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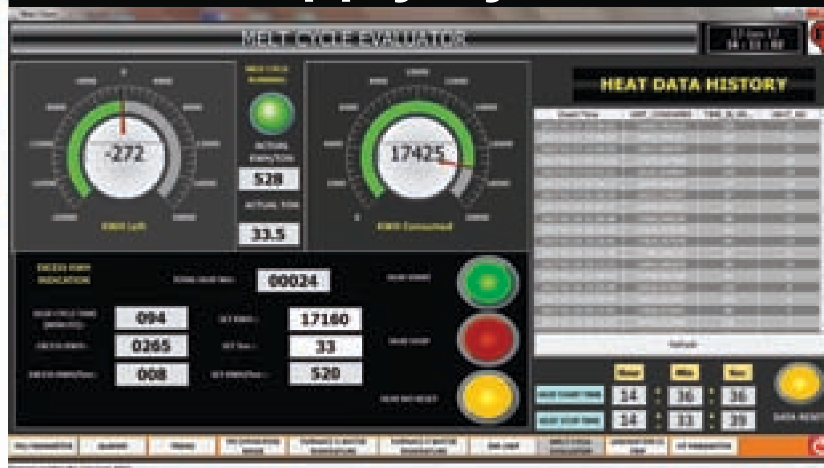
Electrotherm Kutch Plant

32nd ANNUAL REPORT 2017-18

DT-490i Series with DiFOC Power Supply System



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Mukesh Bhandari	*Chairman*
Mr. Shailesh Bhandari	*Managing Director*
Mr. Avinash Bhandari	*Jt. Managing Director & CEO*
Mr. Siddharth Bhandari	*Whole Time Director*
Mr. Dinesh Mukati	*Independent Director (w.e.f. 5th September, 2017)*
Mr. Pratap Mohan	*Independent Director (w.e.f. 5th September, 2017)*
Mr. Arun Kumar Jain	*Additional Director (Independent Director) (w.e.f. 19th January, 2018)*
Ms. Nivedita Sarda	*Additional Director (Independent Director) (w.e.f. 25th May, 2018)*
Ms. Sheetal Manhas	*Nominee Director (w.e.f. 14th August, 2018)*

KEY MANAGERIAL PERSONNEL

Mr. Pawan Gaur	*Chief Financial Officer*
Mr. Fageshkumar R. Soni	*Company Secretary*

AUDITORS

Hitesh Prakash Shah & 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

REGISTERED OFFICE

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

WORKS

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

Special Steel and DI Pipe Division & Electric Vehicles Division
Survey No. 325, N. H. No. 8A, Near Toll Naka,
Village: Samakhiyali, Taluka: Bhachau,
Dist: Kutch – 370 140 Gujarat

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

BANKS / FINANCIAL INSTITUTIONS

Edelweiss Asset Reconstruction Company Limited
Invent Assets Securitisation & Reconstruction Pvt. Ltd.
Rare Asset Reconstruction Pvt. Ltd
(Formerly Raytheon Asset Reconstruction Pvt. Ltd.)
International Finance Corporation
Corporation Bank
Union Bank of India
Standard Chartered Bank
Central Bank of India
Vijaya Bank
Syndicate Bank

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. : +91-79-2646 5179
Email : ahmedabad@linkintime.co.in

32ND ANNUAL GENERAL MEETING

32nd Annual General Meeting of the members of the Company will be held on Firday, 28th September, 2018 at 10.00 A.M. at Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.

CONTENTS

Dear Shareholders,

Last financial year 2017-18 has witnessed a year of growth for the Indian Economy, making it once again regain its position as the World's fastest growing major economy.

The economy is back on growth path after a few slow quarters on account of demonetization and the implementation of the Goods and Services Tax. The Indian Economy is expected to grow faster, driven by increased economic activity. However, protectionist moves by the US Government and partial retaliation by China have raised concerns about the future of global trade. Higher oil prices and rising inflation expectations on the domestic front remain key challenges to macro growth estimates.

India's GDP growth stood at 6.6% in FY 2017-18 as against projection of 7.2% due to lingering disruptions caused by demonetization of high value currencies last year and the roll out of the Goods and Services Tax (GST) this year.

Currently, the economy seems to be on the path to recovery, with indicators of industrial production, stock market index, auto sales and exports having shown some uptick. India continues to remain as one of the World's fastest growing economies with a projected growth rate of 7.0 - 7.4% in FY 2018-19. The Government's efforts towards enhancing India's attractiveness as an investment destination have started bearing fruits. India has made substantial progress in improving its ranking on various parameters like Ease of Doing Business Index, Competitiveness, Innovation and Logistics Performance. More importantly, for the first time in 14 years, Moody's has raised India's sovereign ratings.

Global crude steel output picked-up significantly in 2017 to a record 1.69 billion tonnes, up 5.4% from 2016. This was driven by sustained production across both developed and developing economies. India's steel production rose by 6.2% in 2017 to a record 101 million tonnes. The growth in the Indian steel sector was driven by improving domestic demand spurred by Government investment in infrastructure sector.

Amongst the larger economies, China witnessed a gradual slowdown in the economic activity but continued to grow in line with expectations. Global steel markets continued their recovery in FY 2017-18 as the global steel demand grew by approximately 2% as compared to the previous year. Steel exports from China declined due to capacity closures leading to a favorable demand-supply balance both in China as well as in the International Markets. This resulted in improved capacity utilizations in the industry, better steel prices and spreads, resulting in an improved industry performance for the year.

India too witnessed growth in steel demand owing to growth across the steel consuming sectors and the Government's continuous push on infrastructure spending. We believe that the steel demand in India will continue to increase in the future with increased capital and infrastructure investments, including the Make in India initiative, higher urbanization trends, focus on a wider and more inclusive banking network and transition to a more formal economy, including digital initiatives even in rural areas. The Government's initiatives to strengthen the domestic steel industry are also reflected in the National Steel Policy. The Policy endeavors to make the Indian steel industry self-sufficient, sustainable, cost efficient and internationally competitive.

The World Steel Association has projected Indian Steel demand to grow by 6.1% in 2017 and by 7.1% in 2018. The outlook by various agencies has revised the steel sector to stable for FY 2018-19 from negative in FY 2017-18, in view of healthy global and domestic demand growth along with ongoing capacity rationalizations in China. The agencies expect industry participants to exhibit an improvement in operational and financial performance, backed by steady sales realization and margins, supported by an improved demand-supply balance.

Electrotherm has been at the forefront of technology for the last 35 years of its existence and has introduced state-of-the-art and cutting edge indigenous technological products and contemporary processes for the secondary steel making and foundry industry in India and has been competing fiercely against the multinationals. The DTi technology furnace launched last year has been extremely well appreciated by our Customers making steel through the Induction route, specially in view of the lower power consumption it offers. The Engineering division is seeing a huge spurt in the demand of furnaces on account of this. With Government/MOEF/Pollution Control Boards tightening the norms for air pollution control, the Company is also seeing a spurt in demand for Air Pollution Control Equipment used on these induction melting furnaces.

In the Steel and Pipe division, the Company received many approvals from large Governmental and Non-governmental infrastructure projects for supply of TMT Bars. This will help Company substantially increase its capacity utilization of ISU (Integrated Steel Unit) while simultaneously improving price realizations. The Company also received many approvals for supply of recently launched Epoxy Coated TMT Bars for critical infrastructure projects. This should help improve the profit margins in the TMT segment.

The Company owing to operational turnaround and improved cash flows, has settled 80% of total liabilities with banks through the ARC route/direct one time settlements and continues to work hard to resolve debt related issues with remaining Banks.

As we continue our journey to create long-term value for our stakeholders, I would like to thank all the shareholders of the Company for support and reposing confidence in us during the year. I would also like to thank the Governments, Customers, Suppliers and Lenders for their relentless support to the Company. The Employees and the Associates have worked very hard during the year and I would like to thank them for their tireless commitment to the Company. Finally, I look forward to your continued and valuable support in the years to come.

Mukesh Bhandari
Chairman

NOTICE

NOTICE is hereby given that the **32nd Annual General Meeting** of Members of **Electrotherm (India) Limited** will be held on Friday, 28th September, 2018 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 31st March, 2018 together with report of Board of Directors and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Avinash Bhandari (DIN : 00058986), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.

SPECIAL BUSINESS:

3. To ratify the remuneration of the Cost Auditors for the financial year ending on 31st March, 2019:

   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 31st March, 2019."

4. **To appoint Mr. Arun Kumar Jain (DIN: 07563704) 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. Arun Kumar Jain (DIN: 07563704), who was appointed as an Additional Director of the Company in category of Non-Executive Independent Director with effect from 19th January, 2018 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 him under Section 160 of the Act, proposing his candidature for the office of the 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 18th January, 2023."

5. **To appoint Ms. Nivedita Sarda (DIN: 00938666) as an Independent Director:**

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

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule IV of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Nivedita Sarda (DIN: 00938666), who was appointed as an Additional Director of the Company in category of Non Executive Independent Woman Director with effect from 25th May, 2018 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 her under Section 160 of the Act, proposing her candidature for the office of the 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 24th May, 2023."

6. **To appoint Ms. Sheetal Manhas (DIN: 07439658) as a Nominee Director:**

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

   "RESOLVED THAT Ms. Sheetal Manhas (DIN: 07439658) who was appointed as an Additional Director in the category of a Nominee Director of the Company with effect from 14th August, 2018 and holds office up to the ensuing Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 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 Ms. Sheetal Manhas for the office of the Director, be and is hereby appointed as a Director (Nominee Director) of the Company whose period of Office shall not be liable to determination by retirement of directors by rotation."

By Order of the Board
For Electrotherm (India) Limited

Date : 14th August, 2018
Place : Palodia

Fageshkumar R. Soni
Company Secretary

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

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE 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**

NOTICE

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. 3 to 6 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. The requirement to place the matter relating to ratification of appointment of Auditors by Members at every Annual General Meeting is done away with vide notification dated 7th May, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the 31st Annual General Meeting held on 5th September, 2017 for a period of five years.
7. Members are requested to bring their copy of the Annual Report to the Meeting.
8. In November, 2017, the Company has transferred the money lying to unpaid / unclaimed dividend account for the year 2009-2010 to Investor Education and Protection Fund established by the Central Government. As such, now there is no money lying to unpaid / unclaimed dividend account pertaining to any of the previous years with the Company.
9. 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 as well as that of Ministry of Corporate Affairs www.mca.gov.in.
10. Electronic copy of the Notice convening the 32nd 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 2017-2018 is available on the Company's website viz. www.electrotherm.com
11. In line with the measures of Green Initiative taken by SEBI, Companies Act, 2013 also provided for sending notice of the meeting and other shareholder correspondences through electronic mode, members holding shares in physical mode are requested to register their e-mail ID's with the Company or RTA and Members holding shares in Demat mode are requested to register their e-mail Id's with their respective Depository Participants (DPs).
12. 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.
13. 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.
14. 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.
15. The Voting rights of members shall be in proportion to their shares of the paid-up equity share capital in the company as on cut-off date i.e. Friday 21st September, 2018.
16. Mr. Dipak Rachchha, Advocate has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
17. 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.
18. 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.
19. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as on cut-off date may cast vote after following the instructions for e-voting as provided in the Notice convening the Meeting, which is available on the website of the Company and CDSL. However, if you are already registered with CDSL for remote e-voting then you can use your existing User ID and password for casting your vote.
20. 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 or a person authorised by him in writing, who shall countersign the same and the Chairman or a person authorised by him in writing shall declare the result of the voting forthwith.

21. The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.electrotherm.com. The Company shall simultaneously forward the result to BSE Limited (BSE), 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 Tuesday, 25th September, 2018 at 9:00 a.m. and ends on Thursday, 27th September, 2018 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 Friday, 21st September, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on Shareholders.

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat 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) • 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.
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. • 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).

(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 use Mobile app - "m - Voting" for e-voting. m - Voting app is available on Apple, Android and Windows based Mobile. Shareholders may log in to m - Voting using their e voting credentials to vote for the company resolution(s).

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details, user would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

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

Name of Official: Mr. Rakesh Dalvi

Designation: Manager
Address: 25th Floor, A Wing, Marathon Futurex, Mafatlal Mills Compound, NM Joshi Marg, Lower Parel (E), Mumbai - 400 013
E Mail ID: helpdesk.evoting@cdslindia.com
Phone No.: 1800225533

ANNEXURE TO THE NOTICE

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

ITEM NO. 3:

The Board of Directors at their Meeting held on 25th May, 2018, 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 31st March, 2019 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. 3 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending on 31st March, 2019.

