

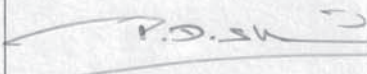
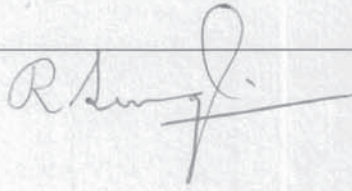
FORM B

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

1.	Name of Company	Electrotherm (India) Limited
2.	Annual Financial Statements for the year ended	30 th September, 2013
3.	Type of Audit Qualification	Qualified Opinion/ Matter of Emphasis and other observations
4.	Frequency of Qualification	It appears since last audit report of 2011-2012 (consisting of 18 months)
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report	Emphasis matters and Qualifications : 1. Note No.2.27 in respect Winding up petition filed by the creditors and recovery cases against the company. 2. Note No.2.28 in respect of restructuring of the debts of the company and which may affect the going concern's Concept of the Company upon final outcome of the said pending petitions/cases. 3. Note No. 2.29 in respect of non provision of long disputed advances, doubtful trade receivable, claim/liability against the company and in absence of full information with the company, the exact amount of the same is not quantified. 4. Note no. 2.39 in respect of third party balance confirmations, grouping & Classification, Disclosure of Gross Amounts, non-provision of interest on NPA accounts of banks, indication of impairment of assets and other related issues, resulting into effect on the results/affairs, as given in the said notes. Other observations/remarks : 5. The Company is in process of updating the records showing particulars of quantity and situation of fixed assets. 6. Physical verification of the inventories, except of the inventories as stated in Note No.2.39(e) 7. The Company has an internal Audit Department System; however, the same is required to be further strengthened

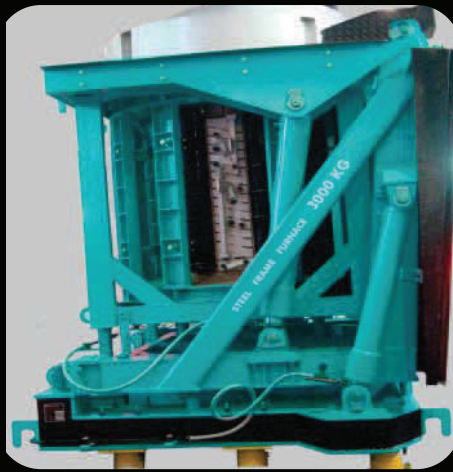
		with regard to the scope, reporting and its compliance so that it can be commensurate with size and nature of business of the Company. 8. The Company is depositing Central Sales Tax Liability and VAT liability slightly delays in payment. 9. The Company has defaulted in repayment of dues (including interest) to financial Institutions and banks and details relating to extent of defaults are not readily available with the Company. Management Response : 1. The winding up petitions and recovery cases against the company have been contested by the Company before the statutory authorities including Courts/Tribunals and hence in our opinion the said legal cases would not affect the going concern concept of accounting to the Company. 2. The Company has approached the lenders to restructure the entire debt of the Company. In accordance to the guidelines for Corporate Debt Restructuring (CDR) issued by Reserve Bank of India, the flash report of the Company was discussed at CDR Empowered Group (EG) meeting and the reference for restructuring of the debt of the Company was admitted with CDR Cell on August 23/24, 2012 with cutoff date as January 1, 2012. Bank of India the referring Institution submitted a Memorandum dated July 20, 2013 for re-entry of the Company in CDR, the flash cum final report of the Company with revised cutoff date (i.e. March 31, 2013) was submitted to CDR Cell in accordance with the guidelines for Corporate Debt Restructuring issued by the Reserve Bank of India. The final scheme had been discussed at the CDR EG Meeting and the reference to restructuring of the debt of the Company was re admitted on August 23, 2013. 3. The Company has contested with the Excise Department and is hopeful of recovering the terminal excise duty of Rs.15.79 million and shall also be able to recover the advance of Rs.122.28 million on resolution of the dispute. In case of VAT liability with Maharashtra Sales Tax Department the company has contested the liability and is hopeful of recovering the advance payment of Rs.40.00 Million from Maharashtra Sale Tax Department in due course. The Input Credit Receivable shall be adjusted on completion of the Project. The Company has incurred heavy losses hence not written off Preliminary expenses of Rs. 0.04 Million and Advertisement expenses of Rs.6.52 Million. With regard to the third party Balance Confirmation and
--	--	--

		its classification and other issue affecting the financial statements to the extent stated therein, the management is taking all necessary steps so that the confirmation of the third parties are obtained and establish proper mechanism to reconcile inter departmental transactions. With regards to capital work in progress, the company shall be able to complete all pending projects in current year, hence shall not required provision for impairment of assets. With regard to slow moving inventories The Company has valued it on estimate net realizable value. The Company is under process of restructuring its debt with banks and financial institution under CDR mechanism and the restructuring package envisages reduction in interest rates with cut-off date of March 31, 2013 and further envisages funding of interest for prior period overdue interest, hence the defaulted amount shall be crystallized once the scheme is finalized and shall be converted into fresh loan. Hence in opinion of the management of the company, the matter shall be resolved on receipt of the Letter of Approval (LOA) from CDR EG. 4. The Company has initiated the process of updating the records of fixed assets afresh and the Management is of the opinion that it shall be able to comply with the requirement in due course of financial year. 5. The Company has been incurring cash losses since June, 2011 and considering the liquidity crunch at times there have been certain delays in fulfilling statutory payments. The management of the company shall try to pay future statutory dues within statutory time lines. 6. With regard to strengthen the Internal Audit System; the management is of the opinion that RSM astute is the Internal Auditor of the Company. Further concurrent auditors namely M/s. A. L. Chechani & Company and M/s. Mandovara Shah and Associates have been appointed as a joint concurrent auditors as per the advice by the bankers of the Company. The Board of directors if of the view that the appointment of concurrent auditor and internal auditor has strengthened the internal control system substantially which is commensurate with size and nature of business of the Company.
6.	Additional comments from the Board/Audit committee chair	No Additional Comments offered.

7.	Mr. Shailesh Bhandari Managing Director	
	Auditor of the Company	For Mehta Lodha & Co. Firm Registration No. 106250W Chartered Accountants   Prakash D. Shah Partner M. No.34363
	Mr. Ram Singh Audit Committee Chairman	



Turnkey Projects for Steel Melt Shop



Melting equipments for Steel Plants & Foundries



Coal Based DRI Plant



Continuous Casting Machine



Metal Refining Konverter



Pollution Control Equipment



Electrotherm Refining Furnace



Gas based DRI Plant

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Mukesh Bhandari	<i>Chairman</i>
Mr. Shailesh Bhandari	<i>Managing Director</i>
Mr. Avinash Bhandari	<i>Joint Managing Director & CEO</i>
Mr. Nilesh Desai	
Mr. Ram Singh	
Mr. Pradeep Krishna Prasad	
Mr. Narendra Dalal	<i>(up to 31st December, 2012)</i>

COMPANY SECRETARY

Mr. Jigar Shah

STATUTORY AUDITORS

Mehta Lodha & Co.
Chartered Accountants, Ahmedabad

COST AUDITORS

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

INTERNAL AUDITOR

RSM Astute Consulting Pvt. Ltd.
Mumbai

BANKERS

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

REGISTERED OFFICE

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

REGISTRAR & TRANSFER AGENT

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

WORKS

Engineering & Projects Division

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

Wind Farm

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

Special Steel and DI Pipe Division

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

Electric Vehicle Division

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

Transmission Line Tower Division

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

Particulars	Page Nos.
Chairman's Message	1
Notice of Annual General Meeting	2-4
Directors' Report	5-7
Annexure to Directors' Report	8-10
Management Discussion and Analysis Report	11-14
Report on Corporate Governance	15-25
Auditors' Report	26-29
Balance Sheet	30
Statement of Profit & Loss	31
Cash Flow Statement	32
Notes to Accounts	33-55
Statement Pursuant to Section 212- Subsidiary Companies	56
Consolidated Financial Statements	57-78

27TH ANNUAL GENERAL MEETING

27th Annual General Meeting of the members of the Company will be held on Monday, the 30th December, 2013 at 11.00 A.M. at A-1, Skylark, Apartment, Satellite Road, Satellite, Ahmedabad-380 015.

CHAIRMAN'S MESSAGE



Dear Shareholders,

FY 12-13 was once again a challenging year not only for the steel industry but also for the Indian economy as a whole. The global economic landscape during this period also did not demonstrate any uniform pattern. According to the IMF, the world witnessed a three speed economic recovery during this period. While Europe languished under the burden of escalating debt and fiscal imbalances, the US economy continued to show signs of growth on all important economic parameters. The developing economies were on the other side of the spectrum. They continued to grow during the year even though at a moderate rate. Even though the growth in China slowed down, it still remained ahead in the race followed by India & other BRIC nations.

The slowing of the GDP and increase in interest rates have resulted in a huge slowdown in the demand for steel and engineering goods in the country. Though the domestic steel industry faced significant impediments in the form of weak demand growth of 3.3%, the lowest since 2009, the

following trend data published by Ministry of Steel is encouraging and will provide a huge opportunity to companies which position themselves correctly going forward:

- India continues to remain the fourth largest producer of crude steel in the world as against the eight position in 2003 and is expected to become the second largest producer of crude steel soon.
- India remains the world's largest producer of direct reduced iron (DRI) or sponge iron.
- The per capita steel consumption has risen from 38 kgs in 2005-06 to 59 kgs in 2011-12.
- Capacity for crude steel production expanded from 51.17 million tonnes per annum in 2005-06 to 89.29 mtpa in 2011-12.

With current China per capita steel consumption at 550 kgs in contrast to India's 76 kgs only, there should be a huge upside for suppliers of equipment to the steel industry as and when there is a turnaround in the economy and the steel projects and infrastructure spending restarts.

The initiative of Government of India to increase the export duty on all varieties of iron ore from 20% to 30% ad valorem is a step in the right direction. This will ensure that large quantities of iron ore fines are available for consumption within the country as against getting exported to China. We have already seen large number of beneficiation and pelletization plants being set up across the country to utilize this large quantity of fines which will become available on account of this initiative. This will change dramatically the availability of raw material, especially pellets, for sponge iron making and will be a huge advantage for the secondary steel producers. Even though the mining ban has only been partially lifted, we have already started to see easing of supplies of raw material on account of operationalization of some of these large sized pellet plants.

Gujarat continues to be on a roll amidst a slowing economy in the country. This is helping our steel division to continue to sell our steel products within Gujarat with lesser efforts and better prices in comparison to other states within the country. The demand for ductile iron pipes also remains robust and is expected to continue over the next few years allowing us to increase prices and improve profitability.

The engineering division of the company has been providing various steel making and peripheral equipments to the secondary and mini steel plants in the country for almost 30 years now. Our objective here has always been to provide cutting edge technology and state-of-the-art products to the customers so that they can remain competitive in comparison to the primary producers of steel. I am extremely happy to inform that the two path breaking products introduced by the company – HSMC (High Speed Modular Caster) and ERF (Electrotherm Refining Furnace) with EldFOS (Electrotherm Ladle Furnace for Dephosphorization and Desulphurization) in the last 2 years have been appreciated by one and all in the secondary steel industry and have met with huge success. The company expects to sell large number of these equipments over the next five years thereby helping the customers not only to substantially reduce the rolling cost but also to meet the new and more stringent specifications proposed by BIS. We, at Electrotherm strongly believe that ERF with the EldFOS process has the potential not only to change the way the steel is produced through the induction route but also to dramatically alter the perception of the steel users about the quality of steel produced through the induction route. This, we believe, will result into much larger market share of the Secondary Steel Producers in the long products market (rebars, structures) within the country over the next five years making production of Steel through Induction/ Secondary Route more attractive.

The company is continuing to engage with the Consortium of Banks to restructure its outstanding debts and expect to complete the same within the next two quarters. This should enable the company to normalize its operations, increase capacity utilization / sales and improve profitability going forward. Simultaneously, with restructuring of the company debt under the CDR mechanism, we will continue to look to monetize the highly valuable and difficult-to-replicate businesses/ assets of the company with a view to reduce the overall company debt levels.

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

Mukesh Bhandari
Chairman

NOTICE

NOTICE is hereby given that the **27th Annual General Meeting** of Members of **Electrotherm (India) Limited** will be held on Monday, 30th December, 2013 at 11.00 a.m. at A-1 Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380 015 to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt Audited Balance Sheet as at 30th September, 2013 and the Statement of Profit and Loss for the year ended on that date together with Report of Board of Directors and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Shailesh Bhandari, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Nilesh Desai, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

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

Place : Ahmedabad
Date : 22nd November, 2013

Jigar Shah
Company Secretary

Registered Office:

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

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM SHOULD BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME OF THE COMMENCEMENT OF THE MEETING.**
2. Corporate members intending to send their authorized representative(s) to attend the General Meeting are requested to send a certified copy of the Board Resolution authorizing such representative(s) to attend and vote on their behalf at the Meeting.
3. In terms of the provisions of the Articles of Association of the Company, Mr. Shailesh Bhandari and Mr. Nilesh Desai, Directors, are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement, a brief profile of the said Directors seeking re-appointment at the meeting forms part of this annual report.
4. The register of members and share transfer books of the Company will remain closed from 26th December, 2013 to 30th December, 2013 (Both days inclusive).
5. Members holding shares in the physical form are requested to notify the change of address, if any, to the Company's Registrar and Share Transfer Agent, M/s. LINK INTIME INDIA PRIVATE LIMITED at 303, 3rd Floor, Shoppers Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, Off C. G. Road, Ahmedabad – 380 009.
6. Those members who have not encashed their dividend warrants pertaining to the following years are requested to approach the Company for the payment thereof as the same will stand transferred to the Investor Education and Protection Fund (IEPF), pursuant to section 205A(5) of the Companies Act, 1956, on respective due dates mentioned hereunder. Kindly note that after such date, the members will loose their right to claim such dividend.

NOTICE

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

In November, 2013, the Company has transferred the money lying to unpaid / unclaimed dividend account for the year 2005-2006 to Investor Education and Protection Fund established by the Central Government.

- In terms of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 issued by the Ministry of Corporate Affairs effective from 20th May, 2012, Company has uploaded the data regarding unpaid/unclaimed dividend for the last seven years on the website of the Company as well as that of Ministry of Corporate Affairs.
- In terms of Circular No. MRD/DoP/Cir-05/2009 dated 20th May, 2009 issued by the Securities and Exchange Board of India (SEBI), it shall be mandatory for the transferee of the physical shares to furnish copy of PAN card to the Company / RTA for registration of transfer of shares. Shareholders are requested to furnish copy of PAN card at the time of transferring their physical shares.
- Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form will be supplied on request of the shareholder.

REQUEST TO THE MEMBERS:

- Members / Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
- A Member desirous of getting any information on the accounts or operations of the Company is requested to forward his / her queries to the Company at least 10 days prior to the meeting so that the required information can be made available at the Meeting.
- Members are requested to bring their copy of the Annual Report to the Meeting.
- The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in Corporate Governance" allowing paperless compliance by Companies through electronic mode. Companies are now permitted to send various notices/document to its members through electronic mode to the registered e-mail address of members.

Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participant. Members who hold shares in physical form and desire to receive the documents in electronic mode are requested to provide their details (Name, Folio No., E-mail Id) on the Company's e-mail address: sec@electrotherm.com. Members who hold shares in electronic form are requested to get their details updated with the respective Depositories.

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

Place : Ahmedabad
Date : 22nd November, 2013

Jigar Shah
Company Secretary

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

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

Name	Mr. Shailesh Bhandari	Mr. Nilesh Desai
Age	55 Years	53 years
Date of Appointment	26/08/1989	05/10/2005
Qualification	B.Sc.(Economics)	B. Sc.
Expertise in functional areas	He has having more than 30 years experience and has immensely contributed in designing and developing metallurgical equipment as an import substitute. He closely supervises the marketing and financial activities in the Company.	He has 27 years experience in Insurance field.
Directorship held in other Public Limited Companies	1. Ahmedabad Aviation And Aeronautics Limited. 2. Bhaskarpara Coal Company Limited 3. Electrotherm Engineering & Projects Limited 4. Western India Speciality Hospital Limited. 5. Hans Ispat Limited 6. Shree Hans Papers Limited 7. Shree Ram Electro Cast Limited	1. Hipolin Limited 2. Metroglobal Limited 3. Sahajanand Laser Technology Limited
Memberships / Chairmanships of Committees	Audit Committee : 1. Hans Ispat Ltd. - Chairman 2. Western India Speciality Hospital Limited - Chairman 3. Bhaskarpara Coal Company Limited. - Member 4. Shree Ram Electro Cast Limited - Member	Metroglobal Limited (a) Audit Committee – Member (b) Shareholders/Investors Grievance Committee - Member (c) Remuneration Committee - Chairman
No. of Shares held in the Company	8,48,275	NIL

DIRECTORS' REPORT

To,
The Members

Your Directors have pleasure in presenting the 27th Annual Report on the business and operations of your Company and Audited Financial Statements for the year ended on 30th September, 2013.

Financial Results

The Financial year 2012-2013 was consisting of 12 (twelve) months year ended on 30th September, 2013 and as such all references to financial year 2012-2013 in this Directors' Report and Annual Report is to be read as year of 12 (twelve) months starting from 1st October, 2012 and ending on 30th September, 2013. Hence figures of the financial year 2012-2013 are not comparable with figures of previous financial year 2011-2012.

(₹ In Million)

Particulars	2012-2013 (Twelve Months)	2011-2012 (Eighteen Months)
Total Revenue	10616.38	22718.60
Loss before Depreciation, Finance Costs & Tax	(134.76)	(1418.44)
Less : Depreciation	1388.30	1991.82
Finance Costs	1015.46	4740.34
Loss before Tax	(2538.52)	(8150.60)
Less : Current Tax & Wealth Tax	0.25	0.23
Deferred Tax	0	(865.12)
Loss after Tax / Deferred Tax	(2538.77)	(7285.71)
Add / (Less) : Prior period adjustment	(0.12)	(6.82)
Loss for the period / year	(2538.89)	(7292.53)
Surplus brought forward	(5710.25)	1582.28
Balance	(8249.14)	(5710.25)
Less : Transfer to General Reserve	-	-
Balance carried to Balance Sheet	(8249.14)	(5710.25)

Dividend

In view of losses incurred by the Company during the year, the Board of Directors of the Company does not recommend any Dividend on Equity Shares and on Preference Shares for the year ended on 30th September, 2013.

Operations

During the year ended on 30th September, 2013, the total revenue of the Company is ₹ 10616.38 Million compared to revenue of ₹ 22718.60 Million of previous financial year. The Loss for the year is ₹ 2538.89 Million against the Loss of ₹ 7292.53 Million of the previous financial year.

Directors

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

Mr. Narendra Dalal has resigned from directorship on 31st December, 2012. The Board places on record its appreciation for the services rendered by them during their tenure as members of the Board of Directors of the Company.

Subsidiary Company

As on 30th September, 2013, the Company has 8 (Eight) subsidiary company in India and outside India. Pursuant to the general exemption granted by the Ministry of Corporate Affairs, Government of India vide General Circular No. 2/2011 dated 8th February, 2011, copies of Balance Sheet, Statement of Profit and Loss, Report of the Board of Directors and the Report of the Auditors of subsidiary companies have not been attached with the annual accounts of the Company under section 212 of the Companies Act, 1956. As required under the above said circular, a statement containing the information of subsidiaries is attached and forms part of this Annual Report.

DIRECTORS' REPORT

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

Consolidated Financial Statements

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

Fixed Deposit

The Company has neither accepted nor invited any deposit from public, within the meaning of section 58A and 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975, as amended, during the year under review.

Directors' Responsibility Statement

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

1. In the preparation of the annual accounts for the year ended on 30th September, 2013, the applicable accounting standards have been followed by the company along with proper explanation relating to material departures, if any;
2. Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the loss of the company for that period;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
4. The Annual Accounts for the financial year ended on 30th September, 2013 have been prepared on a going concern basis.

Cost Auditor

Pursuant to section 233B of the Companies Act, 1956, the Board of Directors at its meeting held on 27th November, 2012 based on the audit Committee recommendations, appointed M/s. V. H. Savaliya & Associates, Cost Accountants, Ahmedabad as a cost auditor to conduct cost audit of "Steel Plant", "Tractors & other Motor Vehicles" (including automotive components)" and "Engineering Machinery (including electrical & electronic product)" for the financial year 2012-13. The said appointment has been approved by the Central Government.

The Cost Audit Report for the financial year 2011-12 was filed with Central Government.

Based on the Audit Committee recommendations, Board of Directors has re-appointed M/s. V. H. Savaliya & Associates, Cost Accountants, Ahmedabad as cost auditor to conducting the cost audit of "Steel Plant", "Tractors & other Motor Vehicles" (including automotive components)" and "Engineering Machinery (including electrical & electronic product)" for the financial year 2013-14.

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

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

Particulars of Employees

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

Corporate Debt Restructuring ("CDR")

The Company has approached the lenders to restructure the entire debt of the company. In accordance to the guideline for corporate Debt restructuring (CDR) Issued by Reserve Bank of India, the flash report of the company was discussed at CDR Empowered Group(EG) meeting and the reference for restructuring of the debt of the company was admitted with CDR Cell on August 23/24, 2012 with cut-off date as January 1, 2012. But the scheme was not be finalized due to unavoidable circumstance. Bank of India the referring institution submitted a Memorandum dated July 20, 2013 for re-entry of the company in CDR, the flash cum final report of the company with revised cutoff date (i.e. March 31, 2013) was submitted to CDR Cell in accordance with the guidelines for Corporate Debt Restructuring issued by the Reserve Bank of India. The final scheme had been discussed at the CDR EG Meeting and the reference to restructuring of the debt of the Company was readmitted on August 23, 2013. The final CDR package will be approved by CDR EG soon.

Corporate Governance

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

Management Discussion and Analysis Report

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

DIRECTORS' REPORT

Auditors

M/s. Mehta Lodha & Co., Chartered Accountants, Ahmedabad, Statutory Auditors of the Company, retires at the forthcoming Annual General Meeting and the Company has received a certificate pursuant to Section 224(1B) of the Companies Act, 1956 from them to effect that their re-appointment, if made, will be in accordance with the limit as specified in the said section and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act.

