind of discrimination, harassment, victimization or any other unfair practice being adopted against them. More details of the Whistle Blower Policy/Vigil Mechanism are explained in the Corporate Governance Report. The Policy of vigil Mechanism of the company is available on the website of the Company at www.electrotherm.com.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Pursuant to Regulation 34(2)(e) read with Part B of Schedule V of the Listing Regulations, Management Discussion and Analysis Report is annexed after the Directors' Report and form a part of this report.

EXTRACT OF ANNUAL RETURN:

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

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

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

OTHER DISCLOSURES:

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

APPRECIATION:

Your Directors wish to place on record their appreciation for the valuable co-operation and support received from the customers and suppliers, various financial institutions, banks, government authorities, auditors and shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the devoted services of the Executives, Staff and Workers of the Company.

For and on behalf of the Board of Directors

Mukesh Bhandari
Chairman
(DIN:00014511)

Place : Palodia
Date : 11th August, 2016

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

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

| Sr. No. | Name of Subsidiary | Date since when subsidiary was acquired | Reporting period | Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries | Share capital | Reserves & surplus | Total Assets | Total Liabilities | Investments | Turnover | Profit / (Loss) before taxation | Provision for taxation | Profit / (Loss) after taxation | Proposed Dividend | (₹ in Crores) | |
|---------|-------------------------------------|---|------------------|---|---------------|--------------------|--------------|-------------------|-------------|----------|---------------------------------|------------------------|--------------------------------|-------------------|--|--------|
| | | | | | | | | | | | | | | | Extent of shareholding (in percentage) | 16 |
| 1 | Jinhua Indus Enterprises Limited | 11/04/2007 | 31/12/2015 | RMB | 2.06 | (2.67) | 0.93 | 1.54 | 0.54 | 0.18 | 0.63 | 0.00 | 0.63 | 0.00 | 0.00 | 100.00 |
| 2 | Jinhua Jahari Enterprises Limited # | 26/06/2007 | 31/12/2015 | RMB | 0.54 | 0.48 | 3.08 | 2.06 | 0.00 | 14.11 | 1.20 | 0.00 | 1.20 | 0.00 | 0.00 | 0.00 |
| 3 | Bhaskarpara Coal Company Limited@ | 21/11/2008 | 31/03/2016 | INR | 17.19 | (4.07) | 15.63 | 2.51 | 0.00 | 0.00 | 0.00 | 0.01 | (0.01) | 0.00 | 0.00 | 52.63 |
| 4 | ET Elec-Trans Limited | 27/11/2008 | 31/03/2016 | INR | 0.90 | (1.47) | 0.00 | 0.57 | 0.00 | 0.00 | (0.00) | 0.00 | (0.00) | 0.00 | 0.00 | 80.49 |
| 5 | Hans Ispat Limited | 01/06/2010 | 31/03/2016 | INR | 36.42 | (93.11) | 112.19 | 168.88 | 0.00 | 366.23 | (33.73) | 0.00 | (33.73) | 0.00 | 0.00 | 100.00 |
| 6 | Shree Hans Papers Limited | 01/06/2010 | 31/03/2016 | INR | 0.35 | 0.00 | 0.35 | 4.18 | 4.18 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| 7 | Shree Ram Electro Cast Limited | 20/05/2010 | 31/03/2016 | INR | 8.19 | 13.15 | 70.46 | 49.13 | 0.01 | 0.00 | (8.35) | 0.00 | (8.35) | 0.00 | 0.00 | 100.00 |
| 8 | Electrotherm Mali SARL | 28/03/2011 | 31/12/2015 | CFA | 0.01 | (5.96) | 0.03 | 5.97 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |

Exchange Rate as on 31.03.2016 1 RMB = ₹ 10.27

Exchange Rate as on 31.03.2016 1 CFA= ₹ 0.1021

- Bhaskarpara Coal Company Limited and Shree Hans Papers Limited are yet to commence operations. ET Elec-Trans Limited, Shree Ram Electro Cast Limited and Electrotherm Mali SARL has not carried out any business activities during the financial year.
 - No Company which have been liquidated or sold during the year.
- # 100% holding by Jinhua Indus Enterprises Limited
 @ Joint Venture Company and Subsidiary Company.

PART B: ASSOCIATES AND JOINT VENTURES

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

| Name of Associates/Joint Ventures | Not Applicable |
|-----------------------------------|----------------|
|-----------------------------------|----------------|

For and on behalf of the Board

SHAIKESH BHANDARI
 Managing Director
 DIN NO : 00058866

AVINASH BHANDARI
 Joint Managing Director
 DIN NO : 00058986

FAGESHKUMAR SONI
 Company Secretary

PAWAN GAUR
 Chief Financial Officer

Place : Palodia
Date : 11th August, 2016

DIRECTORS' REPORT

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

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

The Company has framed a CSR Policy in compliance with the provisions of section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

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

The CSR policy framed by the Company is placed on the Company's website at www.electrotherm.com.

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

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

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

The Company has incurred losses during three immediately preceding financial years

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

Not Applicable

5. Details of CSR spent during the financial year:

- (a) Total amount to be spent for the financial year : Not Applicable
- (b) Amount unspent, if any : Not Applicable
- (c) Manner in which the amount spent during the financial year is detailed below:

| Sr. No. | Project/ Activity | Sector | Locations | Amount Outlay (Budget project or programs wise) | Amount spent on the project or programs | Cumulative Expenditure upto reporting period | Amount spent: Direct or through implementing agency |
|----------------|-------------------|--------|-----------|---|---|--|---|
| Not Applicable | | | | | | | |

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

Place : Palodia
 Date : 11th August, 2016

Avinash Bhandari
 Joint Managing Director & CEO

Shailesh Bhandari
 Chairman – CSR Committee

DIRECTORS' REPORT

**FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2016**

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

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

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Electrotherm (India) Limited** (CIN:L29249GJ1986PLC009126) (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2016** ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Electrotherm (India) Limited** for the financial year ended on **31st March, 2016** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14th May, 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (with effect from 15th May, 2015);
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the Audit Period);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities Regulations, 2008 (Not applicable to the Company during the Audit Period);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period);
- (vi) Following laws specifically applicable to the Company:-
 1. Air (Prevention and Control of Pollution) Act, 1981 and the rules and standards made thereunder;
 2. Water (Prevention and Control of Pollution) Act, 1974 and Water (Prevention and Control of Pollution) Rules, 1975;

DIRECTORS' REPORT

3. Environment Protection Act, 1986 and the rules, notifications issued thereunder;
4. Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008
5. Motor Vehicles Act, 1988 to the extent of product certification before production and from time to time primarily in respect of vehicles manufactured by the Company.

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

- (i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meeting (SS-2) issued by the Institute of Company Secretaries of India and made applicable from 1st July, 2015.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited till 30th November, 2015 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 w.e.f. 1st December, 2015.

I further reported that, during the period under review the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation:

- 1) *The Company has not appointed Woman Director as per section 149 of the Companies Act, 2013 read with Rules 3 of The Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49(II)(A)(1) of the Listing Agreement for period from 1st April, 2015 to 19th April, 2015.*
- 2) *The Company has not replaced the independent director with new independent director for the period from 2nd September, 2015 to 29th September, 2015 as per Clause 49(II)(D)(4) of the Listing Agreement.*

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

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

1. The shareholders of the Company approved the following special resolutions through Postal Ballot conducted vide Postal Ballot notice dated 2nd July, 2015 for:
 - (a) Increase in and reclassification of the Authorised Share Capital of the Company;
 - (b) Alteration of Articles of Association; and
 - (c) Issue of Partially Convertible Partially Redeemable Preference Shares on Preferential Basis.

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

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

Place : Ahmedabad
Date : 11th August, 2016

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



DIRECTORS' REPORT

'ANNEXURE A'

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

Our Secretarial Audit Report of even date is to be read along with this letter.

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

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

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

Place : Ahmedabad
Date : 11th August, 2016

DIRECTORS' REPORT**ANNEXURE – D**

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

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

- With increase in consumption of mill scale in sinter plant, the coke breeze consumption was brought down from 59 kg/t to 49 kg/t of sinter.
- With increase in productivity of sintering machine, the power consumption was brought down from 48 kwh/t to 43 kwh/t of sinter.
- With increase in productivity of blast furnaces the power consumption decreased from 132 kwh/t to 125 kwh/t of hot metal.
- With increase in production and improvement in yield in DI pipe plant, the power consumption was reduced from 325 kwh/t to 291 kwh/t of pipes.
- With improvement in quality of captive sponge iron as well as increase in productivity and yield, the power consumption for melting in induction furnaces decreased from 761 kwh/t to 711 kwh/t.
- By installing VF Drives in pumps, fans, compressors, crushers etc. and by replacing all tube lights and MH lights by LED bulbs, there has been reduction in annual power consumption by 20 lakh units.

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

No step has been taken for utilizing alternate source of energy

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

- Development work on lab and industrial scale was carried out on utilization of induction furnace slag waste for production light weight AAC blocks. The quality of these blocks was comparable with the quality of fly ash and sand made AAC blocks. Commercial scale plants based on this technology can be installed.
- Installation of facilities for autoclaving of cold bonded pellets continued.
- Production of some new grades of steel like CRS 500 D, C-30, CK-55, CK-60, X-70, En-42 etc. has been established in steel melting shop.
- New energy efficient coils for use in induction furnaces have been developed and tested.

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

- The light weight AAC blocks made out of waste IF slag is a new value added commercial product.
- The use of newly developed energy efficient coils will reduce energy consumption in induction furnaces by 15 kwh/t.
- The production of new grades of steel is a step towards value addition.

(iii) Imported Technology : None**(iv) Expenditure incurred on Research and Development : ₹ 0.15 Crores****C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

1. Foreign exchange Earning : ₹ 93.07 Crores
2. Foreign Exchange Out Go : ₹ 70.96 Crores

For and on behalf of the Board

**Place : Palodia
Date : 11th August, 2016**

**Mukesh Bhandari
Chairman**

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

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

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

| Sr. No. | Name of Director/KMP | Designation | Ratio of Remuneration of each Director to Median Remuneration to employees | Percentage increase in Remuneration during FY 2015-2016 |
|---------|----------------------------|-------------------------------|--|---|
| 1 | Mr. Mukesh Bhandari | Chairman | No remuneration was paid during the Financial year 2015-2016 | Not Applicable |
| 2 | Mr. Shailesh Bhandari | Managing Director | | |
| 3 | Mr. Avinash Bhandari | Jt. Managing Director & CEO | | |
| 4 | Mr. Ram Singh | Independent Director | | |
| 5 | Mr. Chaitanyapratap Sharma | Independent Director | | |
| 6 | Ms. Kruti Shukla | Independent Director | | |
| 7 | Mr. Pawan Gaur | Chief Financial Officer (CFO) | Not Applicable | 7.63 |
| 8 | Mr. Jigar Shah | Company Secretary | Not Applicable | Not Applicable, as resigned with effect from 14 th August, 2015 |
| 9 | Mr. Fageshkumar Soni | Company Secretary | Not Applicable | Not Applicable, as appointed with effect from 1 st October, 2015 |

- The percentage increase in the median remuneration of employees in the financial year was 11.69%.
- There were 2002 permanent employees on the rolls of the company as on 31st March, 2016.
- The average annual increase in the salaries of the employees, other than managerial personnel was 12.00%. There was no increase in the managerial remuneration, as no remuneration was paid to the Chairman / Managing Directors.
- The company affirms that the remuneration is as per the remuneration policy of the Company.
- During the financial year, there was no employee employed throughout the financial year or part of the financial year who was in receipt of remuneration in the aggregate of not less than ₹ 8.50 Lacs per month or ₹ 1.02 Crore per financial year. The statement containing the names of the top ten employees in terms of remuneration drawn as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate annexure forming part of this report. In terms of section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

For and on behalf of the Board

Place : Palodia
Date : 11th August, 2016

Mukesh Bhandari
Chairman

DIRECTORS' REPORT

**Annexure-“F”
FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31st March 2016
[Pursuant to Section 92 (3) of the Companies Act, 2013, and rule 12(1)
of the Companies (Management & Administration) Rules, 2014]**

I REGISTRATION & OTHER DETAILS:

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

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sr. No. | Name & Description of main products / services | NIC Code of the Product /service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1 | Electronic Furnaces | 25113 | 22.49% |
| 2 | Steel | 24100 | 76.82% |

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

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

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


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

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|----------|----------------|-------------------|---|----------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| (a) Individual / HUF | 2280575 | 0 | 2280575 | 19.87 | 2280575 | 0 | 2280575 | 19.87 | 0 |
| (b) Central Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (c) State Govt.(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (d) Bodies Corp. | 975000 | 0 | 975000 | 8.50 | 975000 | 0 | 975000 | 8.50 | 0 |
| (e) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (f) Any other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-Total (A)(1) | 3255575 | 0 | 3255575 | 28.37 | 3255575 | 0 | 3255575 | 28.37 | 0 |
| (2) Foreign | | | | | | | | | |
| (a) NRIs - Individuals | 512500 | 0 | 512500 | 4.47 | 512500 | 0 | 512500 | 4.47 | 0 |
| (b) Other - Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (c) Bodies Corp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (d) Banks/ FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (e) Any other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-Total (A)(2) | 512500 | 0 | 512500 | 4.47 | 512500 | 0 | 512500 | 4.47 | 0 |
| Total shareholding of Promoter (A) = (A)(1) + (A)(2) | 3768075 | 0 | 3768075 | 32.83 | 3768075 | 0 | 3768075 | 32.83 | 0 |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| (a) Mutual Funds | 0 | 9800 | 9800 | 0.09 | 0 | 9800 | 9800 | 0.09 | 0 |
| (b) Banks/ FI | 0 | 100 | 100 | 0 | 0 | 100 | 100 | 0 | 0 |
| (c) Central Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (d) State Govt.(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

DIRECTORS' REPORT

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--|---|----------------|-----------------|-------------------|---|----------------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (e) Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (f) Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (g) FIIs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (i) Others (Specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-Total (B)(1) | 0 | 9900 | 9900 | 0.09 | 0 | 9900 | 9900 | 0.09 | 0 |
| 2. Non-Institutions | | | | | | | | | |
| (a) Bodies Corp. | | | | | | | | | |
| (i) Indian | 1718076 | 501700 | 2219776 | 19.34 | 2487963 | 501700 | 2989663 | 26.05 | 6.71 |
| (ii) Overseas | 0 | 2000000 | 2000000 | 17.43 | 0 | 2000000 | 2000000 | 17.43 | 0 |
| (b) Individuals | | | | | | | | | |
| (i) Individual Shareholders holding nominal share capital upto ₹ 1 Lakh | 1402688 | 34307 | 1436995 | 12.52 | 1168673 | 33307 | 1201980 | 10.47 | (2.05) |
| (ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 Lakh | 265061 | 71200 | 336261 | 2.93 | 1165569 | 71200 | 1236769 | 10.78 | 7.85 |
| (c) Others (Specify) | | | | | | | | | |
| - Clearing Member | 361039 | 0 | 361039 | 3.15 | 52317 | 0 | 52317 | 0.46 | (2.69) |
| - Non-Resident Indians | 51597 | 500 | 52097 | 0.45 | 28323 | 500 | 28823 | 0.25 | (0.20) |
| - HUF | 0 | 0 | 0 | 0 | 177482 | 0 | 177482 | 1.54 | 1.54 |
| - Trust | 1292231 | 0 | 1292231 | 11.26 | 11365 | 0 | 11365 | 0.10 | (11.16) |
| Sub-Total (B)(2) | 5090692 | 2607707 | 7698399 | 67.08 | 5091692 | 2606707 | 7698399 | 67.08 | 0 |
| Total Public Shareholder (B) = (B)(1) + (B)(2) | 5090692 | 2617607 | 7708299 | 67.17 | 5091692 | 2616607 | 7708299 | 67.17 | 0 |
| C. Shares held by Custodian for GDRs & ADRs | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| Grand Total (A+B+C) | 8858767 | 2617607 | 11476374 | 100.00 | 8859767 | 2616607 | 11476374 | 100.00 | 0 |

DIRECTORS' REPORT
(ii) Shareholding of Promoters

| Sr No | Shareholder's Name | Shareholding at the beginning of the year | | | Share holding at the end of the year | | | % change in share holding during the year |
|-------|--|---|----------------------------------|--|--------------------------------------|----------------------------------|--|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged/encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged/encumbered to total shares | |
| 1 | Western India Speciality Hospital Ltd. | 975000 | 8.50 | 0 | 975000 | 8.50 | 0 | 0 |
| 2 | Shailesh Bhandari | 848275 | 7.39 | 1.31 | 848275 | 7.39 | 1.31 | 0 |
| 3 | Mukesh Bhandari | 809500 | 7.05 | 1.31 | 809500 | 7.05 | 1.31 | 0 |
| 4 | Rakesh Bhandari | 512500 | 4.47 | 0 | 512500 | 4.47 | 0 | 0 |
| 5 | Ritu Bhandari | 243025 | 2.12 | 0 | 243025 | 2.12 | 0 | 0 |
| 6 | Nagesh Bhandari | 233125 | 2.03 | 0 | 233125 | 2.03 | 0 | 0 |
| 7 | Mukesh Bhanwarlal Bhandari [HUF] | 60000 | 0.52 | 0 | 60000 | 0.52 | 0 | 0 |
| 8 | Indubala Bhandari | 51500 | 0.45 | 0 | 51500 | 0.45 | 0 | 0 |
| 9 | Narendra Dalal | 34500 | 0.30 | 0 | 34500 | 0.30 | 0 | 0 |
| 10 | Jyoti Bhandari | 375 | 0.00 | 0 | 375 | 0.00 | 0 | 0 |
| 11 | Reema Bhandari | 275 | 0.00 | 0 | 275 | 0.00 | 0 | 0 |
| | Total | 3768075 | 32.83 | 2.61 | 3768075 | 32.83 | 2.61 | 0 |

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

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



DIRECTORS' REPORT

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

| Sr. No. | Name of Shareholder | Date wise increase / decrease | | | Cumulative Shareholding | % of total share capital |
|-------------------------------|---|-------------------------------------|--------------------|--------------------------|-------------------------|--------------------------|
| | | Date | Increase/ Decrease | % of total share capital | | |
| 1 | IDBI TRUSTEESHIP SERVICES LIMITED (INDIA ADVANTAGE FUND-VI) | At the beginning of the year | | | 1292231 | 11.26 |
| | | 07/08/2015 | (1292231) | (11.26) | 0 | 0 |
| | | At the end of the year | | | 0 | 0 |
| 2 | CASTLESHINE PTE LIMITED | At the beginning of the year | | | 1000000 | 8.71 |
| | | At the end of the year | | | 1000000 | 8.71 |
| 3 | LEADHAVEN PTE LIMITED | At the beginning of the year | | | 1000000 | 8.71 |
| | | At the end of the year | | | 1000000 | 8.71 |
| 4 | DHANVARSHA FINVEST LIMITED | At the beginning of the year | | | 106000 | 0.92 |
| | | 07/08/2015 | 314035 | 2.74 | 420035 | 3.66 |
| | | 18/09/2015 | 873 | 0.01 | 420908 | 3.67 |
| | | At the end of the year | | | 420908 | 3.67 |
| 5 | PASSIM SHARE TRADE PRIVATE LIMITED | At the beginning of the year | | | 374918 | 3.27 |
| | | At the end of the year | | | 374918 | 3.27 |
| 6 | WEB BUSINESSES.COM GLOBAL LIMITED | At the beginning of the year | | | 293299 | 2.56 |
| | | At the end of the year | | | 293299 | 2.56 |
| 7 | SUNFLOWER BROKING PRIVATE LIMITED | At the beginning of the year | | | 320250 | 2.79 |
| | | 26/06/2015 | (320000) | (2.79) | 250 | 0.00 |
| | | 17/07/2015 | 2629 | 0.02 | 2879 | 0.03 |
| | | 24/07/2015 | (2629) | (0.02) | 250 | 0.00 |
| | | 07/08/2015 | 334065 | 2.91 | 334315 | 2.91 |
| | | 28/08/2015 | (250) | (0.00) | 334065 | 2.91 |
| | | 16/10/2015 | (294065) | (2.56) | 40000 | 0.35 |
| | | 31/12/2015 | 510 | 0.00 | 40510 | 0.35 |
| | | 01/01/2016 | 1000 | 0.01 | 41510 | 0.36 |
| | | 08/01/2016 | 3927 | 0.03 | 45437 | 0.40 |
| | | 15/01/2016 | 73 | 0.00 | 45510 | 0.40 |
| | | 29/01/2016 | (20000) | (0.17) | 25510 | 0.22 |
| | | 04/03/2016 | (1000) | (0.01) | 24510 | 0.21 |
| | | 18/03/2016 | (1510) | (0.01) | 23000 | 0.20 |
| | | 31/03/2016 | (2000) | (0.02) | 21000 | 0.18 |
| At the end of the year | | | 21000 | 0.18 | | |

DIRECTORS' REPORT

| Sr. No. | Name of Shareholder | Date wise increase / decrease | | | Cumulative Shareholding | % of total share capital |
|---------|--|-------------------------------|--------------------|--------------------------|-------------------------|--------------------------|
| | | Date | Increase/ Decrease | % of total share capital | | |
| 8 | HIGHLAND FINANCES & INVESTMENT PRIVATE LIMITED | At the beginning of the year | | | 250000 | 2.18 |
| | | At the end of the year | | | 250000 | 2.18 |
| 9 | FROID FINANCE & INVESTMENT PRIVATE LIMITED | At the beginning of the year | | | 250000 | 2.18 |
| | | At the end of the year | | | 250000 | 2.18 |
| 10 | LAVISH PACKAGERS LIMITED | At the beginning of the year | | | 248347 | 2.16 |
| | | At the end of the year | | | 248347 | 2.16 |
| 11 | JAGDISHKUMAR AMRUTLAL AKHANI | At the beginning of the year | | | 27242 | 0.24 |
| | | 03/04/2015 | 20258 | 0.18 | 47500 | 0.41 |
| | | 15/05/2015 | (41965) | (0.37) | 5535 | 0.05 |
| | | 22/05/2015 | (2244) | (0.02) | 3291 | 0.03 |
| | | 26/06/2015 | 335722 | 2.93 | 339013 | 2.95 |
| | | 30/06/2015 | (12240) | (0.11) | 326773 | 2.85 |
| | | 30/09/2015 | 327292 | 2.85 | 654065 | 5.70 |
| | | 16/10/2015 | 149621 | 1.30 | 803686 | 7.00 |
| | | 19/02/2016 | 3617 | 0.03 | 807303 | 7.03 |
| | | 26/02/2016 | (3617) | (0.03) | 803686 | 7.00 |
| | | 18/03/2016 | 423 | 0.00 | 804109 | 7.01 |
| | | 25/03/2016 | 1599 | 0.01 | 805708 | 7.02 |
| | | 31/03/2016 | 727 | 0.01 | 806435 | 7.03 |
| | | At the end of the year | | | 806435 | 7.03 |

Note :

- Change in the holdings as per the beneficiary position downloaded from the Depositories.
- The above changes in the holdings is due to sale / purchase (transfer) in open market.

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

| Sr. No. | For Each of the Directors and KMP | Shareholding at the beginning of the year (01/04/2015) | | Cumulative Shareholding during the year (31/03/2016) | |
|---------|-----------------------------------|--|----------------------------------|--|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | | | | |
| 1 | Mukesh Bhandari | 809500 | 7.05 | 809500 | 7.05 |
| 2 | Shailesh Bhandari | 848275 | 7.39 | 848275 | 7.39 |
| 3 | Avinash Bhandari | 0 | 0 | 0 | 0 |
| 4 | Pawan Gaur* | 8676 | 0.07 | 5000 | 0.04 |
| 5 | Jigar Shah [§] | 0 | 0 | 0 | 0 |
| 6. | Fageshkumar Soni @ | 0 | 0 | 0 | 0 |

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

§ Mr. Jigar Shah resigned from the post of Company Secretary of the Company w.e.f. 14th August, 2015.

@ Mr. Fageshkumar Soni appointed as Company Secretary of the Company w.e.f. 1st October, 2015.

DIRECTORS' REPORT
V INDEBTEDNESS

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

(₹ in Crores)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|-------------------------------------|--------------------|----------|-----------------------|
| Indebtness at the beginning of the financial year | | | | |
| i) Principal Amount | 2916.40 | 146.89 | - | 3,063.29 |
| ii) Interest due but not paid | As per Note | As per Note | - | As per Note |
| iii) Interest accrued but not due | As per Note | As per Note | - | As per Note |
| Total (i+ii+iii) | 2,916.40 | 146.89 | - | 3,063.29 |
| Change in Indebtedness during the financial year | | | | |
| Additions | - | - | - | - |
| Reduction | (97.62) | (9.87) | - | (107.49) |
| Net Change | (97.62) | (9.87) | - | (107.49) |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 2818.78 | 137.02 | - | 2955.80 |
| ii) Interest due but not paid | As per Note | As per Note | - | As per Note |
| iii) Interest accrued but not due | As per Note | As per Note | - | As per Note |
| Total (i+ii+iii) | 2818.78 | 137.02 | - | 2955.80 |

Note: Loan accounts of the Company have been classified as Non Performing Assets by the Bankers and some of the bankers has not charged interest on the said accounts and therefore provision for interest (other than upfront charges) has not been made in the books of accounts and to the extent loss and bankers loan liability has been understated. The extent of the exact amount is under determination and reconciliation with the banks, however as per the details available with the Company, the amount of un-provided interest, on approximate basis, on the said loans {other than the loans of ICICI Bank and loans which are assigned to Edelweiss Assets Reconstruction Company Limited (EARC), Invent Assets Securitisation & Reconstruction Private Limited (Invent)} is ₹ 683.08 Crores upto March 31, 2016.

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

(₹ in Crores)

| Sr. No. | Particulars of Remuneration | Name of MD / WTD / Manager | | | Total Amount |
|-----------|---|--------------------------------|---|--|--------------|
| | | Mr. Mukesh Bhandari (Chairman) | Mr. Shailesh Bhandari (Managing Director) | Mr. Avinash Bhandari (Jt. Managing Director & CEO) | |
| 1. | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 0 | 0 | 0 | 0 |
| | (b) Value of perquisites u/s 17(2) of Income Tax Act, 1961 | 0 | 0 | 0 | 0 |
| | (c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961 | 0 | 0 | 0 | 0 |
| 2. | Stock Option | Nil | Nil | Nil | Nil |
| 3. | Sweat Equity | Nil | Nil | Nil | Nil |
| 4. | Commission | | | | |
| | - as % of profit | Nil | Nil | Nil | Nil |
| | - others, specify | Nil | Nil | Nil | Nil |
| 5. | Others, please specify | 0 | 0 | 0 | 0 |
| | Total (A) | 0 | 0 | 0 | 0 |
| | Ceiling as per the Act (₹) | N.A. | | | |

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

B. Remuneration to other directors

(₹ in Crores)

| Sr. No. | Particulars of Remuneration | Name of Directors | | | Total Amount |
|-----------|--|-------------------|----------------------------|--------------------|--------------|
| | | Mr. Ram Singh | Mr. Chaitanyapratap Sharma | Ms. Kruti Shukla # | |
| 1. | Independent Directors | | | | |
| | • Fee for attending board / committee meetings | 0 | 0 | 0 | 0 |
| | • Commission | 0 | 0 | 0 | 0 |
| | • Others, please specify | 0 | 0 | 0 | 0 |
| | Total (1) | Nil | Nil | Nil | Nil |
| 2. | Other Non-Executive Directors | | | | |
| | • Fee for attending board / committee meetings | 0 | 0 | 0 | 0 |
| | • Commission | 0 | 0 | 0 | 0 |
| | • Others, please specify | 0 | 0 | 0 | 0 |
| | Total (2) | Nil | Nil | Nil | Nil |
| | Total (B) = (1+2) | Nil | Nil | Nil | Nil |
| | Total Managerial Remuneration | 0 | 0 | 0 | 0 |
| | Overall Ceiling as per the Act (₹) | 0 | 0 | 0 | 0 |

Ms. Kruti Shukla appointed as Independent Director w.e.f. 30th September, 2015.

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

(₹ in Crores)

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel | | | Total Amount |
|-----------|---|--|--|-------------------------|--------------|
| | | Mr. Jigar Shah (Company Secretary) [§] | Mr. Fageshkumar Soni (Company Secretary) [@] | Mr. Pawan Gaur (CFO) | |
| 1. | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 0.04 | 0.04 | 0.29 | 0.37 |
| | (b) Value of perquisites u/s 17(2) of Income Tax Act, 1961 | 0.01 | 0.00 | 0.04 | 0.05 |
| | (c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as % of profit - others, specify | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| | Total | 0.05 | 0.04 | 0.32 | 0.41 |

§ Mr. Jigar Shah resigned from the post of Company Secretary of the Company w.e.f. 14th August, 2015.

@ Mr. Fageshkumar Soni appointed as Company Secretary of the Company w.e.f. 1st October, 2015.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / Compounding fees imposed | Authority (RD / NCLT / Court) | Appeal made, if any, give details |
|-------------------------------------|------------------------------|-------------------|--|-------------------------------|-----------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | | | |
| Punishment | | | NONE | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | | | |
| Punishment | | | NONE | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| Punishment | | | NONE | | |
| Compounding | | | | | |

For and on behalf of the Board of Directors

Place : Palodia
Date : 11th August, 2016

Mukesh Bhandari
Chairman
(DIN: 00014511)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERVIEW OF ECONOMY / OUTLOOK:

The steel producers in India have not been able to perform up to the mark owing to the highly volatile market dynamics, cheaper import and a weak or a muted demand situation for steel and steel products. We have seen most large steel companies suffer on account of this and bleed red in last few fiscal years.