The resolution as set out in Item no. 3 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. 4:

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

Mr. Arun Kumar Jain was appointed as an Additional Director in category of Non Executive Independent Director with effect from 19th January, 2018. His appointment is proposed to be regularized at the ensuing Annual General Meeting for a period of five consecutive years upto 18th January, 2023, whose period of office shall not be liable to determination by retirement of directors by rotation.

Mr. Arun Kumar Jain, aged 62 years, is a Post Graduate in Maths and was awarded gold medal by Lucknow University. He joined Indian Revenue Services (IRS) in 1978 and completed his LLB from the Delhi University. He has extensive technical experience of 37 years in the field of Direct Taxes including interpretation of complex law, investigation, analysis of accounts of Companies engaged in various business and litigation. He joined the Central Board of Direct Taxes (CBDT) in 2013 and superannuated in 2016 as Chairman of the apex body dealing with policy related to direct taxes and administration of Income Tax Department.

The Company has received notice pursuant to the provisions of Section 160 of the Act from Mr. Arun Kumar Jain signifying his intension to propose himself as an Independent Director of the Company.

The Company has received declaration from Mr. Arun Kumar Jain 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. Arun Kumar Jain does not hold any equity shares of the Company. Mr. Arun Kumar Jain 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. Arun Kumar Jain is attached hereto.

In the opinion of the majority of the Board, Mr. Arun Kumar Jain fulfils the conditions for appointing him as an Independent Director as specified in the Act, the Rules made thereunder and the Listing Regulations and he is independent of the management and considering his vast experience, it would be beneficial to appoint him on the Board of the Company.

The copy of the letter of appointment of Mr. Arun Kumar Jain as an Independent Director setting out the terms and conditions would be available for inspection by members 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. 4 of this Notice is accordingly recommended for your approval.

Except Mr. Arun Kumar Jain, 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.

NOTICE

ITEM NO. 5:

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)/Woman Director.

Ms. Nivedita Sarda was appointed as an Additional Director in category of Non Executive Independent Woman Director with effect from 25th May, 2018. Her appointment is proposed to be regularized at the ensuing Annual General Meeting for a period of five consecutive years upto 24th May, 2023, whose period of office shall not be liable to determination by retirement of directors by rotation.

Ms. Nivedita Sarda, aged 41 years, is Gold Medallist Chartered Accountant, Certified Treasury Manager and Corporate Lawyer. By profession, she is Advocate. She has an experience of over 19 years gained from prestigious law firms in India and financial institutions. She is the founder Partner of Vedanta law chambers. She acts as legal mentor, advisor, solicitor, project sponsors & coordinator to various government and private entities on business structuring & restructuring, takeovers, joint ventures, business establishments, amalgamations, international trade finance, corporate finance and securities and also involved in advising and working for different companies incorporated in US, Singapore, Germany, Saudi Arabia etc. on certain aspects of its International structured investments, setups trade and regulatory compliance. She has been speaker in national conferences and seminars and at various industry forums on state and national level.

The Company has received notice pursuant to the provisions of Section 160 of the Act from Ms. Nivedita Sarda signifying her intension to propose herself as an Independent Director of the Company.

The Company has received declaration from Ms. Nivedita Sarda confirming that she is not disqualified from being appointed as Director in terms of Section 164 of the Act. The Company has also received declaration from her that she meets the criteria of independence as prescribed under Section 149(6) of the Act read with Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Ms. Nivedita Sarda does not hold any equity shares of the Company. Ms. Nivedita Sarda 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 Ms. Nivedita Sarda is attached hereto.

In the opinion of the majority of the Board, Ms. Nivedita Sarda fulfils the conditions for appointing her as an Independent Director as specified in the Act, the Rules made thereunder and the Listing Regulations and she is independent of the management and considering her experience, it would be beneficial to appoint her on the Board of the Company.

The copy of the letter of appointment of Ms. Nivedita Sarda 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. 5 of this Notice is accordingly recommended for your approval.

Except Ms. Nivedita Sarda, 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. 6:

Ms. Sheetal Manhas was appointed as an Additional Director in the capacity of a Nominee Director of the Company, with effect from 14th August, 2018 as per the nomination by Invent Assets Securitisation & Reconstruction Pvt. Ltd., the secured creditor. In terms of the provisions of Section 161 of the Companies Act, 2013, she holds office up to the ensuing Annual General Meeting of the Company. Her appointment is proposed to be regularized at the ensuring Annual General Meeting and her period of office shall not be liable to determination by retirement of directors by rotation.

Ms. Sheetal Manhas, aged 38 years, is a Chartered Accountant and is President with Invent Assets Securitisation & Reconstruction Pvt. Ltd. She is a NPA resolution and revival expert and has more than 18 (eighteen) years of professional experience having worked in the areas of distress asset resolution, debt restructuring, one-time settlements, corporate finance, accounts, audit and cash management systems. She has also worked on several corporate finance transactions having raised project finance and working capital for mid-level and large corporates and has provided other financial advisory and consultancy services to such corporates.

The Company has received notice pursuant to the provisions of Section 160 of the Act from a member signifying his intension to propose the candidature of Ms. Sheetal Manhas as a Nominee Director of the Company.

The Company has received declaration from Ms. Sheetal Manhas confirming that she is not disqualified from being appointed as Director in terms of Section 164 of the Act. Ms. Sheetal Manhas does not hold any equity shares of the Company. Ms. Sheetal Manhas 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 Ms. Sheetal Manhas is attached hereto.

The Nomination and Remuneration Committee and the Board of Directors of the Company with majority recommended the appointment of Ms. Sheetal Manhas as a Nominee Director of the Company.

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

Except Ms. Sheetal Manhas, 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.

By Order of the Board
For Electrotherm (India) Limited

Date : 14th August, 2018
Place : Palodia

Fageshkumar R. Soni
Company Secretary

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

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

Name of Director	Mr. Avinash Bhandari	Mr. Arun Kumar Jain	Ms. Nivedita Sarda	Ms. Sheetal Manhas
Director Identification Number (DIN)	00058986	07563704	00938666	07439658
Age	52 years	62 years	41 years	39 years
Date of First Appointment on the Board	08/10/2003	19/01/2018	25/05/2018	14/08/2018
Qualification	B.E. (Electronics), M.S. (U.S.A.), M.B.A. (Finance) (U.S.A.)	MSc(Maths), LL.B I.R.S. (Retired)	B.Com, PGDBA, CTM, FCA, LL.B	C.A.
Experience / Expertise in functional areas	He has having more than 27 years' experience in the Steel Manufacturing plant. His expertise of blending finance with operations has made the Company grow substantially over the last 15 years. He continues to provide leadership for improving the productivity and profitability of both the divisions that he manages.	He joined Indian Revenue Services (IRS) in 1978. He has extensive technical experience of 37 years in the field of Direct Taxes including interpretation of complex law, investigation, analysis of accounts of Companies engaged in various business and litigation. He joined the Central Board of Direct Taxes (CBDT) in 2013 and superannuated in 2016 as Chairman of the apex body dealing with policy related to direct taxes and administration of Income Tax Department.	She has an experience of over 19 years gained from prestigious law firms in India and financial institutions. She is the founder Partner of Vedanta law chambers. She acts as legal mentor, advisor, solicitor, project sponsors & coordinator to various government and private entities on business structuring & restructuring, takeovers, joint ventures, business establishments, amalgamations, international trade finance, corporate finance and securities and also involved in advising and working for different companies incorporated in US, Singapore, Germany, Saudi Arabia etc. on certain aspects of its International structured investments, setups trade and regulatory compliance. She has been speaker in national conferences and seminars and at various industry forums on state and national level.	She is President with Invent Asset Securitisation & Reconstruction Pvt Ltd. She is a NPA resolution and revival expert and has more than 18 (eighteen) years of professional experience having worked in the areas of distress asset resolution, debt restructuring, one-time settlements, corporate finance, accounts, audit and cash management systems,. She has also worked on several corporate finance transactions having raised project finance and working capital for mid-level and large corporates and has provided other financial advisory and consultancy services to such corporates.

Name of Director	Mr. Avinash Bhandari	Mr. Arun Kumar Jain	Ms. Nivedita Sarda	Ms. Sheetal Manhas
Terms and conditions of appointment / re-appointment	He retires by rotation at 32nd AGM and being eligible offers himself for re-appointment.	He was appointed as an Additional Director in Category of Non Executive Independent Director w.e.f. 19th January, 2018. He is proposed to be appointed as an Independent Director for a term of 5 (five) consecutive years upto 18th January, 2023, whose period of office shall not be liable to determination by retirement of directors by rotation.	She was appointed as an Additional Director in Category of Non Executive Independent Woman Director w.e.f. 25th May, 2018. She is proposed to be appointed as an Independent Director for a term of 5 (five) consecutive years upto 24th May, 2023, whose period of office shall not be liable to determination by retirement of directors by rotation.	She is appointed as a Director nominated by Invent Asset Securitisation & Reconstruction Pvt. Ltd., a secured creditor w.e.f. 14th August, 2018 and her appointment is to be regularised as Nominee Director not be liable to determination by retirement of directors by rotation.
Remuneration sought to be paid and the remuneration last drawn	For the ended 31st March, 2018 Rs. 18.00 Lakh	For the ended 31st March, 2018 Rs. NIL	For the ended 31st March, 2018 N.A.	For the ended 31st March, 2018 N.A.
No. of Shares held in the Company	NIL	NIL	NIL	NIL
Relationship with other Directors, Manager and other KMP	N.A.	N.A.	N.A.	N.A.
Number of Meetings of the Board held & attended during the year	9/9	1/2	Not Applicable, as she was appointed w.e.f. 25th May, 2018	Not Applicable, as she was appointed w.e.f. 14th August, 2018
Directorships held in other public companies (excluding foreign companies and Section 8 companies)	1. Hans Ispat Limited 2. Shree Ram Electro Cast Limited 3. Shree Hans Papers Limited 4. ET Elec-Trans Limited	1. West End Housing Finance Limited	1. Rajasthan State Road Development And Construction Corporation Limited	None
Memberships / Chairmanships of committees of other public companies (excluding foreign companies and Section 8 companies)	**Audit Committee** 1. Hans Ispat Limited - Member	**Nomination & Remuneration Committee** 1. West End Housing Finance Limited - Member	**Audit Committee** 1. Rajasthan State Road Development And Construction Corporation Limited - Member **Nomination & Remuneration Committee** 1. Rajasthan State Road Development And Construction Corporation Limited - Member	None

BOARDS' REPORT

To,
The Members
Electrotherm (India) Limited

Your Directors have pleasure in presenting the 32nd Annual Report on the business and operations of the Company and Audited Financial Statements for the year ended on 31st March, 2018.

FINANCIAL SUMMARY OR HIGHLIGHTS:

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, read with Rule 7 of the (Companies Accounts) Rules, 2014. The financial statements for the Financial Year ended on March 31, 2018 are the Company's first Ind AS compliant annual financial statements with comparative figures for the year ended on March 31, 2017 also under Ind AS. The date of transition is April 1, 2016.

The disclosure and effects of first time adoption of Ind AS are detailed in Note 45 of the standalone financial statements and Note 45 of the consolidated financial statements.

The standalone financial performance of the Company for the year ended on 31st March, 2018 is summarized below:

(Rs. In Crores)

Particulars	2017-2018	2016-2017
Total Income	2777.98	2104.64
Total Expenses	2766.78	2166.96
Profit / (Loss) before Exceptional Items and Tax	11.20	(62.32)
Less : Exceptional Items	-	14.45
Profit / (Loss) before Tax	11.20	(76.77)
Less: Tax Expenses	-	-
Profit / (Loss) for the Year	11.20	(76.77)
Other Comprehensive Income	0.58	(1.24)
Total Comprehensive Income	11.78	(78.01)

Note: The financial Statements for the year 2017-18 are the Company's First Ind AS compliant annual financial statement as such the figures of the previous year have been rearranged, regrouped, reclassified and recasted wherever necessary in conformity with Ind AS to correspond with the current year classification / disclosure and may not be comparable with the figures reported earlier.

STATE OF THE COMPANY'S AFFAIRS AND OPERATIONS:

The Company is engaged in the business of manufacturing induction furnaces, TMT Bars, Ductile Iron Pipes (DI Pipes), Electric Vehciles, Transformers, Transmission Line Towers etc.