Auditors Report

There are certain reservations, qualifications or adverse remarks in the Auditors' Report for the period ended on 30th September, 2013. The Board of Directors of the Company would like to clarify / explain the same as under:

1. The winding up petitions and recovery cases against the company have been contested by the Company before the statutory authorities including Courts/Tribunals and hence in our opinion the said legal cases would not affect the going concern concept of accounting to the Company.
2. The Company has approached the lenders to restructure the entire debt of the Company. In accordance to the guidelines for Corporate Debt Restructuring (CDR) issued by Reserve Bank of India, the flash report of the Company was discussed at CDR Empowered Group (EG) meeting and the reference for restructuring of the debt of the Company was admitted with CDR Cell on August 23/24, 2012 with cutoff date as January 1, 2012. Bank of India the referring Institution submitted a Memorandum dated July 20, 2013 for re-entry of the Company in CDR, the flash cum final report of the Company with revised cutoff date (i.e. March 31, 2013) was submitted to CDR Cell in accordance with the guidelines for Corporate Debt Restructuring issued by the Reserve Bank of India. The final scheme had been discussed at the CDR EG Meeting and the reference to restructuring of the debt of the Company was re admitted on August 23, 2013.
3. The Company has contested with the Excise Department and is hopeful of recovering the terminal excise duty of ₹15.79 million and shall also be able to recover the advance of ₹122.28 million on resolution of the dispute. In case of VAT liability with Maharashtra Sales Tax Department the company has contested the liability and is hopeful of recovering the advance payment of ₹40.00 Million from Maharashtra Sale Tax Department in due course. The Input Credit Receivable shall be adjusted on completion of the Project. The Company has incurred heavy losses hence not written off Preliminary expenses of ₹ 0.04 Million and Advertisement expenses of ₹6.52 Million.

With regard to the third party Balance Confirmation and its classification and other issue affecting the financial statements to the extent stated therein, the management is taking all necessary steps so that the confirmation of the third parties are obtained and establish proper mechanism to reconcile inter departmental transactions.

With regards to capital work in progress, the company shall be able to complete all pending projects in current year, hence shall not required provision for impairment of assets.

With regard to slow moving inventories The Company has valued it on estimate net realizable value.

The Company is under process of restructuring its debt with banks and financial institution under CDR mechanism and the restructuring package envisages reduction in interest rates with cut-off date of March 31, 2013 and further envisages funding of interest for prior period overdue interest, hence the defaulted amount shall be crystallized once the scheme is finalized and shall be converted into fresh loan. Hence in opinion of the management of the company, the matter shall be resolved on receipt of the Letter of Approval (LOA) from CDR EG.

4. The company has initiated the process of updating the records of fixed assets afresh and the Management is of the opinion that it shall be able to comply with the requirement in due course of financial year.
5. The Company has been incurring cash losses since June, 2011 and considering the liquidity crunch at times there have been certain delays in fulfilling statutory payments. The management of the company shall try to pay future statutory dues within statutory time lines.
6. With regard to strengthen the Internal Audit System; the management is of the opinion that RSM astute is the Internal Auditor of the Company. Further concurrent auditors namely M/s. A. L. Chehani & Company and M/s. Mandovara Shah and Associates have been appointed as a joint concurrent auditors as per the advice by the bankers of the Company. The Board of directors is of the view that the appointment of concurrent auditor and internal auditor has strengthened the internal control system substantially which is commensurate with size and nature of business of the Company.

Appreciation

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

For and on behalf of the Board

Place : Ahmedabad
Date : 22nd November, 2013

Mukesh Bhandari
Chairman

ANNEXURE - "A" TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY:

(a) Energy conservation measures taken

- Implementation of direct rolling facility for steel billets. The facility avoids operation of reheating furnace before rolling mill and saving of 30-40 liters / Tones of furnace oil.
- Installation of variable speed drive to reduce the energy consumption

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

Nil

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

- Reduction in electrical energy for steel making.

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

As per Form "A" is attached.

B. TECHNOLOGY ABSORPTION:

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

R & D is the back bone of the company and encouragement is given at all level to come up with new ideas and improvements in existing product / process or new opportunity altogether. Periodically these captured inputs are filtered and implementation plan is made out for selected inputs. Enough resources are being allocated with a time line to get results. Specifically R & D manpower is continuously exposed to learn new technology and encouraged to take challenge being demanded by the industry. Training is also imparted at all level to absorb the new process and improvement being carried out. For new product development, focused is given that it is in line with emerging technology and customer demand while primarily addressing energy efficiency, safety apart from user friendliness.

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

- Iron ore reduction and steel making in CONTIFUR.
- Power supply for Induction Heating and Melting equipment.
- Development of power supply for two wheelers and battery management system (BMS).
- Continuous casting machine to cast small heat size of 6 ton cost effectively using high speed modular casting machine.

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

- Decrease in production cost of pig iron
- Improving overall efficiency of Induction melting and heating equipment at the same time adding automation to reduce down time to enhance productivity
- Indigenization of power supply reduces dependability and cost at the same time enhanced reliability. Battery management system (BMS) helps in improving life of the battery in two wheelers
- Process of de-phosphorization in induction furnace caster route to improve quality of the billet produced
- Potential to convert all small size furnace from ingot casting to billet casting to make them survive at the same time improving yield, productivity and quality

3. Future Plan of action

- Development of continuous casting machine for casting billets up to 280 mm at high speed with a feature to directly feed hot billet to rolling mill

ANNEXURE - "A" TO DIRECTORS' REPORT

- Design and manufacturing of BLDC motor indigenously for electric vehicles
- Development of continuous induction furnace technology for production of Iron/Steel using non cooking coal and iron ore fine

4. Expenditure on R & D

- (a) Capital Expenditure : ₹ 70.16 Million
- (b) Recurring Expenditure : ₹ 37.41 Million
- (c) Total Expenditure : ₹ 107.57 Million
- (d) R & D as % of Turnover : 1.02%

(II) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

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

- Project was approved by Ministry of steel and DST in August, 2010 with grant-in-aid of ₹ 10.25 Crores for contifur and ₹ 3.5 Crores for pellet plant. Trials have been completed in CONTIFUR for production of steel / cast iron using iron ore fines and coal fines. Pallet plant is also installed and in operation, the pallets produced are used in CONTIFUR for production of steel / cast iron.
- To produce steel with low P and S, ELdFOS (Electrotherm Ladle De-phosphorization and Desulphurization) process has been developed and practiced at own steel plant and it is now available to all induction furnace user which help them to produce steel with required S & P as per BIS norms.
- After successful trial now 80 % billet is rolled directly without preheating furnace in own plant and facilitate all customers going with continuous casting machine to adopt same practice.

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

- ELdFOS process to remove / reduce the level of S & P in steel to acceptable limit as per BIS norms in induction furnace billet production route.
- Development of direct rolling technology of billets produced through CCM. It will avoid the use of reheating furnace and substantial saving of energy in reheating the billet from ambient temperature.

3. Imported Technology : None

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(I) Activities Relating to Exports:

The Company has been making efforts for direct exports at international level. The Company has executed export orders worth ₹1298.15 Million during the year and intends to further enhance its export market.

(II) Total Foreign Exchange Earnings and Outgo:

- (i) Foreign Exchange Earnings : ₹ 1298.15 Million
- (ii) Foreign Exchange Outgo : ₹ 661.13 Million



ANNEXURE - "A" TO DIRECTORS' REPORT

FORM: A
(SEE RULE 2)

Disclosure of particulars with respect to conservation of energy

A. POWER AND FUEL CONSUMPTION

SR. NO.	PARTICULARS	2012-13 (Twelve Months)	2011-12 (Eighteen Months)
1	ELECTRICITY		
(a)	Purchased Units	92181210	180469436
	Total Amount (₹ In Million)	614.50	1062.70
	Rate per Unit (₹)	6.67	5.89
(b)	Own Generation		
(i)	Through diesel generator (Unit)	1163	38800
	Unit per Liter of Diesel Oil (Unit)	4.70	4.81
	Cost per Unit (₹/ KWH)	11.71	8.97
(ii)	Through Wind Mill (Unit)	287729	3807844
	Cost per Unit (₹ / KWH)	5.46	5.99
(iii)	Through Steam Turbine / generator	74409672	194307750
	Cost per Unit (₹/ KWH)	4.83	4.65
2.1	COAL FOR POWER PLANT		
	Quantity – MT	81129	90545
	Total Cost (₹ In Million)	2870	586.65
	Average Rate (₹ Per MT)	3537	6480
2.2	COAL FOR SPONGE PLANT		
	Quantity – MT	37615	183075
	Total Cost (₹ In Million)	2396	783.31
	Average Rate (₹ Per MT)	6369	4279
3	FURNACE OIL		
	Quantity – Litres	453959	4091080
	Total Amount (₹ in Million)	183.35	153.94
	Average Rate (₹ Per Litre)	40.39	37.63
4	OTHERS / INTERNAL GENERATION		
	Quantity used	Nil	Nil
	Total Cost (₹ in Million)	Nil	Nil
	Rate / Unit	Nil	Nil

B. CONSUMPTION PER UNIT OF PRODUCTION

SR. NO.	PARTICULARS	STANDARDS (IF ANY)	2012-13	2011-12
1	Electricity			
(a)	For Steel Billets / TMT / DI Pipes (KWH/Ton)*	NA	700	663
(b)	For Equipment manufacturing (KWH / Equipment dispatched)	NA	6811	9535
2	Furnace Oil	NA	NA	NA
3	Coal	NA	NA	NA
4	Lignite	NA	NA	NA

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OUTLOOK/OVERVIEW OF THE ECONOMY:

Global and Domestic Scenario :

FY 12-13 was once again an extremely challenging year for the company. The overall demand for steel remained muted during the year on account of overall slowdown in the Indian economy and a serious slowdown in the infrastructure and construction sector.

The overall economic landscape is not likely to change for the better in the immediate future and we may see another challenging year. This apprehension stems from the fact that the global economy though improving, is witnessing a very slow turnaround. On the domestic front, high inflation, increased current account deficit and controlling monetary policies have slowed the consumption demand. The high interest rate scenario will ensure that there is a slow recovery in the infrastructure and construction sector. Even though the depreciation of the rupee will provide price protection, the overall demand situation is not expected to change dramatically in the immediate future.

INDUSTRY STRUCTURE & DEVELOPMENTS :

A. ENGINEERING, CAPITAL EQUIPMENT AND PROJECTS DIVISION:

The continued slowdown in the Indian economy and in the infrastructure and construction sector continued to negatively impact the addition of new capacities for steel making. The demand for long products (TMT bars & structures) remained extremely low during the year thereby not allowing new plants to be set up. In fact, for existing small and medium sized plants, capacity utilization remained at a very low level throughout the year. The negative view of the banks towards the steel sector also made it difficult for the promoters/ companies to raise funds for their capacity expansion.

In spite of extremely challenging situation for the capital goods sector in general, the engineering and projects division recorded sales of approximately ₹387.92 crores in the twelve month period ending on September, 2013.

The execution of the new strategy which started two years back has started producing results in terms of the revenue growth. The company had introduced billet casters for mini steel plants two years back. The demand for this product picked up during the year and the company has already procured more than 80 orders since its launch in 2011. This, the company believes is a path breaking product which will not only allow the mini steel plants to transit from ingot making to billet making but also help them in improving their profitability substantially through benefits of higher price realization and cost savings through direct rolling. Given the huge savings in the direct rolling process, the company not only expects the new mini steel plants being set up to install a caster with induction melting furnaces but also most existing players to go for this equipment in their existing setups. As envisaged during the development phase of this product, it is turning out to be a huge opportunity for the company and the company now is more confident to achieve substantially more revenues from this product over the next 3 to 5 years.

BIS changed the norms for quality of long products and made them more stringent and comparable with the world standards. However, the implementation is still awaited. As a preparation for this change, the company has already successfully launched and commissioned its first refining equipment 'ERF' in South India with the patented technology for desulphurization and dephosphorousization and has received an extremely positive response from the industry. The company now expects a majority of the large sized induction based mini steel plants to add this equipment to their existing plants to meet the more stringent norms proposed by BIS. This is also a huge opportunity for the company and the company expects substantial revenue to come from this product over the next five years as the mini-steel makers will look to become BIS new-norms-compliant.

The export market continues to generate good revenues for the company. Africa, Saudi Arabia, Middle East and Iran have emerged as key exports market and are expected to continue to generate sizeable demands going forward also. Exports have contributed substantially to the revenues of the engineering division in the year gone by and we expect this trend to continue in the medium term.

The various productivity improvement equipments introduced by the company in the last two years also have been lapped up by the market and are continuing to generate good revenues for the division.

The company achieved the highest turnover ever since its inception in 1983 during the twelve month period ending on March 2013 for its Engineering division and even though the capital goods industry is going through a slowdown, the company expects to surpass this turnover during the twelve months period ending on March, 2014

Substantial new steel making capacities are expected to be created over the next five years as per the projections made by the Government and various industry bodies. A substantial proportion of this new capacity will be through the induction furnace route. The company remains confident of capturing a major market share of this new demand.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

B. Steel Division:

The year gone by was once again a difficult year for this division of the company. The situation in Hospet Bellary area with respect to iron ore mining has improved although at a very slow pace. The operationalization of the 'A' category and certain 'B' category mines have eased the raw material situation for the plants operating in West and South India. However, on account of the lower availability, the prices have remained high affecting profitability. The demand for the finished products has also been seriously impacted on account of overall slowdown in the economy and more so in the infrastructure and the construction sector. This has put pressure on the prices of the finished goods which have remained on the lower side almost during the entire year.

With more and more beneficiation and pelletization plants coming up in various regions across India, the company expects that the supply situation with respect to iron ore/ pellets to improve going forward. The finished goods prices, however, have seen an increase on account of Rupee depreciation. With imports reducing on account of Rupee depreciation, the prices going forward are expected to remain firm and may see further increase as and when the infrastructure sector improves.

Ductile Iron Pipe Division:

The demand for Ductile Iron Pipes picked up once again during the year gone by. The prices which had fallen substantially on account of entry of newer players in the year 2011 has seen a major increase in the last 6 months. With price of coke expected to remain stable and the availability of iron ore fines improving from the Hospet region, the profitability of the pipe division is expected to further improve going forward. The order book situation as on September '13 end is very healthy and this demand is expected to continue in the near foreseeable future.

C. ELECTRIC VEHICLE DIVISION:

During the year gone by the Electric Vehicle division crossed a landmark total till date sales of 100,000 two-wheelers. This is a reflection of the success of our vehicles, which truly offer customers a combination of the most advanced technology, latest innovative and elegant designs and protection against soaring petrol price & pollution.

Today, Indian Electric Vehicle Industry is passing through a very challenging phase and at YObykes, we are also facing the toughest time ever. We see this as a temporary phase, as moving ahead we foresee exponential growth for EV Industry in India. With the rising fuel prices in the international markets and the announcement of **National Electric Mobility Mission Plan 2020**, we are anticipating steep hike in demand for EV's in India.

National Electric Mobility Mission Plan 2020

- National Electric Mobility Mission Plan 2020 is an initiative by Government of India to promote and develop self sustained Electric Vehicle Industry in India.
- NEMMP 2020 Objective : **"Develop a mission plan and roadmap for promoting the adoption of an optimal range of electric mobility solutions for India, which can support national fuel security, provide affordable and environmentally friendly transportation and allow the Indian automotive industry to achieve global technology leadership"**
- An investment of **Rs 22000 Crs** has been planned by Government of India on NEMMP by 2020 to develop self sustained EV industry in India.

We proud to inform that Chairman ELECTROTHERM (INDIA) LIMITED, is a part of core group of NEMMP 2020 which is working closely with Government of India for NEMMP 2020.

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

To accelerate the business growth, we have recently taken few strategic decisions for which details follows:

▪ SPARES BUSINESS AS A SEPARATE PROFIT CENTER :

With more than three lakh EV users in the country (including one lakh YObykes customers) today Spares business has emerged as great market opportunity. Comparatively higher margins & faster business cycle, makes Spares business more lucrative. Moving forward, we have decided to focus on Spares as a separate profit centre.

▪ IN-HOUSE MANUFACTURING OF MOTOR, CHARGERS, CONVERTERS AND CONTROLLERS :

We are happy to inform that we have developed state-of-the-art electronic parts manufacturing facility at our Corporate Campus. We have already achieved 100% supply of Motors and Chargers for production from this newly developed in-house facility.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

▪ YOBYKES PLANT SHIFTED TO THOL, (NEAR AHMEDABAD) :

We have successfully started our operation from Thol plant, near our corporate office in Ahmedabad, Gujarat. The new facility has been designed and developed exclusively for YObykes operations. A very strategic location, which will not only bring down the operational cost (transportation) but will also help us to have better coordination with vendors.

▪ FOCUS ON NETWORK DEVELOPMENT :

For faster rotation of business cycle, we are focusing on setting up C & F agents & Distributors in focus states. Moving forward we have also decided to focus on smaller town for network development (Dealer Development).

SEGMENT-WISE PERFORMANCE:

The Business segment of the Company comprises of Engineering & Project Division, Special Steel Division and Electric Vehicle Division. The Segment wise performance of the Company for all the three divisions for the period ended on 30th September, 2013 is as under:

₹ In Millions

Particulars	Engineering & Projects Division	Special Steel Division	Electric Vehicle Division
Revenue from operations	3879.28	6547.44	144.62
Segment Profit / (Loss)	(252.28)	(1157.77)	(113.02)
Capital employed	1139.59	(1732.14)	503.99

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

As the financial year 2012-2013 comprises of 12 months ended on 30th September, 2013, hence, the figures for the 12 months are not comparable to figure previous 18 months period ended on 30th September, 2012.

REVENUE FROM OPERATIONS:

The total income from operations of the Company for the 12 months period ended on 30th September, 2013 is ₹10552.32 Millions as compared to 22460.58 Millions 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 12 months period ended on 30th September, 2013 is ₹ 7652.03 Millions as compared to ₹ 16577.14 Millions of previous financial year.

DEPRECIATION :

Depreciation for the year ended on 30th September, 2013 is ₹1388.30 Millions as compared to ₹ 1991.82 Millions of previous financial year.

FINANCE COSTS :

Finance costs for the year ended on 30th September, 2013 is of ₹ 1015.46 Millions as compared to ₹ 4740.34 Millions of previous financial year.

PROFIT ANALYSIS :

Net Loss for the for the year ended on 30th September, 2013 is ₹ 2538.89 Millions as compared to Loss of ₹7292.53 Millions of previous financial year.

RISK AND CONCERNS:

Your company is optimistic towards risks associated with its business. The Company has also Risk Management Policy and the Company has also framed Risk Management Committee and various types of risk associated with the company has been discussed in the Committee Meeting. However there are always going to be unforeseen risks and natural calamities which will be beyond the control of the Company.

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INTERNAL CONTROL SYSTEM, IT SECURITY AND ADEQUACY

INTERNAL CONTROL SYSTEM:

The Company has in place adequate system of internal control and internal audit commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recoding and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance of corporate policies. Internal Audit is conducted by experienced chartered accountants in close coordination with company's Finance, Accounts and other department of the Company. The findings of the Internal Audit team are discussed internally with the Executive Directors as well as in Audit Committee Meetings. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them from time to time and also upgrading it.

IT SECURITY AND ADEQUACY :

The organization is fully stabilised on SAP which further reinforce transparently in the organization. Further innovative refinements have been complemented to make it more astute in terms of checks and balances. Time to time security updates and measures are deployed and ensure secured IT environment for precious data of the organization.

Organization also deployed centralized data library for its most mission critical design data which forms the intellectual property of the organization. Organisation has robust backup and recovery policies to ensure business continuity.

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

DEVELOPMENT IN HUMAN RESOURCES FRONT:

The Company on its journey to be Strategy Focused Organization through Balanced Scorecard implementation to cope up with change in business environment during the year;

- Created awareness and communication of Balanced Scorecard (BSC) up to the bottom strata of the hierarchy by monthly review and Balanced Scorecard (BSC) Implementation and its reach in all the verticals and Horizontals.
- Aligned individual Goals to the Departmental Objectives and to the Balanced Scorecard (BSC).
- Organized Various Training Programs for developing functional, behavioral and technical skills. Initiated internal Leadership and Managerial Effectiveness sessions named 'I Improve My Managerial Effectiveness' with top and middle strata of the hierarchy.
- Engaged SAN Techno mentors for developing Technical Trainings modules and Practical Training of Caster.
- Continued 'Yo-Udit, an Operational Excellence Initiative' in Auto Division by launching three new modules.
- Strengthen corporate communication through 'Strategy Communication' across the organization.
- Started Employee Engagement 'Expression Workshop: Collage Making' to enhance Employee Engagement Index.
- Transformed the whole Performance Management System (PMS) and Leave Management System (LMS) in to intranet base system: *e-pms and e-lms*.
- Initiatives to transform Recruitment to Talent Management. Set a system for taking an employee on board with pre assessment in every aspect. Also initiated employer branding to IITs and NITs for on boarding best talent for critical departments.
- Rationalized Organization Structure developed Role Profiles & Talent Landscape.
- Improved the Operational Competencies of Solar Team by launching '5S and Kaizen' : the Famous Japanese Operational Excellence Tool, across the division

CAUTIONARY STATEMENT:

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

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance:

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 of the requirements of Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges.

2. Board of Directors:

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

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

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

- Mr. Narendra Dalal has resigned from the Directorship on 31st December, 2012.
- Directorship in other Companies mentioned above excludes Directorship in Private Limited Companies, Unlimited Companies, Section 25 Company and Foreign Companies.
- While calculating the number of Membership / Chairmanship in Committees of other Companies, Membership / Chairmanship of only Audit Committee and Shareholders' / Investors' Grievance Committee have been considered pursuant to Clause 49 of the listing agreement. None of the Director is a member in more than ten committees and act as a Chairman in more than Five Committees across all Companies in which he is a Director.
- None of the Directors are related to each other except Mr. Mukesh Bhandari and Mr. Shailesh Bhandari, who are Brothers.

REPORT ON CORPORATE GOVERNANCE

Board Meetings:

During the financial year 2012 -13, 5 (Five) Board Meetings were held on 27th November, 2012, 11th February, 2013, 28th March, 2013, 14th May, 2013, and 12th August, 2013.

Attendances of Directors at the Board Meetings and at the Last Annual General Meeting held on 28th December, 2012 are as under:

Name of Director	Attendance	
	Board Meetings	AGM held on 28.12.2012
Mr. Mukesh Bhandari	1	No
Mr. Shailesh Bhandari	3	Yes
Mr. Avinash Bhandari	5	Yes
Mr. Narendra Dalal	1	Yes
Mr. Nilesh Desai	5	Yes
Mr. Ram Singh	5	Yes
Mr. Pradeep Krishna Prasad	5	No

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

3. Committees of Board

A. Audit Committee

(i) Brief description of Terms of Reference

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

(ii) Composition of the Committee

The Audit Committee comprises of three members and two thirds of the members of Audit Committee are independent directors. The Company Secretary acts as a secretary to the Audit Committee.

(iii) Meetings and Attendance

During the financial year 2012-13, Five Meetings of the Audit Committee were held on 27th November, 2012, 11th February, 2013, 28th March, 2013, 14th May, 2013, and 12th August, 2013.

