

Ref. No. : EIL/SD/31st AR/2017-18/6IX

Date : 6<sup>th</sup> September, 2017

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

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

Dear Sir,

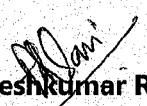
**Sub : Compliance under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

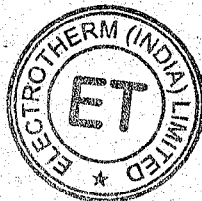
With reference to above and pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith 31<sup>st</sup> Annual Report for the financial year ended on 31<sup>st</sup> March, 2017.

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

Thanking you,

Yours faithfully,  
**For Electrotherm (India) Limited**

  
**Fagesh Kumar R. Soni**  
**Company Secretary**  
**(Membership No. F8218)**



Encl: As above

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## **ELECTROTHERM (India) Limited**

### **HEAD OFFICE & WORKS:**

Survey No. 72, Palodia, (Via Thaltej), Ahmedabad, Gujarat-382115, India.

Phone: +91-2717-234553 – 7, 660550 Fax: +91-2717-234866

Email: ho@electrotherm.com | Website: www.electrotherm.com

### **REGD. OFFICE:**

A-1, Skylark Apartment, Satellite Road,  
Satellite, Ahmedabad-380015.

Phone: +91-79-26768844, Fax: +91-79-26768855

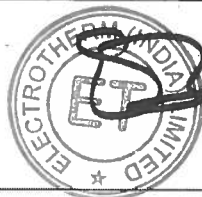
CIN : L29249GJ1986PLC009126

Email: sec@electrotherm.com

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

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

<b>Statement on Impact of Standalone Audit Qualifications for the Financial Year ended 31<sup>st</sup> March, 2017</b> <b>(See Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016)</b>				
I.	Sr. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. In Crores)	Audited Figures (as reported after adjusting for qualifications) (Rs. In Crores)
	1.	Turnover / Total Income	2038.98	2038.98
	2.	Total Expenditure	2097.09	2898.85
	3.	Net Profit / (Loss)	(58.11)	(859.87)
	4.	Earnings Per Share	(50.04)	(741.27)
	5.	Total Assets	2175.86	2175.86
	6.	Total Liabilities	3414.20	4215.96
	7.	Net Worth	(1238.34)	(2040.10)
	8.	Any other financial item(s) (as felt appropriate by the management)	Not Applicable	
II.		Audit Qualification (each audit qualification separately)		
	a.	Details of Audit Qualification	Non Provision of Interest on Bank loan as account declared as Non-Performing Assets (NPA) amounting to Rs. 801.76 Crores	
	b.	Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Qualified Opinion	
	c.	Frequency of qualification : Whether appeared first time / repetitive / since how long continuing	Repetitive (Since Financial Year 2011-12)	



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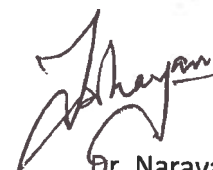
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d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's views	The loan accounts of the Company have been classified as Non-Performing Assets (NPA) by the Bankers and some of the Bankers has not charged interest on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

Place : Ahmedabad

Date: 23<sup>rd</sup> May, 2017

## ELECTROTHERM (India) Limited

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

Statement on Impact of Consolidated Audit Qualifications for the Financial Year ended 31 <sup>st</sup> March, 2017 (See Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016)				
I.	Sr. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. In Crores)	Audited Figures (as reported after adjusting for qualifications) (Rs. In Crores)
	1.	Turnover / Total Income	2342.58	2342.58
	2.	Total Expenditure	2424.02	3267.71
	3.	Net Profit / (Loss)	(81.44)	(925.13)
	4.	Earnings Per Share	(70.13)	(797.52)
	5.	Total Assets	2303.00	2303.00
	6.	Total Liabilities	3570.12	4413.81
	7.	Net Worth	(1267.12)	(2110.81)
	8.	Any other financial item(s) (as felt appropriate by the management)	Not Applicable	
II.		Audit Qualification (each audit qualification separately)		
	a.	Details of Audit Qualification	Non Provision of Interest on Bank loan as account declared as Non-Performing Assets (NPA) amounting to Rs. 843.69 Crores	
	b.	Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Qualified Opinion	
	c.	Frequency of qualification : Whether appeared first time / repetitive / since how long continuing	Repetitive (Since Financial Year 2011-12)	



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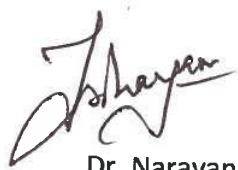
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	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's views	The loan accounts of the Company and its two subsidiary i.e Hans Ispat Limited and Shree Ram Electro Cast Limited has been classified as Non-Performing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

Place : Ahmedabad

Date: 23<sup>rd</sup> May, 2017

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# ELECTROTHERM®

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



**31<sup>st</sup>** ANNUAL REPORT  
**2016-17**

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Mukesh Bhandari	<i>Chairman &amp; Managing Director</i>
Mr. Shailesh Bhandari	<i>Managing Director</i>
Mr. Avinash Bhandari	<i>Joint Managing Director &amp; CEO</i>
Mr. Siddharth Bhandari	<i>Additional Director and Whole Time Director (w.e.f. 26th April, 2017)</i>
Mr. Ram Singh	<i>Independent Director (upto 14th April, 2017)</i>
Mr. Chaitanyapratap Sharma	<i>Independent Director (upto 17th May, 2017)</i>
Ms. Kruti Shukla	<i>Independent Director</i>
Dr. Narayan Masand	<i>Additional Director (Independent Director) (w.e.f. 26th April, 2017)</i>
Dr. Krishna Kant Shiromani	<i>Additional Director (Independent Director) (w.e.f. 23rd May, 2017)</i>
Mr. Vivek Sharma	<i>Additional Director (Independent Director) (w.e.f. 5th August, 2017)</i>

### KEY MANAGERIAL PERSONNEL

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

### AUDITORS

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

### BANKERS / FINANCIAL INSTITUTIONS

Edelweiss Asset Reconstruction Company Limited  
 Invent Assets Securitisation & Reconstruction Pvt. Ltd.  
 Raytheon Asset Reconstruction Pvt. Ltd.  
 International Finance Corporation  
 Corporation Bank  
 Union Bank of India  
 Standard Chartered Bank  
 Central Bank Of India  
 Indian Overseas Bank  
 Vijya Bank  
 Syndicate Bank

### REGISTERED OFFICE

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

### REGISTRAR & TRANSFER AGENT

**Link Intime India Private Limited**  
 5th Floor, 506 to 508, Amarnath Business Centre-I,  
 Beside Gala Business Centre, Nr. St. Xavier's College Corner,  
 Off C. G. Road, Navrangpura, Ahmedabad – 380 009  
 Tel No. & Fax No. : +91-79-26465179  
 Email : ahmedabad@linkintime.co.in

### WORKS

#### Engineering & Projects Division

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

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

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

#### Transmission Line Tower Division

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

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Report on Corporate Governance	38
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### 31ST ANNUAL GENERAL MEETING

31st Annual General Meeting of the members of the  
 Company will be held on Tuesday, 5th September,  
 2017 at 10.00 A.M. at Ahmedabad Management  
 Association, ATIRA Campus, Dr. Vikram Sarabhai Marg,  
 Ahmedabad – 380 015.



Dear Shareholders,

From the past few years, India is emerging as one of the fastest growing economies in the World. The growth forecast for India during the year 2016-17 was around 7.8%, however, the demonetization drive of the Government resulted into slowdown of the economy in the last quarter of the year. The economic growth slowed to 6.1% in the fourth quarter ending March 2017, compared with 7.1% in the previous quarter, as the Government's note ban decision slowed activity in cash-dependent sectors. The GDP growth stood at 7.1% during the year. The Indian Economy is expected to further accelerate at 7.7 – 8% during FY 2017-18.



The global economy in the year FY 2016 – 17 was stable as compared to last year. The Global Economic activities seem to be improving gradually with a long-awaited cyclical recovery in investment, manufacturing, and trade. Also, the world growth is expected to rise from 3.1% in 2016 to 3.5% in 2017 and 3.6% in 2018 as projected by World Economic Outlook owing to all the upside developments of stronger activity, expectations of more robust global demand, reduced deflationary pressures and optimistic financial markets around the world. But structural impediments to a stronger recovery and a balance of risks that remains tilted to the downside, especially over the medium term, remain important challenges.

While in India, the demonetization was a small blip in the GDP and the economy growth story of the Country, the structural story for the Country remains extremely strong and the Indian Economy has the potential and the opportunity to grow between 8 – 10% for a sustained period of 10 – 15 years taking the GDP from current 2.2 trillion USD to 10 trillion USD. If this happens, Industries like Cement and Steel will be the biggest beneficiary as large sums of money will be invested into building of infrastructure not only to support growth but also to make the economy more efficient and productive. Due to the focus of the Government on Infrastructure Development, Roads and Ports construction, projects like Sagarmala, Housing for All, Increased Investment in Railways and Defense Sectors and initiatives like "Make in India", the steel consumption will increase dramatically in the coming years. India has entered into a phase of low interest rates and low interest regime is expected to continue for at least next five years. This will substantially boost the demand for housing, white goods, two wheelers and cars. All this will drive the steel demand towards the 300 million ton mark.

The market going forward is looking extremely encouraging. With the demand for steel increasing due to various initiatives taken by the Government, more and more new steel capacity will be set up in the Country. This should help us substantially increase our engineering business over the next few years.

For the first time after many years, the Government is speedily taking policy decisions to protect various industries from the onslaught of Chinese dumping by taking quick and correct measures of anti-

dumping duties and imposition of other trade barriers like MIP. The Steel Industry has benefited from such Government Policies in the last 1-2 years and will continue to benefit if the Government continues to provide the support.

These and many other indicators give us the confidence and faith that the steel industry can only exponentially grow from here onwards and mirror the growth expected in the economy.

While all of us understand that the steel industry has passed through a very difficult time over the last 4-5 years and mid to large size players have specially been severely affected not only on account of weak demand but also on account of non-availability of Iron Ore due to Supreme Court related issues, we believe that the best years of the steel industry are ahead of us.

Needless to say that the increase in demand over the next 10 years will have to be met by various steel producers by adopting the best-in-class, efficient and cost effective technologies to produce quality steel at reasonable costs. The new notification by Ministry of Steel (Government of India) eliminating the difference between primary and secondary producers is a huge step and opens up very large new opportunity for steel producers producing steel through the Induction Route who could not participate in India growth story earlier.

The Company continues on the path of cost management through cost optimization on all fronts viz. inventory management, repair and maintenance, logistics as well as focus on efficiency improvement and achieving higher productivity. The profitability of the Company should improve going forward.

We at Electrotherm have continued to develop state-of-art technologies and steel melting solutions over the last 35 years of our existence. This includes but is not limited to design and development of the largest sized furnace at any given time, high speed modular caster enabling direct rolling and ELdFOS process with Electrotherm refining furnace enabling simultaneous lowering of sulphur and phosphorus in the steel making process. Our Brand 'ET TMT Bars' has constantly remained at number one position in the TMT Bars segment. We have also introduced fusion bonded epoxy coated TMT Bars facility at our Kutch Plant. We remain one of the largest producers of ductile iron pipes in the Country.

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

On behalf of the Board, I thank you as the Shareholders of the Company for your support and motivation during the year. I would also like to thank the Lenders, Suppliers, Customers, various National and Provincial Governments with whom we have been working, the Employees and the Associates who have stood by the Company and I look forward to their continued support in the future.

**Mukesh Bhandari**  
Chairman & Managing Director



## NOTICE

NOTICE is hereby given that the 31<sup>st</sup> Annual General Meeting of Members of Electrotherm (India) Limited will be held on Tuesday, 5<sup>th</sup> September, 2017 at 10.00 a.m. at Ahmedabad Management Association (AMA), ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015 to transact the following business :

### ORDINARY BUSINESS:

1. To consider and adopt audited standalone and consolidated financial statements of the Company for the financial year ended on 31<sup>st</sup> March, 2017 together with report of Board of Directors and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Shailesh Bhandari (DIN : 00058866), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and other applicable provisions if any, M/s. Hitesh Prakash Shah & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 127614W), be and are hereby appointed as Auditors of the Company in place of M/s. Mehta Lodha & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 106250W), the retiring Auditors, on completion of their term under Section 139(2) of the Companies Act, 2013 and to hold office for a period of five years from the conclusion of 31<sup>st</sup> Annual General Meeting till the conclusion of 36<sup>th</sup> Annual General Meeting (subject to ratification of the appointment by the Members at every subsequent Annual General Meeting or as may be prescribed), at such remuneration as may be fixed by the Board of Directors of the Company in consultation with the Auditors plus applicable taxes and reimbursement of out of pocket expenses incurred for the purpose of audit."

### SPECIAL BUSINESS:

4. **To raise funds in the form of equity and / or convertible securities:**

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

"RESOLVED THAT pursuant to the provisions of Section 62 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendments thereto or re-enactment thereof) and all other applicable laws and regulations including applicable statutes, policies, schemes, rules, regulations, guidelines, notifications, press notes or circulars, if any, issued by the Government of India ("GOI"), The Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India, ("RBI") and any other applicable laws, rules and regulations, as amended from time to time and the enabling provisions in the Memorandum and Articles of Association of the Company and Listing Agreements / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

entered into by the Company with the Stock Exchange(s) where the equity shares of the Company are listed, and such other approvals, consents, permissions and sanctions of relevant statutory, regulatory, governmental authorities, (including any court, tribunal or any other judicial and/or quasi-judicial authority), ("Concerned Authorities"), in this regard, as may be required and applicable and further subject to such terms and conditions or modifications thereto as may be prescribed or imposed by any of the Concerned Authorities while granting such approvals, and the permissions as may be necessary or which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any committee constituted by the Board or any person(s) authorised by the Board to exercise the powers conferred on the Board by this Resolution), the Board of Directors of the Company be and is hereby authorised to create, offer, issue and allot, including providing for reservation on firm and/ or competitive basis, of such part of issue and for such categories of persons, as may be permitted, in the course of one or more public or private offerings in domestic and/or one or more in international market(s) with or without a green shoe option, Equity Shares, and /or convertible securities, other than warrants, and/or Non-Convertible Debentures (NCDs) with warrants on Qualified Institutional Placements basis under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulation") and/or Equity Shares through depository receipts, including American Depository Receipts (ADRs) and Global Depository Receipts (GDRs), and/or convertible bonds including Foreign Currency Convertible Bonds (FCCBs), and/or other securities convertible into Equity Shares at the option of the Company and/or the holders(s) of such securities and/or securities linked to Equity shares, including non-convertible debentures with warrants or other Securities with or without warrants, which may either be detachable or linked and which warrant has a right exercisable by the warrant holder to subscribe for Equity Share and/or warrants with an option exercisable by the warrant-holder to subscribe for Equity Shares and/or any instruments or securities representing either Equity Shares and/or convertible securities linked to Equity Shares ranking pari passu with the existing equity shares of the Company (including the issue and allotment of Equity Shares pursuant to a Green Shoe Option, if any), (all of which are hereinafter collectively referred to as "Securities") to eligible investors, including Qualified Institutional Buyer, under applicable laws, regulations, and guidelines (whether residents and/or non-residents and/or institutions, banks, and /or incorporated bodies, mutual funds, venture capital funds and Indian and /or multi-lateral financial institutions and/or individuals and /or trustees and/ or stabilizing agents or otherwise, and whether or not such investor are members of the Company), through prospectus and/or placement document and/or letter of offer or offering circular and/or on public and/or private/ preferential placement basis, such issue and allotment to be made at such time/times, in one or more tranches, for cash, at such price or prices, in such manner and where necessary, in consultation with the Book Running Lead Managers, Merchant Bankers and /or other Advisors or otherwise, on such terms

## NOTICE

and conditions including terms as to appointment of Lead Managers, Underwriters, Advisors, Guarantors, Depositories, Custodians, and/or other agencies, if any, as the Board, in its absolute discretion, decide at the time of issue of Securities, provided that the total amount raised through the issuance of such Securities shall not exceed Rs. 200 Crores or its equivalent in one or more currencies, including premium, if any, as may be decided by the Board.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid Securities may have such features and attributes or any terms or combination of terms in accordance with international practices to provide for the tradability and free transferability thereof as per the prevailing practices and regulations in the capital markets including but not limited to the terms and conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever including terms for issue of additional Equity Shares or variation of the converting price of the Securities during the duration of the Securities and the Board be and is hereby authorized in its absolute discretion in such manner as it may deem fit, to dispose off such of the Securities that are not subscribed.

RESOLVED FURTHER THAT the Securities to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Associations of the Company; and the underlying Equity Shares shall rank pari passu with the existing Equity Shares of the Company in all respects, including dividend, which shall be subject to relevant provisions in that behalf contained in the Article of Association of the Company.

RESOLVED FURTHER THAT the issue of securities to the eligible investor(s) shall, inter alia, be subject to the following terms and conditions:

1. in the event of the Company making a bonus issue by way of capitalization of its profits or reserves, prior to the allotment of the Equity Share, the number of shares to be allotted shall stand augmented in the same proportion in which the Equity Share capital increase as a consequences of such bonus issue, split and the premium, if any, shall stand reduced accordingly.
2. in the event of the Company making a right offer by issue of Equity Shares prior to the allotment of the Equity Shares, the entitlement to the Equity Shares shall stand increased in the same proportion as that of the rights offer and such additional Equity Shares shall be offered to the holders of the Securities at the same price at which the same are offered to the existing shareholders.
3. in the event of any merger, amalgamation, takeover or any other re-organization, the number of shares, the price and the time period as aforesaid shall be suitably adjusted.

RESOLVED FURTHER THAT any one of the director viz. Mr. Mukesh Bhandari, Chairman & Managing Director, Mr. Shailesh Bhandari, Managing Director, Mr. Avinash Bhandari, Joint Managing Director & CEO of the Company be and are hereby authorised to appoint Lead Managers, Underwriters, Guarantors, Depositories, Custodians, Registrar, Trustees, Bankers, Lawyers, Advisors and all such Agencies as may be involved or concerned in such offerings of Securities and to

remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memorandum, documents, etc. with such agencies and also seek the listing of such Securities on one or more National and International Stock Exchanges(s).

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any Securities or as may be necessary in accordance with the terms of the offering, all such Equity Shares ranking pari passu with the existing Equity Shares of the Company in all respects, except the right as to dividend which shall be as provided under the terms of the issue and in the offering documents.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised to determine the form, terms and timing of the Issue(s), including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche, issue price, face value, premium amount on issue, listings on one or more stock exchanges in India and / or abroad as the Board in its absolute discretion deems fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues in India and / or abroad, to do all acts, deeds, matters and things and to settle any questions or difficulties that may arise in regard to the Issue(s).

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committees of Directors or Chairman or Managing Director or any other Director(s) or officers of the Company to give effect to the aforesaid resolution."

### 5. To ratify the remuneration of the Cost Auditors for the financial year ending on 31<sup>st</sup> March, 2018:

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the consent of the members be and is hereby accorded to ratify the remuneration decided by the Board of Directors on the recommendation of the Audit Committee of Rs. 2,00,000 (Rupees Two Lakhs Only) to M/s V. H. Savaliya & Associates, Cost Accountants (Membership No.13867) for conducting the audit of cost records of the Company for the financial year ending on 31<sup>st</sup> March, 2018."

### 6. To appoint Mr. Siddharth Bhandari (DIN: 01404674) as a Director liable to retire by Rotation:

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

"RESOLVED THAT Mr. Siddharth Bhandari (DIN: 01404674), who was appointed as an Additional Director on the Board of Directors of the Company with effect from 26<sup>th</sup> April, 2017 and who holds office up to the date of ensuing Annual

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General meeting of the Company in terms of section 161 of the Companies Act, 2013 (the 'Act') and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, proposing candidature of Mr. Siddharth Bhandari for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

### 7. To appoint Mr. Siddharth Bhandari (DIN: 01404674) as a Whole Time Director:

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 200 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Memorandum and Article of Association of the Company and recommendation by the Nomination and Remuneration Committee and subject to approval of the Banks / Financial Institutions / National Company Law Tribunal (NCLT) / Central Government and such other approval that may be necessary, consent and approval of the Company be and is hereby granted to the appointment of Mr. Siddharth Bhandari (DIN: 01404674) as a Whole Time Director, for a period of 3 (three) years with effect from 26<sup>th</sup> April, 2017 and concluding on 25<sup>th</sup> April, 2020 as hereunder:

#### I. REMUNERATION:

A) Monthly Salary of Rs. 2,00,000/- (Rupees Two Lakhs Only)

#### B) PERQUISITES:

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

#### C) MINIMUM SALARY

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

### II POWERS

Mr. Siddharth Bhandari will exercise such powers and duties as may be entrusted by the Board from time to time.

### III SITTING FEES

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

### IV RETIREMENT BY ROTATION

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

RESOLVED FURTHER THAT The Board be and is hereby authorised to do all such necessary acts, deeds or things required to give effect to the aforesaid resolution."

### 8. To appoint Dr. Narayan Masand (DIN: 07797910) as an Independent Director:

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule IV of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dr. Narayan Masand (DIN: 07797910), who was appointed as an Additional Director of the Company in category of Non-Executive Independent Director with effect from 26<sup>th</sup> April, 2017 and holds office upto the ensuing Annual General Meeting in terms of Section 161 of the Act and being qualified for appointment as an Independent Director and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, proposing candidature of Dr. Narayan Masand for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for the term upto 25<sup>th</sup> April, 2022."

### 9. To appoint Dr. Krishna Kant Shiromani (DIN: 07827220) as an Independent Director:

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule IV of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dr. Krishna Kant Shiromani (DIN: 07827220), who was appointed as an Additional Director of the Company in category of Non-Executive Independent Director with effect from 23<sup>rd</sup> May, 2017 and holds office upto the ensuing Annual General Meeting in terms of Section 161 of

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the Act and being qualified for appointment as an Independent Director and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, proposing candidature of Dr. Krishna Kant Shiromani for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for the term upto 22<sup>nd</sup> May, 2022.”

### 10. To appoint Mr. Vivek Sharma (DIN: 07897857) as an Independent Director:

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule IV of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Vivek Sharma (DIN: 07897857), who was appointed as an Additional Director of the Company in category of Non-Executive Independent Director with effect from 5th August, 2017 and holds office upto the ensuing Annual General Meeting in terms of Section 161 of the Act and being qualified for appointment as an Independent Director and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, proposing candidature of Mr. Vivek Sharma for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for the term upto 4th August, 2022.”

#### Registered Office:

A-1, Skylark Apartment,  
Satellite Road, Satellite,  
Ahmedabad – 380 015  
Date : 5<sup>th</sup> August, 2017  
Place : Palodia

By Order of the Board

**For Electrotherm (India) Limited**

**Fageshkumar R. Soni**  
Company Secretary

#### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (“AGM”) OF THE COMPANY IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE AGM.  
A PERSON CAN ACT AS PROXY FOR NOT EXCEEDING 50 MEMBERS AND HOLDING IN AGGREGATE NOT MORE THAN 10 PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER MEMBER.
2. A body corporate intending to send their authorized representative(s) to attend the Meeting pursuant to Section

113 of the Companies Act, 2013 are requested to send to the Company a certified copy of resolution of the Board of Directors or other governing body authorizing such representative(s) to attend and vote on their behalf at the Meeting.

3. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to special business in respect of Item No. 4 to 10 of the Notice to be transacted at the Annual General Meeting is annexed hereto.
4. Information pursuant to Regulation 36(3) of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard - 2 with respect to Directors seeking appointment / re-appointment at the Annual General Meeting is attached hereto.
5. Relevant documents referred to in the accompanying Notice and the statement pursuant to section 102(1) of the Companies Act, 2013 are available for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, Sundays and National Holidays during business hours up to the date of the Annual General Meeting.
6. Members are requested to bring their copy of the Annual Report to the Meeting.
7. Those members who have not encashed their dividend warrants pertaining to the following year 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 125 of the Companies Act, 2013 and rules framed thereunder, on respective due dates mentioned hereunder.

Financial Year	Rate (Amount per Equity Share)	Date of Declaration	Due Date for Transfer
2009 - 2010	25% (Rs. 2.50)	24/09/2010	30/10/2017

In October, 2016, the Company has transferred the money lying to unpaid / unclaimed dividend account for the year 2008-2009 to Investor Education and Protection Fund established by the Central Government.

8. In terms of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, Company has uploaded the data regarding unpaid/unclaimed dividend for the last seven years on the website of the Company [www.electrotherm.com](http://www.electrotherm.com) as well as that of Ministry of Corporate Affairs [www.mca.gov.in](http://www.mca.gov.in).
9. Electronic copy of the Notice convening the 31<sup>st</sup> AGM of the Company, Annual Report along with attendance slip and Proxy Form are being sent to the members who have registered their email ids with the company/Depository Participant(s), RTA. For members who have not registered their email ids, physical copies of the aforementioned documents are being sent in the permitted mode. Also the copy of full Annual Report 2016-2017 is available on the Company’s website viz. [www.electrotherm.com](http://www.electrotherm.com)
10. In line with the measures of Green Initiative taken by SEBI, Companies Act, 2013 also provided for sending notice of the meeting and other shareholder correspondences through electronic mode, members holding shares in physical mode are



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requested to register their e-mail ID's with the Company or RTA and Members holding shares in Demat mode are requested to register their e-mail ID's with their respective Depository Participants (DPs).

11. Members / Proxies should bring the Attendance Slip sent herewith duly filled & signed in for attending the Meeting and members who hold shares in electronic form are requested to bring their Client ID and DP ID numbers for identification.
12. A Member desirous of getting any information on the accounts or operations of the Company is requested to forward his / her queries to the Company at least 7 (seven) days prior to the meeting so that the required information can be made available at the Meeting.
13. In compliance with the provisions of Regulation 44 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the members are provided with the facility to cast their vote by electronic means through the remote e-voting platform provided by CDSL and the business may be transacted through such voting. The process for remote e-voting is annexed hereto.
14. The Voting rights of members shall be in proportion to their shares of the paid-up equity share capital in the company as on cut-off date i.e. Tuesday, 29<sup>th</sup> August, 2017.
15. Mr. Dipak Rachchha, Advocate or failing him Mr. Prashant Patel, Advocate has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
16. The facility for voting through ballot or polling paper shall also be made available at the Annual General Meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be eligible to exercise their right at the meeting through ballot or poll paper.
17. Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
18. Any person, who acquires shares of the company and becomes a member of the Company after dispatch of the Notice and holding shares as on cut-off date may cast vote after following the instructions for e-voting as provided in the Notice convening the Meeting, which is available on the website of the company
- vii) If you are a first time user follow the steps given below:

and CDSL. However, if you are already registered with CDSL for remote e-voting then you can use your existing User ID and password for casting your vote.

19. The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting and make, not later than three days of the conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman of the Annual General Meeting, who shall countersign the same.
20. The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.electrotherm.com](http://www.electrotherm.com). The Company shall simultaneously forward the result to BSE Limited (BSE), National Stock Exchange of India Limited (NSE) and CDSL website where the Equity Shares of the Company are listed.

### PROCESS AND MANNER FOR VOTING BY ELECTRONIC MEANS (E-VOTING):

The instructions for members for voting electronically are as under:

- i) The voting period begins on Friday, 1<sup>st</sup> September, 2017 at 9:00 a.m. and ends on Monday, 4<sup>th</sup> September, 2017 at 5:00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Tuesday, 29<sup>th</sup> August, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iii) Click on Shareholders.
- iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v) Next enter the Image Verification as displayed and Click on Login.
- vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

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- viii) After entering these details appropriately, click on "SUBMIT" tab.
  - ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
  - xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
  - xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  - xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
  - xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
  - xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
  - xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
  - xvii) If a Demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for all mobile users. Please follow the instructions as prompted by the mobile app while voting on your mobile.
  - xix) Note for Non – Individual Shareholders and Custodians
    - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
    - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
    - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
    - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- In case of any grievances connected with facility for voting by electronic means, please contact:
- Name: Mr. Rakesh Dalvi**  
 Designation: Deputy Manager  
 Address: Phiroze Jeejeebhoy Towers, 16th Floor, Dalal Street, Fort, Mumbai – 400001.  
 Email id: [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)  
 Phone number: 18002005533
- ANNEXURE TO THE NOTICE  
 EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013:**
- ITEM NO. 4:**
- In terms of Section 62 of the Companies Act, 2013, issue of shares to persons other than the existing shareholders of the Company requires approval of the shareholders in a General Meeting by way of a Special Resolution.
- The Special Resolution contained in this notice seeks to empower the Board of Directors, to raise funds through issue of Securities in domestic and / or international markets, including by way of Qualified Institutions Placement ("QIP") with the Qualified Institutions Buyers ("QIBs"), in accordance with the provisions contained in Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and / or Depository Receipts in accordance with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipts Mechanism) Scheme, 1993 and / or any other Securities for an amount not exceeding Rs. 200 Crores or its equivalent, in one or more currencies, in one or more tranches, in such form, on such terms, in such manner, at such price and at such time as may be considered appropriate by the Board to the various category of investors in the domestic and / or international markets for the purpose of modernization / expansion of existing units and / or for general corporate purposes and / or such other purpose(s) as the Board, in its absolute discretion, thinks most beneficial to the Company.
- Therefore, it is proposed to create, offer, issue and allot equity shares, GDRs, ADRs, FCCBs, NCDs with warrants and / or such other securities convertible into or linked to Equity Shares and / or any other instruments and / or combination of instruments to the extent of Rs. 200 Crores in one or another manner and in one or more tranches.
- The detailed terms and conditions for the offer will be determined in consultation with the Advisors, Lead Managers, Underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.



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The pricing of the international issue will be free market pricing and may be at a premium or discount to the market price in accordance with international practices, subject to applicable Indian law and guidelines. The same would be subject to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. It is not possible at present to decide pricing and exact number of securities or shares to be offered, therefore, an enabling resolution is proposed to be passed to give adequate flexibility and discretion to the Board to finalize the terms of the issue. The Securities issued pursuant to the offering(s) would be listed on the Indian Stock Exchanges and / or internationally recognized stock exchange and may be represented by the Securities or other Financial Instruments outside India.

The Special Resolution also seeks to give the Board powers to issue Securities in one or more tranche or tranches, at such time or times, at such price or prices and to such person(s) including institutions, incorporated bodies and / or individuals or otherwise as the Board may in its absolute discretion deem fit.

Section 62 of the Companies Act, 2013 and the provisions Listing Agreements / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") entered into with the Stock Exchanges, provides, inter alia, that when it is proposed to increase the subscribed capital of a Company by allotment of further shares, such further shares may be offered to the person other than members of the Company, if authorised by the members through a Special Resolution. The Special Resolution seeks the consent and authorization to the members of the Board /Committee to make the proposed issue of Securities.

The Board of Directors recommends the Special Resolution as set out of the accompanying notice in the interest of the Company for your approval.

None of the Directors, Key Managerial Personnel of the Company or their relatives are, in any way, interested or concerned, financially or otherwise in the proposed resolution except to the extent of their shareholding in the Company, if any.

### ITEM NO. 5:

The Board of Directors at their Meeting held on 23<sup>rd</sup> May, 2017, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. V. H. Savaliya & Associates, Cost Accountants (Membership No.13867), Ahmedabad, to conduct the audit of the cost accounting records of the Company for the financial year ending on 31<sup>st</sup> March, 2018 at a remuneration of Rs. 2,00,000/- (Rupees Two Lakhs Only).

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

Accordingly, consent of the Members is sought for approving the Ordinary Resolution as set out in Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending on 31<sup>st</sup> March, 2018.

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

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

### ITEM NO. 6 & 7:

The Board of Directors, at their meeting held on 26<sup>th</sup> April, 2017 appointed Mr. Siddharth Bhandari (DIN: 01404674), as an Additional Director of the Company to hold office up to the date of ensuing Annual General meeting of the Company in terms of section 161 of the Companies Act, 2013. Further pursuant to the provisions of 196, 197, 200 and other applicable provisions, if any, of the Companies Act, 2013 (the Act') read with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any modification or re-enactment thereof for time being in force) and Article 114 and Article 122 of the Articles of Association of the Company, the Board of Directors of the Company has appointed Mr. Siddharth Bhandari as Whole Time Director of the Company for the period of three years.

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

As the members are aware, the net worth of the Company has been fully eroded. Further, the Company has in the past made default in repayment of its debts or interest payable thereon for a continuous period of thirty days. As such, the payment of remuneration to Mr. Siddharth Bhandari would be subject to the approval from Banks / Financial Institutions / National Company Law Tribunal / Central Government and such other approval that may be necessary in terms of the provisions of Schedule V of the Companies Act, 2013.

The Board recommends the resolution for approval of the Shareholders.

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

Mr. Siddharth Bhandari is son of Mr. Mukesh Bhandari, Chairman and Managing Director of the Company. Mr. Siddharth Bhandari, Mr. Mukesh Bhandari and their relatives may be deemed to be interested or concerned, financially or otherwise in the proposed resolution. None of the other Directors, Key Managerial Personnel of the Company or their relatives are, in any way, interested or concerned, financially or otherwise in the proposed resolution.

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

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

#### I. General Information

##### (1) Nature of Industry:

Electrotherm (India) Limited (hereinafter referred to as "ET/the Company") was incorporated on 29<sup>th</sup> October, 1986. The Company is amongst India's Largest Furnace Manufacturing Company. It also manufactures Ductile Iron Pipe, Electric Bikes, Steel and Stainless Steel, Solar Products, Induction Heating Equipment, Hydraulic Grab, Transformers, Transmission Line Tower, Continuous Casting Machine and has also handled Turnkey Projects. It serves its customer in various countries.

## NOTICE

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

The Company commenced its manufacturing operation in the year 1986.

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

Not Applicable

**(4) Financial performance based on given indicators:**

During the financial year 2016-2017, the turnover of the Company was Rs. 2162.54 Crores and the net loss was Rs. 58.11 Crores.

**(5) Foreign Investment or Collaborations:**

The total foreign investments as on 31<sup>st</sup> March, 2017 is Rs. 2.04 Crores in Ordinary Shares of Jinhua Indus Enterprises Limited, a wholly owned subsidiary in China.

### II. Information about the appointee:

**(1) Background Details:**

Mr. Siddharth Bhandari is aged about 34 years. He is Electrical Engineer and completed his Masters in Power Engineering from USA. He is having eight years' experience in the field of renewable energy, manufacturing of transformers, transmission line towers and electric vehicles.

**(2) Past Remuneration:**

Past Remuneration: NIL

**(3) Recognition or awards**

No recognition or awards in personal name.

**(4) Job Profile and suitability:**

**Mr. Siddharth Bhandari:**

Mr. Siddharth Bhandari is responsible for the overall business activities of the Transformers, Transmission Line Towers and Electric Vehicles operations of the company. He is providing leadership for improving the productivity and profitability of these business operations.

**(5) Remuneration proposed**

The terms of the remuneration proposed to be paid to Mr. Siddharth Bhandari has been specified in the resolution.

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

The Company has operations spanning over 30 years. The remuneration proposed to be paid to Mr. Siddharth Bhandari is in line with remuneration of Managerial Personnel of other companies having similar operations, keeping in view their job profile, the size and complexity of the business of the Company.

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

Mr. Siddharth Bhandari is son of Mr. Mukesh Bhandari, Chairman and Managing Director of the Company. He does

not have any pecuniary relationship directly or indirectly with the Company or its managerial personnel, other than drawing his remuneration in the capacity of Whole Time Director of the Company.

### III. Other Information:

**(1) Reasons for loss:**

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

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

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

## NOTICE

### (3) Expected increase in productivity and profits in measurable terms

It is expected that in future, with the betterment of the overall economic situation and the betterment of various segments in which the Company operates, the Company will utilize its productivity to the fullest extent to put back the company in profit zone.

#### IV. Disclosures:

The requisite disclosure of remuneration details of Mr. Siddharth Bhandari will be made in the Report on Corporate Governance forming part of the Annual Report.

#### ITEM NO. 8:

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

Dr. Narayan Masand was appointed as an Additional Director in category of Non Executive Independent Director with effect from 26<sup>th</sup> April, 2017. His appointment is proposed to be regularized at the ensuing Annual General Meeting for a period of five consecutive years upto 25<sup>th</sup> April, 2022, whose period of office shall not be liable to determination by retirement of directors by rotation.

Dr. Narayan Masand, aged 64 years, is MS (Ortho). He is practicing Orthopedic Doctor since last 36 years. He is Associate Professor (Ortho Surgery) in SAIMS, Indore. He served in several key positions for Indian Orthopedic Association (IOA), MP Chapter and Indore Chapter. He is also committed towards the society for rehabilitation of mentally retarded children and for mentally handicapped peoples.

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

The Company has received declaration from Dr. Narayan Masand confirming that he is not disqualified from being appointed as Director in terms of Section 164 of the Act. The Company has also received declaration from him that he meets the criteria of independence as prescribed under Section 149(6) of the Act read with Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Dr. Narayan Masand does not hold any equity shares of the Company. Dr. Narayan Masand is not related to any other Directors of the Company.

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

In the opinion of the Board, Dr. Narayan Masand fulfils the conditions for appointing him as an Independent Director as specified in the Act, the Rules made thereunder and the Listing Regulations. He is an independent of the management. Considering his experience, it would be beneficial to appoint him on the Board of the Company.

The copy of the letter of appointment of Dr. Narayan Masand as an Independent Director setting out the terms and conditions would be available for inspection by a member at the Registered Office of the Company during normal business hours on any working days of the Company.

The resolution as set out in Item No. 8 of this Notice is accordingly recommended for your approval.

Except Dr. Narayan Masand, being an appointee, none of the other Directors and Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise in the said resolution.

#### ITEM NO. 9:

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

Dr. Krishna Kant Shiromani was appointed as an Additional Director in category of Non Executive Independent Director with effect from 23<sup>rd</sup> May, 2017. His appointment is proposed to be regularized at the ensuing Annual General Meeting for a period of five consecutive years upto 22<sup>nd</sup> May, 2022, whose period of office shall not be liable to determination by retirement of directors by rotation.

Dr. Krishna Kant Shiromani, aged 58 years, is MD (Pathology and Bacteriology). He served as Pathologist in India and outside India. He is Assistant Professor Pathology. He has more than 20 years administrative experience in managing the Department of Laboratory and having more than 6 years experience in teaching line. Dr. Krishna Kant Shiromani was awarded for distinguished services in renal transplantation by Institute of Kidney Diseases Research Center, B J Medical College Hospital, Ahmedabad and also by the Indian Society of Organ Transplantation, India.

The Company has received notice pursuant to the provisions of Section 160 of the Act from a member signifying his intention to propose the candidature of Dr. Krishna Kant Shiromani as an Independent Director of the Company.

The Company has received declaration from Dr. Krishna Kant Shiromani confirming that he is not disqualified from being appointed as Director in terms of Section 164 of the Act. The Company has also received declaration from him that he meets the criteria of independence as prescribed under Section 149(6) of the Act read with Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Dr. Krishna Kant Shiromani does not hold any equity shares of the Company. Dr. Krishna Kant Shiromani is not related to any other Directors of the Company.

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

In the opinion of the Board, Dr. Krishna Kant Shiromani fulfils the conditions for appointing him as an Independent Director as specified in the Act, the Rules made thereunder and the Listing Regulations. He is an independent of the management. Considering his experience, it would be beneficial to appoint him on the Board of the Company.

The copy of the letter of appointment of Dr. Krishna Kant Shiromani as an Independent Director setting out the terms and conditions would be available for inspection by a member at the Registered

## NOTICE

Office of the Company during normal business hours on any working days of the Company.

The resolution as set out in Item No. 9 of this Notice is accordingly recommended for your approval.

Except Dr. Krishna Kant Shiromani, being an appointee, none of the other Directors and Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise in the said resolution.

### ITEM NO. 10:

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

Mr. Vivek Sharma was appointed as an Additional Director in category of Non-Executive Independent Director with effect from 5th August, 2017. His appointment is proposed to be regularized at the ensuing Annual General Meeting for a period of five consecutive years upto 4th August, 2022, whose period of office shall not be liable to determination by retirement of directors by rotation.