During the year ended on 31st March, 2018, the total income of the Company was Rs. 2777.98 Crores compared to Rs. 2104.64 Crores of previous financial year. The net profit for the current financial year was Rs. 11.20 Crores as compared to loss Rs. 76.77 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:

During the financial year under review, no amount has been transferred to the General Reserve.

DIVIDEND:

In view of accumulated losses during the previous financial years and fund requirements, the Board of Directors of the Company do not recommend any dividend on Equity Shares and on Preference Shares for the year ended on 31st March, 2018.

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

After the end of the financial year, the Company has entered into settlement with Vijaya Bank, Rare Assets Reconstruction Pvt. Ltd. as trustee of liabilities related to Dena Bank and International Finance Corporation for their outstanding liabilities. Other than this, 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.

CONSOLIDATED FINANCIAL STATEMENTS:

The Consolidated financial statements of the Company for the financial year 2017-18 are prepared in compliance with applicable provisions of the Companies Act, 2013, Indian Accounting Standards ("Ind AS") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), which form part of this Annual Report.

SUBSIDIARY / JOINT VENTURE COMPANIES:

The company has the following subsidiaries as on 31st March, 2018:

1. Hans Ispat Limited
2. Shree Hans Papers Limited
3. Shree Ram Electro Cast Limited
4. ET Elec-Trans Limited
5. Jinhua Indus Enterprises Limited
6. Jinhua Jahari Enterprises Limited (Step-down Subsidiary Company)
7. Bhaskarpara Coal Company Limited (Joint Venture 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 / joint venture companies in Form AOC-1 is attached as **"Annexure – A"** to this 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 / joint venture companies, are available on the website of the company www.electrotherm.com.

During the financial year 2017-2018, none of the companies have become or ceased to be subsidiaries, joint ventures or associate companies.

NUMBER OF BOARD MEETINGS:

During the financial year 2017-18, Nine (9) Board Meetings were held and the intervening gap between the meetings was within the period prescribed under the Companies Act, 2013. Details of the composition of the Board and its Committees and of the meetings held, attendance of the Directors at such meetings and other relevant details are provided in the Corporate Governance Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

❖ **Retirement by Rotation**

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

❖ **Appointment & Cessation of Directors**

➢ **Appointment/Re-appointment**

During the year 2017-18, Mr. Siddharth Bhandari (DIN: 01404674), pursuant to the provisions of section 161, 196 and 197 of the Companies Act, 2013, was appointed as an Additional Director and Whole Time Director with effect from 26th April, 2017 and the same was regularized / approved by the shareholders at 31st Annual General Meeting held on 5th September, 2017.

Pursuant to section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules farmed thereunder, on receipt of notices under section 160 of the Companies Act, 2013, Mr. Dinesh Shankar Mukati (DIN: 07909551), Mr. Madhu Menon (DIN: 00950279) and Mr. Pratap Mohan (DIN: 03536047) were appointed as Independent Directors of the Company by the shareholders with requisite majority at the 31st Annual General Meeting held on 5th September, 2017 for a period of five (5) years from the date of the such annual general meeting.

Pursuant to the provisions of section 161 of the Companies Act, 2013 and the Rules farmed thereunder, Ms. Hinal Jaimin Shah (DIN: 07789126) was appointed as an Additional Director in the category of Non-Executive Independent Woman Director, Mr. Arun Kumar Jain (DIN: 07563704) as an Additional Director in the category of Non-Executive Independent Director and Ms. Nivedita Sarda (DIN: 00938666) as an Additional Director in the category of Non-Executive Independent Woman Director for the term upto five (5) consecutive years, with effect from 11th December, 2017, 19th January, 2018 and 25th May, 2018, respectively, and they hold office upto the date of ensuing Annual General Meeting of the Company. However, Ms. Hinal Jaimin Shah, Additional Director ceased to be Director of the Company with effect from 7th February, 2018 due to resignation.

M/s. Invent Assets Securitisation & Reconstruction Pvt. Ltd. (Invent), the Secured Creditor of the Company nominated Ms. Sheetal Manhas as Nominee Director on the Board of the Company. Pursuant to the provisions of section 149, 161 of the Companies Act, 2013 and the Rules farmed thereunder, on the recommendation of Nomination and Remuneration Committee, Ms. Sheetal Manhas (DIN: 07439658) was appointed as a Nominee Director in the category of Non-Executive Additional Director of the Company with effect from 14th August, 2018.

Mr. Arun Kumar Jain (DIN: 07563704), Ms. Nivedita Sarda (DIN: 00938666) and Ms. Sheetal Manhas (DIN: 07439658) shall hold office up to date the ensuing Annual General Meeting. The Company has received notices in writing pursuant to section 160 of the Companies Act, 2013 proposing the candidature of Mr. Arun Kumar Jain, Ms. Nivedita Sarda and Ms. Sheetal Manhas for the office of Directors of the Company. Your Directors with majority recommend their appointment as Directors of the Company.

➢ **Cessation / Resignation of Directors:**

Dr. Narayan Masand (DIN: 07797910), Dr. Krishna Kant Shiromani (DIN: 07827220) and Mr. Vivek Sharma (DIN: 07897857) ceased to be Additional (Independent) Directors of the Company at 31st Annual General Meeting held on 5th September, 2017.

Ms. Kruti Shukla (DIN: 07298899), Independent (Woman) Director, Mr. Madhu Menon (DIN: 00950279), Independent Director and Ms. Hinal Jaimin Shah (DIN: 07789126), Independent (Woman) Director of the Company, has resigned from the Board with effect from 8th September, 2017, 19th January, 2018 and 7th February, 2018, respectively.

The Board places on record its appreciations for the service rendered by Dr. Narayan Masand (DIN: 07797910), Dr. Krishna Kant Shiromani (DIN: 07827220), Mr. Vivek Sharma (DIN: 07897857), Ms. Kruti Shukla (DIN: 07298899), Mr. Madhu Menon (DIN: 00950279) and Ms. Hinal Jaimin Shah (DIN: 07789126) as a Director of the Company during their tenure and as a Member / Chairman of various Committees.

❖ **Key Managerial Personnel**

At the 31st Annual General Meeting held on 5th September, 2017, the members of the Company regularized / approved the appointment of Mr. Siddharth Bhandari (DIN: 01404674) as a Whole-time Director of the Company for the period of three years with effect from 26th April, 2017 and concluding on 25th April, 2020.

The Board of Directors of the Company in their meeting held on 26th April, 2017, approved the change in Designation of Mr. Mukesh Bhandari from 'Chairman' to 'Chairman & Managing Director' with effect from 26th April, 2017.

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

Subsequently, the Board of Directors of the Company, in their meeting held on 4th July, 2018 approved the change of designation of Mr. Mukesh Bhandari from 'Chairman & Managing Director' to 'Chairman'.

❖ **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 evaluation of the performance of the Board, its Committee and the directors individually. 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.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT:

Particulars of investments made, loans given and guarantee given as covered under the section 186 of the Companies Act, 2013, has been provided in Note No. 5, 6 and 30 of the notes to the financial statement which form part of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

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

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

RELATED PARTY TRANSACTIONS:

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

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.

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 31st March, 2018 is given in Note No. 38 of the financial statements of the Company.

FIXED DEPOSIT:

During the financial year 2017-18, the Company has not accepted any deposit within the meaning of section 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. Further there are no outstanding deposits as on 31st March, 2018.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

a) in the preparation of the annual accounts for the financial year ended on 31st March, 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the profit or loss of the company for that period;

c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities;

d) the Directors had prepared the Annual Accounts on a going concern basis;

e) the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and.

f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS AND AUDITORS' REPORT:

❖ **Statutory Auditor:**

Pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. Hitesh Prakash Shah & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 127614W), were appointed as Statutory Auditors of the Company at the 31st Annual General Meeting held on 5th September, 2017 for a term of five (5) years beginning from the conclusion of the 31st Annual General Meeting till the conclusion of the 36th Annual General Meeting, subject to ratification of the appointment by the Members at every subsequent Annual General Meeting. However, as per the notification of the Ministry of Corporate Affairs ("MCA") dated 7th May, 2018, Section 139 of the Companies Act, 2013 was amended by the Companies (Amendment) Act, 2017 and as per the amendment of Companies (Audit and Auditors) Second Amendment Rules, 2018, the requirement of annual retification of appointment of the Statutory Auditors has been omitted. Accordingly, the resolution pertaining to ratification of the appointment of M/s. Hitesh Prakash Shah & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 127614W) is not required to be placed before the members at the 32nd Annual General Meeting.

Auditors' Report:

In the Independent Auditors' Report for the year ended on 31st March, 2018, 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 Bank loan as account declared as Non-Performing Assets (NPA) for the total amount of Rs. 752.04 Crores, 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 accounts. The quantification has been done only for the loans which have not been settled.

❖ **Cost Auditor:**

Pursuant to the consent and certificate received from M/s V. H. Savaliya & Associates, Cost Accountants, Ahmedabad and as per Section 148 and other applicable provisions if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the Board of Directors of the Company has on the recommendation of the Audit Committee appointed him as Cost Auditors, to conduct the cost audit of the Company for the financial year ending on 31st March, 2019, at a remuneration as mentioned in the notice convening the Annual General Meeting, subject to ratification of the remuneration by the Members of the Company.

❖ **Secretarial Auditor:**

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

With regard to qualification of the Secretarial Auditor for non reconstitution of Nomination and Remuneration Committee, the same could not immediately reconstituted due to pending approval of the Board of Directors.

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 earnings 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. 33 of the standalone financial statements in respect of winding up petitions, recovery cases and attachment of properties 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.

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 and same is also available on the website of the Company at www.electrotherm.com.

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

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

OTHER DISCLOSURES:

a) The Company has not issued equity shares with differential rights as to dividend, voting or otherwise.

b) The Company has not issued sweat equity shares to its directors or employees.

c) The Company does not have any Employees Stock Option Scheme for its Employees/Directors.

d) The Auditors has not reported any frauds under sub-section (12) of Section 143 of the Companies Act, 2013.

e) Maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is required by the Company and accordingly such accounts and records are made and maintained by the Company.

f) The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and during the financial year, the Company has not received any complaints under the said Act.

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
Electrotherm (India) Limited

Mukesh Bhandari
Chairman
(DIN: 00014511)

Place : Palodia
Date : 14th August, 2018

ANNEXURE - A
FORM AOC-1

(Pursuant to first provisions 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

(₹ in Crores)

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	31/12/2017	RMB	2.06	(2.64)	1.05	1.64	0.07	0.02	(0.14)	-	(0.14)	-	100.00
2	Jinhua Jahari Enterprises Limited#	26/06/2007	31/12/2017	RMB	0.54	0.94	5.61	4.13	0.28	21.76	0.36	-	0.34	-	-
3	ET Elec-Trans Limited	27/11/2008	31/03/2018	INR	0.90	(1.47)	0.00	0.58	-	-	-	-	-	-	80.49
4	Hans Ispat Limited	01/06/2010	31/03/2018	INR	36.42	(121.88)	71.13	156.59	0.12	411.57	(4.76)	-	(4.76)	-	100.00
5	Shree Hans Papers Limited	01/06/2010	31/03/2018	INR	0.35	(3.54)	0.99	4.18	0.69	-	(0.02)	-	(0.02)	-	100.00
6	Shree Ram Electro Cast Limited	20/05/2010	31/03/2018	INR	8.19	(20.74)	28.75	41.30	0.01	-	(0.93)	-	(0.93)	-	95.00*

Exchange Rate as on 31/03/2018 1 RMB = ₹10.38

1. Shree Hans Papers Limited are yet to commence operations. ET Elec-Trans Limited and Shree Ram Electro Cast Limited has not carried out any business activities during the financial year.
2. No Company which have been liquidated or sold during the year.

100% holding by Jinhua Indus Enterprises Limited

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

ANNEXURE TO THE BOARDS' REPORT

PART B: Associates and Joint Ventures

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

(Rs. in Crores)

Name of Joint Ventures	Bhaskarpara Coal Company Limited
1. Latest audited Balance Sheet Date	31/03/2018
2. Date on which the Joint Venture was associated or acquired	21/11/2008
3. Shares of Joint Ventures held by the Company on the year ended	
- No. of Shares	90,45,127 Equity Shares of Rs. 10 each
- Amount of Investment in Joint Venture	RS. 9.04
- Extend of Holding%	52.63%
4. Description of how there is significant influence	The Company is holding more than 20% of the total share capital
5. Reason why the Joint Venture is not consolidated	Not Applicable
6. Networth attributable to Shareholding as per latest audited balance sheet	Rs. 8.24
7. Profit / (Loss) for the year	(0.02)
(i) Considered in Consolidation	(0.01)
(ii) Not Considered in Consolidation	(0.01)

1. Bhaskarpara Coal Company Limited is yet to commence operations.
2. No Company which have been liquidated or sold during the year

For & on behalf of the Board of Directors of
Electrotherm (India) Ltd.