Details of Attendance at the Audit Committee

Name	Designation	Attendance
Mr. Ram Singh	Chairman	5
Mr. Nilesh Desai	Member	5
Mr. Avinash Bhandari	Member	5



REPORT ON CORPORATE GOVERNANCE

B. Remuneration & Selection Committee:

(i) Brief description of Terms of Reference

The Remuneration & Selection Committee has been constituted to recommend and review remuneration package of Executive Directors and relatives of Directors of the Company and recommend suitable revision to the Board and also recommend the scope of work and on such other matters as may be required, from time to time, under the provisions of the Companies Act, 1956 and Listing Agreement with Stock Exchanges.

(ii) Composition of the Committee

The Remuneration and Selection Committee consists of three Non-Executive & Independent Directors, to comply with and meet the requirements of the Listing Agreement and Schedule XIII of the Companies Act, 1956. At Present, Mr. Nilesh Desai is the Chairman and Mr. Pradeep Krishna Prasad and Mr. Ram Singh are members of the Remuneration and Selection Committee. The Company Secretary acts as Secretary to the Committee.

(iii) Meetings and attendance

During the financial year 2012-2013, One Meeting of the Remuneration and Selection Committee was held.

(iv) Remuneration Policy

The remuneration policy of the Company for managerial personnel is based on the performance, experience and responsibilities. The members of the Company passed resolutions through postal ballot on 20th March, 2009 and further through resolutions passed at 23rd Annual General Meeting held on 15th September, 2009 approved the terms of remuneration of managerial personnel subject to the Schedule XIII and other applicable provisions of the Companies Act, 1956. Due to the losses incurred by the Company during the financial period 2011-2012, the remuneration of the managerial personnel was reduced / revised to the minimum remuneration of ₹ 2,00,000/- per month as per Schedule XIII of the Companies Act, 1956.

(v) Details of Remuneration of Directors

The details of remuneration paid to Chairman, Managing Directors and Whole Time Director for the financial year of 12 months ended on 30th September, 2013 is as under:

Name of Executive Director	Salary	Allowances & PF Contribution	Total	Tenure of Appointment
Mr. Mukesh Bhandari	24,00,000	1,80,000	25,80,000	01.02.2009 To 31.01.2014
Mr. Shailesh Bhandari	24,00,000	1,80,000	25,80,000	01.02.2009 to 31.01.2014
Mr. Avinash Bhandari	24,00,000	1,80,000	25,80,000	01.02.2009 to 31.01.2014
Mr. Narendra Dalal [#]	6,00,000	45,000	6,45,000	01.02.2009 to 31.12.2012
Total	78,00,000	5,85,000	83,85,000	

[#] Mr. Narendra Dalal has resigned from the Directorship on 31st December, 2012.

During the year Ms. Shivani Bhandari Daughter of Mr. Shailesh Bhandari is appointed as Executive on Board Meeting held on 11th February, 2013 with remuneration of ₹ 33,000/- w.e.f. 1st February, 2013.

Non-Executive Directors of the Company does not hold any equity shares of the Company as on 30th September, 2013. During the year, there were no pecuniary relationships or transactions between the Company and its Non Executive Directors.

C. Shareholders'/Investors' Grievance Committee:

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

REPORT ON CORPORATE GOVERNANCE

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

During the financial year 2012-13, 4 meetings of the Shareholders'/Investors' Grievance Committee were held. Mr. Jigar H. Shah, Company Secretary is the Compliance Officer.

Details of Shareholders Complaints

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

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

SEBI Complaints Redress System (SCORES)

SEBI vide circular dated 3rd June, 2011 introduced the system of processing of investors complaints in a centralized web based complaints redress system known as 'SCORES'. The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned Companies and online viewing by investors of action taken on the complaint and its current status etc.

D. Other Committees

(i) Share Allotment Committee

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

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

During the financial year 2012-13, no meeting of the Share allotment Committee was held.

(ii) Management Committee

The Company has constituted a Management Committee on 29th October, 2007. The terms of reference of Management Committee includes to look into the day to day functioning and exercise of delegated power of the Board for matters relating to operations and granting of authority for various functional requirements such as issue of Power of Attorney, arranging for vehicle loans, dealings with Central / State Governments and various Statutory / Judicial / Regulatory / Local / Commercial / Excise / Customs / Port / Sales Tax / Income tax / Electricity Board, Opening/Closing of Current Accounts with various Banks, Change in signatory in various Current Accounts with various Banks, Transfer of unpaid dividend to Investor Education and Protection Fund and closing of such dividend accounts and other authorities on behalf of the Company.

Mr. Narendra Dalal has resigned as Director of the Company with effect from 31st December, 2012. Hence the Management Committee has been reconstituted by appointing by Mr. Ram Singh as member of the Committee. 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 2012-13, Eight Meetings of the Management Committee were held.

(iii) Risk Management Committee

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

During the financial year 2012-13, one meeting of the Risk Management Committee was held on 26th August, 2013.

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	Venue	Date	Time
26th	2011-2012	S-5, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	28.12.2012	11.00 A.M.
25th	2010-2011	S-5, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	30.09.2011	11.00 A.M.
24th	2009-2010	H. T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	24.09.2010	11.00 A.M.

Special Resolutions:

Special Resolutions passed at the previous three Annual General Meetings:

No Special Resolution was passed at the 24th Annual General Meeting held on 24th September, 2010 and 25th Annual General Meeting held on 30th September, 2011 and 26th Annual General Meeting held on 28th December, 2012.

(ii) Extra Ordinary General Meetings

No Extra Ordinary General Meeting was held during the financial year 2012–2013.

(iii) Postal Ballot

During the financial year, an Ordinary Resolution under section 293(1)(a) of the Companies Act, 1956 for creation of charge / security on properties of the Company, Ordinary Resolution under section 293(1)(d) of the Companies Act, 1956 for increase in borrowing limits of the Company and Special Resolution under section 372A of the Companies Act, 1956 for increase in the limits of inter corporate loans and investments etc. read with Section 192A and the Companies (Passing of Resolution by Postal Ballot) Rules, 2011 was passed. The Notice of Postal Ballot dated 27th November, 2012 was dispatched to all shareholders on 10th December, 2012 and the result of the same was declared on 12th January, 2013 at the Registered Office of the Company. As per the report of Scrutinizer Mr. Dipak Rachchha, details of the same are as under:

The scrutinizer has received 139 (One Hundred Thirty Nine) postal ballot forms, out of which 2 (Two) forms representing 110 (One Hundred Ten) equity shares were found invalid.

Resolution set out in the Notice	Number of valid postal ballot forms received	Votes in favour of the Resolution	Votes against the Resolution	Votes neither in favour nor against the Resolution
Item No. 1 Ordinary Resolution under section 293(1)(a) of the Companies Act, 1956	137	55,48,830 (99.96%)	1431 (0.03%)	463 (0.01%)
Item No. 2 Ordinary Resolution under section 293(1)(d) of the Companies Act, 1956	137	55,48,700 (99.96%)	1531 (0.03%)	493 (0.01%)
Item No. 3 Special Resolution under section 372A of the Companies Act, 1956	137	41,82,084 (75.34%)	13,68,157 (24.65%)	483 (0.01%)

The Ordinary Resolution had, therefore, been approved by the shareholders with requisite majority.

Mr. Dipak Rachchha, Practising Company Secretary conducted the postal ballot process as Scrutinizer appointed by the Board for that purpose.

The Company has complied with the procedures for Postal Ballot in terms of the Companies (Passing of Resolution by Postal Ballot) Rules, 2011.

REPORT ON CORPORATE GOVERNANCE

5. Disclosures:

(i) Disclosures on materially significant related party transactions

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

(ii) Code of Conduct

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

In compliance with the Code, directors and senior management of the Company have affirmed compliance with the Code for year ended on 30th September, 2013. The declaration of compliance of Code of Conduct by the Joint Managing Director & CEO is part of this Annual Report.

(iii) CEO / CFO Certification

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

(iv) Cases of Non-Compliance / Penalties

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

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

(v) Non-Mandatory Requirements

The Company has complied with all the mandatory requirements of Clause 49 of the listing agreement. Further the Company has fulfilled the following non-mandatory requirements as prescribed in Annexure ID to clause 49 of the listing agreement with the Stock Exchanges:

- The Company has set up a Remuneration & Selection Committee. Please see the Para 3B on Remuneration Committee for details.
- The Company has adopted Whistle Blower Policy at the Board Meeting held on 12th August, 2011. The Company hereby affirms that all employees has right to access to the Audit Committee against any violation of the company's code of conduct or ethics policy.

6. Means of Communication:

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

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

7. General Shareholder Information:

Day, Date & Time of 27 th AGM	Monday, 30 th December, 2013 at 11.00 a.m.
Venue of AGM	A-1 Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380 015.
Book Closure Date	26 th December, 2013 to 30 th December, 2013 (Both days inclusive)
Compliance Officer	Mr. Jigar Shah, Company Secretary
Email for Investor Complaint	sec@electrotherm.com
Website	www.electrotherm.com
Financial Year	1 st October to 30 th September*
ISIN with NSDL & CDSL	INE822G01016

* The Company is having financial year from 1st October, 2012 to 30th September, 2013.

REPORT ON CORPORATE GOVERNANCE

Tentative Financial Calendar for 2013 -2014 (Six months from 1st October, 2013 to 31st March, 2014):

Quarter ending on 31 st December, 2013	On or before 14 th February, 2014
Quarter ending on 31 st March, 2014	On or before 30 th May, 2014

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 2013-14 have been paid to both Stock Exchanges and Annual Custodial Fees for the Financial Year 2013-14 have been also paid to NSDL and CSDL.

B. Market Price Data :

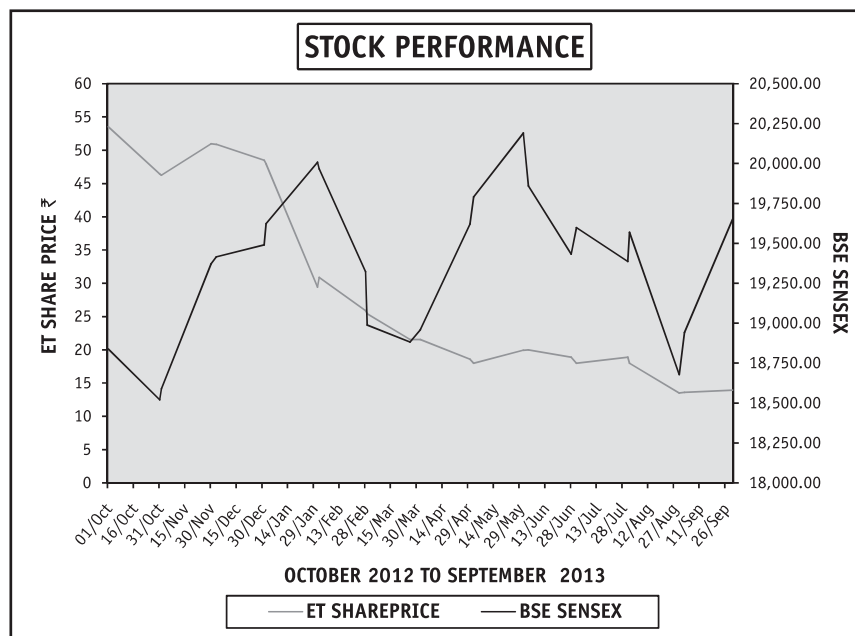
Market price data of equity shares of the Company having face value of ₹ 10/- on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) for the financial year 2012-13 are given below:

Month	BSE – Share Price		BSE Monthly Volume	NSE – Share Price		NSE Monthly Volume
	High	Low		High	Low	
October 2012	60.40	44.00	50977	60.00	44.00	62,535
November 2012	66.00	45.10	163984	66.20	45.00	3,31,679
December 2012	52.00	47.00	20362	52.80	46.10	28,377
January 2013	49.90	29.45	43653	50.45	28.95	44,105
February 2013	31.80	20.25	41536	31.20	20.00	40,779
March 2013	26.65	20.10	28193	27.50	20.20	30,812
April 2013	25.30	18.25	6806	25.55	20.50	13048
May 2013	19.95	16.55	11071	20.85	17.00	3650
June 2013	21.00	17.05	5688	20.10	17.15	1437
July 2013	19.10	14.75	14089	17.70	15.70	2503
August 2013	19.50	13.40	5674	17.00	14.75	3230
September 2013	13.94	11.66	7363	15.10	13.30	3048

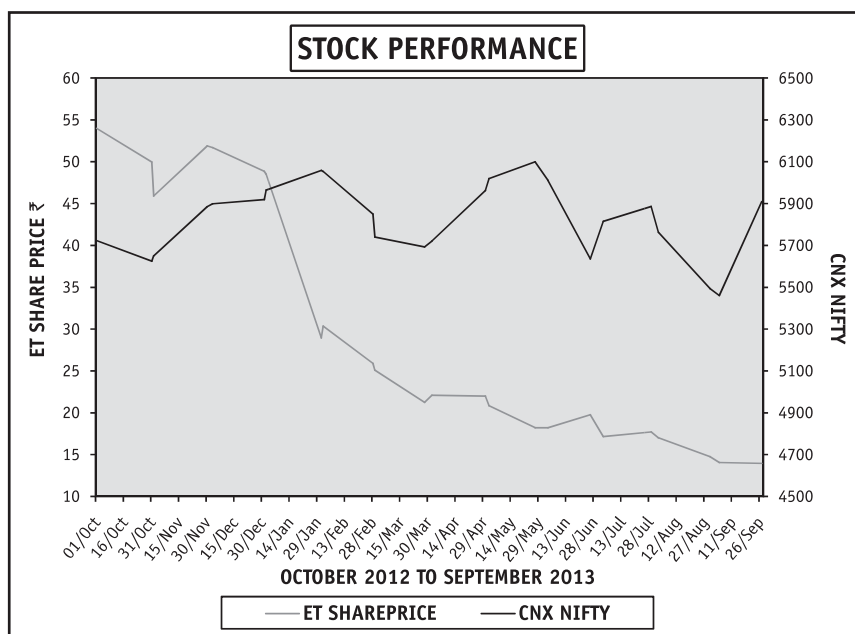
REPORT ON CORPORATE GOVERNANCE

C. Stock Performance:

Performances of share price of the Company in comparison to BSE SENSEX for the financial year 2012–2013 are as under:



Performances of share price of the Company in comparison to CNX Nifty for the financial year 2012–2013 are as under:



D. Registrar and Share Transfer Agent:

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

LINK INTIME INDIA PVT. LTD.

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

REPORT ON CORPORATE GOVERNANCE

E. Share Transfer System:

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

As per Clause 47(c) of the Listing Agreement, the Company has obtained the half yearly certificates from the Company Secretary in Practice for compliance of share transfer formalities and the same have been submitted to the Stock Exchanges. The Company has also obtained Quarterly Reconciliation of Share Capital Audit Report as per the Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 and submitted the same to the Stock Exchanges.

F. Distribution of shareholding as on 30th September, 2013

Category	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% of Shares
1 - 500	7383	92.36	717886	6.26
501 - 1000	308	3.85	236448	2.06
1001 - 2000	156	1.95	233248	2.03
2001 - 3000	45	0.56	110051	0.96
3001 - 4000	28	0.35	101044	0.88
4001 - 5000	20	0.25	91067	0.79
5001 - 10000	22	0.28	146477	1.28
10001 & above	32	0.40	9840153	85.74
Total	7994	100.00	11476374	100.00

G. Categories of Shareholding as on 30th September, 2013

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	9800	0.09
3.	Banks/Financial Institutions	100	0.00
4.	Foreign Financial Institution	13,66,666	11.91
5.	Bodies Corporate	13,09,387	11.41
6.	NRI's	51,098	0.45
7.	Trusts	12,92,231	11.26
8.	Foreign Companies	20,00,000	17.43
9.	Clearing Members	20,972	0.18
10.	Indian Public	16,58,045	14.44
	Total	1,14,76,374	100.00

REPORT ON CORPORATE GOVERNANCE

H. Dematerialisation of Shares and Liquidity:

The Shares of the Company are under compulsory trading in demat form. The details of dematerialisation of shares as on 30th September, 2013 is as under:

Sr.No.	Particulars	No. of Shares	% of Paid up Capital
1	Held in Physical form	26,20,477	22.83
2	Held in Demate form	88,55,897	77.17
	Total	1,14,76,374	100.00

No Equity Shares are under lock-in as on 30th September, 2013.

Shares of the company are frequently traded in BSE and NSE.

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

As on 30th September, 2013, the Company does not have any GDRs/ADRs/Warrants or any other convertible instruments.

J. Plant Locations:

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

Steel Division : Survey No. 325, Village: Samkhiyali, Taluka: Bhachau, District: Kutch, Gujarat

Electric Vehicle Division : Survey No. 689 Paiki, Thol, Taluka: Kadi, District: Mehsana - 382 715, Gujarat

Wind Farm : Village: Dhank, Taluka: Upleta, District: Rajkot, Gujarat

Transmission Line Tower Division : Village: Juni Jithardi, Taluka: Karjan, District: Vadodara, Gujarat

K. Correspondence:

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

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

DECLARATION OF CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement with the stock exchanges, the Board Members and Senior Management Personnel have confirmed compliance with the code of conduct for the financial year ended on 30th September, 2013.

Date : 22nd November, 2013
Place : Palodia

Avinash Bhandari
Joint Managing Director & CEO

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
Electrotherm (India) Limited
Ahmedabad.

We have examined the compliance of conditions of Corporate Governance by **Electrotherm (India) Limited** for the year ended on 30th September, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

Place : Ahmedabad
Date : 22nd November, 2013

Prakash D. Shah
Partner
Membership No. 34363

INDEPENDENT AUDITOR'S REPORT

TO
THE MEMBERS OF
ELECTROTHERM (INDIA) LIMITED.
AHMEDABAD

Report on the Financial Statements

We have audited the accompanying financial statements of **ELECTROTHERM (INDIA) LIMITED** ("the Company"), which comprise the Balance Sheet as at 30th September 2013, 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 Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"), which as per the clarification issued by the Ministry of Corporate Affairs continue to apply under section 133 of the Companies Act, 2013 (which has suspended section 211(3C) of the Companies Act, 1956 w.e.f. 12th September 2013). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th September 2013;
- (b) in the case of the Statement of Profit and Loss, of the **Loss** for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter and Qualifications

1. We draw attention to Note No. 2.27 of the accompanying financial statements in respect of winding up petitions filed by the creditors and recovery cases against the company and the Note No. 2.28 of the accompanying financial statements in respect of restructuring of the debts of the company and which may affect the going concern's concept of the company upon final outcome of the said pending petitions/cases.
2. We draw attention to Note No. 2.29 of the accompanying financial statements in respect of non provision of long disputed advances, doubtful trade receivable, claims/ liability against the company and in absence of full information with the company, the exact amount of the same is not quantified.
3. We draw attention to Note No. 2.39 of the accompanying financial statements in respect of third party balance confirmations, grouping & classification, Disclosure of Gross Amounts, non provision of interest on NPA accounts of banks, indication of impairment of assets and other related issues, resulting into effect on the results/affairs, as given in the said Notes.

INDEPENDENT AUDITOR'S REPORT

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act*, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act* and read with the above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement broadly comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 which as per the clarification issued by the Ministry of Corporate Affairs continue to apply under section 133 of the Companies Act, 2013 (which has suspended section 211(3C) of the Companies Act, 1956 w.e.f. 12th September 2013);
 - (e) On the basis of written representations received from the directors as on 30th September 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 30th September 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Prakash D.Shah
Partner

Date : 22nd November, 2013
Place : Ahmedabad

Membership No. 34363

* In this report, reference of the Companies Act, 1956 has been made, as the Ministry of Corporate Affairs vide Gazette Dated 12-9-2013, has not notified the new section(s) in relation to the audit report under the Companies Act, 2013, to have come into force.