Mr. Vivek Sharma, aged 43 years, is Commerce Graduate and holding Diploma degree in Computer Application and having more than 16 years of experience in the field of Marketing of Home Automotive and Security systems.

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

The Company has received declaration from Mr. Vivek Sharma confirming that he is not disqualified from being appointed as Director in terms of Section 164 of the Act. The Company has also received declaration from him that he meets the criteria of

independence as prescribed under Section 149(6) of the Act read with Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mr. Vivek Sharma does not hold any equity shares of the Company. Mr. Vivek Sharma is not related to any other Directors of the Company.

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

In the opinion of the Board, Mr. Vivek Sharma fulfils the conditions for appointing him as an Independent Director as specified in the Act, the Rules made thereunder and the Listing Regulations. He is an independent of the management. Considering his experience, it would be beneficial to appoint him on the Board of the Company.

The copy of the letter of appointment of Mr. Vivek Sharma as an Independent Director setting out the terms and conditions would be available for inspection by a member at the Registered Office of the Company during normal business hours on any working days of the Company.

The resolution as set out in Item No. 10 of this Notice is accordingly recommended for your approval.

Except Mr. Vivek Sharma, being an appointee, none of the other Directors and Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise in the said resolution.

### Registered Office:

A-1, Skylark Apartment,  
Satellite Road, Satellite,  
Ahmedabad – 380 015  
Date : 5<sup>th</sup> August, 2017  
Place : Palodia

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

**Fageshkumar R. Soni**  
Company Secretary

**NOTICE**

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

<b>Name of Director</b>	<b>Mr. Shailesh Bhandari</b>	<b>Mr. Siddharth Bhandari</b>	<b>Dr. Narayan Masand</b>	<b>Dr. Krishna Kant Shiromani</b>	<b>Mr. Vivek Sharma</b>
Director Identification Number (DIN)	00058866	01404674	07797910	07827220	07897857
Age	59 years	34 years	64 years	58 years	43 years
Date of First Appointment on the Board	26/08/1989	26/04/2017	26/04/2017	23/05/2017	05/08/2017
Qualification	B.Sc. (Economics)	BE (Electrical) & MS in Power Engineering	MS (Ortho.)	MD (Pathology and Bacteriology)	Commerce Graduate and Diploma in Computer Application
Experience / Expertise in functional areas	He has led the marketing initiative at Electrotherm for the Engineering division over the last more than 30 years. He is primarily responsible for building and sustaining a very strong and large customer base for the Engineering division. He also manages the banking and various governmental relationships for the company.	He is having eight years' experience in the field of renewable Energy , manufacturing of Transformers, Transmission Line towers and Electric Vehicle	He is practicing Orthopedic Doctor since last 36 years. He is Associate Professor (Ortho Surgery) in SAIMS, Indore. He served in several key positions for Indian Orthopedic Association (IOA), MP Chapter and Indore Chapter. He is also committed towards the society for rehabilitation of mentally retarded children and for mentally handicapped peoples.	He served as Pathologist in India and Outside India. He is Assistant Professor Pathology. He has more than 20 years administrative experience in managing the Department of Laboratory and having more than 6 years experience in teaching line.	He is having sixteen years' experience in the field of Marketing of Home Automotive and Security Systems.
Terms and conditions of appointment / re-appointment	He retires by rotation at 31 <sup>st</sup> AGM and being eligible offers himself for re-appointment.	He was appointed as an Additional Director and Whole Time Director w.e.f. 26 <sup>th</sup> April, 2017. He is proposed to be appointed a Director, liable to retired by rotation and as a Whole Time Director for the period of 3 (three) years upto 25 <sup>th</sup> April, 2020 at the terms and conditions as set out in resolution no. 8	He was appointed as an Additional Director in Category of Non Executive Independent Director w.e.f. 26 <sup>th</sup> April, 2017. He is proposed to be appointed as an Independent Director for a term of 5 (five) consecutive years upto 25 <sup>th</sup> April, 2022, whose period of office shall not be liable to determination by retirement of directors by rotation.	He was appointed as an Additional Director in Category of Non Executive Independent Director w.e.f. 23 <sup>rd</sup> May, 2017. He is proposed to be appointed as an Independent Director for a term of 5 (five) consecutive years upto 22 <sup>nd</sup> May, 2022, whose period of office shall not be liable to determination by retirement of directors by rotation.	He was appointed as an Additional Director in Category of Non-Executive Independent Director w.e.f. 5 <sup>th</sup> August, 2017. He is proposed to be appointed as an Independent Director for a term of 5 (five) consecutive years' upto 4 <sup>th</sup> August, 2022, whose period of office shall not be liable to determination by retirement of directors by rotation.




**NOTICE**

<b>Name of Director</b>	<b>Mr. Shailesh Bhandari</b>	<b>Mr. Siddharth Bhandari</b>	<b>Dr. Narayan Masand</b>	<b>Dr. Krishna Kant Shiromani</b>	<b>Mr. Vivek Sharma</b>
Remuneration sought to be paid and the remuneration last drawn	NIL	As per Resolution as Item No. 7	NIL	NIL	NIL
No. of Shares held in the Company	848275	NIL	NIL	NIL	NIL
Relationship with other Directors, Manager and other KMP	Mr. Shailesh Bhandari is a brother of Mr. Mukesh Bhandari	Mr. Siddharth Bhandari is a son of Mr. Mukesh Bhandari	N.A.	N.A.	N.A.
Number of Meetings of the Board held & attended during the year	4/2	Not Applicable, as he was appointed w.e.f. 24 <sup>th</sup> April, 2017	Not Applicable, as he was appointed w.e.f. 24 <sup>th</sup> April, 2017	Not Applicable, as he was appointed w.e.f. 23 <sup>rd</sup> May, 2017	Not Applicable, as he was appointed w.e.f. 5 <sup>th</sup> August, 2017
Directorships held in other public companies (excluding foreign companies and Section 8 companies)	<ol style="list-style-type: none"> <li>1. Ahmedabad Aviation and Aeronautics Limited</li> <li>2. Electrotherm Engineering &amp; Projects Limited</li> <li>3. ET Elec-Trans Limited</li> <li>4. Gujarat Mint Alloys Limited</li> <li>5. Hans Ispat Limited</li> <li>6. Shree Ram Electro Cast Limited</li> <li>7. Shree Hans Papers Limited</li> <li>8. Western India Speciality Hospital Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Electrotherm Solar Limited</li> <li>2. ET Elec-Trans Limited</li> <li>3. Etain Electric Vehicles Limited</li> <li>4. Etain Energy Holdings Limited</li> <li>5. Etain Renewables Limited</li> </ol>	None	None	None
Memberships / Chairmanships of committees of other public companies (excluding foreign companies and Section 8 companies)	None	None	None	None	None



## BOARDS' REPORT

To,

The Members

**Electrotherm (India) Limited**

Your Directors have pleasure in presenting the 31<sup>st</sup> Annual Report on the business and operations of the Company and Audited Financial Statements for the year ended on 31<sup>st</sup> March, 2017.

### FINANCIAL SUMMARY OR HIGHLIGHTS:

The standalone financial performance of the Company for the year ended on 31<sup>st</sup> March, 2017 is summarized below:

(₹ In Crores)

Particulars	2016-2017	2015-2016
Total Revenue	2038.98	1866.66
Total Expenses	2082.47	2084.97
Profit / (Loss) before Exceptional and Extra Ordinary Items and Tax	(43.49)	(218.31)
Less : Exceptional and Extra Ordinary Items	14.62	0.00
Profit / (Loss) before Tax	(58.11)	(218.31)
Less: tax expenses	0.00	0.00
Profit / (Loss) for the Year	(58.11)	(218.31)

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

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

During the year ended on 31<sup>st</sup> March, 2017, the total revenue of the Company was ₹ 2038.98 Crores compared to ₹ 1866.66 Crores of previous financial year. The net loss for the current financial year was ₹ 58.11 Crores compared to ₹ 218.31 Crores of previous financial year. A detailed analysis of performance for the year is included in the Management Discussion and Analysis, which forms part of this Annual Report.

### CHANGE IN NATURE OF BUSINESS:

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

### TRANSFER TO RESERVES:

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

### DIVIDEND:

In view of losses incurred by the Company during the financial year, the Board of Directors of the Company do not recommend any dividend on Equity Shares and on Preference Shares for the year ended on 31<sup>st</sup> March, 2017.

### ALLOTMENT EQUITY SHARES UPON CONVERSION OF PARTIALLY CONVERTIBLE PARTIALLY REDEEMABLE PREFERENCE SHARES:

In the financial year 2015-2016, as per the terms and conditions of the settlement with Edelweiss Asset Reconstruction Company Limited ("EARC") and approval of the shareholders through postal ballot, the Company had issued and allotted 2,85,90,000 Partially Convertible Partially Redeemable Preference Shares ("PCPRPS") to Edelweiss Asset Reconstruction Company Limited (As trustee of EARC Trust SC 30) on 22<sup>nd</sup> August, 2015 as per SEBI (ICDR) Regulations, 2009.

As per the terms of issue and allotment of PCPRPS, the 'Conversion Date' is the date on which the PCPRPS are eligible to convert into Equity Shares of the Company, which for all purposes shall be the last date of 18 month from the date of allotment of PCPRPS.

As such, on 21<sup>st</sup> February, 2017, the Company has allotted 12,66,440 Equity Shares of ₹ 10/- each at a price of ₹ 225.75 per equity share (inclusive of premium amount of ₹ 215.75/- per equity share) on conversion of 2,85,89,883 Partially Convertible Partially Redeemable Preference Shares ("PCPRPS") to Edelweiss Asset Reconstruction Company Limited and the balance / fraction amount of ₹ 1170/- arising on conversion of PCPRPS was recorded as a loan by Edelweiss Asset Reconstruction Company Limited.

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

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and date of this Report. There has been no change in the nature of business of the Company.

### CONSOLIDATED FINANCIAL STATEMENTS:

The Consolidated financial statements of the Company for the financial year 2016-17 are prepared in compliance with applicable provisions of the Companies Act, 2013, Accounting Standards and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), which form part of this Annual Report.

### SUBSIDIARY COMPANIES:

The company has the following subsidiaries as on 31<sup>st</sup> March, 2017:

1. Hans Ispat Limited
2. Shree Hans Papers Limited
3. Shree Ram Electro Cast Limited
4. ET Elec-Trans Limited
5. Bhaskarpara Coal Company Limited
6. Jinhua Indus Enterprises Limited
7. Jinhua Jahari Enterprises Limited (Step-down Subsidiary Company)

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

## BOARDS' REPORT

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

Electrotherm Mali SARL, a wholly owned subsidiary Company has been liquidated with effect from 27<sup>th</sup> March, 2017 and the investment in Electrotherm Mali SARL has been written off in the books of account of the Company. As such, it is ceased to be subsidiary of the Company.

During the financial year 2016-2017, except Electrotherm Mali SARL, none of the companies have become or ceased to be subsidiaries, joint ventures or associate companies.

### NUMBER OF BOARD MEETINGS:

During the financial year 2016-17, 4 (Four) Board Meetings were held and the intervening gap between the meetings was within the period prescribed under the Companies Act, 2013. Details of the composition of the Board and its Committees and of the meetings held, attendance of the Directors at such meetings and other relevant details are provided in the Corporate Governance Report.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

#### ❖ Retirement by Rotation

Pursuant to the provisions of section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Articles of Association of the Company, Mr. Shailesh Bhandari (DIN: 00058866), Managing Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

#### ❖ Appointment & Cessation of Directors

During the year 2016-17, no director was appointed or ceased to be director of the Company. As on 31<sup>st</sup> March, 2017, the Board was consisting of Mr. Mukesh Bhandari (Chairman), Mr. Shailesh Bhandari (Managing Director), Mr. Avinash Bhandari (Jt. Managing Director), Mr. Ram Singh (Independent Director), Mr. Chaitanyapratap Sharma (Independent Director) and Ms. Kruti Shukla (Independent Woman Director).

Mr. Ram Singh and Mr. Chaitanyapratap Sharma, Independent Directors of the Company, resigned from the Board with effect from 14<sup>th</sup> April, 2017 and 17<sup>th</sup> May, 2017 respectively.

The Board places on record its appreciations for the service rendered by Mr. Ram Singh and Mr. Chaitanyapratap Sharma as an Independent Director of the Company on the Board and as a Member / Chairman of various Committees.

Pursuant to the provisions of section 161 of the Companies Act, 2013 and the Rules framed thereunder, on the recommendation of Nomination and Remuneration Committee (NRC), the Board of Directors has appointed Mr. Siddharth Bhandari as Additional Director and Whole Time Director for the period of three years subject to approve of the Members in General Meeting with effect from 26<sup>th</sup> April, 2017 and he will hold office upto the date of wherein the appointment as Whole Time Director may be regularized in ensuing Annual General Meeting. The Board of Directors of the Company, on the recommendation of NRC, has appointed Dr. Narayan Masand and Dr. Krishna Kant Shiromani as an Additional Director in category of Non-Executive Independent Director for the term upto Five

Consecutive years, with effect from 26<sup>th</sup> April, 2017 and 23<sup>rd</sup> May, 2017 respectively and they will hold office upto the date of ensuring Annual General Meeting of the Company wherein his appointment as Independent Director may be regularized.

Mr. Siddharth Bhandari, Dr. Narayan Masand and Dr. Krishna Kant Shiromani shall hold office up to date the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Siddharth Bhandari, Dr. Narayan Masand and Dr. Krishna Kant Shiromani for appointment as a Director of the Company. Your Directors recommend their appointment as a Director of the Company.

#### ❖ Key Managerial Personnel

At the 30<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> September, 2016, the members of the Company approved the re-appointment of (i) Mr. Mukesh Bhandari (DIN: 00014511) as a Managing Director designated as Chairman, (ii) Mr. Shailesh Bhandari (DIN: 00058866) as a Managing Director and (iii) Mr. Avinash Bhandari (DIN: 00058986) as a Joint Managing Director & CEO of the Company for the period of three years with effect from 1<sup>st</sup> February, 2017 and concluding on 31<sup>st</sup> January, 2020.

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

Subsequently, the Board of Directors of the Company, in their meeting held on 26<sup>th</sup> April, 2017 approved the change of designation of Mr. Mukesh Bhandari from 'Chairman' to 'Chairman and Managing Director'.

#### ❖ Declaration of Independence

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

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

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

#### ❖ Nomination and Remuneration Policy

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

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT:

Particulars of investments made and loans given covered under the section 186 of the Companies Act, 2013, has been provided in

## BOARDS' REPORT

Note No. 2.10, 2.11 and 2.16 of the notes to the financial statement which form part of this Annual Report. The company has not given any guarantee during the financial year.

### CORPORATE SOCIAL RESPONSIBILITY (CSR):

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

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

### RELATED PARTY TRANSACTIONS:

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

During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the Policy of the Company on materiality of related party transactions.

The Policy on materiality of related party transactions and on dealing with related party transactions as approved by the Board may be accessed on the Company's website at [www.electrotherm.com](http://www.electrotherm.com).

There are no materially significant related party transactions that may have potential conflict with interest of the Company at large.

The details of transaction with related parties for the financial year ended on 31<sup>st</sup> March, 2017 is given in Note No. 2.35 of the financial statements of the Company.

### FIXED DEPOSIT:

During the financial year 2016-17, the Company has not accepted any deposit within the meaning of section 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. Further there are no outstanding deposits as on 31<sup>st</sup> March, 2017.

### DIRECTORS' RESPONSIBILITY STATEMENT:

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

- in the preparation of the annual accounts for the financial year ended on 31<sup>st</sup> March, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the profit or loss of the company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding

the assets of the company and for preventing and detecting frauds and other irregularities;

- the Directors had prepared the Annual Accounts on a going concern basis;
- the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and.
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### AUDITORS AND AUDITORS' REPORT:

#### ❖ Statutory Auditor:

##### Appointment of Auditors:

Pursuant to the provisions of section 139(2) of the Companies Act, 2013, terms of appointment of M/s. Mehta Lodha & Co., Chartered Accountants (Firm Registration No. 106250W), Ahmedabad, statutory auditors of the company, is being completed at conclusion of the ensuing Annual General Meeting and they are not eligible for re-appointment for a fresh term.

The Board of Directors places on record its appreciation for the services rendered by M/s. Mehta Lodha & Co., as the Statutory Auditors of the Company.

The Board of Directors of the Company, on the recommendation of the Audit Committee, has considered and recommended the appointment of M/s. Hitesh Prakash Shah & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 127614W) as Auditors for a term of five years beginning from the conclusion of the 31<sup>st</sup> Annual General Meeting till the conclusion of the 36<sup>th</sup> Annual General Meeting subject to approval of Members at the ensuing Annual General Meeting.

##### Auditors' Report:

In the Independent Auditors' Report for the year ended on 31<sup>st</sup> March, 2017, there are certain matters of emphasis related to winding up petitions, recovery of dues, assignment of debts, balance confirmations etc. The relevant Notes to accounts related to these matters of emphasis are self-explanatory.

With regard to the qualification in the Independent Auditors' Report for non-provision of interest on NPA accounts of banks of ₹ 801.76 Crores and that the exact amounts of the said non provisions are not determined and accounted for by the Company, the Board of Directors submits that the loan accounts of the Company have been classified as Non-Performing Assets (NPA) by the Bankers and some of the Bankers has not charged interest on the said accounts and therefore provision for interest has not been made in the books of account. The quantification of ₹ 801.76 Crores has been done only for the loans which have not been settled.

#### ❖ Cost Auditor:

Pursuant to the consent and certificate received from M/s V. H. Savaliya & Associates, Cost Accountants, Ahmedabad and as per Section 148 and other applicable provisions if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the Board of Directors of the Company has on the recommendation of the Audit Committee appointed him as

## BOARDS' REPORT

Cost Auditors, to conduct the cost audit of the Company for the financial year ending on 31<sup>st</sup> March, 2018, at a remuneration as mentioned in the notice convening the Annual General Meeting, subject to ratification of the remuneration by the Members of the Company.

### ❖ Secretarial Auditor:

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

The Secretarial Auditor has not made any adverse comments or given any qualification, reservation or adverse remarks or disclaimer in their Audit Report.

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

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

### PARTICULARS OF EMPLOYEES:

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

### AUDIT COMMITTEE:

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

### RISK MANAGEMENT POLICY:

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

In the opinion of the Board of the Directors of the Company, there are elements of risks in the nature of legal cases related to winding up petitions, recovery of dues and possession of assets which may threaten the existence of the Company.

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

Presently, there are certain significant and material orders passed by the regulator / court / tribunal impacting the going concern status and company's operations in future as mentioned in Note No. 2.27 of the standalone financial statements in respect of winding up petitions and recovery cases against the Company.

### CORPORATE GOVERNANCE:

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

### WHISTLE BLOWER POLICY/VIGIL MECHANISM:

The Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly the Board of Directors

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

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

### EXTRACT OF ANNUAL RETURN:

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

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

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

### OTHER DISCLOSURES:

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

### APPRECIATION:

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

For and on behalf of the Board of Directors

**Mukesh Bhandari**

Chairman and Managing Director

(DIN: 00014511)

Place : Palodia

Date : 13<sup>th</sup> July, 2017

**ANNEXURE TO THE BOARDS' REPORT**

**ANNEXURE - A**  
**FORM AOC-1**  
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
**Statement containing salient features of the financial statements of subsidiaries / associate companies / joint ventures**  
**PART A: SUBSIDIARIES**

Sr. No.	Name of Subsidiary	Date since when subsidiary was acquired	Reporting period	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	Share capital	Reserves & surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed Dividend	Extent of shareholding (in percentage)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	Jinhua Indus Enterprises Limited	11/04/2007	31/12/2016	RMB	2.06	(2.51)	1.02	1.47	0.62	0.10	0.08	0.00	0.08	0.00	100.00
2	Jinhua Jahari Enterprises Limited #	26/06/2007	31/12/2016	RMB	0.54	0.60	3.47	2.33	0.00	15.63	0.15	0.03	0.12	0.00	0.00
3	Bhaskarpara Coal Company Limited®	21/11/2008	31/03/2017	INR	17.19	(4.05)	15.65	2.51	0.00	0.00	0.04	0.01	0.02	0.00	52.63
4	ET Elec-Trans Limited	27/11/2008	31/03/2017	INR	0.90	(1.47)	0.00	0.58	0.00	0.00	(0.00)	0.00	(0.00)	0.00	80.49
5	Hans Ispat Limited	01/06/2010	31/03/2017	INR	36.42	(115.03)	91.74	170.35	0.10	362.15	(21.74)	0.00	(21.92)	0.00	100.00
6	Shree Hans Papers Limited	01/06/2010	31/03/2017	INR	0.35	(0.03)	4.50	4.18	4.18	0.00	(0.00)	0.00	(0.03)	0.00	100.00
7	Shree Ram Electro Cast Limited	20/05/2010	31/03/2017	INR	8.19	5.59	64.54	50.77	0.01	0.00	(7.56)	0.00	(7.56)	0.00	100.00

Exchange Rate as on 31/03/2017 1 RMB = ₹9.4071

1. Bhaskarpara Coal Company Limited and Shree Hans Papers Limited are yet to commence operations. ET Elec-Trans Limited, Shree Ram Electro Cast Limited and Electrotherm Mali SARL has not carried out any business activities during the financial year.
2. Electrotherm Mali SARL has been liquidated with effect from 27<sup>th</sup> March, 2017 and the investment in Electrotherm Mali SARL has been written off in the books of account of the Company. As such, it was ceased to be subsidiary of the Company.

# 100% holding by Jinhua Indus Enterprises Limited @ Joint Venture Company & Subsidiary Company

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

Name of Associates/Joint Ventures	Not Applicable
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For & on behalf of the Board of Directors

**MUKESH BHANDARI**  
Chairman & Managing Director  
(DIN NO : 00014511)

**AVINASH BHANDARI**  
Jt. Managing Director & CEO  
(DIN NO : 00058986)

Place : Palodia  
Date : 13th July 2017

**FAGESHKUMAR R. SONI**  
Company Secretary

**PAWAN GAUR**  
Chief Financial Officer



## ANNEXURE TO THE BOARDS' REPORT

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

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

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

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

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

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

1. Mr. Shailesh Bhandari - Chairman
2. Mr. Avinash Bhandari - Member
3. Ms. Kruti Shukla - Member

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

The Company has incurred losses during three immediately preceding financial years

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

Not Applicable

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

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

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

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

Place : Palodia  
Date : 13<sup>th</sup> July, 2017

**Avinash Bhandari**  
Jt. Managing Director & CEO  
(DIN: 00058986)

**Shailesh Bhandari**  
Chairman – CSR Committee  
(DIN: 00058866)



## ANNEXURE TO THE BOARDS' REPORT

FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2017

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

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

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

Based on my verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Electrotherm (India) Limited for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the Audit Period);
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities Regulations, 2008 (Not applicable to the Company during the Audit Period);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period);
- (vi) Following laws specifically applicable to the Company:-
  - 1. Air (Prevention and Control of Pollution) Act, 1981 and the rules and standards made thereunder;
  - 2. Water (Prevention and Control of Pollution) Act, 1974 and Water (Prevention and Control of Pollution) Rules, 1975;
  - 3. Environment Protection Act, 1986 and the rules, notifications issued thereunder;
  - 4. Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008
  - 5. Motor Vehicles Act, 1988 to the extent of product certification before production and from time to time primarily in respect of vehicles manufactured by the Company.

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

- (i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

## ANNEXURE TO THE BOARDS' REPORT

I further report that

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

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

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

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

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

1. On 21st February, 2017, Company has allotted 12,66,440 Equity Shares of Rs. 10/- each at a price of Rs. 225.75 per equity share (inclusive of premium amount of Rs. 215.75/- per equity share) on conversion of 2,85,89,883 Partially Convertible Partially Redeemable Preference Shares ("PCPRPS") to Edelweiss Asset Reconstruction Company Limited and the balance / fraction amount of Rs. 1170/- arising on conversion of PCPRPS was recorded as a loan by Edelweiss Asset Reconstruction Company Limited.

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

**BHARAT PRAJAPATI**  
PROPRIETOR

Place : Ahmedabad  
Date : 13<sup>th</sup> July, 2017

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

### 'ANNEXURE A'

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

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

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

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

**BHARAT PRAJAPATI**  
PROPRIETOR

Place : Ahmedabad  
Date : 13<sup>th</sup> July, 2017

A.C.S. NO. : 25607  
C. P. NO. : 10788

## ANNEXURE TO THE BOARDS' REPORT

### ANNEXURE – D

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

#### A. CONSERVATION OF ENERGY:

##### (i) The steps taken or impact on conversion of energy

- Continuing further from last year, the installation of VF Drives in pumps, fans, compressors, crushers etc. and by replacing all tube lights and MH lights by LED bulbs, there has been reduction in annual power consumption by 26 Lakhs units with investment of Rs. 19 Lakhs. The saving in terms of money is equivalent to Rs 1.66 Crores.
- With increase in productivity of sponge iron rotary kiln with using iron ore pellets, the power consumption was brought down from 44 kWh/MT to 40 kWh/MT of sponge iron with achieved OEE 100 %.
- Efficiency of AFBC boilers increased from 78 % to 84 % by improving combustion efficiency. Heat rate of turbine reduced from 3400 Kcal/kWh to 3200 Kcal/kWh.
- Steel Melting Shop power consumption was brought down from 771 kWh/MT to 766 kWh/MT of Billets and reduced furnace oil consumption from 1.12 Kgs/MT to 0.81 Kgs/MT of Billets.
- Rolling Mill power consumption was brought down from 99 kWh/MT to 94 kWh/MT of TMT Bars and reduced thermal energy from 0.314 Million Kcal/MT to 0.236 Million Kcal/MT of TMT Bars.
- Increase in productivity of blast furnaces with using Sponge Iron, the power consumption decreased from 132 kWh/MT to 126 kWh/MT of hot metal.
- With increase in production and improvement in yield in DI pipe plant, the power consumption was reduced from 279 kWh/MT to 266 kWh/MT of pipes.

##### Awards received on Energy Conservation

- 1<sup>st</sup> prize winner for National Energy Conservation Award on Thermal Power Station (< 100 MW) held by Ministry of Power at New Delhi.
- 2<sup>nd</sup> prize winner for Best Boiler user industry (power Plant) at national level held by SteamTech.
- 3<sup>rd</sup> prize winner for national level poster exhibition on best energy management practices held by Knowledge Exchange Platform (Bureau of Energy Efficiency) at New Delhi.

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

No step has been taken for utilizing alternate source of energy

##### (iii) The capital investment on energy conservation equipment's: NIL

#### B. TECHNOLOGY ABSORPTION:

##### (i) The efforts made towards technology absorption

- Development work on lab and industrial scale was carried out on utilization of induction furnace waste slag and blast furnace slag for production paver blocks. Commercial scale plants based on this technology can be installed.
- Established manufacturing facilities for Cut & Bend of TMT Bars and Fusion Bonded Epoxy coated TMT Bars.
- Installation of facilities for autoclaving of cold bonded pellets continued.
- Production of some new grades of steel like C18 M Mn, C20 M Mn, C18 H Mn for power grid application have been established in steel melting shop.
- Lab scale facilities for gas based reduction of iron ore / pellets were established and various kinds of trials on reduction with varying composition of reducing gas as well as on carburization of DRI are continuing.

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

- Cut & bend of TMT Bars and Fusion Bonded Epoxy Coated TMT Bars are a new value added commercial products.
- Paver blocks made out of waste IF slag & BF slag is a new value added commercial product.
- The production of new grades of steel is a step towards value addition.

##### (iii) Imported Technology : None

##### (iv) Expenditure incurred on Research and Development : Rs. 18.83 Crores

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- Foreign exchange Earning : Rs. 93.35 Crores
- Foreign Exchange Out Go : Rs. 126.50 Crores

For and on behalf of the Board of Directors

**Mukesh Bhandari**

Chairman and Managing Director

(DIN: 00014511)

Place : Palodia

Date : 13<sup>th</sup> July, 2017

## ANNEXURE TO THE BOARDS' REPORT

### ANNEXURE – E PARTICULARS OF EMPLOYEES

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

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

Sr. No.	Name of Director/KMP	Designation	Ratio of Remuneration of each Director to Median Remuneration to employees	Percentage increase in Remuneration during FY 2016-2017
1	Mr. Mukesh Bhandari	Chairman and Managing Director	No remuneration was paid during the Financial year 2016-2017	Not Applicable
2	Mr. Shailesh Bhandari	Managing Director		
3	Mr. Avinash Bhandari	Jt. Managing Director & CEO		
4	Mr. Ram Singh	Independent Director		
5	Mr. Chaitanyapratap Sharma	Independent Director		
6	Ms. Kruti Shukla	Independent Director		
7	Mr. Pawan Gaur	Chief Financial Officer (CFO)	Not Applicable	9.62
8	Mr. Fagesh R. Soni	Company Secretary	Not Applicable	6.00

- The percentage increase in the median remuneration of employees in the financial year was 8.27%.
- There were 2122 permanent employees on the rolls of the company as on 31<sup>st</sup> March, 2017.
- The average annual increase in the salaries of the employees, other than managerial personnel was 10.47%. There was no increase in the managerial remuneration, as no remuneration was paid to the Chairman / Managing Directors.
- The company affirms that the remuneration is as per the remuneration policy of the Company.
- During the financial year, there was no employee employed throughout the financial year or part of the financial year who was in receipt of remuneration in the aggregate of not less than Rs. 8.50 Lakhs per month or Rs. 1.02 Crore per financial year. The statement containing the names of the top ten employees in terms of remuneration drawn as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate annexure forming part of this report. In terms of section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

For and on behalf of the Board of Directors

**Mukesh Bhandari**

Chairman and Managing Director  
(DIN: 00014511)

Place : Palodia

Date : 13<sup>th</sup> July, 2017

**ANNEXURE TO THE BOARDS' REPORT**

**ANNEXURE – F**  
**FORM NO. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31<sup>st</sup> March 2017**  
**[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1)**  
**of the Companies (Management and Administration) Rules, 2014]**

**I. REGISTRATION AND OTHER DETAILS**

(i)	CIN	L29249GJ1986PLC009126
(ii)	Registration Date	29/10/1986
(iii)	Name of the Company	Electrotherm (India) Limited
(iv)	Category / Sub-Category of the Company	Company limited by shares Indian Non-Government Company
(v)	Address of the Registered of the Company and contact details	A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380015 Contact details: Tel: 02717-234553-7 / 660550 Fax: 02717-660600 Email: <a href="mailto:sec@electrotherm.com">sec@electrotherm.com</a>
(vi)	Whether listed company	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt. Ltd. 5 <sup>th</sup> Floor, 506 to 508, Amarnath Business Centre-I, Beside Gala Business Centre, Nr. St. Xavier's College Corner, Off. C G Road, Navrangpura, Ahmedabad - 380 009. Contact No. (079) 26465179 Fax No.(079) 26465179 E-mail : <a href="mailto:ahmedabad@linkintime.co.in">ahmedabad@linkintime.co.in</a>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the Company
1	Electronic Furnaces	25113	29.11%
2	Steel	24100	69.67%

## ANNEXURE TO THE BOARDS' REPORT

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section
1	Jinhua Indus Enterprises Limited Address : Room 201, Building 8, Nanbin Garden, Binhong Road, Jinhua, Zhejiang Province, Postal Code : 321017 China	NA	Subsidiary Company	100.00%	Section 2(87)
2	Jinhua Jahari Enterprises Limited Address : 2nd Floor, 9 Building, Zhejiang Nai Si Kang Medicine Co Ltd, Shi Cheng Street No.399. Jinhua Industry Zone, Jinhua Zhejiang, Postal Code – 321017 China	NA	Step-down Subsidiary Company	100% by Jinhua Indus Enterprises Limited	Section 2(87)
3	Bhaskarpara Coal Company Limited Address: Crystal Tower, 1 <sup>st</sup> Floor, G. E. Road Opp. Minocha Petrol Pump, Telibandha Raipur, Chhattisgarh – 492006	U10100CT2008PLC020943	Subsidiary Company	52.63%	Section 2(87)
4	ET Elec-Trans Limited Address : A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380015	U34102GJ2008PLC055557	Subsidiary Company	80.49%	Section 2(87)
5	Hans Ispat Limited Address: A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380015	U51109GJ1991PLC057955	Subsidiary Company	100.00%	Section 2(87)
6	Shree Ram Electro Cast Limited Address: A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380015	U27109GJ2004PLC066347	Subsidiary Company	95.00% *	Section 2(87)
7	Shree Hans Papers Limited Address : A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380015	U21012GJ1995PLC064736	Subsidiary Company	100.00%	Section 2(87)

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

Note: Electrotherm Mali SARL, a wholly owned subsidiary, has been liquidated with effect from 27<sup>th</sup> March, 2017.



## ANNEXURE TO THE BOARDS' REPORT

### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### (i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
(a) Individual / HUF	2280575	0	2280575	19.87	2280575	0	2280575	17.9	(1.97)
(b) Central Govt.	0	0	0	0	0	0	0	0	0
(c) State Govt.(s)	0	0	0	0	0	0	0	0	0
(d) Bodies Corp.	975000	0	975000	8.50	975000	0	975000	7.65	(0.85)
(e) Banks / FI	0	0	0	0	0	0	0	0	0
(f) Any other	0	0	0	0	0	0	0	0	0
<b>Sub-Total (A)(1)</b>	<b>3255575</b>	<b>0</b>	<b>3255575</b>	<b>28.37</b>	<b>3255575</b>	<b>0</b>	<b>3255575</b>	<b>25.55</b>	<b>(2.82)</b>
<b>(2) Foreign</b>									
(a) NRIs – Individuals	512500	0	512500	4.47	512500	0	512500	4.02	(0.44)
(b) Other – Individuals	0	0	0	0	0	0	0	0	0
(c) Bodies Corp.	0	0	0	0	0	0	0	0	0
(d) Banks/ FI	0	0	0	0	0	0	0	0	0
(e) Any other	0	0	0	0	0	0	0	0	0
<b>Sub-Total (A)(2)</b>	<b>512500</b>	<b>0</b>	<b>512500</b>	<b>4.47</b>	<b>512500</b>	<b>0</b>	<b>512500</b>	<b>4.02</b>	<b>(0.44)</b>
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>3768075</b>	<b>0</b>	<b>3768075</b>	<b>32.83</b>	<b>3768075</b>	<b>0</b>	<b>3768075</b>	<b>29.57</b>	<b>(3.26)</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
(a) Mutual Funds	0	9800	9800	0.09	0	9800	9800	0.08	(0.01)
(b) Banks/ FI	0	100	100	0	1266440	100	1266540	9.94	9.94
(c) Central Govt.	0	0	0	0	0	0	0	0	0
(d) State Govt.(s)	0	0	0	0	0	0	0	0	0
(e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f) Insurance Companies	0	0	0	0	0	0	0	0	0
(g) FIs									
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i) Others (Specify)									
Foreign Portfolio Investor	0	0	0	0	320360	0	320360	2.51	2.51
<b>Sub-Total (B)(1)</b>	<b>0</b>	<b>9900</b>	<b>9900</b>	<b>0.09</b>	<b>1586800</b>	<b>9900</b>	<b>1596700</b>	<b>12.53</b>	<b>12.44</b>


**ANNEXURE TO THE BOARDS' REPORT**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non-Institutions</b>									
(a) Bodies Corp.									
(i) Indian	2487963	501700	2989663	26.05	2950650	1700	2952350	23.17	(2.88)
(ii) Overseas	0	2000000	2000000	17.43	0	2000000	2000000	15.7	(1.73)
(b) Individuals									
(i) Individual Shareholders holding nominal share capital upto Rs. 1 Lakh	1168673	33307	1201980	10.47	839544	33232	872776	6.85	(3.62)
(ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 Lakh	1165569	71200	1236769	10.78	1100047	71200	1171247	9.19	(1.59)
(c) Others (Specify)									
Clearing Member	52317	0	52317	0.46	173578	0	173578	1.36	0.91
Non-Resident Indians	28323	500	28823	0.25	48667	500	49167	0.39	0.13
HUF	177482	0	177482	1.55	147556	0	147556	1.16	(0.39)
Trust	11365	0	11365	0.10	11365	0	11365	0.09	(0.01)
<b>Sub-Total (B)(2)</b>	<b>5091692</b>	<b>2606707</b>	<b>7698399</b>	<b>67.08</b>	<b>5271407</b>	<b>2106632</b>	<b>7378039</b>	<b>57.90</b>	<b>(9.18)</b>
<b>Total Public Shareholder (B) = (B)(1) + (B)(2)</b>	<b>5091692</b>	<b>2616607</b>	<b>7708299</b>	<b>67.17</b>	<b>6858207</b>	<b>2116532</b>	<b>8974739</b>	<b>70.43</b>	<b>3.26</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Grand Total (A+B+C)</b>	<b>8859767</b>	<b>2616607</b>	<b>11476374</b>	<b>100</b>	<b>10626282</b>	<b>2116532</b>	<b>12742814</b>	<b>100</b>	<b>-</b>

## ANNEXURE TO THE BOARDS' REPORT

### (ii) Shareholding of Promoters\*

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Western India Speciality Hospital Ltd.	975000	8.50	---	975000	7.65	----	(0.85)
2	Shailesh Bhandari	848275	7.39	1.31	848275	6.66	1.18	(0.73)
3	Mukesh Bhandari	809500	7.05	1.31	809500	6.35	1.18	(0.70)
4	Rakesh Bhandari	512500	4.47	---	512500	4.02	----	(0.45)
5	Ritu Bhandari	243025	2.12	---	243025	1.91	----	(0.21)
6	Nagesh Bhandari	233125	2.03	---	233125	1.83	----	(0.20)
7	Mukesh Bhanwarlal Bhandari [HUF]	60000	0.52	---	60000	0.47	----	(0.05)
8	Indubala Bhandari	51500	0.45	---	51500	0.40	----	(0.05)
9	Narendra Dalal	34500	0.30	---	34500	0.27	----	(0.03)
10	Jyoti Bhandari	375	0.00	---	375	0.00	----	----
11	Reema Bhandari	275	0.00	---	275	0.00	----	----
	<b>Total</b>	<b>3768075</b>	<b>32.83</b>	<b>2.61</b>	<b>3768075</b>	<b>29.57</b>	<b>2.61</b>	<b>(3.26)</b>

\* % of total equity shares of the Company is based on the actual paid up capital of the Company on the respective dates. (i.e. till 20<sup>th</sup> February, 2017, 1,14,76,374 equity shares has been considered and thereafter 1,27,42,814 equity shares has been considered).