The Government of India has undertaken various initiatives to combat this situation especially by taking measures to curb the import and try and push the demand of steel through various initiatives like Smart Cities, Housing for all, Power for All for 24x7 by 2019, along with the necessary infrastructure investment. Around ₹ 220,000 crore of investments are expected to come in this year as per the announcement in the Union Budget. The government has made efforts to check this through steps like anti-dumping duty, safeguard duty on imported steel products and a policy announcement on the minimum import price (MIP). All these factors will surely lead to an increase in the demand for steel. The government has planned a massive investment of about US\$1.2 trillion over the next 20 years across areas such as transportation, energy and public security to build smart cities in India, it will give a boost to the steel demand in the country.

There is a great deal of turmoil in the global steel industry, wherein each steelmaker, reeling under the prolonged downturn of the industry is making efforts to stay operational. The company needs to maximize its capacity utilization which must be supported by robust demand.

The silver lining to all this downturn is that the steel consumption has increased by 4.5% to 80.5 million ton in the last fiscal year. This is a reasonably good rise in spite of negative growth in global steel consumption as well as in China. World Steel Association has forecasted that India's steel demand is expected to grow by 5.4% to 83.8 million ton in 2016 on the back of low oil prices and reform momentum.

India with 89.6 million tons of crude steel production in 2015 has become the third largest in the world after China and Japan. The estimated growth of 5.4% in 2016 & 2017 and planned capacity expansion in the public and private sector steel companies may lead India to emerge as a second largest crude steel producer in the years to come. There is a huge scope for growth for steel industry in India owing to low per capita steel consumption and expected rise in demand due to increased infrastructure, construction and auto and railways sector. The outlook for the domestic industry looks bright.

INDUSTRY STRUCTURE & DEVELOPMENTS:

A. Engineering & Projects Division:

Engineering & Projects division primarily undertakes turnkey projects worldwide for iron & steel melting making facility up to 0.5 Million TPA production capacities with indigenous technology. The growth of Engineering & Projects division is very closely linked with the progress of steel industry. The steel production stood at around 90 MTPA in 2015-16 with a projected growth of about 7 % in coming year with a government focus on infrastructure development. The total outlay for infrastructure in Budget 2016-17 stands at ₹ 221,246 crore (US\$ 32.8 billion), which is expected to generate much needed demand for steel industry.

Further, the government has drawn ambitious plan for steel production to go up to 300 MTPA by 2025 which is at present around 90 MTPA. This necessitates the addition of capacity to meet the demand forecasted for steel product over coming 10 years. With increase in demand, secondary steel sector will grow faster due to lower gestation period and lower capital investment compare to primary route besides remain competitive over primary route. Mini steel plant projects based on Induction furnace route up to 0.5 Million TPA capacities will continue to remain in a good demand over coming 5 to 7 years.

The company has dispatched large capacity steel melting furnace of 365,550 KW which is totaling to around 4 million tons of installed capacity addition in FY 2015-16. The trend is continuing and we see good capacity addition for induction furnace based steel melting route. Our latest refining technology (ERF – ELdFOS) will allow Induction Furnace based plants to compete with EAF based plants and even primary producers as far as quality of steel produced is concerned. With increasing demand, the primary producers will go back to producing flat products while the demand for the long products will be met by secondary producers thereby, improving the demand for induction melting furnaces.

The fume extraction and cleaning system introduced last year has established its effectiveness and got certified by Goa State Pollution Control Board. Due to increasing awareness about environment and benefits of increased operating efficiency on account of clean working atmosphere in steel making plants, this custom-designed product is gaining popularity. This has created good business opportunity of upgrading the existing plant with advanced pollution control system apart from supplying with new equipment.

In line billet heaters has also proved its credibility by way of saving huge energy by facilitating direct rolling. This has opened up new business opportunity in existing rolling mills having capacity of 70 to 100 tons/hour wherein about ₹ 1,000 to 1,200 per ton can be saved by adopting direct rolling through ELECTROTHERM inline induction heater technology.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The introduction of high speed caster which has made practically possible the direct rolling of billets and has gained wide acceptance in the industry due to substantial saving in production cost of rolling by way of saving of fuel and reduction of burning losses which is incurred in the billet reheating furnaces. This has also reduced the CO₂ emission and promoting clean environment. Higher capacity caster which can cast billets up to 200 mm square was also introduced last year looking at the upcoming plants in the capacity range of 250,000 to 350,000 ton/year.

The company will continue to invest a sizeable amount into R&D activities to develop innovative and import substitute products for iron & steel making industry, foundry and heat treatment sector using years of experience and domain expertise gained so far.

B. Steel Division:

With the Indian economy displaying a stable growth trend at the present, the company is optimistic about increase in the domestic demand owing to the various initiatives supported by the government. The demand is expected to pick up owing to increase in development in the infrastructure and construction sectors supported by increasing FDI projects in the country. Also the auto recycling market is expected to pick up which will ultimately result in increase in demand.

Ductile Iron Pipe Division:

Despite a subdued market environment, the company recorded a strong performance in its Ductile Iron Pipe Division due to improved capacity utilization as compared to the last fiscal year. The demand for DI pipes is expected to increase in the coming few quarters. However, we have seen a downward trend in the price of DI pipe due to lower price of raw materials and stiff competition from other manufacturers. The long term outlook for DI pipes is encouraging with several states planning execution of mega water supply and sewage projects. The company's order book looks healthy for the current fiscal year.

C. Electric Vehicle Division:

The Electric Vehicle Division has witnessed a resurgence of the market in the FY 2015-16. While the sales of 2Wheelers have seen a sharp growth over the previous year, the introduction of 3Wheelers has also seen impressive sales numbers in the first year itself. This is the direct reflection of Government of India's initiative to promote Electric Vehicles through the introduction of National Electric Mobility Mission Plan 2020 (NEMMP 2020) and FAME India Scheme.

E-Rickshaw Market:

In the recent past, the market of E-Rickshaws has grown exponentially in India, with strong markets in North and East India. The market, which was largely dominated by unorganized small traders till last year has seen a definite shift towards organized sector with ARAI/ICAT approved vehicles. Also, new markets are emerging and the markets are gradually encompassing the Tier-3 and Tier-4 towns, as well, besides the metros and other major towns. Now, with the involvement of approved and authorized manufacturers, the E-rickshaw market is getting stabilized and PSU banks are also looking at this market, with interest. ET manufactured E-Rickshaws, E-TAXE, are receiving very good acceptance on the strength of its superior quality and 100% made in India power train.

E-Cart Market:

In this Financial Year, The Company has introduced the India's first ICAT approved E-Cart model, under the brand name of E-Winner. The product has been well accepted in the market. This model will fill the gap that exists between the conventional diesel/CNG driven 3Wheelers and the non-mechanized mode of goods transportation. We expect this load carrying vehicle category to create a new paradigm of business opportunities and market.

1st Year of NEMMP 2020: FAME India Scheme

The first year of NEMMP 2020: FAME India has been successfully completed with sales of EVs on an upswing. The Demand Incentive Delivery Mechanism (DIDM) is working well and we have received all funds reimbursements from the Ministry of Heavy Industries & Public Enterprises and there is no pendency. Government of India has already launched the Phase 1 of NEMMP 2020 from 1st April 2015 onwards, under which the subsidy of ₹ 7500 and ₹ 9400 is being given on Low Speed and High Speed Electric Scooter category respectively.

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

FINANCIAL SITUATION:

The Company has incurred losses for the financial year 2015-2016. Various banks / lenders has initiated winding up / recovery proceedings / cases under section 138 of the Negotiable Instruments Act, which are pending before respective Court / Tribunal.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Some lenders of the Company had assigned their debt to Edelweiss Asset Reconstruction Company Limited ("EARC") and Company has entered into settlement with EARC for payment of said debts. During the financial year and thereafter also, some of the other lenders i.e. Oriental Bank of Commerce, Punjab National Bank and Allahabad Bank has assigned their outstanding debts to Invent Assets Securitisation & Reconstruction Pvt. Ltd. ("Invent") and the Company has entered into settlement with Invent for repayment of said debts. The Company has also entered into settlement with ICICI Bank Limited and repaid the settlement amount.

Further, the reference filed by the Company with BIFR u/s 15(1) of Sick Industrial Companies (Special Provision) Act, 1985 has been registered with the Board and now pending for further hearing.

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 year ended on 31st March, 2016 is as under:

(₹ In Crores)

| Particulars | Engineering & Projects Division | Special Steel Division | Electric Vehicle Division |
|-------------------------|---------------------------------|------------------------|---------------------------|
| Revenue from operations | 420.45 | 1436.16 | 13.00 |
| Segment Profit / (Loss) | (37.98) | (153.83) | (12.96) |
| Capital employed | (169.86) | 609.93 | 47.83 |

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

Revenue from operations:

The total income from operations of the Company for the financial year ended on 31st March, 2016 was ₹ 1862.21 Crores as compared to ₹ 1829.21 Crores of previous financial year.

Cost of Materials consumed including purchase of traded goods:

The cost of materials consumed including purchase of traded goods for the financial year ended on 31st March, 2016 was ₹ 1248.01 Crores as compared to ₹ 1364.59 Crores of previous financial year.

Depreciation:

Depreciation for the financial year ended on 31st March, 2016 is ₹ 143.06 Crores as compared to ₹ 146.18 Crores of the previous financial year.

Finance Costs:

Finance costs for the financial year ended on 31st March, 2016 is of ₹ 13.55 Crores as compared to ₹ 6.37 Crores of previous financial year.

Further, Loan accounts of the Company have been classified as Non-Performing Assets by the Bankers and some of the bankers has not charged interest on the said accounts and therefore provision for interest (other than upfront charges) has not been made in the books of accounts and to the extent loss and bankers loan liability has been understated. The extent of the exact amount is under determination and reconciliation with the banks, however as per the details available with the Company, the amount of un-provided interest, on approximate basis, on the said loans {other than the loans of ICICI Bank and loans which are assigned to Edelweiss Assets Reconstruction Company Limited (EARC), Invent Assets Securitisation & Reconstruction Private Limited (Invent)} is ₹ 683.08 Crores upto March 31, 2016.

Profit Analysis:

Net Loss for the financial year year ended on 31st March, 2016 is ₹ 218.31 as compared to Loss of ₹ 440.51 Crores of previous financial year.

RISK AND CONCERNS:

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

At present, the Company is at risk with regards to winding up petitions, recovery proceedings, pending judgment of Hon'ble Supreme Court of India and pending reference with BIFR, which may threaten the existence of your 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 AND THEIR ADEQUACY:

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

DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS:

The Company considers its employees as its greatest asset and therefore continuously strives to provide an environment that attracts best-in class talent and encourages high-quality performance. The Company believes in nurturing a co-operative and productive work environment that expects team based results and recognizes exceptional individual performance and customer delight. The Company laid a lot of emphasis in developing and sustaining the right culture for open communication, continuous innovation and performance centric growth. As on 31st March, 2016, there are 2002 permanent employees employed by the Company. Following are some of the activities related to human resources / industrial relations during the financial year:

- Celebration of different festivals like Holi, International Yoga Day, Safety Week, Labour Day, World Environment Day etc.
- Training to employees on leadership, change mindset, motivation skill, team work and positive thinking
- Basic first aid training program, health awareness & community disease prevention training
- Talent recognition & development, departmental achievements
- Health & safety initiatives

CORPORATE SOCIAL RESPONSIBILITY:

The management of the Company believes in the philosophy of beyond profit and engages in the CSR activities with an aim to Invest – To benefit generations, Educate – for self reliance & growth, Encourage – for self help, Care – for those who need its most and sustain natural resources. During the financial year, the Company has distributed chocolates & breakfast packets to children and provided fodder to cows in Vondh village situated nearby the Steel Plant of the Company. The employees of the Company also visits the nearby villages of the Plant for implementation of CSR activities.

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, raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the Countries within which the company conducts business and other factors such as litigation.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Electrotherm (India) Limited believes that Corporate Governance is the application of best management practices, compliance of law and adherence to ethical standards to achieve the company's objective of enhancing shareholder value and discharge of social responsibilities. Adopting high standards gives comfort to all existing and potential stakeholders including government and regulatory authorities, customers, suppliers, bankers, employees and shareholders.

Electrotherm remains resolute in its commitment to conduct business in accordance with the highest ethical standards and sound Corporate Governance practices. The Company strongly believes that sound and unambiguous system of Corporate Governance practices go a long way in enhancing shareholder value and retaining investor trust and preserving the interest of all stakeholders in a context where ethics and values are under siege.

The Company is in compliance with Clause 49 of the Listing Agreement / Regulation 17 to 27 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) as applicable, with regard to Corporate Governance.

2. BOARD OF DIRECTORS:

The Board of Directors of the Company is having optimum combination of Executive and Non-Executive Directors. As on 31st March, 2016, the Board of Directors comprises six Directors, out of which three are Executive Directors and three are Non-Executive & Independent Directors.

The details of composition of Board, category of all Directors as well as their Directorship/Membership in other Companies/Committees are given below:

| Sr. No | Name of Director | Category & Position | Number of other Directorship and Other Committee Membership / Chairmanship | | |
|--------|----------------------------|-------------------------------|--|----------------------|------------------------|
| | | | Directorship | Committee Membership | Committee Chairmanship |
| 1. | Mr. Mukesh Bhandari | Promoter & Executive Chairman | 6 | - | - |
| 2. | Mr. Shailesh Bhandari | Promoter & Managing Director | 9 | 1 | - |
| 3. | Mr. Avinash Bhandari | Jt. Managing Director & CEO | 4 | 1 | - |
| 4. | Mr. Ram Singh | Independent & Non-Executive | - | - | - |
| 5. | Mr. Chaitanyapratap Sharma | Independent & Non-Executive | 1 | - | 1 |
| 6. | Ms. Kruti Shukla* | Independent & Non-Executive | 1 | 1 | - |

* Ms. Kruti Shukla was appointed as an Additional Director (Independent Director) with effect from September 30, 2015.

- While calculating the number of Membership / Chairmanship in Committees of other Companies, Membership/Chairmanship of only Audit Committee and Stakeholders' Relationship Committee have been considered pursuant to the Listing Regulations. None of the Director is a member in more than ten committees or act as a Chairman of more than Five Committees across all companies in which he is a Director.
- None of the Directors are related to each other except Mr. Mukesh Bhandari and Mr. Shailesh Bhandari, who are Brothers.

Board Meetings:

In compliance with Clause 49 of the Listing Agreement / regulation 17 of the Listing Regulations and as required under the Companies Act, 2013, the Board of Directors meets at least four times a year and the time gap between any two Board meetings was not more than 120 days. During the financial year ended on March 31, 2016, 10 (Ten) Board Meetings were held on April 20, 2015, May 26, 2015, June 2, 2015, July 2, 2015, August 14, 2015, September 30, 2015, November 5, 2015, January 16, 2016, February 1, 2016, and February 13, 2016.

REPORT ON CORPORATE GOVERNANCE

Attendances of Directors at the Board Meetings and at the Last Annual General Meeting held on September 30, 2015 are as under:

| Name of Director | Total Board Meetings held | Attendance | |
|----------------------------|---------------------------|----------------|--------------------------------|
| | | Board Meetings | AGM held on September 30, 2015 |
| Mr. Mukesh Bhandari | 10 | 8 | No |
| Mr. Shailesh Bhandari | 10 | 7 | Yes |
| Mr. Avinash Bhandari | 10 | 10 | Yes |
| Mr. Ram Singh | 10 | 10 | Yes |
| Mr. Chaitanyapratap Sharma | 10 | 8 | No |
| Ms. Kruti Shukla | 5 | 5 | No |

All the information required to be furnished to the Board was made available to them along with detailed agenda notes.

Board Evaluation

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

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

Meeting of Independent Directors:

During the year under review, a separate meeting of the Independent Directors of the Company was held on February 13, 2016 to review the performance of Non-Independent Directors, Chairman and the Board as a whole and to assess the flow of information between the company management and the Board of Directors. All the independent directors of the Company were present at the said meeting.

Familiarisation Programme for Independent Directors:

Independent Directors are familiarised with their roles, rights and responsibilities in the Company as well as with the nature of industry and business model of the Company by providing various presentation at Board/ Committee meetings from time to time. The details of the familiarisation programmes imparted to independent directors can be accessed on the website www.electrotherm.com.

3. COMMITTEES OF BOARD:

A. Audit Committee:

(i) Brief description of Terms of Reference:

The terms of reference in the nature of role, power and review of information by the Audit Committee are in compliance with the provisions of Clause 49 of the Listing Agreement / Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013. Minutes of the Audit Committee are circulated and discussed at the Board Meeting.

(ii) Composition of the Committee:

The Audit Committee comprises of three directors as members and two thirds of the members of Audit Committee are independent directors. The Audit Committee comprises of Mr. Ram Singh, an Independent Director as a Chairman and Mr. Chaitanyapratap Sharma & Mr. Avinash Bhandari as Members. The Company Secretary acts as the Secretary to the Committee.

(iii) Meetings and Attendance:

During the financial year ended on March 31, 2016, four Meetings of the Audit Committee were held on May 26, 2015, August 14, 2015, November 05, 2015 and February 13, 2016. The time gap between any two meetings was not more than 120 days. The Chairman of the Audit Committee was present at the last Annual General Meeting.

REPORT ON CORPORATE GOVERNANCE

Details of Attendance at the Meetings of Audit Committee:

| Name | Designation | Attendance |
|---------------------------|-------------|------------|
| Mr. Ram Singh | Chairman | 4 |
| Mr. Chitanyapratap Sharma | Member | 4 |
| Mr. Avinash Bhandari | Member | 4 |

B. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee was constituted as per the provisions of Companies Act, 2013 and Clause 49 of Listing Agreement / Regulation 19 of the Listing Regulations.

(i) Brief description of Terms of Reference:

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

(ii) Composition of the Committee:

The Nomination and Remuneration Committee is in compliance with the provisions of Clause 49 of the Listing Agreement / Regulation 19 of the Listing Regulations and Section 178 of the Companies Act, 2013. Minutes of the Nomination and Remuneration Committee are circulated and discussed at the Board Meeting. The Nomination and Remuneration Committee consist of two Non-Executive & Independent Directors and the Executive Chairman of the Company as members of the Committee. Mr. Ram Singh is a Chairman and Mr. Chaitanyapratap Sharma and Mr. Mukesh Bhandari are members of the Nomination and Remuneration Committee.

(iii) Meetings and attendance:

During the financial year ended on March 31, 2016, three Meetings of the Nomination and Remuneration Committee were held on April 20, 2015, May 26, 2015 and September 30, 2015. The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting.

Details of Attendance at the Meetings of Nomination & Remuneration Committee:

| Name | Designation | Attendance |
|---------------------------|-------------|------------|
| Mr. Ram Singh | Chairman | 3 |
| Mr. Chitanyapratap Sharma | Member | 2 |
| Mr. Mukesh Bhandari * | Member | 1 |

* Mr. Mukesh Bhandari, Executive Chairman of the Company, appointed as Member of the Nomination and Remuneration Committee with effect from August 14, 2015.

(iv) Remuneration Policy:

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

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

The details of the remuneration policy including criteria for making payments to Non-Executive Directors can be accessed on the website www.electrotherm.com.

**REPORT ON CORPORATE GOVERNANCE****(a) Director/ Managing Director**

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

(b) Non-executive Independent Directors

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

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

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

(v) Details of Remuneration of Directors:

The Shareholders of the Company at the 28th Annual General Meeting held on September 30, 2014 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 three years from February 1, 2014 to January 31, 2017 with monthly remuneration of ₹ 2,00,000/- each.

During the financial year ended on March 31, 2016, in view of the losses incurred by the company and pursuant to the provisions of Section 197 of the Companies Act, 2013 read with Schedule V, the Company has not paid any remuneration to any of its directors viz. Chairman, Managing Director, Jt. Managing Director & CEO or other directors.

The Company has not paid any sitting fees / remuneration to the Non-Executive & Independent Directors of the Company during the financial year. Non-Executive Directors of the Company does not hold any equity shares of the Company as on March 31, 2016. During the year, there were no pecuniary relationships or transactions between the Company and its Non-Executive Directors.

C. Stakeholders Relationship Committee :

The Stakeholders Relationship Committee is in compliance with the provisions of Clause 49 of the Listing Agreement / Regulation 20 of the Listing Regulations and Section 178 of the Companies Act, 2013. The Committee specifically look into the mechanism of redressal of grievances including related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends. Minutes of the Stakeholders' Relationship Committee are circulated and discussed at the Board Meeting. The Stakeholders Relationship Committee consist of two Non-Executive & Independent Directors and one Executive Director. Mr. Ram Singh, a non-executive and independent director is a Chairman and Mr. Chaitanyapratap Sharma and Mr. Avinash Bhandari are members of the Stakeholders Relationship Committee. Mr. Shailesh Bhandari, Managing Director is a Compliance Officer.

During the year under review, five meetings of the Stakeholders Relationship Committee were held on April 30, 2015, June 30, 2015, July 31, 2015, December 10, 2015 and March 23, 2016.

Details of Attendance at the Meetings of Stakeholders Relationship Committee:

| Name | Designation | Attendance |
|---------------------------|-------------|------------|
| Mr. Ram Singh | Chairman | 5 |
| Mr. Chitanyapratap Sharma | Member | 5 |
| Mr. Avinash Bhandari | Member | 5 |

Details of Shareholders Complaints during the year 2015-2016:-

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

| Sr.No. | Nature of Complaint | Complaints received | Complaints solved | Complaints pending |
|--------|------------------------------|---------------------|-------------------|--------------------|
| 1. | Non receipt of Dividend | Nil | Nil | Nil |
| 2. | Non receipt of Annual Report | 2 | 2 | Nil |

REPORT ON CORPORATE GOVERNANCE

SEBI Complaints Redress Systems (SCORES)

SEBI vide circular dated 3rd June, 2011 introduced the system of process of investors complaints in a centralised web based complaints redress system known as a 'SCORES'. The salient features of this system are: Centralised 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. As per the Listing Regulations, the Company is registered on the SCORES platform for handling of investor complaints electronically.

D. Other Committees

(i) Securities Allotment Committee

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

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

During the financial year ended on March 31, 2016, one meeting of the Securities allotment Committee was held on August 22, 2015.

(ii) Management Committee

The Company has constituted a Management Committee on October 29, 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, closing of such dividend accounts, matters related to settlement of loan with banks / financial institutions and other authorisations on behalf of the Company.

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

During the financial year ended on March 31, 2016, Nine Meetings of the Management Committee were held.

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

As per the provisions of Section 135 of the Companies Act, 2013, the Company has constituted a Corporate Social Responsibility Committee. The CSR Committee has formulated a CSR policy of the Company and the same has been placed on the website of the Company at www.electrotherm.com.

The CSR Committee comprises of Mr. Shailesh Bhandari as Chairman and Mr. Avinash Bhandari and Mr. Chaitanyapratap Sharma are the members of the CSR Committee.

REPORT ON CORPORATE GOVERNANCE

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 / Period | Venue | Date & Time | Special Resolutions Passed |
|------------------|-------------------------|--|----------------------------------|--|
| 29 th | 2014-15 | S-5, Ahmedabad Management Association, AITRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015 | September 30, 2015 11.00 a.m. | <ul style="list-style-type: none"> Alteration of Articles of Association of the Company |
| 28 th | 2013-14 | S-5, Ahmedabad Management Association, AITRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015 | September 30, 2014 11.00 a.m. | <ul style="list-style-type: none"> Reconfirming Authority to Board of Directors of the Company for borrowing limit up to ₹ 4000 Crores Re-appointment of Mr. Mukesh Bhandari as a Managing Director designated as a Chairman Re-appointment of Mr. Shailesh Bhandari as a Managing Director Re-appointment of Mr. Avinash Bhandari as a Joint Managing Director & CEO Adoption of new set of Articles of Association Authority for Related Party Transactions under section 188 of Companies Act, 2013 |
| 27 th | 2012-13 | A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380 015 | December 30, 2013 11.00 a.m. | None |

(ii) Extra Ordinary General Meetings:

No Extra Ordinary General Meeting was held during the financial year ended on March 31, 2016.

(iii) Special Resolution passed through Postal Ballot:

During the financial year ended on March 31, 2016, the following special resolutions were passed by requisite majority through postal ballot on August 10, 2015 as per notice of postal ballot dated July 2, 2015:

| Sr. No. | Resolutions Passed |
|---------|---|
| 1 | Increase in and reclassification of the authorised share capital of the Company |
| 2 | Alteration of Articles of Association |
| 3 | Issue of Partially Convertible Partially Redeemable Preference Shares on Preferential Basis |

REPORT ON CORPORATE GOVERNANCE

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

| Resolution No. and Description | Number of valid Votes received / Polled | Votes cast in favour | | Votes cast against | |
|--|---|----------------------|-------|--------------------|------|
| | | No. of Vote | % | No. of Vote | % |
| Resolution No. 1: Increase in and reclassification of the authorised share capital of the Company | 4910758 | 4910436 | 99.99 | 322 | 0.01 |
| Resolution No. 2: Alteration of Articles of Association | 4910758 | 4910351 | 99.99 | 407 | 0.01 |
| Resolution No. 3: Issue of Partially Convertible Partially Redeemable Preference Shares on Preferential Basis. | 4910758 | 4909451 | 99.97 | 1307 | 0.03 |

Mr. Deepak Rachchha, Advocate was appointed as the Scrutiniser for carrying out the postal ballot process in fair and transparent manner.

(iv) Procedure of postal Ballot:

After receiving the approval of the Board of Directors, Notice of the Postal Ballot, text of the Resolution and Explanatory Statement, relevant documents, Postal Ballot Form and self-addressed postage pre-paid envelopes are sent to the shareholders to enable them to consider and vote for or against the proposal within a period of 30 days from the date of dispatch. E-voting facility is made available to all the shareholders and instructions for the same are specified under instructions for voting in the Postal Ballot Notice. E-mails are sent to shareholders whose e-mail ids are available with the depositories and the Company along with Postal Ballot Notice and Postal Ballot Form. After the last day for receipt of ballots [physical/e-voting], the Scrutinizer, after due verification, submits the results to the Chairman. Thereafter, the Chairman declares the result of the Postal Ballot. The same was posted on the Company's website and submitted to the Stock Exchanges where the shares of the Company are listed. The result was published in the Business Standard (English) and Prabhat (Gujarati) Newspapers.

At present there is no proposal to pass any Special Resolution through Postal Ballot.

5. DISCLOSURES:

i) Related Party Transactions

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and clause 49 of the Listing Agreement / Regulation 23 of the Listing Regulations during the financial year were on Arm's Length basis. There were no materially significant related party transactions during the year that may have potential conflict with the interest of the Company at large. The Company at the 28th Annual General Meeting held on September 30, 2014 has approved all proposed related party transactions with annual limits. The details of related party transactions as per Accounting Standard 18 are included in the notes to accounts.

The Policy on Related Party Transactions as approved by the Board of Directors is uploaded on the website of the Company viz. www.electrotherm.com.

ii) Code of Conduct

The Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management of the Company. In compliance with the Code, Directors and Senior Management of the Company have affirmed compliance with the Code for year ended on March 31, 2016. The declaration of compliance of Code of Conduct by the Joint Managing Director & CEO is part of this Annual Report. The Code of Conduct is available on the website of the Company viz. www.electrotherm.com.

iii) Prohibition of Insider Trading

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted the Insider Trading Code to regulate, monitor and report trading by the directors, officers and designated employees who are expected to have access to the unpublished price sensitive information relating to the Company. The said Insider Trading Code is available on the website of the Company viz. www.electrotherm.com.

**REPORT ON CORPORATE GOVERNANCE****iv) Details of Non-Compliance related to capital markets**

Except the imposition of fine for non-compliance with appointment of woman director as on March 31, 2015 by the Stock Exchanges and non-appointment of independent director from September 2, 2015 to September 29, 2015, there is no other non-compliance by the company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

v) Whistle Blower Policy:

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

vi) Compliance with mandatory and non-mandatory requirements

The Company has complied with all the mandatory requirements of the Listing Agreement /Listing Regulations, except as mentioned above. Following are the details related to compliance with the non-mandatory requirement as per Listing Regulations:

1. The Company has an Executive Chairman.
2. The quarterly/half yearly results are not sent to the shareholders. However, the same are published in the newspapers and are also posted on the Company' website.
3. The auditors have qualified the financial statement for the financial year 2015-2016. The Board has clarified/explained the same in Board's Report.
4. The internal Auditor regularly updates the Audit Committee.

vii) Policy on "Material" Subsidiaries

The Board of Directors of the Company has approved a policy on determining Material Subsidiary which is available on the website of the Company at www.electrotherm.com. The Company has complied with the corporate governance requirements with respect to subsidiary / unlisted material subsidiary as per Regulation 24 of the Listing Regulations.

viii) Commodity Price risk or foreign exchange risk and hedging activities:

The Company has raised funds through External Commercial Borrowings (ECB) and Foreign Currency Convertible Bonds (FCCBS). As the FCCBs are not converted into Equity Shares, the same will be payable in foreign currency along with ECB and this will mean an exposure of the Foreign Exchange fluctuation risk. Further the Company is also exposed to the foreign exchange risk for the import and export activity.