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date of Electrotherm (India) Limited)

- (1) (a) *The company is in process of updating the records showing particulars of quantity and situation of fixed assets.*
 - (b) As informed to us, the company has formulated a program of physical verification of all the fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Accordingly, the physical verification has been carried out by the management during the year of the fixed assets at Palodia plant and as informed to us, no material discrepancies were noticed on such physical verification.
 - (c) None of the substantial part of fixed assets has been disposed off during the year.
- (2) (a) As informed to us, during the year the management has conducted physical verification of the inventories, *except of the inventories as stated in Note No. 2.39(e)* and further in our opinion the frequency of verification is reasonable.
 - (b) The procedures of physical verification of inventories followed by management is broadly reasonable and adequate having regard to the size of the company and the nature of its business.
 - (c) In our opinion and according to the information and explanation given to us, the company has maintained records of inventory. As informed to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (3) (a) As informed to us, the company has taken unsecured loan from the Companies, firms and other parties (except foreign associates) listed in the register maintained under section 301 of the Companies Act, 1956. The aggregate of loan outstanding from seven such parties as on the last day of the year is ₹ 61.63 Million. The rate of interest and the terms of repayment are not stipulated and other terms and conditions are not prima facie prejudicial to the interest of the Company.
 - (b) As informed to us, the company has given loans to the companies firms and other parties (except foreign associates) listed in the register maintained under section 301 of the Companies Act, 1956. The aggregate amount of loan outstanding of six such parties is ₹118.37 Million. The rate of interest and the terms of repayment are not stipulated and other terms and conditions are not prima facie prejudicial to the interest of the company.
- (4) In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the company and the nature of its business with regards to purchases of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (5) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that transactions that need to be entered into the register maintained under section 301 have been so entered.
 - (b) In respect of transactions with parties with whom transactions exceeding value of ₹ 5 Lacs have been entered into during the financial year, are at the prices which are reasonable having regard to the prevailing market prices at the relevant time, except in case of transactions where we are unable to comment owing to the unique and specialized nature of the items and absence of any comparable prices, whether the transactions are made at the prevailing market prices at the relevant time or not.
- (6) In our opinion and according to the information and explanation given to us, the company has not accepted deposits from the public as per the directives issued by the Reserve Bank of India and the provisions of section 58A, section 58AA and any other relevant provisions of the Act and the rules framed there under.
- (7) *The Company has an Internal Audit Department system; however, the same is required to be further strengthened with regard to the scope, reporting and its compliance so that it can be commensurate with size and nature of business of the company.*
- (8) The Central Government of India has prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the products manufactured by the company and on the basis of the explanation given and our broad review of the records maintained, prima facie the company has maintained cost records for the said Products. The contents of these accounts and records have not been examined by us.
- (9) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it *except Central Sales Tax Liability and VAT liability where slight delay in payment has been observed.*

ANNEXURE TO THE AUDITOR'S REPORT

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty, Excise Duty and cess were in arrears as at 30th September, 2013, for a period of more than six months from the date they become payable.
- (c) On the basis of information furnished to us, following are the details of outstanding dues in respect of Sales tax, Income tax, Custom duty, Wealth tax, Excise Duty and Cess, which have not been deposited on account of any dispute :-

NAME OF THE STATUTORY DUES	FORUM WHERE DISPUTE IS PENDING	AMOUNT (₹ In Million)
Excise Duty	Customs Excise and Service Tax Appellate Tribunal	1755.80
Excise Duty	Dy. Commissioner/Commissioner of Excise and Custom	1224.70
Excise Duty	Directorate General Of Central Excise Intelligence -Ahmedabad	13.01
Custom Duty	Dy. Commissioner/Commissioner of Customs	190.20
Custom Duty	The Additional Director General, Directorate of Revenue Intelligence, Zonal Unit, Ahmedabad	72.70
Vat	Sales Tax Department	179.44

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

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

Prakash D.Shah
Partner

Membership No. 34363

Date : 22nd November, 2013
Place : Ahmedabad

**BALANCE SHEET AS AT 30TH SEPTEMBER, 2013**

Sr. No.	Particulars	Note No.	As at 30th September 2013 ₹ In Million	As at 30th September 2012 ₹ In Million
	EQUITY AND LIABILITIES			
	<i>Shareholders' funds</i>			
(a)	Share Capital	2.01	234.76	234.76
(b)	Reserves and Surplus	2.02	(2,737.92)	(167.22)
	<i>Non - Current liabilities</i>			
(a)	Long Term Borrowings	2.03	2,693.66	5,019.90
(b)	Long Term Provisions	2.04	53.68	75.53
	<i>Current liabilities</i>			
(a)	Short-term borrowings	2.05	28,529.95	25,604.36
(b)	Trade Payables	2.06	2,006.26	2,155.20
(c)	Other current liabilities	2.07	2,121.01	1,267.59
(d)	Short Term Provisions	2.08	42.47	42.54
	TOTAL		32,943.87	34,232.66
	ASSETS			
	<i>Non-Current Assets</i>			
(a)	Fixed Assets			
(i)	Tangible Assets	2.09	14,787.83	16,197.47
(ii)	Intangible Assets	2.09	18.24	17.56
(iii)	Capital work-in-progress	2.09	111.39	95.85
(b)	Non-current Investments	2.10	1,273.87	1,223.95
(c)	Long-term loans and advances	2.11	202.47	227.65
(d)	Other Non-Current Assets	2.12	332.67	292.72
	<i>Current Assets</i>			
(a)	Inventories	2.13	6,509.38	6,942.88
(b)	Trade Receivables	2.14	4,656.52	4,459.35
(c)	Cash and Bank Balances	2.15	270.13	440.62
(d)	Short-term loans and advances	2.16	4,775.14	4,313.84
(e)	Other Current assets	2.17	6.23	20.77
	TOTAL		32,943.87	34,232.66

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 : 22nd November, 2013

For & on behalf of the Board of Directors

Shailesh Bhandari

Managing Director

Avinash Bhandari

Joint Managing Director

Jigar Shah

Company Secretary

Pawan Gaur

Sr. Vice President-Finance


STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 30TH SEPTEMBER, 2013

Sr. No.	Particulars	Note No.	Year ended on 30th September, 2013 (₹ In Million)	18 Months ended on 30th September 2012 (₹ In Million)
	Income			
	Revenue from Operations	2.18	10,552.32	22,460.58
	Other Income	2.19	64.06	258.02
A	Total Revenue		10,616.38	22,718.60
	Expenditure			
	Cost of Materials Consumed	2.20	7,392.13	15,188.92
	Purchases of Stock in Trade	2.20	259.90	1,388.22
	Changes in Inventories of Finished Goods and Work in Process	2.21	146.15	1,606.56
	Employee Benefits Expense	2.22	672.67	1,215.13
	Finance Cost	2.23	1,015.46	4,740.34
	Depreciation and Amortization Expense	2.09	1,388.30	1,991.82
	Other Expenses	2.24	2,280.07	4,727.46
	Preliminary Expenses Written Off		0.22	10.75
B	Total Expenses		13,154.90	30,869.20
	Loss before exceptional and extra ordinary items and tax (A-B)		(2,538.52)	(8,150.60)
	Exceptional items & Extraordinary Items			
	Loss before Tax (A-B)		(2,538.52)	(8,150.60)
	Tax Expenses			
	Wealth Tax		0.25	0.23
	Deferred Tax		-	(865.12)
	Loss for the Year/Period		(2,538.77)	(7,285.71)
	Less : Prior Period Adjustments	2.25	(0.12)	(6.82)
	Loss for the Year/Period		(2,538.89)	(7,292.53)
	Earnings per Equity Share (Nominal Value of Share ₹10/- each)	2.40	Negative	Negative
	Basic and Diluted (In ₹)			

Significant Accounting Policies

1

Notes to Accounts

2

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

As per our report of even date attached

For & on behalf of

Mehta Lodha & Co.,

Firm Registration No: 106250W

Chartered Accountants

Prakash D. Shah

M. NO. 34363

Partner

Place : Ahmedabad

Date : 22nd November, 2013

For & on behalf of the Board of Directors

Shailesh Bhandari

Managing Director

Avinash Bhandari

Joint Managing Director

Jigar Shah

Company Secretary

Pawan Gaur

Sr. Vice President-Finance

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 30TH SEPTEMBER, 2013

	CURRENT YEAR ₹ In Million	PREVIOUS PERIOD ₹ In Million
A: CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss before tax as per Statement of Profit and Loss	(2,538.52)	(8,150.60)
Adjusted For:		
Profit on Sale/Discard of assets (net)	(3.70)	(23.28)
Depreciation	1,388.30	1,991.82
Dividend Income	-	(0.04)
Interest Income	(42.51)	(126.02)
Prior Period Item	(0.12)	(6.82)
Finance Cost	1,015.46	4,740.34
Operating profit before working capital changes	(181.09)	(1,574.60)
Adjusted For:		
Trade and other Receivables	(197.17)	642.57
Inventories	433.50	1,584.72
Trade and other Payables	(148.94)	291.44
Loans and advances and other assets	(452.31)	(1,765.02)
Other liabilities and provisions	831.48	(1,453.54)
Cash Generated from Operations	285.47	(2,274.43)
Taxes Paid	(9.45)	(34.19)
Net Cash Generated from Operating activities	276.02	(2,308.62)
B: CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(48.88)	(300.29)
Sales of Fixed Assets	22.42	31.93
Purchases of Investments	(49.92)	(140.08)
Dividend Income	-	0.04
Interest Income	42.51	126.02
Net Cash (used in) Investing Activities	(33.87)	(282.38)
C: CASH FLOW FROM FINANCING ACTIVITIES		
Government subsidy received	3.47	121.10
Increase in Borrowings*	599.35	6,470.54
Finance Cost*	(1,015.46)	(4,740.34)
Net Cash (used in) Financing Activities	(412.64)	1,851.30
Net Increase/(Decrease) in Cash and Bank Balances	(170.49)	(739.70)
Opening Balance of Cash and Bank Balances	440.62	1,180.32
Closing Balance of Cash and Bank Balances (Refer note no 2.15)	270.13	440.62

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 : 22nd November, 2013

For & on behalf of the Board of Directors

Shailesh Bhandari

Managing Director

Jigar Shah

Company Secretary

Avinash Bhandari

Joint Managing Director

Pawan Gaur

Sr. Vice President-Finance

CORPORATE INFORMATION

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

1. SIGNIFICANT ACCOUNTING POLICIES:

(A) BASIS OF PREPARATION OF ACCOUNTS:

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

(B) USE OF ESTIMATES:

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

(C) REVENUE RECOGNITION:

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

(D) TANGIBLE ASSETS:

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

(E) INTANGIBLE ASSETS:

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

(F) DEPRECIATION:

Depreciation on all assets has been provided on Straight Line Method (S.L.M) except assets at Chatral Unit on which depreciation has been provided on Written down Value Method (W.D.V.) as per the rates prescribed in Schedule XIV of the Companies Act, 1956.

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

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

(G) INVESTMENTS:

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

(H) INVENTORIES:

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

(I) RESEARCH AND DEVELOPMENT:

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

(J) FOREIGN EXCHANGE TRANSACTIONS:

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

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

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

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

(K) TAXES ON INCOME:

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

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

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

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

(L) LEASES:

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

(M) BORROWING COSTS:

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

(N) IMPAIRMENT OF ASSETS:

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

(O) DEFERRED REVENUE EXPENDITURE:

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

(P) RETIREMENT / POST RETIREMENT BENEFITS:

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

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

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

(Q) PROVISIONS AND CONTINGENT LIABILITIES:

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

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

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

(R) SEGMENT REPORTING:

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

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

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

(S) FINANCE COST:

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

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

(T) GENERAL:

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

NOTES TO ACCOUNTS

2.01 Share Capital

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

Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
Authorised		
2,50,00,000 Equity Shares of ₹10/- each	250.00	250.00
2,50,00,000 6% Non-Cumulative Redeemable Preference Shares of ₹10/- each	250.00	250.00
Total	500.00	500.00
Issued, Subscribed & Paid up		
1,14,76,374 (Previous Year 1,14,76,374) Equity Shares of ₹10/- each Fully paid up	114.76	114.76
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.	120.00	120.00
(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)	234.76	234.76
Total	234.76	234.76

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

(i) Equity Shares	As at 30th September 2013	As at 30th September 2012
	Numbers	Numbers
Shares outstanding at the beginning of the Period	11,476,374	11,476,374
Shares outstanding at the end of the Period	11,476,374	11,476,374
(ii) 6% Non-Cumulative Redeemable Preference Shares	As at 30th September 2013	As at 30th September 2012
	Numbers	Numbers
Shares outstanding at the beginning of the Period	12,000,000	12,000,000
Shares outstanding at the end of the Period	12,000,000	12,000,000

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

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

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

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

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



NOTES TO ACCOUNTS

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

Equity Shares

Sr. No.	Name of Shareholder	As at 30th September 2013		As at 30th September 2012	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	DEG-Deutsche Investitions-Und Entwicklungsgesellschaft Mbh	1,366,666	11.91	1,366,666	11.91
2	IDBI Trusteeship Services Limited (India Advantage Fund-VI)	1,292,231	11.26	1,292,231	11.26
3	Castleshine PTE Limited	1,000,000	8.71	1,000,000	8.71
4	Leadhaven PTE Limited	1,000,000	8.71	1,000,000	8.71
5	Western India Speciality Hospital Ltd.	975,000	8.50	975,000	8.50
6	Mr. Shailesh Bhandari	848,275	7.39	848,275	7.39
7	Mr. Mukesh Bhandari	809,500	7.05	809,500	7.05

6% Non-Cumulative Redeemable Preference Shares

Sr. No.	Name of Shareholder	As at 30th September 2013		As at 30th September 2012	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Web Businesses.com Global Ltd.	2,730,000	22.75	2,730,000	22.75
2	Lavish Packagers Ltd.	2,580,000	21.50	2,580,000	21.50
3	Highland Finance and Investments Pvt. Ltd.	3,240,000	27.00	3,240,000	27.00
4	Froid Finance and Investments Pvt. Ltd.	1,200,000	10.00	1,200,000	10.00
5	Ahmedabad Aviation And Aeronautics Ltd.	1,050,000	8.75	1,050,000	8.75
6	Mr. Shailesh Bhandari	1,200,000	10.00	1,200,000	10.00

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

2.02 Reserves and surplus

Particulars	As at 30th September 2013 (₹ In Million)		As at 30th September 2012 (₹ In Million)	
(A) Capital Reserve				
As per Last Balance Sheet Date	130.21		9.11	
Add: Government Subsidy received during the year/period	3.47	133.68	121.10	130.21
(B) Share Premium Account				
As per Last Balance Sheet Date		2,126.90		2,126.90
(C) General Reserve				
As per Last Balance Sheet Date	3,285.92		3,341.61	
Less : Reduction on Sales of Revalued Land	(0.61)		(3.69)	
Less : Transferred for depreciation on Revaluation of Fixed Assets	(34.67)	3,250.64	(52.00)	3,285.92
(D) Surplus/Deficit in Statement of Profit & Loss				
As per Last Balance Sheet Date	(5,710.25)		1,582.28	
Add: Loss for the Year/Period	(2,538.89)	(8,249.14)	(7,292.53)	(5,710.25)
Total		(2,737.92)		(167.22)

NOTES TO ACCOUNTS

2.03 Long term borrowings

Particulars	As at 30th September 2013 (₹ In Million)		As at 30th September 2012 (₹ In Million)	
	Non-Current	Current	Non-Current	Current
Secured				
Term Loans from Banks				
- Rupee Term Loan-[Note No.(a)]	2,156.45	15,420.71	4,065.81	13,022.31
- Foreign Currency Term Loan-[Note No.(b)]	436.50	466.58	458.70	265.00
Total	2,592.95	15,887.29	4,524.51	13,287.31
Hire Purchase Finance for Vehicles (Secured By Hypothecation of Specific Vehicles)	0.71	1.23	1.20	3.67
Unsecured				
- Foreign Currency Term Loan	100.00	577.58	494.19	53.00
Total	2,693.66	16,466.10	5,019.90	13,343.98

- (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 guaranted 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 30th September 2013 (₹ In Million)		As at 30th September 2012 (₹ In Million)	
Provision for Leave Encashment		30.87		40.90
Provision for Gratuity		22.81		34.63
Total		53.68		75.53

NOTES TO ACCOUNTS

2.05 Short-term borrowings

Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
Secured loan from Banks		
Current Maturities of Long terms borrowings [Refer Note No.(a)]	16,466.10	13,343.98
Working Capital Facilities [Refer Note No.(b)]	9,986.77	9,887.52
Buyers Credit [Refer Note No.(b)]	-	64.79
Letter of Credit [Refer Note No.(b)]	-	234.45
Unsecured		
Loans and Advances repayable on demand from: -		
Related Parties (Including Body Corporates)	25.90	23.90
Other Body Corporates	3.35	3.35
Directors (Refer Note No 2.36(b))	35.73	43.89
Term Loan from Banks		
- Rupee Term Loan	1,778.98	1,739.59
- Foreign Currency Term Loan	233.12	262.89
Total	28,529.95	25,604.36

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

2.06 Trade Payables

Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
Micro, Small and Medium Enterprises	4.92	4.92
Others [Refer Note No 2.39(b)]	1,999.01	2,150.28
Dues to Related Parties	0.53	-
Dues to Subsidiaries	1.80	-
Total	2,006.26	2,155.20

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

Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
Supreme Metallurgical Services (P). Ltd.	4.92	4.92

Interest on the said account has not been provided as the matter is under dispute.

NOTES TO ACCOUNTS

2.07 Other current liabilities

Particulars	As at 30th September 2013 (₹ In Million)		As at 30th September 2012 (₹ In Million)	
Unclaimed Dividend#	0.73		0.90	
Interest accrued and due on borrowing	-		0.41	
Creditors for Capital expenditure	2.49		48.89	
Advance from Customer [Refer Note No 2.39(b)]	1,990.52		1,049.13	
Advance from Related Parties/Subsidiaries	21.70		1.02	
Others (including cheques overdrawn)	38.42	2,053.86	6.73	1,107.08
Statutory Liabilities				
Provident Fund & Other Contribution	3.28		3.53	
Tax Deducted and Collected at Source	6.38		6.62	
Value Added Tax and Central Sales Tax	21.57		41.91	
Excise duty & Service & Tax Payable	5.34		10.33	
Excise Duty Payable on Stock of Finished Goods	30.58	67.15	98.12	160.51
Total	2,121.01		1,267.59	

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 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
Provision for Bonus	42.22	42.31
Provision for Wealth Tax	0.25	0.23
Total	42.47	42.54

2.09 Fixed Assets

(₹ in Million)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.10.2012	Addition / Adjustment	Deduction / Adjustment	As at 30.9.2013	As at 1.10.2012	Addition/ Adjustment	Deduction / Adjustment	As at 30.9.2013	As at 30.9.2013	As at 30.9.2012
TANGIBLE ASSETS:										
Own Assets:										
Freehold Land	1,491.54	-	1.56	1,489.98	-	-	-	-	1,489.98	1,491.54
Leasehold Land	10.96	-	-	10.96	-	-	-	-	10.96	10.96
Building	3,547.48	10.44	-	3,557.92	454.73	116.80	-	571.52	2,986.40	3,092.74
Plant and Machinery	15,890.63	7.06	19.17	15,878.52	4,444.89	1,272.30	2.77	5,714.42	10,164.10	11,445.72
Computer	99.98	2.67	0.88	101.77	62.89	13.98	0.39	76.48	25.29	37.10
Furnitures & Fixtures	76.03	1.34	0.46	76.91	26.83	4.25	0.07	31.01	45.90	49.19
Office Equipment	33.42	3.75	0.14	37.03	9.40	2.28	0.03	11.65	25.38	24.02
Vehicles	86.01	1.78	0.87	86.92	39.84	7.75	0.49	47.10	39.82	46.20
Total(A)	21,236.05	27.04	23.08	21,240.01	5,038.58	1,417.36	3.75	6,452.18	14,787.83	16,197.47
INTANGIBLE ASSETS:										
Software	34.58	6.29	-	40.87	17.02	5.61	-	22.63	18.24	17.56
Total(B)	34.58	6.29	-	40.87	17.02	5.61	-	22.63	18.24	17.56
Total(A+B)	21,270.63	33.33	23.08	21,280.88	5,055.60	1,422.97	3.75	6,474.81	14,806.07	16,215.03
Previous Year	18,745.51	2,539.51	14.39	21,270.63	3,013.83	2,043.82	2.05	5,055.60	16,215.03	15,731.68

Note: During the Financial Year 2009-10, in pursuance of the Scheme of Arrangement approved by the Hon'ble High Court of Gujarat vide its order dated November 30, 2009 the immovable assets of the Company, namely Land and Building, on the basis of Revaluation report of the Government approved competent Valuer appointed by the Company were recorded at their respective fair values and resulting increase over Book Value, of ₹ 2481.95 Million, was transferred to General Reserve Revaluation Account. Accordingly, the depreciation for current Year includes depreciation of ₹ 34.67 Million (Previous Period ₹ 52.00 Million) on account of the said revaluation, and which has been reduced from the balance of General Reserve.

NOTES TO ACCOUNTS

2.10 Non Current Investments

Sr. No.	Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
	Investment in Mutual Funds(Quoted)		
1	64,288.778 (Previous Period 64,288.778) Units of ₹ 10 each of Punjab National Bank Mutual Fund (NAV of ₹ 1.93 Million (Previous Period ₹ 2 Million)	0.64	0.64
	Investment in Equity Instruments (UnQuoted)		
1	6,540 (Previous Period 6,540) Shares of ₹ 25 each of Siddhi Co.Op Bank Ltd.	0.16	0.16
2	National Saving Certificates	0.01	0.01
	Investment In Subsidiary Companies (UnQuoted) :		
1	90,45,127 (Previous Period 90,45,127) Equity Shares of ₹ 10 each of Bhaskarpara Coal Company Limited	90.45	90.45
2	7,24,400 (Previous Period 7,24,400) Equity Shares of ₹ 10 each of ET Elec-Trans Limited	7.24	7.24
3	38,00,000 (Previous Period 38,00,000) Shares of Rmb 1 each of Jinhua Indus Enterprise Limited	20.42	20.42
4	3,64,20,000 (Previous Period 3,14,20,000) Equity Shares of ₹ 10/- each of Hans Ispat Limited	364.55	314.63
5	3,50,000 (Previous Period 3,50,000) Equity Shares of ₹ 10/- each of Shree Hans Papers Limited	3.51	3.51
6	7,78,000 (Previous Period 7,78,000) Equity Shares of ₹ 100/- each At a Premium of ₹ 909/- of Shree Ram Electrocast Limited	786.79	786.79
7	100 (Previous Period 100) Shares of CFA 10,000 each of Electrotherm Mali Sarl	0.10	0.10
	Total	1,273.87	1,223.95

The Company does not hold any Current Investment.