### (iii) Change in Promoters' Shareholding (please specify, if there is no change)

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

## ANNEXURE TO THE BOARDS' REPORT

### (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sr. No.	Name of Shareholder	Date wise increase / decrease			Cumulative Shareholding	% of total share capital
		Date	Increase / Decrease	% of total share capital		
1	EDELWEISS ASSET RECONSTRUCTION COMPANY LIMITED	At the beginning of the year			0	0.00
		21/02/2017	1266400	9.93	1266400	9.93
		At the end of the year			1266400	9.93
2	CASTLESHINE PTE LIMITED	At the beginning of the year			1000000	8.71
		At the end of the year			1000000	7.85
3	LEADHAVEN PTE LIMITED	At the beginning of the year			1000000	8.71
		At the end of the year			1000000	7.85
4	JAGDISHKUMAR AMRUTLAL AKHANI	At the beginning of the year			806435	7.03
		01/04/2016	(2149)	(0.02)	804286	7.01
		15/07/2016	(600)	(0.01)	803686	7.00
		18/11/2016	10150	0.09	813836	7.09
		10/02/2017	(89500)	(0.77)	724336	6.07
		17/02/2017	298413	2.60	1022749	8.91
		24/02/2017	(89154)	(0.77)	933595	7.33
		17/03/2017	(86070)	(0.74)	847525	6.65
		24/03/2017	(70276)	(0.61)	777249	6.10
		31/03/2017	(85000)	(0.74)	692249	5.43
5	DHANVARSHA FINVEST LIMITED	At the end of the year			692249	5.43
		At the beginning of the year			420908	3.67
		08/04/2016	50	0.00	420958	3.67
		06/05/2016	(1000)	(0.01)	419958	3.66
		20/05/2016	200	0.00	420158	3.66
		21/10/2016	1850	0.02	422008	3.68
		28/10/2016	3631	0.03	425639	3.71
		11/11/2016	2600	0.02	428239	3.73
		02/12/2016	(1297)	(0.01)	426942	3.72
		At the end of the year			426942	3.35
6	PASSIM SHARE TRADE PRIVATE LIMITED	At the beginning of the year			374918	3.27
		At the end of the year			374918	2.94
7	WEB BUSINESSES.COM GLOBAL LIMITED	At the beginning of the year			293299	2.56
		24/06/2016	4300	0.04	297599	2.59
		At the end of the year			297599	2.34
8	HIGHLAND FINANCES & INVESTMENT PRIVATE LIMITED	At the beginning of the year			250000	2.18
		At the end of the year			250000	1.96
9	FROID FINANCE & INVESTMENT PRIVATE LIMITED	At the beginning of the year			250000	2.18
		At the end of the year			250000	1.96
10	LAVISH PACKAGERS LIMITED	At the beginning of the year			248347	2.16
		At the end of the year			248347	1.95

**ANNEXURE TO THE BOARDS' REPORT**

Sr. No.	Name of Shareholder	Date wise increase / decrease			Cumulative Shareholding	% of total share capital
		Date	Increase / Decrease	% of total share capital		
11	ASPIRE EMERGING FUND	At the beginning of the year			0	0.00
		12/08/2016	116225	1.01	116225	1.01
		19/08/2016	52329	0.46	168554	1.47
		26/08/2016	4787	0.04	173341	1.51
		02/09/2016	15896	0.14	189237	1.65
		09/09/2016	10518	0.09	199755	1.74
		16/09/2016	9278	0.08	209033	1.82
		23/09/2016	8000	0.07	217033	1.89
		30/09/2016	3049	0.03	220082	1.92
		07/10/2016	4371	0.04	224453	1.96
		14/10/2016	10105	0.09	234558	2.04
		28/10/2016	40733	0.35	275291	2.40
		04/11/2016	879	0.01	276170	2.41
		25/11/2016	4236	0.04	280406	2.44
		02/12/2016	10405	0.09	290811	2.53
		13/01/2017	19949	0.17	310760	2.71
		20/01/2017	5050	0.04	315810	2.75
		27/01/2017	4550	0.04	320360	2.79
		At the end of the year			320360	2.51

Note :

1. Paid up share capital of the Company was 1,14,76,374 equity shares at the beginning of the year. The Company has allotted 12,66,440 equity shares on 21<sup>st</sup> February, 2017 and paid up share capital of the company was increased to 1,27,42,814 equity shares.
2. % of total equity shares of the Company is based on the actual paid up capital of the Company on the respective dates. (i.e. till 20<sup>th</sup> February, 2017, 1,14,76,374 equity shares has been considered and thereafter 1,27,42,814 equity shares has been considered).
3. Change in the holdings as per the beneficiary position downloaded from the Depositories.
4. The above changes in the holdings is due to sale / purchase (transfer) in open market.



## ANNEXURE TO THE BOARDS' REPORT

### (v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	For each of the Directors and KMP	Date wise increase / decrease			Cumulative Shareholding	% of total share capital
		Date	Increase / Decrease	% of total share capital		
1.	Mukesh Bhandari	At the beginning of the year			809500	7.05
		At the end of the year			809500	6.35
2.	Shailesh Bhandari	At the beginning of the year			848275	7.39
		At the end of the year			848275	6.66
3.	Avinash Bhandari	At the beginning of the year			--	---
		At the end of the year			--	--
4.	Pawan Gaur <sup>#</sup>	At the beginning of the year			5000	0.04
		16/09/2016	2000	0.02	7000	0.06
		28/10/2016	(1000)	(0.01)	6000	0.05
		At the end of the year			6000	0.05
5.	Fageshkumar R. Soni	At the beginning of the year			--	---
		At the end of the year			--	--

<sup>#</sup> Mr. Pawan Gaur is holding shares in the name of Pawan Gaur (HUF)

### V. INDEBTEDNESS

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

(Rs. in Crores)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposit	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	2,889.04	137.05	-	3,026.09
(ii) Interest due but not paid	As per Note	As per Note	-	As per Note
(iii) Interest accrued but not due	As per Note	As per Note	-	As per Note
<b>Total (i+ii+iii)</b>	<b>2,889.04</b>	<b>137.05</b>	<b>-</b>	<b>3,026.09</b>
<b>Change in Indebtedness during the financial year</b>				
- Addition	-	0.45	-	0.45
- Reduction	(50.88)	(32.49)	-	(83.37)
<b>Net Change</b>	<b>(50.88)</b>	<b>(32.04)</b>	<b>-</b>	<b>(82.92)</b>
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	2,838.16	105.01	-	2,943.17
(ii) Interest due but not paid	As per Note	As per Note	-	As per Note
(iii) Interest accrued but not due	As per Note	As per Note	-	As per Note
<b>Total (i+ii+iii)</b>	<b>2,838.16</b>	<b>105.01</b>	<b>-</b>	<b>2,943.17</b>

Note:

Loan accounts of the Company have been classified as Non Performing Assets by the Bankers and some of the bankers has not charged interest on the said accounts and therefore provision for interest (other than upfront charges) has not been made in the books of accounts and to the extent loss and bankers loan liability has been understated. The extent of the exact amount is under determination and reconciliation with the banks, however as per the details available with the Company, the amount of un-provided interest, on approximate basis, on the said loans (other than the loans of ICICI Bank and loans which are assigned to Edelweiss Assets Reconstruction Company Limited (EARC), Invent Assets Securitisation & Reconstruction Private Limited (Invent)) is Rs. 801.76 Crores upto 31<sup>st</sup> March, 2017.

## ANNEXURE TO THE BOARDS' REPORT

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Whole-time Directors and / or Manager

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

In view of pending approval of Central Government pursuant to the provisions of Section 197 of the Companies Act, 2013 read with Schedule V, the Company has not paid any remuneration to any of its directors viz. Chairman, Managing Director, Jt. Managing Director & CEO, during the financial year ended on 31<sup>st</sup> March, 2017.

#### B. Remuneration to other directors

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

**ANNEXURE TO THE BOARDS' REPORT****C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD**

(Rs. in Crores)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Fageshkumar R. Soni (Company Secretary)	Mr. Pawan Gaur (CFO)	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.086	0.324	0.410
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	0.011	0.038	0.049
	(c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit			
	- others, specify			
5.	Others, please specify	-	-	-
	Total	0.097	0.362	0.459

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

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

For and on behalf of the Board of Directors

**Mukesh Bhandari**

Chairman and Managing Director

(DIN: 00014511)

Place : Palodia

Date : 13<sup>th</sup> July, 2017

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### ECONOMY OVERVIEW:

India maintained its third position by producing 96 million tons whereas China and Japan produced 808 million tons and 105 million tons respectively. It is expected that India will become the world's largest steel producer after China in the next two years. During the year 2016-17, India consumed 84 million tons of steel also during the year, India was a net exporter for the first time in 3 years where in approximate 8.2 million tons of steel was exported.

The growth in the Indian steel sector has been driven by domestic availability of raw materials such as iron ore and cost-effective labour. Consequently, the steel sector has been a major contributor to India's manufacturing output. India's crude steel production grew by 7.4 per cent year-on-year to 95.6 Million Tonnes (MT) in 2016.

The National Steel Policy, 2017 projects crude steel production capacity of 300 million tons by 2030 from about 122 million ton capacity at present. The per capita finished steel consumption is predicted at 158 kg as against current consumption of 61 kg.

The coming year may see huge demand in the steel as the government has planned to mandatorily use local steel in the government projects. The growth for steel players is expected to accelerate owing to this as well as the initiatives of the government to curb imports by introducing MIP, anti-dumping duty etc.

The various initiatives led by the Government of India like Smart Cities, Housing for all, Power for All for 24x7 by 2019, Prime Minister's Awasojana along with the necessary infrastructure investment of about Rs. 220,000 crore will boost the steel demand in the future. The government has also planned an investment of about US\$1.2 trillion over the next 20 years across areas such as transportation, energy and public security to build smart cities in India which will surely see a surge in the steel demand.

The company is optimistic about the increase in the steel demand in the country owing to favourable circumstances. However the global steel outlook remain a little subdued owing to large steel players struggling with capacity utilization, less global demand and high inventory.

### INDUSTRY STRUCTURE & DEVELOPMENTS

#### A. Engineering & Projects Division:

Engineering & Project (E&P) division's performance is directly linked with the secondary steelmaking sector in India and overseas. While India's crude steel production has recorded a growth of about 7.4% and world crude steel production has increased only marginally by 0.8% in 2016, the E&P division has achieved its highest ever sales in FY 2016-17.

The growth has primarily come from several turnkey projects that the company has undertaken overseas. This shift is a result of a transformation strategy the company had undertaken over the last decade: a shift from a single equipment manufacturer to multiple equipment manufacturer to turnkey project supplier to total solutions provider. In the last couple of years, the company has established its credential in many countries by providing total solutions and executing turnkey projects for steel making which has enabled customers produce steel with lowest CAPEX and OPEX.

The company's continuous endeavors in R&D has also paid off by way of introduction of Induction Melting Furnaces with highest efficiency. Steelmaking plants from 50,000 to 500,000 TPA capacity can now produce quality steel through IF – ERF (with ELdFOS technology) – High Speed Caster coupled with direct rolling of hot billets without reheating furnace. This route has now become the standard norm of the industry. Considering various initiatives of Government of India, with focus on robust growth of infrastructure sector, and Ministry of Steel's priorities as evident from the National Steel Policy 2017, Indian steel sector is all set to grow rapidly over next decade and more. With abolition of classification of primary and secondary routes for steelmaking, all steelmakers (including secondary ones) can now participate in the infrastructure growth story of India. Many existing smaller producers are expected to enhance their production to the tune of 0.5 MTPA and several new entrants are expected to set up such steelmaking plants over next few years through IF - ERF - Caster route due to the lower CAPEX, OPEX and gestation period as well to meet the growing demand for steel. Other steel intensive sectors like construction, automotive, capital goods and pipes & tubes are also buoyant and expected to propel growth of the steel sector.

Fume extraction and de-dusting system developed by the company for induction furnace has also been established in the market and all new furnaces are expected to be installed with this efficient fume extraction and de-dusting /off-gas cleaning system in order to meet local emission standards set by the pollution control authority.

Customer-centric product development and continuous product improvement have been the core philosophy of your company. With its out-side in approach, the company will look to develop new products both through in-house development and through collaborations to strengthen product it's portfolio. The company's R&D is focused to ensure continuous improvements in existing products to make customers' plant more productive, efficient and profitable. This should help maintain the product leadership which will help improve its market share and EBIDTA.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### B. Steel & Pipe Division:

The overall demand situation for steel in the country remained muted affecting the finished goods prices. The raw material prices remained extremely volatile and the prices of coking coal, coke, iron ore and south African coal (used in sponge iron) all increased. Infact, the prices of coke almost dramatically doubled after certain developments in Australia and remained at elevated level for the remaining part of the year. This effected the profitability of ductile iron pipes.

The capacity utilization of the plant for most of our products showed improvements. On the sales side, the TMT sales increased by 12% over the last year, whereas the ductile iron pipes sales volume saw an increase of 11%.

With demand showing signs of incremental improvements, the capacity utilization is further expected to go up in 2017 – 18. This should auger well for the profitability of the company.

The company setup a fusion bonded epoxy coating facility for TMT bars thereby allowing it to cater to the niche and value added market for epoxy coated TMT bars. The product is expected to see a sizeable demand from large coastal belt of Gujarat and the state of Maharashtra.

### C. Electric Vehicle Division:

The Electric Vehicle Division has witnessed a consolidation of the market in the FY 2016-17. While the sales of 2Wheelers and 3Wheelers seeing a sharp growth over the previous year, the introduction of India's first L5 Electric 3Wheeler, 'ET Uvraj', has firmly established Electrotherm in the forefront as the leading Electric Vehicle manufacturer in the country. This is the direct reflection of Government of India's initiative to promote Electric Vehicles through the National Electric Mobility Mission Plan 2020 (NEMMP 2020) and FAME India Scheme, in its second year.

#### E-Rickshaw Market:

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

We also entered into a strategic tie-up with IndusInd Bank for financing of our complete range of Electric 3Wheelers.

#### E-Cart Market:

Electrotherm's E-Cart vehicle, under the brand name of E-Winner, which is India's first ICAT approved E-Cart model, has been well accepted in the market. This model is filling the gap that exists between the conventional diesel/CNG driven 3Wheelers and the non-mechanized mode of goods transportation. We expect this load carrying vehicle category to create a new paradigm of business opportunities and market. We are in the process of entering into strategic tie-ups with large business enterprises both in public sector and private sector, with our E-Winner.

#### 1<sup>st</sup> Year of NEMMP 2020: FAME India Scheme

The Phase-1 of NEMMP 2020: FAME India Scheme has been successfully completed on 31st of March 2017 with sales of EVs on an upswing. The recent decision to exclude Mild-Hybrid vehicles from the purview of FAME India Scheme reinforces the Government's commitment towards the pure electric vehicles promotion, which will definitely help Electrotherm's to move ahead in the EV market space. The Demand Incentive Delivery Mechanism (DIDM) is working well and we have received all funds reimbursements from the Ministry of Heavy Industries & Public Enterprises and there is no pendency. We have successfully completed the approval and registration of ET Uvraj in FAME India Scheme, which is the first Electric 3Wheeler in the country to be approved in NEMMP 2020.

Mr. Mukesh Bhandari, Chairman Electrotherm (India) Limited, has been appointed as "Co-Chairman – Sub-Group on BMS and Battery" under National Electric Mobility Mission Plan 2020. At Electrotherm, 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 are being created by NEMMP 2020.

### FINANCIAL SITUATION:

The Company has incurred losses for the financial year 2016-2017. Some lenders of the Company had assigned their debt to Edelweiss Asset Reconstruction Company Limited (EARC) and to Invent Assets Securitisation & Reconstruction Pvt. Ltd. ("Invent") and Company has entered into settlement with EARC and Invent for payment of said debts. During the year, the Company has paid the settlement amount to ICICI Bank and UCO Bank.



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### SEGMENT-WISE PERFORMANCE:

The Business segment of the Company comprises of Engineering & Project Division, Special Steel Division and Electric Vehicle Division. The Segment wise performance of the Company for all the three divisions for the year ended on 31<sup>st</sup> March, 2017 is as under:

(Rs. In Crores)

Particulars	Engineering & Projects Division	Special Steel Division	Electric Vehicle Division
Revenue from operations	594.72	1423.39	24.83
Segment Profit / (Loss)	53.22	(76.69)	(30.54)
Capital employed	(123.57)	(1158.95)	44.18

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

#### Revenue from operations:

The total income from operations (Gross) of the Company for the financial year ended on 31<sup>st</sup> March, 2017 was Rs. 2162.54 Crores as compared to Rs. 1990.77 Crores of previous financial year.

#### Cost of Materials consumed including purchase of traded goods:

The cost of materials consumed including purchase of traded goods for the financial year ended on 31<sup>st</sup> March, 2017 was Rs. 1337.01 Crores as compared to Rs. 1248.01 Crores of previous financial year.

#### Depreciation and amortization:

Depreciation and amortization for the financial year ended on 31<sup>st</sup> March, 2017 is Rs. 144.10 Crores as compared to Rs. 143.06 Crores of the previous financial year.

#### Finance Costs:

Finance costs for the financial year ended on 31<sup>st</sup> March, 2017 is of Rs. 4.10 Crores as compared to Rs. 1.04 Crores of previous financial year.

Further, Loan accounts of the Company have been classified as Non-Performing Assets by the Bankers and some of the bankers has not charged interest on the said accounts and therefore provision for interest (other than upfront charges) has not been made in the books of accounts and to the extent loss and bankers loan liability has been understated. The extent of the exact amount is under determination and reconciliation with the banks, however as per the details available with the Company, the amount of un-provided interest, on approximate basis, on the said loans {other than the loans of ICICI Bank and loans which are assigned to Edelweiss Assets Reconstruction Company Limited (EARC), Invent Assets Securitisation & Reconstruction Private Limited (Invent)} is Rs. 801.76 Crores upto 31<sup>st</sup> March, 2017.

#### Profit Analysis:

Net Loss for the financial year ended on 31<sup>st</sup> March, 2017 is Rs. 58.11 as compared to Loss of Rs. 218.31 Crores of previous financial year.

### RISK AND CONCERNS:

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

At present, the Company is at risk with regards to winding up petitions and recovery proceedings, which may threaten the existence of your Company.

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

### INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Internal Control System is designed to prevent operational risks through a framework of internal controls and processes. The Company has in place adequate system of internal control and internal audit commensurate with its size and the nature of its operations. Our internal control system ensures that all business transactions are recorded in a timely manner, the financial records are complete, resources are utilized effectively and our assets are safeguarded. Internal Audit is conducted by experienced chartered accountants in close coordination

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

with company's Finance, Accounts and other departments of the Company. The findings of the Internal Audit team are discussed internally with the Executive Directors as well as in Audit Committee Meetings and their suggestion for improvement & strengthening is reviewed by the Audit Committee / Board.

### DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS:

Under Human Resource Development Strategy, announced before years, Electrotherm (India) Limited is simplifying its business model and global footprint, realigning its business divisions, reducing complexity, investing in technology and cutting costs.

The success of Human Resource Development Strategy will depend in part on our ability to retain, motivate, develop, and continue to attract employees with the skills and experience to help the challenges and make the most of opportunities. Investing in our employees remains of paramount importance.

The Human Resources Development Strategy provides transparency on the company's employee metrics and how we are translating our strategic priorities into action. It gives examples of what we achieved in 2016-17 in organizational culture; diversity and inclusion; talent and development; talent acquisition; compensation and benefits; managing change; and collaboration with our social partners.

Our employees are the most valuable assets of our company. We are sincerely grateful to all employees and their representatives for their close and constructive cooperation in 2016-17. We were able to achieve good progress against many strategic priorities despite our challenges. Continuing that partnership will be a key to implementing the significant changes announced under Human Resource Development Strategy. We have set up a scalable recruitment & Human Resources Management process. As on 31st March, 2017, there were 2122 permanent employees employed by the company.

### Following are some of the activities related to human resources / industrial relations during the financial year:

- Talent Development Programs
- Policy Enhancement
- Service delivery and business processes
- Reward & Recognition program
- Operation Excellence program
- New Joiner Orientation & Induction program
- Health & Safety initiatives
- Festival celebration
- Total Employee involvement activities

### CORPORATE SOCIAL RESPONSIBILITY

The management of the Company believes in the philosophy of beyond profit and engages in the CSR activities with an aim to Invest – To benefit generations, Educate – for self reliance & growth, Encourage – for self help, Care – for those who need its most and sustain natural resources. During the financial year, the Company has distributed stationeries, chocolates & breakfast packets to children, organized health check up camps, provided medical assistance in the villages nearby Palodia village and Samakhiyali village, constructed toilets under the Swach Bharat Abhiyan at villages: Ambaliyara, Chadvara, Laliyana, Samakhiyali and Vondh situated near by the Steel Plant of the Company and provided fodder to cows for Ambaliyara Gaushala. The employees of the Company also visits the nearby villages of the Plant for implementation of CSR activities.

### CAUTIONARY STATEMENT:

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

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

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

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

### 2. BOARD OF DIRECTORS:

The Board of Directors of the Company is having optimum combination of Executive and Non-Executive Directors. As on 31<sup>st</sup> March, 2017, the Board of Directors comprises six Directors, out of which three are Executive Directors and three are Non-Executive & Independent Directors.

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

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

➤ While calculating the number of Membership / Chairmanship in Committees of other Companies, Membership/Chairmanship of only Audit Committee and Stakeholders' Relationship Committee have been considered pursuant to the Listing Regulations. None of the Director is a member in more than ten committees or act as a Chairman of more than Five Committees across all companies in which he is a Director.

➤ None of the Directors are related to each other except Mr. Mukesh Bhandari and Mr. Shailesh Bhandari, who are Brothers.

\* Mr. Ram Singh, Independent Director resigned with effect from 14<sup>th</sup> April, 2017 and as such he ceased to be a Director of the Company

# Mr. Chaitanyapratap Sharma, Independent Director resigned with effect from 17<sup>th</sup> May, 2017 and as such he ceased to be a Director of the Company

#### ❖ Board Meetings:

In compliance with Regulation 17 of the Listing Regulations and as required under the Companies Act, 2013, the Board of Directors meets at least four times a year and the time gap between any two Board meetings was not more than 120 days. During the financial year ended on 31<sup>st</sup> March, 2017, 4 (Four) Board Meetings were held on 30<sup>th</sup> May, 2016, 11<sup>th</sup> August, 2016, 10<sup>th</sup> November, 2016 and 13<sup>th</sup> February, 2017.

**Attendances of Directors at the Board Meetings and at the Last Annual General Meeting held on 30<sup>th</sup> September, 2016 are as under:**

Name of Director	Total Board Meetings held	Attendance	
		Board Meetings	AGM held on 30 <sup>th</sup> September, 2016
Mr. Mukesh Bhandari	4	4	Yes
Mr. Shailesh Bhandari	4	2	Yes
Mr. Avinash Bhandari	4	4	Yes
Mr. Ram Singh	4	4	No
Mr. Chaitanyapratap Sharma	4	3	Yes
Ms. Kruti Shukla	4	4	No

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

## REPORT ON CORPORATE GOVERNANCE

### ❖ Board Evaluation

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

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

### ❖ Meeting of Independent Directors:

During the year under review, a separate meeting of the Independent Directors of the Company was held on 5<sup>th</sup> December, 2016 to review the performance of Non-Independent Directors, Chairman and the Board as a whole and to assess the flow of information between the company management and the Board of Directors. All the independent directors of the Company were present at the said meeting.

### ❖ Familiarisation Programme for Independent Directors:

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

## 3. COMMITTEES OF BOARD:

### A. Audit Committee:

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

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

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

The Audit Committee comprises of three directors as members and two thirds of the members of Audit Committee are independent directors. During the year 2016-17, the Audit Committee comprised of Mr. Ram Singh, an Independent Director as a Chairman and Mr. Chaitanyapratap Sharma & Mr. Avinash Bhandari as Members.

Mr. Ram Singh, Independent Director and Chairman of Audit Committee of the Company resigned with effect from 14<sup>th</sup> April, 2017. Mr. Chaitanyapratap Sharma, Independent Director and Member of the Audit Committee resigned with effect from 17<sup>th</sup> May, 2017.

The Board of Directors of the Company re-constituted Audit Committee. Now, the Audit Committee comprises of following Members.

1. Dr. Narayan Masand - Chairman
2. Mr. Avinash Bhandari - Member
3. Ms. Kruti Shukla - Member
4. Dr. Krishna Kant Shiromani - Member

The Company Secretary acts as the Secretary to the Committee.

#### (iii) Meetings and Attendance:

During the financial year ended on 31<sup>st</sup> March, 2017, four Meetings of the Audit Committee were held on 30<sup>th</sup> May, 2016, 11<sup>th</sup> August, 2016, 10<sup>th</sup> November, 2016 and 13<sup>th</sup> February, 2017. The time gap between any two meetings was not more than 120 days. The Chairman of the Audit Committee was present at the last Annual General Meeting.

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

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

### B. Nomination and Remuneration Committee:

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

## REPORT ON CORPORATE GOVERNANCE

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

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

### (ii) Composition of the Committee:

The Nomination and Remuneration Committee is in compliance with the provisions of Regulation 19 of the Listing Regulations and Section 178 of the Companies Act, 2013. Minutes of the Nomination and Remuneration Committee are circulated and discussed at the Board Meeting. During the year 2016-17, the Nomination and Remuneration Committee consisted of Mr. Ram Singh (Chairman) and Mr. Chaitanyapratap Sharma (Member) Non-Executive & Independent Directors and Mr. Mukesh Bhandari (Member), Executive Chairman of the Company of the Committee.

Mr. Ram Singh, Independent Director and Chairman of Nomination and Remuneration Committee of the Company resigned with effect from 14<sup>th</sup> April, 2017. Mr. Chaitanyapratap Sharma, Independent Director and Member of the Nomination and Remuneration Committee resigned with effect from 17<sup>th</sup> May, 2017.

The Board of Directors of the Company re-constituted Nomination and Remuneration Committee. Now, the Nomination and Remuneration Committee comprises of following Members.

- Dr. Narayan Masand - Chairman
- Mr. Mukesh Bhandari - Member
- Ms. Kruti Shukla - Member

### (iii) Meetings and attendance:

During the financial year ended on 31<sup>st</sup> March, 2017, one Meeting of the Nomination and Remuneration Committee was held on 11<sup>th</sup> August, 2016.

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

Name	Designation	Attendance
Mr. Ram Singh	Chairman	1
Mr. Chitanyapratap Sharma	Member	0
Mr. Mukesh Bhandari	Member	1

### (iv) Remuneration Policy:

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

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

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

#### (a) Director/ Managing Director

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

#### (b) Non-executive Independent Directors

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

## REPORT ON CORPORATE GOVERNANCE

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

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

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

The Shareholders of the Company at the 30<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> September 2016 approved the appointment of Mr. Mukesh Bhandari, Managing Director designated as Chairman, Mr. Shailesh Bhandari, Managing Director and Mr. Avinash Bhandari as a Joint Managing Director and CEO of the Company for a period of three years from 1<sup>st</sup> February, 2016 to 31<sup>st</sup> January, 2020 with monthly remuneration of Rs. 2,00,000/- each.

In view of pending approval of Central Government pursuant to the provisions of Section 197 of the Companies Act, 2013 read with Schedule V, the Company has not paid any remuneration to any of its directors viz. Chairman, Managing Director, Jt. Managing Director & CEO, during the financial year ended on 31<sup>st</sup> March, 2017.

The Company has not paid any sitting fees / remuneration to the Non-Executive & Independent Directors of the Company during the financial year. Non-Executive Directors of the Company does not hold any equity shares of the Company as on 31<sup>st</sup> March, 2017. During the year, there were no pecuniary relationships or transactions between the Company and its Non-Executive Directors.

### C. Stakeholders Relationship Committee :

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

During the year 2016-17, the Stakeholders Relationship Committee consisted of two Non-Executive & Independent Directors Mr. Ram Singh (Chairman) and Mr. Chaitanyapratap Sharma (Member) and one Executive Director Mr. Avinash Bhandari (Member).

Mr. Ram Singh, Independent Director and Chairman of Stakeholders Relationship Committee of the Company resigned with effect from 14<sup>th</sup> April, 2017. Mr. Chaitanyapratap Sharma, Independent Director and Member of the Stakeholders Relationship Committee resigned with effect from 17<sup>th</sup> May, 2017.

The Board of Directors of the Company re-constituted Stakeholders Relationship Committee. Now, the Stakeholders Relationship Committee comprises of following Members.

1. Ms. Kruti Shukla - Chairperson
2. Mr. Avinash Bhandari - Member
3. Dr. Narayan Masand - Member

Mr. Shailesh Bhandari, Managing Director was a Compliance Officer till 29<sup>th</sup> September, 2016. Thereafter, Mr. Fageshkumar R. Soni, Company Secretary was appointed as a Compliance Officer of the Company with effect from 30<sup>th</sup> September, 2016.

During the year under review, four meetings of the Stakeholders Relationship Committee were held on 30<sup>th</sup> May, 2016, 11<sup>th</sup> August, 2016, 5<sup>th</sup> December, 2016 and 1<sup>st</sup> March, 2017.

#### Details of Attendance at the Meetings of Stakeholders' Relationship Committee:

Name	Designation	Attendance
Mr. Ram Singh	Chairman	4
Mr. Chitanyapratap Sharma	Member	4
Mr. Avinash Bhandari	Member	3

#### Details of Shareholders Complaints received during the year 2016-17:

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

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



## REPORT ON CORPORATE GOVERNANCE

### SEBI Complaints Redress Systems (SCORES)

SEBI vide circular dated 3<sup>rd</sup> June, 2011 introduced the system of process of investors complaints in a centralised web based complaints redress system known as a 'SCORES'. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned Companies and online viewing by investors of action taken on the complaint and its current status etc. As per the Listing Regulations, the Company is registered on the SCORES platform for handling of investor complaints electronically.

### D. Other Committees

#### (i) Securities Allotment Committee

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

The Securities Allotment Committee was constituted with Mr. Shailesh Bhandari, Chairman and Mr. Avinash Bhandari and Mr. Ram Singh Members of the Committee. Mr. Ram Singh, Independent Director of the Company resigned with effect from 14<sup>th</sup> April, 2017. The Board of Directors of the Company, in their meeting held on 26<sup>th</sup> April, 2017, re-constituted Securities Allotment Committee. Mr. Shailesh Bhandari is a Chairman of the Committee and Mr. Avinash Bhandari and Ms. Kruti Shukla are Members of the Committee.

During the financial year ended on 31<sup>st</sup> March, 2017, one meeting of the Securities allotment Committee was held on 21<sup>st</sup> February, 2017.

#### (ii) Management Committee

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

The Management Committee was constituted with Mr. Shailesh Bhandari, Chairman and Mr. Avinash Bhandari and Mr. Ram Singh Members of the Committee. Mr. Ram Singh, Independent Director of the Company resigned with effect from 14<sup>th</sup> April, 2017. The Board of Directors of the Company, in their meeting held on 26<sup>th</sup> April, 2017, re-constituted the Management Committee.

At present, Mr. Shailesh Bhandari is the Chairman and Mr. Avinash Bhandari and Ms. Kruti Shukla are Members of the Management Committee.

During the financial year ended on 31<sup>st</sup> March, 2017, Eight Meetings of the Management Committee were held.

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

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

The CSR Committee comprised of Mr. Shailesh Bhandari as Chairman and Mr. Avinash Bhandari and Mr. Chaitanyapratap Sharma, Members of the CSR Committee.

Mr. Chaitanyapratap Sharma, Independent Director of the Company resigned with effect from 17<sup>th</sup> May, 2017. The Board of Directors of the Company, in their meeting held on 23<sup>rd</sup> May, 2017, re-constituted the Management Committee.

At present, Mr. Shailesh Bhandari is the Chairman and Mr. Avinash Bhandari and Ms. Kruti Shukla are Members of the CSR Committee.

During the financial year ended on 31<sup>st</sup> March, 2017, one meeting of the CSR Committee was held on 13<sup>th</sup> February, 2017.

## REPORT ON CORPORATE GOVERNANCE

### 4. GENERAL BODY MEETING:

#### (i) Annual General Meetings

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

AGM	Financial Year / Period	Venue	Date & Time	Special Resolutions Passed
30 <sup>th</sup>	2015-16	Ahmedabad Management Association (AMA), AITRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	30 <sup>th</sup> September, 2016 11.00 a.m.	<ul style="list-style-type: none"> <li>Re-appointment of Mr. Mukesh Bhandari as a Managing Director designated as a Chairman</li> <li>Re-appointment of Mr. Shailesh Bhandari as a Managing Director</li> <li>Re-appointment of Mr. Avinash Bhandari as a Joint Managing Director &amp; CEO</li> </ul>
29 <sup>th</sup>	2014-15	S-5, Ahmedabad Management Association, AITRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	30 <sup>th</sup> September, 2015 11.00 a.m.	<ul style="list-style-type: none"> <li>Alteration of Articles of Association of the Company</li> </ul>
28 <sup>th</sup>	2013-14	S-5, Ahmedabad Management Association, AITRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	30 <sup>th</sup> September, 2014 11.00 a.m.	<ul style="list-style-type: none"> <li>Reconfirming Authority to Board of Directors of the Company for borrowing limit up to Rs. 4000 Crores</li> <li>Re-appointment of Mr. Mukesh Bhandari as a Managing Director designated as a Chairman</li> <li>Re-appointment of Mr. Shailesh Bhandari as a Managing Director</li> <li>Re-appointment of Mr. Avinash Bhandari as a Joint Managing Director &amp; CEO</li> <li>Adoption of new set of Articles of Association</li> <li>Authority for Related Party Transactions under section 188 of Companies Act, 2013</li> </ul>

#### (ii) Extra Ordinary General Meetings

No Extra Ordinary General Meeting was held during the financial year ended on 31<sup>st</sup> March, 2017.

#### (iii) Special Resolution passed through Postal Ballot

During the financial year ended on 31<sup>st</sup> March, 2017, no resolution was passed through Postal Ballot.

#### (iv) Procedure of postal Ballot:

After receiving the approval of the Board of Directors, Notice of the Postal Ballot, text of the Resolution and Explanatory Statement, relevant documents, Postal Ballot Form and self-addressed postage pre-paid envelopes are sent to the shareholders to enable them to consider and vote for or against the proposal within a period of 30 days from the date of dispatch. E-voting facility is made available to all the shareholders and instructions for the same are specified under instructions for voting in the Postal Ballot Notice. E-mails are sent to shareholders whose e-mail ids are available with the depositories and the Company along with

## REPORT ON CORPORATE GOVERNANCE

Postal Ballot Notice and Postal Ballot Form. After the last day for receipt of ballots [physical/e-voting], the Scrutinizer, after due verification, submits the results to the Chairman. Thereafter, the Chairman declares the result of the Postal Ballot. The same was posted on the Company's website and submitted to the Stock Exchanges where the shares of the Company are listed. The result was published in the Financial Express (English and Gujarati) Newspapers.

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

### 5. DISCLOSURES:

#### (i) Related Party Transactions

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

The Policy on Related Party Transactions as approved by the Board of Directors is uploaded on the website of the Company viz. [www.electrotherm.com](http://www.electrotherm.com)

#### (ii) Code of Conduct

The Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management of the Company. In compliance with the Code, Directors and Senior Management of the Company have affirmed compliance with the Code for year ended on 31<sup>st</sup> March, 2017. The declaration of compliance of Code of Conduct by the Joint Managing Director & CEO is part of this Annual Report. The Code of Conduct is available on the website of the Company viz. [www.electrotherm.com](http://www.electrotherm.com).

#### (iii) Prohibition of Insider Trading

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

#### (iv) Details of Non-Compliance related to capital markets

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

#### (v) Whistle Blower Policy:

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

#### (vi) Compliance with mandatory and non-mandatory requirements

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

1. The Company has an Executive Chairman.
2. The quarterly/half yearly results are not sent to the shareholders. However, the same are published in the newspapers and are also posted on the Company' website.
3. The auditors have qualified the financial statement for the financial year 2016-2017. The Board has clarified/explained the same in Board's Report.
4. The internal Auditor regularly updates the Audit Committee.

#### (vii) Policy on "Material" Subsidiaries

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

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

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

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

## REPORT ON CORPORATE GOVERNANCE

### (ix) CEO and CFO Certification:

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

### 6. MEANS OF COMMUNICATION:

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

The Company has not made any presentations to the institutional investors or to the analysts during the financial year ended on 31<sup>st</sup> March, 2017.

### 7. General Shareholder Information:

Day, Date & Time of 31 <sup>st</sup> AGM	Tuesday, 5 <sup>th</sup> September, 2017 at 10.00 a.m.
Venue of AGM	Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015
Email for Investor Complaint	<a href="mailto:sec@electrotherm.com">sec@electrotherm.com</a>
Website	<a href="http://www.electrotherm.com">www.electrotherm.com</a>
Financial Year	1 <sup>st</sup> April, 2017 to 31 <sup>st</sup> March, 2018
Dividend Payment Date	Not Applicable, as the Board of Directors has not recommended dividend for the financial year ended on 31 <sup>st</sup> March, 2017.
ISIN with NSDL & CDSL	INE822G01016

#### Tentative Financial Calendar for 2017-2018 (from 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018):

Quarter ending on 30 <sup>th</sup> June, 2017	On or before 14 <sup>th</sup> September, 2017 *
Quarter ending on 30 <sup>th</sup> September, 2017	On or before 14 <sup>th</sup> December, 2017 *
Quarter ending on 31 <sup>st</sup> December, 2017	On or before 14 <sup>th</sup> February, 2018
Quarter ending on 31 <sup>st</sup> March, 2018	On or before 30 <sup>th</sup> May, 2018

\* Tentative dates are as per the SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 05, 2016 regarding implementation of Ind-AS by the Listed Entities.

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

Equity 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 2017-18 has been paid to both Stock Exchanges.

### B. Market Price Data:

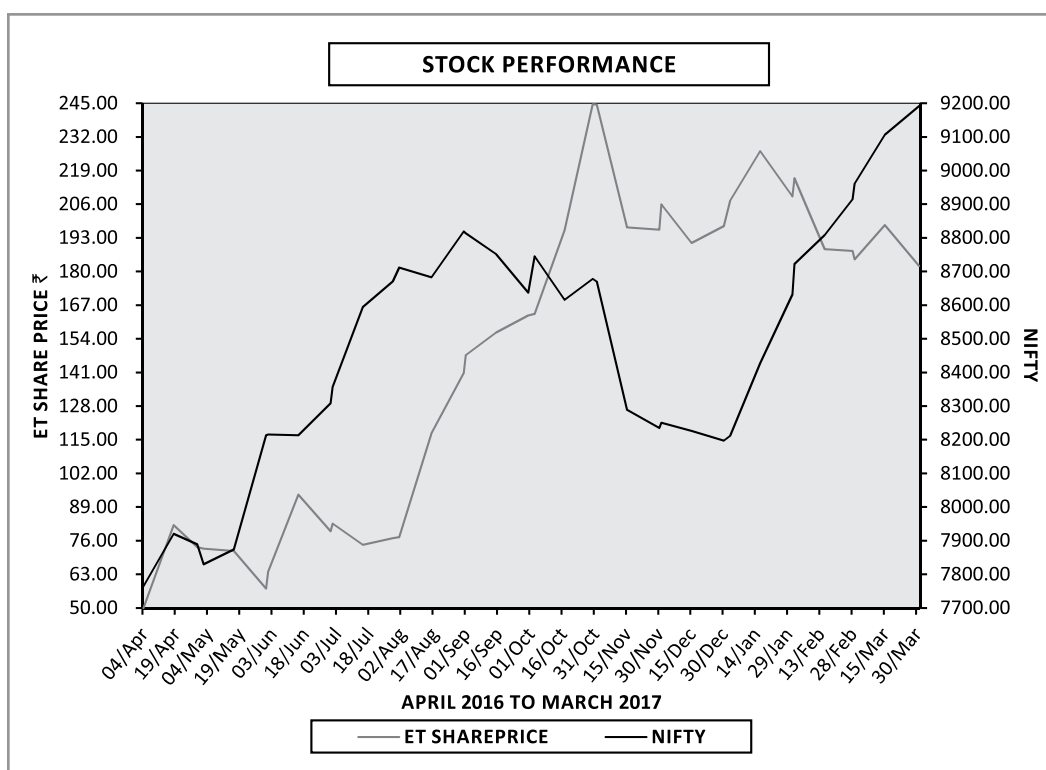
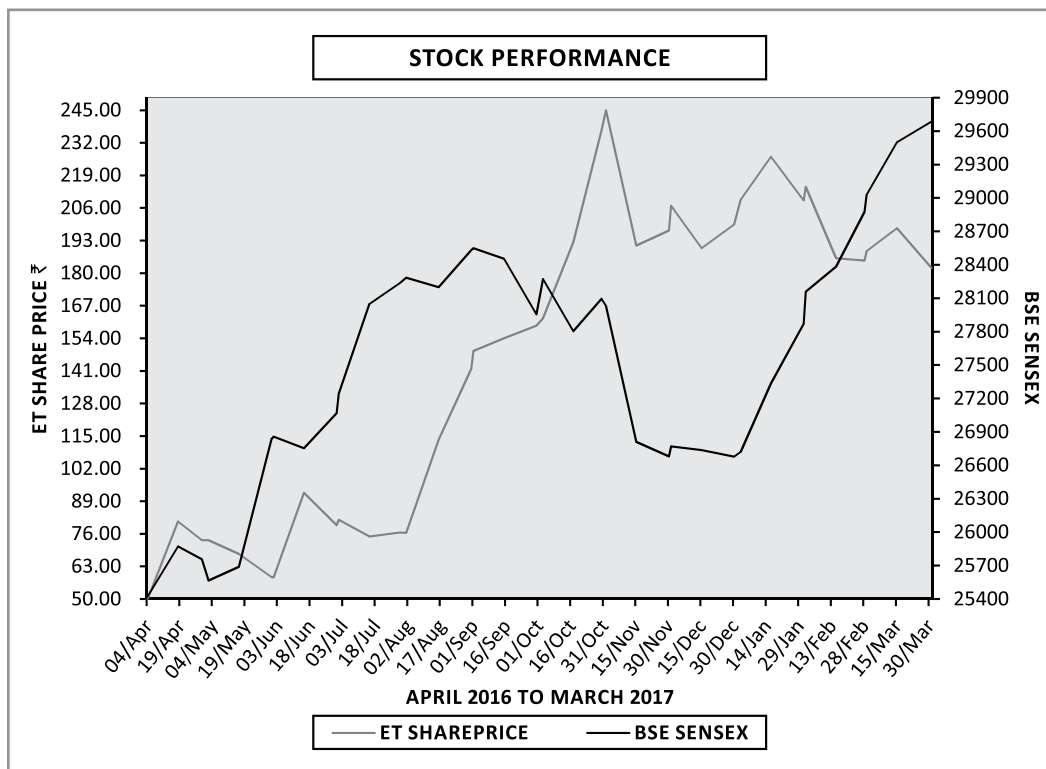
Market price data of equity shares of the Company having face value of Rs. 10/- on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) for the financial period 2016-2017 are given below:

Month	BSE – Share Price		BSE Monthly Volume	NSE – Share Price		NSE Monthly Volume
	High	Low		High	Low	
April, 2016	93.90	45.30	231265	93.85	46.05	486319
May, 2016	89.00	52.50	136752	89.55	52.25	315169
June, 2016	94.00	51.75	295109	93.75	52.20	861553
July, 2016	83.00	70.20	78487	82.85	70.55	202367
August, 2016	141.90	74.10	336284	140.70	73.80	360230
September, 2016	189.95	135.25	255472	188.35	134.05	332626
October, 2016	252.80	154.00	133415	254.00	151.00	269447
November, 2016	244.95	139.80	65584	244.40	139.75	158229
December, 2016	206.90	173.90	44415	205.90	172.95	112870
January, 2017	244.00	197.00	86125	248.00	199.15	222784
February, 2017	214.50	176.00	36596	216.00	168.20	164413
March, 2017	198.00	145.20	110072	197.90	145.75	251871

## REPORT ON CORPORATE GOVERNANCE

### C. Stock Performance:

Performances of share price of the Company in comparison to BSE Sensex and Nifty for the financial year 2016-2017 are as under:



## REPORT ON CORPORATE GOVERNANCE

### D. Registrar and Share Transfer Agent:

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

#### LINK INTIME INDIA PVT. LTD.

5<sup>th</sup> Floor, 506 to 508, Amarnath Business Centre-I, Beside Gala Business Centre, Nr. St. Xavier's College Corner, Off. C G Road, Navrangpura, Ahmedabad - 380 009.