MUKESH BHANDARI
Chairman
(DIN : 00014511)

SHAILESH BHANDARI
Managing Director
(DIN : 00058866)

AVINASH BHANDARI
Jt. Managing Director & CEO
(DIN : 00058986)

FAGESHKUMAR R. SONI
Company Secretary

PAWAN GAUR
Chief Financial Officer

Place : Palodia
Date : 14th August, 2018

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.

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

   1. Mr. Shailesh Bhandari - Chairman
   2. Mr. Avinash Bhandari - Member
   3. Mr. Pratap Mohan - 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.

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

Shailesh Bhandari
Chairman – CSR Committee
(DIN: 00058866)

Place : Palodia
Date : 14th August, 2018

ANNEXURE TO THE BOARDS' REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018

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

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

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

Based on my verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2018** ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Electrotherm (India) Limited** for the financial year ended on **31st March, 2018** 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 (Not applicable to the Company during the Audit Period);

  (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 Transboundry 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; and

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

(a) *The composition of Nomination & Remuneration Committee was not as per the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period from 5th September, 2017 to 18th January, 2018.*

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 major bearing on the Company's affairs:

1. The shareholders of the Company at their 31st Annual General Meeting held on 5th September, 2017 approved a special resolution for raising funds in the form of equity and / or convertible securities not exceeding Rs. 200 Crores or its equivalent in one or more currencies.
2. The Reserve Bank of India through Authorised Dealer – Bank of India vide its letter dated 23rd February 2018 has approved the application for changes in terms and conditions including partial waiver of External Commercial Borrowings (ECB) and Foreign Currency Convertible Bonds (FCCB) of International Finance Corporation (IFC).

FOR, BHARAT PRAJAPATI & CO.
COMPANY SECRETARIES

BHARAT PRAJAPATI
PROPRIETOR
FCS NO. : 9416
CP NO. : 10788

Place : Ahmedabad
Date : 13th August, 2018

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
FCS NO. : 9416
CP NO. : 10788

Place : Ahmedabad
Date : 13th August, 2018

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 conservation of energy

- Continued further the up gradation of line size of CCW pump at CPP, replacement of old condensate extraction pump at CPP, replacement of GH furnace AC cooling pump at SMS, replacement of pump in DM plant of SMS, overhauling of service air compressor & reduction in SPC of CPP

  There has been reduction in annual power consumption by 7.2 lakh units with investment of Rs 78 lakhs. The saving in terms of money is equivalent to Rs. 47 lakhs.

- Efficiency of AFBC boilers increased from 85 % to 86 % by improving combustion efficiency. Heat rate of turbine reduced from 3235 Kcal/kWh to 3214 Kcal/kWh.
- Power generation from WHRBs (waste heat recovery boilers) increased from 13.3 to 14.5 MWH by improving performance of WHRBs.
- Steel Melting Shop power consumption was brought down from 730 kWh/MT to 726 kWh/MT of Billets.
- Rolling Mill power consumption was brought down from 94 kWh/MT to 92 kWh/MT of TMT Bars.
- Usage of 5 to 10% sponge iron in blast furnaces resulted in increase in productivity and decrease in coke rate of blast furnace. With use of sponge iron in the said percentage increased the production in the range of 5 to 8 % and decreased the coke rate by 4 to 6%. The power consumption was also decreased from 124 kWh/MT to 120 kWh/MT of hot metal.
- With increase in production and improvement in yield in DI pipe plant, the power consumption was reduced from 276 kWh/MT to 263 kWh/MT of pipes.
- Steam addition in hot blast of blast furnace was introduced for controlling the furnace operating regime. This also resulted in saving of coke consumption by utilization of higher blast temperature and controlling the hot metal quality. The investment on installation of blast humidification facilities was Rs 35.77 lakhs. The benefits are being established.

(ii) Awards received on Energy Conservation

- 3rd prize winner for national level poster exhibition on best energy management practices held by Knowledge Exchange Platform (Bureau of Energy Efficiency – Ministry of Power) at New Delhi.
- Best appreciation award for Safety, Innovations, Efficiency and Performance competition for power plant held by SteamTech - 2018.

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

No step has been taken for utilizing alternate source of energy

(iv) The capital investment on energy conservation equipment's:

Sr. No.	Description of Energy Efficiency improvement measures	Category	Investment (Lakh Rupees)	Verified Savings (Rupees)	Verified energy Savings	Unit	Fuel
1	Upgrading line size of CCW Pump	CPP	65	28.98	4.459	Lakh kWh	Electricity
2	Replacement of old condensate extraction pump	CPP	10	8.85	1.32	Lakh kWh	Electricity
3	Replacement of GH furnace AC cooling pump	SMS	0.35	2.925	0.45	Lakh kWh	Electricity
4	Replacement of pump in DM plant in SMS-2	SMS	1.475	0.65	0.13	Lakh kWh	Electricity
5	Overhauling of Service Air Compressor and reduction in SPC	CPP	1.6	5.785	0.89	Lakh kWh	Electricity
6	Steam addition in Hot Blast Furnace	BF	35.77	Under Establishment	Under Establishment	Kg	Coke

ANNEXURE TO THE BOARDS' REPORT

B. TECHNOLOGY ABSORPTION:

(i) The efforts made towards technology absorption

- Established manufacturing facilities for Fusion Bonded Epoxy coated TMT Bars and Cut & Bend of TMT Bars.
- Production of some new grades of steel like C18 M Mn, C20 M Mn, C18 H Mn & CRS FE 500D for power grid & others application has been established in steel melting shop.
- Autoclaving process of green pellets for development of high strength.

  For increasing the strength of green iron ore pellets, the project on autoclaving of green pellets under high pressure and high temperature of steam continued throughout the year. The project was commissioned in Nov-2017 and production since then is continuing. The pellets with the strength more than 2000 N/P have been developed and are being used in blast furnaces of the plant.
- Development of lab scale model with improved reforming process of natural gas for production of gas based DRI

  A lab scale model having improved reforming process for natural gas and a reduction reactor is under installation. Earlier in this respect the reduction trials with iron ore / pellets have been conducted by CO, H2 and Co + H2 at different temperatures under varying proportion of CO and H2. The objective of this project is development of process and design know how of reforming and reduction techniques. A patent on dual/tri reforming of natural gas has been initiated.

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

- Fusion Bonded Epoxy Coated TMT Bars and Cut & bend of 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.
- Cold bonded self-fluxed iron ore pellets made out of iron ore fines, mill scale & cement is a new value added commercial product.

(iii) Imported Technology : None

(iv) Expenditure incurred on Research and Development : Rs. 0.07 Cr.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Foreign exchange Earning : Rs. 200.85 Cr.
2. Foreign Exchange Out Go : Rs. 152.21 Cr.

For and on behalf of the Board of Directors
Electrotherm (India) Limited

Mukesh Bhandari
Chairman
(DIN: 00014511)

Place : Palodia
Date : 14th August, 2018

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 2017-2018
1	Mr. Mukesh Bhandari	Chairman and Managing Director	5.36	As per Note (i)
2	Mr. Shailesh Bhandari	Managing Director	5.36	
3	Mr. Avinash Bhandari	Jt. Managing Director & CEO	5.36	
4	Mr. Siddharth Bhandari	Whole-time Director	As per Note (ii)	As per Note (ii)
5	Mr. Dinesh Shankar Mukati	Independent Director	No remuneration was paid during the financial year 2017-2018	Not Applicable
6	Mr. Pratap Mohan	Independent Director		
7	Mr. Madhu Menon	Independent Director		
8	Mr. Arun Kumar Jain	Independent Director		
9	Mr. Pawan Gaur	Chief Financial Officer (CFO)	Not Applicable	11.88
10	Mr. Fagesh R. Soni	Company Secretary	Not Applicable	12.00

Note:

(i) During the financial year, the Company has received approval from Central Government pursuant to Section 196 and 197 of the Companies Act, 2013 for payment of remuneration of Rs. 1,50,000/- per month to Mr. Mukesh Bhandari, Mr. Shailesh Bhandari and Mr. Avinash Bhandari for the period from 1st February, 2017 to 31st January, 2020.

(ii) Mr. Siddharth Bhandari was appointed as Whole-time Director for a period of three years with effect from 26th April, 2017 upto 25th April, 2020 at a monthly salary of Rs. 2,00,000/-. The Company has filed an application with Central Government for payment of remuneration and the same is pending.

2. The percentage increase in the median remuneration of employees in the financial year was 8.62%.

3. There were 2190 permanent employees on the rolls of the company as on 31st March, 2018.

4. The average annual increase in the salaries of the employees, other than managerial personnel was 10.57%, whereas the same is not comparable with remuneration of managerial remuneration, as the Company has received an approval from Central Government in November 2017 for payment of remuneration from February 2017 to its managerial personnel i.e. Chairman / Managing Directors.

5. The company affirms that the remuneration is as per the remuneration policy of the Company.

6. 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 Lacs 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
Electrotherm (India) Limited

Mukesh Bhandari
Chairman
(DIN: 00014511)

Place : Palodia
Date : 14th August, 2018

ANNEXURE – F
FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March 2018
[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: sec@electrotherm.com
(vi)	Whether listed company	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt. Ltd. 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. Contact No. (079) 26465179 Fax No.(079) 26465179 E-mail : ahmedabad@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the Company
1	Electronic Furnaces	25113	26.84%
2	Steel	24100	72.20%

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 : 399, Shicheng Street, Jinhua Industrial Park, Wucheng District, Jinhua City, China	NA	Step-down Subsidiary Company	100% by Jinhua Indus Enterprises Limited	Section 2(87)
3	Bhaskarpara Coal Company Limited Address: Crystal Tower, 1st Floor, G. E. Road Opp. Minocha Petrol Pump, Telibandha Raipur, Chhattisgarh – 492006	U10100CT2008PLC020943	Subsidiary Company / Joint Venture 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

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	
A. Promoters									
(1) Indian									
(a) Individual / HUF	2280575	0	2280575	17.90	2454625	0	2454625	19.26	1.37
(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	7.65	975000	0	975000	7.65	0
(e) Banks / FI	0	0	0	0	0	0	0	0	0
(f) Any other	**0**	0	0	0	0	0	0	0	0
Sub-Total (A)(1)	**3255575**	**0**	**3255575**	**25.55**	**3429625**	**0**	**3429625**	**26.92**	**1.37**
(2) Foreign									
(a) NRIs – Individuals	512500	0	512500	4.02	512500	0	512500	4.02	0
(b) Other – Individuals	0	0	0	0	0	0	0	0	0
(c) Bodies Corp.	0	0	0	0	0	0	0	0	0
(d) Banks/ FI	0	0	0	0	0	0	0	0	0
(e) Any other	0	0	0	0	0	0	0	0	0
Sub-Total (A)(2)	**512500**	**0**	**512500**	**4.02**	**512500**	**0**	**512500**	**4.02**	**0**
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	**3768075**	**0**	**3768075**	**29.57**	**3942125**	**0**	**3942125**	**30.94**	**1.37**
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	0	9800	9800	0.08	0	9800	9800	0.08	0
(b) Banks/ FI	0	100	100*	0.00	0	100	100	0.00	0
(c) Central Govt.	0	0	0	0	0	0	0	0	0
(d) State Govt.(s)	0	0	0	0	0	0	0	0	0
(e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f) Insurance Companies	0	0	0	0	0	0	0	0	0
(g) FIIs	0	0	0	0					
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i) Others (Specify)	0	0	0	0					
Foreign Portfolio Investor	320360	0	320360	2.51	565128	0	565128	4.43	1.92
Sub-Total (B)(1)	**320360**	**9900**	**330260**	**2.59**	**565128**	**9900**	**575028**	**4.51**	**1.92**