2.11 Long Term Loans & Advances

Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
Unsecured, considered good unless stated otherwise		
Loans and Advances to related parties/subsidiaries (Refer Note No 2.36(b))	41.77	41.77
Sundry Deposits	160.70	185.88
Total	202.47	227.65

2.12 Other Non-Current Assets

Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
(To the extent not written off or adjusted)		
Preliminary Expenses	0.04	0.20
Deferred Revenue Expenditure	24.48	54.53
Product Development Cost	308.15	237.99
Total	332.67	292.72

NOTES TO ACCOUNTS

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

Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
(As valued, verified & certified by the Management)		
a. Raw Material [including goods in transit of ₹ 1.56 Million (Previous Period ₹ 334.07 Million)]	1,651.54	1,879.27
b. Work-In-Process	4,172.28	4,066.49
c. Finished Goods	276.84	528.79
d. Stores and Spares	408.72	468.33
Total	6,509.38	6,942.88

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

Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
(Unsecured, considered good unless stated otherwise)		
Over Six Months	3,256.57	3,034.14
Others	1,232.63	1,158.09
Due from Related Parties (Includes Over Six months of ₹ 89.26 Million)	91.19	106.46
Due from Subsidiaries (Includes Over Six months of ₹ 6.14 Million)	76.13	160.66
Total	4,656.52	4,459.35

2.15 Cash and Bank Balances

Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
a. Balances with Bank		
- Current Account	96.26	67.25
- Fixed Deposit (Pledged with Bankers) *	172.08	371.19
- Unclaimed Dividend Account	0.73	0.90
b. Cash on hand (As certified by the Management)	1.06	1.28
Total	270.13	440.62

*Fixed Deposit includes deposit of ₹ 145.38 Million (Previous Period ₹ 230.42 Million) having maturity within 12 months

2.16 Short-term loans and advances

Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
Unsecured, considered good unless stated otherwise		
Advances Recoverable In Cash or Kind [Refer Note No 2.39(b)]	149.29	174.27
Advance to Related Parties (Refer Note No 2.36(b))	23.03	23.07
Advance for Capital Goods	40.65	19.10
Others		
Prepaid Expenses	17.59	9.93
Advances to Staff(Refer Note No.2.39(h))	13.25	11.49
Advance to Suppliers and Other Parties (Refer Note No.2.39(b))	3,012.64	2,404.05
Advances to Subsidiaries	149.97	209.54
Loan to Staff	1.79	2.45
Balance with Revenue Authorities [Refer Note No. 2.29 & 2.39(f)]	1,342.04	1,444.27
Advance Income Tax	24.89	15.67
Total	4,775.14	4,313.84

NOTES TO ACCOUNTS

2.17 Other current assets

Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
Insurance Claim Receivable	-	1.01
Interest accrued and due on fixed deposit & others	6.23	19.76
Total	6.23	20.77

2.18 Revenue from operations

Particulars	Current Year (₹ In Million)	Previous Period (₹ In Million)
Sale of Products (Includes Export Incentives of ₹ 23.16 Million (Previous Period ₹ 85.81 Million)	10,565.09	22,305.64
Less: Inter Division Sales	19.02	72.03
Less: Excise Duty	325.61	1,342.54
	10,220.46	20,891.07
Service income	62.83	123.94
Power Generation Income	1.75	3.81
Trading Sales	267.28	1,441.76
Total	10,552.32	22,460.58

(a) Sale of Product

Particulars	Current Year (₹ In Million)	Previous Period (₹ In Million)
Electronic Furnaces & Other Capital Equipment	3,109.54	3,479.05
Ferrous and Non-Ferrous Billets /Bars/Ingots and Others	2,626.59	9,527.14
Duct Iron Pipes	3,346.31	6,059.38
Battery Operated Vehicles	113.74	497.69
Sponge & Pig Iron	307.26	149.09
Spares / Up Gradation Income & Misc. Sale	717.02	1,178.72
Total	10,220.46	20,891.07

(b) Trading Sales

Particulars	Current Year (₹ In Million)	Previous Period (₹ In Million)
S.S.Flats/ S.S Billtes & Others	267.28	1,441.76
Total	267.28	1,441.76

NOTES TO ACCOUNTS

2.19 Other Income

Particulars	Current Year (₹ In Million)	Previous Period (₹ In Million)
Interest Income from Bank Fixed Deposits	42.51	126.02
Dividend Income from Long Term Investment	-	0.04
Rent Income	0.34	0.09
Profit on Sales of Asset (Net)	3.70	23.28
Miscellaneous Income	17.51	108.59
Total	64.06	258.02

2.20 Cost of Material Consumed

Particulars	Current Year (₹ In Million)	Previous Period (₹ In Million)
Opening Stock	1,879.27	2,125.88
Add: Purchases of Raw Material	7,164.40	14,942.31
Total	9,043.67	17,068.19
Less: Closing Stock	1,651.54	1,879.27
Cost of Raw Material Consumed	7,392.13	15,188.92
Trading Purchase	259.90	1,388.22

(a) Details of Raw Material Consumed

Particulars	Current Year (₹ In Million)	Previous Period (₹ In Million)
M.S. Scrap/S.S. Scrap	913.64	3,076.77
Iron Ore/ Pelletes/Lam Coke/ Sinter/ Limestone	2,475.24	4,604.32
Copper and Engineering Items	3,049.93	3,216.30
Other Materials	953.32	4,291.53
Total	7,392.13	15,188.92

(b) Composition of Raw Materials Consumed

Particulars	Current Year % (₹ In Million)		Previous Period % (₹ In Million)	
Imported	12.83	948.58	24.16	3,670.12
Indigenous	87.17	6,443.55	75.84	11,518.80
Total	100.00	7,392.13	100.00	15,188.92

(c) Details of Closing Stock of Raw Materials

Particulars	Current Year (₹ In Million)	Previous Period (₹ In Million)
M.S. Scrap/S.S. Scrap/Sponge	298.53	77.72
Iron Ore/ Pelletes/Lam Coke/ Sinter/ Limestone	92.72	40.25
Copper and Engineering Items	976.96	1,323.69
Others	283.33	437.61
Total	1,651.54	1,879.27

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

Particulars	Current Year (₹ In Million)	Previous Period (₹ In Million)
S.S. Flats / S.S. Billets / Bars Trade	259.90	1,388.22
Total	259.90	1,388.22

NOTES TO ACCOUNTS

(e) Value Of Imports Calculated On CIF Basis:

Particulars	Current Year (₹ In Million)	Previous Period (₹ In Million)
Raw Materials	772.47	3,450.71
Stores	45.42	185.56
Capital Goods	0.00	108.47
Total	817.89	3744.74

2.21 Changes in Inventories of Finished Goods and Work in Process

Particulars	Current Year (₹ In Million)		Previous Period (₹ In Million)	
Inventories (At Commencement)				
- Work In Process	4,066.49		5,772.38	
- Finished Goods	528.79	4,595.28	429.46	6,201.84
Inventories (At end)				
- Work In Process	4,172.29		4,066.49	
- Finished Goods	276.84	4,449.13	528.79	4,595.28
Total	146.15		1,606.56	

(a) Details of Work in Process in Inventories

Particulars	Current Year (₹ In Million)	Previous Period (₹ In Million)
M S Billets	19.19	16.02
Sponge Iron	52.46	38.86
Pipe	32.12	17.72
Electronic Furnaces & Other Capital Equipments	1,182.99	1,069.17
Skull/Slag & Miscellenous Items	2,823.19	2,873.37
Others	62.34	51.34
Total	4,172.29	4,066.48

(b) Details of Finished Goods in Inventories

Particulars	Current Year (₹ In Million)	Previous Period (₹ In Million)
Ferrous and Non-Ferrous Billets /Bars/Ingots	148.87	232.71
Duct Iron Pipes	126.67	295.53
Battery Operated Vehicles	1.30	0.55
Total	276.84	528.79

2.22 Employee Benefit Expenses

Particulars	Current Year (₹ In Million)	Previous Period (₹ In Million)
Salaries,Wages and Allowances and Bonus	621.00	1,132.30
Contribution to Provident and other funds	38.60	63.14
Staff Welfare and amenities	13.07	19.69
Total	672.67	1,215.13

NOTES TO ACCOUNTS

2.23 Finance Cost

Particulars	Current Year (₹ In Million)		Previous Period (₹ In Million)	
Interest Expenses				
- Term Loan	681.17		1,637.01	
- Bank and Other Loan	219.22	900.39	2,263.64	3,900.65
Other Borrowing Cost & Charges		37.26		385.43
Loss on foreign currency transactions and translation		77.81		454.26
Total		1,015.46		4,740.34

2.24 Other Expenses

Particulars	Current Year (₹ In Million)		Previous Period (₹ In Million)	
Manufacturing Expenses				
Power and Fuel	653.97		1,704.92	
Stores and Spares	668.15		1,176.51	
Job Charges	485.28		766.51	
Machinery Repairs	7.94		9.22	
Building Repairs	3.51		2.40	
Vehicle & Other Repairs	11.37		17.97	
Excise duty (on account of Duty on Finished Good Stocks and Others)	(67.74)	1,762.48	58.17	3,735.70
Establishment/ Administrative Expenses				
Hire-Lease-Rent Charges	27.59		121.29	
Rates & Taxes	8.91		23.43	
Insurance Premium	26.18		26.75	
Postage Telegram & Telephone Expenses	15.52		26.79	
Conveyance Expenses	5.22		10.45	
Travelling Expenses	63.34		96.77	
Printing and Stationery	7.85		13.62	
Vehicle Expenses	11.61		18.79	
Security Expenses	13.23		18.03	
Subscription & Membership	2.06		2.19	
Net Sundry Balances Written Off	0.70		-	
Auditors' Remuneration:				
- Audit Fees	2.00		3.00	
- Tax Audit Fees	0.30		-	
- Other Matters	0.53		0.13	
Legal and Professional Charges	48.35		72.77	
Miscellaneous Expenses	34.25		73.58	
Research & Development Expenses	37.41		0.69	
Donation	0.48	305.53	3.03	511.31
Selling & Distribution Expenses				
Advertisement & Sales Promotion	96.25		207.90	
Commission	105.55		202.95	
Freight Outward and other Expenses (Net)	10.26	212.06	69.60	480.45
Total		2,280.07		4,727.46

NOTES TO ACCOUNTS

2.25 Prior Period Adjustment

Particulars	Current Year (₹ In Million)	Previous Period (₹ In Million)
Prior Period Adjustment- Income Tax And Others	0.12	6.82
	0.12	6.82

2.26 In view of the change in the accounting year/period, in the previous period, the account under consideration is for the period of Twelve months commencing from 1st October 2012 to 30th September 2013 and further the previous period amounts are for the Eighteen months commenced from 1st April 2011 to 30th September 2012, and therefore figures of the Current year and Previous Period are not comparable.

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

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

2.28 Corporate Debt Restructuring and Net Worth:

- (a) The first CDR reference was admitted with CDR cell in EG meeting held on August 23, 2012 with the approval of Core Group & CDR members' consent of 85.13% by value & 70.59% by numbers; wherein it was stated that the final restructuring proposal would be considered upon resolving willful matter with UCO Bank who was an unsecured lender. The case automatically exited after lapse of 180 days from the date of approval of flash report since the issue of willful defaulter could not be resolved with UCO Bank.
The company in spite of heavy losses in order to achieve settlement submitted its representations before the management of UCO Bank. UCO Bank issued the sanction letters depicting terms and conditions of settlement which were turned down by consortium members.
- (b) Bank of India the referring institution submitted a Memorandum dated July 20, 2013 for re-entry of the company in CDR without resolving the issue of willful defaulter declared by UCO Bank. Core Group members, by circulation have approved the re-entry of the case in CDR on August 23, 2013.

NOTES TO ACCOUNTS

- (c) The second reference for restructuring the debts of the Company was readmitted at the CDR EG meeting held on 23 August, 2013 with cutoff date as March 31, 2013. The final restructuring proposal / report have been already discussed in subsequent CDR EG meetings, the restructuring scheme will be implemented on approval of same.
- (d) The comprehensive financial restructuring would involve infusion of equity / Preference share capital by stakeholders of the company to augment its net-worth and shall reflect good health of the company.
- (e) MITCON Consultancy & Engineering Services Limited has carried out Techno Economic Viability (TEV) Study and flash cum final restructuring report is readmitted on August 23, 2013. The final restructuring scheme was discussed in subsequent CDR EG meetings and will be approved soon.
- (f) Because of the constant loss incurred by the Company, the networth of the Company has eroded greatly and resultantly net losses have exceed the networth of the Company.

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

- (a) The Company has filed an application for refund of Terminal Excise Duty of ₹15.79 Million (Previous Period ₹15.79 Million) and the same is included in Loans and Advances Balances. The said claim is under dispute and has been rejected by the Department but the Management is of the opinion that the company will receive the claim, therefore the same is treated as good for its realization and not provided for as expenses.
- (b) During the current financial year the Company had VAT tax liability (including interest of ₹ 219.44 Million (Previous Period ₹ 200.00 Million) under Maharashtra Sales tax Act and out of which the company had paid ₹40.00 Million in Previous Period under protest and the same has been shown as Loans and Advances. Further provision for the unpaid liability of ₹179.44 Million (Previous Period ₹ 160.00 Million) has not been made as the company is hopeful of matter being decided in its favor.
- (c) Vat Input Credit Receivable of ₹691.33 Million (Previous Period ₹ 691.33 Million) is subject to approval/sanction from the respective Government authority.
- (d) The Company had filed application for refund of Excise Duty of ₹122.28 Million (Previous Period ₹ 122.28 Million) and the same is included in Loans and Advances Balances. The said claim has been rejected by the Department but the Management is of the opinion that the company will receive the claim on resolution of the dispute, therefore the same is treated as good for its realization and not provided for as expenses.
- (e) On account of heavy losses the company has not written off Preliminary expenses of ₹ 0.04 Million (Previous Period ₹ Nil) and Advertisement expense ₹ 6.52 Million (Previous Period ₹ Nil)

2.30 A Special Civil Application in the nature of Public Interest Litigation was filed in the year 2010, inter alia, against the Company before the Hon'ble Gujarat High Court challenging the environment clearance for expansion of steel plant and No Objection Certificate (NOC) & Consolidated Consent and Authorization. The Gujarat High Court by its order dated May 11, 2012 set aside the environment clearance with liberty to the Company to apply once again and to stop the operation of the steel plant. The Company has filed a Special Leave Petition (SLP) in the Hon'ble Supreme Court of India challenging the impugned order of Hon'ble Gujarat High Court dated May 11, 2012. After hearing, the Hon'ble Supreme Court of India on May 18, 2012 stayed the order passed by the Hon'ble Gujarat High Court. All the parties to the petition have filed their reply before the Hon'ble Supreme Court of India and now the matter is pending before the Hon'ble Supreme Court of India for final disposal.

2.31 Additional Disclosures

- (a) Power and Fuel expenses are inclusive of duties and taxes of ₹ 33.83 Million (Previous Period ₹ 79.73 Million) paid towards power generation.
- (b) During the year Foreign Exchange Fluctuation Loss of ₹ 2.96 Million (Previous Period Gain of ₹ 11.98 Million) has been adjusted to Material Cost and Loss of ₹ 77.81 Million (Previous Period Loss ₹ 454.26 Million) has been charged to Finance Cost.
- (c) The cost of material consumed includes freight, taxes and inspection fees.
- (d) During the year the company has reversed interest provision of ₹ 198.85 Million by crediting it to interest expenses account as the bank has reversed the amount classifying the account as non performing assets.
- (e) In view to heavy accumulated losses incurred by the company and no certainty of its realisation/payment of tax in near future no provision for Deferred Tax Asset/liability has been made.
- (f) Miscellaneous expenditure includes total Research and Development expenses of ₹ 308.15 Million (Previous Period ₹ 237.99 Million) incurred on development of Hybrid Bus/T-Cab/project and CONTIFUR Project, which is still in progress and said expenses, would be written off in five years from the year of completion.
- (g) On account of non payment of duties and other taxes, the company could not lift the material lying with custom authority and shown as goods in transit in earlier year of ₹ 318.00 Million (Previous Period ₹ Nil) has been written off during the current year, by debting to cost of material consumed.

NOTES TO ACCOUNTS

- (h) Advance Custom Duty of ₹ 29.75 Million (Previous Period ₹ Nil), shown under the head Loans & Advances in the previous period, has been charged under the head Cost of Material Consumed.
- (i) Some of the creditors has filed cases of recovery against the company before the various Hon'ble Courts/ Forums ₹ 19.74 Million (Previous Year ₹ 18.51 Million)
- (j) In view of the various circumstances and factors, beyond the control of the company, the Steel division & Heavy Electric Vehicle division of the Company are not working on full capacity of the production.

2.32 The company is contingently liable for the following :-

- (a) Claims against the Company not acknowledged as debts amounting to ₹ 6.99 Million (Previous Period ₹ 25.50 Million), are pending before various courts, authorities, arbitration, Consumer Dispute Redressal Forum etc.
- (b) Guarantees / Counter Guarantees (including un-utilized Letters of Credit) issued ₹ 121.97 Million (Previous Period ₹ 309.82 Million).
- (c) Disputed Statutory Claims/Levies for which the company has preferred appeal in respect, Excise Liability of ₹ 2993.51 Million (Previous Period ₹ 2746.59 Million) and Custom Duty Liability of ₹ 262.90 Million (Previous Period ₹ 70 Million).
(The above amounts are excluding the amount of Interest payable and of the amount involved in appeal preferred by the department, if any.)
- (d) The company has executed Legal Undertaking Bond to pay Central Excise Duty (Terminal Excise Duty), levies and liquidated damages payable, if any, in respect of imported and indigenous capital goods and stores and spares consumed duty free, in the event that certain terms and conditions are not fulfilled. In this regard aggregate duty liability amount of ₹ 163.89 Million (approx.) as at September 30, 2013 (Previous Period: ₹ 261.32 Million (approx.)). Against these, exports amounting to ₹ 704.67 Million (approx.) (Previous Period ₹ 1285.17 Million (approx.)) will have to be made within next 8 years from the date of issue of license.
- (e) The company has received show cause notice for non compliance of some of export obligations, raised due to usage of license for payment of custom duty. In this regards the company has paid custom duty and has replied to those show cause notices. However the exact remaining liability of the said is unquantifiable.

2.33 FOREIGN EXCHANGE EARNING & OUTGO:

- (a) Earning in Foreign Exchange for Export of Goods & Services ₹1298.15Million. (Previous Period ₹ 1389.63 Million).
- (b) Expenditures in Foreign Currency for Import of Materials, Traveling & Others is ₹ 661.13Million (Previous Period ₹ 3337.38 Million).

2.34 DIRECTOR'S REMUNERATION :

Particulars	Current Year ₹ in Million	Previous Period ₹ in Million
Salary	7.80	14.40
Contribution to Provident & other funds	0.58	1.08
Total	8.38	15.48

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

(₹ In Million)

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

Due to the losses incurred by the Company during the year ended on 30th September 2013, the remuneration of the managerial personnel was reduced / revised to the minimum remuneration of ₹ 2,00,000/- per month as per Schedule XIII of the Companies Act, 1956.

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



NOTES TO ACCOUNTS

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

A. List of Related Parties

I) SUBSIDIARY COMPANIES

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

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

- | | |
|--|--|
| 1. Ahmedabad Aviation and Aeronautics Ltd. | 2. Crystal Real Estate Pvt. Ltd. |
| 3. Palace Tours and Air Charters Pvt. Ltd. | 4. Western India Speciality Hospital Ltd. |
| 5. E-Motion Power Ltd. | 6. Indus Elec-Trans Pvt. Ltd. |
| 7. Afghan Trading Pvt. Ltd. | 8. Bhandari Brothers Commercial Pvt. Ltd. |
| 9. Jayshri Petro-Yarn Pvt. Ltd. | 10. Adroit Trading and Investment Co. |
| 11. EIL Hospitality Pvt. Ltd. | 12. EIL Realty Pvt. Ltd. |
| 13. EIL Software Pvt. Ltd. | 14. EIL Software Services Offshore Pvt. Ltd. |
| 15. EIL Technology Pvt. Ltd. | 16. Electrotherm Engineering & Projects Ltd. |
| 17. Kappa Consultancy Pvt. Ltd. | 18. Electrotherm Foundation. |
| 19. Gujarat Mint Alloys Ltd. | 20. Indus Real Estate Pvt. Ltd. |
| 21. Electra Transformer Ltd.
(Formerly Known as Electra Transformer Private Limited) | 22. New Delhi Real Estate Pvt. Ltd. |
| 23. Palace Infrastructure Pvt. Ltd. | 24. Suraj Real Estate Pvt. Ltd. |
| 25. S N Advisory Pvt. Ltd. | 26. Suraj Advisory Services Pvt. Ltd. |
| 27. Airfones Innovatives Private Limited | 28. BNB Real Estate Private Limited |
| 29. ETAIN Energy Holdings Limited
(Formerly Known as Electrotherm Energy Holdings Ltd.) | 30. Electrotherm Solar Limited |
| 31. Palace Solar Energy Pvt. Ltd. | 32. SBRB Real Estate Pvt. Ltd. |
| 33. Bhandari Real Estate Pvt. Ltd. | 34. ETAIN Immodo Renewables Ltd. |
| 35. Arjun Ceramics & Carbon Pvt. Ltd. | 36. Indus Chargers & Controllers Pvt. Ltd. |
| 37. Arjun Solar One Pvt. Ltd. | 38. Arjun Green Power Pvt. Ltd. |
| 39. Arjun Raj Solar One Pvt. Ltd. | 40. Bhandari Charitable Trust |
| 41. Arjun Raj Solar Five Pvt. Ltd. | |

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

- | | |
|-------------------------------|---------------------------------|
| 1. Mr. Mukesh Bhandari | (Chairman) |
| 2. Mr. Shailesh Bhandari | (Managing Director) |
| 3. Mr. Narendra Dalal | (Whole Time Director)* |
| 4. Mr. Avinash Bhandari | (Joint Managing Director & CEO) |
| 5. Mr. Nilesh Desai | (Non-Executive Director) |
| 6. Mr. Ram Singh | (Non-Executive Director) |
| 7. Mr. Pradeep Krishna Prasad | (Non-Executive Director) |

*Has ceased to be Director of the Company during the year.

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

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


NOTES TO ACCOUNTS
B. Related Parties transactions as identified by the Company from its record.

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	
		Sep-13	Sep-12	Sep-13	Sep-12	Sep-13	Sep-12	Sep-13	Sep-12	Sep-13	Sep-12	Sep-13	Sep-12	Sep-13	Sep-12	Sep-13	Sep-12	Sep-13	Sep-12	Sep-13	Sep-12
(I)	Subsidiary Companies																				
1	Jinhua Indus Enterprises Ltd.	-	0.21	19.78	35.86	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13.11	22.58
2	Jinhua Jahari Enterprises Ltd.	-	-	131.51	213.26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21.91	21.67
3	Bhaskarpara Coal Company Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.04
4	ET Elec-Trans Ltd.	0.15	1.59	-	-	-	-	1.65	-	-	0.15	-	6.40	-	-	-	-	-	-	4.63	6.74
5	Shree Ram Electro Cast Ltd.	-	-	0.01	271.09	-	-	-	-	-	-	9.10	153.82	-	-	-	-	-	-	53.57	44.48
6	Hans Ispat Ltd.	397.47	1,236.90	261.73	949.81	9.28	-	-	-	-	-	4.00	-	-	-	-	-	-	-	69.49	153.60
7	Shree Hans Papers Ltd.	-	-	-	-	-	-	-	-	-	-	-	41.77	-	-	-	-	-	-	41.77	41.77
8	Electrotherm Mali SARL	-	-	4.43	221.21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61.59	121.00
(II)	Associates																				
1	Ahmedabad Aviation and Aeronautics Limited	-	-	-	-	-	-	-	-	-	0.80	-	2.27	-	-	-	-	-	-	1.30	1.30
2	Palace Tours And Air Charters Private Limited	-	-	-	-	-	-	-	-	-	-	-	0.05	-	-	-	-	-	-	-	-
3	Western India Speciality Hospital Limited	-	-	-	-	-	-	-	-	-	-	-	0.49	-	-	-	-	-	-	-	-
4	ETAIN Immodo Renewables Limited	9.46	132.26	38.54	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30.43	76.86
5	Indus Chargers & Controllers Pvt. Limited	-	-	-	-	-	-	-	-	-	0.05	-	-	-	-	-	-	-	-	0.05	0.05
6	EIL Software Services Offshore Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20.00)	(20.00)
7	Bhandari Charitable Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50.24	50.24
8	ETAIN Energy Holdings Limited	-	-	-	-	-	-	(5.00)	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Electrotherm Solar Limited	37.07	-	-	-	-	-	(12.80)	-	-	-	-	-	-	-	-	-	-	-	29.65	-
10	Electra Transformer Limited	4.19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.02	-
(III)	KEY MANAGEMENT PERSONNEL:																				
1	Mr. Mukesh Bhandari, (Chairman)	-	-	-	-	-	-	-	-	-	7.95	6.47	-	-	-	1.08	2.83	2.40	3.87	(7.88)	(8.02)
2	Mr. Shailesh Bhandari, (Managing Director)	-	-	-	-	-	-	-	-	-	33.91	0.99	4.32	1.02	-	0.33	-	2.40	3.87	(27.84)	(36.32)
3	Mr. Narendra Dalal, (Whole time Director)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.60	3.87	-	(0.04)
4	Mr. Avinash Bhandari, (Joint Managing Director & CEO)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.40	3.87	0.01	0.06
(IV)	RELATIVES OF KEY MANAGEMENT PERSONNEL:																				
1	Mrs. Indubala Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.74	0.44	-	-	(0.02)	(0.02)
2	Mrs. Jyoti Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.30	0.41	0.53	-	(2.15)	(0.15)
3	Mr. Rakesh Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.23)	(0.23)
4	Mr. Siddharth Bhandari	-	-	-	-	-	-	-	-	-	-	-	0.05	-	-	-	-	0.28	0.78	-	0.05
5	Miss. Shivani Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.26	-	-	-
6	Mr. Anurag Bhandari	-	-	-	-	-	-	-	-	-	-	-	1.50	-	-	-	-	0.54	0.15	(3.50)	(3.50)

Note: The above chart consists details of parties who are relatives during the Financial year ended on 30th September 2013
The Figures in bracket indicates Credit Balance.