Tel No. & Fax. No. : +91-79-2646 5179 Email : ahmedabad@linkintime.co. Website: www.linkintime.co.in

### E. Share Transfer System:

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

As per Regulation 40(9) of the Listing Regulations the Company has obtained the half yearly certificates from the Company Secretary in Practice for compliance of share transfer formalities and the same have been submitted to the Stock Exchanges. The Company has also obtained Quarterly Reconciliation of Share Capital Audit Report as per the Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 and submitted the same to the Stock Exchanges.

### F. Distribution of shareholding as on 31<sup>st</sup> March, 2017

Category	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% of Shares
1 - 500	5104	92.06	444420	3.49
501 - 1000	208	3.75	160971	1.26
1001 - 2000	91	1.64	134238	1.05
2001 - 3000	28	0.51	69354	0.54
3001 - 4000	16	0.29	55635	0.44
4001 - 5000	17	0.31	80846	0.63
5001 - 10000	21	0.38	146471	1.15
10001 & Above	59	1.06	11650879	91.43
<b>Total</b>	<b>5544</b>	<b>100.00</b>	<b>12742814</b>	<b>100.00</b>

### G. Categories of Shareholding as on 31<sup>st</sup> March, 2017

Sr. No.	Category	No. of Shares	% to Share Capital
<b>A.</b>	<b>PROMOTERS SHAREHOLDING</b>		
1.	Promoters and Promoters Group	37,68,075	29.57
<b>B.</b>	<b>PUBLIC SHAREHOLDING</b>		
2.	Mutual Funds / UTI	9,800	0.08
3.	FIs	3,20,360	2.51
4.	Banks/Financial Institutions	12,66,540	9.94
5.	Bodies Corporate	29,52,350	23.17
6.	NRIs	49,167	0.39
7.	Trusts	11,365	0.09
8.	Foreign Companies	20,00,000	15.70
9.	Clearing Members	1,73,578	1.36
9.	Indian Public & HUF	21,91,579	17.20
	<b>Total</b>	<b>1,27,42,814</b>	<b>100.00</b>



## REPORT ON CORPORATE GOVERNANCE

### H. Dematerialisation of Shares and Liquidity:

The Shares of the Company are under compulsory trading in demat form. The details of dematerialisation of shares as on 31<sup>st</sup> March, 2017 is as under:

Sr. No.	Particulars	No. of Shares	% of Paid up Capital
1.	Held in Physical form	21,16,532	16.61
2.	Held in Demat form	1,06,26,282	83.39
	<b>Total</b>	<b>1,27,42,814</b>	<b>100.00</b>

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

- (1) As on 31<sup>st</sup> March, 2017, the Company does not have any GDRs/ADRs/Warrants.
- (2) On 21<sup>st</sup> February, 2017, the Company has allotted 12,66,440 Equity Shares of Rs. 10/- each at a price of Rs. 225.75 per equity share (inclusive of premium amount of Rs. 215.75/- per equity share) on conversion of 2,85,89,883 Partially Convertible Partially Redeemable Preference Shares ("PCPRPS") to Edelweiss Asset Reconstruction Company Limited and the balance / fraction amount of Rs. 1170/- arising on conversion of PCPRPS was recorded as a loan by Edelweiss Asset Reconstruction Company Limited.

As on 31<sup>st</sup> March, 2017, there is no outstanding convertible instruments.

### J. Plant Locations:

Engineering & Projects Division : Survey No.: 72, Village: Palodia, Taluka: Kalol, Dist.: Gandhinagar 382 115, Gujarat  
 Special Steel, Electric Vehicle Division : Survey No. 325, Village Samkhiyali, Taluka : Bhachau, Dist. Kutch, Gujarat  
 Transmission Line Tower Division : Village : Juni Jithardi, Tal : Karjan, Dist : Vadodara, Gujarat

### K. Address for Correspondence:

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

#### **ELECTROTHERM (INDIA) LIMITED**

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

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

## DECLARATION OF CODE OF CONDUCT

I hereby confirm that the Company has obtained from all the Board Members and Senior Management Personnel, affirmation that they have complied with the Code of Conduct for the financial year ended on 31<sup>st</sup> March, 2017.

Date : 13<sup>th</sup> July, 2017  
 Place : Palodia

**Avinash Bhandari**  
 Jt. Managing Director & CEO

## REPORT ON CORPORATE GOVERNANCE

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

To  
The Board of Directors  
Electrotherm (India) Limited

In compliance with Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") read with Schedule II Part B of the Listing Regulations, we hereby certify the following for the financial year ended on 31<sup>st</sup> March, 2017:

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

Date : 13<sup>th</sup> July, 2017  
Place : Palodia

**Avinash Bhandari**  
Jt. Managing Director & CEO

**Pawan Gaur**  
Chief Financial Officer (CFO)

### COMPLIANCE CERTIFICATE OF CORPORATE GOVERNANCE

To,  
The Members of  
**ELECTROTHERM (INDIA) LIMITED**  
Ahmedabad

We have examined the compliance of conditions of Corporate Governance by Electrotherm (India) Limited ('the Company') for the year ended on 31<sup>st</sup> March, 2017 as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of certification.

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

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Listing Regulations.

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

For, **Bharat Prajapati & Co.**  
Company Secretaries

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

Place : Ahmedabad  
Date : 13<sup>th</sup> July, 2017

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **ELECTROTHERM (INDIA) LTD** ("the Company"), which comprises the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### Auditor's Responsibility

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

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

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

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

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

### Qualification

*We draw attention to Note No 2.29(d) of non- provision of interest of Rs .801.76 Crores on NPA accounts of banks. The exact amounts of the said non provisions are not determined and accounted for by the company.*

### Opinion

In our opinion and to the best of our information and according to the explanations given to us read with the notes to accounts, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017 and its loss and its cash flows for the year.

### Matter of Emphasis

1. *We draw attention to Note No. 2.27 of the accompanying Standalone Financial statements in respect of Winding up petitions and recovery cases against the company.*
2. *We draw attention to Note No. 2.29(a) and (b) of the accompanying Standalone Financial statements, in respect of non- provision of long disputed advances/claims/liability against the company, on account of the reasons for recovery/realization/settlement as stated in said notes,*

## INDEPENDENT AUDITOR'S REPORT

3. We draw attention to Note No. 2.30 of the accompanying Standalone Financial statements in respect of treatment in the accounts of the assignment / settlement of Debts of various Banks and the financial institution.
4. We draw attention to Note No. 2.38(b) of the accompanying Standalone Financial statements in respect of third party balance confirmations, its classification in respect of nature of realization of the amount and provision thereof.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable for the year under consideration.
2. As required by Section 143 (3) of the Act, we broadly report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to adequacy of the internal financial controls over the financial reporting of the company and the operating effectiveness of such controls refer to our separate report in **Annexure B**.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has disclosed the impact of pending litigations on its financial position in its Standalone financial statements- Refer Note No. 2.31 to the financial statements
    - (ii) There are no long term contracts including derivative contracts and accordingly no provision is required to be made for any loss from the same;
    - (iii) There is no fund which is pending to be transferred to the Investor Education and Protection Fund by the Company.
    - (iv) The company has provided requisite disclosure, as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company.

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

PLACE :- AHMEDABAD  
DATE :- 23<sup>rd</sup> May 2017

**PRAKASH D SHAH**  
PARTNER  
M.No. 34363

## ANNEXURE A TO THE AUDITOR'S REPORT

The Annexure "A" referred to in Independent Auditor's report to the members of Electrotherm (India) Limited on the standalone financial statements for the year ended on 31 March, 2017, we report that:

- i. (a) The Company has maintained records showing full particulars, including quantitative details and situation of fixed assets, however the company is in the process of updating the fixed assets register in certain respect.
- (b) As informed to us, the Company has a programme of physical verification of its fixed assets by which the fixed assets are verified by the Management at regular intervals. In accordance with this programme fixed assets of Steel Division were verified during the year and as informed to us, no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanation given to us the title deeds of immovable properties, as disclosed in Note 2.09 on fixed assets to the Standalone financial statements, are held in the name of the Company.
- ii. As informed to us, the physical verification of inventory has been conducted at reasonable intervals by the Management during the year. As informed to us, the discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.
- iii. The Company has granted unsecured loans to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
  - (a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's Interest.
  - (b) In respect of the aforesaid loans, the schedule of repayment of principal and Interest has not been stipulated. However, the repayments or receipts are regular.
  - (c) In respect of the aforesaid loans, there is no amount which is overdue for more than ninety days.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.
- v. The Company has not accepted any deposits from the public within the meaning of section 73,74,75 & 76 of the Act & Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues, as applicable, with the appropriate authorities.

There are no undisputed amounts payable in respect of above dues which were in arrears as at 31<sup>st</sup> March 2017 for a period of more than six months from the date they became payable.

**ANNEXURE A TO THE AUDITOR'S REPORT**

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

Name of the Statute	Nature of dues	Amount (in Crore Rupees)	Period to which the amount relates	Forum Where Dispute is pending
Central Excise Act, 1944	EXCISE DUTY	0.004	2005-2006	COMMISSIONER, CENTRAL EXCISE, GANDHIDHAM
	EXCISE DUTY	11.65	DEC-05 TO DEC-08	CESTAT, AHMEDABAD
	EXCISE DUTY	175	APR-05 TO MAR-10	CESTAT, AHMEDABAD
	EDUCATION CESS	0.17	JAN-11 TO MAR-11	CESTAT, AHMEDABAD
	EXCISEDUTY (ADVANCE LICENSE)	22.41	MAR-11 TO DEC-11	COMMISSIONER, CENTRAL EXCISE, GANDHIDHAM
	EXCISE DUTY	68.62	OCT-07 TO SEP-12	COMMISSIONER , CENTRAL EXCISE, GANDHIDHAM
	EXCISE DUTY	0.12	APR-08 TO JULY-11	CESTAT, AHMEDABAD
	EXCISE DUTY	0.69	12.04.2006 TO 31.12.2006	CESTAT, AHMEDABAD
	EXCISE DUTY	2.40	2008-09	CESTAT, AHMEDABAD
	EXCISE DUTY	57.38	APR-09 TO MAR-10	COMMISSIONER, CENTRAL EXCISE, GANDHIDHAM
<b>SUB TOTAL</b>		<b>338.44</b>		
Finance Act, 1994	SERVICE TAX	0.33	APR-09 TO AUG-10	CESTAT, AHMEDABAD
	SERVICE TAX	0.16	MAY-07 TO AUG-07	CESTAT, AHMEDABAD
	SERVICE TAX	1.84	APR-07 TO MAR-08	COMMISSIONER, CENTRAL EXCISE, GANDHIDHAM
<b>SUB TOTAL</b>		<b>2.33</b>		
Customs Act,1962	CVD	7.27	MAR-11 TO DEC-11	CESTAT, AHMEDABAD
	INTEREST	6.95	MAY-07 TO FEB-08	CESTAT, AHMEDABAD
	INTEREST	5.26	JAN-08 TO MAY-08	ADDITIONAL COMMISSIONER, MUNDRA
	CUSTOM DUTY	0.83	MAR-12 TO JAN-13	CESTAT, AHMEDABAD
	CUSTOM DUTY	0.02	APR-11	COMMISSIONER OF CUSTOMS (Preventive) Jamnagar
<b>SUB TOTAL</b>		<b>20.33</b>		
Gujarat VAT Act 2005	VAT	31.84	Financial Year (2009-10) &(2010-11)	Joint Commissioner Mumbai (Mazgeon)
	VAT	17.70	Financial Year(2010-11)	Joint Commissioner, Rajkot
Central Sales Tax Act,1956	CST	9.65	Financial Year(2010-11)	Joint Commissioner Rajkot
<b>SUB TOTAL</b>		<b>59.19</b>		



## ANNEXURE A TO THE AUDITOR'S REPORT

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

Name of Lender	Amount of Default as on 31/03/2017 (Rs in Crores)*			Default From
	Principal	Interest	Total	
Corporation Bank	116.73	Nil	116.73	April 2012
Standard Chartered Bank	12.32	Nil	12.32	December 2011
Central Bank of India	428.94	7.19	436.13	March 2012
Indian Overseas Bank	200.00	0.01	200.01	August 2011
Vijaya Bank	59.94	19.66	79.59	March 2012
Syndicate Bank	24.45	9.50	33.95	October 2011

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

- ix. The company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. Since the Company has not paid/ provided for managerial remuneration during the year the provisions of clause 3(xi) of the Order are not applicable to the Company.
- xii. In our opinion and according to the information and explanation given to us, the company is not a Nidhi company. Accordingly provisions of clause 3(xii) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanation given to us and on overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence provisions of clause 3(xiv) are not applicable to the company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly provisions of clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

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

**PRAKASH D SHAH**  
PARTNER  
M.No. 34363

PLACE :- AHMEDABAD  
DATE :- 23<sup>rd</sup> May 2017

## ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Annexure B Referred to in paragraph 2(f) of the Independent Auditor's Report of even date to the members of ELECTROTHERM (INDIA) LIMITED on the financial statements for the year ended March 31, 2017.

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

1. We have audited the internal financial controls over financial reporting of ELECTROTHERM (INDIA) LIMITED ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditors' Responsibility

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

#### Meaning of Internal Financial Controls Over Financial Reporting

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

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

#### Opinion

8. In our opinion, the Company has, in all material respects, except otherwise stated or reported to the company, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**PRAKASH D SHAH**  
PARTNER  
M.No. 34363

PLACE :- AHMEDABAD  
DATE :- 23<sup>rd</sup> May 2017

**Balance Sheet as at 31st March 2017**

Sr. No.	Particulars	Note No.	As at 31st March 2017 (Rs In Crore)	As at 31st March 2016 (Rs In Crore)
	<b>EQUITY AND LIABILITIES</b>			
	<b>Shareholders' funds</b>			
(a)	Share Capital	2.01	24.74	52.07
(b)	Reserves and Surplus	2.02	(1,248.57)	(1,254.81)
			<b>(1,223.83)</b>	<b>(1,202.74)</b>
	<b>Non - Current liabilities</b>			
(a)	Long Term Borrowings	2.03	1,830.63	1,682.02
(b)	Long Term Provisions	2.04	8.66	5.40
			<b>1,839.29</b>	<b>1,687.42</b>
	<b>Current liabilities</b>			
(a)	Short-term borrowings	2.05	204.44	267.65
(b)	Trade Payables	2.06	332.52	231.38
(c)	Other current liabilities	2.07	1,029.74	1,160.81
(d)	Short Term Provisions	2.08	8.21	8.33
			<b>1,574.91</b>	<b>1,668.17</b>
	<b>TOTAL</b>		<b>2,190.37</b>	<b>2,152.85</b>
	<b>ASSETS</b>			
	<b>Non-Current Assets</b>			
(a)	Fixed Assets			
	(i) Tangible Assets	2.09	1,025.04	1,148.99
	(ii) Intangible Assets	2.09	0.46	0.54
	(iii) Capital work-in-progress	2.09	20.34	11.22
(b)	Non-current Investments	2.10	48.69	48.71
(c)	Long-term loans and advances	2.11	31.33	29.97
(d)	Other Non-Current Assets	2.12	14.51	32.54
			<b>1,140.37</b>	<b>1,271.97</b>
	<b>Current Assets</b>			
(a)	Inventories	2.13	286.79	240.97
(b)	Trade Receivables	2.14	417.93	309.11
(c)	Cash and Bank Balances	2.15	46.63	68.08
(d)	Short-term loans and advances	2.16	296.49	260.89
(e)	Other Current assets	2.17	2.16	1.83
			<b>1,050.00</b>	<b>880.88</b>
	<b>TOTAL</b>		<b>2,190.37</b>	<b>2,152.85</b>

Significant Accounting Policies

1

Notes to Accounts

2

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

As per our report of even date attached

For &amp; on behalf of

**Mehta Lodha & Co.**

Firm Registration No: 106250W

Chartered Accountants

**PRAKASH D. SHAH**

M. NO. 34363

Partner

Place : Ahmedabad

Date : 23rd May 2017

For &amp; on behalf of the Board of Directors

**MUKESH BHANDARI**

Chairman &amp; Managing Director

(DIN NO : 00014511)

**FAGESHKUMAR R. SONI**

Company Secretary

**AVINASH BHANDARI**

Jt. Managing Director &amp; CEO

(DIN NO : 00058986)

**PAWAN GAUR**

Chief Financial Officer

**Statement of Profit and Loss for the Year ended on 31st March, 2017**

Sr. No.	Particulars	Note No.	For the year ended on 31st March 2017 (Rs In Crore)	For the year ended on 31st March 2016 (Rs In Crore)
			Current Year	Previous Year
	<b>Income</b>			
	Revenue from Operations (Gross)	2.18	2,162.54	1,990.77
	<b>Less: Excise Duty</b>		129.59	128.56
	Revenue from Operations		2,032.95	1,862.21
	Other Income	2.19	6.03	4.45
<b>A</b>	<b>Total Revenue</b>		<b>2,038.98</b>	<b>1,866.66</b>
	<b>Expenditure</b>			
	Cost of Raw Materials Consumed	2.20(a)	1,337.01	1,248.01
	Purchases of Stock in Trade	2.20(b)	7.96	1.67
	Changes in Inventories of Finished Goods and Work in Progress	2.21	(37.07)	37.11
	Employee Benefits Expense	2.22	121.28	103.41
	Finance Cost (Net)	2.23	4.10	1.04
	Depreciation and Amortization Expense	2.09	144.10	143.06
	Other Expenses	2.24	505.05	550.63
	Preliminary Expenses Written Off		0.04	0.04
<b>B</b>	<b>Total Expenses</b>		<b>2,082.47</b>	<b>2,084.97</b>
	<b>Profit/(Loss) before exceptional and extra ordinary items and tax (A-B)</b>		<b>(43.49)</b>	<b>(218.31)</b>
	Exceptional items & Extraordinary Items ( Refer Note no 2.30(I) )		(14.45)	-
	<b>Profit /(Loss) before Tax</b>		<b>(57.94)</b>	<b>(218.31)</b>
	Add/(Less) : Prior Period Adjustments	2.25	(0.17)	-
	<b>Profit /(Loss) for the Year</b>		<b>(58.11)</b>	<b>(218.31)</b>
	<b>Earnings per Equity Share (Nominal Value of Share Rs.10/- each)</b>	<b>2.40</b>		
	Basic (In Rs.)		(50.04)	(190.17)
	Diluted (In Rs.)		(50.04)	(178.23)

Significant Accounting Policies

1

Notes to Accounts

2

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

As per our report of even date attached

For &amp; on behalf of the Board of Directors

For &amp; on behalf of

**Mehta Lodha & Co.**

Firm Registration No: 106250W

Chartered Accountants

**PRAKASH D. SHAH**

M. NO. 34363

Partner

Place : Ahmedabad

Date : 23rd May 2017

**MUKESH BHANDARI**

Chairman &amp; Managing Director

(DIN NO : 00014511)

**FAGESHKUMAR R. SONI**

Company Secretary

**AVINASH BHANDARI**

Jt. Managing Director &amp; CEO

(DIN NO : 00058986)

**PAWAN GAUR**

Chief Financial Officer

## Cash Flow Statement for the Year ended on 31st March, 2017

(Rs in Crore)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
<b>A: CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) as per Statement of Profit and Loss	(58.11)	(218.31)
<b>Adjusted For:</b>		
Profit on Sale/Discard of assets (Net)	(0.13)	-
Profit on Sale of Units of Mutual Fund	(0.05)	(0.06)
Depreciation	144.10	143.06
Net Sundry Balances Written Off	4.09	37.91
Provision For Doubtful Trade Receivables & Advances	-	47.07
Investment Written Off	0.01	78.68
Interest Income	(5.03)	(3.49)
Prior Period Item	0.14	-
Finance Cost (Net)	4.10	1.04
<b>Operating profit before working capital changes</b>	<b>89.12</b>	<b>85.90</b>
<b>Adjusted For:</b>		
Trade Receivables	(110.60)	(60.17)
Inventories	(45.82)	33.47
Trade Payables	103.93	52.76
Loans and advances and other assets	(24.19)	(56.84)
Other liabilities and provisions	40.76	(23.91)
<b>Cash Generated from Operations</b>	<b>53.20</b>	<b>31.21</b>
Taxes Paid	(0.58)	(0.70)
<b>Net Cash Generated from Operating activities</b>	<b>52.62</b>	<b>30.51</b>
<b>B: CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets / including capital Work in progress	(29.46)	(16.03)
Sales of Fixed Assets	0.26	-
Purchase of Units of Mutual fund	(6.07)	(5.00)
Redemption/Maturity of Bank Deposits ( Having original maturity of more than 3 months)	3.04	0.57
Sale of Units of Mutual fund	6.12	5.06
Interest Income	5.03	3.49
<b>Net Cash From Investing Activities</b>	<b>(21.08)</b>	<b>(11.91)</b>
<b>C: CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Long Term & Short Term Borrowings*	(45.85)	(25.16)
Finance Cost (Net)	(4.10)	(1.04)
<b>Net Cash From Financing Activities</b>	<b>(49.95)</b>	<b>(26.20)</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>	<b>(18.41)</b>	<b>(7.60)</b>
Opening Balance of Cash and Cash equivalents	28.96	36.56
<b>Closing Balance of Cash and cash equivalents</b>	<b>10.55</b>	<b>28.96</b>

The said statement is to be read alongwith the Notes to accounts

\* 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 : 23rd May 2017

For & on behalf of the Board of Directors

**MUKESH BHANDARI**

Chairman & Managing Director

(DIN NO : 00014511)

**FAGESHKUMAR R. SONI**

Company Secretary

**AVINASH BHANDARI**

Jt. Managing Director & CEO

(DIN NO : 00058986)

**PAWAN GAUR**

Chief Financial Officer

## 1.00 Significant Accounting Policies

### CORPORATE INFORMATION

Electrotherm (India) Limited (the Company) is a listed public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in the Manufacturing of Electronic furnaces and other capital equipments, Sponge and PIG Iron, Ferrous and Non-ferrous Billets/Bars/Ingots, Duct Iron Pipes, Battery operated vehicles 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 under the relevant provisions of Companies Act, 2013. The financial statements have been prepared under the historical cost convention (except for revalued assets which are stated at revalued amount) and on an accrual basis.

##### (B) USE OF ESTIMATES:

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

##### (C) REVENUE RECOGNITION:

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

##### (D) TANGIBLE ASSETS:

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

##### (E) INTANGIBLE ASSETS:

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

##### (F) DEPRECIATION/AMORTISATION

###### Tangible Assets

- The Company has provided depreciation on tangible assets on Straight-line method (SLM) over the useful life of the assets as defined in Schedule II of the Companies Act, 2013. The life has been decided by the management considering the type and nature of the assets as defined in Schedule II of the Companies Act, 2013.
- The company had a policy to amortize the amount of Lease hold land by equal installments during the last fifteen years of the residual lease period. However during the year management has decided to amortize the value of lease hold land and has amortized its value till date.

Accordingly, the amount of amortization up to 31<sup>st</sup> March 2016 has been shown under the head Prior Period Adjustments and that of current year as depreciation and amortization expense.

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

###### Intangible Assets

The intangible assets consist of Computer Software & Trademark and the same are amortized over their respective useful life which is stated as under:-

Name of Asset	No. of years
Computer Software	6
Trademark	5



## 1.00 Significant Accounting Policies

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

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

### (L) LEASES:

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

### (M) BORROWING COSTS:

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset till ready 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

## 1.00 Significant Accounting Policies

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 HEV Division on actuarial valuation method, whereas in case of Steel Division liability is provided on the basis of actuarial valuation.

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

### (Q) PROVISIONS AND CONTINGENT LIABILITIES:

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

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

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

### (R) SEGMENT REPORTING:

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

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

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

### (S) FINANCE COST:

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

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

### (T) CASH & CASH EQUIVALENTS

Cash and Cash Equivalents for the purpose of cash flow statement comprise of cash at bank and in hand and short term investments with an original maturity of three months or less.

### (U) EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### (V) GENERAL

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

## 2.00 Notes to Accounts

### 2.01 Share Capital

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

Particular	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
<b>Authorised</b>		
2,50,00,000 Equity Shares of Rs.10/- each	25.00	25.00
2,50,00,000 6% Non-Cumulative Redeemable Preference Shares of Rs.10/- each	25.00	25.00
2,85,90,000 Partially Convertible Partially Redeemable Preference Shares of Rs. 10/- each	28.59	28.59
<b>Total</b>	<b>78.59</b>	<b>78.59</b>
<b>Issued, Subscribed &amp; Paid up</b>		
1,27,42,814 (Previous Year 1,14,76,374) Equity Shares of Rs.10/- each Fully paid up	12.74	11.48
1,20,00,000 (Previous Year 1,20,00,000) 6 % Non-Cumulative Redeemable Preference Shares Of Rs.10/- each Fully Paid Up, Redeemable At Par. (Out of the above Redeemable Preference Shares, 35,60,000 preference Shares are Redeemable by 11th March 2025, 44,40,000 by 1st April 2025 and 40,00,000 by 14th May 2025)	12.00	12.00
Nil ( Previous Year 2,85,90,000) Partially Convertible Partially Redeemable Preference Shares	- 24.74	28.59 52.07
<b>Total</b>	<b>24.74</b>	<b>52.07</b>

(b) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period.

Equity Shares	As at 31st March 2017 Numbers	As at 31st March 2016 Numbers
Shares outstanding at the beginning of the Year	1,14,76,374	1,14,76,374
Add : Shares Issued During the Year	12,66,440	-
Shares outstanding at the end of the Year	1,27,42,814	1,14,76,374
<b>6% Non-Cumulative Redeemable Preference Shares</b>	<b>As at 31st March 2017 Numbers</b>	<b>As at 31st March 2016 Numbers</b>
Shares outstanding at the beginning of the Year	1,20,00,000	1,20,00,000
Add : Shares Issued During the Year	-	-
Shares outstanding at the end of the Year	1,20,00,000	1,20,00,000
<b>Partially Convertible Partially Redeemable Preference Shares</b>	<b>As at 31st March 2017 Numbers</b>	<b>As at 31st March 2016 Numbers</b>
Shares outstanding at the beginning of the Year	2,85,90,000	2,85,90,000
Add : Shares Issued During the Year	-	-
Less : Shares Converted into Equity During the Year	2,85,90,000	-
Shares outstanding at the end of the Year	-	2,85,90,000

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

- The face value of the Equity shares is Rs 10/- per share . Each holder of equity share 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 of 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.

## 2.00 Notes to Accounts

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

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

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

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

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

**(g) Shareholders holding more than 5% shares in the Company**

**Equity Shares**

Sr. No.	Name of Shareholder	As at 31st March 2017		As at 31st March 2016	
		No. of Shares held	% of Holding	No. of Sharesheld	% of Holding
1	Edelwess Asset Reconstruction Company Ltd	12,66,440	9.94	-	-
2	Castleshine PTE Limited	10,00,000	7.85	10,00,000	8.71
3	Leadhaven PTE Limited	10,00,000	7.85	10,00,000	8.71
4	Western India Specialty Hospital Ltd.	9,75,000	7.65	9,75,000	8.50
5	Mr. Shailesh Bhandari	8,48,275	6.66	8,48,275	7.39
6	Mr. Mukesh Bhandari	8,09,500	6.35	8,09,500	7.05
7	Jagdishkumar Amrutlal Akhani	6,92,249	5.43	8,06,435	7.03

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

Sr. No.	Name of Shareholder	As at 31st March 2017		As at 31st March 2016	
		No. of Shares held	% of Holding	No. of Sharesheld	% of Holding
1	Highland Finance and Investments Pvt. Ltd.	32,40,000	27.00	32,40,000	27.00
2	Web Businesses.com Global Ltd.	27,30,000	22.75	27,30,000	22.75
3	Lavish Packagers Ltd.	25,80,000	21.50	25,80,000	21.50
4	Froid Finance and Investments Pvt. Ltd.	12,00,000	10.00	12,00,000	10.00
5	Mr. Shailesh Bhandari	12,00,000	10.00	12,00,000	10.00
6	Ahmedabad Aviation And Aeronautics Ltd.	10,50,000	8.75	10,50,000	8.75

**Partially Convertible Partially Redeemable Preference Shares**

Sr. No.	Name of Shareholder	As at 31st March 2017		As at 31st March 2016	
		No. of Shares held	% of Holding	No. of Sharesheld	% of Holding
1	Edelweiss Asset Reconstruction Company Limited	-	-	2,85,90,000	100.00

- (h)** The Company has calls in arrears / unpaid calls of Rs. Nil (Previous Year Rs. Nil)

- (i) Details of Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash. (during 5 years immediately preceeding 31st March 2017)  
As per the terms and conditions of the settlement with Edelweiss Asset Reconstruction Company Limited ( EARC), the company has issued and allotted 2,85,90,000 partially convertible partially redeemable preference shares ( PCPRPS) to EARC on 22nd August 2015.

- (j) During the year company has allotted 12,66,440 equity shares of Rs. 10/- each at the price of Rs. 225.75 per equity share (Inclusive of premium amount of Rs. 215.75 per equity shares ). On conversion of 2,85,90,000 partially convertible partially redeemable preference shares ( PCPRPS) TO EARC & the balance / fraction amount of Rs. 1170 arising on conversion of PCPRPS was recorded as a loan by EARC

## 2.00 Notes to Accounts

### 2.02 Reserves and Surplus

Particulars	As at 31st March 2017 (Rs. In Crore)		As at 31st March 2016 (Rs. In Crore)	
<b>(A) Capital Reserve</b>				
As per Last Balance Sheet Date	14.07		14.07	
Add: Waiver of loan amount on settlement (Refer Note No 2.30(h))	37.03	51.10	-	14.07
<b>(B) Securites Premium Account</b>				
As per Last Balance Sheet Date	212.69		212.69	
Addition on Issue of Shares	27.32	240.01	-	212.69
<b>(C) General Reserve</b>				
As per Last Balance Sheet	316.84		320.07	
Less : Transferred for depreciation on Revaluation of Fixed Assets	(3.34)	313.50	(3.23)	316.84
<b>(D) Surplus/(Deficit) in Statement of Profit &amp; Loss</b>				
As per Last Balance Sheet Date	(1,798.41)		(1,583.33)	
Less: Transferred from Revaluation Reserve	3.34		3.23	
Add: Loss for the Year	(58.11)	(1,853.18)	(218.31)	(1,798.41)
<b>Total</b>		<b>(1,248.57)</b>		<b>(1,254.81)</b>

### 2.03 Long Term Borrowings

Particulars	As at 31st March 2017 (Rs. In Crore)		As at 31st March 2016 (Rs. In Crore)	
	Non- Current	Current	Non- Current	Current
<b>Secured</b>				
Term Loans from Banks				
- Rupee Term Loan-[Note No.(a) & Note No. 2.39 (c)]	37.05	690.07	-	798.22
<b>Loans from Asset Reconstruction Company</b>				
- Rupee Term Loan [Note No.(a) & Note No. 2.39 (c)]	1,661.21	192.64	1,682.02	120.39
<b>Term Loan from Financial Institutions</b>				
- Foreign Currency Term Loan-[Note No.(b)]	75.78	14.35	-	90.13
Hire Purchase Finance for Vehicles (Secured By Hypothecation of Specific Vehicles)	-	-	-	0.01
<b>Sub-Total</b>	<b>1,774.04</b>	<b>897.06</b>	<b>1,682.02</b>	<b>1,008.75</b>
<b>Unsecured Term Loan From Financial Institution</b>				
- Foreign Currency Term Loan	56.59	11.04	-	67.63
<b>Total</b>	<b>1,830.63</b>	<b>908.10</b>	<b>1,682.02</b>	<b>1,076.38</b>

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

## 2.00 Notes to Accounts

(c) Repayment Schedule as per original Sanction is as under:- (Rs. In Crore)

Particulars	0-1 Year	1-5 Year	5-10 Year
<b>Secured</b>			
<b>Term Loan From Banks</b>			
- Rupee Term Loan	690.07	29.64	7.41
<b>Loan From Asset Reconstruction Company</b>			
- Rupee Term Loan	192.64	761.80	899.41
<b>Term Loan from Financial Institutions</b>			
- Foreign Currency Loan	14.35	75.78	0.00
<b>Unsecured</b>			
<b>Term Loan from Financial Institutions</b>			
- Foreign Currency Loan	11.04	56.59	0.00

(d) Company has defaulted in repayment of borrowings from bank. Details of default are as follows : (Rs. In Crore)

Name of Bank	Principal	Interest	Total	Default From
Corporation Bank	62.00	-	62.00	April 2012
Central Bank Of India	428.94	7.19	436.13	March 2012
Indian overseas bank	100.00	-	100.00	August 2011
Vijaya Bank	59.94	19.66	79.60	March 2012
<b>Total</b>	<b>650.88</b>	<b>26.85</b>	<b>677.73</b>	

### 2.04 Long Term Provisions

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
Provision for Leave Encashment	3.35	2.08
Provision for Gratuity	5.31	3.32
<b>Total</b>	<b>8.66</b>	<b>5.40</b>

### 2.05 Short-Term Borrowings

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
<b>Secured Loan from Banks</b>		
Term Loan	0.02	0.02
Working Capital Facilities [Refer Note No.(a) & Note No. 2.29 (d)]	167.04	198.25
<b>Unsecured</b>		
<b>Loans and Advances repayable on demand from: -</b>		
Related Parties (Including Body Corporates)	1.92	1.94
Other Body Corporates	0.34	0.34
Directors	1.17	0.70
<b>Sub-total</b>	<b>170.49</b>	<b>201.25</b>
<b>Term Loan from Banks</b>		
- Rupee Term Loan	33.95	66.40
<b>Total</b>	<b>204.44</b>	<b>267.65</b>

(a) 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 stock 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, Samakhali- Kutch and Chhadawada -Bhachau. Further the loans are guaranteed by the personal guarantees of some of the Directors of the company.



## 2.00 Notes to Accounts

(b) Company has defaulted in repayment of borrowings from bank. Details of default are as follows : (Rs. In Crore)

Name of Bank	Principal	Interest	Total	Default From
Corporation Bank	54.73	-	54.73	April 2012
Standarad Chartered Bank	12.32	-	12.32	December 2011
Indian Overseas Bank	100.00	0.01	100.01	August 2011
Syndicate Bank	24.45	9.50	33.95	October 2011
<b>Total</b>	<b>191.50</b>	<b>9.51</b>	<b>201.01</b>	

### 2.06 Trade Payables

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
Micro, Small and Medium Enterprises [Refer Note No 2.30(m)]	0.62	0.49
Others [Refer Note No 2.38(b)]	331.86	230.89
Dues to Related Parties	0.04	-
<b>Total</b>	<b>332.52</b>	<b>231.38</b>

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

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
Supreme Metallurgical Services (P). Ltd.	0.49	0.49
Prima Automation Private Limited	0.13	-
<b>Total</b>	<b>0.62</b>	<b>0.49</b>

### 2.07 Other Current liabilities

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
Unclaimed Dividend#	0.02	0.03
Creditors for Capital expenditure	0.05	0.03
Advance from Customers [Refer Note No 2.38(b)]	98.63	67.14
Current Maturities of Long term borrowings [Refer Note No. 2.29 (d) & Note No. 2.39(a)]	908.10	1,076.38
Interest accrued and due	0.40	-
Others (including cheques overdrawn)	10.50	10.30
Statutory Liabilities		
Provident Fund & Other Contribution	0.91	0.83
Tax Deducted and Collected at Source	1.84	1.48
Value Added Tax and Central Sales Tax	0.02	0.79
Service Tax & Excise Duty Payable	1.37	-
Excise Duty Payable on Stock of Finished Goods & Stock In Transit	7.90	3.83
<b>Total</b>	<b>1,029.74</b>	<b>1,160.81</b>

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

## 2.00 Notes to Accounts

### 2.08 Short Term Provisions

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
Provision for Bonus	4.07	3.69
Provision for Leave Encashment	1.73	2.57
Provision for Gratuity	2.41	2.07
<b>Total</b>	<b>8.21</b>	<b>8.33</b>

### 2.09 Fixed Assets

Description	GROSS BLOCK				DEPRECIATION/AMORTISATION					NET BLOCK	
	As at 1.04.2016	Addition/ Adjustment	Deduction / Adjustment	As at 31.03.2017	As at 1.04.2016	Addition/ Adjustment	Other Adjustment	Deduction / Adjustment	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
<b>TANGIBLE ASSETS:</b>											
Freehold Land	149.47	0.54	-	150.01	-	-	-	-	-	150.01	149.47
Leasehold Land	1.10	-	-	1.10	-	0.01	0.14	-	0.15	0.95	1.10
Building	359.26	1.30	-	360.56	90.61	13.85	-	-	104.46	256.10	268.65
Plant and Machinery	1,606.90	14.34	2.46	1,618.78	886.21	127.15	-	2.34	1,011.02	607.76	720.69
Computer	13.53	1.83	-	15.36	11.01	1.06	-	-	12.07	3.29	2.52
Furnitures & Fixtures	8.16	0.39	-	8.55	5.30	0.82	-	-	6.12	2.43	2.86
Office Equipment	4.77	0.91	-	5.68	3.60	0.39	-	-	3.99	1.69	1.17
Vehicles	9.45	0.93	0.12	10.26	6.92	0.64	-	0.11	7.45	2.81	2.53
<b>Total(A)</b>	<b>2,152.64</b>	<b>20.24</b>	<b>2.58</b>	<b>2,170.30</b>	<b>1,003.65</b>	<b>143.92</b>	<b>0.14</b>	<b>2.45</b>	<b>1,145.26</b>	<b>1,025.04</b>	<b>1,148.99</b>
<b>INTANGIBLE ASSETS:</b>											
Software	4.33	0.08	-	4.41	3.79	0.18	-	-	3.97	0.44	0.54
Trademark	-	0.02	-	0.02	-	0.00	-	-	0.00	0.02	-
<b>Total(B)</b>	<b>4.33</b>	<b>0.10</b>	<b>-</b>	<b>4.43</b>	<b>3.79</b>	<b>0.18</b>	<b>-</b>	<b>-</b>	<b>3.97</b>	<b>0.46</b>	<b>0.54</b>
<b>Total(A+B)</b>	<b>2,156.97</b>	<b>20.34</b>	<b>2.58</b>	<b>2,174.73</b>	<b>1,007.44</b>	<b>144.10</b>	<b>0.14</b>	<b>2.45</b>	<b>1,149.23</b>	<b>1,025.50</b>	<b>1,149.53</b>
<b>Previous Year</b>	<b>2,141.72</b>	<b>15.25</b>	<b>-</b>	<b>2,156.97</b>	<b>864.38</b>	<b>143.06</b>	<b>-</b>	<b>-</b>	<b>1,007.44</b>	<b>1,149.53</b>	<b>1,277.33</b>
Capital Work in Progress	-	-	-	-	-	-	-	-	-	20.34	11.22

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 Rs. 248.20 Crore was transferred to Revaluation Reserve Account. Accordingly, the depreciation for the Current Year includes depreciation of Rs. 3.34 Crore (Previous Year Rs. 3.23 Crore) on account of the said revaluation and which has been charged to Statement of Profit & Loss.