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	
2. Non-Institutions									
(a) Bodies Corp.									
(i) Indian	4217090	1700	4218790	33.11	3523110	1700	3524810	27.66	(5.45)
(ii) Overseas	0	2000000	2000000	15.70	0	2000000	2000000	15.70	0
(b) Individuals									
(i) Individual Shareholders holding nominal share capital upto Rs. 1 Lakh	839544	33232	872776	6.85	1026094	31657	1057751	8.30	1.45
(ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 Lakh	1100047	71200	1171247	9.19	1200874	71200	1272074	9.98	0.79
(c) Others (Specify)									
Clearing Member	173578	0	173578	1.36	147222	0	147222	1.16	(0.20)
Non-Resident Indians	48667	500	49167	0.39	138855	500	139355	1.09	0.70
HUF	147556	0	147556	1.16	84449	0	84449	0.66	(0.50)
Trust	11365	0	11365	0.09	0	0	0	0	(0.09)
Sub-Total (B)(2)	**6537847**	**2106632**	**8644479**	**67.84**	**6120604**	**2105057**	**8225661**	**64.55**	**(3.29)**
Total Public Shareholder (B) = (B)(1) + (B)(2)	**6858207**	**2116532**	**8974739**	**70.43**	**6685732**	**2114957**	**8800689**	**69.06**	**(1.37)**
C. Shares held by Custodian for GDRs & ADRs	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
Grand Total (A+B+C)	**10626282**	**2116532**	**12742814**	**100.00**	**10627857**	**2114957**	**12742814**	**100.00**	**0.00**

** 1266440 equity shares held by Edelweiss Assets Reconstruction Company Ltd. was shown in the category of "Financial Institution" as on 31st March, 2017 due to pending credit of shares in demat account. However the same has been regrouped / rearranged in the category of "Bodies Corporate" after 31st March, 2017 on credit of equity shares in demat account.*

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	7.65	----	975000	7.65	----	0.00
2	Shailesh Bhandari	848275	6.66	1.18	848275	6.66	1.18	0.00
3	Mukesh Bhandari	809500	6.35	1.18	809500	6.35	1.18	0.00
4	Rakesh Bhandari	512500	4.02	----	512500	4.02	----	0.00
5	Ritu Bhandari	243025	1.91	----	243025	1.91	----	0.00
6	Nagesh Bhandari	233125	1.83	----	233125	1.83	----	0.00
7	Mukesh Bhanwarlal Bhandari [HUF]	60000	0.47	----	60000	0.47	----	0.00
8	Indubala Bhandari	51500	0.40	----	51500	0.40	----	0.00
9	Narendra Dalal	34500	0.27	----	34500	0.27	----	0.00
10	Jyoti Bhandari	375	0.00	----	375	0.00	----	0.00
11	Reema Bhandari	275	0.00	----	275	0.00	----	0.00
12	Suraj Bhandari	----	----	----	81100	0.64	----	0.64
13	Siddharth Bhandari	----	----	----	48700	0.38	----	0.38
14	Anurag Bhandari	----	----	----	44250	0.35	----	0.35
	Total	**3768075**	**29.57**	**2.35**	**3942125**	**30.94**	**2.35**	**1.37**

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

Sr. No.	Name of Shareholder	Date wise increase / decrease				Cumulative Shareholding	% of total share capital
		Date	Increase / Decrease	% of total share capital	Reason		
1	Suraj Bhandari	At the beginning of the year				0	0.00
		25/09/2017	44600	0.35	Purchase from Market	44600	0.35
		19/12/2017	36500	0.29		81100	0.63
		At the end of the year				81100	0.63
2	Anurag Bhandari	At the beginning of the year				0	0.00
		27/12/2017	14000	0.11	Purchase from Market	14000	0.11
		23/01/2018	15000	0.12		29000	0.23
		09/02/2018	15250	0.12		44250	0.35
		At the end of the year				44250	0.35
2	Siddharth Bhandari	At the beginning of the year				0	0.00
		03/01/2018	15000	0.12	Purchase from Market	15000	0.12
		23/01/2018	16300	0.13		31300	0.25
		09/03/2018	17400	0.14		48700	0.38
		At the end of the year				48700	0.38

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			1266440	9.94
		17/11/2017	(11976)	(0.09)	1254464	9.84
		01/12/2017	(36333)	(0.29)	1218131	9.56
		22/12/2017	(111721)	(0.88)	1106410	8.68
		29/12/2017	(21410)	(0.17)	1085000	8.51
		12/01/2018	(32838)	(0.26)	1052162	8.26
		19/01/2018	(4088)	(0.03)	1048074	8.22
		At the end of the year			1048074	8.22
2	CASTLESHINE PTE LIMITED	At the beginning of the year			1000000	7.85
		At the end of the year			1000000	7.85
3	LEADHAVEN PTE LIMITED	At the beginning of the year			1000000	7.85
		At the end of the year			1000000	7.85
4	JAGDISHKUMAR AMRUTLAL AKHANI	At the beginning of the year*			793161	6.22
		07/04/2017	(4085)	(0.03)	789076	6.19
		05/05/2017	(1230)	(0.01)	787846	6.18
		12/05/2017	136	0.00	787982	6.18
		02/06/2017	49314	0.39	837296	6.57
		09/06/2017	(9765)	(0.08)	827531	6.49
		16/06/2017	(4000)	(0.03)	823531	6.46
		23/06/2017	4394	0.03	827925	6.50
		30/06/2017	(25)	0.00	827900	6.50
		14/07/2017	(1972)	(0.02)	825928	6.48
		21/07/2017	(2820)	(0.02)	823108	6.46
		18/08/2017	(500)	0.00	822608	6.46
		01/09/2017	5755	0.05	828363	6.50
		22/09/2017	(1000)	(0.01)	827363	6.49
		03/11/2017	(6208)	(0.05)	821155	6.44
		10/11/2017	18779	0.15	839934	6.59
		24/11/2017	8500	0.07	848434	6.66
		08/12/2017	(6000)	(0.05)	842434	6.61
		22/12/2017	(17000)	(0.13)	825434	6.48
		29/12/2017	52763	0.41	878197	6.89
		30/12/2017	6607	0.05	884804	6.94
		05/01/2018	6363	0.05	891167	6.99
		02/02/2018	195	0.00	891362	7.00
		16/03/2018	(14837)	(0.12)	876525	6.88
		23/03/2018	(15000)	(0.12)	861525	6.76
		31/03/2018	(32175)	(0.25)	829350	6.51
		At the end of the year			829350	6.51
5	DHANVARSHA FINVEST LIMITED	At the beginning of the year			426942	3.35
		04/08/2017	(130000)	(1.02)	296942	2.33
		11/08/2017	(10000)	(0.08)	286942	2.25
		18/08/2017	(18000)	(0.14)	268942	2.11
		01/09/2017	(7034)	(0.06)	261908	2.06
		29/12/2017	7034	0.06	268942	2.11
		26/01/2018	(31300)	(0.25)	237642	1.86
		09/02/2018	(41250)	(0.32)	196392	1.54
		At the end of the year			196392	1.54

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		
6	PASSIM SHARE TRADE PRIVATE LIMITED	At the beginning of the year*			394918	3.10
		17/11/2017	(374918)	(2.94)	200000	0.16
		15/12/2017	(20000)	(0.16)	0	0.00
		At the end of the year			0	0.00
7	WEB BUSINESSES.COM GLOBAL LIMITED	At the beginning of the year			297599	2.34
		At the end of the year			297599	2.34
8	HIGHLAND FINANCES & INVESTMENT PRIVATE LIMITED	At the beginning of the year			250000	1.96
		04/08/2017	(30838)	(0.24)	219162	1.72
		At the end of the year			219162	1.72
9	FROID FINANCE & INVESTMENT PRIVATE LIMITED	At the beginning of the year			250000	1.96
		25/08/2017	24708	0.19	274708	2.16
		22/09/2017	(10000)	(0.08)	264708	2.08
		29/09/2017	(3740)	(0.03)	260968	2.05
		06/10/2017	(13403)	(0.11)	247565	1.94
		09/02/2018	(11815)	(0.09)	235750	1.85
		09/03/2018	(4500)	(0.04)	231250	1.81
		At the end of the year			231250	1.81
10	LAVISH PACKAGERS LIMITED	At the beginning of the year			248347	1.95
		29/09/2017	(6000)	(0.05)	242347	1.90
		06/10/2017	(35000)	(0.27)	207347	1.63
		13/10/2017	(16638)	(0.13)	190709	1.50
		27/10/2017	(115)	0.00	190594	1.50
		At the end of the year			190594	1.50
11	ASPIRE EMERGING FUND	At the beginning of the year			320360	2.51
		28/04/2017	19591	0.15	339951	2.67
		05/05/2017	21386	0.17	361337	2.84
		12/05/2017	3990	0.03	365327	2.87
		19/05/2017	8021	0.06	373348	2.93
		02/06/2017	34000	0.27	407348	3.20
		01/09/2017	1691	0.01	409039	3.21
		08/09/2017	1558	0.01	410597	3.22
		06/10/2017	5215	0.04	415812	3.26
		13/10/2017	14327	0.11	430139	3.38
		20/10/2017	6279	0.05	436418	3.42
		27/10/2017	5651	0.04	442069	3.47
		03/11/2017	9294	0.07	451363	3.54
		10/11/2017	9969	0.08	461332	3.62
		17/11/2017	12856	0.10	474188	3.72
		19/01/2018	90940	0.71	565128	4.43
		At the end of the year			565128	4.43

Note :

1. Change in the holdings as per the beneficiary position downloaded from the Depositories.
2. The above changes in the holdings is due to sale / purchase (transfer) in open market.
3. *The details of holding has been clubbed based on PAN.

ANNEXURE TO THE BOARDS' REPORT

(v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name of Shareholder	Date wise increase / decrease				Cumulative Shareholding	% of total share capital
		Date	Increase / Decrease	% of total share capital	Reason		
1	Mukesh Bhandari (Chairman)	At the beginning of the year				809500	6.35
		At the end of the year				809500	6.35
2	Shailesh Bhandari (Managing Director)	At the beginning of the year				848275	6.66
		At the end of the year				848275	6.66
3	Avinash Bhandari (Jt. Managing Director & CEO)	At the beginning of the year				0	0.00
		At the end of the year				0	0.00
4	Siddharth Bhandari (Whole Time Director)	At the beginning of the year				0	0.00
		03/01/2018	15000	0.12	Purchase from Market	15000	0.12
		23/01/2018	16300	0.13		31300	0.25
		09/03/2018	17400	0.14		48700	0.38
		At the end of the year				48700	0.38
5	Dinesh Shankar Mukati* (Independent Director)	At the beginning of the year (Date of Appointment)				150	0.00
		At the end of the year				150	0.00
6	Pratap Mohan* (Independent Director)	At the beginning of the year (Date of Appointment)				100	0.00
		At the beginning of the year				100	0.00
7	Arun Kumar Jain@ (Additional Director – Non Executive Independent Director)	At the end of the year				0	0.00
		At the beginning of the year				0	0.00
8	Pawan Gaur# Chief Financial Officer	At the beginning of the year				6000	0.05
		26/05/2017	(1000)	(0.01)	Market Sale	5000	0.04
		At the end of the year				5000	0.04
9	Fageshkumar R. Soni Company Secretary	At the beginning of the year				0	0.00
		At the end of the year				0	0.00

* Appointed as Independent Director with effect from 5th September, 2017

@ Appointed as Additional Director (Non Executive Independent Director) with effect from 19th January, 2018

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

ANNEXURE TO THE BOARDS' REPORT

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
Indebtedness at the beginning of the financial year				
(i) Principal Amount	2838.16	105.01	-	2943.17
(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
Total (i+ii+iii)	**2838.16**	**105.01**	**-**	**2943.17**
Change in Indebtedness during the financial year				
- Addition	-	-	-	-
- Reduction	(3.91)	(0.85)	-	(4.76)
Net Change	**(3.91)**	**(0.85)**	**-**	**(4.76)**
Indebtedness at the end of the financial year				
(i) Principal Amount	2834.25	104.16	-	2938.41
(ii) Interest due but not paid	As per Note	As per Note	-	As per Note
(iii) Interest accrued but not due	As per Note	As per Note	-	As per Note
Total (i+ii+iii)	**2834.25**	**104.16**	**-**	**2938.41**

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 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, Vijaya Bank and loans which are assigned to Edelweiss Assets Reconstruction Company Limited (EARC), Invent Assets Securitization & Reconstruction Private Limited (Invent) and Rare Asset Reconstruction Private Limited (formerly known as Raytheon Asset Reconstruction Private Limited)} is Rs. 752.04 Crores upto 31st March, 2018.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager **(Rs. in Crores)**

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager				Total Amount
		Mr. Mukesh Bhandari (Chairman)*	Mr. Shailesh Bhandari (Managing Director)*	Mr. Avinash Bhandari (Jt. Managing Director & CEO)*	Mr. Siddharth Bhandari (Whole-time Director)#	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.21	0.21	0.21	-	0.63
	(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	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil	Nil
4.	Commission					
	- as % of profit	Nil	Nil	Nil	Nil	Nil
	- others, specify	Nil	Nil	Nil	Nil	Nil
5.	Others, please specify	-	-	-	-	-
	Total (A)	**0.21**	**0.21**	**0.21**	**-**	**0.63**
	Ceiling as per the Act (Rs.)	Within the ceiling limit prescribed under Companies Act, 2013 read with Schedule V of the Companies Act, 2013				

* Remuneration has been paid during the year 2017-18, as per the approval of Central Government obtained pursuant to the provisions of Section 197 read with Schedule V of the Companies Act, 2013 including arrears of remuneration from 1st February, 2017 to 31st March, 2017.