NOTES TO ACCOUNTS

2.37 SEGMENT REPORTING UNDER ACCOUNTING STANDARD

(A) Business Segment

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

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

Particulars	Current Year	Previous Period
SEGMENT REVENUE		
Engineering & Projects Division	3,879.28	4,977.82
Special Steel Division	6,547.44	16,971.45
Electric Vehicle Division	144.62	583.34
Total Sales	10,571.34	22,532.61
Less : Inter segment Revenue	19.02	72.03
Net Sale	10,552.32	22,460.58
SEGMENT PROFIT BEFORE TAX AND INTEREST		
Engineering & Projects Division	(252.28)	117.10
Special Steel Division	(1,157.76)	(3,138.37)
Electric Vehicle Division	(113.02)	(388.99)
Profit/(Loss) Before Interest, Tax & Prior Period Adjustment	(1,523.06)	(3,410.26)
Less: FINANCIAL EXPENSES	1,015.46	4,740.34
Less : Provision for Tax (Including Deferred Tax)	0.25	(864.89)
Net Profit/(Loss) After Tax	(2,538.77)	(7,285.71)
OTHER INFORMATION		
Segment Assets		
Engineering & Projects Division	5,578.28	5,580.78
Special Steel Division	26,173.86	27,518.43
Electric Vehicle Division	859.06	840.73
Total Segment Assets	32,611.20	33,939.94
Segment Liabilities		
Engineering & Projects Division	2,207.49	1,783.74
Special Steel Division	31,448.18	30,703.92
Electric Vehicle Division	1,791.36	1,677.46
Total Segment Liabilities	35,447.03	34,165.12

NOTES TO ACCOUNTS

(₹ In Million)

Particulars	Current Year	Previous Period
Segment Depreciation		
Engineering & Projects Division	55.50	79.86
Special Steel Division	1,319.27	1,891.73
Electric Vehicle Division	13.53	20.23
Total Depreciation	1,388.30	1,991.82
Other Non Cash Expenses		
Engineering & Projects Division	-	18.81
Special Steel Division	30.05	76.71
Electric Vehicle Division	-	11.42
Total	30.05	106.94
Segment Capital Expenditure		
Engineering & Projects Division	21.31	25.61
Special Steel Division	24.77	260.14
Electric Vehicle Division	2.76	0.18
Total Capital Expenditure (Net)	48.84	285.93

(B) Geographical Segments

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

(₹ In Million)

PARTICULARS	Current Year	Previous Period
India	9254.17	21070.95
Overseas	1298.15	1,389.63
Total	10552.32	22460.58

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

A) Defined contribution plan

(₹ In Million)

	Current Year	Previous Period
Employer's Contribution to Provident Fund	23.55	37.79
Employer's Contribution to Pension Scheme	15.05	25.37



NOTES TO ACCOUNTS

B) Defined Benefit Plans -

(₹ In Million)

	Current Year			Previous Period		
	Gratuity Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Unfunded	Gratuity Funded	Leave Encashment Unfunded
a) Liability recognised in the Balance Sheet						
i) Present Value of obligation at the beginning of the Period	14.78	43.96	36.35	9.59	27.09	28.19
Current Service Cost	4.38	5.26	7.36	7.82	7.19	7.85
Adjustment due to Valuation	0.00	0.00	0.00	0.00	0.00	0.00
Interest Cost	1.26	3.74	3.09	1.19	3.35	3.49
Actuarial (Gain)/Loss	(4.32)	(11.86)	(8.22)	(3.18)	7.91	8.58
Benefit Paid	(1.91)	(1.47)	(7.72)	(0.64)	(1.58)	(11.76)
Present Value of obligation as at year end	14.19	39.63	30.86	14.78	43.96	36.35
Less:						
ii) Fair Value of Plan Assets at the beginning of the Period	0.00	24.11	0.00	0.00	19.53	0.00
Expected return on Plan Assets	0.00	2.05	0.00	0.00	2.42	0.00
Actuarial gain/(loss)	0.00	0.05	0.00	0.00	(0.81)	0.00
Employers' Contribution	1.91	5.12	7.72	0.64	4.55	11.76
Benefit Paid	(1.91)	0.00	(7.72)	(0.64)	(1.58)	(11.76)
Fair Value of Plan Assets as at year end	0.00	31.33	0.00	0.00	24.11	0.00
Excess Provision for Leave Encashment						(4.12)
Amount recognised in the Balance Sheet or Paid to Fund Manager	14.19	8.30	30.86	(14.78)	(19.85)	(40.47)
b) Expenses during the year						
Service Cost	4.38	5.26	7.36	7.82	7.19	7.85
Interest Cost	1.26	3.74	3.09	1.19	3.35	3.49
Expected return on Plan assets	0.00	(2.05)	0.00	0.00	(2.42)	0.00
Actuarial (Gain)/Loss	(4.32)	(11.91)	(8.22)	(3.18)	8.72	8.58
Total	1.32	(4.96)	2.23	5.83	16.84	19.92
c) Actual Return on plan assets		3.34			1.61	
d) Break up of Plan Assets as a percentage of total Plan Assets (Percentage or Value)						
Insurer managed Funds	NIL	1.00	NIL	NIL	1.00	NIL
e) Principal actuarial assumptions						
Rate of Discounting	9.25%	9.25%	9.25%	8.50%	8.50%	8.50%
Expected return on Plan Assets	NA	8.70%	NA	NA	8.50%	NA
Rate of increase in Salaries	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Attrition Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

- 2.39 (a) In the opinion of the Management, the current assets, loans & Advances are realizable at the values stated, if realized in the ordinary course of business and the provisions for all known Liabilities are adequate.
- (b) (i) The account of "Trade Receivables", "Borrowings", "Trade payables", "Advances from Customer", "Short Term Loans and Advances" and some Bank Balances are subject to confirmation / reconciliation and the same includes very old non moving items and therefore the same are subject to necessary adjustments for accounting or re-grouping /classification.
- (ii) The amount of "Trade receivable", "Advances Recoverable In cash or Kind", and "Advances to suppliers/Other Parties", includes very old Trade receivables and/or payments made and the management is hopeful of the recovery and therefore these are not treated as doubtful for the recovery and not provided for.
- (iii) The Balance of "Trade Payable-Others" of ₹ 1999.01 Million includes ₹10.46 Million payable and similarly, the amount of "Trade Receivable" includes ₹ 6.67 Million, of Inter-Departmental amount (Steel Division) for transfer of the material. The said amount is under reconciliation and it may affect the net result of the company by ₹3.79 Million and accordingly "Trade Payable-Others" and "Trade Receivable" are overstated by ₹10.46 Million and ₹6.67 Million, respectively.

NOTES TO ACCOUNTS

- (iv) The amount of "Advance from Customers" includes ₹ 69.18 Million (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 bankers/parties.
- (v) The amount of account of some of the major single party under the Head "Advance from customers", "Trade Payable", "Advance to Suppliers and Others", "Trade Receivables" are shown on gross basis and the same are not netted off and which has resulted in overstatement of two account Heads and the determination of the exact amount of the said overstatement is in progress. The account of the steal cheques of ₹ 5.61 Million shown under the head "Advance to suppliers and others" is subject to reconciliation and proper accounting.
- (c) After restructuring, various Bank Accounts of the company were classified as Non Performing Assets by the Bankers and the bankers has not charged interest on the said account and therefore provision for Interest (Other than upfront charges) on Corporate Loan and Working Capital Loans has not been provided in the books of accounts and to that extent loss and bankers loan liability has been understated. The extent of exact amount is under determination and reconciliation with the banks. However as per the details available with the company the amount of the un-provided interest, on approximate basis, on the said loans are as under:-

(₹ In Million)

Particulars	Upto 30 th Sept. 2012	From Oct. 12 to Sept. 13	Upto 30 th Sept. 2013
Interest on Corporate Loan and working Capital Loan	1437.06	3151.19	4588.25

- (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 estimate net reliable value and which has been relied upon by the Auditors.
- (f) Account of Service Tax Receivables and VAT is subject to reconciliation, submission of its return for its claim and/or its assessment, if any.
- (g) The management is of the opinion that the uncompleted projects shown as Capital Work in Progress require some further investment to bring them into commercial use and therefore these are not treated as impaired assets.
- (h) Account of "Advance to staff" is under confirmation, reconciliation and subject to the settlement of the accounts with the respective employees (including ex-employees) of the company.

2.40 EARNINGS PER SHARE (EPS):

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

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

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

As per our report of even date attached

For & on behalf of

Mehta Lodha & Co.,

Firm Registration No: 106250W

Chartered Accountants

Prakash D. Shah

M. NO. 34363

Partner

Place : Ahmedabad

Date : 22nd November, 2013

For & on behalf of the Board of Directors

Shailesh Bhandari

Managing Director

Jigar Shah

Company Secretary

Avinash Bhandari

Joint Managing Director

Pawan Gaur

Sr. Vice President-Finance



FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

(₹ In Million)

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Capital	Reserves	Total Asset	Total Liability	Investment	Turnover / Total Income	Profit before taxation	Provision for taxation	Profit After Taxation	Proposed Dividend	Country
1	Jinua Indus Enterprises Ltd.	RMB	20.56	(3.46)	41.63	41.63	5.41	19.78	3.79	-	3.79	-	People's Republic of China
2	Jinhua Jahari Enterprises Ltd.	RMB	5.41	5.38	40.99	40.99	-	134.55	4.32	0.28	4.04	-	People's Republic of China
3	Bhaskarpara Coal Company Ltd	INR	171.86	(5.45)	197.38	197.38	-	-	(0.11)	-	(0.11)	-	India
4	ET Elec-Trans Ltd	INR	9.00	(14.67)	0.57	0.57	-	0.45	(7.88)	(0.68)	(7.20)	-	India
5	Shree Ram Electro Cast Limited	INR	81.90	365.61	910.20	910.20	0.10	0.21	(18.19)	-	(18.19)	-	India
6	Hans Ispat Limited	INR	364.20	(352.51)	1,196.78	1,196.78	-	2,496.73	(87.26)	-	(87.26)	-	India
7	Shree Hans Papers Limited	INR	3.50	-	45.31	45.31	41.77	-	-	-	-	-	India
8	Electrotherm mali SRL	CHF	0.10	(90.88)	32.10	32.10	-	32.05	(10.99)	0.94	(11.93)	-	Mali

Exchange Rate as on 31.12.2012 1 RMB = Rs. 8.8025 and as on 30.09.2013 1 RMB = Rs. 10.4241

Exchange Rate as on 31.12.2011 1 CFA = Rs. 9.0081 and as on 30.09.2013 1 CFA = Rs. 8.8006

For & on behalf of the Board of Directors

Place : Ahmedabad

Date : 22nd November, 2013

Shailesh Bhandari
Managing Director

Avinash Bhandari
Joint Managing Director

Jigar Shah
Company Secretary

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO
THE BOARD OF DIRECTORS
ELECTROTHERM (INDIA) LIMITED
AHMEDABAD

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **ELECTROTHERM (INDIA) LIMITED** ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 30th September 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956* ("the Act"), which as per the clarification issued by the Ministry of Corporate Affairs continue to apply under section 133 of the Companies Act, 2013 (which has suspended section 211(3C) of the Companies Act, 1956 w.e.f. 12th September 2013). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements 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 accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us *read with the points stated in the Emphasis of Matter and Qualification and Notes to Accounts* of the consolidated financial statements and on the consideration of the (a) reports of the other auditors on the financial statements of the subsidiaries and (b) the accounts of the subsidiaries which has not been subjected to audit by the auditors but as adopted by the Board of the Directors, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 30th September 2013
- (b) in the case of the consolidated Statement of Profit and Loss, of the **LOSS** for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter and Qualifications

1. We draw attention to Note No. 2.29 of the accompanying financial statements in respect of winding up petitions filed by the creditors and recovery cases against the company and the Note No. 2.30 of the accompanying consolidated financial statements in respect of restructuring of the debts of the company and which may affect the going concern's concept of the company upon final outcome of the said pending petitions/cases.
2. We draw attention to Note No. 2.31 of the accompanying consolidated financial statements in respect of non provision of long disputed advances, doubtful trade receivable, claims/ liability against the company and in absence of full information with the company, the exact amount of the same is not quantified.
3. We draw attention to Note No. 2.39 of the accompanying consolidated financial statements in respect of third party balance confirmations, grouping & classification, Disclosure of Gross Amounts, non provision of interest on NPA accounts of banks, indication of impairment of assets and other related issues, resulting into effect on the results/affairs, as given in the said Notes.

Other Matters

We did not audit the financial statements of ET Elec-Trans Limited and Bhaskarpara Coal Company Limited (The Subsidiary Company) included in the consolidated financial statements, which constitute total assets of ₹ 197.95 Million as at 30th September, 2013, Total revenue of ₹ 0.45 Million, Net Loss of ₹ 7.31 Million and net cash outflows amounting to ₹ 3.34 Million 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 other auditors.

We have relied on the unaudited financial statements of Jinhua Indus Enterprises Limited, Jinhua Jahari Enterprises Limited, Hans Ispat Limited, Shree Ram Electro Cast Limited, Shree Hans Papers Limited and Electrotherm Mali SARL (The Subsidiary Company) wherein the group's shares of loss aggregate ₹ 111.51 Million. These unaudited financial statements are as approved by the respective Boards of Directors of these companies and our report in so far as it relates to the amounts included in respect to these subsidiaries is based solely on such approved unaudited financial statements

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

Prakash D.Shah
Partner

Membership No. 34363

Date : 22nd November, 2013
Place : Ahmedabad

*In this report, reference of the Companies Act, 1956 has been made, as the Ministry of Corporate Affairs vide Gazette Dated 12-9-2013, new section(s) in relation to the requirement of the audit report under the Companies Act, 2013 has not been notified to come into force.

**CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER, 2013**

Sr. No.	Particulars	Note No.	As at 30th September 2013 ₹ In Million	As at 30th September 2012 ₹ In Million
	EQUITY AND LIABILITIES			
	Shareholders' funds			
(a)	Share Capital	2.01	234.76	234.76
(b)	Reserves and Surplus	2.02	(2,828.38)	(62.21)
(c)	Share Application Money		24.19	13.76
	Minority Interest		77.72	79.18
	Non - Current liabilities			
(a)	Long Term Borrowings	2.03	3,315.92	5,550.31
(b)	Deffered Tax Liabilities	2.04	41.78	42.46
(c)	Long Term Provisions	2.05	54.96	79.82
	Current liabilities			
(a)	Short-term borrowings	2.06	29,148.15	26,207.58
(b)	Trade Payables	2.07	2,259.13	2,501.53
(c)	Other current liabilities	2.08	2,147.34	1,344.87
(d)	Short Term Provisions	2.09	42.50	42.56
	TOTAL		34,518.07	36,034.62
	ASSETS			
	Non-Current Assets			
(a)	Fixed Assets			
(i)	Tangible Assets	2.10	16,009.37	17,506.28
(ii)	Intangible Assets	2.10	765.25	764.57
(iii)	Capital work-in-progress	2.10	240.34	230.52
(b)	Non-current Investments	2.11	0.91	1.11
(c)	Long-term loans and advances	2.12	221.58	246.08
(d)	Other Non-Current Assets	2.13	359.25	327.86
	Current Assets			
(a)	Inventories	2.14	7,096.98	7,621.78
(b)	Trade Receivables	2.15	4,742.01	4,564.54
(c)	Cash and Bank Balances	2.16	293.16	497.29
(d)	Short-term loans and advances	2.17	4,769.84	4,251.60
(e)	Other Current assets	2.18	19.38	22.99
	TOTAL		34,518.07	36,034.62

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 : 22nd November, 2013

For & on behalf of the Board of Directors

Shailesh Bhandari

Managing Director

Avinash Bhandari

Joint Managing Director

Jigar Shah

Company Secretary

Pawan Gaur

Sr. Vice President-Finance


CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 30TH SEPTEMBER, 2013

Sr. No.	Particulars	Note No.	Year ended on 30th September 2013 (₹ In Million)	18 months Period ended on 30th September 2012 (₹ In Million)
			Current Year	Previous Period
	Income			
	Revenue from Operations	2.19	12,468.38	25,819.28
	Other Income	2.20	63.40	269.66
A	Total Revenue		12,531.78	26,088.94
	Expenditure			
	Cost of Materials Consumed	2.21	8,562.17	16,685.91
	Purchases of Stock in Trade	2.21	270.22	1,794.49
	Changes in Inventories of Finished Goods and Work in Process	2.22	234.49	1,705.67
	Employee Benefits Expense	2.23	778.62	1,432.14
	Finance Cost	2.24	1,068.60	5,026.77
	Depreciation and Amortization Expense	2.09	1,432.25	2,062.35
	Other Expenses	2.25	2,834.31	6,036.27
	Preliminary Expenses Written Off		8.71	18.64
B	Total Expenses		15,189.37	34,762.24
	Loss before exceptional and extra ordinary items and tax (A-B)		(2,657.59)	(8,673.30)
	Exceptional items & Extraordinary Items			
	Loss before Tax (A-B)		(2,657.59)	(8,673.30)
	Tax Expenses			
	Current Tax		(1.23)	(2.81)
	Wealth Tax		(0.25)	(0.23)
	Deferred Tax		0.68	864.68
	Profit/(loss) for the year/period (before adjustment of Minority Interest Less:-Share of Loss transferred to Minority Interest		(2,658.39) 1.46	(7,811.66) 2.85
	Loss for the Year / Period		(2,656.93)	(7,808.81)
	Less : Prior Period Adjustments	2.26	(2.09)	(7.47)
	Loss for the Year/Period		(2,659.02)	(7,816.28)
	Earnings per Equity Share (Nominal Value of Share ₹10/- each) Basic and Diluted (In ₹)	2.40	Negative	Negative

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 : 22nd November, 2013

For & on behalf of the Board of Directors

Shailesh Bhandari

Managing Director

Avinash Bhandari

Joint Managing Director

Jigar Shah

Company Secretary

Pawan Gaur

Sr. Vice President-Finance

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 30TH SEPTEMBER, 2013

Particulars	Current Year ₹ In Million	Previous Period ₹ In Million
A: CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Statement of Profit and Loss	(2,657.59)	(8,673.30)
Adjusted For:		
Profit on Sale/Discard of assets (net)	(1.67)	(21.80)
Depreciation	1,432.25	2,062.35
Dividend Income	-	(0.04)
Interest Income	(51.04)	(138.41)
Prior Period Item	(2.09)	(7.47)
Finance Cost	1,068.60	5,026.77
Operating profit before working capital changes	(211.54)	(1,751.90)
Adjusted For:		
Trade and other Receivables	(177.47)	627.29
Inventories	524.80	1,807.98
Trade and other Payables	(242.40)	216.83
Loans and advances and other assets	(514.07)	(1,622.10)
Other liabilities and provisions	777.52	(1,489.48)
Cash Generated from Operations	156.84	(2,211.38)
Taxes Paid	(8.91)	20.57
Net Cash Generated from Operating activities	147.93	(2,190.81)
B: CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(89.09)	(419.28)
Acquisition of Subsidiary (Including Additional Consideration)	-	37.67
Sales of Fixed Assets	34.27	48.25
Sales / (Purchases) of Investments (net)	0.24	-
Minority Interest	0.00	0.45
Dividend Income	-	0.04
Interest Income	51.04	138.41
Net Cash (used in) Investing Activities	(3.54)	(194.46)
C: CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Application Money	10.43	13.76
Government subsidy received	3.47	122.65
Increase in Borrowings*	706.18	6,535.14
Financial Cost*	(1,068.60)	(5,026.77)
Net Cash (used in) Financing Activities	(348.52)	1,644.78
Net Increase in Cash and Cash Equivalents	(204.13)	(740.49)
Opening Balance of Cash and Bank Balance	497.29	1,237.78
Closing Balance of Cash and Bank Balance (Refer note no 2.16)	293.16	497.29

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

* Includes amount of unpaid interest converted into Term 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 : 22nd November, 2013

For & on behalf of the Board of Directors

Shailesh Bhandari

Managing Director

Jigar Shah

Company Secretary

Avinash Bhandari

Joint Managing Director

Pawan Gaur

Sr. Vice President-Finance

NOTES 1 TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED ON 30TH SEPTEMBER, 2013

1. SIGNIFICANT ACCOUNTING POLICIES:

(A) BASIS OF PREPARATION OF ACCOUNTS:

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

(B) USE OF ESTIMATES:

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

(C) PRINCIPLES OF CONSOLIDATION

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

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

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

(E) Other significant accounting policies

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

CONSOLIDATED NOTES TO ACCOUNTS

2.01 Share Capital

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

Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
Authorised		
2,50,00,000 Equity Shares of ₹10/- each	250.00	250.00
2,50,00,000 6% Non-Cumulative Redeemable Preference Shares of ₹10/- each	250.00	250.00
Total	500.00	500.00
Issued, Subscribed & Paid up		
1,14,76,374 (Previous Year 1,14,76,374) Equity Shares of ₹10/- each Fully paid up	114.76	114.76
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.	120.00	120.00
(35,60,000 Preference Shares Redeemable not later then 11th March 2025,	234.76	234.76
44,40,000 Preference Shares Redeemable not later then 1st April 2025 and		
40,00,000 Preference Shares Redeemable not later then 14th May 2025)		
Total	234.76	234.76

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

(i) Equity Shares	As at 30th September 2013	As at 30th September 2012
	Numbers	Numbers
Shares outstanding at the beginning of the Period	11,476,374	11,476,374
Shares outstanding at the end of the Period	11,476,374	11,476,374
(ii) 6% Non-Cumulative Redeemable Preference Shares	As at 30th September 2013	As at 30th Septemebr 2012
	Numbers	Numbers
Shares outstanding at the beginning of the Period	12,000,000	12,000,000
Shares outstanding at the end of the Period	12,000,000	12,000,000