## 2.00 Notes to Accounts

### 2.10 Non Current Investments

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
<b>Other Investments</b>		
<b>(A) Investment in Mutual Funds(Quoted)</b>		
1 NIL (Previous Year 64,288.778) Units of Rs. 10 each of Punjab National Bank Mutual Fund (NAV of Rs.Nil (Previous Year Rs. 0.418 Crore)	-	0.06
2 23,299.564 (Previous Year NIL) Units of Rs. 10 each of PNB PRINCIPAL EMERGING BLUE CHIP (NAV of Rs 0.22 Crore (Previous Year Rs. Nil)	0.07	-
<b>(B) Investment in Equity Instruments (UnQuoted) :</b>		
1 Nil (Previous Year 6,540) Shares of Rs. 25 each of Siddhi Co.Op Bank Ltd.	-	0.02
<b>(C) Investment In Subsidiary Companies (UnQuoted) :</b>		
1 90,45,127 (Previous Year 90,45,127) Equity Shares of Rs. 10 each of Bhaskarpara Coal Company Limited	9.05	9.05
2 7,24,400 (Previous Year 7,24,400) Equity Shares of Rs. 10 each of ET Elec-Trans Limited	0.72	0.72
3 38,00,000 (Previous Year 38,00,000) Shares of Rmb 1 each of Jinhua Indus Enterprise Limited	2.04	2.04
4 3,64,20,000 (Previous Year 3,64,20,000) Equity Shares of Rs. 10/- each of Hans Ispat Limited	36.46	36.46
5 3,50,000 (Previous Year 3,50,000) Equity Shares of Rs. 10/- each of Shree Hans Papers Limited	0.35	0.35
6 7,78,000 (Previous Year 7,78,000) Equity Shares of Rs. 100/- each At a Premium of Rs. 909/- of Shree Ram Electrocast Limited [Refer Note No. 2.30 (n)]	-	-
7 Nil (Previous Year 100) Shares of CFA 10,000 each of Electrotherm Mali Sarl [Refer Note No. 2.30 (n)]	-	0.01
<b>Total</b>	<b>48.69</b>	<b>48.71</b>

The Company does not hold any Trade Investment.

### 2.11 Long Term Loans & Advances

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
<b>Unsecured, considered good unless stated otherwise</b>		
Loans and Advances to subsidiary	4.18	4.18
Capital Advance	2.77	0.74
Sundry Deposits (Includes Bank Fixed Deposit of Rs. 10.76 Crore (Previous Year Rs. 8.91 Crore) given as EMD & Rs. 3.79 Crore as Margin Money.(Previous Year Rs 0.07 Crore)	24.38	25.05
<b>Total</b>	<b>31.33</b>	<b>29.97</b>

### 2.12 Other Non-Current Assets

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
(To the extent not written off or adjusted)		
Preliminary Expenses	0.13	0.17
Deferred Revenue Expenditure	-	0.18
Product Development Cost (Refer Note No. 2.30(d))	14.38	32.19
<b>Total</b>	<b>14.51</b>	<b>32.54</b>



## 2.00 Notes to Accounts

### 2.13 Inventories [Refer Note No. 2.30(i) & Note No.2.39(b)]

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
(As valued, verified & certified by the Management)		
a. Raw Material [including goods in transit of Rs. 2.72 Crore ] (Previous Year Rs. 3.36 Crore)	124.19	112.74
b. Work-In-Progress	51.94	51.46
c. Finished Goods	71.30	35.09
d. Trading Goods ( Including stock in transit of Rs. 0.38 Crore) ( Previous Year Rs. Nil)	0.38	-
e. Stores and Spares [including goods in transit of Rs.0.29 Crore] (Previous Year Rs. Nil)	38.98	41.68
<b>Total</b>	<b>286.79</b>	<b>240.97</b>

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

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
<b>Secured Considered Good</b>		
Over Six Months	43.13	3.55
Others	147.44	79.24
<b>Unsecured Considered Good</b>		
Over Six Months	51.30	54.00
Others	104.76	93.63
<b>Unsecured Considered Doubtful</b>		
Over Six Months	63.26	63.26
Less : Provision for doubtful debts	(63.26)	(63.26)
Due from Related Parties (Includes Rs. 14.69 Crore. (Previous Year Rs. 13.01 Crore) which is outstanding for more than six months)	15.27	13.77
Due from Subsidiaries (Includes Rs. 28.27 Crore. (Previous Year Rs. 12.34 Crore) which is outstanding for more than six months)	56.03	64.92
	<b>417.93</b>	<b>309.11</b>

### 2.15 Cash and Bank Balances

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
<b>Cash and Cash Equivalents</b>		
<b>a. Balances with Bank</b>		
- Current Account	10.13	28.23
- Unclaimed Dividend Account	0.02	0.03
b. Cash on hand (As certified by the Management)	0.40	0.70
<b>Sub-Total</b>	<b>10.55</b>	<b>28.96</b>
<b>Other Bank Balances</b>		
- Bank Deposits with original maturity of more than 3 months but less than 12 months	7.91	14.73
- Bank Deposits with original maturity of more than 12 months	28.17	24.39
<b>Sub-Total</b>	<b>36.08</b>	<b>39.12</b>
<b>Total</b>	<b>46.63</b>	<b>68.08</b>

## 2.00 Notes to Accounts

The details of the specified bank notes (SBN) held and transacted during the period from 8th November,2016 to 30th December,2016 is as under :

(Amount In Crore)

Particulars	Specified Bank notes (SBN)	Other Denomination Notes	Total
Closing Cash in Hand as on 08.11.2016	0.15	0.10	0.25
Add : Permitted Receipts	0.00	0.25	0.25
Less : Permitted Payments	0.00	0.25	0.25
Less : Amount Deposited in Bank	0.15	0.00	0.15
Closing Cash in Hand as on 30.12.2016	0.00	0.10	0.10

### 2.16 Short-Term Loans and Advances

Particulars	As at 31st March 2017 (Rs. In Crore)		As at 31st March 2016 (Rs. In Crore)	
(Unsecured, considered good unless stated otherwise)				
Advances Recoverable In Cash or Kind [Refer Note No 2.30(n)]	159.09		103.21	
Advance to Related Parties	-		0.03	
Advances to Staff	0.65		0.58	
Advance to Suppliers and Other Parties				
Considered Good	87.68		110.32	
Considered Doubtful	26.83		28.78	
Less : Provision for doubtful Advance	(26.83)		(28.78)	
Advances to Subsidiaries	13.57	260.99	11.62	225.76
Others				
Prepaid Expenses	2.21		1.45	
Loan to Employees	0.29		0.26	
Balance with Revenue Authorities [Refer Note No. 2.29 and 2.39(d)]	31.69		29.37	
Advance Income Tax	1.31	35.50	4.05	35.13
<b>Total</b>		<b>296.49</b>		<b>260.89</b>

### 2.17 Other Current Assets

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
Interest accrued but not due on deposit	2.16	1.83
<b>Total</b>	<b>2.16</b>	<b>1.83</b>

### 2.18 Revenue from Operations

Particulars	Current Year (Rs. In Crore)		Previous Year (Rs. In Crore)	
Sale of Products (Includes Export Incentives of Rs 2.17 Crore (Previous Year Rs 2.76 Crore)	2,157.88		1,987.59	
Less: Inter Division Sales	9.99	2,147.89	7.39	1,980.20
Service income	6.87		8.64	
Less : Inter Division Service	0.03	6.84	0.04	8.60
Power Generation Income	-			0.25
Trading Sales		7.81		1.72
<b>Total</b>		<b>2,162.54</b>		<b>1,990.77</b>



## 2.00 Notes to Accounts

### (a) Sale of Product

Particular	Current Year (Rs. In Crore)	Previous Year (Rs. In Crore)
Electronic Furnaces & Other Capital Equipment	494.62	309.83
Ferrous and Non-Ferrous Billets /Bars/Ingots and Others	830.05	822.94
Duct Iron Pipes	666.41	655.06
Battery Operated Vehicles	24.20	12.27
Sponge & Pig Iron	14.27	55.66
Spares / Up Gradation Income & Misc. Sale	118.34	124.44
<b>Total</b>	<b>2,147.89</b>	<b>1,980.20</b>

### (b) Trading Sales

Particular	Current Year (Rs. In Crore)	Previous Year (Rs. In Crore)
S.S.Flats/ S.S Billets & T.M.T Bars	7.81	1.72
<b>Total</b>	<b>7.81</b>	<b>1.72</b>

### (c)

Particular	Current Year (Rs. In Crore)	Previous Year (Rs. In Crore)
F.O.B value of Export Sales	129.92	138.20

## 2.19 Other Income

Particular	Current Year (Rs. In Crore)	Previous Year (Rs. In Crore)
Interest Income from Bank Fixed Deposits & Others	5.03	3.49
Rent Income	0.01	0.01
Profit on Sale of Asset (Net)	0.13	-
Profit on Sale of Units of Mutual Fund	0.05	0.06
Miscellaneous Income	0.81	0.89
<b>Total</b>	<b>6.03</b>	<b>4.45</b>

## 2.20 (a) Cost of Raw Material Consumed

Particular	Current Year (Rs. In Crore)	Previous Year (Rs. In Crore)
Opening Stock	112.74	120.61
Add: Purchases of Raw Material	1,348.46	1,240.14
<b>Total</b>	<b>1,461.20</b>	<b>1,360.75</b>
Less: Closing Stock	124.19	112.74
<b>Cost of Raw Material Consumed</b>	<b>1,337.01</b>	<b>1,248.01</b>

### (i) Details of Raw Material Consumed

Particular	Current Year (Rs. In Crore)	Previous Year (Rs. In Crore)
M.S. Scrap/S.S. Scrap	135.78	173.66
Iron Ore/ Pelletes/Lam Coke/ Sinter/ Limestone	507.28	422.76
Copper and Engineering Items	366.92	288.03
Other Materials	327.03	363.56
<b>Total</b>	<b>1,337.01</b>	<b>1,248.01</b>



## 2.00 Notes to Accounts

### (ii) Composition of Raw Materials Consumed.

Particulars	Current Year		Previous Year	
	%	(Rs. In Crore)	%	(Rs. In Crore)
Imported (including high seas purchase)	19.85	265.44	22.11	275.97
Indigenous	80.15	1,071.57	77.89	972.04
<b>Total</b>	<b>100.00</b>	<b>1,337.01</b>	<b>100.00</b>	<b>1,248.01</b>

### (iii) Details of Closing Stock of Raw Materials.

Particular	Current Year (Rs. In Crore)	Previous Year (Rs. In Crore)
M.S. Scrap/S.S. Scrap/Sponge	6.32	7.22
Iron Ore/ Pelletes/Lam Coke/ Sinter/ Limestone	14.29	9.51
Copper and Engineering Items	73.52	70.24
Others	30.06	25.77
<b>Total</b>	<b>124.19</b>	<b>112.74</b>

### (iv) Value Of Imports Calculated On CIF Basis:

Particular	Current Year (Rs. In Crore)	Previous Year (Rs. In Crore)
Raw Materials (including high seas purchase)	246.31	315.52
Stores	33.66	32.21
<b>Total</b>	<b>279.97</b>	<b>347.73</b>

## 2.20 (b) Purchase of Stock in Trade

Particular	Current Year (Rs. In Crore)	Previous Year (Rs. In Crore)
Trading Purchase	7.96	1.67

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

Particular	Current Year (Rs. In Crore)	Previous Year (Rs. In Crore)
S.S.Flats/ S.S Billets & T.M.T Bars	7.96	1.67
<b>Total</b>	<b>7.96</b>	<b>1.67</b>

## 2.21 Changes in Inventories of Finished Goods and Work in Progress

Particulars	Current Year (Rs. In Crore)		Previous Year (Rs. In Crore)	
<b>Inventories (At Commencement)</b>				
- Work In Progress	51.46		73.18	
- Finished Goods	35.09	86.55	50.48	123.66
<b>Inventories (At end)</b>				
- Work In Progress	51.94		51.46	
- Stock In Trade	0.38		-	
- Finished Goods	71.30	123.62	35.09	86.55
<b>Total</b>		<b>(37.07)</b>		<b>37.11</b>



## 2.00 Notes to Accounts

### (a) Details of Work in Progress in Inventories

Particular	Current Year (Rs. In Crore)	Previous Year (Rs. In Crore)
M S Billets	4.97	5.86
Sponge Iron	0.36	3.32
Pipe	1.31	7.71
Electronic Furnaces & Other Capital Equipment's	42.21	32.27
Skull/Slag & Miscellaneous Items		
Others	3.09	2.30
<b>Total</b>	<b>51.94</b>	<b>51.46</b>

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

Particular	Current Year (Rs. In Crore)	Previous Year (Rs. In Crore)
Ferrous and Non-Ferrous Billets /Bars/Ingots	25.93	14.86
Duct Iron Pipes	44.82	19.63
Battery Operated Vehicles	0.55	0.60
<b>Total</b>	<b>71.30</b>	<b>35.09</b>

### (c) Details of Stock In Trade

Details of Finished Goods in Inventories	Current Year (Rs. In Crore)	Previous Year (Rs. In Crore)
S.S.Flats/ S.S Billets & T.M.T Bars	0.38	-

## 2.22 Employee Benefit Expenses

Particular	Current Year (Rs. In Crore)	Previous Year (Rs. In Crore)
Salaries, Wages and Allowances and Bonus	113.31	96.55
Contribution to Provident and other funds	5.53	4.83
Staff Welfare and amenities	2.44	2.03
<b>Total</b>	<b>121.28</b>	<b>103.41</b>

## 2.23 Finance Cost

Particular	Current Year (Rs. In Crore)	Previous Year (Rs. In Crore)
Interest Expenses on Bank and Other Loan	0.40	0.12
Other Borrowing Cost & Charges	5.32	3.73
LC interest recovered	(1.62)	(2.81)
<b>Total</b>	<b>4.10</b>	<b>1.04</b>

## 2.00 Notes to Accounts

### 2.24 Other Expenses

Particulars	Current Year (Rs. In Crore)	Previous Year (Rs. In Crore)
<b>Manufacturing Expenses</b>		
Power and Fuel	130.04	104.81
Stores and Spares	139.21	115.78
Job Charges	80.69	72.23
Machinery Repairs	0.96	0.85
Building Repairs	1.12	0.62
Other Repairs (Net off Inter division Service of Rs 0.03 Crore)(Previous Year Rs 0.04 Crore)	3.19	3.16
Water Charges	4.02	3.24
Excise duty (on account of Duty on Finished Good Stocks and Stock In Transit)	4.07	(1.78)
	363.30	298.91
<b>Establishment/ Administrative Expenses</b>		
Hire-Lease-Rent Charges	4.68	4.07
Rates & Taxes	1.78	0.62
Insurance Premium ( Net )	2.00	1.58
Postage Telegram & Telephone Expenses	1.70	1.78
Conveyance Expenses	1.00	0.87
Travelling Expenses	9.75	7.87
Printing and Stationery	0.88	0.89
Vehicle Expenses	1.03	1.12
Security Expenses	1.46	1.43
CSR Activity	0.63	0.12
Subscription & Membership	0.29	0.18
Net Sundry Balances Written Off	4.09	37.91
Provision For Doubtful Debtors and Advances	-	47.07
Investment Written Off	0.01	78.68
<b>Auditors' Remuneration:</b>		
- Audit Fees	0.20	0.20
- Tax Audit Fees	-	0.01
- Other Matters	0.03	0.03
Legal and Professional Charges	20.92	13.96
Miscellaneous Expenses	3.39	3.89
Research & Development Expenses	18.23	0.02
Foreign Exchange Fluctuation	(4.70)	12.51
Donation	0.21	0.11
	67.58	214.92
<b>Selling &amp; Distribution Expenses</b>		
Advertisement & Sales Promotion	23.23	16.39
Commission	24.09	12.19
Freight Outward and other Expenses (Net)	26.85	8.22
	74.17	36.80
<b>Total</b>	<b>505.05</b>	<b>550.63</b>

### 2.25 Prior Year Adjustment

Particular	Current Year (Rs. In Crore)	Previous Year (Rs. In Crore)
Amortisation of lease hold land	(0.14)	-
Interest cost	(0.03)	-
	<b>(0.17)</b>	-

## 2.00 Notes to Accounts

**2.26** The account under consideration is for the Financial year 2016-17 commencing from 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017 (Referred as "Current year") and the previous financial year commencing from 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016 (Referred as "Previous Year").

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

**(a) Winding Up Petitions:**

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

The winding up petition filed by UCO Bank was admitted on March 7, 2012, and subsequently, in the appeal filed by the Company, the Hon'ble Division bench vide order dated August 13, 2013, has granted stay against the said order. Further as per the terms of the settlement with UCO Bank, on payment of settlement amount, the parties have agreed to withdraw the said petition/appeal. As on 31<sup>st</sup> March 2017, the winding up petition and appeal are pending before Hon'ble Gujarat High Court.

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

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

(i) Syndicate Bank, Central Bank of India, Corporation Bank, Indian Overseas Bank and Vijaya Bank had filed Original Applications against the Company before the Debt Recovery Tribunal-1, Ahmedabad ("DRT") under section 19 of the Recovery of Debts due to Banks and Financial Institutions Act, 1993. The DRT has granted ad-interim injunction orders against transfer of certain properties. Syndicate Bank has filed an appeal before DRAT, Mumbai against the order of DRT for modification of ex-parte ad interim injunction order. The Company had filed its reply / interim application and the said matters are pending for further hearing before DRT / DRAT.

(ii) In view of settlement/consent terms with UCO Bank, the original application filed by UCO Bank has been disposed of by the Hon'ble DRT-1, Ahmedabad on 01.07.2016 and the matter is now pending before Recovery Officer. The appeal filed by the Company before DRAT, Mumbai against the order of DRT for rejection of the application of cross-examination is pending before DRAT, Mumbai. Further as per the terms of the settlement with UCO Bank, on payment of settlement amount, the parties have agreed to withdraw the said application/appeal.

(iii) Allahabad Bank has assigned the debt associated with the Company to Invent Assets Securitisation & Reconstruction Private Limited and Dena Bank has assigned the debt associated with the Company to Raytheon Asset Reconstruction Private Limited. Further, the Company has entered into a settlement with Union Bank of India.

However the original applications filed by Allahabad Bank, Dena Bank and Union Bank of India are pending before the DRT-I, Ahmedabad.

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

Syndicate Bank, UCO Bank, ICICI Bank Limited, 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 is contesting all the said cases and all the matters are pending for further hearing before the respective Hon'ble Metropolitan Magistrates, Ahmedabad.

In view of settlement, ICICI Bank Limited has withdrawn the criminal complaint under section 138 of Negotiable Instruments Act, 1881. As per the terms of the settlement with UCO Bank, on payment of settlement amount, UCO Bank has agreed to withdraw the criminal complaint filed under section 138 of Negotiable Instruments Act, 1881.

**(d) Wilful Defaulters:**

(i) Central Bank of India has declared the Company as a wilful defaulter and reported the name of Company and its directors to the Reserve Bank of India and Credit Information Bureau (India) Limited (CIBIL) as Wilful Defaulter.

(ii) UCO Bank has declared the Company and its guarantors as wilful defaulter. The action of declaring the company and its guarantors as a wilful defaulter by UCO Bank has been challenged in the Hon'ble Gujarat High Court and the said matter is pending for further hearing. Further as per the terms of the settlement with UCO Bank, on payment of settlement amount, UCO Bank has agreed to withdraw the wilful defaulter and the Company has agreed to withdraw the petition from Gujarat High Court.

(iii) Corporation Bank has declared the Company as a wilful defaulter and reported the name of Company and its directors to the Reserve Bank of India and Credit Information Bureau (India) Limited (CIBIL) as Wilful Defaulter. The Company has challenged the said action before the Hon'ble Gujarat High Court and the Hon'ble Gujarat High Court vide order dated 21.09.2016 quashed and set aside the action of the wilful defaulter.

(iv) Dena Bank has declared the Company as a wilful defaulter and reported the name of Company and its directors to the Reserve Bank of India and Credit Information Bureau (India) Limited (CIBIL) as Wilful Defaulter. The Company has challenged the said action before the Hon'ble Gujarat High Court and the said petition is pending for further hearing.

## 2.00 Notes to Accounts

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

Vijaya Bank had issued notices under section 13(2) of Chapter III of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act, 2002") for assets of Transmission Line Tower (TLT) Division of the Company situated at Village : Junilithardi, Tal : Karjan, Dist : Vadodara on 8/05/2012, 19/03/2015 and 04/11/2015. The company has filed its reply in respect of all the notices issued by the bank. Vijaya Bank has withdrawn its notice dated 19/03/2015.

Vijaya Bank vide possession notice dated 02.03.2017 taken the symbolic possession of the movable and immovable properties of TLT division of the Company. The Company has filed Securitisation Application before DRT-1, Ahmedabad against the said action of symbolic possession and the matter is pending before DRT-1, Ahmedabad for further hearing.

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

The company had filed Reference to Hon'ble BIFR Board (governed by the Sick Industrial Companies (Special Provisions) Act, 1985) on February 28, 2014, and the same has been registered on June 27, 2014, as Case No. 29/2014.

On November 25, 2016, the Central Government notified The Sick Industrial Companies (Special Provision) Repeal Act, 2003 ("SICA Repeal Act") and the Government has notified December 1, 2016, as the date on which provisions of the aforementioned Act has come in force. Hence, the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA") stands repealed resulting into dissolution of BIFR / AAIFR and the BIFR Reference and Miscellaneous Applications filed by company stands abated.

### 2.29 Non Provisions of Disputed Advances and Claims/Liability

- The Company has VAT tax liability (including interest) of Rs.35.84 Crore (Previous Year Rs. Rs.35.84 Crore) under Maharashtra Sales Tax Act (Rs. 9.25 Crore for the financial year 2009-10 and Rs.26.59 Crore for the financial year 2010-11) out of which the company had paid Rs. 4.00 Crore, under protest and the same has been shown as Loans and Advances. The company has filed an appeal against the said order before Appellate Authority. Provision for the impugned disputed tax liability of Rs. 35.84 Crore (Previous Year Rs.35.84 Crore) has not been made as the company is hopeful of matter being decided in its favor by the appellate authority.
- During the Previous Year, VAT/CST Assessment for the financial year 2010-11 was completed and assessing officer has determined the tax liability of Rs.20.95 Crore of VAT and Rs.11.15 Crore of CST. The company has made part payment of Rs. 3.25 Crore for VAT and Rs. 1.50 Crore for CST under protest and the same has been shown as Loans and Advances. Provision for the impugned disputed tax liability has not been made as the company is hopeful of matter being decided in its favor by the appellate authority. With regard to the payment of balance amount the company has been granted stay up to 13.07.2017.
- In view of the non-provision of the above items 2.29(a) and 2.29(b), the losses of the company are understated by Rs.67.94 Crore (Previous Year Rs.67.94 Crore) and to that extent advances are overstated or the respective liabilities are understated.
- Loan accounts of the company have been classified as Non- Performing Assets by the Bankers and some of the bankers has not charged interest on the said accounts and therefore provision for Interest (Other than upfront charges) has not been made in the books of accounts and to 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 unprovided interest, on approximate basis, on the said loans (Other than the loans of International Finance Corporation, Union Bank of India, UCO Bank, and loans which are assigned to Edelweiss Assets Reconstruction Company Limited (EARC), Invent Assets Securitisation & Reconstruction Private Limited (Invent) and Raytheon Asset Reconstruction Private Limited) is as under:-

(Rs. In Crore)

Particulars	Up to 31 <sup>st</sup> March 2016	Reduction on Debt assignment/ Settlement	From April 2016 to March 2017	Up to 31 <sup>st</sup> March 2017
Interest on Corporate Loan and working Capital Loan	683.08	(100.95)	219.63	801.76

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

The Hon'ble Supreme Court of India vide judgment dated 02.08.2016 disposed off the appeal with direction to hold the public consultation / public hearing. The public hearing was conducted on 25<sup>th</sup> October 2016 and the public present during the public hearing have supported the expansion in capacity of the project and in view of same, the Ministry of Environment and

## 2.00 Notes to Accounts

Forest vide letter dated 18<sup>th</sup> January 2017 has informed the Company that since there are no adverse comments regarding the expansion in the capacity of the project, the environment clearance dated 27<sup>th</sup> January 2010 hold good and shall be fully operational.

### 2.30 Additional Disclosures

- (a) Power and Fuel expenses are inclusive of duties and taxes of Rs. 12.45 Crore (Previous Year Rs. 12.40 Crore) paid towards power generation.
- (b) During the year, old non-recoverable amount of Rs. 7.27 Crore (Previous Year Rs. 47.50 Crore) and the unclaimed amount of Rs 3.18 Crore (Previous Year Rs. 9.59 Crore) have been written off/ back on account of non-realization and payment. Its' net balance of Rs. 4.09 Crore (Previous Year Rs. 37.91 Crore) has been charged to the Statement of Profit and loss.
- (c) During the FY 2013-14, VAT Assessment for the financial year 2009-10 was completed and the competent Authority has determined the tax liability of Rs. 5.94 crore and against this demand the company has filed an appeal before the Appellate Authority and the Appellate Authority has deleted the said demand and has determined refund of Rs.9.50 Crore vide order dated 29/05/2014 but till the end of the year, the said refund has not been received by the company and it will be accounted on its receipt.
- (d) Product Development Cost includes total Research and Development expenses of Rs. 14.38 Crore (Previous Year Rs. 32.19 Crore) incurred on development of CONTIFUR Project, which is still in progress and said expenses, would be written off in five years from the year of completion of the projects. The product hybrid bus and T-Cab were subject to research but due to some technical reason/ non-performance up to the expected level, the product could not be launched in market. Accordingly management has decided to abandon the project and during the year the company has written off the research cost of Rs. 17.81 Crore incurred on the said project.
- (e) The cost of material consumed includes freight, loading and unloading expenses, inspection fees, commission on purchase, taxes & duties (to the extent of credit not available), rate difference and interest cost on purchase of raw material and ancillary thereof (including reversal of any claims).
- (f) In view of heavy accumulated losses and uncertainty of its realization/ payment of taxes in near future, no provision for Deferred Tax Asset/liability has been made by the company.
- (g) Some of the creditors have filed cases of recovery against the company before the various Hon'ble Courts/Forums for Rs. 2.04 Crore (Previous Year Rs. 1.86 Crore). The said amounts are excluding interest.
- (h) Assignment /Settlement of Loans Taken Accounts and its Accounting Treatment
  - Bank of India, Bank of Baroda, State Bank of India, Canara Bank and State Bank of Travancore have assigned their debts to Edelweiss Asset Reconstruction Company Limited. The Company has entered into settlement agreement on 10th March 2015 for the repayment of the Debts of the said Banks to EARC. In terms of settlement agreement, if all the terms and conditions are fully complied by the company upto the March 2023, there will be reduction in debt, as per Books of accounts of the Company, by Rs.391.50 Crore. The amount of said debt reduction is after adjustment of FDRs of Rs. 12.45 Crore held by Bank of Baroda and the company is in process to recover the said amount and accordingly there is possibility of refinement in debt reduction.  
  
Further the amount of installments paid to Edelweiss Asset Reconstruction Company Limited, up to the balance sheet date are shown as part of short term loans and advances and to that extent the amount of current maturities of long term borrowings from Edelweiss Asset Reconstruction Company Limited and the amount of advance recoverable in cash or kind are overstated by Rs. 126.95 Crore (Previous Year Rs. 69.89 Crore).
  - Oriental Bank of Commerce, Punjab National Bank and Allahabad Bank have assigned their debts to Invent Assets Securitization and Reconstruction Pvt. Ltd. vide settlement agreement for the repayment of debts of the said banks to ARC. In terms of settlement, if all the terms and conditions are fully complied by the company, there would be a reduction in debt, as per books of accounts of the company by Rs. 325.01 Crore.  
  
Further the amount of installments paid to Invent Assets Securitization and Reconstruction Pvt. Ltd, up to the balance sheet date are shown as part of short term loans and advances and to that extent the amount of current maturities of long term borrowings from Invent Assets Securitization and Reconstruction Pvt. Ltd and the amount of advance recoverable in cash or kind are overstated by Rs. 5.89 Crore (Previous Year Rs. 0.37 Crore).
  - During the year, subject to some terms, the company agreed for repayment of debts of Union Bank of India and in pursuance to the same the company has made payment of Rs. 1.50 Crore and the said amount has been shown as part of short term loans and advances and to that extent the amount of current maturities of long term borrowings from Union Bank of India and the amount of advance recoverable in cash or kind are overstated by Rs. 1.50 Crore (Previous Year Rs. Nil)

## 2.00 Notes to Accounts

- The company was informed vide letter dated 7<sup>th</sup> April 2017 received from Dena Bank and letter dated 27<sup>th</sup> March 2017 of Raytheon Asset Reconstruction Private Limited, Dena Bank has assigned debt to Raytheon Asset Reconstruction Private Limited on 18<sup>th</sup> March 2017. However on account of non-finalization of repayment terms and condition the entire loan amount has been shown as long term borrowings from Asset Reconstruction Company.
- During the year, company has settled debts of UCO bank and the amount of interest paid of Rs. 20.89 Crore on the settlement has been shown as extraordinary item.
- During the year, the settlement amount of ICICI Bank, as per settlement agreement, has been fully paid by the company. After repayment of the settlement amount, there has been net reduction in debt amount by Rs. 43.47 Crore which has been accounted for as under:-

Particulars	Amount (in Crores)
Waiver of Principal amount Credited to Capital Reserve	37.03
Reduction in Interest shown netted off in extraordinary item	6.44

In view of settlement/consent terms with ICICI Bank, the original application filed by ICICI Bank Limited has been disposed of by the Hon'ble DRT-I, Ahmedabad on 08.07.2016.

- (i) During the year, in view of not realizability/ non-usability of stock of book value of Rs. Nil (Previous Year Rs. 2.88 Crore), the company has not considered the said stock for the purpose of the stock valuation and accordingly it has been written off.
- (j) The balances of Central Bank of India & Indian Overseas Bank are not being properly confirmed/ reconciled by the bank as these banks have treated the loan accounts as NPA Account. Similarly, International Financial Corporation has not issued loan balance confirmation certificate.
- (k) In view of the commercial prudence, during the year, the company has not restated the long outstanding export trade receivables and foreign currency loan at the rate prevailing as on 31st March 2017.
- (l) Break-up of extraordinary item:

Particulars	Amount (in Crores)
Waiver of Interest on account of settlement with ICICI Bank	6.44
Interest Paid to UCO Bank	(20.89)
<b>Total</b>	<b>(14.45)</b>

- (m) Dispute with Micro, Small & Medium Enterprise
  - (i) There is dispute with the Supreme Metallurgical Services (P) Ltd. (a Micro, Small and Medium Enterprise) in relation to material supplied by the said party and for which the said party has filed a case before the Hon'ble Madhya Pradesh Micro and Small Facilitation Council, Bhopal for the recovery of the principal amount and interest thereon. The Hon'ble Council has passed the order dated August 12, 2013 and has ordered the Company to pay Rs. 0.91 Crores (including interest upto July 31, 2013). The appeal filed by the Company before District Court, Bhopal under section 34 of Arbitration and Reconciliation Act, 1996 was not entertained by the Court in view of Section 19 of the Micro, Small and Medium Enterprises Development Act, 2006. Thereafter, Supreme Metallurgical Services (P) Ltd. has filed a Special Civil Application before Hon'ble Gujarat High Court for direction to District Collector, Gandhinagar, and the Mamlatdar, Kalol to proceed against the company pursuant to recovery certificate issued by the Collector, Dewas, Madhya Pradesh. The said matter is now pending before the Hon'ble Gujarat High Court.
  - (ii) There is dispute with Prima Automation (India) Private Limited (a Micro, Small and Medium Enterprise) in relation to material supplied by the said party and for which the said party has filed an application before Gujarat State Level Industry Facilitation Council ("SLIFC"), Industries Commissionerate, Gandhinagar for the recovery of the principal amount and interest thereon. The matter is pending before SLIFC.
  - (iii) In view of the dispute in relation to the claim amount, interest on the amount has not been provided.
- (n) The company holds an investment in Shree Ram Electrocast Limited, Electrotherm Mali SARL and Bhaskarpara Coal Company Limited (Subsidiaries of the Company). These Companies have incurred heavy losses and/or are non-operating and therefore the fate of said Companies is uncertain. Provision for the diminution in the value of investment in subsidiary companies namely Bhaskarpara Coal Company Limited has not been made as the Company treat this diminution as temporary in nature. However during the year company has written off Rs 0.01 Crore representing the value of investment in Electrotherm Mali SARL in the books of Electrotherm treating it as operating loss of the company. In the previous year 2015-16, Company has written off Rs. 78.68 Crores representing the value of its investment in Shree Ram Electrocast Limited. Electrotherm Mali SARL ceased to exist the subsidiary of the company 27<sup>th</sup> March 2017, as the company has been wound up.



## 2.00 Notes to Accounts

- (o) The Central Bureau of Investigation (CBI) has conducted certain proceedings, on the basis of the complaint filed by Central Bank of India with regard to the utilization of the loan disbursed by Central Bank of India. Central Bureau of Investigation has filed a charge sheet and a CBI special case number 27 of 2015 was registered against the company and its few Directors before the Hon'ble CBI Court, Ahmedabad on 6th October 2015 and now the matter is pending before Hon'ble CBI Court for hearing.

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

- (a) Claims against the Company not acknowledged as debts amounting to Rs. 0.70 Crore (Previous Year Rs. 0.70 Crore), are pending before various courts, authorities, arbitration, Consumer Dispute Redressal Forum etc. Further during the year, in respect of one pending arbitration matter, the Company has claimed an amount of Rs. 1.06 Crores and the counter claim of the respondent is Rs. 0.72 Crore.
- (b) Guarantees / Counter Guarantees (including un-utilized Letters of Credit) issued Rs. 30.21 Crore (Previous Year Rs. 26.96 Crore).
- (c) The company has used advanced license for import of certain raw material against which company was under an obligation to export certain pre-determined quantity of finished goods within specified time period. However, there was a shortage in the goods exported by the company against its export obligation. Accordingly, in the opinion of the management, the company may be liable to pay Rs. 5.02 Crore (including interest) (Previous Year Rs. 4.66 Crore) as import duty.
- (d) Disputed Statutory Claims/Levies for which the company has preferred appeal in respect,
- Excise Duty Liability of Rs 338.44 Crore (Previous Year Rs. 338.64 Crore),
  - Service Tax Liability of Rs. 2.33 Crore (Previous Year Rs. 2.00 Crore),
  - Custom Duty Liability of Rs. 20.33 Crore (Previous Year Rs 20.31 Crore),
  - Income Tax liability of Rs. Nil (Previous Year Rs. 31.55 Crore),
  - VAT and CST Liability of Rs. 59.19 Crore (Previous Year Rs. 59.19 Crore) and the total affiliated amount paid by the company against the said liability Rs Nil (Previous Year Rs. Nil) till 31<sup>st</sup> March 2017.

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

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

- (a) Earning in Foreign Exchange for Export of Goods & Services Rs. 93.35 Crore (Previous Year Rs. 93.07 Crore).
- (b) Expenditure in Foreign Currency for Import of Materials, Traveling & Others is Rs. 126.50 Crore (Previous Year Rs. 70.96 Crore)

### 2.33 DIRECTOR'S REMUNERATION:

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

- 2.34 Previous Year amount has been regrouped/re-casted/re-arranged/ re-classified/re-determined, wherever necessary, by the company on the basis of data available with the company, to make the figure of the current year with the Previous Year comparable. In some case Previous Year amount has not been stated, if there is Nil amount for the current year.