Further the Company is exposed to the risk associated with fluctuation in the prices of the commodity used for the manufacturing activities.

ix) CEO and CFO Certification:

Pursuant to the Regulation 17(8) read with Part B of Schedule II of the Listing Regulation, the Joint Managing Director & CEO and Chief Financial Officer has given the compliance certificate and the same is part of this Annual Report.

6. Means of Communication:

The quarterly and half yearly results are published in national and local daily such as "Business Standard / Financial Express" in English Edition and "Prabhat / Financial Express" in Gujarati Editions. The results are also available on the website of the Company viz. www.electrotherm.com. The official news releases of the Company are displayed on the website of the stock exchanges / company.

The Company has not made any presentations to the institutional investors or to the analysts during the financial year ended on March 31, 2016.

REPORT ON CORPORATE GOVERNANCE

7. General Shareholder Information:

| | |
|--|---|
| Day, Date & Time of 30 th AGM | Friday, September 30, 2016 at 11.00 a.m. |
| Venue of AGM | Ahmedabad Management Association (AMA), ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015 |
| Email for Investor Complaint | sec@electrotherm.com |
| Website | www.electrotherm.com |
| Financial Period | April 1, 2015 to March 31, 2016 |
| Dividend payment date | Not applicable as the Board of Directors has not recommended dividend for the Financial Year ended on March 31, 2016. |
| ISIN with NSDL & CDSL | INE822G01016 |

Tentative Financial Calendar for 2016-2017 (from April 1, 2016 to March 31, 2017):

| | |
|--------------------------------------|--------------------------------|
| Quarter ending on June 30, 2016 | On or before August 14, 2016 |
| Quarter ending on September 30, 2016 | On or before November 14, 2016 |
| Quarter ending on December 31, 2016 | On or before February 14, 2017 |
| Quarter ending on March 31, 2017 | On or before May 30, 2017 |

A. Listing on Stock Exchange(s):

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

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

Annual Listing Fees for the Financial Year 2016-17 have been paid to both Stock Exchanges.

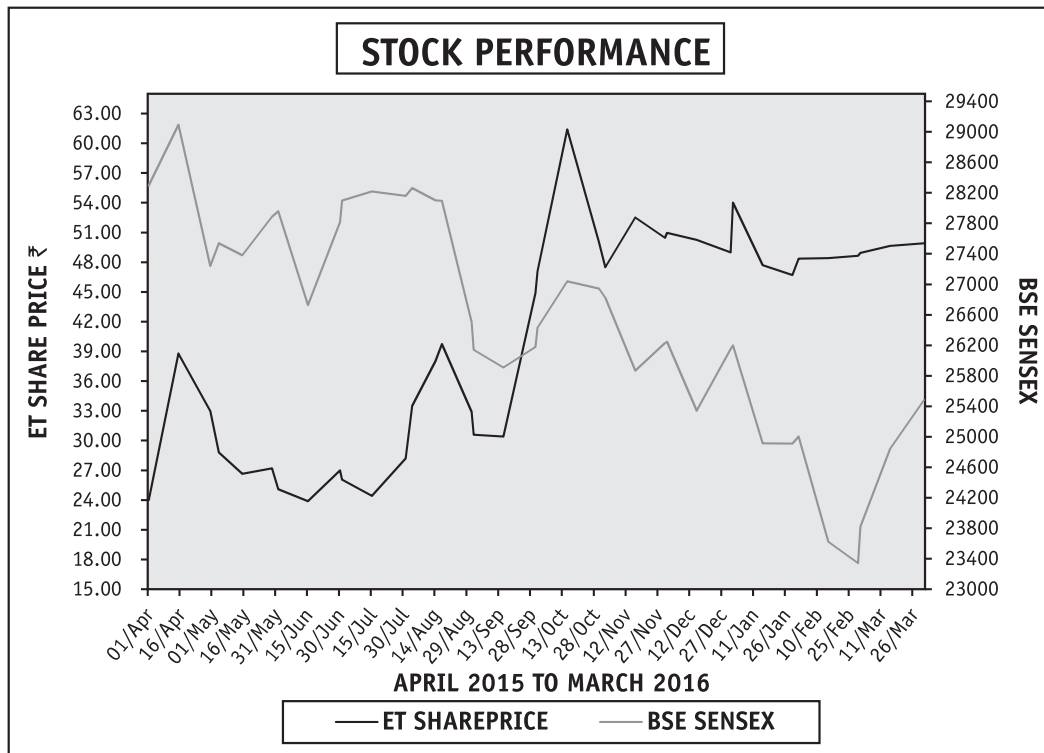
**REPORT ON CORPORATE GOVERNANCE****B. Market Price Data :**

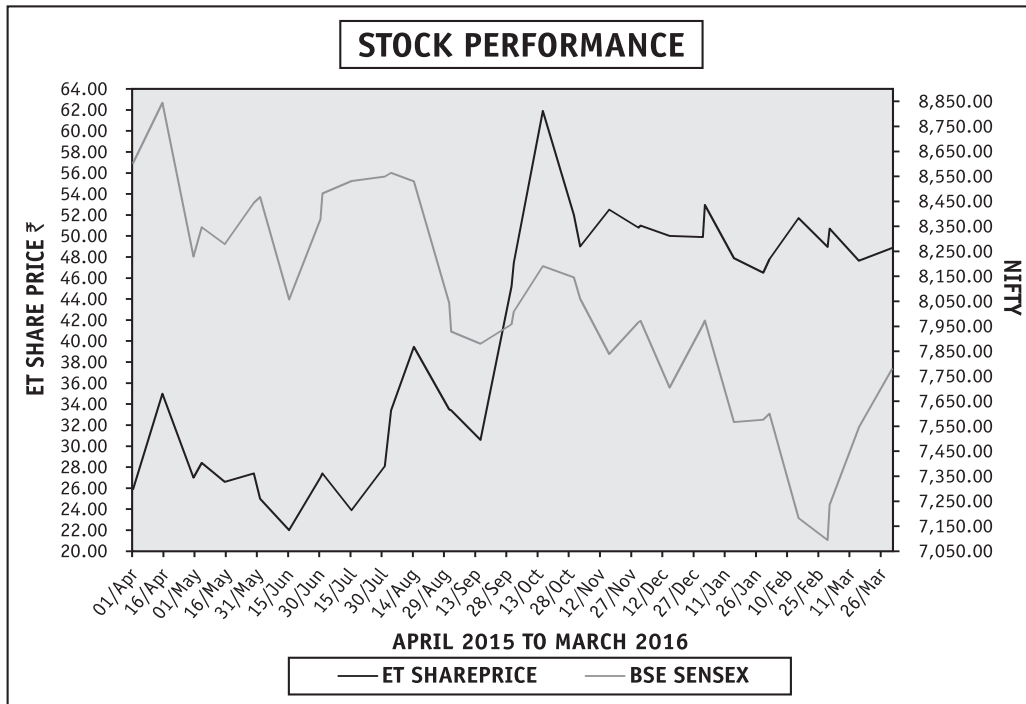
Market price data of equity shares of the Company having face value of ₹ 10/- on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) for the financial period 2015-2016 are given below:

| Month | BSE – Share Price | | BSE Monthly Volume | NSE – Share Price | | NSE Monthly Volume |
|-----------------|-------------------|-------|--------------------|-------------------|-------|--------------------|
| | High | Low | | High | Low | |
| April, 2015 | 38.80 | 22.70 | 178659 | 38.55 | 22.20 | 278741 |
| May, 2015 | 28.80 | 21.50 | 47834 | 28.40 | 20.70 | 86426 |
| June, 2015 | 27.00 | 20.60 | 137031 | 27.00 | 19.10 | 167111 |
| July, 2015 | 28.20 | 22.20 | 124772 | 28.50 | 21.60 | 287863 |
| August, 2015 | 48.60 | 28.05 | 331433 | 47.30 | 27.95 | 1781872 |
| September, 2015 | 44.90 | 29.05 | 81131 | 45.20 | 27.70 | 110252 |
| October, 2015 | 69.45 | 44.00 | 200707 | 69.85 | 45.75 | 326032 |
| November, 2015 | 56.20 | 43.40 | 54508 | 56.50 | 42.20 | 97601 |
| December, 2015 | 54.90 | 45.25 | 78954 | 54.15 | 45.00 | 111542 |
| January, 2016 | 55.10 | 36.00 | 96374 | 55.55 | 32.10 | 88644 |
| February, 2016 | 49.00 | 37.10 | 93651 | 51.70 | 39.15 | 86851 |
| March, 2016 | 51.25 | 39.05 | 62086 | 54.30 | 43.00 | 72337 |

C. Stock Performance:

Performances of share price of the Company in comparison to BSE Sensex and Nifty for the financial year 2015-2016 are as under:



REPORT ON CORPORATE GOVERNANCE

D. Registrar and Share Transfer Agent:

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

LINK INTIME INDIA PVT. LTD.

303, 3rd Floor, Shopper Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, Off C. G. Road, Ahmedabad – 380 009
Phone & Fax No. (079) 2646 5179 E-mail : ahmedabad@linkintime.co.in

E. Share Transfer System:

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

As per Clause 47(c) of the Listing Agreement / Regulation 40(9) of the Listing Regulations 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 March 31, 2016:

| Category | No. of Shareholders | | No. of Shares | |
|---------------|---------------------|-------------------|-----------------|---------------|
| | Total | % of Shareholders | Total | % of Shares |
| 1 - 500 | 6065 | 90.92 | 594340 | 5.18 |
| 501 - 1000 | 301 | 4.51 | 233969 | 2.04 |
| 1001 - 2000 | 139 | 2.08 | 209258 | 1.82 |
| 2001 - 3000 | 49 | 0.73 | 118526 | 1.03 |
| 3001 - 4000 | 19 | 0.28 | 68245 | 0.59 |
| 4001 - 5000 | 17 | 0.25 | 78832 | 0.69 |
| 5001 - 10000 | 28 | 0.42 | 207523 | 1.81 |
| 10001 & Above | 53 | 0.79 | 9965681 | 86.84 |
| Total | 6671 | 100.00 | 11476374 | 100.00 |

**REPORT ON CORPORATE GOVERNANCE****G. Categories of Shareholding as on March 31, 2016:**

| 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. | Bodies Corporate | 2989663 | 26.05 |
| 5. | NRIs | 28,823 | 0.25 |
| 6. | Trusts | 11365 | 0.10 |
| 7. | Foreign Companies | 2000000 | 17.43 |
| 8. | Clearing Members | 52317 | 0.46 |
| 9. | Indian Public & HUF | 2616231 | 22.79 |
| | Total | 1,14,76,374 | 100.00 |

H. Dematerialisation of Shares and Liquidity:

The Shares of the Company are under compulsory trading in demat form. The details of dematerialisation of shares as on March 31, 2016 is as under:

| Sr.No. | Particulars | No. of Shares | % of Paid up Capital |
|--------|-----------------------|--------------------|----------------------|
| 1. | Held in Physical form | 26,16,607 | 22.80 |
| 2. | Held in Demate form | 88,59,767 | 77.20 |
| | Total | 1,14,76,374 | 100.00 |

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

- (1) As on March 31, 2016, the Company does not have any GDRs/ADRs/Warrants.
- (2) The Company has allotted 2,85,90,000 Partially Convertible Partially Redeemable Preference Shares (PCPRPS) to Edelweiss Asset Reconstruction Company Limited (As trustee of EARC Trust SC 30) on August 22, 2015 as per SEBI (ICDR) Regulations, 2009, inter alia, on following terms:
 - (i) Such number of PCPRPS shall be converted into such proportionate number of Equity Shares based on the conversion price on the Conversion Date in such a manner so the post conversion equity capital of Edelweiss Asset Reconstruction Company Limited ("EARC") shall not exceed 10% of total post conversion equity capital of the company and balance PCPRPS which will not get converted into equity shares shall be continue as Non-convertible redeemable preference shares and shall carry 0% Coupon Rate and shall be redeemed/re-purchased on such date as determined by the board but not later than a period exceeding three years.
 - (ii) As per the terms of issue and allotment of PCPRPS, the 'Conversion Date' is the date on which the PCPRPS are eligible to convert into Equity Shares of the Company, which for all purposes shall be the last date of 18 month from the date of allotment of PCPRPS.
 - (iii) The Company shall take all steps to convert the PCPRPS held by the PCPRPS holder into Equity Shares of ₹ 10/- each and balance continued as Non-convertible redeemable Preference shares of ₹ 10/- each and deliver the Equity Shares/ Non-Convertible redeemable Preference Shares without any additional act or deed being required to be performed by the PCPRPS holder.

REPORT ON CORPORATE GOVERNANCE

J. Plant Locations:

- Engineering & Projects Division : Survey No.: 72, Village: Palodia, Taluka: Kalol, Dist.: Gandhinagar 382 115, Gujarat
Special Steel, Electric Vehicle Division : Survey No. 325, Village Samkhiyali, N.H. No. 8A, Nr. Toll Naka, Taluka : Bhachau, Dist. Kutch, Gujarat
Wind Farm : Village: Dhank, Taluka : Upleta, Dist.: Rajkot, Gujarat
Transmission Line Tower Division : Village : Juni Jithardi, Tal : Karjan, Dist : Vadodara, Gujarat

K. Address for Correspondence:

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

Electrotherm (India) Limited

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

Phone No. : (02717) 234553 to 57 Fax No. : (02717) 660600 Email : sec@electrotherm.com

DECLARATION OF CODE OF CONDUCT

I hereby confirm that the Company has obtained from all the Board Members and Senior Management Personnel, affirmation that they have complied with the Code of Conduct for the financial year ended on 31st March, 2016.

Date : 11th August, 2016

Place : Palodia

Avinash Bhandari
Joint Managing Director & CEO

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATE

To

The Board of Directors
Electrotherm (India) Limited

In compliance with Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) read with Schedule II Part B of the Listing Regulations, we hereby certify the following for the financial year ended on 31st March, 2016:

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company’s code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee:
- (1) significant changes in internal control over financial reporting during the year;
 - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company’s internal control system over financial reporting.

Date : 11th August, 2016

Place : Palodia

Avinash Bhandari
Joint Managing Director & CEO

Pawan Gaur
Chief Financial Officer (CFO)

REPORT ON CORPORATE GOVERNANCE**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 ('the Company') for the year ended on March 31, 2016 as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), to the extent applicable during the said period. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the review of the procedures and implementation process adopted by the Company for ensuring the compliance of 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 based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement / Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Listing Regulations except the following:

- (a) *The Company has not appointed Woman Director as per Clause 49(II)(A)(1) of the Listing Agreement for the period from 1st April, 2015 to 19th April, 2015.*
- (b) *The Company has not replaced the independent director with new independent director for the period from 2nd September, 2015 to 29th September, 2015 as per Clause 49(II)(D)(4) of the 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 Company.

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

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

Place : Ahmedabad
Date : 11th August, 2016

INDEPENDENT AUDITOR'S REPORT ON STANDALONE FINANCIAL STATEMENTS

**TO
THE MEMBERS OF
ELECTROTHERM (INDIA) LTD.**

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **ELECTROTHERM (INDIA) LTD.** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

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

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone financial statements.

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

Matter of Emphasis

1. *We draw attention to Note No. 2.27 of the accompanying Standalone Financial statements in respect of Winding up petitions and recovery cases against the company, Note No. 2.28 of the accompanying Standalone Financial statements in respect of filing of Reference to BIFR on account of erosion of the net worth of the company and Note No.2.29(f) 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. 2.30 of the accompanying Standalone Financial statements in respect of (a) writing Off of the Old Balances of advances, Trade Receivables and Inventories (b) assignment of Debts of the Some of the Bankers to Edelweiss Asset Reconstruction Company Limited and Invent Assets Securitization & Reconstruction Pvt. Ltd. and direct settlement of debts of ICICI Bank Ltd. and (c) non provision of diminution in the value of Investments in the Subsidiaries, writing off value of investment in Shree Ram Electrocast Limited and other additional disclosures in relation to Standalone Financial statements of the Company.*
3. *We draw attention to Note No. 2.38 of the accompanying Standalone Financial statements in respect of third party balance confirmations, its classification in respect of nature of realization of the amount and provision thereof.*

INDEPENDENT AUDITOR'S REPORT

4. We draw attention to Note No. 2.29(a) to (d) of the accompanying Standalone Financial statements, in respect of non-provision of long disputed advances/claims/liability against the company, on account of the reasons for recovery/realization/settlement as stated in said notes.

Qualification

1. We draw attention Note No 2.29(e) of non-provision of interest on NPA accounts of banks of ₹683.08 Crore. The exact amounts of the said non-provisions are not determined and accounted for by the company.

Opinion

In our opinion and to the best of our information and according to the explanations given to us read with the notes to accounts, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its loss and its cash flows for the year.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable for the year under consideration.
2. As required by Section 143 (3) of the Act, we broadly report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - (f) With respect to adequacy of the internal financial controls over the financial reporting of the company and the operating effectiveness of such controls refer to our separate report.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its Standalone financial statements- Refer Note No. 2.31 to the financial statements
 - ii. there are no long term contracts including derivative contracts and accordingly no provision is required to be made for any loss from the same; and
 - iii. There is no fund which is pending to be transferred to the Investor Education and Protection Fund by the Company.

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

PRAKASH D.SHAH

Partner

Membership No. 34363

Place : Ahmedabad
Date : 30th May, 2016

ANNEXURE TO THE AUDITOR'S REPORT

The Annexure referred to in Independent Auditor's report to the members of Electrotherm (India) Limited on the standalone financial statements for the year ended on 31 March, 2016, we report that:

- i. (a) The Company has maintained records showing full particulars, including quantitative details and situation of fixed assets, however the company is in the process of updating the fixed assets register in certain respect.
- (b) As informed to us, the Company has a programme of physical verification of its fixed assets by which the fixed assets are verified by the Management at regular intervals. In accordance with this programme fixed assets of Steel Division were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanation given to us the title deeds of immovable properties, as disclosed in Note 2.09 on fixed assets to the Standalone financial statements, are held in the name of the Company.
- ii. The physical verification of inventory has been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory (other than old unused inventory which have been written off during the year) as compared to book records were not material and have been appropriately dealt with in the books of accounts.
- iii. The Company has granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act')
- (a) In respect of the aforesaid loans, the terms and conditions on which such loans were granted are not prejudicial to the Company's Interest.
- (b) In respect of the aforesaid loans, the schedule of repayment of principal and Interest has not been stipulated, and the parties are repaying the principal amounts, as stipulated, and also regular in payment of Interest as applicable.
- (c) In respect of the aforesaid loans, there is no amount overdue for more than ninety days.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.
- v. The Company has not accepted any deposits from the public.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

Further there are undisputed amounts payable in respect of above dues which were in arrears as at 31st March 2016 for a period of more than six months from the date they became payable.



ANNEXURE TO THE AUDITOR'S REPORT

(b) According to the information and explanations given to us and the records of the Company examined by us, following are the details of outstanding dues in respect of Income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise , value added tax or cess etc. which have not been deposited/adjusted/reversed on account of any dispute:-

| Name of the Statute | Nature of dues | Amount (in Crore Rupees) | Period to which the amount relates | Forum Where Dispute is pending | |
|----------------------------|-----------------------------|--------------------------|------------------------------------|---|-------------------|
| Central Excise Act,1944 | EXCISE DUTY | 0.004 | 12/28/2005 | COMMISSIONER ,CENTRAL EXCISE , GANDHIDHAM | |
| | EXCISE DUTY | 11.65 | DEC-05 TO DEC-08 | CESTAT, AHMEDABAD | |
| | EXCISE DUTY | 175 | APR-05 TO MAR-10 | CESTAT, AHMEDABAD | |
| | EDUCATION CESS | 0.17 | JAN-11 TO MAR-11 | CESTAT, AHMEDABAD | |
| | EXCISEDUTY(ADVANCE LICENSE) | 22.41 | MAR-11 TO DEC-11 | COMMISSIONER ,CENTRAL EXCISE , GANDHIDHAM | |
| | SERVICE TAX | 1.84 | APR-07 TO MAR-08 | COMMISSIONER ,CENTRAL EXCISE , GANDHIDHAM | |
| | EXCISE DUTY | 68.62 | OCT-07 TO SEP-12 | COMMISSIONER ,CENTRAL EXCISE ,GANDHIDHAM | |
| | EXCISE DUTY | 0.12 | APR-08 TO JULY-11 | CESTAT, AHMEDABAD | |
| | EXCISE DUTY | 0.69 | 12.04.2006 TO 31.12.2006 | CESTAT, AHMEDABAD | |
| | SERVICE TAX | 0.16 | MAY-07 TO AUG-07 | CESTAT, AHMEDABAD | |
| | EXCISE DUTY | 2.60 | 2008-09 | CESTAT, AHMEDABAD | |
| | EXCISE DUTY | 57.38 | APR-09 TO MAR-10 | COMMISSIONER ,CENTRAL EXCISE , GANDHIDHAM | |
| | SUB TOTAL | | 340.64 | | |
| | Customs Act,1962 | CVD | 7.27 | MAR-11 TO DEC-11 | CESTAT, AHMEDABAD |
| INTEREST | | 6.95 | MAY-07 TO FEB-08 | CESTAT, AHMEDABAD | |
| INTEREST | | 5.26 | JAN-08 TO MAY-08 | ADDITIONAL COMMISSIONER,MUNDRA | |
| CUSTOM DUTY | | 0.83 | MAR-12 TO JAN-13 | CESTAT, AHMEDABAD | |
| Subtotal | | 20.31 | | | |
| Income Tax Act,1961 | Income Tax | 6.38 | Assessment Year(2010-11) | (Commissioner of Income Tax)(Appeals) | |
| | Income Tax | 25.17 | Assessment Year(2011-12) | (Commissioner of Income Tax)(Appeals) | |
| Subtotal | | 31.55 | | | |
| Gujarat VAT Act 2005 | VAT | 31.84 | Financial Year(2009-10) &(2010-11) | Joint Commissioner Mumbai (Mazgeon) | |
| | VAT | 17.7 | Financial Year(2010-11) | Joint Commissioner Rajkot | |
| Central Sales Tax Act,1956 | CST | 9.65 | Financial Year(2010-11) | Joint Commissioner Rajkot | |
| Subtotal | | 59.19 | | | |

ANNEXURE TO THE AUDITOR'S REPORT

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has defaulted in repayment of loans or borrowings to financial institution and bank as at the balance sheet date. Details of which are as below:

| Name of Lender | Amount of Default as on 31/03/2016* | | | Default From |
|-------------------------------------|-------------------------------------|----------|--------|----------------|
| | Principal | Interest | Total | |
| Dena Bank | 51.44 | 0.00 | 51.44 | September 2011 |
| Corporation Bank | 116.71 | 0.00 | 116.71 | April 2012 |
| Union Bank of India | 49.40 | 0.00 | 49.40 | April 2012 |
| Standard Chartered Bank | 15.31 | 0.00 | 15.31 | December 2011 |
| Central Bank of India | 429.07 | 7.06 | 436.13 | March 2012 |
| Indian Overseas Bank | 200.00 | 0.01 | 200.01 | August 2011 |
| Vijaya Bank | 59.94 | 19.66 | 79.59 | March 2012 |
| Syndicate Bank | 24.45 | 9.94 | 34.39 | October 2011 |
| UCO Bank | 32.01 | 0.00 | 32.01 | June 2011 |
| International Financial Corporation | 152.38 | 5.39 | 157.76 | June 2011 |

*The above table does not include the interest which bank has not provided after the account has been classified Non Performing Assets and the amount which has been assigned/settled by the Banker.

- ix. The company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. Since the Company has not paid/ provided for managerial remuneration during the year the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. In our opinion and according to the information and explanation given to us, the company is not a Nidhi company. Accordingly paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. The Company has made preferential allotment of shares during the year under review and the requirement of Section 42 has been complied with. The shares have been issued as part of arrangement of assignment of debts to an Asset reconstruction company and accordingly no amount has been raised out of such issue of shares.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly paragraph 3(xv) of the Order is not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the paragraph 3(xvi) of the Order is not applicable to the Company.

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

PRAKASH D.SHAH
Partner

Membership No. 34363

Place : Ahmedabad
Date : 30th May, 2016

ANNEXURE TO THE AUDITOR'S REPORT

INDEPENDENT AUDITORS' REPORT ON INTERNAL FINANCIAL CONTROLS

Independent Auditors' Report of even date to the members of ELECTROTHERM (INDIA) LIMITED on the standalone financial statements for the year ended March 31, 2016.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Electrotherm (India) Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that
 - (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
 - (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
 - (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

ANNEXURE TO THE AUDITOR'S REPORT

Opinion

8. In our opinion, the Company has, in all material respects, except otherwise stated in the financial statements, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

PRAKASH D.SHAH
Partner
Membership No. 34363

Place : Ahmedabad
Date : 30th May, 2016

**STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2016**

| Sr. No. | Particulars | Note No. | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|---------|----------------------------------|----------|--|--|
| | EQUITY AND LIABILITIES | | | |
| | <i>Shareholders' funds</i> | | | |
| (a) | Share Capital | 2.01 | 52.07 | 23.48 |
| (b) | Reserves and Surplus | 2.02 | (1,254.81) | (1,036.50) |
| | | | (1,202.74) | (1,013.02) |
| | <i>Non - Current liabilities</i> | | | |
| (a) | Long Term Borrowings | 2.03 | 1,713.10 | 1,221.41 |
| (b) | Long Term Provisions | 2.04 | 10.04 | 7.58 |
| | | | 1,723.14 | 1,228.99 |
| | <i>Current liabilities</i> | | | |
| (a) | Short-term borrowings | 2.05 | 1,242.71 | 1,841.89 |
| (b) | Trade Payables | 2.06 | 231.50 | 188.21 |
| (c) | Other current liabilities | 2.07 | 86.20 | 110.39 |
| (d) | Short Term Provisions | 2.08 | 3.69 | 4.10 |
| | | | 1,564.10 | 2,144.59 |
| | TOTAL | | 2,084.50 | 2,360.56 |
| | ASSETS | | | |
| | <i>Non-Current Assets</i> | | | |
| (a) | Fixed Assets | | | |
| (i) | Tangible Assets | 2.09 | 1,148.99 | 1,276.39 |
| (ii) | Intangible Assets | 2.09 | 0.54 | 0.94 |
| (iii) | Capital work-in-progress | 2.09 | 11.22 | 10.45 |
| (b) | Non-current Investments | 2.10 | 48.71 | 127.39 |
| (c) | Long-term loans and advances | 2.11 | 35.24 | 44.94 |
| (d) | Other Non-Current Assets | 2.12 | 32.54 | 32.11 |
| | | | 1,277.24 | 1,492.22 |
| | <i>Current Assets</i> | | | |
| (a) | Inventories | 2.13 | 240.97 | 274.44 |
| (b) | Trade Receivables | 2.14 | 309.20 | 343.51 |
| (c) | Cash and Bank Balances | 2.15 | 62.81 | 46.88 |
| (d) | Short-term loans and advances | 2.16 | 192.45 | 202.95 |
| (e) | Other Current assets | 2.17 | 1.83 | 0.56 |
| | | | 807.26 | 868.34 |
| | TOTAL | | 2,084.50 | 2,360.56 |

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 : 30th May, 2016

For & on behalf of the Board of Directors

Shailesh Bhandari**Managing Director**

DIN NO : 00058866

Fageshkumar Soni**Company Secretary****Avinash Bhandari****Joint Managing Director**

DIN NO : 00058986

Pawan Gaur**Chief Financial Officer**

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH 2016

| Sr. No. | Particulars | Note No. | Year ended on | Year ended on |
|----------|---|----------|---|--|
| | | | 31st March 2016 (₹ In Crore) Current Year | 31st March 2015 (₹ In Crore) Pervious Year |
| | Income | | | |
| | Revenue from Operations (Gross) | 2.18 | 1,990.77 | 1,950.80 |
| | Less: Excise Duty | | 128.56 | 121.59 |
| | Revenue from Operations Other Income | 2.19 | 1,862.21 4.45 | 1,829.21 4.05 |
| A | Total Revenue | | 1,866.66 | 1,833.26 |
| | Expenditure | | | |
| | Cost of Materials Consumed | 2.20 | 1,248.01 | 1,364.59 |
| | Purchases of Stock in Trade | 2.20 | 1.67 | 32.72 |
| | Changes in Inventories of Finished Goods and Work in Process | 2.21 | 37.11 | 126.00 |
| | Employee Benefits Expense | 2.22 | 103.41 | 88.12 |
| | Finance Cost | 2.23 | 13.55 | 6.37 |
| | Depreciation and Amortization Expense | 2.09 | 143.06 | 146.18 |
| | Other Expenses | 2.24 | 538.12 | 510.57 |
| | Preliminary Expenses Written Off | | 0.04 | 0.08 |
| B | Total Expenses | | 2,084.97 | 2,274.63 |
| | Loss before exceptional and extra ordinary items and tax (A-B) | | (218.31) | (441.37) |
| | Loss before Tax | | (218.31) | (441.37) |
| | Tax Expenses | | | |
| | Wealth Tax | | - | (0.02) |
| | Loss for the Year | | (218.31) | (441.39) |
| | Add/(Less) : Prior Period Adjustments | 2.25 | - | 0.88 |
| | Loss for the Year | | (218.31) | (440.51) |
| | Earnings per Equity Share (Nominal Value of Share ₹10/- each) | 2.40 | | |
| | Basic (In ₹) | | (190.17) | (384.49) |
| | Diluted (In ₹) | | (178.23) | (384.49) |

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 : 30th May, 2016

For & on behalf of the Board of Directors

Shailesh Bhandari
Managing Director
DIN NO : 00058866

Fageshkumar Soni
Company Secretary

Avinash Bhandari
Joint Managing Director
DIN NO : 00058986

Pawan Gaur
Chief Financial Officer

STANDALONE CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31ST MARCH, 2016

(₹ in Crore)

| PARTICULARS | Current Year | Previous Year |
|--|----------------|-----------------|
| A: CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Loss before tax as per Statement of Profit and Loss | (218.31) | (441.37) |
| Adjusted For: | | |
| Profit on Sale/Discard of assets (net) | - | (0.24) |
| Profit on Sale of Units of Mutual Fund | (0.06) | - |
| Depreciation | 143.06 | 146.18 |
| Net Sundry Balances Written Off | 37.91 | 96.42 |
| Provision For Doubtful Amounts | 47.07 | 44.97 |
| Investment Written Off | 78.68 | - |
| Interest Income | (3.49) | (3.04) |
| Prior Period Item | - | 0.88 |
| Finance Cost | 13.55 | 6.37 |
| Operating profit before working capital changes | 98.41 | (149.83) |
| Adjusted For: | | |
| Trade Receivables | (60.26) | (95.72) |
| Inventories | 33.47 | 143.85 |
| Trade Payables | 52.88 | 15.46 |
| Loans and advances and other assets | 19.20 | 162.16 |
| Other liabilities and provisions | (22.14) | (3.18) |
| Cash Generated from Operations | 121.56 | 72.74 |
| Taxes Paid | (0.70) | (0.61) |
| Net Cash Generated from Operating activities | 120.86 | 72.13 |
| B: CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (16.03) | (9.96) |
| Sales of Fixed Assets | - | 0.77 |
| Purchase of Units of Mutual fund | (5.00) | - |
| Sale of Units of Mutual fund | 5.06 | - |
| Interest Income | 3.49 | 3.04 |
| Net Cash (From) Investing Activities | (12.48) | (6.15) |
| C: CASH FLOW FROM FINANCING ACTIVITIES | | |
| Government subsidy received | - | 0.70 |
| Repayment of Long Term & Short Term Borrowings | (107.49) | (44.30) |
| Proceeds From Issue of Shares | 28.59 | - |
| Finance Cost | (13.55) | (6.37) |
| Net Cash (From) Financing Activities | (92.45) | (49.97) |
| Net Increase/(Decrease) in Cash and Bank Balances | 15.93 | 16.01 |
| Opening Balance of Cash and Bank Balances | 46.88 | 30.87 |
| Closing Balance of Cash and Bank Balances (Refer note no 2.15) | 62.81 | 46.88 |

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 : 30th May, 2016

For & on behalf of the Board of Directors

Shailesh Bhandari
Managing Director

DIN NO : 00058866

Fageshkumar Soni
Company Secretary
Avinash Bhandari
Joint Managing Director

DIN NO : 00058986

Pawan Gaur
Chief Financial Officer

1.00 SIGNIFICANT ACCOUNTING POLICIES

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.