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

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

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

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

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



CONSOLIDATED NOTES TO ACCOUNTS

(f) Shareholders holding more than 5% of the Shares

Equity Shares

Sr. No.	Name of Shareholder	As at 30th September 2013		As at 30th September 2012	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	DEG-Deutsche Investitions-Und Entwicklungsgesellschaft Mbh	1,366,666	11.91	1,366,666	11.91
2	IDBI Trusteeship Services Limited (India Advantage Fund-VI)	1,292,231	11.26	1,292,231	11.26
3	Castleshine PTE Limited	1,000,000	8.71	1,000,000	8.71
4	Leadhaven PTE Limited	1,000,000	8.71	1,000,000	8.71
5	Western India Speciality Hospital Ltd.	975,000	8.50	975,000	8.50
6	Mr. Shailesh Bhandari	848,275	7.39	848,275	7.39
7	Mr. Mukesh Bhandari	809,500	7.05	809,500	7.05

Preference Shares

Sr. No.	Name of Shareholder	As at 30th September 2013		As at 30th September 2012	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Web Businesses.com Global Ltd.	2,730,000	22.75	2,730,000	22.75
2	Lavish Packagers Ltd.	2,580,000	21.50	2,580,000	21.50
3	Highland Finance and Investments Pvt. Ltd.	3,240,000	27.00	3,240,000	27.00
4	Froid Finance and Investments Pvt. Ltd.	1,200,000	10.00	1,200,000	10.00
5	Ahmedabad Aviation And Aeronautics Ltd.	1,050,000	8.75	1,050,000	8.75
6	Mr. Shailesh Bhandari	1,200,000	10.00	1,200,000	10.00

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

2.02 Reserves and surplus

Particulars	As at 30th September 2013 (₹ In Million)		As at 30th September 2012 (₹ In Million)	
(A) Capital Reserve				
As per Last Balance Sheet Date	131.76		9.11	
Add: Government Subsidy received during the year/period	3.47	135.23	122.65	131.76
(B) Share Premium Account				
As per Last Balance Sheet Date	2,264.66		2,226.99	
Addition on Issue of Shares	-	2,264.66	37.67	2,264.66
(C) General Reserve				
As per Last Balance Sheet Date	3,285.91		3,341.61	
Less : Reduction on Sales of Revalued Land	(0.61)		(3.70)	
Less : Transferred for depreciation on Revaluation of Fixed Assets	(34.67)	3,250.63	(52.00)	3,285.91
(D) Revaluation Reserve				
As per Last Balance Sheet Date	674.79		826.33	
Less: Reduction on Sales of Revalued Assets			(8.29)	
Less : Transferred for depreciation on Revaluation of Fixed Assets	(75.34)	599.45	(143.25)	674.79
(E) Surplus/Deficit in Statement of Profit & Loss				
As per Last Balance Sheet Date	(6,419.33)		1,396.95	
Add/(Less): Loss for the Year/Period	(2,659.02)	(9,078.35)	(7,816.28)	(6,419.33)
Total		(2,828.38)		(62.21)

CONSOLIDATED NOTES TO ACCOUNTS

2.03 Long term borrowings

Particulars	As at 30th September 2013 (₹ In Million)		As at 30th September 2012 (₹ In Million)	
	Non-Current	Current	Non-Current	Current
Secured				
Term Loans from Banks				
- Rupee Term Loan-[Note No.(a)]	2,778.71	15,616.22	4,595.77	13,128.48
- Foreign Currency Term Loan-[Note No.(b)]	436.50	466.58	458.70	265.00
Total	3,215.21	16,082.80	5,054.47	13,393.48
Hire Purchase Finance for Vehicles (Secured By Hypothecation of Specific Vehicles)	0.71	1.53	1.65	4.42
Unsecured				
- Foreign Currency Term Loan	100.00	577.58	494.19	53.00
Total	3,315.92	16,661.91	5,550.31	13,450.90

(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) 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 Deferred Tax Liability

Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
Deferred Tax Liability (Related to Fixed Assets)	41.78	42.46
Total	41.78	42.46

2.05 Long Term Provisions

Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
Provision for Leave Encashment	31.50	42.62
Provision for Gratuity	23.46	37.20
Total	54.96	79.82

CONSOLIDATED NOTES TO ACCOUNTS

2.06 Short-term borrowings

Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
Secured Loan from Banks		
Term Loan	-	-
Current Maturities of Long terms borrowings [Refer Note No.(a)]	16,661.91	13,450.90
Working Capital Facilities [Refer Note No.(b)]	10,420.33	10,384.13
Buyers Credit [Refer Note No.(b)]	-	64.79
Letter of Credit [Refer Note No.(b)]	-	234.45
Unsecured		
Loans and Advances repayable on demand from: -		
Body Corporate & Others (Including Related Parties) (Refer Note 2.38)	17.92	26.78
Directors (Refer Note No 2.36(b))	35.89	44.05
Term Loan from Banks		
- Rupee Term Loan	1,778.98	1,739.59
- Foreign Currency Term Loan	233.12	262.89
Total	29,148.15	26,207.58

(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 guaranted 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, Samakhiali- Kutch and Chhadawada -Bhachau. Further the loans are guaranted by the personal guarantees of some of the Directors of the company.

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

2.07 Trade Payable

Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
Micro, Small and Medium Enterprises	4.92	4.92
Others [Refer Note No 2.39(b)]	2,251.88	2,496.61
Dues to Related Parties	2.33	-
Total	2,259.13	2,501.53

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

Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
Supreme Metallurgical Services (P). Ltd.	4.92	4.92

Interest on the said account has not been provided as the matter is under dispute.

CONSOLIDATED NOTES TO ACCOUNTS

2.08 Other current liabilities

Particulars	As at 30th September 2013 (₹ In Million)		As at 30th September 2012 (₹ In Million)	
Unclaimed Dividend#	0.73		0.90	
Interest accrued and due on borrowing	-		0.41	
Creditors for Capital expenditure	2.49		49.36	
Advance from Customer [Refer Note No 2.38 & 2.39(b)]	1,996.72		1,089.29	
Advance from Related Parties	21.70		1.02	
Others (including cheques overdrawn) (Refer Note No. 2.38)	38.92	2,060.56	19.65	1,160.63
Statutory Liabilities				
Provident Fund & Other Contribution	3.93		4.27	
Tax Deducted and Collected at Source	6.64		6.88	
Value Added Tax and Central Sales Tax	23.77		42.36	
Excise duty & Service & Tax Payable	9.62		11.00	
Excise Duty Payable on Stock of Finished Goods	42.82	86.78	119.73	184.24
Total		2,147.34		1,344.87

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 30th September 2013 (₹ In Million)		As at 30th September 2012 (₹ In Million)	
Provision for Bonus	42.25		42.33	
Provision for Wealth Tax	0.25		0.23	
Total		42.50		42.56

2.10 Fixed Assets

(₹ in Million)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.10.2012	Addition / Adjustment	Deduction / Adjustment	As at 30.9.2013	As at 1.10.2012	Addition/ Adjustment	Deduction / Adjustment	As at 30.9.2013	As at 30.9.2013	As at 30.9.2012
TANGIBLE ASSETS:										
Own Assets:										
Freehold Land	1,739.32	19.52	10.37	1,748.47	-	-	-	-	1,748.47	1,739.32
Leasehold Land	10.96	-	-	10.96	-	-	-	-	10.96	10.96
Building	3,701.93	10.45	-	3,712.38	504.39	123.83	-	628.22	3,084.16	3,197.54
Plant and Machinery	17,361.34	33.42	19.97	17,374.79	4,978.82	1,381.86	2.84	6,357.84	11,016.95	12,382.52
Computer	115.47	2.67	2.49	115.65	76.26	14.58	0.95	89.89	25.76	39.21
Furnitures & Fixtures	81.51	1.35	1.52	81.34	28.63	4.56	0.23	32.96	48.38	52.88
Office Equipment	37.72	3.77	0.14	41.35	10.54	2.59	0.03	13.10	28.25	27.18
Live Stock	0.04	-	-	0.04	-	-	-	-	0.04	0.04
Vehicles	103.41	1.79	4.19	101.01	46.78	9.23	1.40	54.61	46.40	56.63
Total(A)	23,151.70	72.97	38.68	23,185.99	5,645.42	1,536.65	5.45	7,176.62	16,009.37	17,506.28
INTANGIBLE ASSETS:										
Goodwill *	747.01			747.01				-	747.01	747.01
Software	34.58	6.29	-	40.87	17.02	5.61	-	22.63	18.24	17.56
Total(B)	781.59	6.29	-	787.88	17.02	5.61	-	22.63	765.25	764.57
Total(A+B)	23,933.29	79.26	38.68	23,973.87	5,662.44	1,542.26	5.45	7,199.25	16,774.62	18,270.85
Previous Year	21,346.96	2,643.10	56.77	23,933.29	3,423.16	2,255.67	18.39	5,662.44	18,270.85	17,923.80
Capital Work in Progress									240.34	230.52

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 ₹ 2481.95 Million, was transferred to General Reserve Revaluation Account. Accordingly, the depreciation for current year includes depreciation of ₹ 110.01 Million on account of the said revaluation, and which has been reduced from the balance of General Reserve and Revaluation Reserve.

CONSOLIDATED NOTES TO ACCOUNTS

Note 2 : In the case of Bhaskaspara Coal Company Limited, depreciation of ₹ 0.05 Million (Previous Period ₹ 0.07 Million) has not been charged to Profit and Loss account and it has been capitalised under Capital Work in Progress (Project Development Expenditure)

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

2.11 Non Current Investments

Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
Investment in Mutual Funds(Quoted)		
1 64,288.778 (Previous Period 64,288.778) Units of ₹ 10 each of Punjab National Bank Mutual Fund (NAV of ₹ 1.93 Million (Previous Period ₹ 2.00 Million)	0.64	0.64
2 Nil (Previous Period 20,000) Units of SBI Mutual Fund. (NAV ₹ Nil (Previous Period ₹ 0.24)	-	0.20
Investment in Equity Instruments (UnQuoted)		
1 6,540 (Previous Period 6,540) Shares of ₹ 25 each of Siddhi Co.Op Bank Ltd.	0.16	0.16
2 National Saving Certificates	0.11	0.11
Total	0.91	1.11

The Company does not hold any Current Investment.

2.12 Long Term Loans & Advances

Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
Unsecured, considered good unless stated otherwise		
Loans and Advances to related parties/subsidiaries (Refer Note No 2.36(b))	0.10	0.10
Sundry Deposits	221.48	245.98
Total	221.58	246.08

2.13 Other Non-Current Assets

Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
(To the extent not written off or adjusted)		
Preliminary Expenses	1.44	6.25
Deferred Revenue Expenditure	49.66	83.62
Product Development Cost	308.15	237.99
Total	359.25	327.86

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

Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
(As valued,verified & certified by the Management)		
a. Raw Material [including goods in transit of ₹ 1.56 Million (Previous Period ₹ 334.07 Million)	1,705.73	1,942.09
b. Work-In-Process	4,481.97	4,376.14
c. Finished Goods	388.15	728.47
d. Stores and Spares	521.13	575.08
Total	7,096.98	7,621.78

CONSOLIDATED NOTES TO ACCOUNTS

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

Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
(Unsecured, considered good unless stated otherwise)		
Over Six Months	3,373.70	3,127.04
Others	1,326.80	1,331.04
Due from Related Parties (Refer Note No 2.38)	41.51	106.46
Total	4,742.01	4,564.54

2.16 Cash and Bank Balances

Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
a. Balances with Bank		
- Current Account	103.92	97.17
- Fixed Deposit (Pledged with Bankers) *	186.09	393.99
- Unclaimed Dividend Account	0.73	0.90
b. Cash on hand (As certified by the Management)	2.42	5.23
Total	293.16	497.29

* Fixed Deposit includes deposit of ₹ 145.38 Million (Previous Period ₹ 230.42 Million) having maturity within 12 months

2.17 Short-term loans and advances

Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
(Unsecured, considered good unless stated otherwise)		
Advances Recoverable In Cash or Kind [Refer Note No 2.39(b)]	214.03	206.46
Advance to Related Parties (Refer Note No 2.36(b))	23.05	23.15
Advance for Capital Goods	46.26	24.71
Others		
Prepaid Expenses	19.25	11.27
Advances to Staff(Refer Note No.2.39(h))	13.27	11.54
Advance to Suppliers and Other Parties (Refer Note No. 2.38 & 2.39(b))	3,050.69	2,479.57
Loan to Staff	1.79	2.45
Balance with Revenue Authorities [Refer Note No. 2.29 & 2.39(f)]	1,373.48	1,471.88
Advance Income Tax	28.02	20.57
Total	4,769.84	4,251.60

2.18 Other current assets

Particulars	As at 30th September 2013 (₹ In Million)	As at 30th September 2012 (₹ In Million)
Insurance Claim Receivable	-	1.01
Interest accrued and due on fixed deposit & others	19.38	21.98
Total	19.38	22.99

CONSOLIDATED NOTES TO ACCOUNTS

2.19 Revenue from operations

Particulars	Current Year (₹ In Million)		Previous Period (₹ In Million)	
Sale of Products (Includes Export Incentives of ₹ 23.16 Million (Previous Period ₹ 85.81 Million)	12,722.63		25,602.97	
Less: Inter Division Sales	(19.02)		(72.03)	
Less: Excise Duty	(622.89)	12,080.72	(1,912.53)	23,618.41
Service income		86.58		123.94
Power Generation Income		1.75		3.81
Trading Sales		299.33		2,073.12
Total		12,468.38		25,819.28

2.20 Other Income

Particulars	Current Year (₹ In Million)		Previous Period (₹ In Million)	
Interest Income from Bank Fixed Deposits & Others		51.04		138.41
Dividend Income from Long Term Investment		-		0.04
Rent Income		0.34		0.09
Profit on Sales of Asset (Net)		1.67		21.80
Miscellaneous Income		10.35		109.32
Total		63.40		269.66

2.21 Cost of Material Consumed

Particulars	Current Year (₹ In Million)		Previous Period (₹ In Million)	
Opening Stock		1,942.09		2,350.36
Add: Purchases of Raw Material		8,325.81		16,277.64
		10,267.90		18,628.00
Less: Closing Stock		1,705.73		1,942.09
Cost of Raw Material Consumed		8,562.17		16,685.91
Trading Purchase		270.22		1,794.49

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

Particulars	Current Year (₹ In Million)		Previous Period (₹ In Million)	
Inventories (At Commencement)				
- Work In Process	4,376.14		6,118.82	
- Finished Goods	728.47	5,104.61	691.46	6,810.28
Inventories (At end)				
- Work In Process	4,481.97		4,376.14	
- Finished Goods	388.15	4,870.12	728.47	5,104.61
Total		234.49		1,705.67

2.23 Employee Benefit Expenses

Particulars	Current Year (₹ In Million)		Previous Period (₹ In Million)	
Salaries, Wages and Allowances and Bonus		721.95		1,335.27
Contribution to Provident and other funds		41.92		70.92
Staff Welfare and amenities		14.75		25.95
Total		778.62		1,432.14

CONSOLIDATED NOTES TO ACCOUNTS

2.24 Finance Cost

Particulars	Current Year (₹ In Million)		Previous Period (₹ In Million)	
Interest Expenses				
- Term Loan	703.79		1,661.20	
- Bank and Other Loan	274.58	978.37	2,455.53	4,116.73
Other Borrowing Cost & Charges		44.68		403.36
Loss on foreign currency transactions and translation		45.55		506.68
Total	1,068.60		5,026.77	

2.25 Other Expenses

Particulars	Current Year (₹ In Million)		Previous Period (₹ In Million)	
Manufacturing Expenses				
Power and Fuel	1,029.37		2,505.61	
Stores and Spares	788.23		1,315.96	
Job Charges	486.39		784.22	
Machinery Repairs	10.23		10.76	
Building Repairs	3.82		2.91	
Vehicle & Other Repairs	11.80		18.96	
Excise duty (on account of Duty on Finished Good Stocks and Others)	(76.72)	2,253.12	70.53	4,708.95
Establishment/ Administrative Expenses				
Hire-Lease-Rent Charges	28.34		132.40	
Rates & Taxes	11.29		29.73	
Insurance Premium	27.68		29.60	
Postage Telegram & Telephone Expenses	16.15		28.58	
Conveyance Expenses	5.22		10.67	
Travelling Expenses	65.34		98.20	
Printing and Stationery	8.04		14.14	
Vehicle Expenses	12.75		21.71	
Security Expenses	13.94		20.88	
Subscription & Membership	2.06		2.19	
Net Sundry Balances Written Off/ (Back)	10.69		(1.22)	
Auditors' Remuneration:				
- Audit Fees	2.14		3.55	
- Tax Audit Fees	0.30		0.03	
- Other Matters	0.53		0.13	
Legal and Professional Charges	55.85		94.77	
Miscellaneous Expenses	45.17		86.14	
Research & Development Expenses	37.41		0.69	
Donation	0.49	343.39	3.04	575.23
Selling & Distribution Expenses				
Advertisement & Sales Promotion	88.94		210.96	
Commission	108.23		205.29	
Freight Outward and other Expenses (Net)	40.63	237.80	335.84	752.09
Total	2,834.31		6,036.27	

2.26 Prior Period Adjustment

Particulars	Current Year (₹ In Million)	Previous Period (₹ In Million)
Prior Period Adjustment- Income Tax And Others	2.09	7.47
	2.09	7.47

CONSOLIDATED NOTES TO ACCOUNTS

2.27 In view of the change in the accounting year/period, in the previous period, the account under consideration is for the period of Twelve months commencing from 1st October 2012 to 30th September 2013 and further the previous period amounts are for the Eighteen months commenced from 1st April 2011 to 30th September 2012, and therefore figures of the Current year and Previous Period are not comparable.

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

Name of the Subsidiary	Country of Incorporation	% voting power held as at September 30, 2013	% voting power held as at September 30, 2012
Jinhua Indus Enterprises Limited* (JIEL)	China	100.00%	100.00%
Jinhua Jahari Enterprises Limited* (100% wholly owned company of JIEL)	China	100.00%	100.00%
Bhaskarpara Coal Company Limited#	India	52.63%	52.63%
ET Elec-Trans Limited#	India	80.49%	80.49%
Shree Ram Electrocast Limited#	India	100.00%	100.00%
Hans Ispat Limited#	India	100.00%	100.00%
Shree Hans Papers Limited#	India	100.00%	100.00%
Electrotherm Mali SARL*	Republic of Mali	100.00%	100.00%

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

Subsidiary Company having 31st March as a reporting date.

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

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

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

CONSOLIDATED NOTES TO ACCOUNTS

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

2.30 Corporate Debt Restructuring and Net Worth (That of Electrotherm India Limited – Holding Company):

- (a) The first CDR reference was admitted with CDR cell in EG meeting held on August 23, 2012 with the approval of Core Group & CDR members' consent of 85.13% by value & 70.59% by numbers; wherein it was stated that the final restructuring proposal would be considered upon resolving willful matter with UCO Bank who was an unsecured lender. The case automatically exited after lapse of 180 days from the date of approval of flash report since the issue of willful defaulter could not be resolved with UCO Bank.
The company in spite of heavy losses in order to achieve settlement submitted its representations before the management of UCO Bank. UCO Bank issued the sanction letters depicting terms and conditions of settlement which were turned down by consortium members.
- (b) Bank of India the referring institution submitted a Memorandum dated July 20, 2013 for re-entry of the company in CDR without resolving the issue of willful defaulter declared by UCO Bank. Core Group members, by circulation have approved the re-entry of the case in CDR on August 23, 2013.
- (c) The second reference for restructuring the debts of the Company was readmitted at the CDR EG meeting held on 23 August, 2013 with cutoff date as March 31, 2013. The final restructuring proposal / report have been already discussed in subsequent CDR EG meetings, the restructuring scheme will be implemented on approval of same.
- (d) The comprehensive financial restructuring would involve infusion of equity / Preference share capital by stakeholders of the company to augment its net-worth and shall reflect good health of the company.
- (e) MITCON Consultancy & Engineering Services Limited has carried out Techno Economic Viability (TEV) Study and flash cum final restructuring report is readmitted on August 23, 2013. The final restructuring scheme was discussed in subsequent CDR EG meetings and will be approved soon.
- (f) Because of the constant loss incurred by the company, the networth of the company has eroded greatly and resultantly net losses have exceeded the net worth of the company.

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

- (a) The Company has filed an application for refund of Terminal Excise Duty of ₹15.79 Million (Previous Period ₹15.79 Million) and the same is included in Loans and Advances Balances. The said claim is under dispute and has been rejected by the Department but the Management is of the opinion that the company will receive the claim, therefore the same is treated as good for its realization and not provided for as expenses.
- (b) During the current financial year the Company had VAT tax liability (including interest of ₹ 219.44 Million (Previous Period ₹ 200.00 Million) under Maharashtra Sales tax Act and out of which the company had paid ₹ 40.00 Million in Previous Period under protest and the same has been shown as Loans and Advances. Further provision for the unpaid liability of ₹ 179.44 Million (Previous Period ₹ 160.00 Million) has not been made as the company is hopeful of matter being decided in its favor.
- (c) Vat Input Credit Receivable of ₹ 691.33 Million (Previous Period ₹ 691.33 Million) is subject to approval/sanction from the respective Government authority.
- (d) The Company had filed application for refund of Excise Duty of ₹ 122.28 Million (Previous Period ₹ 122.28 Million) and the same is included in Loans and Advances Balances. The said claim has been rejected by the Department but the Management is of the opinion that the company will receive the claim on resolution of the dispute, therefore the same is treated as good for its realization and not provided for as expenses.
- (e) On account of heavy losses the company has not written off Preliminary expenses of ₹ 0.04 Million (Previous Period ₹ Nil) and Advertisement expense ₹ 6.52 Million (Previous Period ₹ Nil).
- (f) In the subsidiary – Hans Ispat Limited - Vat Receivables of ₹ 14.82 Million (Previous Period ₹ 14.82 Million), Service Tax Receivables of ₹ 6 Million (Previous Period ₹ 4.22 Million), Excise Duty Receivables of ₹ 1.20 Million (Previous Period ₹ 1.2 Million) and Tim Engineering Technologies Ltd of ₹ 7.82 Million (Previous Period ₹ Nil) are outstanding since long and management is in view that the same would be recoverable and therefore these are not required to be written off. Bank Interest receivable of ₹ 9.56 Million (Previous Period ₹ Nil) is subject to acceptance by the State Bank of India.
- (g) In the subsidiary – Hans Ispat Limited - Criminal Case u/s 138 read with Section 142 of the Negotiable instrument Act, 1881 has been filed by the company before the Hon'ble Judicial Magistrate First Class Ahmedabad for dishonor of cheque. The Outstanding Balance as on 30/09/2013 of the said company is ₹ 29.07 Million (Previous Period ₹ 13.25 Million) and the same has been shown as good debt because the management of the company is hopeful that the amount outstanding would be recovered.
- (h) In the subsidiary – Shree Ram Electrocast Limited - Export Trade Receivable are outstanding for more than six months of ₹ 80.36 Million.