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

#### A. List of Related Parties

##### I) SUBSIDIARY COMPANIES

- Jinhua Indus Enterprises Limited
- Jinhua Jahari Enterprises Limited
- Bhaskarpara Coal Company Limited
- ET Elec-Trans Limited
- Hans Ispat Limited
- Shree Ram Electro Cast Limited
- Shree Hans Paper Limited
- Electrotherm Mali SARL\* (Ceased to be Subsidiary w.e.f 27<sup>th</sup> March 2017)

## 2.00 Notes to Accounts

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

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

### III) Key Management Personnel/Director of Companies

1. Mr. Mukesh Bhandari (Chairman)
2. Mr. Shailesh Bhandari (Managing Director)
3. Mr. Avinash Bhandari (Joint Managing Director & CEO)
4. Mr. Chaitanyapratap Sharma (Independent Director)
5. Ms. Kruti Shukla (Woman Director)
6. Mr. Pawan Gaur (Chief Financial Officer)

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

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



## 2.00 Notes to Accounts

(Rs. In Crore)

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

SR. NO.	Name	Sales (Incl.Store Spare & Others)		Purchase		Expenses/(Income)		Purchase (Sale) of Fixed Asset		Loan Received		Loan Given/ Repaid		RENT PAID		Salary		Closing Balance	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
(i)	Subsidiary Companies																		
1	Jinhua Indus Enterprises Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.53	1.42
2	Jinhua Jahari Enterprises Ltd.	-	-	15.49	14.09	-	-	-	-	-	-	-	-	-	-	-	-	1.11	0.96
3	ET Elec-Trans Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.51	0.51
4	Shree Ram Electro Cast Ltd	-	-	-	-	-	-	-	-	36.50	40.75	38.17	43.25	-	-	-	-	10.92	9.24
5	Hans Ispat Ltd	39.86	104.66	14.85	23.32	-	(0.00)	-	0.21	-	-	-	-	-	-	-	-	55.51	64.40
6	Shree Hans Papers Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.18	4.18
(ii)	Associates																		
1	ETAIN Renewables Limited	-	-	0.03	-	-	0.22	-	-	0.80	-	0.79	-	-	-	-	-	2.56	2.60
2	EIL Software Services Offshore Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.75)	(1.75)
3	Bhandari Charitable Trust	-	0.58	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.03	5.03
4	Electrotherm Solar Limited	-	-	0.01	-	-	0.01	-	-	0.02	-	0.28	1.07	-	-	-	-	6.01	5.32
5	ETAIN Electric Vehicles Limited	5.72	3.81	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.64	0.82
(ii)	KEY MANAGEMENT PERSONNEL :																		
1	Mr. Mukesh Bhandari (Chairman)	-	-	-	-	-	-	-	-	0.24	-	-	-	0.11	0.11	-	-	(0.88)	(0.64)
2	Mr. Shallesh Bhandari (Managing Director)	-	-	-	-	-	-	-	-	0.23	0.02	0.08	0.46	0.05	0.05	-	-	(0.32)	(0.13)
3	Mr. Avinash Bhandari (Jt. Managing Director & CEO)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Mr. Pawan Gaur (Chief Financial Officer)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.36	0.24	-	-
(iii)	RELATIVES OF KEY MANAGEMENT PERSONNEL : (With whom Transaction has been taken Place during the year)																		
1	Mrs. Indubala Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	0.06	0.06	-	-	-	-
2	Mrs. Jyoti Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	0.03	0.03	0.24	0.14	(0.15)	(0.17)
3	Mr. Rakesh Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.02)	(0.02)
4	Ms. Shivani Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05	0.05	-	-
5	Mr. Anurag Bhandari	-	-	-	-	-	0.02	-	-	-	-	-	-	-	-	-	-	-	0.03
6	Mrs. Panna Bhandari	-	-	-	-	-	0.07	-	-	-	-	-	-	-	-	0.05	0.05	-	-

## 2.00 Notes to Accounts

### 2.36 SEGMENT REPORTING UNDER ACCOUNTING STANDARD

#### (A) Business Segment

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

(Rs. In Crore)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
<b>SEGMENT REVENUE</b>		
Engineering & Projects Division	594.72	420.45
Special Steel Division	1,423.39	1,436.15
Electric Vehicle Division	24.83	13.00
Total Sales	2,042.94	1,869.61
Less : Inter segment Revenue	9.99	7.39
<b>Net Sale</b>	<b>2,032.95</b>	<b>1,862.21</b>
<b>SEGMENT PROFIT BEFORE TAX AND INTEREST</b>		
Engineering & Projects Division	53.22	(50.11)
Special Steel Division	(76.69)	(154.28)
Electric Vehicle Division	(30.54)	(12.88)
Profit/(Loss) Before Interest, Tax & Prior Period Adjustment	(54.01)	(217.27)
Less: FINANCIAL EXPENSES	4.10	1.04
Less : Provision for Tax (Including Deferred Tax)	-	-
<b>Net Profit/(Loss) After Tax</b>	<b>(58.11)</b>	<b>(218.31)</b>
<b>OTHER INFORMATION</b>		
<b>Segment Assets</b>		
Engineering & Projects Division	487.53	363.64
Special Steel Division	1,626.13	1,697.77
Electric Vehicle Division	62.20	58.89
<b>Total Segment Assets</b>	<b>2,175.86</b>	<b>2,120.30</b>
<b>Segment Liabilities</b>		
Engineering & Projects Division	611.10	538.38
Special Steel Division	2,785.08	2,805.48
Electric Vehicle Division	18.02	11.72
<b>Total Segment Liabilities</b>	<b>3,414.20</b>	<b>3,355.58</b>
<b>Segment Depreciation</b>		
Engineering & Projects Division	6.12	6.67
Special Steel Division	136.26	134.71
Electric Vehicle Division	1.72	1.68
<b>Total Depreciation</b>	<b>144.10</b>	<b>143.06</b>
<b>Other Non Cash Expenses</b>		
Engineering & Projects Division	5.86	7.61
Special Steel Division	(1.77)	156.01
Electric Vehicle Division	18.04	0.07
<b>Total</b>	<b>22.13</b>	<b>163.69</b>
<b>Segment Capital Expenditure</b>		
Engineering & Projects Division	1.93	2.70
Special Steel Division	29.08	14.88
Electric Vehicle Division	0.49	0.52
<b>Total Capital Expenditure (Net)</b>	<b>31.50</b>	<b>18.10</b>



## 2.00 Notes to Accounts

### (B) Geographical Segments

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

(Rs. in Crore)

Particulars	Segment Revenue		Segment Assets	
	Current Year	Previous Year	Current Year	Previous Year
India	1903.03	1724.01	2133.76	2120.40
Overseas	129.92	138.20	56.61	32.45
<b>Total</b>	<b>2032.95</b>	<b>1862.21</b>	<b>2190.37</b>	<b>2152.85</b>

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

#### A) Defined contribution plan

(Rs. in Crore)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Employer's Contribution to Provident Fund	2.99	2.65
Employer's Contribution to Pension Scheme	2.21	2.13

#### B) Defined Benefit Plan

(Rs. in Crore)

Particulars	Current Year			Previous Year		
	Gratuity Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Unfunded	Gratuity Funded	Leave Encashment Unfunded
<b>(a) Liability recognised in the Balance Sheet</b>						
i) Present Value of obligation at the beginning of the Period	3.40	6.39	4.65	2.79	4.91	3.82
Current Service Cost	0.60	0.70	0.76	0.60	0.55	0.54
Adjustment due to Valuation	0.00	0.00	0.00	0.00	0.00	0.00
Interest Cost	0.27	0.52	0.37	0.23	0.39	0.31
Actuarial (Gain)/Loss	0.11	1.11	1.44	(0.13)	1.30	0.81
Benefit Paid by Employer	0.00	0.00	0.00	0.00	(0.28)	0.00
Benefit Paid	(0.13)	(0.46)	(2.14)	(0.09)	(0.48)	(0.83)
<b>Present Value of obligation as at year end</b>	<b>4.25</b>	<b>8.27</b>	<b>5.08</b>	<b>3.40</b>	<b>6.39</b>	<b>4.65</b>
Less:						
ii) Fair Value of Plan Assets at the beginning of the Period	0.00	4.40	0.00	0.00	3.95	0.00
Expected return on Plan Assets	0.00	0.36	0.00	0.00	0.32	0.00
Actuarial gain/(loss)	0.00	(0.01)	0.00	0.00	0.00	0.00
Employers' Contribution	0.00	0.51	0.00	0.10	0.61	0.83
Benefit Paid	0.00	(0.46)	0.00	(0.09)	(0.48)	(0.83)
Fair Value of Plan Assets as at year end	0.00	4.80	0.00	0.00	4.40	0.00
Excess Provision for Leave Encashment						
<b>Amount recognised in the Balance Sheet or Paid to Fund Manager</b>	<b>4.25</b>	<b>3.47</b>	<b>5.08</b>	<b>3.40</b>	<b>1.99</b>	<b>4.65</b>

## 2.00 Notes to Accounts

Particulars	Current Year			Previous Year		
	Gratuity Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Unfunded	Gratuity Funded	Leave Encashment Unfunded
<b>b) Expenses during the year</b>						
Service Cost	0.60	0.70	0.76	0.60	0.55	0.54
Interest Cost	0.27	0.52	0.37	0.23	0.39	0.31
Expected Return on plan assets	0.00	(0.36)	0.00	0.00	(0.32)	0.00
Actuarial (Gain)/Loss	0.11	1.13	1.44	(0.13)	1.30	0.81
<b>Total</b>	<b>0.98</b>	<b>1.99</b>	<b>2.57</b>	<b>0.70</b>	<b>1.92</b>	<b>1.66</b>
<b>c) Actual Return on plan assets</b>					<b>0.00</b>	
<b>d) Principal actuarial assumptions</b>						
Rate of Discounting	7.57%	7.52%	7.52%	8.01%	8.07%	8.01%*
Expected Return on plan Assets	NA	7.52%	NA	NA	8.07%	NA
Rate of Increase in Salaries	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Attrition Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
* The Rate of Discounting for Leave Encashment Unfunded is taken as average of Divisions.						

The Employees' Gratuity Fund Scheme managed by a Trust (SBI Life Insurance Company Limited & Life Insurance Corporation of India) is a defined benefit plan. In assessing the Company's post retirement liabilities, the Company monitors mortality assumption and uses up-to-date mortality table. The base being the Indian Assured Lives Mortality (2006-08) ultimate tables. The obligation for leave encashment is recognised in the same manner as gratuity.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate return on assets due to change in the market scenario.

Amount for the current and previous four periods are as follows:

(Rs. in Crore)

Particulars	2016-17	2015-16	2014-15	31.03.2014 (6 Month Period Ended on)	30.09.2013 (12 Month)
Defined benefit Obligation	12.52	9.76	7.7	5.88	5.38
Plan Assets	4.80	4.40	3.95	3.86	3.13
Surplus / (Deficit)	7.73	5.39	3.75	2.02	2.25
Experience Adjustment on Plan Liabilities	0.51	1.23	0.10	0.11	-1.13
Experience Adjustment on Plan Assets	-0.01	0.00	-0.09	0.31	0.01

- 2.38** (a) In the opinion of the Management, the current assets, Trade Receivables, Loans & Advances are realizable at the values stated, if realized in the ordinary course of business and the provisions for all known Liabilities are adequate.
- (b) (i) The account of "Trade Receivables", "Borrowings", "Trade payables", "Advances from Customer", "Short Term Loans and Advances" and some Bank Balances are subject to confirmation/reconciliation and the same includes very old non-moving items and therefore the same are subject to necessary adjustments for accounting or re-grouping /classification.
- (ii) The amount of "Advance from Customers" includes, Rs.0.83 Crore (Previous Year Rs. 0.98 Crore) (net of receipts and payments) of the parties in the bank accounts of which names are not readily available with the company and which are to be accounted under the correct account head on receipt of accurate information from the Banker/parties.
- (iii) The amount of account of some of the same party under the Head "Advance from customers", "Trade Payable", "Advance to Suppliers and Others", "Trade Receivables" appearing under more than one head are shown on gross basis and same are not netted off as the amount is not significant.
- 2.39** (a) The amount of current maturity of Long Term Liability of Rs. 908.10 Crore (Previous Year Rs. 1076.38 Crore) shown under the head "Other Current Liabilities" has been determined on the basis of the data available with the company and on the assumption that it is payable within one year.

## 2.00 Notes to Accounts

- (b) The amount of inventory has been taken by the management on the basis of information available with the company and without conducting physical verification of the slow moving inventory. The slow moving inventories have been valued by the management on estimated net realizable value.
- (c) The classification/grouping of items of the accounts are made by the management, on the basis of the available data with the company.
- (d) Account of Service Tax Receivables, CENVAT Receivables, and Vat input credit Receivables is Subject to reconciliation, submission of its return for its claim and/or its assessment, if any.
- (e) The management is of the opinion that the uncompleted projects shown as Capital Work in Progress of Rs.10.45 Crore (Previous Year Rs. 10.45 Crore) requires some further investment to bring them into commercial use and the company desire to complete the project, therefore these are not treated as impaired assets.
- (f) In view of the non-recovery of the amounts or non-settlement of the accounts, the company has determined Rs 63.26 Crore as doubtful Trade Receivables and Rs. 26.83 Crore (Previous Year Rs. 28.78) as doubtful Advance to Suppliers and in view of business prudence the company has made provision for the same.
- (g) Estimated amount of the contracts remaining to be executed on capital account (Net off advances) and not provided for Rs 2.94 Crore (Previous Year Rs. Nil)
- (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:-

Particulars			Current Year	Previous Year
			2016-17	2015-16
i)	Profit/(Loss) as per Statement before extra-ordinary item	(In Crores)	(43.49)	(218.31)
ii)	Weighted average No. of Shares for EPS computation			
	a) For Basic EPS(Nos)	(In Crores)	1.1612	1.1476374
	b) For Diluted EPS(Nos)	(In Crores)	1.1612	1.2248452
	<b>Earnings Per Share (before extraordinary items)</b>			
	Earnings per Share(Basic)		(37.45)	(190.17)
	Earnings per Share(Diluted)		(37.45)	(178.23)
iii)	Profit/(Loss) as per Statement after extra-ordinary item	(In Crores)	(58.11)	(218.31)
	<b>Earnings Per Share (After extraordinary items)</b>			
	Earnings per Share(Basic)		(50.04)	(190.17)
	Earnings per Share(Diluted)		(50.04)	(178.23)
	Nominal Value of Shares		10	10

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

As per our report of even date attached

For & on behalf of

**Mehta Lodha & Co.**

Firm Registration No: 106250W

Chartered Accountants

**PRAKASH D. SHAH**

M. NO. 34363

Partner

Place : Ahmedabad

Date : 23rd May 2017

For & on behalf of the Board of Directors

**MUKESH BHANDARI**

Chairman & Managing Director

(DIN NO : 00014511)

**FAGESHKUMAR R. SONI**

Company Secretary

**AVINASH BHANDARI**

Jt. Managing Director & CEO

(DIN NO : 00058986)

**PAWAN GAUR**

Chief Financial Officer



## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

We have audited the accompanying consolidated financial statements of Electrotherm (India) Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (hereinafter the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

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

### Auditor's Responsibility

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

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

### Qualification

*We draw attention Note No 2.30(h) of non- provision of interest on NPA accounts of banks of Rs. 843.69Crore. The exact amounts of the said non-provisions are not determined and accounted.*

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2017, and their consolidated Loss and their consolidated cash flows for the year ended on that date.

### Other Matters

1. We did not audit the financial statements of Hans Ispat Limited, Shree Ram Electrocast Limited, Shree Hans Papers Limited, Bhaskarpara Coal Company Limited and ET Elec-Trans Limited (The subsidiary Company) included in the consolidated financial statements which constitute total assets of Rs. 175.20 Crore as at 31st March, 2017, Total revenue of Rs. 363.92 Crore, Net Loss of Rs 29.49 Crore and net cash outflows amounting to Rs. 19.07 Crore for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such auditors.
2. We have relied on the unaudited financial statements of Jinuha Indus Enterprises Limited, Jinuha Jahari Enterprises Limited and Electrotherm Mali (SARL) (The Subsidiary Company) wherein the group's share of profit aggregate Rs.6.18 Crore. These unaudited

## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

financial statements are as approved by the respective Board of Directors of these companies and our report in so far as it relates to the amounts included in respect to these subsidiaries is based solely on such approved unaudited financial statements.

### Matter of Emphasis

1. We draw attention to Note No. 2.28 of the accompanying Consolidated Financial statements in respect of Winding up petitions and recovery cases against the company.
2. We draw attention to Note No. 2.30 (a) to (e) of the accompanying Consolidated Financial statements, in respect of non- provision of long disputed advances/claims/liability against the company, on account of the reasons for recovery/realization/settlement as stated in said notes,
3. We draw attention to Note No. 2.31(h) of the accompanying Consolidated Financial statements in respect of treatment in the accounts of the assignment / settlement of Debts of various Banks and the financial institution.
4. We draw attention to Note No. 2.38(b) of the accompanying Consolidated Financial statements in respect of third party balance confirmations, its classification.
5. We draw attention that in a subsidiary company viz Hans Ispat Limited provisions of Employee Benefits have been made of estimate basis.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable and the information available with the Holding Company, that:
  - (a) We/ other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to adequacy of the internal financial controls over the financial reporting and the operating effectiveness of such controls refer to our separate report in Annexure A.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 2.32 to the consolidated financial statements
    - ii. The group did not have long term contracts including derivative contracts for which there were any material foreseeable losses, and
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.
    - iv. The company has provided requisite disclosures in its consolidated financial statements as to Holding as well as dealing in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December 2016 and these are in accordance with the books of accounts maintained by the company.

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

PLACE :- AHMEDABAD  
DATE :- 23<sup>rd</sup> May 2017

**PRAKASH D SHAH**  
PARTNER  
M.No. 34363

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Annexure A Referred to in paragraph 2(f) of the Independent Auditor's Report of even date to the members of ELECTROTHERM (INDIA) LIMITED on the consolidated financial statements for the year ended March 31, 2017.

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act" )

1. We have audited the internal financial controls over financial reporting of ELECTROTHERM (INDIA) LIMITED ("The Company") and its subsidiary companies incorporated in India as at March 31, 2017 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

3. Our responsibility is to express an opinion on the internal financial controls over financial reporting of the company and its subsidiary companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Notes and the standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of subsidiary companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary companies incorporated in India.

### Meaning of Internal Financial Controls Over Financial Reporting

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

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also,

## **ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion to the best of our information and according to the explanations given to us and based on consideration of the reports of the other auditors referred to Other Matters paragraph below, the company and its subsidiary companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

### **Other Matter**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to 5 subsidiary companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

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

**PRAKASH D SHAH**  
PARTNER  
M.No. 34363

PLACE :- AHMEDABAD  
DATE :- 23<sup>rd</sup> May 2017

**Consolidated Balance Sheet as at 31st March, 2017**

Sr. No.	Particulars	Note No.	As at 31st March 2017 (Rs In Crore)	As at 31st March 2016 (Rs In Crore)
	<b>EQUITY AND LIABILITIES</b>			
	Shareholders' funds			
(a)	Share Capital	2.01	24.74	52.07
(b)	Reserves and Surplus	2.02	(1,284.70)	(1,267.61)
	Share Application Money Pending For Allotment		2.49	2.49
	Minority Interest		6.11	6.10
			<b>(1,251.36)</b>	<b>(1,206.95)</b>
	<b>Non - Current liabilities</b>			
(a)	Long Term Borrowings	2.03	1,888.06	1,744.58
(b)	Other long- term liabilities	2.04	0.03	0.03
(c)	Long Term Provisions	2.05	9.33	6.16
			<b>1,897.42</b>	<b>1,750.77</b>
	<b>Current liabilities</b>			
(a)	Short-term borrowings	2.06	234.71	297.92
(b)	Trade Payables	2.07	366.80	261.49
(c)	Other current liabilities	2.08	1,062.72	1,188.38
(d)	Short Term Provisions	2.09	8.47	8.66
			<b>1,672.70</b>	<b>1,756.45</b>
	<b>TOTAL</b>		<b>2,318.76</b>	<b>2,300.27</b>
	<b>ASSETS</b>			
	<b>Non-Current Assets</b>			
(a)	Fixed Assets			
	(i) Tangible Assets	2.10	1,111.88	1,245.72
	(ii) Intangible Assets	2.10	75.16	75.24
	(iii) Capital work-in-progress		29.66	20.57
(b)	Non-current Investments	2.11	0.08	0.09
(c)	Long-term loans and advances	2.12	38.18	36.54
(d)	Other Non-Current Assets	2.13	15.67	34.76
			<b>1,270.63</b>	<b>1,412.92</b>
	<b>Current Assets</b>			
(a)	Current investments	2.14	0.10	1.60
(b)	Inventories	2.15	306.72	270.72
(c)	Trade Receivables	2.16	381.02	263.41
(d)	Cash and Bank Balances	2.17	56.67	81.46
(e)	Short-term loans and advances	2.18	299.65	266.33
(f)	Other Current assets	2.19	3.97	3.83
			<b>1,048.13</b>	<b>887.35</b>
	<b>TOTAL</b>		<b>2,318.76</b>	<b>2,300.27</b>

Significant Accounting Policies

1

Notes to Accounts

2

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

As per our report of even date attached

For &amp; on behalf of the Board of Directors

For &amp; on behalf of

**Mehta Lodha & Co.**

Firm Registration No: 106250W

Chartered Accountants

**PRAKASH D. SHAH**

M. NO. 34363

Partner

Place : Ahmedabad

Date : 23rd May 2017

**MUKESH BHANDARI**

Chairman &amp; Managing Director

(DIN NO : 00014511)

**FAGESHKUMAR R. SONI**

Company Secretary

**AVINASH BHANDARI**

Jt. Managing Director &amp; CEO

(DIN NO : 00058986)

**PAWAN GAUR**

Chief Financial Officer

**Consolidated Statement of Profit and Loss for the Year ended on 31st March, 2017**

Sr. No.	Particulars	Note No.	For the year ended on 31st March 2017 (Rs In Crore)	For the year ended on 31st March 2016 (Rs In Crore)
			Current Year	Previous Year
	<b>Income</b>			
	Revenue from Operations (Gross)	2.20	2,503.27	2,272.30
	Less: Excise Duty		174.62	171.61
	Revenue from Operations	2.21	2,328.65	2,100.69
	Other Income		13.93	8.11
<b>A</b>	<b>Total Revenue</b>		<b>2,342.58</b>	<b>2,108.80</b>
	<b>Expenditure</b>			
	Cost of Raw Materials Consumed	2.22(a)	1,560.01	1,370.33
	Purchases of Stock in Trade	2.22(b)	7.96	21.14
	Changes in Inventories of Finished Goods and Work in Progress	2.23	(32.77)	60.88
	Employee Benefits Expense	2.24	129.59	111.79
	Finance Cost (Net)	2.25	4.39	1.44
	Depreciation and Amortization Expense	2.10	154.13	154.41
	Other Expenses	2.26	585.39	568.23
	Preliminary Expenses Written Off		0.44	0.44
<b>B</b>	<b>Total Expenses</b>		<b>2,409.14</b>	<b>2,288.66</b>
	<b>Profit/(Loss) before exceptional and extra ordinary items and tax (A-B)</b>		<b>(66.56)</b>	<b>(179.86)</b>
	Exceptional Items & Extraordinary Items		(14.48)	-
	<b>Profit /(Loss) before Tax</b>		<b>(81.04)</b>	<b>(179.86)</b>
	<b>Tax Expenses</b>			
	Current Tax		(0.04)	(0.01)
	Deferred Tax		-	-
	<b>Profit/(loss) (before adjustment of Minority Interest)</b>		<b>(81.08)</b>	<b>(179.87)</b>
	Less:- Share of Loss transferred to Minority Interest		(0.01)	0.01
	<b>Profit/(Loss) for the Year</b>		<b>(81.09)</b>	<b>(179.86)</b>
	Add/(Less) : Prior Period Adjustments	2.25	(0.35)	-
	<b>Profit /(Loss) for the Year</b>		<b>(81.44)</b>	<b>(179.86)</b>
	Earnings per Equity Share (Nominal Value of Share Rs.10/- each)	2.40	(70.13)	(156.68)
	Diluted (In Rs.)		(70.13)	(146.84)

Significant Accounting Policies

1

Notes to Accounts

2

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

As per our report of even date attached

For &amp; on behalf of

**Mehta Lodha & Co.**

Firm Registration No: 106250W

Chartered Accountants

**PRAKASH D. SHAH**

M. NO. 34363

Partner

Place : Ahmedabad

Date : 23rd May 2017

For &amp; on behalf of the Board of Directors

**MUKESH BHANDARI**

Chairman &amp; Managing Director

(DIN NO : 00014511)

**FAGESHKUMAR R. SONI**

Company Secretary

**AVINASH BHANDARI**

Jt. Managing Director &amp; CEO

(DIN NO : 00058986)

**PAWAN GAUR**

Chief Financial Officer

## Consolidated Cash Flow Statement for the Year ended on 31st March, 2017

(Rs in Crore)

Particulars	CURRENT YEAR	PREVIOUS YEAR
<b>A: CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) as per Statement of Profit and Loss	(81.08)	(179.87)
Adjusted For:		
Profit on Sale/Discard of assets (Net)	(0.13)	-
Depreciation	154.13	154.41
Net Sundry Balances Written Off	4.44	37.91
Provision For Doubtful Trade Receivables & Advances	-	47.07
Profit on Sale of Units of Mutual Fund	(0.61)	(0.26)
Interest Income	(6.09)	(4.75)
Prior Period Item	(0.21)	-
Finance Cost (Net)	4.39	1.44
<b>Operating profit before working capital changes</b>	<b>74.84</b>	<b>55.95</b>
Adjusted For:		
Trade and other Receivables	(119.74)	(25.66)
Inventories	(36.00)	66.65
Trade Payables	108.09	53.01
Loans and advances and other assets	(20.83)	(67.05)
Other liabilities and provisions	42.61	(29.47)
<b>Cash Generated from Operations</b>	<b>48.97</b>	<b>53.43</b>
Taxes Paid	(0.69)	(1.13)
<b>Net Cash Generated From Operating activities</b>	<b>48.28</b>	<b>52.30</b>
<b>B: CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets / Including Capital Work In Progress	(29.71)	(17.77)
Sales of Fixed Assets	0.39	0.23
Redemption/Maturity of Bank Deposits ( Having original maturity of more than 3 months)	3.04	(27.43)
Purchase of Mutual Fund / Investments	(23.07)	(42.60)
Sale of Mutual Fund / Investemnts	25.20	41.27
Dividend Income	-	-
Interest Income	6.09	4.75
<b>Net Cash From Investing Activities</b>	<b>(18.06)</b>	<b>(41.55)</b>
<b>C: CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Long Term & Short Term Borrowings*	(47.58)	(10.31)
Financial Cost (Net)	(4.39)	(1.44)
<b>Net Cash From Financing Activities</b>	<b>(51.97)</b>	<b>(11.75)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(21.75)</b>	<b>(1.00)</b>
Opening Balance of Cash and Cash Equivalents	42.34	43.34
Closing Balance of Cash and Cash Equivalents	20.59	42.34
The said statement is to be read alongwith the Notes to accounts		
* Includes amount of unpaid interest converted into Term Loan		

As per our report of even date attached

For &amp; on behalf of

**Mehta Lodha & Co.**

Firm Registration No: 106250W

Chartered Accountants

**PRAKASH D. SHAH**

M. NO. 34363

Partner

Place : Ahmedabad

Date : 23rd May 2017

For &amp; on behalf of the Board of Directors

**MUKESH BHANDARI**

Chairman &amp; Managing Director

(DIN NO : 00014511)

**FAGESHKUMAR R. SONI**

Company Secretary

**AVINASH BHANDARI**

Jt. Managing Director &amp; CEO

(DIN NO : 00058986)

**PAWAN GAUR**

Chief Financial Officer



## 1.00 Notes to the Consolidated Accounts for the year ended 31<sup>st</sup> March, 2017

### 1.01 Corporate Information

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

### 1.02 BASIS OF ACCOUNTING:

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

### 1.03 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (A) USE OF ESTIMATES:

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

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

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

#### (D) Other Significant Accounting Policies:

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

## 2.00 Consolidated Notes to Accounts

### 2.01 Share Capital

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

Particular	As at 31st March 2017 (Rs. In Crore)		As at 31st March 2016 (Rs. In Crore)	
<b>Authorised</b>				
2,50,00,000 Equity Shares of Rs.10/- each	25.00		25.00	
2,50,00,000 6% Non-Cumulative Redeemable Preference Shares of Rs.10/- each	25.00		25.00	
2,85,90,000 Partially Convertible Partially Redeemable Preference Shares of Rs. 10/- each	28.59	78.59	28.59	78.59
<b>Total</b>		<b>78.59</b>		<b>78.59</b>
<b>Issued, Subscribed &amp; Paid up</b>				
1,27,42,814 (Previous Year 1,14,76,374) Equity Shares of Rs.10/- each Fully paid up	12.74		11.48	
1,20,00,000 (Previous Year 1,20,00,000) 6 % Non-Cumulative Redeemable Preference Shares Of Rs.10/- each Fully Paid Up, Redeemable At Par. (Out of the above Redeemable Preference Shares, 35,60,000 preference Shares are Redeemable by 11th March 2025, 44,40,000 by 1st April 2025 and 40,00,000 by 14th May 2025)	12.00		12.00	
Nil ( Previous Year 2,85,90,000) Partially Convertible Partially Redeemable Preference Shares	-	24.74	28.59	52.07
<b>Total</b>		<b>24.74</b>		<b>52.07</b>

(b) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period.

Equity Shares	As at 31st March 2017 Numbers	As at 31st March 2016 Numbers
Shares outstanding at the beginning of the Year	1,14,76,374	1,14,76,374
Add : Shares Issued During the Year	12,66,440	-
Shares outstanding at the end of the Year	1,27,42,814	1,14,76,374
<b>6% Non-Cumulative Redeemable Preference Shares</b>	<b>As at 31st March 2017 Numbers</b>	<b>As at 31st March 2016 Numbers</b>
Shares outstanding at the beginning of the Year	1,20,00,000	1,20,00,000
Add : Shares Issued During the Year	-	-
Shares outstanding at the end of the Year	1,20,00,000	1,20,00,000
<b>Partially Convertible Partially Redeemable Preference Shares</b>	<b>As at 31st March 2017 Numbers</b>	<b>As at 31st March 2016 Numbers</b>
Shares outstanding at the beginning of the Year	2,85,90,000	2,85,90,000
Add : Shares Issued During the Year	-	-
Less : Shares Converted into Equity During the Year	2,85,90,000	-
Shares outstanding at the end of the Year	-	2,85,90,000

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

- The face value of the Equity shares is Rs 10/- per share . Each holder of equity share 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 of 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.

## 2.00 Consolidated Notes to Accounts

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

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

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

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

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

**(g) Shareholders holding more than 5% shares in the Company**

**Equity Shares**

Sr. No.	Name of Shareholder	As at 31st March 2017		As at 31st March 2016	
		No. of Shares held	% of Holding	No. of Sharesheld	% of Holding
1	Edelwess Asset Reconstruction Company Ltd	12,66,440	9.94	-	-
2	Castleshine PTE Limited	10,00,000	7.85	10,00,000	8.71
3	Leadhaven PTE Limited	10,00,000	7.85	10,00,000	8.71
4	Western India Specialty Hospital Ltd.	9,75,000	7.65	9,75,000	8.50
5	Mr. Shailesh Bhandari	8,48,275	6.66	8,48,275	7.39
6	Mr. Mukesh Bhandari	8,09,500	6.35	8,09,500	7.05
7	Jagdishkumar Amrutlal Akhani	6,92,249	5.43	8,06,435	7.03

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

Sr. No.	Name of Shareholder	As at 31st March 2017		As at 31st March 2016	
		No. of Shares held	% of Holding	No. of Sharesheld	% of Holding
1	Highland Finance and Investments Pvt. Ltd.	32,40,000	27.00	32,40,000	27.00
2	Web Businesses.com Global Ltd.	27,30,000	22.75	27,30,000	22.75
3	Lavish Packagers Ltd.	25,80,000	21.50	25,80,000	21.50
4	Froid Finance and Investments Pvt. Ltd.	12,00,000	10.00	12,00,000	10.00
5	Mr. Shailesh Bhandari	12,00,000	10.00	12,00,000	10.00
6	Ahmedabad Aviation And Aeronautics Ltd.	10,50,000	8.75	10,50,000	8.75

**Partially Convertible Partially Redeemable Preference Shares**

Sr. No.	Name of Shareholder	As at 31st March 2017		As at 31st March 2016	
		No. of Shares held	% of Holding	No. of Sharesheld	% of Holding
1	Edelweiss Asset Reconstruction Company Limited	-	-	2,85,90,000	100.00

- (h)** The Company has calls in arrears / unpaid calls of Rs. Nil (Previous Year Rs. Nil)

- (i)** Details of Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash. (during 5 years immediately preceeding 31st March 2017)

As per the terms and conditions of the settlement with Edelweiss Asset Reconstruction Company Limited ( EARC), the company has issued and allotted 2,85,90,000 partially convertible partially redeemable preference shares ( PCPRPS) to EARC on 22nd August 2015.

- (j)** During the year company has allotted 12,66,440 equity shares of Rs. 10/- each at the price of Rs. 225.75 per equity share (Inclusive of premium amount of Rs. 215.75 per equity shares ). On conversion of 2,85,90,000 partially convertible partially redeemable preference shares ( PCPRPS) TO EARC & the balance / fraction amount of Rs. 1170 arising on conversion of PCPRPS was recorded as a loan by EARC

## 2.00 Consolidated Notes to Accounts

(i) "Share Application Money, pending allotment "

1. As per Companies (Acceptance of Deposits) Amendment Rules, 2015, if a company receives any amount by way of subscriptions to any shares before the 1st April, 2014 and disclosed in the balance sheet for the financial year ended on or before the 31st March, 2014 against which the allotment is pending on the 31st March, 2015, the company shall, by 1st June, 2015 either return such amounts to the persons from whom there were received or allot shares.
2. Ministry of Coal, Government of India has de-allocated the Bhaskarpara Coal Block vide letter dated 15.11.2012 and the Supreme Court of India vide order dated 24.09.2014 ordered cancellation of the coal block. The Central Government has as per the Coal Mines (Special Provisions) Act, 2015 auctioned the said Bhaskarpara Coal Block and selected the successful bidder for the said coal block. Ministry of Coal, Government of India has vide letter dated 24th October, 2014 and 18th December, 2015 sought information for valuation of compensation for payment to prior allottee as per the Coal Mines (Special Provisions) Act, 2015 and the payment of compensation will be as per the Coal Mines (Special Provisions) Act, 2015.
3. As the Company was incorporated with the main object of development of Bhaskarpara Coal Block, which is now de-allocated and cancelled, further infusion of funds by the any of joint ventures partners is not feasible to meet the statutory requirement. As per the Coal Mines (Special Provisions) Act, 2015, whenever the compensation amount will be disbursed by the Central Government / Nominating Authority, the said amount will be utilized for payment for refund of share application money or in case need arises, shares against the share application money, after making necessary legal compliance, will be allotted to the applicants.

### 2.02 Reserves and Surplus

Particulars	As at 31st March 2017 (Rs. In Crore)		As at 31st March 2016 (Rs. In Crore)	
<b>(A) Capital Reserve</b>				
As per Last Balance Sheet Date	14.23		14.23	
Add: Waiver of loan amount on settlement (Refer Note No 2.31(h))	37.03	51.26	-	14.23
<b>(B) Securites Premium Account</b>				
As per Last Balance Sheet Date	226.47		226.47	
Addition on Issue of Shares	27.32	253.79	-	226.47
<b>(C) General Reserve</b>				
As per Last Balance Sheet	350.63		368.98	
Less : Transferred for depreciation on Revaluation of Fixed Assets	(8.38)	351.25	(9.35)	359.63
<b>(D) Surplus/Deficit in Statement of Profit &amp; Loss</b>				
As per Last Balance Sheet Date	(1,867.94)		(1,697.30)	
Less: Transferred from Revaluation Reserve	8.38		9.35	
Less: Other Adjustments (Tax Audit & Estimated Hedging Cost)	-		(0.13)	
Add: Loss for the Year	(81.44)	(1,941.00)	(179.86)	(1,867.94)
<b>Total</b>		<b>(1,284.70)</b>		<b>(1,267.61)</b>

## 2.00 Consolidated Notes to Accounts

### 2.03 Long Term Borrowings

Particulars	As at 31st March 2017 (Rs. In Crore)		As at 31st March 2016 (Rs. In Crore)	
	Non- Current	Current	Non- Current	Current
<b>Secured</b>				
<b>Term Loans from Banks</b>				
- Rupee Term Loan-[Note No.(a) & Note No. 2.39 (a)]	45.95	717.58	11.33	823.30
<b>Loans from Asset Reconstruction Company</b>				
- Rupee Term Loan-[Note No.(a) & Note No. 2.39 (a)]	1,709.70	195.17	1,733.04	121.97
<b>Term Loan from Financial Institutions</b>				
- Foreign Currency Term Loan-[Note No.(b)]	75.78	14.35	-	90.13
Hire Purchase Finance for Vehicles (Secured By Hypothecation of Specific Vehicles)	0.02	0.18	0.19	0.17
<b>Sub-Total</b>	<b>1,831.45</b>	<b>927.28</b>	<b>1,744.56</b>	<b>1,035.57</b>
<b>Unsecured Term Loan From Financial Institution</b>				
- Foreign Currency Term Loan	56.59	11.04	-	67.63
- Loans from directors	0.02	-	0.02	-
<b>Sub- Total</b>	<b>56.61</b>	<b>11.04</b>	<b>0.02</b>	<b>67.63</b>
<b>Grand Total</b>	<b>1,888.06</b>	<b>938.32</b>	<b>1,744.58</b>	<b>1,103.20</b>

- (a) Secured by first Charge by way of Equitable mortgage of all immovable properties and hypothecation of specified movable assets situated at Vatva, Palodia, Dhank, Samakhiyali – Kutch, and Chhadawada –Bhachau and Juni Jithardi, Karjan, Vadodara and Bank Fixed Deposits & as second charge on all Stock-in-Trade & Receivables. Further the loans are guaranteed by the personal guarantees of some of the 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 current assets of the Company, both present and future. Equitable Mortgage over factory land & factory building at Siriguppa, Dist : Bellary and Hypothecation of entire plant & machinery and other fixed assets of the Company. Personal Guarantees of Mr. Mukesh Bhandari and Mr. Shailesh Bhandari, Directors of the Company.

- (b) ECB Loan is secured by Pari Passu Charge over the movable assets and first Pari Passu Charge on immovable assets of the company.
- (c) Repayment Schedule as per original Sanction is as under:-

Particulars	0-1 Year	1-5 Year	5-10 Year
<b>Secured</b>			
<b>Term Loans from Banks</b>			
- Rupee Term Loan	717.58	36.87	9.08
<b>Loans from Asset Reconstruction Company</b>			
- Rupee Term Loan	195.17	810.29	899.41
<b>Term Loan from Financial Institutions</b>			
- Foreign Currency Term Loan	14.35	75.78	0.00
<b>Unsecured</b>			
<b>Term Loan from Financial Institutions</b>			
- Foreign Currency Loan	11.04	56.59	0.00

- (d) Company has defaulted in repayment of borrowings from bank. Details of default are as follows :

Name of Bank	Principal	Interest	Total	Default From
Corporation Bank	62.00	-	62.00	April 2012
Central Bank Of India	428.94	7.19	436.13	March 2012
Indian Overseas Bank	100.00	-	100.00	August 2011
Vijya Bank	59.94	19.66	79.60	March 2012
State Bank Of India	15.99	-	15.99	January 2012
Bank Of Baroda	20.42	-	20.42	April 2014
<b>Total</b>	<b>687.29</b>	<b>26.85</b>	<b>714.14</b>	

## 2.00 Consolidated Notes to Accounts

### 2.04 Other long- term liabilities

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
Trade Payables	0.03	0.03
<b>Total</b>	<b>0.03</b>	<b>0.03</b>

### 2.05 Long Term Provisions

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
Provision for Leave Encashment	3.48	2.20
Provision for Gratuity	5.85	3.96
<b>Total</b>	<b>9.33</b>	<b>6.16</b>

### 2.06 Short-Term Borrowings

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
<b>Secured Loan from Banks</b>		
Term Loan	0.02	0.02
Working Capital Facilities [Refer Note No.(a) & Note No. 2.30 (g)]	197.31	228.52
<b>Unsecured</b>		
Loans and Advances repayable on demand from: -	-	
Related Parties (Including Body Corporates)	1.92	1.94
Other Body Corporates	0.34	0.34
Directors	1.17	0.70
<b>Sub- Total</b>	<b>200.76</b>	<b>231.52</b>
Term Loan from Banks		
- Rupee Term Loan	33.95	66.40
<b>Grand-Total</b>	<b>234.71</b>	<b>297.92</b>

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

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 stock 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, Samakhali- Kutch and Chhadawada -Bhachau. Further the loans are guaranteed by the personal guarantees of some of the Directors of the company.