(A) BASIS OF PREPARATION OF ACCOUNTS:

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

(B) USE OF ESTIMATES:

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

(C) REVENUE RECOGNITION:

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

(D) TANGIBLE ASSETS:

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

(E) INTANGIBLE ASSETS:

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

(F) DEPRECIATION:

Tangible Assets

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

Intangible Assets

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

(G) INVESTMENTS:

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



SIGNIFICANT ACCOUNTING POLICIES

(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 incomes and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred Tax asset/liability is calculated on the basis of the rate of Income Tax (excluding other levies) applicable for the current year.

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

(L) LEASES:

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

(M) BORROWING COSTS:

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

(N) IMPAIRMENT OF ASSETS:

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the assets. If such recoverable amount of the assets is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment

SIGNIFICANT ACCOUNTING POLICIES

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 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.



2.00 STANDALONE NOTES TO ACCOUNTS

2.01 Share Capital

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

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ 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 |
| 2,85,90,000 Partially Convertible Partially Redeemable Preference Shares of ₹ 10/- each | 28.59 | - |
| Total | 78.59 | 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. | 12.00 | 12.00 |
| (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) | | |
| 28590000 (Previous Year Nil) Partially Convertible Partially Redeemable Preference Shares | 28.59 | - |
| Total | 52.07 | 23.48 |

(b) A reconciliation of the number of shares outstanding as per last year

| (i) Equity Shares | As at 31st March 2016 | As at 31st March 2015 |
|--|-----------------------|-----------------------|
| | Numbers | Numbers |
| Shares outstanding at the beginning of the Year | 11,476,374 | 11,476,374 |
| Add : Shares Issued During the Year | - | - |
| Shares outstanding at the end of the Year | 11,476,374 | 11,476,374 |
| (ii) 6% Non-Cumulative Redeemable Preference Shares | As at 31st March 2016 | As at 31st March 2015 |
| | Numbers | Numbers |
| Shares outstanding at the beginning of the year | 12,000,000 | 12,000,000 |
| Add : Shares Issued During the Year | - | - |
| Shares outstanding at the end of the year | 12,000,000 | 12,000,000 |
| (iii) Partially Convertible Partially Redeemable Preference Shares | As at 31st March 2016 | As at 31st March 2015 |
| | Numbers | Numbers |
| Shares outstanding at the beginning of the Year | - | - |
| Add : Shares Issued During the Year | 28,590,000 | - |
| Shares outstanding at the end of the Year | 28,590,000 | - |

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

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

STANDALONE NOTES TO ACCOUNTS

- (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 year, 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) **Rights, preference and restriction attached to Partially Convertible Partially Redeemable Preference Shares (PCPRPS)**
- (i) The face value of the Preference shares is ₹ 10/- per share. The Preference share holder does not have any voting rights. During the year, the company has not declared any dividend.
- (ii) In the event of liquidation of the company, the preference share holders will have priority over equity shares in repayment of capital.
- (iii) The Equity Shares arising upon conversion of the PCPRPS shall rank pari passu with the existing Equity Shares of the Company in all respects, including dividend.
- (f) There were no shares reserved at the year-end for issue under options and contracts / commitments for the sale of shares / disinvestment.
- (g) **Shareholders holding more than 5% of the Shares in the Company :**

Equity Shares

| Sr. No. | Name of Shareholder | As at 31st March 2016 | | As at 31st March 2015 | |
|---------|---|-----------------------|--------------|-----------------------|--------------|
| | | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| 1 | IDBI Trusteeship Services Limited (India Advantage Fund-VI) | - | - | 1,292,231 | 11.26 |
| 2 | Castleshine PTE Limited | 1,000,000 | 8.71 | 1,000,000 | 8.71 |
| 3 | Leadhaven PTE Limited | 1,000,000 | 8.71 | 1,000,000 | 8.71 |
| 4 | Western India Specialty Hospital Ltd. | 975,000 | 8.50 | 975,000 | 8.50 |
| 5 | Mr. Shailesh Bhandari | 848,275 | 7.39 | 848,275 | 7.39 |
| 6 | Mr. Mukesh Bhandari | 809,500 | 7.05 | 809,500 | 7.05 |
| 7 | Jagdishkumar Amrutlal Akhani | 806,435 | 7.03 | - | - |

6% Non-Cumulative Redeemable Preference Shares

| Sr. No. | Name of Shareholder | As at 31st March 2016 | | As at 31st March 2015 | |
|---------|--|-----------------------|--------------|-----------------------|--------------|
| | | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| 1 | Highland Finance and Investments Pvt. Ltd. | 3,240,000 | 27.00 | 3,240,000 | 27.00 |
| 2 | Web Businesses.com Global Ltd. | 2,730,000 | 22.75 | 2,730,000 | 22.75 |
| 3 | Lavish Packagers Ltd. | 2,580,000 | 21.50 | 2,580,000 | 21.50 |
| 4 | Froid Finance and Investments Pvt. Ltd. | 1,200,000 | 10.00 | 1,200,000 | 10.00 |
| 5 | Mr. Shailesh Bhandari | 1,200,000 | 10.00 | 1,200,000 | 10.00 |
| 6 | Ahmedabad Aviation And Aeronautics Ltd. | 1,050,000 | 8.75 | 1,050,000 | 8.75 |

Partially Convertible Partially Redeemable Preference Shares

| Sr. No. | Name of Shareholder | As at 31st March 2016 | | As at 31st March 2015 | |
|---------|--|-----------------------|--------------|-----------------------|--------------|
| | | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| 1 | Edelweiss Asset Reconstruction Company Limited | 28,590,000 | 100.00 | - | - |

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

STANDALONE NOTES TO ACCOUNTS
2.02 Reserves and surplus

| Particulars | As at 31st March 2016 (₹ In Crore) | | As at 31st March 2015 (₹ In Crore) | |
|--|--|-------------------|--|-------------------|
| | | | | |
| (A) Capital Reserve | | | | |
| As per Last Balance Sheet Date | 14.07 | | 13.37 | |
| Add: Government Subsidy -Addition during the year | - | 14.07 | 0.70 | 14.07 |
| (B) Share Premium Account | | | | |
| As per Last Balance Sheet Date | | 212.69 | | 212.69 |
| (C) General Reserve | | | | |
| As per Last Balance Sheet Date | 320.07 | | 323.33 | |
| Less : Transferred for depreciation on Revaluation of Fixed Assets | (3.23) | 316.84 | (3.26) | 320.07 |
| (D) Surplus/Deficit in Statement of Profit & Loss | | | | |
| As per Last Balance Sheet Date | (1,583.33) | | (1,146.08) | |
| Less: Transferred from General Reserve | 3.23 | | 3.26 | |
| Add: Loss for the Year | (218.31) | (1,798.41) | (440.51) | (1,583.33) |
| Total | | (1,254.81) | | (1,036.50) |

2.03 Long term borrowings

| Particulars | As at 31st March 2016 (₹ In Crore) | | As at 31st March 2015 (₹ In Crore) | |
|---|--|---------------|--|-----------------|
| | Non-Current | Current | Non-Current | Current |
| Secured | | | | |
| Term Loans from Banks | | | | |
| - Rupee Term Loan-[Note No.(a)] | - | 750.35 | - | 1,125.86 |
| - Rupee Term Loan ARC | 1,713.10 | 66.92 | 1,221.40 | 90.53 |
| - Foreign Currency Term Loan-[Note No.(b)] | - | 90.13 | - | 90.13 |
| Total | 1,713.10 | 907.40 | 1,221.40 | 1,306.52 |
| Hire Purchase Finance for Vehicles (Secured By Hypothecation of Specific Vehicles) | - | 0.01 | 0.01 | 0.02 |
| Unsecured | | | | |
| - Foreign Currency Term Loan | - | 67.63 | - | 67.63 |
| Total | 1,713.10 | 975.04 | 1,221.41 | 1,374.17 |

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

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

2.04 Long Term Provisions

| Particulars | As at 31st March 2016 (₹ In Crore) | | As at 31st March 2015 (₹ In Crore) | |
|--------------------------------|--|--------------|--|-------------|
| | | | | |
| Provision for Leave Encashment | | 4.65 | | 3.82 |
| Provision for Gratuity | | 5.39 | | 3.76 |
| Total | | 10.04 | | 7.58 |

STANDALONE NOTES TO ACCOUNTS

2.05 Short-term borrowings

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|--|--|--|
| Secured Loan from Banks | | |
| Term Loan | 0.02 | 0.02 |
| Current Maturities of Long terms borrowings [Refer Note No.(a) & Note No. 2.29 (e)] | 975.04 | 1,374.17 |
| Working Capital Facilities [Refer Note No.(b) & Note No. 2.29 (e)] | 198.25 | 388.43 |
| Unsecured | | |
| Loans and Advances repayable on demand from: - | | |
| Related Parties (Including Body Corporates) | 1.94 | 1.94 |
| Other Body Corporates | 0.34 | 0.34 |
| Directors (Refer Note No 2.35(B)) | 0.72 | 1.13 |
| Sub total | 1,176.31 | 1,766.03 |
| Term Loan from Banks | | |
| - Rupee Term Loan | 66.40 | 66.40 |
| - Foreign Currency Term Loan | - | 9.46 |
| Total | 1,242.71 | 1,841.89 |

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

2.06 Trade Payables

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|-------------------------------------|--|--|
| Micro, Small and Medium Enterprises | 0.49 | 0.49 |
| Others [Refer Note No 2.38(b)] | 230.93 | 187.72 |
| Dues to Related Parties | 0.08 | - |
| Total | 231.50 | 188.21 |

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

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|--|--|--|
| Supreme Metallurgical Services (P). Ltd. | 0.49 | 0.49 |

Interest on the said amount has not been provided. (Refer Note No. 2.30(q))

STANDALONE NOTES TO ACCOUNTS
2.07 Other current liabilities

| Particulars | As at 31st March 2016 (₹ In Crore) | | As at 31st March 2015 (₹ In Crore) | |
|--|--|--------------|--|---------------|
| Unclaimed Dividend# | 0.03 | | 0.05 | |
| Creditors for Capital expenditure | 0.03 | | 1.54 | |
| Advance from Customers [Refer Note No 2.38(b)] | 67.14 | | 90.00 | |
| Advance from Related Parties/Subsidiaries | 1.81 | | 1.81 | |
| Others (including cheques overdrawn) | 10.30 | 79.31 | 6.78 | 100.18 |
| Statutory Liabilities | | | | |
| Provident Fund & Other Contribution | 0.79 | | 0.77 | |
| Tax Deducted and Collected at Source | 1.48 | | 1.40 | |
| Value Added Tax and Central Sales Tax | 0.79 | | 2.42 | |
| Service Tax Payable | - | | 0.01 | |
| Excise Duty Payable on Stock of Finished Goods | 3.83 | 6.89 | 5.61 | 10.21 |
| Total | | 86.20 | | 110.39 |

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 2016 (₹ In Crore) | | As at 31st March 2015 (₹ In Crore) | |
|--------------------------|--|-------------|--|-------------|
| Provision for Bonus | | 3.69 | | 4.08 |
| Provision for Wealth Tax | | - | | 0.02 |
| Total | | 3.69 | | 4.10 |

2.09 Fixed Assets

(₹ in Crore)

| Description | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|------------------------------|---------------------|--------------------------|---------------------------|---------------------|---------------------|-------------------------|---------------------------|---------------------|---------------------|---------------------|
| | As at 01.04.2015 | Addition / Adjustment | Deduction / Adjustment | As at 31.03.2016 | As at 01.04.2015 | Addition/ Adjustment | Deduction / Adjustment | As at 31.03.2016 | As at 31.03.2016 | As at 30.09.2015 |
| TANGIBLE ASSETS: | | | | | | | | | | |
| Own Assets: | | | | | | | | | | |
| Freehold Land | 149.00 | 0.47 | - | 149.47 | - | - | - | - | 149.47 | 149.00 |
| Leasehold Land | 1.10 | - | - | 1.10 | - | - | - | - | 1.10 | 1.10 |
| Building | 359.13 | 0.13 | - | 359.26 | 76.69 | 13.92 | - | 90.61 | 268.65 | 282.44 |
| Plant and Machinery | 1,594.70 | 12.20 | - | 1,606.90 | 760.63 | 125.58 | - | 886.21 | 720.69 | 834.07 |
| Computer | 12.67 | 0.86 | - | 13.53 | 9.97 | 1.04 | - | 11.01 | 2.52 | 2.70 |
| Furnitures & Fixture | 7.86 | 0.30 | - | 8.16 | 4.36 | 0.94 | - | 5.30 | 2.86 | 3.50 |
| Office Equipment | 4.25 | 0.52 | - | 4.77 | 3.13 | 0.47 | - | 3.60 | 1.17 | 1.12 |
| Vehicles | 8.70 | 0.75 | - | 9.45 | 6.24 | 0.68 | - | 6.92 | 2.53 | 2.46 |
| Total(A) | 2,137.41 | 15.23 | - | 2,152.64 | 861.02 | 142.63 | - | 1,003.65 | 1,148.99 | 1,276.39 |
| INTANGIBLE ASSETS: | | | | | | | | | | |
| Software | 4.31 | 0.02 | - | 4.33 | 3.37 | 0.43 | - | 3.79 | 0.54 | 0.94 |
| Total(B) | 4.31 | 0.02 | - | 4.33 | 3.37 | 0.43 | - | 3.79 | 0.54 | 0.94 |
| Total(A+B) | 2,141.72 | 15.25 | - | 2,156.97 | 864.39 | 143.06 | - | 1,007.44 | 1,149.53 | 1,277.33 |
| Previous Year (Net Block) | 2,132.65 | 9.96 | 0.89 | 2,141.72 | 718.57 | 146.18 | 0.36 | 864.39 | 1,277.33 | 1,414.08 |
| Capital Work in Progress | | | | | | | | | 11.22 | 10.45 |

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 ₹ 248.20 Crore was transferred to General Reserve Revaluation Account. Accordingly, the depreciation for the current year includes depreciation of ₹ 3.23 Crore (Previous Period ₹ 3.26 Crore) on account of the said revaluation, and which has been charged to Statement of Profit & Loss.

STANDALONE NOTES TO ACCOUNTS
2.10 Non Current Investments

| | Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ 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 0.418 Crore (Previous Year ₹ 0.441 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 |
| (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 [Refer Note No. 2.30 (r)] | - | 78.68 |
| 7 | 100 (Previous Year 100) Shares of CFA 10,000 each of Electrotherm Mali Sarl | 0.01 | 0.01 |
| | Total | 48.71 | 127.39 |

The Company does not hold any Current Investment.

2.11 Long Term Loans & Advances

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|--|--|--|
| Unsecured, considered good unless stated otherwise | | |
| Loans and Advances to related parties/subsidiaries (Refer Note No 2.35(B)) | 4.18 | 4.18 |
| Advance for Capital Goods | 0.74 | 0.17 |
| Sundry Deposits (Includes Bank Fixed Deposit of ₹ 16.54 Crore given as EMD & Margin Money. (Previous Year Rs 29.37 Crore)) | 30.32 | 40.59 |
| Total | 35.24 | 44.94 |

2.12 Other Non-Current Assets

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|---|--|--|
| (To the extent not written off or adjusted) | | |
| Preliminary Expenses | 0.17 | - |
| Deferred Revenue Expenditure | 0.18 | - |
| Product Development Cost (Refer Note No. 2.30(i)) | 32.19 | 32.11 |
| Total | 32.54 | 32.11 |

STANDALONE NOTES TO ACCOUNTS
2.13 Inventories [Refer Note No. 2.30 (n) & 2.39(b)]

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|--|--|--|
| (As valued, verified & certified by the Management) | | |
| a. Raw Material [including goods in transit of ₹ 3.36 Crore (Previous Year ₹ 5.21 Crore)] | 112.74 | 120.61 |
| b. Work-In-Process | 51.46 | 73.18 |
| c. Finished Goods | 35.09 | 50.48 |
| d. Stores and Spares | 41.68 | 30.17 |
| Total | 240.97 | 274.44 |

2.14 Trade Receivables [Refer Note No 2.38(b)]

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|---|--|--|
| (Unsecured, considered good unless stated otherwise) | | |
| Over Six Months | | |
| - Considered good | 120.78 | 122.41 |
| - Considered Doubtful | 63.26 | 63.26 |
| | 184.04 | 185.67 |
| Less : Provision for doubtful Debts | (63.26) | (28.47) |
| | 120.78 | 157.20 |
| Other receivables (considered good) | 109.64 | 129.16 |
| Due from Related Parties [Includes ₹ 13.01 Crore. (Previous Year ₹ 9.03 Crore.) which is outstanding for more than six months] | 13.84 | 13.13 |
| Due from Subsidiaries [Includes ₹ 12.34 Crore. (Previous Year ₹ 38.63 Crore.) which is outstanding for more than six months] | 64.94 | 44.02 |
| Total | 309.20 | 343.51 |

2.15 Cash and Bank Balances

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|--|--|--|
| a. Balances with Bank | | |
| - Current Account | 28.23 | 36.33 |
| - Fixed Deposit (Pledged with Bankers) * | 33.85 | 10.32 |
| - Unclaimed Dividend Account | 0.03 | 0.05 |
| b. Cash on hand (As certified by the Management) | 0.70 | 0.18 |
| Total | 62.81 | 46.88 |

*Fixed Deposit includes deposit of ₹4.86 Crore (Previous Year ₹ 10.32 Crore) having maturity within 12 months

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|------------------------------|--|--|
| Less than equal to 12 months | 4.86 | 10.32 |
| More than 12 months | 28.99 | - |
| | 33.85 | 10.32 |

STANDALONE NOTES TO ACCOUNTS
2.16 Short-term loans and advances

| Particulars | As at 31st March 2016 (₹ In Crore) | | As at 31st March 2015 (₹ In Crore) | |
|---|--|---------------|--|---------------|
| (Unsecured, considered good unless stated otherwise) | | | | |
| Advances Recoverable In Cash or Kind | 32.95 | | 7.72 | |
| Advance to Related Parties | 0.06 | | - | |
| Advances to Staff(Refer Note No.2.39(g)) | 0.58 | | 0.69 | |
| Advance to Suppliers and Other Parties (Refer Note No.2.38(b)(iii)) | | | | |
| Considered Good | 110.32 | | 127.48 | |
| Considered Doubtful | 28.78 | | 28.78 | |
| Less : Provision for doubtful Debts | (28.78) | | (16.50) | |
| Advances to Subsidiaries | 13.41 | 157.32 | 11.13 | 159.30 |
| Others | | | | |
| Prepaid Expenses | 1.45 | | 1.60 | |
| Loan to Employees | 0.26 | | 0.17 | |
| Balance with Revenue Authorities [Refer Note No. 2.29 & 2.39(c)] | 29.37 | | 38.53 | |
| Advance Income Tax [Refer Note No. 2.30 (t)] | 4.05 | 35.13 | 3.35 | 43.65 |
| Total | | 192.45 | | 202.95 |

2.17 Other current assets

| Particulars | As at 31st March 2016 (₹ In Crore) | | As at 31st March 2015 (₹ In Crore) | |
|---|--|-------------|--|-------------|
| Interest accrued but not due on deposit | | 1.83 | | 0.56 |
| Total | | 1.83 | | 0.56 |

2.18 Revenue from operations

| Particulars | Current Year (₹ In Crore) | | Previous Period (₹ In Crore) | |
|--|------------------------------|-----------------|---------------------------------|-----------------|
| Sale of Products [(Includes Export Incentives of Rs 2.76 Crore (Previous Year Rs 3.53 Crore))] | 1,987.59 | | 1,916.68 | |
| Less: Inter Division Sales | 7.39 | 1,980.20 | 5.54 | 1,911.14 |
| Service income | 8.64 | | 6.04 | |
| Less : Inter Division Service | 0.04 | 8.60 | 0.02 | 6.02 |
| Power Generation Income | | 0.25 | | 0.21 |
| Trading Sales | | 1.72 | | 33.43 |
| Total | | 1,990.77 | | 1,950.80 |

(a) Sale of Product

| Particulars | Current Year (₹ In Crore) | | Previous Period (₹ In Crore) | |
|---|------------------------------|-----------------|---------------------------------|-----------------|
| Electronic Furnaces & Other Capital Equipment | 309.83 | | 254.36 | |
| Ferrous and Non-Ferrous Billets /Bars/Ingots and Others | 822.94 | | 822.84 | |
| Duct Iron Pipes | 655.06 | | 647.09 | |
| Battery Operated Vehicles | 12.27 | | 4.12 | |
| Sponge & Pig Iron | 55.66 | | 64.13 | |
| Spares / Up Gradation Income & Misc. Sale | 124.44 | | 118.60 | |
| Total | | 1,980.20 | | 1,911.14 |

(b) Trading Sales

| Particulars | Current Year (₹ In Crore) | | Previous Period (₹ In Crore) | |
|-----------------------------------|------------------------------|-------------|---------------------------------|--------------|
| S.S.Flats/ S.S Billtes & TMT Bars | | 1.72 | | 33.43 |
| Total | | 1.72 | | 33.43 |

STANDALONE NOTES TO ACCOUNTS

| (c) | Particulars | Current Year (₹ In Crore) | Previous Period (₹ In Crore) |
|-----|-----------------------------|------------------------------|---------------------------------|
| | F.O.B value of Export Sales | 169.52 | 126.29 |

2.19 Other Income

| Particulars | Current Year (₹ In Crore) | Previous Period (₹ In Crore) |
|---|------------------------------|---------------------------------|
| Interest Income from Bank Fixed Deposits & Others | 3.49 | 3.04 |
| Rent Income | 0.01 | 0.01 |
| Profit on Sale of Asset (Net) | - | 0.24 |
| Profit on Sale of Units of Mutual Fund | 0.06 | - |
| Miscellaneous Income | 0.89 | 0.76 |
| Total | 4.45 | 4.05 |

2.20 Cost of Material Consumed

| Particulars | Current Year (₹ In Crore) | Previous Period (₹ In Crore) |
|---|------------------------------|---------------------------------|
| Opening Stock | 120.61 | 128.61 |
| Add: Purchases of Raw Material | 1,240.14 | 1,356.59 |
| Total | 1,360.75 | 1,485.20 |
| Less: Closing Stock | 112.74 | 120.61 |
| Cost of Raw Material Consumed (Refer Note no. 2.30(d),(e) & (g)) | 1,248.01 | 1,364.59 |
| Trading Purchase | 1.67 | 32.72 |

(a) Details of Raw Material Consumed

| Particulars | Current Year (₹ In Crore) | Previous Period (₹ In Crore) |
|--|------------------------------|---------------------------------|
| M.S. Scrap/S.S. Scrap | 173.66 | 168.09 |
| Iron Ore/ Pelletes/Lam Coke/ Sinter/ Limestone | 422.76 | 597.90 |
| Copper and Engineering Items | 288.03 | 231.71 |
| Other Materials | 363.56 | 366.89 |
| Total | 1,248.01 | 1,364.59 |

(b) Composition of Raw Materials Consumed

| Particulars | Current Year | | Previous Period | |
|---|---------------|-----------------|-----------------|-----------------|
| | % | (₹ In Crore) | % | (₹ In Crore) |
| Imported (including high seas purchase) | 22.11 | 275.97 | 13.70 | 186.99 |
| Indigenous | 77.89 | 972.04 | 86.30 | 1,177.60 |
| Total | 100.00 | 1,248.01 | 100.00 | 1,364.59 |

(c) Details of Closing Stock of Raw Materials

| Particulars | Current Year (₹ In Crore) | Previous Period (₹ In Crore) |
|--|------------------------------|---------------------------------|
| M.S. Scrap/S.S. Scrap/Sponge | 7.22 | 9.12 |
| Iron Ore/ Pelletes/Lam Coke/ Sinter/ Limestone | 9.51 | 9.19 |
| Copper and Engineering Items | 70.24 | 74.33 |
| Others | 25.77 | 27.97 |
| Total | 112.74 | 120.61 |

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

| Particulars | Current Year (₹ In Crore) | Previous Period (₹ In Crore) |
|--------------------------------------|------------------------------|---------------------------------|
| S.S. Flats / S.S. Billets / TMT Bars | 1.67 | 32.72 |
| Total | 1.67 | 32.72 |

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

| Particulars | Current Year (₹ In Crore) | Previous Period (₹ In Crore) |
|--|------------------------------|---------------------------------|
| Raw Materials (including high seas purchase) | 315.52 | 207.15 |
| Stores | 32.21 | 28.44 |
| Total | 347.73 | 235.59 |

2.21 Changes in Inventories of Finished Goods and Work in Process

| Particulars | Current Year (₹ In Crore) | | Previous Period (₹ In Crore) | |
|--------------------------------------|------------------------------|--------------|---------------------------------|---------------|
| Inventories (At Commencement) | | | | |
| - Work In Process | 73.18 | | 223.53 | |
| - Finished Goods | 50.48 | 123.66 | 26.13 | 249.66 |
| Inventories (At end) | | | | |
| - Work In Process | 51.46 | | 73.18 | |
| - Finished Goods | 35.09 | 86.55 | 50.48 | 123.66 |
| Total | | 37.11 | | 126.00 |

(a) Details of Work in Process in Inventories

| Particulars | Current Year (₹ In Crore) | Previous Period (₹ In Crore) |
|---|------------------------------|---------------------------------|
| M S Billets | 5.86 | 2.21 |
| Sponge Iron | 3.32 | 8.25 |
| Pipe | 7.71 | 1.30 |
| Electronic Furnaces & Other Capital Equipment's | 32.27 | 60.26 |
| Others | 2.30 | 1.16 |
| Total | 51.46 | 73.18 |

(b) Details of Finished Goods in Inventories

| Particulars | Current Year (₹ In Crore) | Previous Period (₹ In Crore) |
|--|------------------------------|---------------------------------|
| Ferrous and Non-Ferrous Billets /Bars/Ingots | 14.86 | 15.17 |
| Duct Iron Pipes | 19.63 | 35.30 |
| Battery Operated Vehicles | 0.60 | 0.01 |
| Total | 35.09 | 50.48 |

2.22 Employee Benefit Expenses

| Particulars | Current Year (₹ In Crore) | Previous Period (₹ In Crore) |
|---|------------------------------|---------------------------------|
| Salaries, Wages and Allowances and Bonus | 96.55 | 81.82 |
| Contribution to Provident and other funds | 4.83 | 4.67 |
| Staff Welfare and amenities | 2.03 | 1.63 |
| Total | 103.41 | 88.12 |

STANDALONE NOTES TO ACCOUNTS
2.23 Finance Cost

| Particulars | Current Year (₹ In Crore) | Previous Period (₹ In Crore) |
|---|------------------------------|---------------------------------|
| Interest Expenses on Bank and Other Loan | 0.12 | 1.34 |
| Other Borrowing Cost & Charges | 3.73 | 3.68 |
| Loss on foreign currency transactions and translation | 12.51 | 3.77 |
| LC interest recovered | (2.81) | (2.42) |
| Total | 13.55 | 6.37 |

2.24 Other Expenses

| Particulars | Current Year (₹ In Crore) | Previous Period (₹ In Crore) |
|---|------------------------------|---------------------------------|
| Manufacturing Expenses | | |
| Power and Fuel | 104.81 | 100.07 |
| Stores and Spares | 115.78 | 131.32 |
| Job Charges | 72.23 | 61.97 |
| Machinery Repairs | 0.85 | 0.43 |
| Building Repairs | 0.62 | 0.20 |
| Other Repairs | 3.20 | 3.28 |
| Less : Inter Division Service | (0.04) | (0.02) |
| Water Charges | 3.24 | 1.96 |
| Excise duty (on account of Duty on Finished Good Stocks and Others) | (1.78) | 2.74 |
| | 298.91 | 301.95 |
| Establishment/ Administrative Expenses | | |
| Hire-Lease-Rent Charges | 4.07 | 4.80 |
| Rates & Taxes | 0.62 | 0.48 |
| Insurance Premium | 1.58 | 2.40 |
| Postage Telegram & Telephone Expenses | 1.78 | 1.50 |
| Conveyance Expenses | 0.87 | 0.89 |
| Travelling Expenses | 7.87 | 6.37 |
| Printing and Stationery | 0.89 | 0.81 |
| Vehicle Expenses | 1.12 | 1.27 |
| Security Expenses | 1.43 | 1.33 |
| Subscription & Membership | 0.18 | 0.18 |
| Net Sundry Balances Written Off | 37.91 | 96.42 |
| Provision For Doubtful Debtors and Advances | 47.07 | 44.97 |
| Investment Written off | 78.68 | - |
| Auditors' Remuneration: | | |
| - Audit Fees | 0.20 | 0.20 |
| - Tax Audit Fees | 0.01 | - |
| - Other Matters | 0.03 | 0.01 |
| Legal and Professional Charges | 13.96 | 5.38 |
| Miscellaneous Expenses | 4.01 | 2.99 |
| Research & Development Expenses | 0.02 | 0.01 |
| Donation | 0.11 | 0.10 |
| | 202.41 | 170.11 |
| Selling & Distribution Expenses | | |
| Advertisement & Sales Promotion | 16.39 | 15.10 |
| Commission | 12.19 | 13.30 |
| Freight Outward and other Expenses (Net) | 8.22 | 10.11 |
| Total | 538.12 | 510.57 |

2.25 Prior Period Adjustment

| Particulars | Current Year (₹ In Crore) | Previous Period (₹ In Crore) |
|--|------------------------------|---------------------------------|
| Prior Period Adjustment- Income Tax And Others | - | 0.88 |
| | - | 0.88 |

STANDALONE NOTES TO ACCOUNTS

2.26 The account under consideration is for the Financial year 2015-16 commencing from 1st April 2015 to 31st March 2016 (Referred as "Current year") and the previous financial year commencing from 1st April 2014 to 31st March 2015 (Referred as "Previous Year").