In view of pending approval of Central Government pursuant to the provisions of Section 197 of the Companies Act, 2013 read with Schedule V for remuneration of Mr. Siddharth Bhandari w.e.f. 26th April 2017, the Company has not paid any remuneration to Whole-time Director, during the financial year ended on 31st March, 2018.

B. Remuneration to other directors

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount (Rs.)
		Mr. Dinesh Shankar Mukati	Mr. Pratap Mohan	Mr. Arun Kumar Jain	
		(Non-Executive Independent Directors)	(Non-Executive Independent Directors)	(Non-Executive Independent Directors)	
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.)	-	-	-	-

Note: During the financial year ended on 31st March, 2018, the Company has not paid any remuneration to its Non-Executive Independent Director namely to Mr. Ram Singh, Mr. Chaitanyapratap Sharma, Dr. Narayan Masand, Dr. Krishna Kant Shiromani, Mr. Vivek Sharma, Ms. Kruti Shukla, Mrs. Hinal Shah & Mr. Madhu Menon who resigned / ceased to be a Director of the Company during the year 2017-18.

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	0.10	0.37	0.47
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	0.01	0.05	0.06
	(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	**0.11**	**0.42**	**0.53**

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					
Punishment			NONE		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NONE		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			NONE		
Compounding					

For and on behalf of the Board of Directors
Electrotherm (India) Limited

Mukesh Bhandari
Chairman
(DIN: 00014511)

Place : Palodia
Date : 14th August, 2018

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMY OVERVIEW:

India has overtaken Japan to become the world's second largest producer of crude steel in February 2018, according to the Steel Users Federation of India (Sufi). India's crude steel production was up 4.4 per cent and stood at 93.11 million tonnes (MnT) for the period April 2017 to February 2018, compared with April 2016 to February 2017, which has helped India to overtake Japan and becomes the second largest producer of crude steel in the world.

Considering Current Year 2017, the country's crude steel production crossed the 100 million tonnes mark for the first time in history, reaching 101.4 million tonnes, a growth of 6.18% over same period of 2016, accounting for 9% of Asian and 6% of world crude steel production during January – December 2017. Steel manufacturing output of India is expected to increase to 128.6 MT by 2021, accelerating the Country's share of global steel production to 7.7 % by 2021.

India's finished steel consumption has grown 1.6 times between 2007-2017 to 83.5 MnT in 2017-18 growing at a CAGR of 5.5% in the period. The increase in consumption is a consequence of the infrastructural spends and growth in the automobile sector. Although India is the 3rd largest consumer of Steel in the World, it ranks 95th out of 142 countries in per capita consumption. The per capita consumption of steel has grown by a factor of 1.5 times from 43.6 kilograms in 2007 to 63.1 kilograms (rural consumption 10.0 kilograms per capita) in 2017 at a CAGR of 4.2%.

Steel sector contributes to over 2% of the country's GDP and employs around 25 lakhs employee in steel/allied sectors.

Inspite of the sectorial stress, Indian consumption story remains intact and India remains a bright spot in the global steel industry. The Indian steel industry also enjoys an inherent advantage in terms of availability of high grade iron ore and non–coking coal, the two critical inputs of steel production. In addition, it also has a vast and rapidly growing market for steel, a strong MSME sector and a relatively young workforce with competitive labour costs making the sector globally competitive.

It is estimated that India will require Rs. 50.00 lakh crore in infrastructure spending through 2022. The National Steel Policy, 2017 envisages total reliance on domestic steel production by 2030. The push from Government through various policy measures including 'Make in India' scheme and budgetary allocation of Rs. 6.00 lakh crore for the infrastructure sector in financial year 2019 (up 20.0 % over FY 2018) is expected to create demand for steel. In the light of the preceding, the Indian steel industry is estimated to perform better after the lull in the past few years to grow at a healthy pace of 6.0 % through 2022.

Overall economic growth and more specifically accelerated spend in infrastructure sector including roads, railways and ship building, anticipated growth in defence sector and the automobile sector are expected to create significant demand for steel in the Country. In addition to this, favorable demographics, improvement in various socio-economic indicators, increasing penetration of steel in rural areas and increased usage of steel in bridges, crash barriers are also expected to contribute positively to steel demand. The focus on the "Make in India" initiative is expected to give a fresh boost to steel consumption through defence and ship building.

INDUSTRY STRUCTURE & DEVELOPMENTS

A. Engineering & Projects Division:

"A Tale of Persistent Success"

Engineering and Project (E&P) division of the Electrotherm (India) Limited has been on fast growth lane for several years. As India has become the second largest crude steel producer in the world, E&P division has also achieved its highest ever sales in financial year 2017-18 surpassing its previous year sales by almost 30% whereas India's steel production grew by about 9% during the same period.

This incredible growth has largely been due to robust growth of Iron & Steel sector, Foundry industry and Heat treatment industry in India, but more importantly due to increased market share of E&P division in all three segments of industry that it caters to fueled by its development of world's most energy efficient Induction Furnace that it launched in February 2017. The growth is also attributable to the company's strategy to migrate from a single product company a decade ago to multi-product manufacturer, turnkey project supplier and total solutions provider to iron & steel making segment.

In the last biennium the company has also expanded its reach to several new countries growing its presence in 56 countries around the world. Export continue to be company's forte bringing about 50% of its revenue from overseas market. Company's capabilities to deliver total solutions and execute turnkey projects for integrated iron & steel making plants have enabled customers produce high quality steel with lowest CAPEX and OPEX and in shortest project gestation period.

Introduction of DIFOC technology, which resulted in evolution of DTi series of Induction Furnaces at the end of FY 2016-17, has had serious impact on steelmaking segment (through Induction Furnace route) in the country and around the world. DTi series of Induction Furnace is the most energy efficient furnace in the world lowering the cost of steelmaking substantially and enhancing productivity as well. This product not only has become most sought after Induction Furnace in the world but it also compelled existing plants to replace operating furnaces resulting in substantially increased market share for E&P division. Eventually, DTi series Induction Furnace in conjunction with ERF – ELdFOS Technology and High Speed Continuous Casting Machine enabling direct rolling of hot billets has become a highly competitive route for secondary steelmaking up to 1 MTPA capacity now.

Various initiatives of Government of India viz. steps to curb steel imports, push local demand with initiatives like 'Make in India', implementation of GST and fast-paced infrastructure projects supplemented by National Steel Policy 2017, Indian steel sector is all set to grow multifold over next decade. Further, with abolition of classification of primary and secondary routes for iron & steel making, Induction Furnace based steelmaking plants are now poised to grow faster than other routes for its lower CAPEX, OPEX and gestation period to meet the growing domestic steel demand, at least in short run.

Fume extraction and cleaning system developed by the company for induction furnace has also been established in the market for its efficiency and effectiveness. All new furnaces are expected to be installed with this highly efficient state-of-the-art fume extraction and off-gas cleaning / de-dusting systems in order to meet now more stringent emission standards of pollutants set by the central and local pollution control boards. Therefore, company is set to harvest rich dividends from this product as well.

Besides steelmaking industry, foundry and heat treatment segments are also surging ahead in domestic market which has helped company grow its verticals catering to these segments as well. Looking at buoyant automobile and other sectors where castings and heat treatment parts are employed, and successful development of IGBT based equipment and multi-track systems for these segments, company is expected to further consolidate its position in these verticals too.

Customer-centric product development and continuous products improvements have been the core philosophy of our company. The company's R&D is focused to ensure continuous improvements in existing products to make customers' plants more efficient, productive and profitable. Simultaneously, with its outside-in approach, the company will look to develop new products both in-house and through strategic collaborations to reinforce its product portfolio. This should help maintain company's leadership in product and technology further improving its market share, sales revenue and EBIDTA in years to come.

B. Steel & Pipe Division:

The FY 2017-18 can be best describe as extremely volatile year from raw materials and finished goods point of view. The prices and the demand for TMT bars during the first 7 months of the year remained subdued. Both prices and demand started to look up starting November and increased substantially between November and March with prices being led by primary producers. The prices of iron ore and coal increased a bit, but not as much as the increase in the finished goods prices, resulting in improvements in operating margins in the last 4-5 months in the year. The positive trend is expected to sustain in the financial year 2018-19.

The coke prices in the International Market remained at an elevated level against popular belief that they will come down. 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 bars sales increased by 16% over the last year, whereas the ductile iron pipes sales volume saw an increase of 12%.

With demand showing signs of incremental improvements, the capacity utilization is further expected to go up in FY 2018 – 19. The Company has also stepped up various operational excellence activities in the Plant with a view to bring down cost, improve quality and productivity substantially. This should auger well for the profitability of the Company.

The Company has commissioned 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 Maharashtra.

C. Electric Vehicle Division:

The Electric Vehicle Division witnessed limited growth in terms of revenue in the FY 2017-18. Rollout of 'YO EDGE', an attractive and better performing two wheeler model in the last quarter of FY 2017-18, saw strong customer demand leading to waiting period of a month and a half for delivery. With major product portfolio revamp underway, the FY 2018-19 will see new models being rolled out and will be a major driver for sales uptake. With electric vehicle market amped up, increase in awareness amongst consumers, new models & technology being added and government support; the division will see better revenues.

The two-wheeler and three-wheeler segments will offer a huge opportunity in India given that India is the world's largest two-wheeler market as well as one of the biggest for three-wheelers, used widely for personal mobility and cargo transportation. Vehicle segments like three wheelers, scooters and small commercial vehicles will see faster EV penetration.

Our focus over the next year shall remain on products in two and three-wheeler segment, where in vehicles don't have to rely on extensive charging stations and can be charged at home or work.

A good 75% Indian commuters travel an average 35 to 45 kms a day, charge range might not be as big a hindrance as expected in case of two wheelers. We will be working on making products in this segment smart, affordable through offering consumer finance options, better quality and looks equivalent or better than conventional vehicles at the same time offering option of lithium ion in certain product models. In-town mobility seekers, young families seeking practical transport solutions with modern technology, features and style is where our focus shall be.

In case of three wheeler segment our focus will be on both passenger as well as cargo segment. Passenger segment will see adoption by fleet owners as well as private owners. Though we have products in this segment, we are currently working on eAuto category, which we see will shape the market of passenger electric three wheelers in India. This category will see faster adoption in terms of lithium ion variant by fleet owners.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Electric three wheeler cargo segment remains a highly untapped market in India. At least the market of urban freight (for transporting goods within a town or city) where our focus will be. The rationale behind this again remains that these vehicles will not require extensive charging infrastructure, a single charge would be enough to operate throughout a day.

FINANCIAL SITUATION:

Some lenders of the Company had assigned their debt to Edelweiss Asset Reconstruction Company Limited (EARC), Invent Assets Securitisation & Reconstruction Pvt. Ltd. ("Invent") and Rare Asset Reconstruction Private Limited ("Rare ARC") (formerly known as Raytheon Asset Reconstruction Private Limited) and Company has entered into settlement with EARC and Invent for payment of said debts. After the end of financial year, the Company has entered into settlement with Vijaya Banka, Rare ARC for liability of Dena Bank and International Finance Corporation (IFC).

SEGMENT-WISE PERFORMANCE:

The Business segment of the Company comprises of Engineering & Project Division, Special Steel Division and Electric Vehicle Division. The Segment wise performance of the Company for all the three divisions for the year ended on 31st March, 2018 is as under:

(Rs. In Crores)

Particulars	Engineering & Projects Division	Special Steel Division	Electric Vehicle Division
Revenue from operations	748.53	2013.31	26.82
Segment Profit / (Loss) Before Financial Cost & Other Unallocable Item	23.04	8.13	(15.41)
Capital employed	(193.20)	456.99	40.43

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 31st March, 2018 was Rs. 2771.86 Crores as compared to Rs. 2099.44 Crores of previous financial year.