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

(b) Company has defaulted in repayment of borrowings from bank. Details of default are as follows :

Name of Bank	Principal	Interest	Total	Default From
Corporation Bank	54.73	-	54.73	April 2012
Standard Chartered Bank	12.32	-	12.32	December 2011
Indian Overseas Bank	100.00	0.01	100.01	August 2011
Syndicate Bank	24.45	9.50	33.95	October 2011
State Bank Of India	23.77	-	23.77	December 2011
Bank of Baroda	6.50	-	6.50	April 2014
<b>Total</b>	<b>221.77</b>	<b>9.51</b>	<b>231.28</b>	



## 2.00 Consolidated Notes to Accounts

### 2.07 Trade Payables

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
Micro, Small and Medium Enterprises [Refer Note No 2.31(m)]	0.62	0.49
Others [Refer Note No 2.38(b)]	366.14	261.00
Dues to Related Parties	0.04	-
<b>Total</b>	<b>366.80</b>	<b>261.49</b>

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

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
Supreme Metallurgical Services (P). Ltd.	0.49	0.49
Prima Automation Private Limited	0.13	-
	<b>0.62</b>	<b>0.49</b>

### 2.08 Other Current liabilities

Particulars	As at 31st March 2017 (Rs. In Crore)		As at 31st March 2016 (Rs. In Crore)	
Unclaimed Dividend#	0.02		0.03	
Creditors for Capital expenditure	0.05		0.03	
Advance from Customer [Refer Note No 2.38(b)]	100.25		65.91	
Interest accrued and due	0.40		-	
Current Maturities of Long term borrowings [Refer Note No. 2.31 (h) & Note No. 2.39(a)]	938.32		1,103.20	
Others (including cheques overdrawn)	10.52	1,049.56	10.33	1,179.50
<b>Statutory Liabilities</b>				
Provident Fund & Other Contribution	0.96		0.91	
Tax Deducted and Collected at Source	1.90		1.56	
Value Added Tax and Central Sales Tax	0.03		1.09	
Service Tax & Excise Duty Payable	1.38		0.01	
Excise Duty Payable on Stock of Finished Goods & Stock In Transit	8.89	13.16	5.31	8.88
<b>Total</b>		<b>1,062.72</b>		<b>1,188.38</b>

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

### 2.09 Short Term Provisions

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
Provision for Bonus	4.28	3.98
Provision for Leave Encashment	1.76	2.59
Provision for Gratuity	2.41	2.07
Provision for Income Tax	0.02	0.02
<b>Total</b>	<b>8.47</b>	<b>8.66</b>



## 2.00 Consolidated Notes to Accounts

### 2.10 Fixed Assets

Description	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As at 1.04.2016	Addition / Adjustment	Deduction / Adjustment	As at 31.03.2017	As at 1.04.2016	Addition / Adjustment	Other Adjustment	Deduction / Adjustment	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
<b>TANGIBLE ASSETS:</b>											
Freehold Land	175.32	0.54	-	175.86	-	-	-	-	-	175.86	175.32
Leasehold Land	1.10	-	-	1.10	-	0.01	0.14	-	0.15	0.95	1.10
Building	374.71	1.41	-	376.12	97.80	14.39	-	-	112.19	263.93	276.91
Plant and Machinery	1,760.56	14.47	2.65	1,772.38	978.34	136.43	-	2.39	1,112.38	660.00	782.22
Computer	14.91	1.85	-	16.76	12.38	1.07	-	-	13.45	3.31	2.53
Furnitures & Fixtures	8.58	0.40	-	8.98	5.69	0.83	-	-	6.52	2.46	2.89
Office Equipment	5.21	0.92	-	6.13	3.98	0.40	-	-	4.38	1.75	1.23
Vehicles	11.50	0.93	0.12	12.31	7.98	0.82	-	0.11	8.69	3.62	3.52
<b>Total(A)</b>	<b>2,351.89</b>	<b>20.52</b>	<b>2.77</b>	<b>2,369.64</b>	<b>1,106.17</b>	<b>153.95</b>	<b>0.14</b>	<b>2.50</b>	<b>1,257.76</b>	<b>1,111.88</b>	<b>1,245.72</b>
<b>INTANGIBLE ASSETS:</b>											
Goodwill *	74.70	-	-	74.70	-	-	-	-	-	74.70	74.70
Software	4.33	0.08	-	4.41	3.79	0.18	-	-	3.97	0.44	0.54
Trademark	-	0.02	-	0.02	-	0.00	-	-	0.00	0.02	-
<b>Total(B)</b>	<b>79.03</b>	<b>0.10</b>	<b>-</b>	<b>79.13</b>	<b>3.79</b>	<b>0.18</b>	<b>-</b>	<b>-</b>	<b>3.97</b>	<b>75.16</b>	<b>75.24</b>
<b>Total(A+B)</b>	<b>2,430.92</b>	<b>20.62</b>	<b>2.77</b>	<b>2,448.77</b>	<b>1,109.96</b>	<b>154.13</b>	<b>0.14</b>	<b>2.50</b>	<b>1,261.73</b>	<b>1,187.04</b>	<b>1,320.96</b>
Previous Period	2,412.67	18.60	0.35	2,430.92	955.67	154.41	-	0.12	1,109.96	1,320.96	1,456.38
Capital Work in Progress										29.66	20.57

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 Rs. 248.195 Crore was transferred to General Revaluation Reserve Account. Accordingly, the depreciation for current year includes depreciation of Rs. 8.38 Crore ( Previous Period Rs. 9.35 Crore) on account of the said revaluation, and which has been reduced from the balance of General Reserve and Revaluation Reserve.

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

### 2.11 Non Current Investments

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
<b>(A) Investment in Mutual Funds(Quoted)</b>		
1 NIL (Previous Year 64,288.778) Units of Rs. 10 each of Punjab National Bank Mutual Fund (NAV of Rs.Nil (Previous Year Rs. 0.418 Crore)	-	0.06
2 23,299.564 (Previous Year NIL) Units of Rs. 10 each of PNB PRINCIPAL EMERGING BLUE CHIP (NAV of Rs 0.22 Crore (Previous Year Rs. Nil)	0.07	-
<b>(B) Investment in Equity Instruments (UnQuoted) :</b>		
1 Nil (Previous Year 6,540) Shares of Rs. 25 each of Siddhi Co.Op Bank Ltd.	-	0.02
2 National Saving Certificates	0.01	0.01
<b>Total</b>	<b>0.08</b>	<b>0.09</b>

## 2.00 Consolidated Notes to Accounts

### 2.12 Long Term Loans & Advances

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
<b>Unsecured, considered good unless stated otherwise</b>		
Loans and Advances to related parties (Refer Note No 2.36(B))	-	0.01
Capital Advance	3.33	1.30
Sundry Deposits (Includes Bank Fixed Deposit of Rs. 12.55 Crore (previous Year Rs. 10.43 Crore) given as EMD & Rs. 3.79 Crore Margin Money.(Previous Year Rs 0.07 Crore))	34.85	35.23
<b>Total</b>	<b>38.18</b>	<b>36.54</b>

### 2.13 Other Non-Current Assets

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
(To the extent not written off or adjusted)		
Preliminary Expenses	0.13	0.17
Balance with Bank in Fixed Deposits Accounts	-	0.67
Deferred Revenue Expenditure	1.16	1.73
Product Development Cost (Refer Note No. 2.31(d))	14.38	32.19
<b>Total</b>	<b>15.67</b>	<b>34.76</b>

### 2.14 Current Investment

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
<b>Quoted Mutual Funds</b>		
NII (Previous year: 51,549.653 ) units Birla Sun Life Saving Fund - Growth-Direct Plan	-	1.50
100,000.000 (Previous Year 100,000.000 ) units Axis Hybrid Series 27 (1351 Days) Growth	0.10	0.10
<b>Total</b>	<b>0.10</b>	<b>1.60</b>

Aggregate Amount of quoted investments ( Market value Rs. 1,069,650 (31 March 2016 : Rs. 16,134,820))

### 2.15 Inventories [Refer Note No. 2.30(i) & Note No.2.39(b)]

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
(As valued, verified & certified by the Management)		
a. Raw Material [including goods in transit of Rs. 3.14 Crore ] (Previous Year Rs. 3.36 Crore)	126.16	117.92
b. Work-In-Progress	53.59	53.16
c. Finished Goods	80.23	48.41
d. Trading Goods ( Including stock in transit of Rs. 0.38 Crore) (Previous Year Rs. Nil)	0.87	0.36
e. Stores and Spares [including goods in transit of Rs.0.29 Crore] (Previous Year Rs. Nil)	45.87	50.87
<b>Total</b>	<b>306.72</b>	<b>270.72</b>

## 2.00 Consolidated Notes to Accounts

### 2.16 Trade Receivables [Refer Note No 2.38(b)]

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
<b>Secured Considered Good</b>		
Over Six Months	43.13	3.56
Others	147.44	79.24
<b>Unsecured Considered Good</b>		
Over Six Months	52.57	55.47
Others	112.09	100.49
<b>Unsecured Considered Doubtful</b>		
Over Six Months	73.78	74.14
Less:- Provision for Doubtful Debts	(63.26)	(63.26)
Due from Related Parties (Includes Rs. 14.69 Crore. (Previous Year Rs. 13.01 Crore) which is outstanding for more than six months)	15.27	13.77
<b>Total</b>	<b>381.02</b>	<b>263.41</b>

### 2.17 Cash and Bank Balances

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
<b>Cash &amp; Cash Equivalents</b>		
<b>a. Balances with Bank</b>		
- Current Account	20.14	41.57
- Unclaimed Dividend Account	0.02	0.03
<b>b. Cash on hand (As certified by the Management)</b>	0.43	0.74
<b>Sub-Total</b>	<b>20.59</b>	<b>42.34</b>
<b>Other Bank Balances</b>		
- Bank Deposits with original maturity of more than 3 months but less than 12 months	7.91	14.73
- Bank Deposits with original maturity of more than 12 months	28.17	24.39
<b>Grand-Total</b>	<b>56.67</b>	<b>81.46</b>

The details of the specified bank notes (SBN) held and transacted during the period from 8th November,2016 to 30th December,2016 is as under :

(Amount In Crore)

Particulars	Specified Bank notes (SBN)	Other Denomination Notes	Total
Closing Cash in Hand as on 08.11.2016	0.16	0.10	0.26
Add : Permitted Receipts	0.00	0.35	0.35
Less : Permitted Payments	0.00	0.29	0.29
Less : Amount Deposited in Bank	0.16	0.00	0.16
Closing Cash in Hand as on 30.12.2016	0.00	0.16	0.16



## 2.00 Consolidated Notes to Accounts

### 2.18 Short-Term Loans and Advances

Particulars	As at 31st March 2017 (Rs. In Crore)		As at 31st March 2016 (Rs. In Crore)	
<b>(Unsecured, considered good unless stated otherwise)</b>				
Advances Recoverable In Cash or Kind [Refer Note No 2.31(h)]	169.75		113.86	
Advance to Related Parties	-		0.03	
Advances to Staff	0.65		0.58	
Advance to Suppliers and Other Parties				
Considered Good	88.62		113.03	
Considered Doubtful	26.83		28.78	
Less : Provision for doubtful Advance	(26.83)	259.02	(28.78)	227.50
<b>Others</b>				
Prepaid Expenses	2.32		1.56	
Loan to Employees	0.29		0.26	
Balance with Revenue Authorities [Refer Note No. 2.30(a) & (b) and 2.39(d)]	35.85		32.21	
Advance Income Tax	2.17	40.63	4.80	38.83
<b>Total</b>		<b>299.65</b>		<b>266.33</b>

### 2.19 Other Current Assets

Particulars	As at 31st March 2017 (Rs. In Crore)	As at 31st March 2016 (Rs. In Crore)
Preliminary Expenditure to the Extent written off	0.08	0.10
Advances Recoverable In Cash or Kind	1.16	1.36
Interest accrued but not due on deposit	2.73	2.37
<b>Total</b>	<b>3.97</b>	<b>3.83</b>

### 2.20 Revenue from Operations

Particulars	Current Year (Rs. In Crore)		Previous Year (Rs. In Crore)	
Sale of Products (Includes Export Incentives of Rs 2.17 Crore (Previous Year Rs 2.76 Crore)	2,498.60		2,249.45	
Less: Inter Division Sales	(9.99)	2,488.61	(7.39)	2,242.06
Service Income	6.88		8.64	
Less : Inter Division Service	(0.03)	6.85	(0.04)	8.60
Power Generation Income		-		0.25
Trading Sales		7.81		21.39
<b>Total</b>		<b>2,503.27</b>		<b>2,272.30</b>

## 2.00 Consolidated Notes to Accounts

### 2.21 Other Income

Particular	Current Year (Rs. In Crore)	Previous Year (Rs. In Crore)
Interest Income from Bank Fixed Deposits & Others	6.09	4.75
Net Discount and Claims and net accounts written back	0.15	0.02
Net Sundry Balance Written off / Round off	5.95	-
Rent Income	0.01	0.01
Foreign Exchange Gain	0.10	1.54
Profit on Sale of Units of Mutual Fund	0.61	0.26
Profit on Sale of Asset (Net)	0.13	0.01
Miscellaneous Income	0.89	1.52
<b>Total</b>	<b>13.93</b>	<b>8.11</b>

### 2.22 (a) Cost of Raw Material Consumed

Particular	Current Year (Rs. In Crore)	Previous Year (Rs. In Crore)
Opening Stock	117.92	124.61
Add: Purchases of Raw Material	1,568.25	1,363.64
<b>Total</b>	<b>1,686.17</b>	<b>1,488.25</b>
Less: Closing Stock	126.16	117.92
<b>Cost of Raw Material Consumed</b>	<b>1,560.01</b>	<b>1,370.33</b>

### 2.22 (b) Purchase of Stock in Trade

Particular	Current Year (Rs. In Crore)	Previous Year (Rs. In Crore)
Trading Purchase	7.96	21.14
<b>Total</b>	<b>7.96</b>	<b>21.14</b>

### 2.23 Changes in Inventories of Finished Goods and Work in Progress

Particulars	Current Year (Rs. In Crore)		Previous Year (Rs. In Crore)	
<b>Inventories (At Commencement)</b>				
- Work In Progress	53.16		74.88	
- Stock In Trade	0.31		0.38	
- Finished Goods	48.45	101.92	87.54	162.80
<b>Inventories (At end)</b>				
- Work In Progress	53.59		53.16	
- Stock In Trade	0.64		0.31	
- Finished Goods	80.46	134.69	48.45	101.92
<b>Total</b>		<b>(32.77)</b>		<b>60.88</b>

### 2.24 Employee Benefit Expenses

Particular	Current Year (Rs. In Crore)	Previous Year (Rs. In Crore)
Salaries, Wages and Allowances and Bonus	120.88	104.22
Contribution to Provident and other funds	6.13	5.42
Staff Welfare and amenities	2.58	2.15
<b>Total</b>	<b>129.59</b>	<b>111.79</b>

### 2.25 Finance Cost

Particular	Current Year (Rs. In Crore)	Previous Year (Rs. In Crore)
Interest Expenses on Bank and Other Loan	0.68	0.44
Other Borrowing Cost & Charges	5.33	3.81
LC interest recovered	(1.62)	(2.81)
<b>Total</b>	<b>4.39</b>	<b>1.44</b>

## 2.00 Consolidated Notes to Accounts

### Prior Year Adjustment

Particular	Current Year (Rs. In Crore)	Previous Year (Rs. In Crore)
Amortisation of lease hold land	(0.14)	-
VAT/CST Expenses	(0.18)	-
Interest cost	(0.03)	-
	<b>(0.35)</b>	<b>-</b>

### 2.26 Other Expenses

Particulars	Current Year (Rs. In Crore)	Previous Year (Rs. In Crore)
<b>Manufacturing Expenses</b>		
Power and Fuel	174.43	160.59
Stores and Spares	146.02	132.76
Job Charges	87.04	79.38
Machinery Repairs	1.03	1.13
Building Repairs	1.12	0.62
Factory Expenses	0.02	0.11
Other Repairs (Net off Inter division Service of Rs 0.03 Crore)(Previous Year Rs 0.04 Crore)	3.37	3.39
Water Charges	4.02	3.24
Excise duty (on account of Duty on Finished Good Stocks and Others)	3.58	(4.42)
	420.63	376.80
<b>Establishment/ Administrative Expenses</b>		
Hire-Lease-Rent Charges	4.68	4.07
Rates & Taxes	2.26	1.93
Loss on Sale of Assets	0.01	0.01
Insurance Premium ( Net )	2.15	1.75
Postage Telegram & Telephone Expenses	1.75	1.83
Conveyance Expenses	1.01	0.87
Travelling Expenses	9.76	7.88
Guest House	0.02	-
Printing and Stationery	0.92	0.92
Vehicle Expenses	1.06	1.15
General Exp	0.08	0.09
Security Expenses	1.62	1.59
CSR Activity	0.63	0.12
Subscription & Membership	0.30	0.20
Net Sundry Balances Written Off	4.44	37.91
Provision For Doubtful Debtors and Advances	-	47.07
<b>Auditors' Remuneration:</b>		
- Audit Fees	0.22	0.22
- Tax Audit Fees	-	0.01
- Other Matters	0.04	0.04
Legal and Professional Charges	21.20	14.50
Miscellaneous Expenses	4.33	4.40
Research & Development Expenses	18.23	0.02
Foreign Exchange Fluctuation	(4.60)	12.51
Donation	0.20	0.10
	70.31	139.19
<b>Selling &amp; Distribution Expenses</b>		
Advertisement & Sales Promotion	30.36	23.00
Commission	24.59	12.40
Freight Outward and other Expenses (Net)	39.50	16.84
	94.45	52.24
<b>Total</b>	<b>585.39</b>	<b>568.23</b>

## 2.00 Consolidated Notes to Accounts

The account under consideration is for the Financial year 2016-17 commencing from 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017 (Referred as "Current year") and the previous financial year commencing from 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016 (Referred as "Previous Year").

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

Name of the Subsidiary	Country of Incorporation	% voting power held as at March 31, 2017	% voting power held as at March 31, 2016
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	0%**	100.00%

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

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

\$ Financial Statement are unaudited

\*\* Ceases to subsidiary as on 27<sup>th</sup> March 2017.

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

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

#### (a) Winding Up Petitions:

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

The winding up petition filed by UCO Bank was admitted on March 7, 2012, and subsequently, in the appeal filed by the Company, the Hon'ble Division bench vide order dated August 13, 2013, has granted stay against the said order. Further as per the terms of the settlement with UCO Bank, on payment of settlement amount, the parties have agreed to withdraw the said petition/appeal. As on 31<sup>st</sup> March 2017, the winding up petition and appeal are pending before Hon'ble Gujarat High Court.

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

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

- Syndicate Bank, Central Bank of India, Corporation Bank, Indian Overseas Bank and Vijaya Bank had filed Original Applications against the Company before the Debt Recovery Tribunal-1, Ahmedabad ("DRT") under section 19 of the Recovery of Debts due to Banks and Financial Institutions Act, 1993. The DRT has granted ad-interim injunction orders against transfer of certain properties. Syndicate Bank has filed an appeal before DRAT, Mumbai against the order of DRT for modification of ex-parte ad-interim injunction order. The Company had filed its reply / interim application and the said matters are pending for further hearing before DRT / DRAT.
- In view of settlement/consent terms with UCO Bank, the original application filed by UCO Bank has been disposed of by the Hon'ble DRT-1, Ahmedabad on 01.07.2016 and the matter is now pending before Recovery Officer. The appeal filed by the Company before DRAT, Mumbai against the order of DRT for rejection of the application of cross-examination is pending before DRAT, Mumbai. Further as per the terms of the settlement with UCO Bank, on payment of settlement amount, the parties have agreed to withdraw the said application/appeal.
- Allahabad Bank has assigned the debt associated with the Company to Invent Assets Securitisation & Reconstruction Private Limited and Dena Bank has assigned the debt associated with the Company to Raytheon Asset Reconstruction Private Limited. Further, the Company has entered into a settlement with Union Bank of India. However the original applications filed by Allahabad Bank, Dena Bank and Union Bank of India are pending before the DRT-I, Ahmedabad.
- In the Subsidiary- Hans Ispat Limited, (i). Bank of Baroda had filed Original Application against Company & guarantors before Debt Recovery Tribunal-1, Ahmedabad ("DRT") under section 19 of the Recovery of Debts due to Banks and Financial Institutions Act 1993. The said original application is pending before DRT (ii). Bank of Baroda has issued a show



## 2.00 Consolidated Notes to Accounts

cause notice to the Company & guarantors / directors for declaring them as wilful defaulter. The Company has filed its reply to the said show cause notice. Thereafter, the Company has requested for some other suitable date for hearing before committee and there is no communication in respect of the same.

- (v) In the Subsidiary, Shreeram Ram Electro Cast Limited, State Bank of India has filed Original Application against the Company & guarantors before the Hon'ble Debt Recovery Tribunal, Bangalore (Hereinafter referred as "DRT") under section 19 of the Recovery of Debts due to Banks and Financial Institutions Act, 1993. The DRT vide order dated 20.01.2016 allowed the original application and has issued the recovery certificate against the Company and the Guarantors. The Company & guarantors have filed review petition before DRT and the same is pending for further hearing before DRT.

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

Syndicate Bank, UCO Bank, ICICI Bank Limited, 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 is contesting all the said cases and all the matters are pending for further hearing before the respective Hon'ble Metropolitan Magistrates, Ahmedabad.

In view of settlement, ICICI Bank Limited has withdrawn the criminal complaint under section 138 of Negotiable Instruments Act, 1881. As per the terms of the settlement with UCO Bank, on payment of settlement amount, UCO Bank has agreed to withdraw the criminal complaint filed under section 138 of Negotiable Instruments Act, 1881.

### (d) Wilful Defaulters:

- (i) Central Bank of India has declared the Company as a wilful defaulter and reported the name of Company and its directors to the Reserve Bank of India and Credit Information Bureau (India) Limited (CIBIL) as Wilful Defaulter.
- (ii) UCO Bank has declared the Company and its guarantors as wilful defaulter. The action of declaring the company and its guarantors as a wilful defaulter by UCO Bank has been challenged in the Hon'ble Gujarat High Court and the said matter is pending for further hearing. Further as per the terms of the settlement with UCO Bank, on payment of settlement amount, UCO Bank has agreed to withdraw the wilful defaulter and the Company has agreed to withdraw the petition from Gujarat High Court.
- (iii) Corporation Bank has declared the Company as a wilful defaulter and reported the name of Company and its directors to the Reserve Bank of India and Credit Information Bureau (India) Limited (CIBIL) as Wilful Defaulter. The Company has challenged the said action before the Hon'ble Gujarat High Court and the Hon'ble Gujarat High Court vide order dated 21.09.2016 quashed and set aside the action of the wilful defaulter.
- (iv) Dena Bank has declared the Company as a wilful defaulter and reported the name of Company and its directors to the Reserve Bank of India and Credit Information Bureau (India) Limited (CIBIL) as Wilful Defaulter. The Company has challenged the said action before the Hon'ble Gujarat High Court and the said petition is pending for further hearing.
- (v) In the Subsidiary, Shreeram Ram Electro Cast Limited, State Bank of India has issued a show cause notice to the Company & guarantors / directors for declaring them as wilful defaulter. The Company has filed its reply to the said show cause notice. Thereafter, there is no communication in respect of the same.

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

Vijaya Bank had issued notices under section 13(2) of Chapter III of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act, 2002") for assets of Transmission Line Tower (TLT) Division of the Company situated at Village : Junjithardi, Tal : Karjan, Dist : Vadodara on 8/05/2012, 19/03/2015 and 04/11/2015. The company has filed its reply in respect of all the notices issued by the bank. Vijaya Bank has withdrawn its notice dated 19/03/2015.

Vijaya Bank vide possession notice dated 02.03.2017 taken the symbolic possession of the movable and immovable properties of TLT division of the Company. The Company has filed Securitisation Application before DRT-1, Ahmedabad against the said action of symbolic possession and the matter is pending before DRT-1, Ahmedabad for further hearing.

In the Subsidiary Hans Ispat Limited, Bank of Baroda had issued notice under section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act, 2002") on 15.01.2015. The Company has filed its reply to the said notice and Bank of Baroda has issued a rejoinder letter. Thereafter, Bank of Baroda vide letter dated 16.04.2016 issued notice demanding possession of secured assets and the Company has replied to the said possession notice.

In the Subsidiary Shree Ram Electro Cast Limited, State Bank of India, ("SBI") has issued notice dated 7th May, 2013 under section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act, 2002") for assets of the company secured by hypothecation and mortgage. SBI vide letter dated 18th September, 2013 has given pre intimation notice to the company for possession of the assets under section 13(4)(a) of SARFAESI Act, 2002 and thereafter taken possession of the assets of the company. The SBI has issued three newspaper publication calling for tenders for sale of Movable & Immovable assets through E Auction on 14/03/2015, 23/05/2015, 11/09/2015 and 28/09/2016. However, as per the available information, there was no bidder in the E-Auction at the reserve price and thereafter no action has been taken

## 2.00 Consolidated Notes to Accounts

by the Bank and therefore its relevant accounting treatment will be given on its finalization / settlement and further these are treated as short term borrowings.

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

The company had filed Reference to Hon'ble BIFR Board (governed by the Sick Industrial Companies (Special Provisions) Act, 1985) on February 28, 2014, and the same has been registered on June 27, 2014, as Case No. 29/2014.

On November 25, 2016, the Central Government notified The Sick Industrial Companies (Special Provision) Repeal Act, 2003 ("SICA Repeal Act") and the Government has notified December 1, 2016, as the date on which provisions of the aforementioned Act has come in force. Hence, the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA") stands repealed resulting into dissolvent of BIFR / AAIFR and the BIFR Reference and Miscellaneous Applications filed by company stands abated.

The subsidiary company- Hans Ispat Limited had filed Reference to Hon'ble BIFR Board (governed by the Sick Industrial Companies (Special Provisions) Act, 1985) on July 7, 2015 and the board intimated the company vide letter dated October 20, 2015 that as per order dated October 15, 2015 the reference has been registered with the Hon'ble Board as Case No. 141/2015. However on November 25, 2016 the Central Government notified The Sick Industrial Companies (Special Provision) Repeal Act, 2003 ("SICA Repeal Act") and the Government has notified December 1, 2016 as the date on which provisions of the aforementioned Act has come in force. Hence, the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA") stands repealed resulting into dissolvent of BIFR/AAIFR and the BIFR Reference and Miscellaneous Applications filed by company stands abated.

### 2.30 Non Provisions of Disputed Advances and Claims/Liability

- The Company has VAT tax liability (including interest) of Rs.35.84Crore (Previous Year Rs. Rs.35.84 Crore) under Maharashtra Sales Tax Act (Rs. 9.25 Crore for the financial year 2009-10 and Rs.26.59 Crore for the financial year 2010-11) out of which the company had paid Rs. 4.00 Crore, under protest and the same has been shown as Loans and Advances. The company has filed an appeal against the said order before Appellate Authority. Provision for the impugned disputed tax liability of Rs. 35.84Crore (Previous Year Rs.35.84 Crore) has not been made as the company is hopeful of matter being decided in its favor by the appellate authority.
- During the Previous Year, VAT/CST Assessment for the financial year 2010-11 was completed and assessing officer has determined the tax liability of Rs.20.95 Crore of VAT and Rs.11.15 Crore of CST. The company has made part payment of Rs. 3.25 Crore for VAT and Rs. 1.50 Crore for CST under protest and the same has been shown as Loans and Advances. Provision for the impugned disputed tax liability has not been made as the company is hopeful of matter being decided in its favor by the appellate authority. With regard to the payment of balance amount the company has been granted stay up to 13.07.2017.
- In the subsidiary- Hans Ispat Limited Vat Receivables of Rs. NIL (Previous Year Rs 0.18 Crore), Service Tax Receivables of Rs. 0.26 Crore (Previous Year Rs 0.31 Crore), Excise Duty Receivables of Rs.NIL (Previous Year Rs 0.12 Crore) and Tim Engineering Technologies Limited of Rs 0.78 Crore (Previous Year Rs 0.78 Crore) are outstanding since long and management is in view that the same is fully recoverable and therefore these are treated as good and no provision for it has been made.
- In the subsidiary- Hans Ispat Limited- Criminal complaint u/s 138 read with Section 142 of the Negotiable instrument Act, 1881 has been filed before the Hon'ble Judicial Magistrate First Class Ahmedabad for dishonor of cheque of following parties and out of which the balances of Shivamy Enterprise (India) Pvt. Ltd., Shree Balram Steel Traders and Kailash Ispat has been shown as doubtful and not written off/provided for as the management of the company is hopeful for its recovery:-

Name of the Parties	Balance as at 31.03.2016 (Rs. in Crore)
Shivamy Enterprise(India) Pvt. Ltd.	1.19
Shree Balram Steel Traders	0.03
Kailash Ispat	1.05
Jupitar Business Limited	0.43
<b>Total</b>	<b>2.70</b>

- In the Subsidiary- Shree Ram Electro Cast Limited-Export Trade receivables of Rs. 8.02 Crore (Previous Year Rs 8.38 Crore) are outstanding for more than six months.
- In view of the non-provision of the above items 2.30(a) to 2.30(f), the losses of the group are under stated by Rs 67.94 Crore (Previous Year Rs. 67.94 Crores) and to the extent advances/trade receivables are overstated or the respective liabilities are understated.
- Loan accounts of the group company have been classified as Non- Performing Assets by the Bankers and some of the bankers has not charged interest on the said accounts and therefore provision for Interest (Other than upfront charges) has not been made in the books of accounts and to that extent loss and bankers loan liability has been understated. The extent of exact amount is under determination and reconciliation with the banks, however as per the details available with the company, the amount of

## 2.00 Consolidated Notes to Accounts

unprovided interest, on approximate basis, on the said loans (Other than the loans of International Finance Corporation, Union Bank of India, UCO Bank, and loans which Are assigned to Edelweiss Assets Reconstruction Company Limited (EARC), Invent Assets Securitization & Reconstruction Private Limited (Invent) and Raytheon Asset Reconstruction Private Limited) is as under:-

(Rs. In Crore)

Particulars	Up to 31 <sup>st</sup> March 2016	Reduction on Debt assignment/ Settlement	From April 2016 to March 2017	Up to 31 <sup>st</sup> March 2017
Interest on Corporate Loan and working Capital Loan	715.78	(100.95)	228.85	843.68

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

The Hon'ble Supreme Court of India vide judgment dated 02.08.2016 disposed off the appeal with direction to hold the public consultation / public hearing. The public hearing was conducted on 25<sup>th</sup> October 2016 and the public present during the public hearing have supported the expansion in capacity of the project and in view of same, the Ministry of Environment and Forest vide letter dated 18<sup>th</sup> January 2017 has informed the Company that since there are no adverse comments regarding the expansion in the capacity of the project, the environment clearance dated 27<sup>th</sup> January 2010 hold good and shall be fully operational.

- (i) In the Subsidiary-Bhaskarpara Coal Company Limited –Ministry of Coal, Government of India vide their letter No: 13016/54/2008-CA-I Vol.III dated 15/11/2012 has 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 Chhattisgarh High Court. The High Court has granted stay against further proceedings. In view of the stay granted by the High Court, subsequently Supreme Court of India vide its order dated 24.09.2014 ordered the cancellation of coal block allotted to the Company. In view of this de-allocation matter before Chhattisgarh High Court has become infructuous.

The Ministry of Coal has issued a fresh show cause on 16.01.2015 to seek clarification on bank guarantee invocation, for which a suitable reply was submitted to Ministry of Coal on 04.02.2015. In order to bring show cause of Ministry of Coal under per view of existing WP (2136/2012) at Chhattisgarh High Court an amendment application was filed, which was subsequently allowed on 27.04.2015. All pleading are completed and the matter has now reached to the stage of final hearing, however the same got adjourned in previous hearings due to time demanded by the Advocates of other connected matters. Final argument took place on 02.01.2017 and 17.01.2017. However on hearing 14.02.2017 the honorable High Court has directed to re heard the matter on certain points before passing final judgment on 10.04.2017.

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

The Government of India has promulgated The Coal mines (Special Provisions) ordinance, 2014. As per clause 16 of the ordinance, being a prior allottee, the Company is entitled to reimbursement of cost of land and mine infrastructure expenses. Consequently out of project expenses of Rs 11.36 Crore, the company made impairment of Rs 3.49 Crore in respect of non-recoverable expenditure in year closing 31.03.2015. Further all other assets are stated at realizable value and liabilities at which they are actually payable.

- (j) The Subsidiary Company- Shree Ram Electro Cast Limited, has discontinued its operation since April 2011 because of the non-availability of Iron Ores due to limited banned by the Hon'ble Supreme Court's order in the state of the Karnataka and further the State Bank of India has issued notice dated 7th May, 2013 under section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act, 2002") for assets of the company secured by hypothecation and mortgage and therefore the concept of the going concern of the Company may be adversely affected. Thereafter State Bank of India has taken possession of the assets and invited tenders for sale of movable and immovable properties through E-Auction and which has not completed and therefore its related accounting entries (including treatment of impairment of the assets) have not passed by the company.
- (k) The subsidiary Company- Shree Ram Electro cast Limited has acquired Land at Halekote-25 Village, Siruguppa Hobli or Firka, Siruguppa Taluka, District Bellary and Honnarahalli Village, Hactholli Hobali, Siruguppa Taluka, Bellary District and its Legal Document for transfer of the property in the name of the Company is in process.

### 2.31 Additional Disclosures

- (a) Power and Fuel expenses are inclusive of duties and taxes of Rs. 12.45Crore (Previous Year Rs. 12.40 Crore) paid towards power generation.

## 2.00 Consolidated Notes to Accounts

- (b) During the year, old non-recoverable amount of Rs. 7.68 Crore (Previous Year Rs. 47.50 Crore) and the unclaimed amount of Rs 3.24 Crore (Previous Year Rs. 9.59 Crore) have been written off/ back on account of non-realization and payment. Its' net balance of Rs. 4.44 Crore (Previous Year Rs. 37.91 Crore) has been charged to the Statement of Profit and loss.
- (c) During the FY 2013-14, VAT Assessment for the financial year 2009-10 was completed and the competent Authority has determined the tax liability of Rs. 5.94 crore and against this demand the company has filed an appeal before the Appellate Authority and the Appellate Authority has deleted the said demand and has determined refund of Rs.9.50 Crore vide order dated 29/05/2014 but till the end of the year, the said refund has not been received by the company and it will be accounted on its receipt.
- (d) Product Development Cost includes total Research and Development expenses of Rs.14.38 Crore (Previous Year Rs. 32.19 Crore) incurred on development of CONTIFUR Project, which is still in progress and said expenses, would be written off in five years from the year of completion of the project. The product hybrid bus and T-Cab were subject to research but due to some technical reason/ non-performance up to the expected level, the product could not be launched in market. Accordingly management has decided to abandon the project and during the year the company has written off the research cost of Rs. 17.81 Crore incurred on the said project.
- (e) The cost of material consumed includes freight, loading and unloading expenses, inspection fees, commission on purchase, taxes & duties (to the extent of credit not available), rate difference and interest cost on purchase of raw material and ancillary thereof (including reversal of any claims).
- (f) In view of heavy accumulated losses and uncertainty of its realization/ payment of taxes in near future, no provision for Deferred Tax Asset/liability has been made by the company.
- (g) Some of the creditors have filed cases of recovery against the company before the various Hon'ble Courts/Forums for Rs.2.04 Crore (Previous Year Rs. 1.86 Crore). The said amounts are excluding interest.
- (h) Assignment /Settlement of Loans Taken Accounts and its Accounting Treatment

- Bank of India, Bank of Baroda, State Bank of India, Canara Bank and State Bank of Travancore has assigned their debt to Edelweiss Asset Reconstruction Company Limited. The Company has entered into settlement agreement on 10th March 2015 for the repayment of the Debts of the said Bank to EARC. In terms of settlement agreement, if all the terms and conditions are fully complied by the company upto the March 2023, there will be reduction in debt, as per Books of accounts of the Company, by Rs.391.50 Crore. The amount of said debt reduction is after adjustment of FDRs of Rs. 12.45 Crore held by Bank of Baroda and the company is in process to recover the said amount and accordingly there is possibility of refinement in debt reduction.

Further the amount of installments paid to Edelweiss Asset Reconstruction Company Limited, up to the balance sheet date are shown as part of short term loans and advances and to that extent the amount of current maturities of long term borrowings from Edelweiss Asset Reconstruction Company Limited and the amount of advance recoverable in cash or kind are overstated by Rs. 126.95 Crore (Previous Year Rs.69.89 Crore).

- Oriental Bank of Commerce, Punjab National Bank and Allahabad Bank have assigned their debts to Invent Assets Securitization and Reconstruction Pvt. Ltd. vide settlement agreement for the repayment of debts of the said bank to ARC. In terms of settlement, if all the terms and conditions are fully complied by the company, there would be a reduction in debt, as per books of accounts of the company by Rs. 325.01 Crore.

Further the amount of installments paid to Invent Assets Securitization and Reconstruction Pvt. Ltd, up to the balance sheet date are shown as part of short term loans and advances and to that extent the amount of current maturities of long term borrowings from Invent Assets Securitization and Reconstruction Pvt. Ltd and the amount of advance recoverable in cash or kind are overstated by Rs. 5.89 Crore (Previous Year Rs. 0.37 Crore).

- During the year, subject to some terms, the company agreed for repayment of debts of Union Bank of India and in pursuance to the same the company has made payment of Rs. 1.50 Crore and the said amount has been shown as part of short term loans and advances and to that extent the amount of current maturities of long term borrowings from Union Bank of India and the amount of advance recoverable in cash or kind are overstated by Rs. 1.50 Crore (Previous Year Rs. Nil)
- The company was informed vide letter dated 7<sup>th</sup> April 2017 received from Dena Bank and letter dated 27<sup>th</sup> March 2017 of Raytheon Asset Reconstruction Private Limited, Dena Bank has assigned debt to Raytheon Asset Reconstruction Private Limited on 18<sup>th</sup> March 2017. However on account of non-finalization of repayment terms and condition the entire loan amount has been shown as long term borrowings from Asset Reconstruction Company.
- During the year, company has settled debts of UCO bank and the amount of interest paid of Rs. 20.89 Crore on the settlement has been shown as extraordinary item.

## 2.00 Consolidated Notes to Accounts

- During the year, the settlement amount of ICICI Bank, as per settlement agreement, has been fully paid by the company. After repayment of the settlement amount, there has been net reduction in debt amount by Rs. 43.47 Crore which has been accounted for as under:-

Particulars	Amount (in Crores)
Waiver of Principal amount Credited to Capital Reserve	37.03
Reduction in Interest shown netted off in extraordinary item	6.44
In view of settlement/consent terms with ICICI Bank, the original application filed by ICICI Bank Limited has been disposed of by the Hon'ble DRT-I, Ahmedabad on 08.07.2016.	

- The Subsidiary Company- Hans Ispat Limited, during the December 2014, State Bank of India has assigned its entire debts along with all its securities and rights to Invent Assets Securitization & Reconstruction Private Limited (hereinafter referred as "IASRPL") and as per the terms and conditions of the Settlement Agreement dated 5<sup>th</sup> March 2015, if all the terms and conditions are fully complied with by the company up to 30<sup>th</sup> September, 2019, there will be reduction in debts of IASRPL by Rs. 8.83 Crores.
- (i) During the year, in view of not realizability/ non-usability of stock of book value of Rs. Nil (Previous Year Rs. 2.88 Crore), the company has not considered the said stock for the purpose of the stock valuation and accordingly it has been written off.
- (j) The balances of Central Bank of India & Indian Overseas Bank are not being properly confirmed/ reconciled by the bank as these banks have treated the loan accounts as NPA Account. Similarly, International Financial Corporation has not issued loan balance confirmation certificate.
- (k) In view of the commercial prudence, during the year, the company has not restated the long outstanding export trade receivables and foreign currency loan at the rate prevailing as on 31st March 2017.
- (l) Break-up of extraordinary item:

Particulars	Amount (in Crores)
Waiver of Interest on account of settlement with ICICI Bank	6.44
Interest Paid to UCO Bank	(20.89)
Pre-operative expense Written off	(0.03)
<b>Total</b>	<b>(14.45)</b>

- (m) Dispute with Micro, Small & Medium Enterprise
- (i) There is dispute with the Supreme Metallurgical Services (P) Ltd. (a Micro, Small and Medium Enterprise) in relation to material supplied by the said party and for which the said party has filed a case before the Hon'ble Madhya Pradesh Micro and Small Facilitation Council, Bhopal for the recovery of the principal amount and interest thereon. The Hon'ble Council has passed the order dated August 12, 2013 and has ordered the Company to pay Rs. 0.91 Crores (including interest upto July 31, 2013). The appeal filed by the Company before District Court, Bhopal under section 34 of Arbitration and Reconciliation Act, 1996 was not entertained by the Court in view of Section 19 of the Micro, Small and Medium Enterprises Development Act, 2006. Thereafter, Supreme Metallurgical Services (P) Ltd. has filed a Special Civil Application before Hon'ble Gujarat High Court for direction to District Collector, Gandhinagar, and the Mamlatdar, Kalol to proceed against the company pursuant to recovery certificate issued by the Collector, Dewas, Madhya Pradesh. The said matter is now pending before the Hon'ble Gujarat High Court.
- (ii) There is dispute with Prima Automation (India) Private Limited (a Micro, Small and Medium Enterprise) in relation to material supplied by the said party and for which the said party has filed an application before Gujarat State Level Industry Facilitation Council ("SLIFC"), Industries Commissionerate, Gandhinagar for the recovery of the principal amount and interest thereon. The matter is pending before SLIFC.
- (iii) In view of the dispute in relation to the claim amount, interest on the amount has not been provided.
- (n) The company holds an investment in Shree Ram Electrocast Limited, Electrotherm Mali SARL and Bhaskarpara Coal Company Limited (Subsidiaries of the Company). These Companies have incurred heavy losses and/or are non-operating and therefore the fate of said Companies is uncertain. Provision for the diminution in the value of investment in subsidiary companies namely Bhaskarpara Coal Company Limited has not been made as the Company treat this diminution as temporary in nature. However during the year company has written off Rs 0.01 Crore representing the value of investment in Electrotherm Mali SARL in the books of Electrotherm treating it as operating loss of the company. In the previous year 2015-16, Company has written off Rs. 78.68 Crores representing the value of its investment in Shree Ram Electrocast Limited. Electrotherm Mali SARL ceased to exist the subsidiary of the company 27<sup>th</sup> March 2017, as the company has been wound up.
- (o) The Central Bureau of Investigation (CBI) has conducted certain proceedings, on the basis of the complaint filed by Central Bank of India with regard to the utilization of the loan disbursed by Central Bank of India. Central Bureau of Investigation has filed a charge sheet and a CBI special case number 27 of 2015 was registered against the company and its few Directors before the Hon'ble CBI Court, Ahmedabad on 6th October 2015 and now the matter is pending before Hon'ble CBI Court for hearing.
- (p) The subsidiary companies –Shree Ram Electrocast Limited and Hans Ispat Limited are in process of filling the vacancy of Company Secretary as per requirement of section of 203 of Companies Act, 2013.