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

(a) Winding Up Petitions:

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

The winding up petition filed by UCO Bank, was admitted on March 7, 2012 and the Hon'ble Gujarat High Court has passed an order for advertisement of petition and appointment of Official Liquidator. The Company has challenged the said orders before Hon'ble Division Bench of Hon'ble Gujarat High Court by filing an appeal and the Hon'ble Division bench vide order dated August 13, 2013 has granted the stay against the said orders. Further in view of the reference of the company registered with the Hon'ble BIFR Board (governed by the Sick Industrial Companies (Special Provisions) Act, 1985), the Hon'ble Gujarat High Court vide order dated August 19, 2015 has adjourned the matter sine die until the proceedings before the Hon'ble BIFR Board are completed.

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

(b) Cases before Debt Recovery Tribunal (DRT)/DRAT Cases:

(i) UCO Bank, Syndicate Bank, ICICI Bank Limited, Allahabad Bank, Central Bank of India, Dena Bank, and Corporation Bank had filed Original Applications against the Company before the Debt Recovery Tribunal-1, Ahmedabad ("DRT") under section 19 of the Recovery of Debts due to Banks and Financial Institutions Act, 1993. The DRT has granted ad-interim injunction orders against transfer of certain properties. The Company had filed its reply / application in all the matters and has requested the DRT to suspend the proceedings in view of registration of reference before the Hon'ble BIFR Board.

The Company has filed an appeal before Debt Recovery Appellate Tribunal, Mumbai ("DRAT") in the matter of UCO Bank against the order of DRT for rejection of application of cross examination. Syndicate Bank has also filed an appeal before DRAT, Mumbai against the order of DRT for modification of ex-parte ad-interim injunction order.

During the current year Allahabad Bank has assigned the debt associated with the company to Invent Assets Securitisation & Reconstruction Private Limited (ARC). Company has settled its debt with ICICI Bank in OTS (one time settlement) and on complying with the repayment as per the settlement agreement; the matter will be withdrawn from the Hon'ble DRT.

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

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

UCO Bank, Syndicate Bank, Vijaya Bank, ICICI Bank Limited 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 Magistrates, Ahmedabad.

(d) Willful Defaulters:

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

(ii) Central Bank of India and Corporation Bank has declared the Company as willful defaulter and reported the name of Company and its directors to the Reserve Bank of India, Credit Information Bureau (India) Limited (CIBIL) as Willful Defaulter.

(iii) Allahabad Bank, Dena Bank, Punjab National Bank and Union Bank of India had written a letter to the Company for declaring the company and its directors as willful defaulter. The company has filed its reply with all the banks. After receiving the letter for personal hearing before Grievance Redressal Committee, company has not received any further communication in respect of these cases.

(e) Notice under SARFAESI Act, 2002

(i) Vijaya Bank had issued notices under section 13(2) of Chapter III of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act, 2002") for assets of Transmission Line Tower Division of the Company situated at Village : Juni Jithardi, Tal : Karjan, Dist : Vadodara on 8/05/2012, 19/03/2015 and 04/11/2015. Company has filed its reply in respect of all the notices issued by the bank. Vijaya Bank has withdrawn its notice dated 19/03/2015. No further action has been taken by the Vijaya Bank.

STANDALONE NOTES TO ACCOUNTS

- (ii) Allahabad Bank and Corporation Bank has issued a notice under Section 13(2) of SARFAESI Act, 2002 vide letter dated 23rd February, 2016 and 27th May, 2015 respectively and the company has filed reply against the said notices on 12th April, 2016 and 27th July, 2015 respectively.

2.28 Net Worth and filing of Reference to the Hon'ble BIFR Board:-

The net worth of the Company is fully eroded and therefore the company has filed Reference to Hon'ble BIFR Board (governed by the Sick Industrial Companies (Special Provisions) Act, 1985) on February 28, 2014 and the same has been registered on June 27, 2014 as Case No. 29/2014. Further company has filed various Miscellaneous Applications to seek protection under section 22 of SICA 1985, in respect of disputed matters of tax & duty liability.

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

- (a) The Company has VAT tax liability (including interest) of ₹35.84 Crore (Previous Year ₹ 21.94 Crore) under Maharashtra Sales Tax Act (₹ 9.25 Crore for financial year 2009-10 and ₹26.59 Crore for financial year 2010-11) out of which the company had paid ₹ 4.00 Crore, under protest and the same has been shown as Loans and Advances. The company has filed appeal against the said order before Appellate Authority. Provision for the impugned disputed tax liability of ₹ 35.84 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.
- (b) During the Previous Year, VAT/CST Assessment for the financial year 2010-11 was completed and assessing officer has determined the tax liability of ₹20.95 Crore of VAT and ₹11.15 Crore of CST. The company has made part payment of ₹ 3.25 Crore for VAT and ₹ 1.50 Crore for CST under protest and the same has been shown as Loans and Advances. Provision for the impugned disputed tax liability has not been made as the company is hopeful of matter being decided in its favor by the appellate authority.
- (c) The company has filed an application for refund of Excise Duty of ₹ Nil (Previous Year ₹ 12.23 Crore) and in the earlier year has treated the said amount as recoverable and has been shown as recoverable but during the year under consideration, company has written off the said amount as non recoverable and has been charged to Cost of Materials consumed.
- (d) In view of the non-provision of the above items 2.29(a) to 2.29(c), the losses of the company are under stated by ₹67.94 Crore (Previous Year ₹ 66.29 Crore) and to the extent advances are overstated or the respective liabilities are understated.
- (e) Loan accounts of the Bank of the company have been classified as Non Performing Assets by the Bankers and some of the bankers has not charged interest on the said accounts and therefore provision for Interest (Other than upfront charges) has not been made in the books of accounts and to that extent loss and bankers loan liability has been understated. The extent of exact amount is under determination and reconciliation with the banks, however as per the details available with the company, the amount of un-provided interest, on approximate basis, on the said loans {(Other than the loans of ICICI Bank and loans which are assigned to Edelweiss Assets Reconstruction Company Limited (EARC), Invent Assets Securitisation & Reconstruction Private Limited (Invent))} is as under:-

(₹ In Crore)

| Particulars | Up to 31 st March 2015 | Reduction on Debt assignment. | From April 2015 to March 2016 | Up to 31 st March 2016 |
|---|--------------------------------------|----------------------------------|----------------------------------|--------------------------------------|
| Interest on Corporate Loan and working Capital Loan | 933.01 | (463.51) | 213.58 | 683.08 |

- (f) A Special Civil Application in the nature of Public Interest Litigation was filed in the year 2010, inter alia, against the Company before the Hon'ble Gujarat High Court challenging the environment clearance for expansion of steel plant and No Objection Certificate (NOC) & Consolidated Consent and Authorization. The Gujarat High Court by its order dated May 11, 2012 set aside the environment clearance with liberty to the Company to apply once again and to stop the operation of the steel plant. The Company has filed a Special Leave Petition (SLP) before the Hon'ble Supreme Court of India, challenging the impugned order of Hon'ble Gujarat High Court. After hearing, the Hon'ble Supreme Court of India on May 18, 2012 stayed the order passed by the Hon'ble Gujarat High Court. As per the direction of the Hon'ble Supreme Court of India, the Central pollution Control Board and Gujarat Pollution Control Board has carried out the joint inspection and submitted its report to Hon'ble Supreme Court of India. The Company has filed its compliance status report and the final hearing has been concluded before the Hon'ble Supreme Court of India. The arguments are concluded on 8th April, 2016 and the judgment is reserved.

2.30 Additional Disclosures

- (a) Power and Fuel expenses are inclusive of duties and taxes of ₹ 12.40 Crore (Previous Year ₹ 11.15 Crore) paid towards power generation.
- (b) During the year old non recoverable amount of ₹ 47.50 Crore (Previous Year ₹ 113.19 Crore) and unclaimed amount of Rs 9.59 Crore (Previous Year ₹ 16.77 Crore) have been written off/ back on account of non realization and payment. Its' net balance of ₹ 37.91 Crore (Previous Year ₹ 96.42 Crore) has been charged to the Statement of Profit and loss.
- (c) During the year, on account of non admission of claim of Excise Duty Refund of ₹ 12.23 Crore (₹Nil), the company has written off the said amount by charging it to the Cost of Materials Consumed.

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- (d) During the year, the Terminal Excise Duty of ₹ Nil (Previous Year ₹1.58 Crore) has been written off considering its realizability as doubtful and has been debited to cost of Material consumed.
- (e) During the year, Old Vat Input Credit Receivable of ₹ Nil (Previous Year ₹69.13 Crore) has been written off, by debiting it to cost of Material consumed, as company is not hopeful of its realization.
- (f) During the FY 2013-14, VAT Assessment for financial year 2009-10 was completed and the competent Authority has determined the tax liability of ₹ 5.94 crore and against this demand the company has filed an appeal before the Appellate Authority and on 29/5/2014 the Appellate Authority has deleted the said demand and has determined refund of ₹9.50 Crore vide order dated 29/05/2014 but till the end of the year, the said refund has not been received by the company and it will be accounted on its receipt.
- (g) The cost of Material consumed includes freight, Loading and Unloading Expenses, inspection fees, commission on purchase, taxes & duties (to the extent of credit not available), rate difference and interest cost on purchase of raw material and ancillary thereof (including reversal of any claims).
- (h) In view to heavy accumulated losses and uncertainty of its realization/ payment of taxes in near future, no provision for Deferred Tax Asset/liability has been made by the company.
- (i) Product Development Cost includes total Research and Development expenses of Rs 32.19 Crore (Previous Year ₹ 32.11 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 of the projects.
- (j) Some of the creditors have filed cases of recovery against the company before the various Hon'ble Courts/Forums for Rs 1.86 Crore (Previous Year Rs 1.96 Crore).
- (k) Bank of India, Bank of Baroda, State Bank of India, Canara Bank and State Bank of Travancore has assigned their debt to Edelweiss Asset Reconstruction Company Limited (EARC). The Company has entered into settlement agreement on 10th March 2015 for the repayment of the Debts of the said Bank to EARC. In terms of settlement agreement, if all the terms and conditions are fully complied by the company up to the March 2023, there will be reduction in debt, as per Books of accounts of the Company, by ₹ 391.50 Crore. The amount of said debt reduction is after adjustment of FDRs of ₹ 12.39 Crore held by Bank of Baroda and the company is in process to recover the said amount and accordingly there is possibility of refinement in debt reduction.
- (l) During the year, Oriental Bank of Commerce, Punjab National Bank and Allahabad Bank has assigned its debt to Invent Assets Securitization & Reconstruction Pvt. Ltd. (ARC) vide settlement agreement for the repayment of debts of the said bank to ARC. In terms of settlement, if all the terms and conditions are fully complied by the company, there would be a reduction in debt, as per books of accounts of the company by ₹ 325.01 Crore. In the case of Punjab National Bank and Allahabad Bank, settlement agreement is yet to be executed.
- (m) During the year, Company has settled debts of ICICI Bank vide settlement agreement dated 1st September 2015 for the repayment of debts to ICICI Bank. In terms of settlement, if all the terms and conditions are fully complied by the company up to the July 2016, there will be reduction in debt, as per books of accounts of the company by ₹ 43.47 Crore.
- (n) During the year, in view of non realisability / non usability of stock of book value of ₹ 2.88 Crore (Previous Year ₹ 162.91 Crore), the company has not considered the said stock for the purpose of stock valuation and accordingly it has been written off.
- (o) The balances of Central Bank of India, UCO Bank are not being properly confirmed/ reconciled by the bank as these banks have treated the loan accounts as NPA Account. Similarly International Financial Corporation has not issued loan balance confirmation certificate.
- (p) In view of the commercial prudence, during the year, the company has not restated the long outstanding export trade receivables and foreign currency loan at the rate prevailing as on 31st March 2016.
- (q) 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 thereon. The Hon'ble Council has passed the order dated August 12, 2013 and has ordered to the Company to pay ₹ 0.91 Crores (including interest upto July 31, 2013). The Company had filed appeal before District Court, Bhopal under Section 34 of Arbitration and Reconciliation Act, 1996 against the order passed by Hon'ble Madhya Pradesh Micro and Small Facilitation Council, Bhopal. The said appeal was not entertained by the Court in view of Section 19 of the Micro, Small and Medium Enterprises Development Act, 2006. The Company is exploring various other legal options to challenge the said order.
- (r) The company holds investment in Shree Ram Electrocast Limited, Electrotherm Mali SARL and Bhaskarpara Coal Company Limited (Subsidiaries of the Company). These Companies have incurred heavy losses and/or are non operating and therefore the fate of said Companies is uncertain. Provision for the diminution in the value of investment in subsidiary companies

**STANDALONE NOTES TO ACCOUNTS**

namely Electrotherm Mali SARL and Bhaskarpara Coal Company Limited has not been made as the Company treat this diminution as temporary in nature. However during the year company has written off Rs 78.68 Crores representing Shree Ram Electrocast Limited, in its books, treating it as operating loss of the company.

- (s) The Central Bureau of Investigation (CBI) has conducted certain proceedings, on the basis of the complaint filed by Central Bank of India with regard to the utilization of the loan disbursed by Central Bank of India. Central Bureau of Investigation has filed charge sheet and a CBI special case number 27 of 2015 was registered against the company and its few Directors before the Hon'ble CBI court Ahmedabad on 6th October, 2015 and now the matter is pending before Hon'ble CBI court for hearing.
- (t) The amount of Income tax receivable shown under the head "Balance with revenue authority in Short Term Loans and Advances" is subject to reconciliation as the refund amount of earlier years has been adjusted against outstanding Income Tax liability.
- (u) The company has used advance license for import of certain raw material against which company was under an obligation to export certain pre-determined quantity of finished goods within specified time period. However there was shortage in the goods exported by the company against its export obligation. Accordingly in the opinion of the management, the company may be liable to pay ₹ 4.66 Crore (including interest) (Previous Year ₹ 4.31 Crore) as import duty.

2.31 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 ₹26.96 Crore (Previous Year ₹ 7.47 Crore).
- (c) Disputed Statutory Claims/Levies for which the company has preferred appeal in respect,
 - i) Excise Duty Liability of Rs 338.64 Crore (Previous Year ₹ 295.61 Crore),
 - ii) Service Tax Liability of ₹2 Crore (Previous Year ₹ 5.41 Crore),
 - iii) Custom Duty Liability of ₹ 20.31 Crore (Previous Year Rs 20.31 Crore),
 - iv) Income Tax liability of Rs 31.55 Crore (Previous Year ₹ 31.55 Crore),
 - v) VAT and CST Liability of ₹59.19 Crore (Previous Year ₹ 50.04 Crore) against the outstanding liability company has paid ₹ Nil (Previous Year ₹4.75 Crore) and total affiliated amount paid by the company against the said liability ₹ 8.75 Crore (Previous Year ₹ 8.75 Crore) till 31st March, 2016.

Note: The above amounts are without the amount involved in the appeal preferred by the Department, if any, and further applicable interest on the demand.

2.32 FOREIGN EXCHANGE EARNING & OUTGO (on Cash basis):

- (a) Earning in Foreign Exchange for Export of Goods & Services ₹ 93.07 Crore (Previous Year ₹ 112.70 Crore).
- (b) Expenditure in Foreign Currency for Import of Materials, Traveling & Others is ₹ 70.96 Crore (Previous Year ₹ 58.65 Crore).

2.33 DIRECTOR'S REMUNERATION :

In view of loss during the year no payment of Remuneration to the Directors of the Company has been made.

2.34 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 year with the Previous Year comparable. In some case Previous Year amount has not been stated, if there is Nil amount for the current year.

2.35 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 Paper Limited
8. Electrotherm Mali SARL

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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-TransPvt. Ltd.
5. Jaysri Petro-Yarn Pvt. Ltd.
6. Adroit Trading and Investment Co.
7. EIL Hospitality Pvt. Ltd.
8. EIL Software Services Offshore Pvt. Ltd.
9. EIL Technology Pvt. Ltd.
10. Electrotherm Engineering & Projects Ltd.
11. Western India Institute of Aeronautics Private Limited (Formerly Kappa Consultancy Pvt. Ltd.)
12. Electrotherm Foundation.
13. Gujarat Mint Alloys Ltd.
14. Etain Electric Vehicles Limited (Formerly Electra Transformer Private Limited)
15. Airfones Innovatives Private Limited
16. BNB Real Estate Private Limited
17. ETAIN Energy Holdings Limited (Formerly 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 Renewables Ltd. (Formerly 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. Head Spring Energy Tech Pvt. Ltd. (Formerly Arjun Raj Solar Five Pvt. Ltd)

III) Key Management Personnel (Other than Nominee Director)

1. Mr. Mukesh Bhandari (Chairman)
2. Mr. Shailesh Bhandari (Managing Director)
3. Mr. Avinash Bhandari (Joint Managing Director & CEO)
4. Mr. Pawan Gaur (Chief Financial Officer)

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

1. Mrs. Indubala Bhandari (Mother of Director)
2. Mrs. Jyoti Bhandari (Wife of Director)
3. Mr. Rakesh Bhandari (Brother of Director)
4. Ms. Shivani Bhandari (Daughter of Director)
5. Ms. Panna Bhandari (Daughter of Director)



STANDALONE NOTES TO ACCOUNTS

B. Related Parties Transaction as Identified by the Company from its records

(₹ In Crore)

| SR. NO. | NAME | SALES (INCL. STORE, SPARE & OTHERS) | | PURCHASE | | EXPENSES/ (INCOME) | | PURCHASE (SALE) OF FIXED ASSET | | LOAN RECEIVED | | LOAN GIVEN /REPAID | | INTEREST PAID | | RENT PAID | | SALARY | | CLOSING BALANCE | | |
|---------|--|-------------------------------------|-----------------|--------------|-----------------|--------------------|-----------------|--------------------------------|-----------------|---------------|-----------------|--------------------|-----------------|---------------|-----------------|--------------|-----------------|--------------|-----------------|-----------------|-----------------|--------|
| | | Current year | Previous period | Current year | Previous period | Current year | Previous period | Current year | Previous period | Current year | Previous period | Current year | Previous period | Current year | Previous period | Current year | Previous period | Current year | Previous period | Current year | Previous period | |
| (I) | Subsidiary Companies | | | | | | | | | | | | | | | | | | | | | |
| 1 | Jinhua Indus Enterprises Ltd. | - | - | - | 0.13 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1.42 | 1.42 |
| 2 | Jinhua Jahari Enterprises Ltd. | - | - | 14.09 | 7.08 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.96 | 1.18 |
| 3 | ET Elec-Trans Ltd | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.51 | 0.51 |
| 4 | Shree Ram Electro Cast Ltd | - | - | - | - | - | 0.03 | - | - | 40.75 | - | 43.25 | 0.82 | - | - | - | - | - | - | - | 9.24 | 6.74 |
| 5 | Hans Ispat Ltd | 104.66 | 84.91 | 23.32 | 5.38 | (0.00) | - | 0.21 | 1.29 | - | - | - | - | - | - | - | - | - | - | 64.40 | 43.48 | |
| 6 | Shree - Hans Papers Ltd | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 4.18 | 4.18 |
| 7 | Electrotherm Mali SARL | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (II) | Associates | | | | | | | | | | | | | | | | | | | | | |
| 1 | Ahmedabad Aviation and Aeronautic Limited | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | ETAIN Renewables Limited | 0.00 | 0.07 | - | - | 0.22 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2.60 | 2.82 |
| 3 | Indus Chargers & Controllers Pvt. Limited | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | EIL Software Services Offshore Pvt. Ltd. | - | - | - | - | - | - | - | - | 1.00 | - | 1.25 | - | - | - | - | - | - | - | - | (1.75) | (1.75) |
| 5 | Bhandari Charitable Trust | 0.58 | 1.06 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 5.03 | 5.38 |
| 6 | ETAIN Energy Holdings Ltd. | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Electrotherm Solar Limited | 0.00 | 0.02 | - | - | - | 0.01 | - | - | 0.02 | 1.07 | 1.27 | - | - | - | - | - | - | - | - | 5.37 | 4.34 |
| 8 | ETAIN Electric Vehicles Limited | 3.81 | 0.46 | - | 0.08 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.82 | 0.58 |
| (III) | KEY MANAGEMENT PERSONNEL : | | | | | | | | | | | | | | | | | | | | | |
| 1 | Mr. Mukesh Bhandari (Chairman & Chief Technology Office) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.11 | 0.11 | - | - | - | (0.64) | (0.64) |
| 2 | Mr. Shailesh Bhandari (Managing Director) | - | - | - | - | - | - | - | - | 0.02 | - | 0.46 | 1.69 | - | 0.01 | 0.05 | 0.05 | - | - | - | (0.13) | (0.49) |
| 3 | Mr. Avinash Bhandari (Joint Managing Director & CEO) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Mr. Pawan Gaur (Chief Financial Officer) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.24 | 0.20 | - | - | - |
| (IV) | RELATIVES OF KEY MANAGEMENT PERSONNEL : (With whom Transaction has been taken Place during the year) | | | | | | | | | | | | | | | | | | | | | |
| 1 | Mrs. Indubala Bhandari | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.06 | 0.07 | - | - | - | (0.00) | - |
| 2 | Mrs. Jyoti Bhandari | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.03 | 0.03 | 0.14 | 0.05 | - | (0.17) | (0.17) |
| 3 | Mr. Rakesh Bhandari | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (0.02) | (0.02) |
| 4 | Mr. Siddharth Bhandari | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Ms. Shivani Bhandari | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.05 | 0.04 | - | - | - |
| 6 | Mr. Anurag Bhandari | - | - | - | - | 0.02 | - | - | - | - | - | 0.40 | - | - | - | - | - | - | - | - | 0.03 | 0.05 |
| 7 | Mrs. Panna Bhandari | - | - | - | - | 0.07 | - | - | - | - | - | - | - | - | - | - | - | 0.05 | 0.02 | - | - | - |

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2.36 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.

(₹ In Crore)

| Particulars | Current Year | Previous Year |
|---|-----------------|-----------------|
| SEGMENT REVENUE | | |
| Engineering & Projects Division | 420.45 | 360.88 |
| Special Steel Division | 1,436.15 | 1,468.92 |
| Electric Vehicle Division | 13.00 | 4.95 |
| Total Sales | 1,869.61 | 1,834.75 |
| Less : Inter segment Revenue | 7.39 | 5.54 |
| Net Sale | 1,862.21 | 1,829.21 |
| SEGMENT PROFIT BEFORE TAX AND INTEREST | | |
| Engineering & Projects Division | (37.98) | (34.03) |
| Special Steel Division | (153.83) | (373.51) |
| Electric Vehicle Division | (12.95) | (27.46) |
| Profit/(Loss) Before Interest, Tax & Prior Period Adjustment | (204.77) | (435.00) |
| Less: FINANCIAL EXPENSES | 13.55 | 6.37 |
| Less : Provision for Tax (Including Deferred Tax) | - | 0.02 |
| Net Profit/(Loss) After Tax | (218.32) | (441.39) |
| OTHER INFORMATION | | |
| Segment Assets | | |
| Engineering & Projects Division | 365.48 | 425.79 |
| Special Steel Division | 1,627.53 | 1,845.91 |
| Electric Vehicle Division | 58.95 | 56.74 |
| Total Segment Assets | 2,051.96 | 2,328.45 |
| Segment Liabilities | | |
| Engineering & Projects Division | 118.54 | 156.78 |
| Special Steel Division | 2,969.04 | 3,032.62 |
| Electric Vehicle Division | 199.65 | 184.18 |
| Total Segment Liabilities | 3,287.23 | 3,373.58 |

**STANDALONE NOTES TO ACCOUNTS**

(₹ In Crore)

| Particulars | Current Year | Previous Year |
|--|---------------|---------------|
| Segment Depreciation | | |
| Engineering & Projects Division | 6.67 | 8.46 |
| Special Steel Division | 134.71 | 135.96 |
| Electric Vehicle Division | 1.68 | 1.76 |
| Total Depreciation | 143.06 | 146.18 |
| Other Non Cash Expenses | | |
| Engineering & Projects Division | 7.61 | 3.62 |
| Special Steel Division | 156.01 | 138.27 |
| Electric Vehicle Division | 0.07 | 0.08 |
| Total | 163.69 | 141.97 |
| Segment Capital Expenditure | | |
| Engineering & Projects Division | 1.27 | 1.44 |
| Special Steel Division | 14.24 | 8.52 |
| Electric Vehicle Division | 0.52 | - |
| Total Capital Expenditure (Net) | 16.03 | 9.96 |

(B) Geographical Segments

The following table shows the carrying amount of segment assets, summary of Sales and other operation income in India and Overseas are as under:

(₹ in Crore)

| Particulars | Segment Revenue | | Segment Assets | |
|--------------|-----------------|----------------|----------------|----------------|
| | Current Year | Previous Year | Current Year | Previous Year |
| India | 1688.99 | 1700.50 | 2055.43 | 2282.28 |
| Overseas | 173.22 | 128.71 | 29.07* | 46.17* |
| Total | 1862.21 | 1829.21 | 2084.50 | 2328.45 |

* In the Segment Assets the overseas figures shows the balance of debtors located outside India.