Cost of Materials consumed including purchase of traded goods:

The cost of materials consumed including purchase of traded goods for the financial year ended on 31st March, 2018 was Rs. 1909.63 Crores as compared to Rs. 1344.97 Crores of previous financial year.

Depreciation and amortization:

Depreciation and amortization for the financial year ended on 31st March, 2018 is Rs. 144.90 Crores as compared to Rs. 144.10 Crores of the previous financial year.

Finance Costs:

Finance costs for the financial year ended on 31st March, 2018 is of Rs. 4.89 Crores as compared to Rs. 4.10 Crores of previous financial year.

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, Vijaya Bank and loans which are assigned to Edelweiss Assets Reconstruction Company Limited (EARC), Invent Assets Securitization & Reconstruction Private Limited (Invent) and Rare Asset Reconstruction Private Limited (formerly known as Raytheon Asset Reconstruction Private Limited)} is Rs. 752.04 Crores upto 31st March, 2018.

Profit Analysis:

Net Profit for the financial year period ended on 31st March, 2018 is Rs. 11.20 Crore as compared to Loss of Rs. 76.77 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 sametakes 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 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 2017-18 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 2017-18. 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, 2018, there were 2190 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 RESPONSBILITY

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. 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.

CORPORATE GOVERNANCE REPORT

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 the date of report, the Board of Directors comprises Nine Directors, out of which Four are Executive Directors, Four are Non-Executive & Independent Directors and One is Non-Executive Director.

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	5	-	-
2.	Mr. Shailesh Bhandari	Promoter & Managing Director	9	-	-
3.	Mr. Avinash Bhandari	Joint Managing Director & CEO	4	1	-
4.	Mr. Siddharth Bhandari	Promoter & Whole-time Director	15	-	-
5.	Mr. Pratap Mohan	Independent & Non-Executive Director	1	-	-
6.	Mr. Dinesh Shankar Mukati	Independent & Non-Executive Director	-	-	-
7.	Mr. Arun Kumar Jain	Independent & Non-Executive Director	2	-	-
8.	Ms. Nivedita Sarda	Independent & Non-Executive Woman Director	4	1	-
9.	Ms. Sheetal Manhas	Non-Executive Director	-	-	-

- 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/she is a Director.
- None of the Directors are related to each other except Mr. Mukesh Bhandari and Mr. Shailesh Bhandari, who are Brothers and Mr. Mukesh Bhandari and Mr. Siddharth Bhandari, who are father and son.
- Ms. Nivedita Sarda was appointed as an Additional Director in the category of Non-Executive Independent Woman Director with effect from 25th May, 2018 and Ms. Sheetal Manhas was appointed as an Additional Director (Nominee Director) in the category of Non-Executive Director with effect from 14th August, 2018.

❖ **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 31st March, 2018, Nine (9) Board Meetings were held on 17th April, 2017, 26th April, 2017, 23rd May, 2017, 13th July, 2017, 5th August, 2017, 14th September, 2017, 11th December, 2017, 19th January, 2018 and 13th February, 2018.

Attendances of Directors at the Board Meetings and at the Last Annual General Meeting held on 5th September, 2017 are as under:

Name of Director	Total Board Meetings held	Attendance	
		Board Meetings	AGM held on 5th September, 2017
Mr. Mukesh Bhandari	9	9	Yes
Mr. Shailesh Bhandari	9	8	No
Mr. Avinash Bhandari	9	9	Yes
Mr. Siddharth Bhandari	7	7	Yes
Mr. Chaitanyapratap Sharma	2	2	No
Ms. Kruti Shukla	5	5	No
Dr. Naranyan Masand	3	1	Yes
Dr. Krishna Kant Shiromani	2	1	Yes
Mr. Vivek Sharma	-	-	Yes
Mr. Dinesh Shankar Mukati	4	4	No
Mr. Madhu Menon	2	2	No
Mr. Pratap Mohan	4	4	No
Ms. Hinal Shah	1	-	Not Applicable
Mr. Arun Kumar Jain	1	-	Not Applicable

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

❖ **Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 ("the Act") and Rules made thereunder and as provided in Schedule IV of the Act and Listing 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 11th December, 2017 to review the performance of Non-Independent Directors, Chairman and the Board as a whole and to assess the flow of information between the company management and the Board of Directors. All the independent directors of the Company were present at the said meeting.

❖ **Familiarisation Programme for Independent Directors:**

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

3. COMMITTEES OF BOARD:

A. Audit Committee:

(i) Brief description of Terms of Reference:

The terms of reference in the nature of role, power and review of information by the Audit Committee are in compliance with the provisions of 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. At the beginning of the year 2017-18, the Audit Committee comprised of Mr. Ram Singh, an Independent Director as a Chairman and Ms. Kruti Shukla & Mr. Avinash Bhandari as Members.

Due to resignation and appointment of Independent Directors from time to time, the Board of Director of the Company has re-constituted Audit Committee from time to time. Dr. Narayan Masand, Independent Director and Chairman of Audit Committee of the Company ceased to be a Director with effect from 5th September, 2017. Dr. Krishna Kant Shiromani and Ms. Kruti Shukla, Independent Director and Member of the Audit Committee ceased / resigned with effect from 5th September, 2017 and 8th September, 2017 respectively.

Now, the Audit Committee re-constituted w.e.f. 14th September, 2017 comprises of following Members:

1. Mr. Pratap Mohan - Chairman
2. Mr. Dinesh Mukati - Member
3. Mr. Avinash Bhandari - Member

The Company Secretary acts as the Secretary to the Committee.

(iii) Meetings and Attendance:

During the financial year ended on 31st March, 2018, Six (6) Meetings of the Audit Committee were held on 23rd May, 2017, 3rd July, 2017, 13th July, 2017, 14th September, 2017, 11th December, 2017 and 13th February, 2018. The time gap between any two meetings was not more than 120 days. The Chairman of the Audit Committee Dr. Narayan Masand was present at the last Annual General Meeting.

Details of Attendance at the Meetings of Audit Committee:

Name	Designation	Attendance
Dr. Narayan Masand	Chairman	3 / 2
Mr. Pratap Mohan	Chairman	3 / 3
Mr. Chitanyapratap Sharma	Member	1 / 0
Mr. Avinash Bhandari	Member	6 / 6
Dr. Krishna Kant Shiromani	Member	2 / 2
Ms. Kruti Shukla	Member	3 / 3
Mr. Dinesh Shankar Mukati	Member	3 / 3

B. Nomination and Remuneration Committee:

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

(i) Brief description of Terms of Reference:

(a) 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 ;

(b) Formulation of criteria for evaluation of performance of Independent Directors and the board of directors ;

(c) Devising a policy on diversity of board of directors;

(d) 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.

(e) 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. At the beginning of the year 2017-18, 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.

Due to resignation and appointment of Independent Directors from time to time, the Board of Director of the Company has re-constituted Nomination and Remuneration Committee from time to time. Dr. Narayan Masand, Independent Director and Chairman of Nomination and Remuneration Committee of the Company ceased to be a Director with effect from 5th September, 2017. Ms. Kruti Shukla, Independent Director and Member of the Nomination and Remuneration Committee resigned with effect from 8th September, 2017.

Now, the Nomination and Remuneration Committee re-constituted w.e.f. 19th January, 2018 comprises of following Members:

1. Mr. Dinesh Mukati - Chairman
2. Mr. Arun Kumar Jain - Member
3. Mr. Mukesh Bhandari - Member

(iii) Meetings and attendance:

During the financial year ended on 31st March, 2018, three (3) Meeting of the Nomination and Remuneration Committee was held on 26th April, 2017, 23rd May, 2017 and 5th August, 2017.

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

Name	Designation	Attendance
Dr. Narayan Masand	Chairman	3 / 1
Mr. Dinesh Mukati	Chairman	Not Applicable
Mr. Chitanyapratap Sharma	Member	1 / 1
Mr. Mukesh Bhandari	Member	3 / 3
Ms. Kruti Shukla	Member	3 / 3

(iv) Remuneration Policy:

The Nomination and Remuneration Committee will recommend the remuneration to be paid to the Managing Director, Whole-time Director, Key Managerial Personnel ("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, KMP & 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.

(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. The Board of Directors at their meeting held on 25th May 2018 approved the sitting fees of Rs. 75,000/- per Board Meeting to all the Independent / Non-Executive Directors.

(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 30th Annual General Meeting held on 30th 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 1st February, 2016 to 31st January, 2020 with monthly remuneration of Rs. 2,00,000/- each.

During the year, the Company has received approval from Central Government pursuant to the provisions of Sections 196, 197 read with Schedule V of the Companies Act, 2013, for payment of remuneration of Rs. 18 Lacs per annum to each of the Chairman, Managing Director, Jt. Managing Director & CEO with effect from 01.02.2017 to 31.01.2020. Accordingly, the Company has paid remuneration to its Directors as per the approval letter of Central Government.

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 namely Mr. Pratap Mohan hold 100 equity shares and Mr. Dinesh Shankar Mukati hold 150 equity shares of the Company as on 31st March, 2018. 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.

At the beginning of the year 2017-18, 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).

Due to resignation and appointment of Independent Directors from time to time, the Board of Director of the Company has re-constituted Stakeholders Relationship Committee from time to time. Ms. Kruti Shukla, Independent Director and Chairman of Stakeholders Relationship Committee of the Company resigned with effect from 8th September, 2017 and Dr. Narayan Masand, Independent Director and Members of the Committee ceased to be a Director with effect from 5th September, 2017.

Now, the Stakeholders Relationship Committee re-constituted w.e.f. 19th January, 2018 comprises of following Members:

1. Mr. Arun Kumar Jain - Chairman
2. Mr. Shailesh Bhandari - Member
3. Mr. Siddharth Bhandari - Chairman

During the year under review, four meetings of the Stakeholders Relationship Committee were held on 23rd May, 2017, 13th July, 2017, 3rd October, 2017 and 5th January, 2018.

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

Name	Designation	Attendance
Ms. Kruti Shukla	Chairman	2 / 2
Mr. Madhu Menon	Chairman	2 / 2
Dr. Narayan Masand	Member	2 / 1
Mr. Avinash Bhandari	Member	2 / 2
Mr. Shailesh Bhandari	Member	2 / 2
Mr. Siddharth Bhandari	Member	2 / 2

Details of Shareholders Complaints received during the year 2017-18:

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

SEBI Complaints Redress Systems (SCORES)

SEBI vide circular dated 3rd June, 2011 introduced the system of process of investors complaints in a centralised web based complaints redress system known as a 'SCORES'. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned Companies and online viewing by investors of action taken on the compliant 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 29th 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.

At the beginning of the year 2017-2018, the Securities Allotment Committee was constituted with Mr. Shailesh Bhandari, Chairman and Mr. Avinash Bhandari and Mr. Ram Singh Members of the Committee. Due to resignation and appointment of Independent Directors from time to time, the Board of Director of the Company has re-constituted Securities Allotment Committee from time to time. Ms. Kruti Shukla, Independent Director and Member of Securities Allotment Committee of the Company resigned with effect from 8th September, 2017 and Mr. Madhu Menon, Independent Director and Members of the Committee resigned with effect from 19th January, 2018.

Now, the Securities Allotment Committee re-constituted w.e.f. 19th January 2018 comprises of following Members :

1. Mr. Shailesh Bhandari - Chairman
2. Mr. Siddharth Bhandari - Member
3. Mr. Arun Kumar Jain - Member

During the financial year ended on 31st March, 2018, there was no meeting of the Securities allotment Committee was held.

(ii) Management Committee

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

At the beginning of the year 2017-2018, 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 resigned as Director w.e.f. 14th April, 2017 and Ms. Kruti Shukla, Independent Director and Member of the Management Committee resigned with effect from 8th September, 2017. The Board of Directors of the Company at their meeting held on 14th September, 2017 had re-constituted the Management Committee.

At present, Mr. Shailesh Bhandari is the Chairman, Mr. Avinash Bhandari and Mr. Dinesh Mukati are Members of the Management Committee.

During the financial year ended on 31st March, 2018, Twelve Meetings of the Management Committee were held.

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

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

The CSR Committee comprised of Mr. Shailesh Bhandari as Chairman and Mr. Avinash Bhandari and Ms. Kruti Shukla, Members of the CSR Committee.