- 2.32 (a) A Special Civil Application in the nature of Public Interest Litigation was filed in the year 2010, inter alia, against the Company before the Hon'ble Gujarat High Court challenging the environment clearance for expansion of steel plant and No Objection Certificate (NOC) & Consolidated Consent and Authorization. The Gujarat High Court by its order dated May 11,

CONSOLIDATED NOTES TO ACCOUNTS

2012 set aside the environment clearance with liberty to the Company to apply once again and to stop the operation of the steel plant. The Company has filed a Special Leave Petition (SLP) in the Hon'ble Supreme Court of India challenging the impugned order of Hon'ble Gujarat High Court dated May 11, 2012. After hearing, the Hon'ble Supreme Court of India on May 18, 2012 stayed the order passed by the Hon'ble Gujarat High Court. All the parties to the petition have filed their reply before the Hon'ble Supreme Court of India and now the matter is pending before the Hon'ble Supreme Court of India for final disposal.

- (b) The Subsidiary company – Bhaskarpara Coal Company Limited – was asked by Ministry of Coal, Government of India vide their letter No: 13016/54/2008-CA-I Vol.III dated 15/11/2012 has ordered de-allocation of Bhaskarpara 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 Bilaspur High Court. The High Court has granted stay against further proceedings. In view of the stay granted by the High Court, and pending final outcome of the decision, the Management believes that going concern assumption is not affected. Hence accounts are prepared on going concern basis.
- (c) The Subsidiary company – Shree Ram Electrocast Limited has discontinued its operation since April 2011 because of the non-availability of Iron Ores due to limited banned by the Hon'able Supreme Court's order in the state of the Karnataka and further the State Bank of India has issued notice dated 7th May, 2013 under section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act, 2002") for assets of the company secured by hypothecation and mortgage and therefore the concept of the going concern of the Company may be adversely affected.
- (d) In The Subsidiary company – Hans Ispat Limited – The company had forwarded an application on 17th November 2011 with the BIFR under the Sick Industrial Companies (Special provisions) Act, 1956 vide Board resolution dated 01st September 2011 and which is pending.
- (e) The Subsidiary company – Shree Ram Electrocast Limited has acquired Land at Halekote-25 Village, SiruguppaHobli or Firka, 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.

2.33 Additional Disclosures

- (a) Power and Fuel expenses are inclusive of duties and taxes of ₹ 33.83 Million (Previous Period ₹79.73 Million) paid towards power generation.
- (b) During the year Foreign Exchange Fluctuation Loss of ₹ 2.96 Million (Previous Period Gain of ₹ 11.98 Million) has been adjusted to Material Cost and Loss of ₹ 77.81 Million (Previous Period Loss ₹ 454.26 Million) has been charged to Finance Cost.
- (c) The cost of material consumed includes freight, taxes and inspection fees.
- (d) During the year the company has reversed interest provision of ₹ 198.85 Million by crediting it to interest expenses account as the bank has reversed amount classifying the account has Non-Performing Assets.
- (e) In view of heavy accumulated losses and on account of constant losses incurred by the company no provision for deferred tax asset/liability has been made as there is no certainty of its realisation/payment in near future.
- (f) Miscellaneous expenditure includes total Research and Development expenses of ₹ 308.15 Million (Previous Period ₹ 237.99 Million) incurred on development of Hybrid Bus/T-Cab/project and CONTIFUR Project, which is still in progress and said expenses, would be written off in five years from the year of completion.
- (g) On account of non-payment of duties and other taxes, the company could not lift the material lying with custom authority and shown as Goods in Transit in earlier year of ₹ 318.00 Million (Previous Period ₹ Nil), has been written off during the current year, by debiting to cost of material consumed.
- (h) Advance Custom Duty of ₹ 29.75 Million (Previous Period ₹ Nil) shown under the head Loans & Advances in the previous period, has been charged under the head cost of material consumed.
- (i) Some of the creditors has filed cases of recovery against the company before the various Hon'ble Courts/ Forums ₹ 19.74 Million (Previous Year ₹ 18.51 Million)
- (j) In view of the various circumstances and factors, beyond the control of the company, the Steel division & Heavy Electric Vehicle division of the Company are not working on full capacity of the production.
- (k) In The Subsidiary company – Shree Ram Electrocast Limited - The provision for the Gratuity and compensated leaves have not been made.
- (l) The Subsidiary company – Shree Ram Electrocast Limited has written off ₹ 3.87 Millions (Previous Period ₹ 5.81 Million) as Deferred Revenue Expenditure out of the unamortized amount of ₹ 34.86 Million incurred on account of non-operation of the Plant during Previous Year ended on 31st March 2011.
- (m) The Subsidiary company – Shree Ram Electrocast Limited is in process to fill the post of Company Secretary.

CONSOLIDATED NOTES TO ACCOUNTS

- (n) In The Subsidiary company –Hans Ispat Limited – The amount of Commission income of ₹ 23.75 Million (Previous Period ₹ Nil) is subject to confirmation and subsequent clearing.
- (o) In The Subsidiary company – Hans Ispat Limited – The Provision of Gratuity of ₹ 1.90 Million and Leave encashment of ₹ 1.62 Million provided in earlier year has been reversed on the basis of re-estimated made by the management and accordingly no provision for the gratuity has been made during the year and Provision for leave encashment of ₹ 0.54 Million has been made.

2.34 The company is contingently liable for the following :-

- (a) Claims against the Company not acknowledged as debts amounting to ₹ 6.99 Million, (Previous Period ₹ 25.50 Million) are pending before various courts, authorities, arbitration, Consumer Dispute Redressal Forum etc.
- (b) Guarantees / Counter Guarantees (including un-utilized Letters of Credit) issued ₹ 121.97 Million (₹ 309.82 Million in Previous Period).
- (c) Disputed Statutory Claims/Levies for which the company has preferred appeal in respect, Excise Liability of ₹ 2993.51 Million (Previous Period ₹ 2746.59 Million) and Custom Duty Liability of ₹ 262.90 Million (Previous Period ₹ 70.00 Million).
(The above amounts are excluding the amount of Interest payable and of the amount involved in appeal preferred by the department, if any.)
- (d) The company has executed Legal Undertaking Bond to pay Central Excise Duty (Terminal Excise Duty), levies and liquidated damages payable, if any, in respect of imported and indigenous capital goods and stores and spares consumed duty free, in the event that certain terms and conditions are not fulfilled. In this regard aggregate duty liability amount of ₹ 163.89 Million (approx.) as at September 30, 2013 (Previous Period: ₹ 261.32 Million (approx.)). Against these, exports amounting to ₹ 704.67 Million (approx.) (Previous Period ₹ 1285.17 Million (approx.)) will have to be made within next 8 years from the date of issue of license.
- (e) The company has received show cause notice for non compliance of some of export obligations, raised due to usage of license for payment of custom duty. In this regards the company has paid custom duty and has replied to those show cause notices. However the exact remaining liability of the said is unquantifiable.

2.35 FOREIGN EXCHANGE EARNING & OUTGO:

- (a) Earning in Foreign Exchange for Export of Goods & Services ₹ 1298.15Million. (Previous Period ₹ 1389.63 Million).
- (b) Expenditure in Foreign currency for import of Materials, Travelling & Other is ₹ 661.13 million (Previous Period ₹ 3337.38 Million)
- (c) In Hans Ispat Limited- earning foreign exchange for the commission income of ₹ 23.75 Million (Previous Period ₹ Nil).

2.36 RELATED PARTY (AS IDENTIFIED AND DETERMINED BY THE COMPANY) DISCLOSURES UNDER ACCOUNTING STANDARD 18;

A. List of Related Parties

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

- | | |
|--|--|
| 1. Ahmedabad Aviation and Aeronautics Ltd. | 2. Crystal Real Estate Pvt. Ltd. |
| 3. Palace Tours and Air Charters Pvt. Ltd. | 4. Western India Speciality Hospital Ltd. |
| 5. E-Motion Power Ltd. | 6. Indus Elec-Trans Pvt. Ltd. |
| 7. Afghan Trading Pvt. Ltd. | 8. Bhandari Brothers Commercial Pvt. Ltd. |
| 9. Jayshri Petro-Yarn Pvt. Ltd. | 10. Adroit Trading and Investment Co. |
| 11. EIL Hospitality Pvt. Ltd. | 12. EIL Realty Pvt. Ltd. |
| 13. EIL Software Pvt. Ltd. | 14. EIL Software Services Offshore Pvt. Ltd. |
| 15. EIL Technology Pvt. Ltd. | 16. Electrotherm Engineering & Projects Ltd. |
| 17. Kappa Consultancy Pvt. Ltd. | 18. Electrotherm Foundation. |
| 19. Gujarat Mint Alloys Ltd. | 20. Indus Real Estate Pvt. Ltd. |
| 21. Electra Transformers Ltd.
(Formerly Known as Electra Transformers Pvt. Ltd.) | 22. New Delhi Real Estate Pvt. Ltd. |
| 23. Palace Infrastructure Pvt. Ltd. | 24. Suraj Real Estate Pvt. Ltd. |
| 25. S N Advisory Pvt. Ltd. | 26. Suraj Advisory Services Pvt. Ltd. |
| 27. AirfonesInnovatives Private Limited | 28. BNB Real Estate Private Limited |
| 29. ETAIN Energy Holdings Limited
(Formerly Known as Electrotherm Energy Holdings Ltd.) | 30. Electrotherm Solar Limited |
| 31. Palace Solar Energy Pvt. Ltd. | 32. SBRB Real Estate Pvt. Ltd. |
| 33. Bhandari Real Estate Pvt. Ltd. | 34. ETAIN Immodo Renewables Ltd. |
| 35. Arjun Ceramics & Carbon Pvt. Ltd. | 36. Indus Chargers & Controllers Pvt. Ltd. |
| 37. Arjun Solar One Pvt. Ltd. | 38. Arjun Green Power Pvt. Ltd. |
| 39. Arjun Raj Solar One Pvt. Ltd. | 40. Bhandari Charitable Trust |
| 41. Arjun Raj Solar Five Private Limited | |


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

1. Mr. Mukesh Bhandari (Chairman)
2. Mr. Shailesh Bhandari (Managing Director)
3. Mr. Narendra Dalal (Whole Time Director)*
4. Mr. Avinash Bhandari (Joint Managing Director & CEO)
5. Mr. Nilesh Desai (Non- Executive Director)
6. Mr. Ram Singh (Non- Executive Director)
7. Mr. Pradeep Krishna Prasad (Non- Executive Director)
8. Dr. Dharmendra Gupta (President & CEO)*
9. Mr. Rajendrakumar Chiranjilal Purohit* (Director)
10. Mr. Mahendrakumar Ramniklal Patira (Director)
11. Mr. Dilip Nandkeolyar* (Director)

*Has ceased to be Director/President and CEO of the Company during the period.

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

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

B. Related Parties Transaction as identified by the Company from its record

SR. NO.	NAME	SALES (INCL. STORE, SPARE AND OTHERS)		PURCHASE		PURCHASE (SALE) OF FIXED ASSET		LOAN RECEIVED		LOAN GIVEN /REPAID		INTEREST PAID		RENT PAID		SALARY		CLOSING BALANCE	
		Sep-13	Sep-12	Sep-13	Sep-12	Sep-13	Sep-12	Sep-13	Sep-12	Sep-13	Sep-12	Sep-13	Sep-12	Sep-13	Sep-12	Sep-13	Sep-12	Sep-13	Sep-12
(I)	Associates																		
1	Ahmedabad Aviation and Aeronautics Limited	-	-	-	-	-	-	-	0.80	-	2.27	-	-	-	-	-	-	1.30	1.30
2	Palace Tours And Air Charters Private Limited	-	-	-	-	-	-	-	-	-	0.05	-	-	-	-	-	-	-	-
3	Western India Speciality Hospital Limited	-	-	-	-	-	-	-	-	-	0.49	-	-	-	-	-	-	-	-
4	ETAIN Immodo Renewables Limited	9.46	132.26	38.54	-	-	-	-	-	-	-	-	-	-	-	-	-	30.43	76.86
5	Indus Chargers & Controllers Pvt. Limited	-	-	-	-	-	-	-	0.05	-	-	-	-	-	-	-	-	0.05	0.05
6	EIL Software Services Offshore Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20.00)	(20.00)
7	Bhandari Charitable Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50.24	50.24
8	Electrotherm Energy Holding Limited.	-	-	-	-	(5.00)	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Electrotherm Solar Limited	37.07	-	-	-	(12.80)	-	-	-	-	-	-	-	-	-	-	-	29.65	-
10	Electra Transformer Limited	4.19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.02	-
(II)	KEY MANAGEMENT PERSONNEL:																		
1	Mr. Mukesh Bhandari, (Chairman)	-	-	-	-	-	-	-	7.95	6.47	-	-	-	1.08	2.83	2.40	3.87	(7.88)	(8.02)
2	Mr. Shailesh Bhandari, (Managing Director)	-	-	-	-	-	-	-	33.91	0.99	4.32	1.02	-	0.33	-	2.40	3.87	(27.84)	(36.32)
3	Mr. Narendra Dalal, (Whole time Director)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.60	3.87	-	(0.04)
4	Mr. Avinash Bhandari, (Joint Managing Director & CEO)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.40	3.87	0.01	0.06
5	Dr. Dharmendra Gupta* (President & CEO)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.37	-	-
6	Mr. Mahendrakumar Ramniklal Patira (Director)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.90	3.00	-	-
7	Mr. Dilip Nandkeolyar (Director)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.30	0.97	-	-
(III)	RELATIVES OF KEY MANAGEMENT PERSONNEL:																		
1	Mrs. Indubala Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	0.74	0.44	-	-	(0.02)	(0.02)
2	Mrs. Jyoti Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	0.30	0.41	0.53	-	(2.15)	(0.15)
3	Mr. Rakesh Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.23)	(0.23)
4	Mr. Siddharth Bhandari	-	-	-	-	-	-	-	-	-	0.05	-	-	-	-	0.28	0.78	-	0.05
5	Miss. Shivani Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.26	-	-	-
6	Mr. Anurag Bhandari	-	-	-	-	-	-	-	-	-	1.50	-	-	-	-	0.54	0.15	(3.50)	(3.50)

Note : The above chart consists details of parties who are relatives during the Financial year ended on 30th September 2013
The Figures in bracket indicates Credit Balance.

CONSOLIDATED NOTES TO ACCOUNTS

2.37 SEGMENT REPORTING UNDER ACCOUNTING STANDARD

(A) Business Segment

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

PRIMARY SEGMENT INFORMATION: As Identified by the management

(₹ In Million)

Particulars	Current Year	Previous Period
SEGMENT REVENUE		
Engineering & Projects Division	3,879.28	4,977.82
Special Steel Division	6,547.44	16,971.45
Electric Vehicle Division	144.62	583.34
Others	1,916.06	3,358.70
Total Sales	12,487.40	25,891.31
Less : Inter segment Revenue	19.02	72.03
Net Sale	12,468.38	25,819.28
SEGMENT PROFIT BEFORE TAX AND INTEREST		
Engineering & Projects Division	(252.28)	117.10
Special Steel Division	(1,157.76)	(3,138.37)
Electric Vehicle Division	(113.02)	(388.99)
Others	(65.95)	(236.26)
Profit Before Interest, Tax & Prior Period Adjustment	(1,589.01)	(3,646.52)
Less: FINANCIAL EXPENSES	1,068.60	5,026.77
Less : Provision for Tax (Including Deferred Tax)	0.80	(861.64)
Net Profit After Tax	(2,658.41)	(7,811.65)
OTHER INFORMATION		
Segment Assets		
Engineering & Projects Division	5,578.28	5,580.78
Special Steel Division	26,173.86	27,518.43
Electric Vehicle Division	859.06	840.73
Others	1,547.62	1,766.82
Total Segment Assets	34,158.82	35,706.76
Segment Liabilities		
Engineering & Projects Division	2,207.49	3,494.26
Special Steel Division	31,448.18	23,981.76
Electric Vehicle Division	1,791.36	253.42
Others	1,664.65	8,132.63
Total Segment Liabilities	37,111.68	35,862.07
Segment Depreciation		
Engineering & Projects Division	55.50	79.86
Special Steel Division	1,319.27	1,891.73
Electric Vehicle Division	13.53	20.23
Others	43.95	70.53
Total Depreciation	1,432.25	2,062.35

CONSOLIDATED NOTES TO ACCOUNTS

(₹ In Million)

Particulars	Current Year	Previous Period
Other Non Cash Expenses		
Engineering & Projects Division	-	18.81
Special Steel Division	30.05	76.71
Electric Vehicle Division	-	11.42
Others	1.34	7.88
Total	31.39	114.82
Segment Capital Expenditure		
Engineering & Projects Division	21.31	25.61
Special Steel Division	24.77	260.11
Electric Vehicle Division	2.76	0.18
Others	40.25	76.63
Total Capital Expenditure (Net)	89.09	362.53

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

(B) Geographical Segments:

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

(₹ In Million)

Particulars	Current Year	Previous Period
India	11,014.51	23,959.32
Overseas	1,453.87	1,859.96
Total	12,468.38	25,819.28

- 2.38** Due to lack of proper communication, proper elimination of the balances of Subsidiary companies could not been made and on account of the same, the balance in the following accounts heads are understated/Overstated:-

(₹ In Million)

Account Head	Note No.	Amount	Understated/Overstated
Short Term Borrowing-Body Corporate and Others	2.06	41.40	Understated
Other Current Liabilities-Others	2.08	9.12	Understated
Trade Receivables-Due from related parties	2.15	50.52	Understated
Short Term Loans and Advances-Advance to Suppliers and Other Parties	2.17	21.68	Overstated
Other Current Liabilities-Advance from customer	2.08	21.68	Overstated

- 2.39 (a)** In the opinion of the Management, the current assets, loans & advances are realizable at the values stated, if realized in the ordinary course of business and the provisions for all known Liabilities are adequate.
- (b) (i)** The account of "Trade Receivables", Borrowings, "Trade payables", "Advances from Customer", "Short Term Loans and Advances" and some Bank Balances are subject to confirmation / reconciliation and the same includes very old non moving items and therefore the same are subject to necessary adjustments for accounting or re-grouping /classification.
- (ii)** The amount of "Trade receivable", "Advances Recoverable In cash or Kind", and "Advances to suppliers/Other Parties", includes very old Trade receivables and/or payments made and the management is hopeful of the recovery and therefore these are not treated as doubtful for the recovery and not provided for.
- (iii)** The Balance of "Trade Payable-Others" of ₹ 1999.01 Million includes ₹ 10.46 Million payable and similarly, the amount of "Trade Receivable" includes ₹ 6.67 Million, of Inter-Departmental amount (Steel Division) for transfer of the material. The said amount is under reconciliation and it may affect the net result of the company by ₹ 3.79 Million and accordingly "Trade Payable-Others" and "Trade Receivable" are overstated by ₹ 10.46 Million and ₹ 6.67 Million, respectively.
- (iv)** The amount of "Advance from Customers" includes ₹ 69.18 Million (net of receipts and payments) of the parties in the 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 the accurate information from Banker/parties.

CONSOLIDATED NOTES TO ACCOUNTS

- (v) The amount of account of some of the major single party under the Head "Advance from customers", "Trade Payable", "Advance to Suppliers and Others" and "Trade Receivables" are shown on gross basis and the same are not netted off and which has resulted in overstatement of two account Heads and the determination of exact amount of the said over statement is in progress. The account of the stale cheques of ₹ 5.61 million shown under the head "Advance to Suppliers and Others" is subject to reconciliation and proper accounting .
- (c) After restructuring, various Bank Accounts of the company were classified as Non Performing Assets by the Bankers and the bankers has not charged interest of the said account and therefore provision for Interest (Other than upfront charges) on Corporate Loan and Working Capital Loans has not been provided in the books of accounts and to that extent loss and bankers loan liability has been understated. The extent of exact amount is under determination and reconciliation with the banks. However as the details of available with the company the amount of un-provided interest, on approximate basis, on the said loans are as under:-

(₹ In Million)

Particulars	Upto 30 th Sept. 2012	From Oct. 12 to Sept. 13	Upto 30 th Sept. 2013
Interest on Corporate Loan and working Capital Loan	1437.06	3151.19	4588.25

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

2.40 EARNINGPER SHARE (EPS):

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

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

2.41 Figures of Previous year have been re-arranged/ re-grouped/ re-classified/ re-casted / determined, wherever necessary, by the company on the basis of data available with the company, to make the figures comparable with the current year amount.

2.42 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 : 22nd November, 2013

For & on behalf of the Board of Directors

Shailesh Bhandari

Managing Director

Avinash Bhandari

Joint Managing Director

Jigar Shah

Company Secretary

Pawan Gaur

Sr. Vice President-Finance

PROXY / ATTENDANCE SLIP
ELECTROTHERM (INDIA) LIMITED

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

PROXY FORM

DP ID		Folio No.	
Client ID		No. of Shares	

I / We _____ of _____ being a member / members of

ELECTROTHERM (INDIA) LIMITED hereby appoint _____ of _____

or failing him _____ of _____ as my/our Proxy to attend and vote for me/us and for my / our behalf at the 27th Annual General Meeting of the Company to be held on Monday, 30th December, 2013 at 11.00 a.m. at A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380 015 and at any adjournment thereof.

Signed this _____ day of _____, 2013

Affix
One Rupee
Revenue
Stamp

Signature

NOTE :

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

ELECTROTHERM (INDIA) LIMITED

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

ATTENDANCE SLIP

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

I / We hereby record my presence at the 27th Annual General Meeting of the Company held on Monday, 30th December, 2013 at 11.00 a.m. at A-1, Skylark Apartment, Satellite Road, Satellite, 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.



Corporate House at Palodia



Plant at Samakhiyali, Kutch



Ductile Iron Pipe



Hydraulic Grab



Electric Bikes



Steel & Stainless Steel



Solar Water Heater



Induction Heating Equipment



Transformers



Transmission Line



Solar Energy

Corporate office :
72, Palodia(via Thaltej),
Ahmedabad- 382 115, Gujarat, (India),
Phone No. +91-2717-234553 to 57, 234613 to 15,
Fax : +91-2717-237612, 234866, 660550
Website: www.electrotherm.com

Works :
Survey No. 325, N.H. No. 8A,
310 KM stone, Near Toll Naka
Village : Samakhiali, Tal: Bhachau- 370 140,
Dist : Kutch, Gujarat, India
Phone : +91-2837-283310, 283501
Fax No. +91-2837-283329

Registered office :
A1 Skylark Apartment,
Satellite Road, Satellite, Ahmedabad - 380 015,
Gujarat (INDIA) Phone : +91-79-26768844
Fax: 91-79-26768855
Website : www.electrotherm.com