2.37 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)

| Particulars | Current Year | Previous Year |
|---|--------------|---------------|
| Employer's Contribution to Provident Fund | 2.65 | 2.80 |
| Employer's Contribution to Pension Scheme | 2.13 | 1.70 |

STANDALONE NOTES TO ACCOUNTS
B) Defined Benefit Plan

| Particulars | Current Year | | | Previous Period | | |
|---|-------------------|-----------------|------------------|-------------------|-----------------|------------------|
| | Gratuity Unfunded | Gratuity Funded | Leave Encashment | Gratuity Unfunded | Gratuity Funded | Leave Encashment |
| (a) Liability recognised in the Balance Sheet | | | | | | |
| i) Present Value of obligation at the beginning of the Period | 2.79 | 4.91 | 3.82 | 1.70 | 4.19 | 3.15 |
| Current Service Cost | 0.60 | 0.55 | 0.54 | 0.41 | 0.48 | 0.64 |
| Adjustment due to Valuation | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Interest Cost | 0.22 | 0.39 | 0.31 | 0.16 | 0.39 | 0.29 |
| Actuarial (Gain)/Loss | -0.13 | 1.02 | 0.81 | 0.62 | 0.59 | 0.52 |
| Benefit Paid | -0.09 | -0.48 | -0.83 | -0.10 | -0.74 | -0.78 |
| Present Value of obligation as at year end | 3.40 | 6.39 | 4.65 | 2.79 | 4.91 | 3.82 |
| Less: | | | | | | |
| ii) Fair Value of Plan Assets at the beginning of the Period | 0.00 | 3.95 | 0.00 | 0.00 | 3.86 | 0.00 |
| Expected return on Plan Assets | 0.00 | 0.31 | 0.00 | 0.00 | 0.34 | 0.00 |
| Actuarial gain/(loss) | 0.00 | 0.00 | 0.00 | 0.00 | -0.09 | 0.00 |
| Employers' Contribution | 0.09 | 0.61 | 0.83 | 0.10 | 0.58 | 0.78 |
| Benefit Paid | -0.09 | -0.48 | -0.83 | -0.10 | -0.74 | -0.78 |
| Fair Value of Plan Assets as at year end | 0.00 | 4.40 | 0.00 | 0.00 | 3.95 | 0.00 |
| Excess Provision for Leave Encashment | | | | | | |
| Amount recognised in the Balance Sheet or Paid to Fund Manager | 3.40 | 1.99 | 4.65 | 2.79 | 0.96 | 3.82 |
| b) Expenses during the year | | | | | | |
| Service Cost | 0.60 | 0.55 | 0.54 | 0.41 | 0.48 | 0.64 |
| Interest Cost | 0.22 | 0.39 | 0.31 | 0.16 | 0.39 | 0.29 |
| Expected Return on plan assets | 0.00 | 0.31 | 0.00 | 0.00 | -0.34 | 0.00 |
| Actuarial (Gain)/Loss | -0.13 | 1.02 | 0.81 | 0.62 | 0.68 | 0.52 |
| Total | 0.70 | 2.27 | 1.66 | 1.19 | 1.21 | 1.45 |
| c) Actual Return on plan assets | | 0.00 | | | 0.25 | |
| d) Principal actuarial assumptions | | | | | | |
| Rate of Discounting | 8.01% | 8.07% | 8.01%* | 8.03% | 7.96% | 8.00% |
| Expected Return on plan Assets | NA | 8.07% | NA | NA | 7.96% | NA |
| Rate of Increase in Salaries | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% |
| Attrition Rate | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |

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

- 2.38 (a)** In the opinion of the Management, the current assets, Trade Receivables, Loans & Advances are realizable at the values stated, if realized in the ordinary course of business and the provisions for all known Liabilities are adequate.
- (b)** (i) The account of "Trade Receivables", "Borrowings", "Trade payables", "Advances from Customer", "Short Term Loans and Advances" and some Bank Balances are subject to confirmation / reconciliation and the same includes very old non moving items and therefore the same are subject to necessary adjustments for accounting or re-grouping / classification.
- (ii) The amount of "Advance from Customers" includes, ₹ 0.98 Crore (Previous Year ₹ 1.91 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.

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(iii) 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 in the opinion of the Company same are not netted off and which has resulted in overstatement of two account Heads and in the opinion of the company, the amount is not significant.

- 2.39 (a)** The amount of current maturity of Long Term Liability of ₹ 975.04 Crore (Previous Year ₹ 1374.17 Crore) has been determined on the basis of the data available with the company and has been treated as short term Borrowings.
- (b)** 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 estimated net realizable value.
- (c)** The classification/grouping of items of the accounts are made by the management, on the basis of the available data with the company.
- (d)** Account of Service Tax Receivables, CENVAT Receivables and Vat input credit Receivables is subject to reconciliation, submission of its return for its claim and/or its assessment, if any.
- (e)** The management is of the opinion that the uncompleted projects shown as Capital Work in Progress of ₹ 10.45 Crore (Previous Year ₹ 10.45 Crore) requires some further investment to bring them into commercial use and the company desire to complete the project, therefore these are not treated as impaired assets.
- (f)** In view of the non recovery of the amounts or non settlement of the accounts, the company has determined ₹ 63.26 Crore as doubtful Trade Receivables and ₹ 28.78 Crore as doubtful Advance to Suppliers and in view of business prudence, during the year the company has made provision of ₹ 34.79 crore (Previous Year ₹ 28.47 Crore) for doubtful Trade Receivables and ₹ 16.50 crore (Previous Year ₹ 12.28 Crore) for doubtful Advance to Suppliers.
- (g)** 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:-

| Particulars | | Current Year 2015-16 | Previous Year 2014-15 |
|--|-------------|-------------------------|--------------------------|
| i) Profit/(Loss) as per Statement | (In Crores) | -218.31 | -441.37 |
| ii) Weighted average No. of Shares for EPS computation | | | |
| a) For Basic EPS(Nos) | (In Crores) | 1.1476374 | 1.1476374 |
| b) For Diluted EPS(Nos) | (In Crores) | 1.2248452 | 1.1476374 |
| Earnings per Share(Basic) | | -190.17 | -384.49 |
| Earnings per Share(Diluted) | | -178.23 | -384.49 |
| Nominal Value of Shares | | 10 | 10 |

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 : 30th May, 2016

For & on behalf of the Board of Directors

Shailesh Bhandari

Managing Director

DIN NO : 00058866

Fageshkumar Soni

Company Secretary

Avinash Bhandari

Joint Managing Director

DIN NO : 00058986

Pawan Gaur

Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

We have audited the accompanying consolidated financial statements of **Electrotherm (India) Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") 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 the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Matter of Emphasis

1. We draw attention to Note No. 2.30 of the accompanying Consolidated Financial statements in respect of Winding up petitions and recovery cases against the company, Note No. 2.31 of the accompanying Consolidated Financial statements in respect of filing of Reference to BIFR on account of erosion of the net worth of the company and Note No.2.33(a) 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. 2.34 of the accompanying Consolidated Financial statements in respect of (a) writing Off of the Old Balances of advances, Trade Receivables and Inventories (b) assignment of Debts of the Some of the Bankers to Edelweiss Asset Reconstruction Company Limited and Invent Assets Securitization & Reconstruction Pvt. Ltd. and direct settlement of debts of ICICI Bank Ltd. and (c) non provision of diminution in the value of Investments in the Subsidiaries, writing off value of investment in Shree Ram Electrocast Limited and other additional disclosures in relation to Consolidated Financial statements of the Company.
3. We draw attention to Note No. 2.40 of the accompanying Consolidated Financial statements in respect of third party balance confirmations, its classification in respect of nature of realization of the amount and provision thereof.
4. We draw attention to Note No. 2.32(a) to (f) of the accompanying Consolidated Financial statements, in respect of non- provision of long disputed advances/claims/liability against the company, on account of the reasons for recovery/realization/settlement as stated in said notes.

Qualification

1. We draw attention Note No 2.32(h) of non- provision of interest on NPA accounts of banks of ₹715.78 Crore. The exact amounts of the said non provisions are not determined and accounted for by the company.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2016, and their consolidated Loss and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable and the information available with the holding Company, that:
 - (a) We/ other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) In our opinion, the Holding Company, its subsidiary companies which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 2.30 & 2.35 to the consolidated financial statements
 - ii. The group did not have long term contracts including derivative contracts for which there were any material foreseeable losses, and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

Other Matters

1. We did not audit the financial statements of Hans Ispat Limited, Shree Ram Electrocast Limited, Shree Hans Papers Limited and ET Elec-Trans Limited (The subsidiary Company) included in the consolidated financial statements which constitute total assets of ₹ 185.57 Crore as at 31st March, 2016, Total revenue of ₹ 367.82 Crore, Net Loss of Rs 42.09 Crore and net cash outflows amounting to ₹ 30.37 Crore for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such auditors.
2. We have relied on the unaudited financial statements of Jинуha Indus Enterprises Limited, Jинуha Jahari Enterprises Limited, Electrotherm Mali (SARL) and Bhaskarpara Coal Company Limited (The Subsidiary Company) wherein the group's share of profit aggregate ₹ 1.82 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.
(FIRM REGD. NO.: 106250W)
CHARTERED ACCOUNTANTS

PRAKASH D.SHAH
Partner

Membership No. 34363

Place : Ahmedabad
Date : 30th May, 2016

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2016

| Sr. No. | Particulars | Note No. | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|---------|--|----------|--|--|
| | EQUITY AND LIABILITIES | | | |
| | Shareholders' funds | | | |
| (a) | Share Capital | 2.01 | 52.07 | 23.48 |
| (b) | Reserves and Surplus | 2.02 | (1,267.61) | (1,087.62) |
| | Share Application Money Pending For Allotment | | 2.49 | 2.49 |
| | Minority Interest | | 6.10 | 6.11 |
| | | | (1,206.95) | (1,055.54) |
| | Non - Current liabilities | | | |
| (a) | Long Term Borrowings | 2.03 | 1,775.66 | 1,288.35 |
| (b) | Other long- term liabilities | 2.04 | 0.05 | 0.05 |
| (c) | Long Term Provisions | 2.05 | 10.81 | 8.23 |
| | | | 1,786.52 | 1,296.63 |
| | Current liabilities | | | |
| (a) | Short-term borrowings | 2.06 | 1,299.80 | 1,896.25 |
| (b) | Trade Payables | 2.07 | 260.21 | 218.07 |
| (c) | Other current liabilities | 2.08 | 86.85 | 117.10 |
| (d) | Short Term Provisions | 2.09 | 3.69 | 4.12 |
| | | | 1,650.55 | 2,235.54 |
| | TOTAL | | 2,230.12 | 2,476.63 |
| | ASSETS | | | |
| | Non-Current Assets | | | |
| (a) | Fixed Assets | | | |
| | (i) Tangible Assets | 2.10 | 1,245.72 | 1,381.35 |
| | (ii) Intangible Assets | 2.10 | 75.24 | 75.64 |
| | (iii) Capital work-in-progress | | 20.57 | 21.40 |
| (b) | Non-current Investments | 2.11 | 0.09 | 0.11 |
| (c) | Long-term loans and advances | 2.12 | 41.28 | 49.76 |
| (d) | Other Non-Current Assets | 2.13 | 34.63 | 34.57 |
| | | | 1,417.53 | 1,562.83 |
| | Current Assets | | | |
| (a) | Current investments | 2.14 | 1.60 | - |
| (b) | Inventories | 2.15 | 270.72 | 337.37 |
| (c) | Trade Receivables | 2.16 | 263.48 | 320.04 |
| (d) | Cash and Bank Balances | 2.17 | 76.86 | 55.03 |
| (e) | Short-term loans and advances | 2.18 | 196.10 | 199.36 |
| (f) | Other Current assets | 2.19 | 3.83 | 2.00 |
| | | | 812.59 | 913.80 |
| | TOTAL | | 2,230.12 | 2,476.63 |

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 : 30th May, 2016

For & on behalf of the Board of Directors

Shailesh Bhandari
Managing Director

DIN NO : 00058866

Fageshkumar Soni
Company Secretary
Avinash Bhandari
Joint Managing Director

DIN NO : 00058986

Pawan Gaur
Chief Financial Officer

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH 2016**

| Sr. No. | Particulars | Note No. | Year ended on | Year ended on |
|----------|---|----------|---|--|
| | | | 31st March 2016 (₹ In Crore) Current Year | 31st March 2015 (₹ In Crore) Previous Year |
| | Income | | | |
| | Revenue from Operations (Gross) | 2.20 | 2,272.17 | 2,206.52 |
| | Less: Excise Duty | | (171.61) | (159.01) |
| | Revenue from Operations | | 2,100.56 | 2,047.51 |
| | Other Income | 2.21 | 8.24 | 6.08 |
| A | Total Revenue | | 2,108.80 | 2,053.59 |
| | Expenditure | | | |
| | Cost of Materials Consumed | 2.22 | 1,370.38 | 1,503.45 |
| | Purchases of Stock in Trade | 2.22 | 21.14 | 33.05 |
| | Changes in Inventories of Finished Goods and Work in Process | 2.23 | 60.83 | 140.69 |
| | Employee Benefits Expense | 2.24 | 118.91 | 100.90 |
| | Finance Cost | 2.25 | 13.95 | 9.94 |
| | Depreciation and Amortization Expense | 2.10 | 154.41 | 159.26 |
| | Other Expenses | 2.26 | 548.60 | 583.06 |
| | Preliminary Expenses Written Off | | 0.44 | 0.47 |
| B | Total Expenses | | 2,288.66 | 2,530.82 |
| | Loss before exceptional and extra ordinary items and tax (A-B) | | (179.86) | (477.23) |
| | Exceptional items & Extraordinary Items | | - | 3.49 |
| | Loss before Tax | | (179.86) | (480.72) |
| | Tax Expenses | | | |
| | Current Tax | | (0.01) | (0.01) |
| | Wealth Tax | | - | (0.04) |
| | Profit/(loss) (before adjustment of Minority Interest) | | (179.87) | (480.77) |
| | Less: Share of Loss transferred to Minority Interest | | 0.01 | 1.66 |
| | Loss for the Year | | (179.86) | (479.11) |
| | Add/(Less) : Prior Period Adjustments | 2.27 | - | 0.88 |
| | Loss for the Year | | (179.86) | (478.23) |
| | Earnings per Equity Share (Nominal Value of Share ₹10/- each) | | | |
| | Basic (In ₹) | 2.42 | (156.72) | (416.71) |
| | Diluted (In ₹) | | (146.84) | (416.71) |

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 : 30th May, 2016

For & on behalf of the Board of Directors

Shailesh Bhandari**Managing Director**

DIN NO : 00058866

Fageshkumar Soni**Company Secretary****Avinash Bhandari****Joint Managing Director**

DIN NO : 00058986

Pawan Gaur**Chief Financial Officer**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2016

(₹ In Crore)

| PARTICULARS | CURRENT YEAR | PREVIOUS YEAR |
|--|----------------|-----------------|
| A: CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit/(Loss) before tax as per Statement of Profit and Loss | (179.86) | (480.72) |
| Adjusted For: | | |
| Profit on Sale/Discard of assets (net) | - | (0.02) |
| Depreciation | 154.41 | 159.26 |
| Net Sundry Balances Written Off | 37.91 | 98.26 |
| Provision For Doubtful Debtors and Advances | 47.07 | 44.97 |
| Profit on Sale of Units of Mutual Fund | (0.26) | - |
| Interest Income | (4.75) | (3.84) |
| Prior Period Item | - | 0.88 |
| Finance Cost | 13.95 | 9.94 |
| Operating profit before working capital changes | 68.47 | (171.27) |
| Adjusted For: | | |
| Trade Receivables | (25.73) | (57.39) |
| Inventories | 66.65 | 147.35 |
| Trade Payables | 51.73 | 19.86 |
| Loans and advances and other assets | (1.86) | 146.93 |
| Other liabilities and provisions | (28.10) | (13.33) |
| Cash Generated from Operations | 131.16 | 72.15 |
| Taxes Paid | (0.71) | (0.60) |
| Net Cash Generated from Operating activities | 130.45 | 71.55 |
| B: CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (17.77) | (8.69) |
| Sales of Fixed Assets | 0.23 | 0.12 |
| Sale of units of mutual fund | 41.25 | - |
| Purchase of units of Mutual Funds | (42.60) | - |
| Sales / (Purchases) of Investments (net) | 0.02 | (0.02) |
| Interest Income | 4.75 | 3.84 |
| Net Cash (used in) Investing Activities | (14.12) | (4.75) |
| C: CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Share Application Money | - | 0.06 |
| Government subsidy received | - | 0.70 |
| Repayment of Long Term & Short Term Borrowings* | (109.14) | (36.62) |
| Finance Cost | (13.95) | (9.94) |
| Proceeds From Issue of Shares | 28.59 | - |
| Net Cash (used in) Financing Activities | (94.50) | (45.80) |
| Net Increase in Cash and Bank Balance | 21.83 | 21.00 |
| Opening Balance of Cash and Bank Balance | 55.03 | 34.02 |
| Closing Balance of Cash and Bank Balance (Refer note no 2.17) | 76.86 | 55.03 |

The said statement is to be read alongwith the Notes to accounts and in particular Note No.2.40

* 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 : 30th May, 2016

For & on behalf of the Board of Directors

Shailesh Bhandari
Managing Director

DIN NO : 00058866

Fageshkumar Soni
Company Secretary
Avinash Bhandari
Joint Managing Director

DIN NO : 00058986

Pawan Gaur
Chief Financial Officer

1.00 NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2016

1.01 Corporate Information

ELECTROTHERM (INDIA) LIMITED (The Company) is a public company domiciled in India and incorporated under the provisions of Companies Act, 1956. Its stock are listed on the some of stock exchanges in India. The Company is mainly engaged in the manufacturing and marketing of Induction Furnaces, Steel Items and Battery Operated Vehicles.

1.02 BASIS OF ACCOUNTING :

The Consolidated Financial Statements read with the notes to accounts are prepared to comply in all material respects with the Accounting Standards notified Section 133 of the Companies Act, 2013, read together with paragraph 7 of Companies (Account) Rules, 2014. The Financial statements have been prepared under historical cost convention, (except for revalued assets which are stated at revalued amount) on an accrual basis.

1.03 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) 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 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.

(B) PRINCIPAL OF CONSOLIDATION :

The Consolidated financial statements relates of 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 transaction in accordance with Accounting Standards (AS)21 – "Consolidated Financial Statements"
- (b) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the period. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in Statement of Profit and Loss.
- (c) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- (d) Minority Interest's share of net assets of consolidated subsidiaries for the year is identified and adjusted against the Income of the group in order to arrive at the net income attributable to shareholders of the Company.
- (e) Minority Interest's share of net profit / (loss) 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.

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

(D) Other Significant Accounting Policies:

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

2.00 CONSOLIDATED NOTES TO ACCOUNTS

2.01 Share Capital

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

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ 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 |
| 2,85,90,000 Partially Convertible Partially Redeemable Preference Shares of ₹ 10/- each | 28.59 | - |
| Total | 78.59 | 50.00 |
| Issued, Subscribed & Paid up | | |
| 1,14,76,374 (Previous Year 1,14,76,374) Equity Shares of ₹10/- each Fully paid up | 11.48 | 11.48 |
| 1,20,00,000 (Previous Year 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 |
| 28590000 (Previous Year Nil) Partially Convertible Partially Redeemable Preference Shares | 28.59 | - |
| Total | 52.07 | 23.48 |

(b) A reconciliation of the number of shares outstanding as per last year.

| (i) Equity Shares | As at 31st March 2016 | As at 31st 2015 |
|---|------------------------------|------------------------|
| | Numbers | Numbers |
| Shares outstanding at the beginning of the Year | 11,476,374 | 11,476,374 |
| Add : Shares Issued During the Year | - | - |
| Shares outstanding at the end of the Year | 11,476,374 | 11,476,374 |
| (ii) 6% Non-Cumulative Redeemable Preference Shares | As at 31st March 2016 | As at 31st 2015 |
| | Numbers | Numbers |
| Shares outstanding at the beginning of the year | 12,000,000 | 12,000,000 |
| Add : Shares Issued During the Year | - | - |
| Shares outstanding at the end of the year | 12,000,000 | 12,000,000 |
| (iii) Partially Convertible Partially Redeemable Preference Shares | As at 31st March 2016 | As at 31st 2015 |
| | Numbers | Numbers |
| Shares outstanding at the beginning of the Year | - | - |
| Add : Shares Issued During the Year | 28,590,000 | - |
| Shares outstanding at the end of the Year | 28,590,000 | - |

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

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

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

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

(e) **Rights, preference and restriction attached to Partially Convertible Partially Redeemable Preference Shares(PCPRPS)**

- The face value of the Preference shares is Rs 10/- per share . The Preference share holder does not have any voting rights. During the year, the company has not declared any dividend.
- In the event of liquidation of the company, the preference share holders will have priority over equity shares in repayment of capital .
- The Equity Shares arising upon conversion of the PCPRPS shall rank pari passu with the existing Equity Shares of the Company in all respects, including dividend.



CONSOLIDATED NOTES TO ACCOUNTS

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

(g) Shareholders holding more than 5% of the Shares in the Company :

Equity Shares

| Sr. No. | Name of Shareholder | As at 31st March 2016 | | As at 31st March 2015 | |
|---------|---|-----------------------|--------------|-----------------------|--------------|
| | | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| 1 | IDBI Trusteeship Services Limited (India Advantage Fund-VI) | - | - | 1,292,231 | 11.26 |
| 2 | Castleshine PTE Limited | 1,000,000 | 8.71 | 1,000,000 | 8.71 |
| 3 | Leadhaven PTE Limited | 1,000,000 | 8.71 | 1,000,000 | 8.71 |
| 4 | Western India Specialty Hospital Ltd. | 975,000 | 8.50 | 975,000 | 8.50 |
| 5 | Mr. Shailesh Bhandari | 848,275 | 7.39 | 848,275 | 7.39 |
| 6 | Mr. Mukesh Bhandari | 809,500 | 7.05 | 809,500 | 7.05 |
| 7 | Jagdishkumar Amrutlal Akhani | 806,435 | 7.03 | - | - |

6% Non-Cumulative Redeemable Preference Shares

| Sr. No. | Name of Shareholder | As at 31st March 2016 | | As at 31st March 2015 | |
|---------|--|-----------------------|--------------|-----------------------|--------------|
| | | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| 1 | Highland Finance and Investments Pvt. Ltd. | 3,240,000 | 27.00 | 3,240,000 | 27.00 |
| 2 | Web Businesses.com Global Ltd. | 2,730,000 | 22.75 | 2,730,000 | 22.75 |
| 3 | Lavish Packagers Ltd. | 2,580,000 | 21.50 | 2,580,000 | 21.50 |
| 4 | Froid Finance and Investments Pvt. Ltd. | 1,200,000 | 10.00 | 1,200,000 | 10.00 |
| 5 | Mr. Shailesh Bhandari | 1,200,000 | 10.00 | 1,200,000 | 10.00 |
| 6 | Ahmedabad Aviation And Aeronautics Ltd. | 1,050,000 | 8.75 | 1,050,000 | 8.75 |

Partially Convertible Partially Redeemable Preference Shares

| Sr. No. | Name of Shareholder | As at 31st March 2016 | | As at 31st March 2015 | |
|---------|--|-----------------------|--------------|-----------------------|--------------|
| | | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| 1 | Edelweiss Asset Reconstruction Company Limited | 28,590,000 | 100.00 | - | - |

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

2.02 Reserves and surplus

| Particulars | As at 31st March 2016 (₹ In Crore) | | As at 31st March 2015 (₹ In Crore) | |
|--|---------------------------------------|-------------------|---------------------------------------|-------------------|
| (A) Capital Reserve | | | | |
| As per Last Balance Sheet Date | 14.23 | | 13.53 | |
| Add: Government Subsidy -Addition during the year | - | 14.23 | 0.70 | 14.23 |
| (B) Share Premium Account | | | | |
| As per Last Balance Sheet Date | 226.47 | 226.47 | 226.47 | 226.47 |
| (C) General Reserve | | | | |
| As per Last Balance Sheet Date | 320.07 | | 323.33 | |
| Less : Transferred for depreciation on Revaluation of Fixed Assets | (3.23) | 316.84 | (3.26) | 320.07 |
| (D) Revaluation Reserve | | | | |
| As per Last Balance Sheet | 48.91 | | 56.33 | |
| Less : Transferred for depreciation on Revaluation of Fixed Assets | (6.12) | 42.79 | (7.42) | 48.91 |
| (E) Surplus/Deficit in Statement of Profit & Loss | | | | |
| As per Last Balance Sheet Date | (1,697.30) | | (1,229.74) | |
| Less: Transferred from General Reserve/Revaluation Reserve | 9.35 | | 10.67 | |
| Add: Other Adjustment | (0.13) | | - | |
| Add: Loss for the Year | (179.86) | (1,867.94) | (478.23) | (1,697.30) |
| Total | | (1,267.61) | | (1,087.62) |

CONSOLIDATED NOTES TO ACCOUNTS

2.03 Long term borrowings

| Particulars | As at 31st March 2016 (₹ In Crore) | | As at 31st March 2015 (₹ In Crore) | |
|---|--|-----------------|--|-----------------|
| | Non-Current | Current | Non-Current | Current |
| Secured | | | | |
| Term Loans from Banks | | | | |
| - Rupee Term Loan-[Note No.(a) & Note No. 2.40 (c)] | 11.33 | 775.43 | 14.32 | 1,147.95 |
| - Rupee Term Loan ARC | 1,713.10 | 66.92 | 1,221.40 | 90.53 |
| - Foreign Currency Term Loan-[Note No.(b)] | - | 90.13 | - | 90.13 |
| Total | 1,724.43 | 932.48 | 1,235.72 | 1,328.61 |
| Hire Purchase Finance for Vehicles (Secured By Hypothecation of Specific Vehicles) | 0.19 | 0.17 | 0.01 | 0.02 |
| Invent Assets Securitisation & Reconstruction Pvt Ltd | 51.02 | 1.58 | 52.60 | 1.24 |
| Unsecured | | | | |
| - Foreign Currency Term Loan | - | 67.63 | - | 67.63 |
| Loans from directors | 0.02 | - | 0.02 | - |
| Total | 1,775.66 | 1,001.86 | 1,288.35 | 1,397.50 |

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

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

The loan is secured by First charge on the entire 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.

(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 Other long- term liabilities

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|------------------|--|--|
| Sundry Creditors | 0.05 | 0.05 |
| Total | 0.05 | 0.05 |

2.05 Long Term Provisions

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|--------------------------------|--|--|
| Provision for Leave Encashment | 5.27 | 3.97 |
| Provision for Gratuity | 5.54 | 4.26 |
| Total | 10.81 | 8.23 |

CONSOLIDATED NOTES TO ACCOUNTS
2.06 Short-term borrowings

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|---|--|--|
| Secured Loan from Banks | | |
| Term Loan | 0.02 | 0.02 |
| Current Maturities of Long terms borrowings [Refer Note No.(a) & Note No. 2.40 (c) & Note No.2.32(h)] | 1,001.86 | 1,397.50 |
| Working Capital Facilities [Refer Note No.(a), (b) & Note No. 2.32 (h)] | 228.52 | 419.46 |
| Unsecured | | |
| Loans and Advances repayable on demand from: - | | |
| Related Parties (Including Body Corporates) | 1.94 | 1.94 |
| Other Body Corporates | 0.34 | 0.34 |
| Directors (Refer Note No 2.38) | 0.72 | 1.13 |
| Term Loan from Banks | | |
| - Rupee Term Loan | 66.40 | 66.40 |
| - Foreign Currency Term Loan | - | 9.46 |
| Total | 1,299.80 | 1,896.25 |

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

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

2.07 Trade Payable

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|-------------------------------------|--|--|
| Micro, Small and Medium Enterprises | 0.49 | 0.49 |
| Others [Refer Note No 2.40(b)] | 259.64 | 217.58 |
| Dues to Related Parties | 0.08 | - |
| Total | 260.21 | 218.07 |

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

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|--|--|--|
| Supreme Metallurgical Services (P). Ltd. | 0.49 | 0.49 |

Interest on the said amount has not been provided. [Refer Note No. 2.34(r)]

CONSOLIDATED NOTES TO ACCOUNTS

2.08 Other current liabilities

| Particulars | As at 31st March 2016 (₹ In Crore) | | As at 31st March 2015 (₹ In Crore) | |
|--|--|--------------|--|---------------|
| Unclaimed Dividend# | 0.03 | | 0.05 | |
| Creditors for Capital expenditure | 0.03 | | 1.59 | |
| Advance from Customer [Refer Note No 2.40(b)] | 67.60 | | 93.25 | |
| Others (including cheques overdrawn) | 10.33 | 77.99 | 7.45 | 102.34 |
| Statutory Liabilities | | | | |
| Provident Fund & Other Contribution | 0.87 | | 0.84 | |
| Tax Deducted and Collected at Source | 1.56 | | 1.50 | |
| Value Added Tax and Central Sales Tax | 1.09 | | 2.66 | |
| Service Tax Payable | 0.01 | | 0.03 | |
| Excise Duty Payable on Stock of Finished Goods | 5.31 | | 9.73 | |
| others | 0.02 | 8.86 | - | 14.76 |
| Total | | 86.85 | | 117.10 |

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 2016 (₹ In Crore) | | As at 31st March 2015 (₹ In Crore) | |
|--------------------------|--|-------------|--|-------------|
| Provision for Bonus | | 3.69 | | 4.08 |
| Provision for Wealth Tax | | - | | 0.02 |
| Provision for income tax | | - | | 0.02 |
| Total | | 3.69 | | 4.12 |

2.10 Fixed Assets

(₹ in Crore)

| Description | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---------------------------|---------------------|--------------------------|---------------------------|---------------------|---------------------|-------------------------|---------------------------|---------------------|---------------------|---------------------|
| | As at 01.04.2015 | Addition / Adjustment | Deduction / Adjustment | As at 31.03.2016 | As at 01.04.2015 | Addition/ Adjustment | Deduction / Adjustment | As at 31.03.2016 | As at 31.03.2016 | As at 31.03.2015 |
| TANGIBLE ASSETS: | | | | | | | | | | |
| Own Assets: | | | | | | | | | | |
| Freehold Land | 174.85 | 0.47 | - | 175.32 | - | - | - | - | 175.32 | 174.85 |
| Leasehold Land | 1.10 | - | - | 1.10 | - | - | - | - | 1.10 | 1.10 |
| Building | 374.58 | 0.13 | - | 374.71 | 83.31 | 14.49 | - | 97.80 | 276.91 | 291.27 |
| Plant and Machinery | 1,745.98 | 14.80 | 0.22 | 1,760.56 | 842.24 | 136.11 | 0.01 | 978.34 | 782.22 | 903.74 |
| Computer | 14.06 | 0.86 | 0.01 | 14.91 | 11.35 | 1.04 | 0.01 | 12.38 | 2.53 | 2.71 |
| Furnitures & Fixtures | 8.30 | 0.31 | 0.03 | 8.58 | 4.73 | 0.97 | 0.01 | 5.69 | 2.89 | 3.57 |
| Office Equipment | 4.68 | 0.53 | - | 5.21 | 3.48 | 0.50 | - | 3.98 | 1.23 | 1.20 |
| Live Stock | - | - | - | - | - | - | - | - | - | - |
| Vehicles | 10.11 | 1.48 | 0.09 | 11.50 | 7.20 | 0.87 | 0.09 | 7.98 | 3.52 | 2.91 |
| Total(A) | 2,333.66 | 18.58 | 0.35 | 2,351.89 | 952.31 | 153.98 | 0.12 | 1,106.17 | 1,245.72 | 1,381.35 |
| INTANGIBLE ASSETS: | | | | | | | | | | |
| Goodwill * | 74.70 | - | - | 74.70 | - | - | - | - | 74.70 | 74.70 |
| Software | 4.31 | 0.02 | - | 4.33 | 3.37 | 0.43 | - | 3.79 | 0.54 | 0.94 |
| Total(B) | 79.01 | 0.02 | - | 79.03 | 3.37 | 0.43 | - | 3.79 | 75.24 | 75.64 |
| Total(A+B) | 2,412.67 | 18.60 | 0.35 | 2,430.92 | 955.68 | 154.41 | 0.12 | 1,109.96 | 1,320.96 | 1,456.99 |
| Previous Period | 2,402.42 | 10.57 | 0.32 | 2,412.67 | 796.84 | 159.26 | 0.42 | 955.68 | 1,456.38 | 1,605.58 |
| Capital Work in Progress | | | | | | | | | 20.57 | 21.40 |

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 ₹ 9.35 Crore (Previous Period ₹ 10.67 Crore) on account of the said revaluation, and which has been reduced from the balance of General Reserve and Revaluation Reserve.