## 2.00 Consolidated Notes to Accounts

- (q) The subsidiary company- Shree Ram Electro Cast Limited has written off Rs. 0.03 Crore (Previous Year Rs. 0.04 Crore) of Service Tax Receivable on account of non-recoverability.
- (r) The subsidiary company- Shree Ram Electro Cast Limited has written off Rs.0.39 Crore (Previous Year Rs. 0.39 Crore) as Deferred Revenue Expenditure out of the unamortized amount of Rs. 3.67 Crore incurred on account of non-operation of plant during the year ended on 31st March,2011
- (s) The Subsidiary company- Hans Ispat Limited In the light of consistency principle and not material amount, the Company has policy of writing off preliminary expenses over period of 10 years.
- (t) In the Subsidiary Company- Hans Ispat Limited has made a provision for cash discount to its customers of Rs. 1.1 Crore (Previous year Rs. NIL) and same has been stated under the head Trade Payables as its credit to the customers accounts is pending. The cash discount is for the early payment by the buyers of the company and basis on which it is allowed is the quantity purchased by the buyers.

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

- (a) Claims against the Company not acknowledged as debts amounting to Rs. 0.81 Crore (Previous Year Rs. 0.81 Crore), are pending before various courts, authorities, arbitration, Consumer Dispute Redressal Forum etc. Further during the year, in respect of one pending arbitration matter, the Company has claimed an amount of Rs. 1.06 Crores and the counter claim of the respondent is Rs. 0.72 Crore.
- (b) Guarantees / Counter Guarantees (including un-utilized Letters of Credit) issued Rs.38.66 Crore (Previous Year Rs. 35.72 Crore).
- (c) The company has used advanced license for import of certain raw material against which company was under an obligation to export certain pre-determined quantity of finished goods within specified time period. However, there was a shortage in the goods exported by the company against its export obligation. Accordingly, in the opinion of the management, the company may be liable to pay Rs. 5.02 Crore (including interest) (Previous Year Rs. 4.66 Crore) as import duty.
- (d) Disputed Statutory Claims/Levies for which the company has preferred appeal in respect,
  - i) Excise Duty Liability of Rs.338.44 (Previous Year Rs. 338.84 Crore),
  - ii) Service Tax Liability of Rs.2.33Crore (Previous Year Rs. 2.00 Crore),
  - iii) Custom Duty Liability of Rs.20.33 Crore (Previous Year Rs 20.31 Crore),
  - iv) Income Tax liability of Rs.0.69 Crore (Previous Year Rs. 32.24Crore),
  - v) VAT and CST Liability of Rs. 59.19 Crore (Previous Year Rs. 59.19 Crore) and the total affiliated amount paid by the company against the said liability Rs Nil (Previous Year Rs. NIL) till 31<sup>st</sup>March2017.
  - vi) In the subsidiary company Bhaskarpara Coal Company Limited the District Registrar/Collector of Stamps has raised demand of Rs. 0.59 Crore (Previous Year Rs. 0.59 Crore) for difference in amount of stamp duty which was subsequently upheld by the Commissioner Revenue in the revision. Further appeal filed by the company has been admitted by Board of Revenue and stay granted, hence no provision has been made in this respect.

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

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

- (a) Earning in Foreign Exchange for Export of Goods & Services Rs. 93.35 Crore (Previous Year Rs. 93.07 Crore).
- (b) Expenditure in Foreign Currency for Import of Materials, Travelling & Others is Rs. 126.57 Crore (Previous Year Rs. 77.92 Crore)

### 2.34 DIRECTOR'S REMUNERATION:

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

- 2.35** Previous Year amount has been regrouped/re-casted/re-arranged/ re-classified/re-determined, wherever necessary, by the company on the basis of data available with the company, to make the figure of the current year with the Previous Year comparable. In some case Previous Year amount has not been stated, if there is Nil amount for the current year.

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

#### A. List of Related Parties

- I) Enterprises owned or significantly influenced by key management personnel or their relatives\*(Except foreign companies)
  1. Ahmedabad Aviation and Aeronautics Ltd.
  2. Western India Speciality Hospital Ltd.
  3. E-Motion Power Ltd.
  4. Indus Elec-TransPvt. Ltd.
  5. Jayshri Petro-Yarn Pvt. Ltd.
  6. Adroit Trading and Investment Co.

## 2.00 Consolidated Notes to Accounts

7. EIL Hospitality Pvt. Ltd.
8. EIL Software Services Offshore Pvt. Ltd.
9. EIL Technology Pvt. Ltd.
10. Electrotherm Engineering & Projects Ltd.
11. Western India Institute of Aeronautics Private Limited (Formerly Kappa Consultancy Pvt. Ltd.)
12. Electrotherm Foundation.
13. Gujarat Mint Alloys Ltd.
14. Etain Electric Vehicles Limited (Formerly Electra Transformer Private Limited)
15. AirfonesInnovatives Private Limited
16. BNB Real Estate Private Limited
17. ETAIN Energy Holdings Limited (Formerly Electrotherm Energy Holdings Ltd.)
18. Electrotherm Solar Limited
19. Palace Solar Energy Pvt. Ltd.
20. SBRB Real Estate Pvt. Ltd.
21. Bhandari Real Estate Pvt. Ltd.
22. ETAIN Renewables Ltd. (Formerly ETAIN Immodo Renewables Ltd.)
23. Arjun Ceramics & Carbon Pvt. Ltd.
24. Indus Chargers & Controllers Pvt. Ltd.
25. Arjun Solar One Pvt. Ltd.
26. Arjun Green Power Pvt. Ltd.
27. Arjun Raj Solar One Pvt. Ltd.
28. Bhandari Charitable Trust
29. Head Spring Energy Tech Pvt. Ltd. (Formerly Arjun Raj Solar Five Pvt. Ltd)

### II) Key Management Personnel/Director of Companies

1. Mr. Mukesh Bhandari (Chairman)
2. Mr. Shailesh Bhandari (Managing Director)
3. Mr. Avinash Bhandari (Joint Managing Director & CEO)
4. Mr. Chaitanyapratap Sharma (Independent Director)
5. Ms. Kruti Shukla (Woman Director)
6. Mr. Pawan Gaur (Chief Financial Officer)
7. Mr. Mahendra Kumar Ramniklal Patira (Director)
8. Mr. Siddharth Bhandari (Director)
9. Mr. Narendrakumar Babulal Dalal (Director)

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

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





## 2.00 Consolidated Notes to Accounts

Related Parties Transaction as Identified by the Company from its records																	(Rs. In Crore)	
SR. NO.	Name	Sales (Ind. Store Spare & Others)		Purchase		Expenses / (Income)		Purchase (Sale) of Fixed Asset		Loan Given/ Repaid		RENT PAID		Salary		Closing Balance		
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	
(I) Associates																		
1	ETA IN Renewables Limited	-	-	0.03	-	-	0.22	0.80	-	0.79	-	-	-	-	-	2.56	2.60	
2	EIL Software Services Offshore Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.75)	(1.75)	
3	Bhandari Charitable Trust	-	0.58	-	-	-	-	-	-	-	-	-	-	-	-	5.03	5.03	
4	Electrotherm Solar Limited	-	-	0.01	-	-	0.01	0.02	-	0.28	1.07	-	-	-	-	6.01	5.32	
5	ETA IN Electric Vehicles Limited	5.72	3.81	-	-	-	-	-	-	-	-	-	-	-	-	1.64	0.82	
(II) KEY MANAGEMENT PERSONNEL :																		
1	Mr. Mukesh Bhandari (Chairman & Managing Director)	-	-	-	-	-	-	0.24	-	-	-	0.11	0.11	-	-	(0.88)	(0.64)	
2	Mr. Shailesh Bhandari (Managing Director)	-	-	-	-	-	-	0.23	0.02	0.08	0.46	0.05	0.05	-	-	(0.32)	(0.13)	
3	Mr. Mahendrakumar Ramniklal Patira (Director)	-	-	-	-	-	-	-	-	-	-	-	-	0.36	0.31	-	-	
4	Mr. Siddharth Bhandari (Director)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.02)	(0.02)	
5	Mr. Pawan Gaur (Chief Financial Officer)	-	-	-	-	-	-	-	-	-	-	-	-	0.36	0.24	-	-	
(III) RELATIVES OF KEY MANAGEMENT PERSONNEL : (With whom Transaction has been taken Place during the year)																		
1	Mrs. Indubala Bhandari	-	-	-	-	-	-	-	-	-	-	0.06	0.06	-	-	-	-	
2	Mrs. Jyoti Bhandari	-	-	-	-	-	-	-	-	-	-	0.03	0.03	0.24	0.14	(0.15)	(0.17)	
3	Mr. Rakesh Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.02)	(0.02)	
4	Ms.Shivani Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	0.05	0.05	-	-	
5	Mr. Anurag Bhandari	-	-	-	-	-	0.02	-	-	-	-	-	-	-	-	-	0.03	
6	Mrs. Panna Bhandari	-	-	-	-	-	0.07	-	-	-	-	-	-	0.05	0.05	-	-	

## 2.00 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.

(Rs. In Crore)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
<b>SEGMENT REVENUE</b>		
Engineering & Projects Division	594.72	420.45
Special Steel Division	1,423.39	1,436.15
Electric Vehicle Division	24.83	13.00
Others	295.70	238.48
<b>Total Sales</b>	<b>2,338.64</b>	<b>2,108.08</b>
Less : Inter segment Revenue	9.99	7.39
<b>Net Sale</b>	<b>2,328.65</b>	<b>2,100.69</b>
<b>SEGMENT PROFIT BEFORE TAX AND INTEREST</b>		
Engineering & Projects Division	53.22	(50.11)
Special Steel Division	(76.69)	(154.28)
Electric Vehicle Division	(30.54)	(12.88)
Others	(22.64)	38.85
Profit/(Loss) Before Interest, Tax & Prior Period Adjustment	(76.65)	(178.42)
Less: FINANCIAL EXPENSES	4.39	1.44
Less : Provision for Tax (Including Deferred Tax)	0.04	0.01
<b>Net Profit/(Loss) After Tax</b>	<b>(81.08)</b>	<b>(179.87)</b>
<b>OTHER INFORMATION</b>		
<b>Segment Assets</b>		
Engineering & Projects Division	487.53	363.64
Special Steel Division	1,626.13	1,697.77
Electric Vehicle Division	62.20	58.89
Others	127.14	145.78
<b>Total Segment Assets</b>	<b>2,303.00</b>	<b>2,266.08</b>
<b>Segment Liabilities</b>		
Engineering & Projects Division	611.10	538.38
Special Steel Division	2,785.08	2,805.48
Electric Vehicle Division	18.02	11.72
Others	155.92	151.64
<b>Total Segment Liabilities</b>	<b>3,570.12</b>	<b>3,507.22</b>
<b>Segment Depreciation</b>		
Engineering & Projects Division	6.12	6.67
Special Steel Division	136.26	134.71
Electric Vehicle Division	1.72	1.68
Others	10.03	11.35
<b>Total Depreciation</b>	<b>154.13</b>	<b>154.41</b>
<b>Other Non Cash Expenses</b>		
Engineering & Projects Division	5.86	7.61
Special Steel Division	(1.77)	77.34
Electric Vehicle Division	18.04	0.07
Others	0.40	0.40
<b>Total</b>	<b>22.53</b>	<b>85.42</b>
<b>Segment Capital Expenditure</b>		
Engineering & Projects Division	1.93	2.70
Special Steel Division	29.08	14.88
Electric Vehicle Division	0.49	0.52
Others	0.22	1.15
<b>Total Capital Expenditure (Net)</b>	<b>31.72</b>	<b>19.25</b>

## 2.00 Consolidated Notes to Accounts

### (B) Geographical Segments

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

(Rs. in Crore)

PARTICULARS	SEGMENT REVENUE		SEGMENT ASSETS	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
India	2198.73	1927.34	2254.13	2259.80
Overseas	129.92	173.22	64.63	40.47
<b>Total</b>	<b>2328.65</b>	<b>2100.56</b>	<b>2318.76</b>	<b>2300.27</b>

2.38 (a) In the opinion of the Management, the current assets, Trade Receivables, Loans & Advances are realizable at the values stated, if realized in the ordinary course of business and the provisions for all known Liabilities are adequate.

- (b) (i) The account of "Trade Receivables", "Borrowings", "Trade payables", "Advances from Customer", "Short Term Loans and Advances" and some Bank Balances are subject to confirmation/reconciliation and the same includes very old non-moving items and therefore the same are subject to necessary adjustments for accounting or re-grouping /classification.
- (ii) The amount of "Advance from Customers" includes, Rs.0.83 Crore (Previous Year Rs.0.98Crore)(net of receipts and payments) of the parties in the bank accounts of which names are not readily available with the company and which are to be accounted under the correct account head on receipt of accurate information from the Banker/parties.
- (iii) The amount of account of some of the same party under the Head "Advance from customers", "Trade Payable", "Advance to Suppliers and Others", "Trade Receivables" appearing under more than one head are shown on gross basis and same are not netted off as the amount is not significant.

2.39 (a) The amount of current maturity of Long Term Liability of Rs. 938.32 Crore (Previous Year Rs. 1103.20 Crore) shown under the head "Other Current Liabilities" has been determined on the basis of the data available with the company and on the assumption that it is payable within one year.

- (b) The amount of inventory has been taken by the management on the basis of information available with the company and without conducting physical verification of the slow moving inventory. The slow moving inventories have been valued by the management on estimated net realizable value.
- (c) The classification/grouping of items of the accounts are made by the management, on the basis of the available data with the company.
- (d) Account of Service Tax Receivables, CENVAT Receivables, and Vat input credit Receivables is subject to reconciliation, submission of its return for its claim and/or its assessment, if any.
- (e) The management is of the opinion that the uncompleted projects shown as Capital Work in Progress of Rs.10.45Crore (Previous Year Rs. 10.45 Crore) requires some further investment to bring them into commercial use and the company desire to complete the project, therefore these are not treated as impaired assets.
- (f) In view of the non-recovery of the amounts or non-settlement of the accounts, the company has determined Rs 63.26 Crore (Previous Year Rs 74.14 Crores) as doubtful Trade Receivables and Rs. 26.83 Crore (Previous Year Rs. 28.78) as doubtful Advance to Suppliers and in view of business prudence the company has made provision for the same.
- (g) Estimated amount of the contracts remaining to be executed on capital account (Net off advances) and not provided for Rs 2.94 Crore (Previous Year Rs. Nil)
- (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:

Particulars			Current Year	Previous Year
			2016-17	2015-16
i)	Profit as per Statment of Profit & Loss	(In Crores)	(81.44)	(179.86)
ii)	Weighted average No. of Shares for EPS computation			
a)	For Basic EPS(Nos)	(In Crores)	1.1611692	1.1476374
b)	For Diluted EPS(Nos)	(In Crores)	1.1611692	1.2248452
	Earnings per Share(Basic)		(70.13 )	(156.68)
	Earnings per Share(Diluted)		(70.13 )	(146.84 )
	Nominal Value of Shares		10	10

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

As per our report of even date attached

For & on behalf of

**Mehta Lodha & Co.**

Firm Registration No: 106250W

Chartered Accountants

**PRAKASH D. SHAH**

M. NO. 34363

Partner

Place : Ahmedabad

Date : 23rd May 2017

For & on behalf of the Board of Directors

**MUKESH BHANDARI**

Chairman & Managing Director

(DIN NO : 00014511)

**FAGESHKUMAR R. SONI**

Company Secretary

**AVINASH BHANDARI**

Jt. Managing Director & CEO

(DIN NO : 00058986)

**PAWAN GAUR**

Chief Financial Officer

## Proxy / Attendance Slip

### ELECTROTHERM (INDIA) LIMITED

CIN : L29249GJ1986PLC009126

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

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

#### ATTENDANCE SLIP

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

I / We hereby record my presence at the 31<sup>st</sup> Annual General Meeting of the Company held on Tuesday, 5<sup>th</sup> September, 2017 at 10.00 a.m. at Ahmedabad Management Association (AMA), ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015.

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

#### NOTES:

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

### ELECTROTHERM (INDIA) LIMITED

CIN : L29249GJ1986PLC009126

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

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

#### FORM NO. MGT-11 PROXY FORM

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

Name of the member(s):			
Registered Address:			
E-mail Id:			
Folio No. / Client Id:		DP ID No.	

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

- Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail Id : \_\_\_\_\_ Signature \_\_\_\_\_ or failing him / her:
- Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail Id : \_\_\_\_\_ Signature \_\_\_\_\_ or failing him / her:
- Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail Id : \_\_\_\_\_ Signature \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 31<sup>st</sup> Annual General Meeting of the Company, to be held on Tuesday, 5<sup>th</sup> September, 2017 at 10.00 a.m. at Ahmedabad Management Association (AMA), ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015, and at any adjournment thereof in respect of such resolutions as are indicated below:

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

## Proxy / Attendance Slip

Resolution No.	Particulars of Resolution	Optional*	
		For	Against
Ordinary Business			
1	Consider and adopt audited standalone and consolidated financial statements of the Company for the financial year ended on 31 <sup>st</sup> March, 2017 together with report of Board of Directors and Auditors' Report thereon.		
2	Appoint a Director in place of Mr. Shailesh Bhandari (DIN: 00058866), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.		
3	Appointment of M/s. Hitesh Prakash Shah & Co., Chartered Accountant, Ahmedabad (Firm Registration No. 127614W) as Statutory Auditors of the Company in place of M/s. Mehta Lodha & Co., Chartered Accountant as Retiring Auditors		
Special Business			
4	Raising of funds in the form of equity and / or convertible securities		
5	Ratification of Cost Auditors' remuneration		
6	Appointment of Mr. Siddharth Bhandari (DIN 01404674) as a Director liable to retire by rotation		
7	Appointment of Mr. Siddharth Bhandari (DIN 01404674) as a Whole Time Director		
8	Appointment of Dr. Narayan Masand (DIN: 07797910) as an Independent Director		
9	Appointment of Dr. Krishna Kant Shiromani (DIN: 07827220) as an Independent Director		
10	Appointment of Mr. Vivek Sharma (DIN: 07897857) as an Independent Director		

Signed this ..... day of ..... 2017

\_\_\_\_\_  
Signature of Shareholder

Affix a  
Re.1/-  
Revenue  
Stamp

\_\_\_\_\_  
Signature of Proxy holder(s)

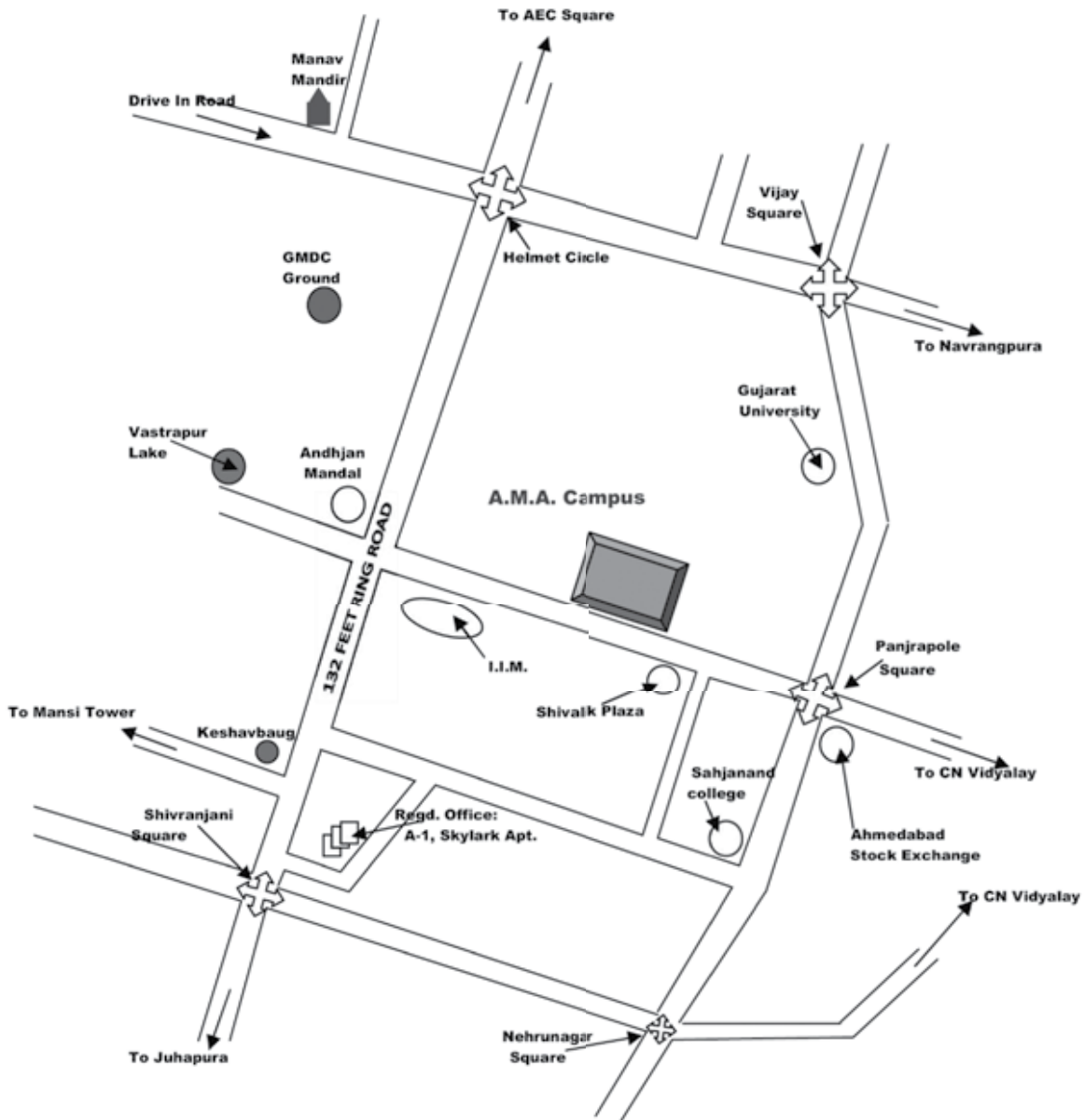
### NOTES:

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

### Route MAP to the Venue of the Annual General Meeting

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

**Land Mark :** IIM, Ahmedabad





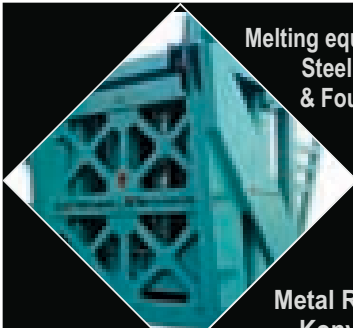




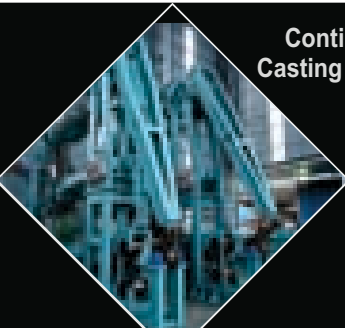
Plant at Samakhiyali, Kutch



Corporate House at Palodia



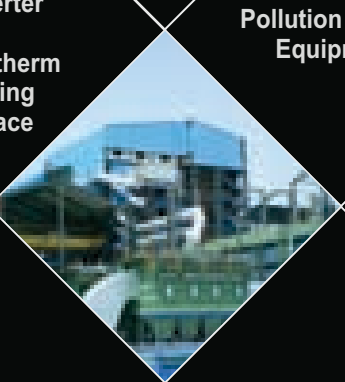
Melting equipments for  
Steel Plants  
& Foundries




Continuous  
Casting Machine



Metal Refining  
Konverter  
&  
Electrotherm  
Refining  
Furnace




Pollution Control  
Equipment



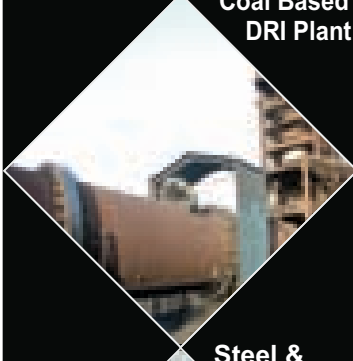
Arc Furnace



Transformers



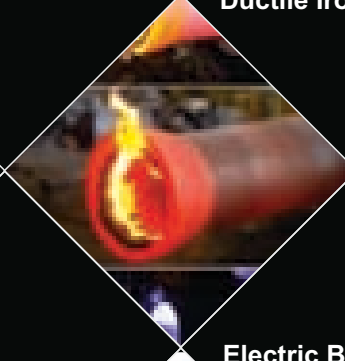
Induction Heating  
Equipment



Coal Based  
DRI Plant



Transmission Line  
Tower



Ductile Iron Pipe



Steel &  
Stainless Steel



Electric Bikes

ELECTROTHERM (INDIA) LIMITED

REGISTERED OFFICE : A-1, Skylark Apartment, Satellite Road,  
Satellite, Ahmedabad - 380 015, Gujarat (INDIA)

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CIN: L29249GJ1986PLC009126



**ELECTROTHERM**

Engineering & Projects Division

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**ELECTROTHERM (INDIA) LIMITED**

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Phone: +91-79-26768844, Fax: +91-79-26768855

**ADDENDUM TO THE NOTICE OF 31<sup>ST</sup> ANNUAL GENERAL MEETING**

**Addendum to the Notice dated 5<sup>th</sup> August, 2017 convening 31<sup>st</sup> Annual General Meeting of Electrotherm (India) Limited ("Company") scheduled to be held on Tuesday, 5<sup>th</sup> September, 2017 at 10.00 a.m. at Ahmedabad Management Association (AMA), ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015.**

Notice is hereby given that pursuant to the provisions of Section 160 of the Companies Act, 2013 read with Rule 13 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the following item of businesses are added in the aforesaid Notice as Item No. 11 to 13 as a Special Business and this addendum shall be deemed to be a part of the original Notice dated 5<sup>th</sup> August, 2017 and the notes provided therein:

**SPECIAL BUSINESS:****11. To appoint Mr. Dinesh Shankar Mukati (DIN: 07909551) as an Independent Director:**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule IV of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Dinesh Shankar Mukati (DIN: 07909551), in respect of whom the Company has received a notice in writing on 21<sup>st</sup> August, 2017 under Section 160 of the Act along with requisite deposit of Rs. 1,00,000/-, proposing himself for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period of 5 (five) years from the date of this meeting, not liable to retire by rotation."

**12. To appoint Mr. Madhu Menon (DIN: 00950279) as an Independent Director:**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule IV of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Madhu Menon (DIN: 00950279), in respect of whom the Company has received a notice in writing on 21<sup>st</sup> August, 2017 under Section 160 of the Act along with requisite deposit of Rs. 1,00,000/-, proposing himself for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period of 5 (five) years from the date of this meeting, not liable to retire by rotation."

**13. To appoint Mr. Pratap Mohan (DIN: 03536047) as an Independent Director:**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule IV of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Pratap Mohan (DIN: 03536047), in respect of whom the Company has received a notice in writing on 21<sup>st</sup> August, 2017 under Section 160 of the Act along with requisite deposit of Rs. 1,00,000/-, proposing himself for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period of 5 (five) years from the date of this meeting, not liable to retire by rotation."

**Registered Office:**

A-1, Skylark Apartment,  
Satellite Road, Satellite,  
Ahmedabad – 380 015  
Date : 26<sup>th</sup> August, 2017  
Place : Palodia

**For Electrotherm (India) Limited**

**Fageshkumar R. Soni**  
Company Secretary

**Notes:**

1. The Explanatory Statement pursuant to the provisions of section 102 of the Companies Act, 2013 in respect of Special Business as proposed above to be transacted at the ensuing 31<sup>st</sup> AGM is annexed hereto.
2. Relevant documents referred to in this Addendum to Notice of AGM are open for inspection by the members at the Registered Office of the Company on all working days during normal business hours upto the date of AGM.
3. This addendum to the Notice of AGM is available on the website of the Company. The revised Proxy Form including the resolutions proposed hereinabove at Item No. 11 to 13 are available on the website of the Company. The members desirous of receiving the hard copy of the revised Proxy Form, are requested to write to the Company.
4. All the processes, notes and instructions relating to e-voting set out for and applicable for the ensuing 31<sup>st</sup> AGM shall mutatis-mutandis apply to the e-voting for the resolutions proposed in this Addendum to the Notice of AGM.

**ANNEXURE TO THE NOTICE  
EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No. 11:**

The Board of Directors of the Company had at its meeting held on 5<sup>th</sup> August, 2017, approved the Notice convening the 31<sup>st</sup> Annual General Meeting (AGM) of the Company scheduled to be held on 5<sup>th</sup> September, 2017 and the same had already been circulated to the members.

Subsequently, on 21<sup>st</sup> August, 2017, the Company has received notice in writing from Mr. Dinesh Shankar Mukati (DIN: 07909551) alongwith deposit of Rs. 1,00,000/- (Rupees One Lakh Only) proposing himself for the office of Director in terms of Section 160 of the Companies Act, 2013. The Company has also received from Mr. Dinesh Shankar Mukati, consent to act as a Director in Form DIR -2, Notice of Interest by Director in Form MBP-1, intimation in Form DIR-8 under section 164(2) confirming that he is not disqualified from being appointed as Director, his profile and declaration under section 149 confirming that he meets the criteria of Independence as provided under section 149(6) of the Act.

Since Mr. Dinesh Shankar Mukati has enclosed the requisite deposit amount under Section 160 of the Act, pursuant to Rule 13 of the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Section 160(2) of the Act, the Company is required to inform the members about the above referred candidature and place notice of such candidature on its website. Accordingly, this addendum to Notice is being issued by adding Item No. 11 as Special Business for appointment of Mr. Dinesh Shankar Mukati as an Independent Director for a period of five years. The Proxy Form shall be deemed to be amended to include this agenda item.

The details of the person seeking appointment, as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard - 2, to the extent provided by Mr. Dinesh Shankar Mukati in the aforementioned notice & enclosed documents is attached hereto.

Mr. Dinesh Shankar Mukati, aged 59 years, is Commerce Graduate. He has worked with Indian Army and he is having 35 years of multifunctional experience in the area of operational excellence, cultural developing, lien manufacturing including as head of operation of Gujarat Guardian Limited. Currently, he is CEO of CDM Global, a Management constancy firm, providing consultancy to business houses, in the area of manufacturing and HR.

None of the Directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 11.

**Item No. 12:**

The Board of Directors of the Company had at its meeting held on 5<sup>th</sup> August, 2017, approved the Notice convening the 31<sup>st</sup> Annual General Meeting (AGM) of the Company scheduled to be held on 5<sup>th</sup> September, 2017 and the same had already been circulated to the members.

Subsequently, on 21<sup>st</sup> August, 2017, the Company has received notice in writing from Mr. Madhu Menon (DIN: 00950279) alongwith deposit of Rs. 1,00,000/- (Rupees One Lakh Only) proposing himself for the office of Director in terms of Section 160 of the Companies Act, 2013. The Company has also received from Mr. Madhu Menon, consent to act as a Director in Form DIR -2, Notice of Interest by Director in Form MBP-1, intimation in Form DIR-8 under section 164(2) confirming that he is not disqualified from being appointed as Director, his profile and declaration under section 149 confirming that he meets the criteria of Independence as provided under section 149(6) of the Act.

Since Mr. Madhu Menon has enclosed the requisite deposit amount under Section 160 of the Act, pursuant to Rule 13 of the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Section 160(2) of the Act, the Company is required to inform the members about the above referred candidature and place notice of such candidature on its website. Accordingly, this addendum to Notice is being issued by adding Item No. 12 as Special Business for appointment of Mr. Madhu Menon as an Independent Director for a period of five years. The Proxy Form shall be deemed to be amended to include this agenda item.

The details of the person seeking appointment, as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard - 2, to the extent provided by Mr. Madhu Menon in the aforementioned notice & enclosed documents is attached hereto.

Mr. Madhu Menon, aged 44 years, is Graduate in Business Administration and Ad. Marketing. He is having 22 years' experience in corporate & entrepreneurial conglomerates in the area of banking and financial services. At present, he is Chief Executive at Oxyzen Financial Advisory and Services Private Limited. He was awarded with Birla SL AMC Platinum Partner Award, Diamond Member.

None of the Directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 12.

**Item No. 13:**

The Board of Directors of the Company had at its meeting held on 5<sup>th</sup> August, 2017, approved the Notice convening the 31<sup>st</sup> Annual General Meeting (AGM) of the Company scheduled to be held on 5<sup>th</sup> September, 2017 and the same had already been circulated to the members.

Subsequently, on 21<sup>st</sup> August, 2017, the Company has received notice in writing from Mr. Pratap Mohan (DIN: 03536047) alongwith deposit of Rs. 1,00,000/- (Rupees One Lakh Only) proposing himself for the office of Director in terms of Section 160 of the Companies Act, 2013. The Company has also received from Mr. Pratap Mohan, consent to act as a Director in Form DIR -2, Notice of Interest by Director in Form MBP-1, intimation in Form DIR-8 under section 164(2) confirming that he is not disqualified from being appointed as Director, his profile and declaration under section 149 confirming that he meets the criteria of Independence as provided under section 149(6) of the Act.

Since Mr. Pratap Mohan has enclosed the requisite deposit amount under Section 160 of the Act, pursuant to Rule 13 of the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Section 160(2) of the Act, the Company is required to inform the members about the above referred candidature and place notice of such candidature on its website. Accordingly, this addendum to Notice is being issued by adding Item No. 13 as Special Business for appointment of Mr. Pratap Mohan as an Independent Director for a period of five years. The Proxy Form shall be deemed to be amended to include this agenda item.

The details of the person seeking appointment, as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard - 2, to the extent provided by Mr. Pratap Mohan in the aforementioned notice & enclosed documents is attached hereto.

Mr. Pratap Mohan, aged 56 years, is MBA from IIM, Calcutta and B. Tech. (Chem) from IIT (BHU), Varansi. He is having 32 years of multifunctional experience in area of greenfield projects, large manufacturing operations, business development and sales, mergers and acquisition and human resources. He was awarded and honored with National Talent Search Scholar, GSE Scholar of Rotary International, Kentucky Colonel Award-Civil honour of Kentucky State, USA and Paul Harris Fellow – Rotary International.

None of the Directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 13.

Information pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2 with respect to Directors seeking appointment, to the extent provided by them.

Name of Director	Mr. Dinesh Shankar Mukati	Mr. Madhu Menon	Mr. Pratap Mohan
Director Identification Number (DIN)	07909551	00950279	03536047
Age	59 years	44 years	56 years
Date of First Appointment on the Board	Not Applicable	Not Applicable	Not Applicable
Qualification	B.Com.	Graduate in Business Administration and Ad. Marketing	MBA from IIM, Calcutta & B. Tech. (Chem) from IIT (BHU), Varansi
Experience / Expertise in functional areas	He has worked with Indian Army and he is having 35 years of multifunctional experience in the area of operational excellence, cultural developing, lien manufacturing including as head of operation of Gujarat Guardian Limited. Currently, he is CEO of CDM Global, a Management constancy firm, providing consultancy to business houses, in the area of manufacturing and HR.	He is having 22 years' experience in corporate & entrepreneurial conglomerates in the area of banking and financial services. At present, he is Chief Executive at Oxyzen Financial Advisory and Services Private Limited.	He is having 32 years of multifunctional experience in area of greenfield projects, large manufacturing operations, business development and sales, mergers and acquisition and human resources.
Terms and conditions of appointment / re-appointment	Appointment as an Independent Director for a period of five years, not liable to retire by rotation.	Appointment as an Independent Director for a period of five years, not liable to retire by rotation.	Appointment as an Independent Director for a period of five years, not liable to retire by rotation.
Remuneration sought to be paid and the remuneration last drawn	Not applicable	Not applicable	Not applicable
No. of Shares held in the Company	150 Equity Shares	100 Equity Share	100 Equity Shares
Relationship with other Directors, Manager and other KMP	Not applicable	Not applicable	Not applicable
Number of Meetings of the Board held & attended during the year	Not Applicable	Not Applicable	Not Applicable
Directorships held in other public companies (excluding foreign companies and Section 8 companies)	None	None	None
Memberships / Chairmanships of committees of other public companies (excluding foreign companies and Section 8 companies)	None	None	None

Registered Office:

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

Date : 26<sup>th</sup> August, 2017

Place : Palodia

For Electrotherm (India) Limited

**Fageshkumar R. Soni**  
Company Secretary

## ELECTROTHERM (INDIA) LIMITED

CIN : L29249GJ1986PLC009126

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

### FORM NO. MGT-11

#### PROXY FORM

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

Name of the member(s):			
Registered Address:			
E-mail Id:			
Folio No. / Client Id:		DP ID No.	

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 31<sup>st</sup> Annual General Meeting of the Company, to be held on Tuesday, 5<sup>th</sup> September, 2017 at 10.00 a.m. at Ahmedabad Management Association (AMA), ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015, and at any adjournment thereof in respect of such resolutions as are indicated below:

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

Resolution No.	Particulars of Resolution	Optional*	
		For	Against
Ordinary Business			
1	Consider and adopt audited standalone and consolidated financial statements of the Company for the financial year ended on 31 <sup>st</sup> March, 2017 together with report of Board of Directors and Auditors' Report thereon.		
2	Appoint a Director in place of Mr. Shailesh Bhandari (DIN: 00058866), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.		
3	Appointment of M/s. Hitesh Prakash Shah & Co., Chartered Accountant, Ahmedabad (Firm Registration No. 127614W) as Statutory Auditors of the Company in place of M/s. Mehta Lodha & Co., Chartered Accountant as Retiring Auditors		
Special Business			
4	Raising of funds in the form of equity and / or convertible securities		
5	Ratification of Cost Auditors' remuneration		
6	Appointment of Mr. Siddharth Bhandari (DIN 01404674) as a Director liable to retire by rotation		
7	Appointment of Mr. Siddharth Bhandari (DIN 01404674) as a Whole Time Director		
8	Appointment of Dr. Narayan Masand (DIN: 07797910) as an Independent Director		
9	Appointment of Dr. Krishna Kant Shiromani (DIN: 07827220) as an Independent Director		
10	Appointment of Mr. Vivek Sharma (DIN : 07897857) as an Independent Director		
11	Appointment of Mr. Dinesh Shankar Mukati (DIN: 07909551) as an Independent Director		
12	Appointment of Mr. Madhu Menon (DIN: 00950279) as an Independent Director		
13	Appointment of Mr. Pratap Mohan (DIN: 03536047) as an Independent Director		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

\_\_\_\_\_  
Signature of Shareholder

\_\_\_\_\_  
Signature of Proxy holder(s)

Affix  
Re.1/-  
Revenue  
Stamp

#### NOTES:

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