* 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.

CONSOLIDATED NOTES TO ACCOUNTS
2.11 Non Current Investments

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|--|--|--|
| a. Investment in Mutual Funds(Quoted) 64,288.778 (Previous Year 64,288.778) Units of ₹ 10 each of Punjab National Bank Mutual Fund (NAV of ₹ 0.418 Crore (Previous Year ₹ 0.441 Crore) | 0.06 | 0.06 |
| b. Investment in Equity Instruments (UnQuoted) 6,540 (Previous Year 6,540) Shares of ₹ 25 each of Siddhi Co.Op Bank Ltd. National Saving Certificates | 0.02 0.01 | 0.02 0.01 |
| c. Investment in Subsidiary Companies (UnQuoted) Share in Profit/Loss of Jinhua Indus Enterprise Limited in Jinhua Jahari Enterprise Limited pending for adjustment | | 0.02 |
| Total | 0.09 | 0.11 |

2.12 Long Term Loans & Advances

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|---|--|--|
| Unsecured, considered good unless stated otherwise | | |
| Loans and Advances to related parties (Refer Note No 2.38) | 0.01 | 0.01 |
| Advance for Capital Goods | 1.30 | 1.38 |
| Sundry Deposits (Includes Bank Fixed Deposit of ₹ 18.06 Crore given as EMD & Margin Money.(Previous Year ₹ 30.82 Crore) | 39.97 | 48.37 |
| Total | 41.28 | 49.76 |

2.13 Other Non-Current Assets

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|---|--|--|
| (To the extent not written off or adjusted) | | |
| Preliminary Expenses | 0.17 | - |
| Advance to Suppliers | 0.01 | 0.01 |
| Balance with Bank in Fixed Deposits Accounts | 0.53 | 0.51 |
| Deferred Revenue Expenditure | 1.73 | 1.94 |
| Product Development Cost (Refer Note No. 2.34(i)) | 32.19 | 32.11 |
| Total | 34.63 | 34.57 |

2.14 Current Investment

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|--|--|--|
| Quoted Mutual Funds | | |
| 51,549.635 (Previous Year: Nil) units Birla Sun Life Saving Fund - Growth-Direct Plan | 1.50 | - |
| 100,000.000 (Previous Year: Nil) units Axis Hybrid Series 27 (1351 Days) Growth | 0.10 | - |
| | 1.60 | - |

Aggregate amount of quoted investments (Market value ₹ 16,134,820.00 (31 March 2015: ₹ Nil))

2.15 Inventories [Refer Note No. 2.34(o) & Note No.2.40(e)]

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|--|--|--|
| (As valued, verified & certified by the Management) | | |
| a. Raw Material [including goods in transit of ₹ 3.36 Crore (Previous Year ₹ 15.99 Crore) | 118.28 | 135.31 |
| b. Work-In-Process | 53.16 | 74.88 |
| c. Finished Goods | 48.41 | 87.52 |
| d. Stores and Spares | 50.87 | 39.66 |
| Total | 270.72 | 337.37 |

CONSOLIDATED NOTES TO ACCOUNTS

2.16 Trade Receivables [Refer Note No 2.40(a) & (b)]

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|---|--|--|
| (Unsecured, considered good unless stated otherwise) Over Six Months | | |
| - Considered good | 122.25 | 123.79 |
| - Considered Doubtful | 74.14 | 74.55 |
| | 196.39 | 198.34 |
| Less : Provision for doubtful Debts | (63.26) | (28.47) |
| | 133.14 | 169.87 |
| Other receivables (considered good) | 116.50 | 137.04 |
| Due from Related Parties [Includes ₹ 13.01 Crore. (Previous Period ₹ 9.03 Crore.) which is outstanding for more than six months] | 13.84 | 13.13 |
| Total | 263.48 | 320.04 |

2.17 Cash and Bank Balances

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|--|--|--|
| a. Balances with Bank | | |
| - Current Account | 41.57 | 43.04 |
| - Fixed Deposit (Pledged with Bankers) * | 34.52 | 11.69 |
| - Unclaimed Dividend Account | 0.03 | 0.05 |
| b. Cash on hand (As certified by the Management) | 0.74 | 0.25 |
| Total | 76.86 | 55.03 |

* Fixed Deposit includes deposit of ₹ 4.86Crore (Previous ₹ 10.32 Crore having maturity within 12 months)

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|------------------------------|--|--|
| Less than equal to 12 months | 4.86 | 10.32 |
| More than 12 months | 29.66 | 1.37 |
| | 34.52 | 11.69 |

2.18 Short-term loans and advances

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|--|--|--|
| (Unsecured, considered good unless stated otherwise) | | |
| Advances Recoverable In Cash or Kind | 43.60 | 7.87 |
| Advance to Related Parties | 0.06 | - |
| Advances to Staff [Refer Note No.2.40(i)] | 0.58 | 0.70 |
| Advance to Suppliers and Other Parties [Refer Note No.2.40(b)(iii) & 2.40 (h)] | | |
| Considered Good | 113.03 | 131.26 |
| Considered Doubtful | 28.78 | 28.78 |
| Less : Provision for doubtful Debts | (28.78) | (16.50) |
| | 157.27 | 152.11 |
| Others | | |
| Prepaid Expenses | 1.56 | 1.68 |
| Loan to Employees | 0.26 | 0.17 |
| Balance with Revenue Authorities [Refer Note No. 2.32 & 2.40(f)] | 32.65 | 41.74 |
| Advance Income Tax [Refer Note No. 2.34 (u)] | 4.36 | 3.66 |
| | 38.83 | 47.25 |
| Total | 196.10 | 199.36 |

CONSOLIDATED NOTES TO ACCOUNTS
2.19 Other current assets

| Particulars | As at 31st March 2016 (₹ In Crore) | As at 31st March 2015 (₹ In Crore) |
|---|--|--|
| Preliminary Expenditure to the Extent written off | 0.10 | 0.11 |
| Advances Recoverable In Cash or Kind | 1.36 | 0.83 |
| Interest accrued but not due on deposit | 2.37 | 1.06 |
| Total | 3.83 | 2.00 |

2.20 Revenue from operations

| Particulars | Current Year (₹ In Crore) | | Previous Period (₹ In Crore) | |
|--|------------------------------|-----------------|---------------------------------|-----------------|
| Sale of Products (Includes Export Incentives of ₹ 2.76 Crore (Previous Year ₹ 3.53 Crore) | 2,249.32 | | 2,171.98 | |
| Less: Inter Division Sales | (7.39) | 2,241.93 | (5.54) | 2,166.44 |
| Service income | 8.64 | | 6.04 | |
| Less : Inter Division Service | (0.04) | 8.60 | (0.02) | 6.02 |
| Power Generation Income | | 0.25 | | 0.21 |
| Trading Sales | | 21.39 | | 33.85 |
| Total | | 2,272.17 | | 2,206.52 |

2.21 Other Income

| Particulars | Current Year (₹ In Crore) | Previous Period (₹ In Crore) |
|---|------------------------------|---------------------------------|
| Interest Income from Bank Fixed Deposits & Others | 4.75 | 3.84 |
| Net Discount and Claims and net accounts written back | 0.14 | 0.87 |
| Rent Income | 0.01 | 0.01 |
| Foreign Exchange Gain | 1.54 | - |
| Profit on Sale of Units of Mutual Fund | 0.26 | - |
| Profit on Sale of Asset (Net) | 0.01 | 0.02 |
| Miscellaneous Income | 1.53 | 1.34 |
| Total | 8.24 | 6.08 |

2.22 Cost of Material Consumed

| Particulars | Current Year (₹ In Crore) | Previous Period (₹ In Crore) |
|---|------------------------------|---------------------------------|
| Opening Stock | 124.53 | 133.21 |
| Add: Purchases of Raw Material | 1,364.13 | 1,494.77 |
| | 1,488.66 | 1,627.98 |
| Less: Closing Stock | 118.28 | 124.53 |
| Cost of Raw Material Consumed [Refer Note no. 2.34(c), (d) & (g)] | 1,370.38 | 1,503.45 |
| Trading Purchase | 21.14 | 33.05 |

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

| Particulars | Current Year (₹ In Crore) | | Previous Period (₹ In Crore) | |
|--------------------------------------|------------------------------|--------------|---------------------------------|---------------|
| Inventories (At Commencement) | | | | |
| - Work In Process | 74.88 | | 254.50 | |
| - Finished Goods | 87.52 | 162.40 | 48.59 | 303.09 |
| Inventories (At end) | | | | |
| - Work In Process | 53.16 | | 74.88 | |
| - Finished Goods | 48.41 | 101.57 | 87.52 | 162.40 |
| Total | | 60.83 | | 140.69 |

2.24 Employee Benefit Expenses

| Particulars | Current Year (₹ In Crore) | Previous Period (₹ In Crore) |
|---|------------------------------|---------------------------------|
| Salaries, Wages and Allowances and Bonus | 111.34 | 93.71 |
| Contribution to Provident and other funds | 5.42 | 5.31 |
| Staff Welfare and amenities | 2.15 | 1.88 |
| Total | 118.91 | 100.90 |

CONSOLIDATED NOTES TO ACCOUNTS
2.25 Finance Cost

| Particulars | Current Year (₹ In Crore) | Previous Period (₹ In Crore) |
|---|------------------------------|---------------------------------|
| Interest Expenses on Bank and Other Loan | 0.32 | 3.27 |
| Other Borrowing Cost & Charges | 0.20 | 3.86 |
| Loss on foreign currency transactions and translation | 16.24 | 4.27 |
| Sundry Balance Written off (Interest Receivable) | - | 0.96 |
| LC interest recovered | (2.81) | (2.42) |
| Total | 13.95 | 9.94 |

2.26 Other Expenses

| Particulars | Current Year (₹ In Crore) | Previous Period (₹ In Crore) |
|---|------------------------------|---------------------------------|
| Manufacturing Expenses | | |
| Power and Fuel | 160.59 | 144.86 |
| Stores and Spares | 132.76 | 143.82 |
| Job Charges | 72.26 | 62.00 |
| Machinery Repairs | 1.13 | 0.79 |
| Building Repairs | 0.62 | 0.20 |
| Factory Expenses | 0.11 | 0.14 |
| Other Repairs | 3.43 | 3.31 |
| Less : Inter Division Service | (0.04) | (0.02) |
| Water Charges | 3.24 | 1.96 |
| Excise duty (on account of Duty on Finished Good Stocks and Others) | (4.42) | 4.39 |
| | 369.68 | 361.45 |
| Establishment/ Administrative Expenses | | |
| Hire-Lease-Rent Charges | 4.07 | 4.81 |
| Rates & Taxes | 1.95 | 0.86 |
| Loss on Sale of Assets | 0.01 | - |
| Insurance Premium | 1.75 | 2.52 |
| Postage Telegram & Telephone Expenses | 1.82 | 1.54 |
| Conveyance Expenses | 0.87 | 0.87 |
| Travelling Expenses | 7.88 | 6.36 |
| Printing and Stationery | 0.92 | 0.81 |
| Vehicle Expenses | 1.15 | 1.33 |
| General Exp | 0.08 | - |
| Security Expenses | 1.59 | 1.48 |
| Subscription & Membership | 0.18 | 0.18 |
| Net Sundry Balances Written Off | 37.91 | 98.26 |
| Provision For Doubtful Debtors and Advances | 47.07 | 44.97 |
| Auditors' Remuneration: | | |
| - Audit Fees | 0.22 | 0.23 |
| - Tax Audit Fees | 0.01 | - |
| - Other Matters | 0.04 | 0.01 |
| Legal and Professional Charges | 14.51 | 6.88 |
| Miscellaneous Expenses | 4.52 | 3.91 |
| Research & Development Expenses | 0.02 | 0.01 |
| Donation | 0.11 | 0.10 |
| | 126.68 | 175.13 |
| Selling & Distribution Expenses | | |
| Advertisement & Sales Promotion | 23.00 | 20.44 |
| Commission | 12.40 | 13.50 |
| Freight Outward and other Expenses (Net) | 16.84 | 12.54 |
| | 52.24 | 46.48 |
| Total | 548.60 | 583.06 |

2.27 Prior Period Adjustment

| Particulars | Current Year (₹ In Crore) | Previous Period (₹ In Crore) |
|--|------------------------------|---------------------------------|
| Prior Period Adjustment- Income Tax And Others | - | 0.88 |
| | - | 0.88 |

CONSOLIDATED NOTES TO ACCOUNTS

2.28 The account under consideration is for the Financial year 2015-16 commencing from 1st April 2015 to 31st March 2016 (Referred as "Current Year") and the previous financial year commencing from 1st April 2014 to 31st March 2015 (Referred as "Previous Year").

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

| Name of the Subsidiary | Country of Incorporation | % voting power held as at March 31, 2016 | % voting power held as at March 31, 2015 |
|--|--------------------------|--|--|
| Jinhua Indus Enterprises Limited*\$ (JIEL) | China | 100.00% | 100.00% |
| Jinhua Jahari Enterprises Limited*\$ (100% wholly owned company of JIEL) | China | 100.00% | 100.00% |
| Bhaskarpara Coal Company Limited#\$ | India | 52.63% | 52.63% |
| ET Elec-Trans Limited# | India | 80.49% | 80.49% |
| Shree Ram Electrocast Limited# | India | 100.00% | 100.00% |
| Hans Ispat Limited# | India | 100.00% | 100.00% |
| Shree Hans Papers Limited# | India | 100.00% | 100.00% |
| Electrotherm Mali SARL*\$ | Republic of Mali | 100.00% | 100.00% |

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

subsidiary Companies having 31st March as a reporting date.

\$ Financial Statement are unaudited

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.

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

(a) Winding Up Petitions:

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

The winding up petition filed by UCO Bank, was admitted on March 7, 2012 and the Hon'ble Gujarat High Court has passed an order for advertisement of petition and appointment of Official Liquidator. The Company has challenged the said orders before Hon'ble Division Bench of Hon'ble Gujarat High Court by filing an appeal and the Hon'ble Division bench vide order dated August 13, 2013 has granted the stay against the said orders. Further in view of the reference of the company registered with the Hon'ble BIFR Board (governed by the Sick Industrial Companies (Special Provisions) Act, 1985, the Hon'ble Gujarat High Court vide order dated August 19, 2015 has adjourned the matter sine die until the proceedings before the Hon'ble BIFR Board are completed.

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

(b) Cases before Debt Recovery Tribunal (DRT)/DRAT Cases:

(i) UCO Bank, Syndicate Bank, ICICI Bank Limited, Allahabad Bank, Central Bank of India, Dena Bank, and Corporation Bank had filed Original Applications against the Company before the Debt Recovery Tribunal-1, Ahmedabad ("DRT") under section 19 of the Recovery of Debts due to Banks and Financial Institutions Act, 1993. The DRT has granted ad-interim injunction orders against transfer of certain properties. The Company had filed its reply / application in all the matters and has requested the DRT to suspend the proceedings in view of registration of reference before the Hon'ble BIFR Board.

The Company has filed an appeal before Debt Recovery Appellate Tribunal, Mumbai ("DRAT") in the matter of UCO Bank against the order of DRT for rejection of application of cross examination. Syndicate Bank has also filed an appeal before DRAT, Mumbai against the order of DRT for modification of ex-parte ad-interim injunction order.

During the current year Allahabad Bank has assigned the debt associated with the company to Invent Assets Securitisation & Reconstruction Private Limited (ARC). Company has settled its debt with ICICI Bank in OTS (one time settlement) and on complying with the repayment as per the settlement agreement; the matter will be withdrawn from the Hon'ble DRT. Accordingly, all the aforesaid original applications / appeal are now pending for further hearing before DRT/DRAT.

CONSOLIDATED NOTES TO ACCOUNTS

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

UCO Bank, Syndicate Bank, Vijaya Bank, ICICI Bank Limited 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 Magistrates, Ahmedabad.

(d) Willful Defaulters:

- (i) UCO Bank had declared the Company and its guarantors as willful defaulter. The action of declaring the company and its guarantors as willful defaulter by UCO Bank has been challenged in the Hon'ble Gujarat High Court and the said matter is pending for further hearing.
- (ii) Central Bank of India and Corporation Bank has declared the Company as willful defaulter and reported the name of Company and its directors to the Reserve Bank of India, Credit Information Bureau (India) Limited (CIBIL) as Willful Defaulter.
- (iii) Allahabad Bank, Dena Bank, Punjab National Bank and Union Bank of India had written a letter to the Company for declaring the company and its directors as willful defaulter. The company has filed its reply with all the banks. After receiving the letter for personal hearing before Grievance Redressal Committee, company has not received any further communication in respect of these cases.

(e) Notice under SARFAESI Act, 2002

- (i) Vijaya Bank had issued notices 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 in 8/05/2012, 19/03/2015 and 04/11/2015. Company has filed its reply in respect of all the notices issued by the bank. Vijaya Bank has withdrawn its notice dated 19/03/2015. No further action has been taken by the Vijaya Bank.
- (ii) Allahabad Bank and Corporation Bank has issued a notice under Section 13(2) of SARFAESI Act, 2002 vide letter dated 23rd February, 2016 and 27th May, 2015 respectively and the company has filed reply against the said notices on 12th April, 2016 and 27th July, 2015 respectively.

2.31 Net Worth and filing of Reference to the Hon'ble BIFR Board:-

The net worth of the Company is fully eroded and therefore the company has filed Reference to Hon'ble BIFR Board (governed by the sick industrial companies (Special Provisions) Act, 1985) on February 28, 2014 and the same has been registered on June 27, 2014 as Case No. 29/2014. Further company has filed various Miscellaneous Applications to seek protection under section 22 of SICA 1985, in respect of disputed matters of tax & duty liability.

The net worth of the subsidiary Company - Hans Ispat Limited has been eroded during financial year ended on 31st March, 2015 and the Company has become "Sick Industrial Company" in terms of section 3(1)(o) of Sick Industrial Companies (Special Provisions) Act, 1985 and for which the Company has applied for its Registration under SICA Act within prescribed time.

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

- (a) The Company has VAT tax liability (including interest) of ₹35.84 Crore (Previous Year ₹ 21.94 Crore) under Maharashtra Sales tax Act (₹ 9.25 Crore for financial year 2009-10 and ₹26.59 Crore for financial year 2010-11) out of which the company had paid ₹ 4.00 Crore, under protest and the same has been shown as Loans and Advances. The company has filed appeal against the said order before Appellate Authority. Provision for the impugned disputed tax liability of ₹ 35.84 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.
- (b) During the Previous year, VAT/CST Assessment for the financial year 2010-11 was completed and assessing officer has determined the tax liability of ₹20.95 Crore of VAT and ₹11.15 Crore of CST. The company has made part payment of ₹ 3.25 Crore for VAT and ₹ 1.50 Crore under protest and the same has been shown as Loans and Advances. Provision for the impugned disputed tax liability has not been made as the company is hopeful of matter being decided in its favor by the appellate authority.
- (c) The company has filed an application for refund of Excise Duty of ₹ Nil (Previous Year ₹ 12.23 Crore) and in the earlier year has treated the said amount as recoverable and has been shown as recoverable but during the year under consideration, company has written off the said amount as non recoverable and has been charged to Cost of Materials consumed.
- (d) In the subsidiary- Hans Ispat Limited Vat Receivables of ₹ 0.18 Crore (Previous Year ₹ 0.18 Crore), Service Tax Receivables of ₹ 0.31 Crore (Previous Year ₹ 1.08 Crore), Excise Duty Receivables of ₹ 0.12 Crore (Previous Year ₹ 0.12 Crore) and Tim Engineering Technologies Limited of ₹ 0.78 Crore (Previous Year ₹ 0.78 Crore) are outstanding since long and management is in view that the same is fully recoverable and therefore these are treated as good and no provision for it has been made.
- (e) In the subsidiary- Hans Ispat Limited- Criminal complaint u/s 138 read with Section 142 of the Negotiable instrument Act, 1881 has been filed before the Hon'ble Judicial Magistrate First Class Ahmedabad for dishonor of cheque of following parties and the same has been shown as doubtful and not been written off/ provided for as the management of the company is hopeful for its recovery:-

**CONSOLIDATED NOTES TO ACCOUNTS**

| Name of the Parties | Balance as at 31.03.2016 (₹ in Crore) |
|-------------------------------------|---------------------------------------|
| Shivamy Enterprise(India) Pvt. Ltd. | 1.19 |
| Shree Balram Steel Traders | 0.12 |
| Kailash Ispat | 1.18 |
| Jupiter Business Ltd. | 0.35 |
| Total | 2.84 |

- (f) In the Subsidiary- Shree Ram Electro Cast Limited-Export Trade receivables of ₹ 8.38 Crore (Previous Year ₹ 8.38 Crore) are outstanding for more than six months.
- (g) In view of the non-provision of the above items 2.32(a) to 2.32(f), the losses of the group are under stated and to the extent advances/trade receivables are overstated or the respective liabilities are understated.
- (h) Loan accounts of the Bank of the company have been classified as Non Performing Assets by the Bankers and some of the bankers has not charged interest on the said accounts and therefore provision for Interest (Other than upfront charges) has not been made in the books of accounts and to that extent loss and bankers loan liability has been understated. The extent of exact amount is under determination and reconciliation with the banks, however as per the details available with the company, the amount of un-provided interest, on approximate basis, on the said loans {(Other than the loans of ICICI Bank and loans which are assigned to Edelweiss Assets Reconstruction Company Limited (EARC), Invent Assets Securitisation & Reconstruction Private Limited (Invent))}

(₹ In Crore)

| Particulars | Up to 31 st | Reduction on | From April 2015 | Up to 31 st |
|---|------------------------|------------------|-----------------|------------------------|
| | March 2015 | Debt assignment. | to March 2016 | March 2016 |
| Interest on Corporate Loan and working Capital Loan | 956.50 | (463.52) | 222.80 | 715.78 |

- 2.33 (a) A Special Civil Application in the nature of Public Interest Litigation was filed in the year 2010, inter alia, against the Company before the Hon'ble Gujarat High Court challenging the environment clearance for expansion of steel plant and No Objection Certificate (NOC) & Consolidated Consent and Authorization. The Gujarat High Court by its order dated May 11, 2012 set aside the environment clearance with liberty to the Company to apply once again and to stop the operation of the steel plant. The Company has filed a Special Leave Petition (SLP) before the Hon'ble Supreme Court of India, challenging the impugned order of Hon'ble Gujarat High Court. After hearing, the Hon'ble Supreme Court of India on May 18, 2012 stayed the order passed by the Hon'ble Gujarat High Court. As per the direction of the Hon'ble Supreme Court of India, the Central pollution Control Board and Gujarat Pollution Control Board has carried out the joint inspection and submitted its report to Hon'ble Supreme Court of India. The Company has filed its compliance status report and the final hearing has been concluded before the Hon'ble Supreme Court of India. The arguments are concluded on 8th April, 2016 and the judgment is reserved.
- (b) In the Subsidiary- Bhaskarpara Coal Company Limited –Ministry of Coal, Government of India vide their letter No: 13016/54/2008-CA-I Vol.III dated 15/11/2012 has order de-allocation of Bhaskarpara its Coal block and invocation of partial amount of Bank Guarantee in respect thereof. However, M/s Ultratech Cement Limited one of the promoters of the company has filed writ petition under Article 226 of the Constitution of India in Chhattisgarh High Court. The High Court has granted stay against further proceedings. In view of the stay granted by the High Court, subsequently Supreme Court of India vide its order dated 24.09.2014 ordered the cancellation of coal block allotted to the Company. In view of this de-allocation matter before Chhattisgarh High Court has become in fruituous.
- The MoC has issued a fresh show cause on 16.01.2015 and a reply has been submitted to MoC. In order to bring this fresh Show Cause under preview of existing WP, an amendment application was filed at CG High Court on 12.03.2015. Subsequently amendment application was allowed on 27.04.2015 and the matter was directed to list for final hearing. Meanwhile MoC has withdrawn the SCN dt. 16.01.2015 on 04.08.2015 and stick to the amount of ₹ 1.65 Cr. of BG deduction calculated at the time of de-allocation. A reply has been filed by MoC on 09.09.2015 against the amendment filed by us on 12.03.2015. Further we have also filed a rejoinder on 06.10.2015 against the said reply. On hearing dt. 15.03.2016 matter got adjourned on the request of advocates appearing for other connected matter and directed to list the matter on 25.04.2016 for final hearing. In view of the order of Supreme Court of India for cancellations of coal block allotted to the company, the Company does not have any business to carry on. Hence, the accounts are prepared on the basis that company is not a going concern.
- The Government of India has promulgated The Coal mines (Special Provisions) ordinance, 2014. As per clause 16 of the ordinance, being a prior allottee, the Company is entitled to reimbursement of cost of land and mine infrastructure expenses. Consequently out of project expenses of ₹ 11.36 Crore, the company has made provision by way of impairment of ₹ 3.49 Crore in respect of non recoverable expenditure in year closing 31.03.2015. Further all other assets are stated at realizable value and liabilities at which they are actually payable.
- (c) The Subsidiary Company- Shree Ram Electro Cast Limited, has discontinued its operation since April 2011 because of the non-availability of Iron Ores due to limited banned by the Hon'ble Supreme Court's order in the state of the Karnataka and further

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the State Bank of India has issued notice dated 7th May, 2013 under section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act, 2002") for assets of the company secured by hypothecation and mortgage and therefore the concept of the going concern of the Company may be adversely affected. Thereafter State Bank of India has taken possession of the assets and invited tenders for sale of movable and immovable properties through E-Auction.

State Bank of India, Kolkata ("SBI") has issued notice dated 7th May, 2013 under section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act, 2002") for assets of the company secured by hypothecation and mortgage. SBI vide letter dated 18th September, 2013 has given pre intimation notice to the company for possession of the assets under section 13(4)(a) of SARFAESI Act, 2002 and thereafter taken possession of the said assets of the company. The Bank has issued three newspaper publication calling for tenders for sale of Movable & Immovable assets through E Auction on 14/03/2015,23/05/2015 and 11/09/2015. However, as per the available information, there was no bidder in the E-Auction at the reserve price.

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

2.34 Additional Disclosures

- (a) Power and Fuel expenses are inclusive of duties and taxes of ₹ 12.40 Crore (Previous Year ₹ 11.15 Crore) paid towards power generation.
- (b) During the year old non recoverable amount of ₹ 47.50 Crore (Previous Year ₹ 115.03 Crore) and unclaimed amount of ₹ 9.59 Crore (Previous Year ₹ 16.77 Crore) have been written off/ back on account of non realization and payment. Its' net balance of ₹ 37.91 Crore (Previous Year ₹ 98.26 Crore) has been charged to the Statement of Profit and loss.
- (c) During the year, on account of non admission of claim of Excise Duty Refund of ₹ 12.23 Crore (₹Nil), the company has written off the said amount by charging it to the Cost of Materials Consumed.
- (d) During the year, the Terminal Excise Duty of ₹ Nil (Previous Year ₹1.58 Crore) has been written off considering its realizability as doubtful and has been debited to cost of Material consumed.
- (e) During the year, Old Vat Input Credit Receivable of ₹ Nil (Previous Year ₹69.13 Crore) has been written off, by debiting it to cost of Material consumed, as company is not hopeful of its realization.
- (f) During the FY 2013-14, VAT Assessment for financial year 2009-10 was completed and the competent Authority has determined the tax liability of ₹ 5.94 crore and against this demand the company has filed an appeal before the Appellate Authority and on 29/5/2014 the Appellate Authority has deleted the said demand and has determined refund of ₹9.50 Crore vide order dated 29/05/2014 but till the end of the year, the said refund has not been received by the company and the said refund will be accounted in the books of account on its receipt.
- (g) The cost of Material consumed includes freight, Loading and Unloading Expenses, inspection fees, commission on purchase, taxes & duties (to the extent of credit not available), rate difference and interest cost on purchase of raw material and ancillary thereof (including reversal of any claims).
- (h) In view to heavy accumulated losses and uncertainty of its realization/ payment of taxes in near future, no provision for Deferred Tax Asset/liability has been made by the company.
- (i) Product Development Cost includes total Research and Development expenses of ₹ 32.19 Crore (Previous Year ₹ 32.11 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 of the projects.
- (j) Some of the creditors have filed cases of recovery against the company before the various Hon'ble Courts/Forums for ₹ 1.86 Crore (Previous Year ₹ 1.96 Crore).
- (k) Bank of India, Bank of Baroda, State Bank of India, Canara Bank and State Bank of Travancore has assigned their debt to Edelweiss Asset Reconstruction Company Limited (EARC). The Company has entered into settlement agreement on 10th March 2015 for the repayment of the Debts of the said Bank to EARC. In terms of settlement agreement, if all the terms and conditions are fully complied by the company up to the March 2023, there will be reduction in debt, as per Books of accounts of the Company by ₹ 391.50 Crore. The amount of said debt reduction is after adjustment of FDRs of ₹ 12.39 Crore held by Bank of Baroda and the company is in process to recover the said amount and accordingly there is possibility of refinement in debt reduction.
- (l) During the year, Oriental Bank of Commerce, Punjab National Bank and Allahabad Bank has assigned its debt to Invent Assets Securitisation & Reconstruction Pvt. Ltd. (ARC) vide settlement agreement for the repayment of debts of the said bank to ARC. In terms of settlement, if all the terms and conditions are fully complied by the company, there would be a reduction in debt, as per books of accounts of the company by ₹ 325.01 Crore. In the case of Punjab National Bank and Allahabad Bank, settlement agreement is yet to be executed.
- (m) During the year, Company has settled debts of ICICI Bank vide settlement agreement dated 1st September 2015 for the repayment of debts to ICICI Bank. In terms of settlement, if all the terms and conditions are fully complied by the company up to the July 2016, there will be reduction in debt, as per books of accounts of the company by ₹ 43.47 Crore.

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- (n) In the subsidiary company- Hans Ispat Limited- During the December, 2014 , State Bank of India has assigned its entire debts along with all its securities and rights to Invent Assets Securitization & Reconstruction Private Limited (IASRPL) and as per the terms and conditions of the Settlement Agreement dated 5th March 2015, if the all terms and conditions are fully complied with by the company up to 30th September 2019, there will be reduction in debts of IASRPL by ₹ 8.83 Crore.
- (o) During the year, in view of non realisability / non usability of stock of book value of ₹ 2.88 Crore (previous year ₹ 162.91 Crore), the company has not considered the said stock for the purpose of stock valuation and accordingly it has been written off.
- (p) The balances of Central Bank of India, UCO Bank are not being properly confirmed/ reconciled by the bank as these banks treated the loan accounts as NPA Account. Similarly International Financial Corporation has not issued loan balance confirmation certificate.
- (q) In view of the commercial prudence, during the year, the company has not restated the long outstanding export trade receivables and foreign currency loan at the rate prevailing as on 31st March 2016.
- (r) 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 thereon. The Hon'ble Council has passed the order dated August 12, 2013 and has ordered to the Company to pay ₹ 0.91 Crores (including interest upto July 31, 2013). The Company has filed appeal before District Court, Bhopal under Section 34 of Arbitration and Reconciliation Act, 1996 against the order passed by Hon'ble Madhya Pradesh Micro and Small Facilitation Council, Bhopal. The said appeal was not entertained by the Court in view of Section 19 of the Micro, Small and Medium Enterprises Development Act, 2006. The Company is exploring various other legal options to challenge the said order.
- (s) The company holds investment in Shree Ram Electrocast Limited, Electrotherm Mali SARL and Bhaskarpara Coal Company Limited (Subsidiaries of the Company). These Companies have incurred heavy losses and/or are non operating and therefore the fate of said Companies is uncertain. Provision for the diminution in the value of investment in subsidiary companies namely Electrotherm Mali SARL and Bhaskarpara Coal Company Limited has not been made as the Company treat this diminution as temporary in nature. However during the year company has written off ₹ 78.68 Crores representing Shree Ram Electrocast Limited, in its books, treating it as operating loss of the company.
- (t) The Central Bureau of Investigation (CBI) has conducted certain proceedings, on the basis of the complaint filed by Central Bank of India with regard to the utilization of the loan disbursed by Central Bank of India. Central Bureau of Investigation has filed charge sheet and a CBI special case number 27 of 2015 was registered against the company and its few directors before the Hon'ble CBI court Ahmedabad on 6th October, 2015 and matter is pending before Hon'ble CBI court for the hearing.
- (u) The amount of Income tax receivable shown under the head "Balance with revenue authority in Short Term Loans and Advances is subject to reconciliation as the refund amount of earlier years has been adjusted against outstanding Income Tax liability.
- (v) The company has used advance license for import of certain raw material against which company was under an obligation to export certain pre-determined quantity of finished goods within specified time period. However there was shortage in the goods exported by the company against its export obligation. Accordingly in the opinion of the management the company may be liable to pay ₹ 4.66 Crore (including interest) (Previous Year ₹ 4.31 Crore) as import duty.
- (w) The Subsidiary company- Bhaskarpara Coal Company Limited has paid ₹ Nil (Previous Year ₹ 0.002 Crore) during the year as operating lease for office premises/ Guest House of the company.
- (x) The subsidiary companies –Shree Ram Electrocast Limited and Hans Ispat Limited are in process of filling the vacancy of Company Secretary as per requirement of section of 203 of Companies Act, 2013.
- (y) The subsidiary company- Shree Ram Electro Cast Limited has written off ₹ 0.04 Crore (Previous Year ₹ 0.16 Crore) of Service Tax Receivable on account of non-recoverability.
- (z) The subsidiary company- Shree Ram Electro Cast Limited has written off ₹0.39 Crore (Previous Year ₹ 0.39 Crore) as Deferred Revenue Expenditure out of the unamortized amount of ₹ 3.67 Crore incurred on account of non-operation of plant during the year ended on 31st March,2011.

2.35 The company is contingently liable for the following :-

- (a) Claims against the Company not acknowledged as debts amounting to ₹ 0.81 Crore (Previous Year ₹ 0.81 Crore), are pending before various courts, authorities, arbitration, Consumer Dispute Redressal Forum etc.
- (b) Guarantees / Counter Guarantees (including un-utilized Letters of Credit) issued ₹ 35.72 Crore (Previous Year ₹ 16.28 Crore).
- (c) Disputed Statutory Claims/Levies for which the company has preferred appeal in respect,
 - i) Excise Duty Liability of ₹ 338.84 Crore (Previous Year ₹ 295.81 Crore),

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- ii) Service Tax Liability of ₹2.00 Crore (Previous Year ₹ 5.41 Crore),
- iii) Custom Duty Liability of ₹ 20.31 Crore (Previous Year ₹ 20.31 Crore),
- iv) Income Tax liability of ₹ 32.36 Crore (Previous Year ₹ 32.36 Crore),
- v) VAT and CST Liability of ₹ 59.19 Crore (previous year ₹ 50.04 Crore) against the outstanding liability company has paid during the current year ₹ Nil (previous year ₹4.75 Crore) subsequently thereof.
- (iv) 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 ₹ 0.59 Crore (Previous period ₹ 0.58 Crore). The company has preferred appeal before Commissioner (Rev.) Jagdalpur. In this matter, stay on demand notice has been granted on 23.09.2014 which is still in force. Final hearing completed and judgement awaited. Hence no provision has been made in this respect.

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

2.36 FOREIGN EXCHANGE EARNING & OUTGO (on Cash basis):

- (a) Earning in Foreign Exchange for Export of Goods & Services ₹ 93.07 Crore (Previous year ₹ 113.50 Crore).
- (b) Expenditure in Foreign Currency for Import of Materials, Traveling & Others is ₹ 77.92 Crore (Previous year ₹ 61.26 Crore).

2.37 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 year with the previous year comparable.

2.38 RELATED PARTY (AS IDENTIFIED AND DETERMINED BY THE COMPANY) DISCLOSURES UNDER ACCOUNTING STANDARD 18:-

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

1. Ahmedabad Aviation and Aeronautics Ltd.
2. Western India Speciality Hospital Ltd.
3. E-Motion Power Ltd.
4. Indus Elec-TransPvt. 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. Western India Institute of Aeronautics Private Limited (Formerly Kappa Consultancy Pvt. Ltd.)
12. Electrotherm Foundation.
13. Gujarat Mint Alloys Ltd.
14. Etain Electric Vehicles Limited (Formerly Electra Transformer Private Limited)
15. Airfones Innovatives Private Limited
16. BNB Real Estate Private Limited
17. ETAIN Energy Holdings Limited (Formerly 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 Renewables Ltd. (Formerly 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. Head Spring Energy Tech Pvt. Ltd. (Formerly Arjun Raj Solar Five Pvt. Ltd)


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- II) Key Management Personnel (Other than Nominee Director)
- 1) Mr. Mukesh Bhandari (Chairman)
 - 2) Mr. Shailesh Bhandari (Managing Director)
 - 3) Mr. Avinash Bhandari (Joint Managing Director & CEO)
 - 4) Mr. Ram Singh (Independent Director)
 - 5) Mr. Chaitnyapratap Sharma (Independent Director)
 - 6) Mr. Mahendrakumar Ramniklal Patira (Director)
 - 7) Mr. Narendrakumar Babubhai Dalal (Director)
 - 8) Mr. Siddharth Bhandari (Director)
 - 9) Ms. Kruti Shukla (Woman Director)
 - 10) Mr. Pawan Gaur (Chief Financial Officer)
- III) Relatives of Key Management Personnel (With whom transaction has taken place during the year)
- 1.) Mrs. Indubala Bhandari
 - 2.) Mrs. Jyoti Bhandari
 - 3.) Mr. Rakesh Bhandari
 - 4.) Ms. Shivani Bhandari
 - 5.) Ms. Panna Bhandari
 - 6.) Mr. Anurag Bhandari

B. Related Parties Transaction as Identified by the Company from its records

(₹ In Crore)

| SR. NO. | NAME | SALES (INCL. STORE, SPARE & OTHERS) | | PURCHASE | | EXPENSES/ (INCOME) | | PURCHASE (SALE) OF FIXED ASSET | | LOAN RECEIVED | | LOAN GIVEN /REPAID | | INTEREST PAID | | RENT PAID | | SALARY | | CLOSING BALANCE | | |
|---------|--|-------------------------------------|-----------------|--------------|-----------------|--------------------|-----------------|--------------------------------|-----------------|---------------|-----------------|--------------------|-----------------|---------------|-----------------|--------------|-----------------|--------------|-----------------|-----------------|-----------------|---|
| | | Current year | Previous period | Current year | Previous period | Current year | Previous period | Current year | Previous period | Current year | Previous period | Current year | Previous period | Current year | Previous period | Current year | Previous period | Current year | Previous period | Current year | Previous period | |
| (I) | Associates | | | | | | | | | | | | | | | | | | | | | |
| | 1 Ahmedabad Aviation and Aeronautic Limited | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | 2 ETAIN Immodo Renewables Limited | 0.00 | 0.07 | - | - | 0.22 | - | - | - | - | - | - | - | - | - | - | - | - | - | 2.60 | 2.82 | |
| | 3 Indus Chargers & Controllers Pvt. Limited | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | 4 EIL Software Services Offshore Pvt. Ltd. | - | - | - | - | - | - | - | - | 1.00 | - | 1.25 | - | - | - | - | - | - | - | (1.75) | (1.75) | |
| | 5 Bhandari Charitable Trust | 0.58 | 1.06 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 5.03 | 5.38 | |
| | 6 ETAIN Energy Holdings Ltd. | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | 7 Electrotherm Solar Limited | 0.00 | 0.02 | - | - | - | 0.01 | - | - | 0.02 | 1.07 | 1.27 | - | - | - | - | - | - | - | 5.37 | 4.34 | |
| | 8 ETAIN Electric Vehicles Limited | 3.81 | 0.46 | - | 0.08 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.82 | 0.58 | |
| (II) | KEY MANAGEMENT PERSONNEL : | | | | | | | | | | | | | | | | | | | | | |
| | 1 Mr. Mukesh Bhandari (Chairman & Chief Technology Office) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.11 | 0.11 | - | - | (0.64) | (0.64) | |
| | 2 Mr. Shailesh Bhandari (Managing Director) | - | - | - | - | - | - | - | - | 0.02 | - | 0.48 | 1.69 | - | 0.01 | 0.05 | 0.05 | - | - | (0.13) | (0.51) | |
| | 3 Mr. Avinash Bhandari (Joint Managing Director & CEO) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | 4 Mr. Pawan Gaur (Chief Financial Officer) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.24 | 0.20 | - | - | - |
| | 5 Mr. Mahendrakumar Ramniklal Patira (Director Cum Manager) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.31 | 0.28 | - | - | - |
| | 6 Mr. Siddharth Bhandari (Director) | - | - | - | - | - | - | - | - | 0.02 | - | - | - | - | - | - | - | - | - | (0.02) | - | - |
| (III) | RELATIVES OF KEY MANAGEMENT PERSONNEL : | | | | | | | | | | | | | | | | | | | | | |
| | (With whom Transaction has been taken Place during the year) | | | | | | | | | | | | | | | | | | | | | |
| | 1 Mrs. Indubala Bhandari | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.06 | 0.07 | - | - | (0.00) | - | |
| | 2 Mrs. Jyoti Bhandari | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.03 | 0.03 | 0.14 | 0.05 | (0.17) | (0.17) | |
| | 3 Mr. Rakesh Bhandari | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (0.02) | (0.02) | |
| | 4 Ms. Shivani Bhandari | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.05 | 0.04 | - | - | - |
| | 5 Mr. Anurag Bhandari | - | - | - | - | 0.02 | - | - | - | - | - | 0.40 | - | - | - | - | - | - | - | 0.03 | 0.05 | - |
| | 6 Mrs. Panna Bhandari | - | - | - | - | 0.07 | - | - | - | - | - | - | - | - | - | - | - | 0.05 | 0.02 | - | - | - |

CONSOLIDATED NOTES TO ACCOUNTS

2.39 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.

(₹ In Crore)

| Particulars | Current Year | Previous Period |
|---|-----------------|-----------------|
| SEGMENT REVENUE | | |
| Engineering & Projects Division | 420.45 | 360.88 |
| Special Steel Division | 1,436.16 | 1,468.92 |
| Electric Vehicle Division | 13.00 | 4.95 |
| Others | 238.35 | 218.30 |
| Total Sales | 2,107.95 | 2,053.05 |
| Less : Inter segment Revenue | 7.39 | 5.54 |
| Net Sale | 2,100.56 | 2,047.51 |
| SEGMENT PROFIT BEFORE TAX AND INTEREST | | |
| Engineering & Projects Division | (37.98) | (34.03) |
| Special Steel Division | (153.83) | (373.51) |
| Electric Vehicle Division | (12.95) | (27.46) |
| Others | 38.85 | (35.78) |
| Profit/(Loss) Before Interest, Tax & Prior Period Adjustment | (165.91) | (470.78) |
| Less: FINANCIAL EXPENSES | 13.95 | 9.94 |
| Less : Provision for Tax (Including Deferred Tax) | 0.01 | 0.05 |
| Net Profit/(Loss) After Tax | (179.87) | (480.77) |
| OTHER INFORMATION | | |
| Segment Assets | | |
| Engineering & Projects Division | 365.48 | 425.79 |
| Special Steel Division | 1,627.53 | 1,845.91 |
| Electric Vehicle Division | 58.95 | 56.74 |
| Others | 143.97 | 114.02 |
| Total Segment Assets | 2,195.93 | 2,442.47 |
| Segment Liabilities | | |
| Engineering & Projects Division | 118.54 | 156.78 |
| Special Steel Division | 2,969.05 | 3,032.62 |
| Electric Vehicle Division | 199.65 | 184.18 |
| Others | 149.83 | 158.59 |
| Total Segment Liabilities | 3,437.07 | 3,532.17 |



CONSOLIDATED NOTES TO ACCOUNTS

(₹ In Crore)

| Particulars | Current Year | Previous Period |
|--|---------------|-----------------|
| Segment Depreciation | | |
| Engineering & Projects Division | 6.67 | 8.46 |
| Special Steel Division | 134.71 | 135.96 |
| Electric Vehicle Division | 1.68 | 1.76 |
| Others | 11.35 | 13.08 |
| Total Depreciation | 154.41 | 159.26 |
| Other Non Cash Expenses | | |
| Engineering & Projects Division | 7.61 | 3.62 |
| Special Steel Division | 77.33 | 138.27 |
| Electric Vehicle Division | 0.07 | 0.08 |
| Others | 0.41 | 1.73 |
| Total | 85.42 | 143.70 |
| Segment Capital Expenditure | | |
| Engineering & Projects Division | 1.27 | 1.43 |
| Special Steel Division | 14.24 | 8.52 |
| Electric Vehicle Division | 0.52 | - |
| Others | 1.74 | (1.26) |
| Total Capital Expenditure (Net) | 17.77 | 8.69 |

(B) Geographical Segments

The following table shows the carrying amount of segment assets, summary of Sales and other operating income in India and Overseas are as under:-

(₹ in Crore)

| Particulars | Segment Revenue | | Segment Assets | |
|--------------|-----------------|----------------|-----------------|----------------|
| | Current Year | Previous Year | Current Year | Previous Year |
| India | 1927.34 | 1,918.80 | 2158.84 | 2388.28 |
| Overseas | 173.22 | 128.71 | 37.09* | 54.19* |
| Total | 2100.56 | 2047.51 | 2,195.93 | 2442.47 |

*In the segment Assets the overseas figures shows the balance of debtors located outside India.

- 2.40 (a) In the opinion of the Management, the current assets, Trade Receivables, Loans & Advances are realizable at the values stated, if realized in the ordinary course of business and the provisions for all known Liabilities are adequate.
- (b) (i) The account of "Trade Receivables", "Borrowings", "Trade payables", "Advances from Customer", "Short Term Loans and Advances" and some Bank Balances are subject to confirmation / reconciliation and the same includes very old non moving items and therefore the same are subject to necessary adjustments for accounting or re-grouping / classification.
- (ii) The amount of "Advance from Customers" includes, ₹ 0.98 Crore (Previous Year ₹ 1.91 Crore) (net of receipts and payments) of the parties in the bank accounts of which names are not readily available with the company and which are to be accounted under the correct account head on receipt of accurate information from the Banker/parties.
- (iii) 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 in the opinion of the Company same are not netted off and which has resulted in overstatement of two account Heads and in the opinion of the company, the amount is not significant.

CONSOLIDATED NOTES TO ACCOUNTS

- (c) The amount of current maturity of Long Term Liability of ₹ 1001.86 Crore (Previous Year ₹1397.50 Crore) has been determined on the basis of the data available with the company and has been treated as short term Borrowings.
- (d) The classification/grouping of items of the accounts are made by the management, on the basis of the available data with the company and which has been relied upon by the auditors.
- (e) The amount of inventory has been taken by the management on the basis of information available with the company and without conducting physical verification of the slow moving inventory. The slow moving inventories have been valued by the management on estimated net realizable value.
- (e) Account of Service Tax Receivables, CENVAT Receivables and Vat input credit Receivables is subject to reconciliation, submission of its return for its claim and/or its assessment, if any.
- (f) The management is of the opinion that the uncompleted projects shown as Capital Work in Progress of ₹ 10.45 Crore (Previous Year ₹ 10.45 Crore) requires some further investment to bring them into commercial use and the company desire to complete the project, therefore these are not treated as impaired assets.
- (g) In view of the non recovery of the amounts or non settlement of the accounts, the company has determined ₹ 74.14 Crore as doubtful Trade Receivables and ₹28.78 Crore as doubtful Advance to Suppliers and in view of business prudence, during the year the company has made provision of ₹ 34.79 crore (Previous Year ₹ 28.47 Crore) for doubtful Trade Receivables and ₹ 12.28 crore (Previous Year ₹ 16.50 Crore) for doubtful Advance to Suppliers.
- (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.

2.41 The sales of Electrotherm (I) Limited includes sale of capital goods of ₹ 0.21 Crore to its Subsidiary Company Hans Ispat Limited and to that extent the purchase is overstated.

2.42 EARNINGS PER SHARE (EPS):

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

| Particulars | | Current Year 2015-16 | Previous Year 2014-15 |
|--|--|-------------------------|--------------------------|
| i) Profit/(Loss) as per Statement of Profit & Loss (In Crores) | | -179.86 | -478.23 |
| ii) Weighted average No. of Shares for EPS computation | | | |
| a) For Basic EPS(Nos) (In Crores) | | 1.1476374 | 1.1476374 |
| b) For Diluted EPS(Nos) (In Crores) | | 1.2248452 | 1.1476374 |
| Earnings per Share(Basic) | | -156.72 | -416.71 |
| Earnings per Share(Diluted) | | -146.84 | -416.71 |
| Nominal Value of Shares | | 10 | 10 |

2.43 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 : 30th May, 2016

For & on behalf of the Board of Directors

Shailesh Bhandari

Managing Director

DIN NO : 00058866

Fageshkumar Soni

Company Secretary

Avinash Bhandari

Joint Managing Director

DIN NO : 00058986

Pawan Gaur

Chief Financial Officer

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PROXY / ATTENDANCE SLIP
ELECTROTHERM (INDIA) LIMITED

CIN : L29249GJ1986PLC009126

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

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

ATTENDANCE SLIP

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

 I / We hereby record my presence at the 30th Annual General Meeting of the Company held on Friday, September 30, 2016 at 11.00 a.m. at Ahmedabad Management Association (AMA), 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

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FORM NO.MGT-11
PROXY FORM

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

Name of the Member(s) _____

Registered Address _____

Email ID _____

Folio. No./Client ID _____ DP ID _____

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

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

 as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30th Annual General Meeting of the Company, to be held on Friday, September 30, 2016 at 11.00 a.m. at Ahmedabad Management Association (AMA), ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015, and at any adjournment thereof in respect of such resolutions as are indicated below:

* I wish my above Proxy to vote in the manner as indicate in the box below:

[P.T.O.]

PROXY / ATTENDANCE SLIP

| Resolution No. | Particulars of Resolutions | Optional* | |
|----------------|--|-----------|---------|
| | | For | Against |
| | Ordinary Business: | | |
| 1 | Consider and adopt audited standalone and consolidated financial statements of the Company for the financial year ended on 31 st March, 2016 together with report of Board of Directors and Auditors' Report thereon. | | |
| 2 | Appointment a Director in place of Mr. Avinash Bhandari (DIN 00058986), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment. | | |
| 3 | Appointment of M/s. Mehta Lodha & Co., Chartered Accountant as Statutory Auditors of the Company | | |
| | Special Business | | |
| 4 | Appointment of Ms. Kruti Shukla (DIN 07298899) as an Independent Director (Woman Director) | | |
| 5 | Ratification of Cost Auditors' remuneration | | |
| 6 | Service of Documents through a particular mode as may be sought by the Members | | |
| 7 | Re-appointment of Mr. Mukesh Bhandari (DIN 00014511) as a Managing Director designated as a Chairman | | |
| 8 | Re-appointment of Mr. Shailesh Bhandari (DIN 00058866) as a Managing Director | | |
| 9 | Re-appointment of Mr. Avinash Bhandari (DIN 00058986) as a Joint Managing Director & CEO | | |

Signed this _____ day of _____ 2016.

Signature of shareholder

Affix
Re. 1/-
Revenue
Stamp

Signature of first proxy holder

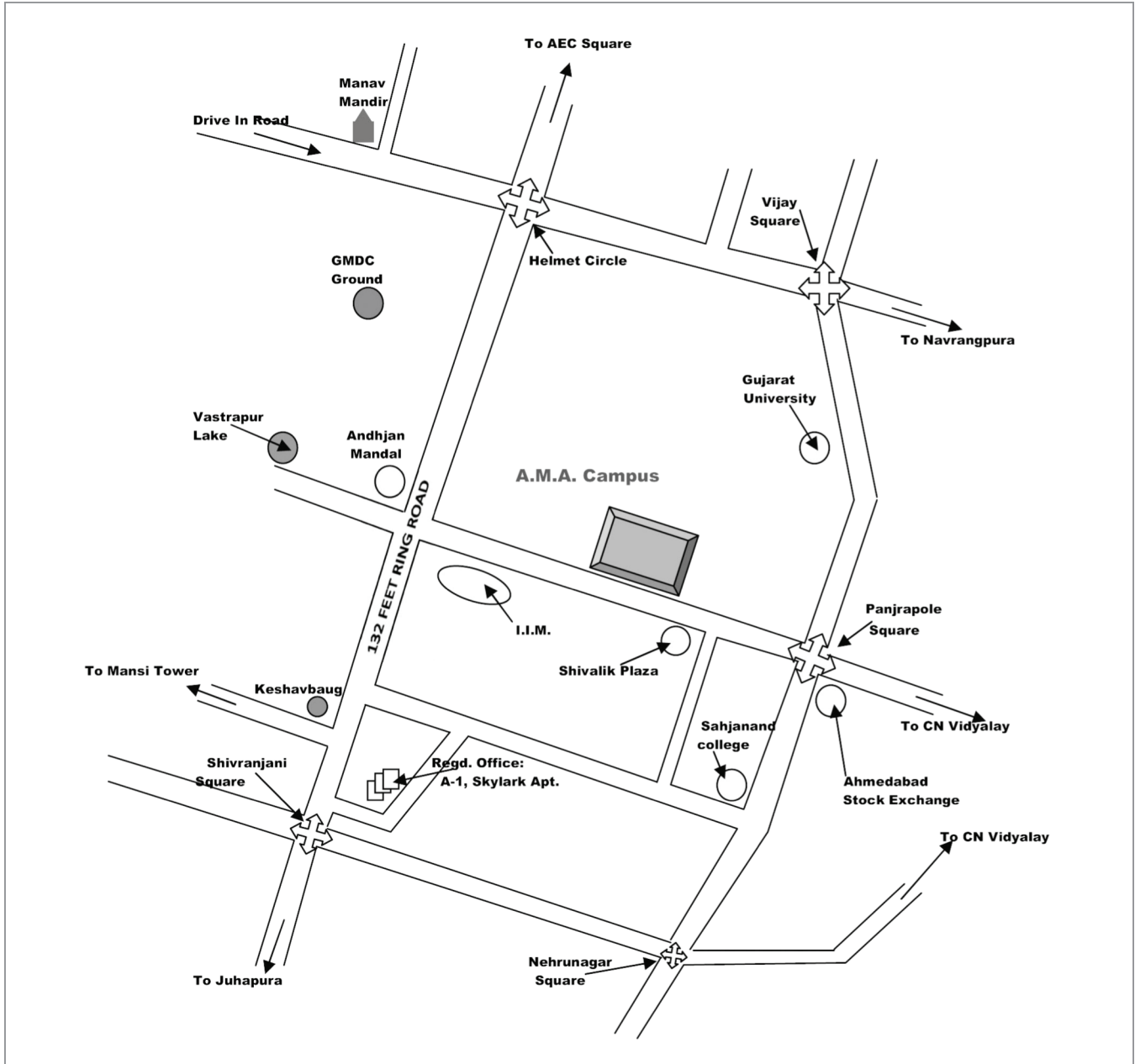
NOTES:

- 1 This form of Proxy in order to be effective should be duly completed and deposited at Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- 2 *Please put a (✓) in the appropriate column against the resolutions indicated in the Box. If you leave all the columns blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
- 3 Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.
- 4 Please complete all details including details of member(s) in the above box before submission.

ROUTE MAP TO THE VENUE OF THE ANNUAL GENERAL MEETING

Venue of AGM : Ahmedabad Management Association (AMA), ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015

Land Mark : IIM, Ahmedabad





Plant at Samakhiali, Kutch



Corporate House at Palodia

Melting equipments for Steel Plants & Foundries



Metal Refining Konverter



Electrotherm Refining Furnace



Continuous Casting Machine



Transformers



Coal Based DRI Plant



Pollution Control Equipment



Hydraulic Grab



Induction Heating Equipment



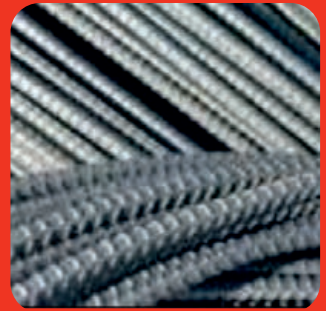
Solar Energy



Solar Water Heater



Steel & Stainless Steel



Electric Bikes



Ductile Iron Pipe



Transmission Line



ELECTROTHERM (INDIA) LIMITED

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CIN: L29249GJ1986PLC009126

ET® **ELECTROTHERM**
Engineering & Projects Division

ET TMT®
BARS

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