Ms. Kruti Shukla, Independent Director and Member of the CSR Committee resigned with effect from 8th September, 2017. The Board of Directors of the Company, at their meeting held on 14th September, 2017, re-constituted the Corporate Responsibility Committee.

At present, Mr. Shailesh Bhandari is the Chairman and Mr. Avinash Bhandari and Mr. Pratap Mohan are Members of the CSR Committee.

During the financial year ended on 31st March, 2018, there was no meeting of the CSR Committee was held.

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
31st	2016-17	Ahmedabad Management Association (AMA), AITRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	5th September, 2017 10.00 a.m.	• Raise funds in the form of equity and / or convertible securities. • Appointment of Mr. Siddharth Bhandari as Whole-time Director.
30th	2015-16	Ahmedabad Management Association (AMA), AITRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	30th September, 2016 11.00 a.m.	• Re-appointment of Mr. Mukesh Bhandari as a Managing Director designated as a Chairman • Re-appointment of Mr. Shailesh Bhandari as a Managing Director • Re-appointment of Mr. Avinash Bhandari as a Joint Managing Director & CEO
29th	2014-15	S-5, Ahmedabad Management Association, AITRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	30th September, 2015 11.00 a.m.	• Alteration of Articles of Association of the Company

(ii) Extra Ordinary General Meetings

No Extra Ordinary General Meeting was held during the financial year ended on 31st March, 2018.

(iii) Special Resolution passed through Postal Ballot

During the financial year ended on 31st March, 2018, 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 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 28th Annual General Meeting held on 30th September, 2014 has approved all proposed related party transactions with annual limits. The details of related party transactions as per Indian Accounting Standard ("Ind AS") 24 are included in the notes to accounts.

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

(ii) Code of Conduct

The Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management of the Company. In compliance with the Code, Directors and Senior Management of the Company have affirmed compliance with the Code for year ended on 31st March, 2018. The declaration of compliance of Code of Conduct by the Joint Managing Director & CEO is part of this Annual Report. The Code of Conduct is available on the website of the Company viz. www.electrotherm.com.

(iii) Prohibition of Insider Trading

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

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

Except the imposition of fine for non-compliance with appointment of woman director as on 31st March, 2015 by the Stock Exchanges, non-appointment of independent director from 2nd September, 2015 to 29th September, 2015 and non-composition of Nomination & Remuneration Committee as per the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period from 5th September, 2017 to 18th January, 2018, 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 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.

(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 2017-2018. The Board has clarified/explained the same in Board's Report.
4. The internal Auditor regularly updates in the Audit Committee meeting.

(vii) Policy on "Material" Subsidiaries

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

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

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

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

(ix) CEO and CFO Certification:

Pursuant to the Regulation 17(8) read with Part B of Schedule II of the Listing Regulation, the Managing Direcotr, 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. 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 31st March, 2018.

7. **General Shareholder Information:**

Day, Date & Time of 32st AGM	Friday, 28th September, 2018 at 10.00 a.m.
Venue of AGM	Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015
Email for Investor Complaint	sec@electrotherm.com
Website	www.electrotherm.com
Financial Year	1st April, 2018 to 31st March, 2019
Dividend Payment Date	Not Applicable, as the Board of Directors has not recommended divided for the financial year ended on 31st March, 2018.
ISIN with NSDL & CDSL	INE822G01016

Tentative Financial Calendar for 2018-2019 (from 1st April, 2018 to 31st March, 2019):

Quarter ending on 30th June, 2018	On or before 14th August, 2018
Quarter ending on 30th September, 2018	On or before 14th November, 2018
Quarter ending on 31st December, 2018	On or before 14th February, 2019
Quarter ending on 31st March, 2019	On or before 30th May, 2019

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 2018-19 has been paid to both Stock Exchanges.

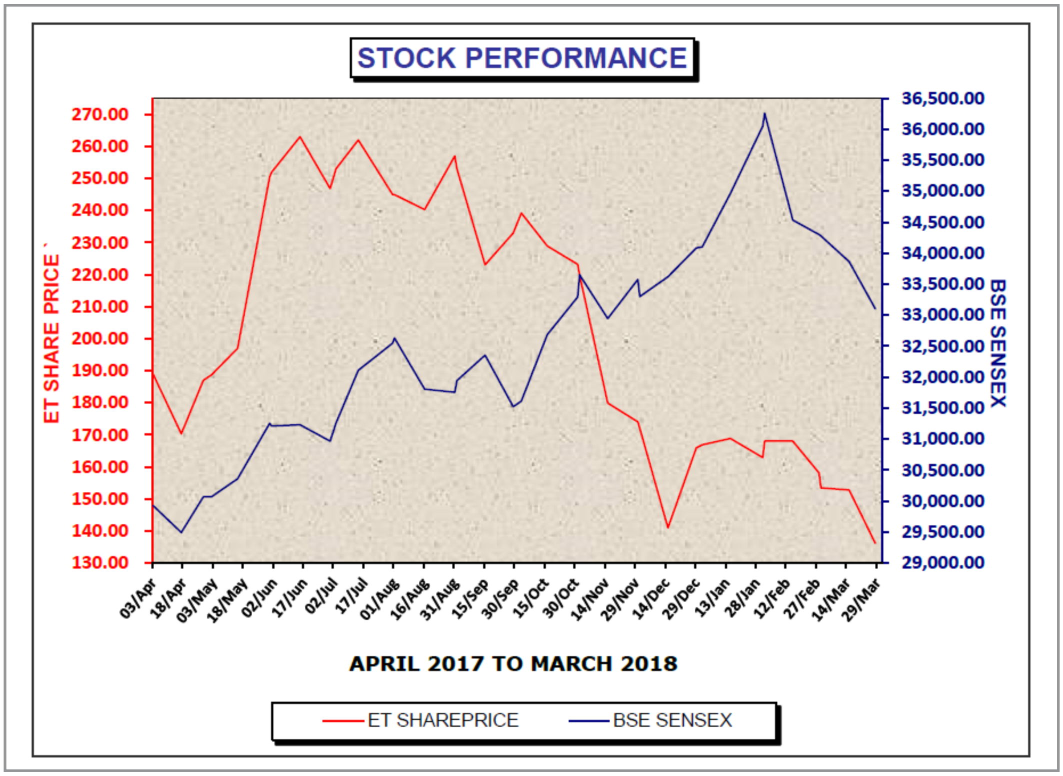
B. Market Price Data:

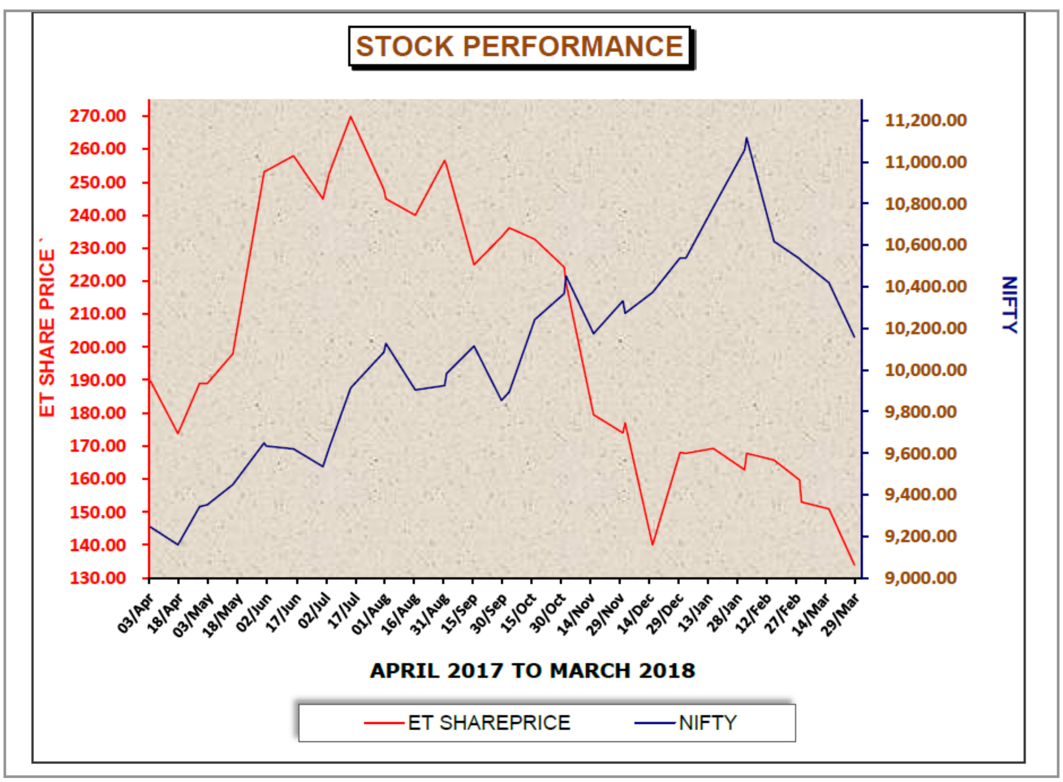
Market price data of equity shares of the Company having face value of Rs. 10/- on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) for the financial period 2017-2018 are given below:

Month	BSE – Share Price		BSE Monthly Volume	NSE – Share Price		NSE Monthly Volume
	High	Low		High	Low	
April, 2017	194.00	160.00	60099	192.00	157.55	169648
May, 2017	303.90	184.05	314694	308.00	180.35	348765
June, 2017	308.80	230.00	124615	308.00	227.35	248300
July, 201	281.85	236.15	45438	284.40	232.05	56200
August, 2017	257.00	208.00	144572	259.20	205.85	243280
September, 2017	261.20	215.00	87471	264.95	213.00	268365
October, 2017	248.05	207.10	46986	258.40	210.00	173556
November, 2017	219.85	162.00	105726	219.90	168.00	272753
December, 2017	216.25	125.05	671126	217.00	128.40	388705
January, 2018	187.90	153.00	326343	184.90	154.00	658727
February, 2018	178.40	141.25	43458	176.00	138.00	335259
March, 2018	157.50	106.05	30073	159.90	127.00	178089

C. Stock Performance:

Performances of share price of the Company in comparison to BSE Sensex and Nifty for the financial year 2017-2018 are as under:





D. Registrar and Share Transfer Agent:

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

LINK INTIME INDIA PVT. LTD.
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. : +91-79-2646 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 31st March, 2018:

Category	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% of Shares
1 - 500	5609	91.22	510093	4.00
501 - 1000	258	4.20	201543	1.58
1001 - 2000	117	1.90	173917	1.36
2001 - 3000	31	0.50	77331	0.61
3001 - 4000	19	0.31	67537	0.53
4001 - 5000	24	0.39	110589	0.87
5001 - 10000	30	0.49	215439	1.69
10001 & Above	61	0.99	11386365	89.36
Total	**6149**	**100.00**	**12742814**	**100.00**

G. Categories of Shareholding as on 31st March, 2018

Sr. No.	Category	No. of Shares	% to Share Capital
A.	**PROMOTERS SHAREHOLDING**		
1.	Promoters and Promoters Group	39,42,125	30.94
B.	**PUBLIC SHAREHOLDING**		
2.	Mutual Funds / UTI	9,800	0.08
3.	FIIs	5,65,128	4.43
4.	Banks/Financial Institutions	100	0.00
5.	Bodies Corporate	35,24,810	27.66
6.	NRIs	1,39,355	1.09
7.	Foreign Companies	20,00,000	15.70
8.	Clearing Members	1,47,222	1.16
9.	Indian Public & HUF	24,14,274	18.94
	Total	**1,27,42,814**	**100.00**

H. Dematerialisation of Shares and Liquidity:

The Shares of the Company are under compulsory trading in demat form. The details of dematerialisation of shares as on 31st March, 2018 is as under:

Sr. No.	Particulars	No. of Shares	% of Paid up Capital
1.	Held in Physical form	21,14,957	16.60
2.	Held in Demat form	1,06,27,857	83.40
	Total	**1,27,42,814**	**100.00**

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

(1) As on 31st March, 2018, the Company does not have any GDRs/ADRs/Warrants or any 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 31st March, 2018.

Date : 14th August, 2018
Place : Palodia

Avinash Bhandari
Joint Managing Director& CEO

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certificate

To
The Board of Directors
Electrotherm (India) Limited

In compliance with Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") read with Schedule II Part B of the Listing Regulations, we hereby certify the following for the financial year ended on 31st March, 2018:

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 : 25th May, 2018	**Shailesh Bhandari**	**Avinash Bhandari**	**Pawan Gaur**
Place : Palodia	Managing Director	Jt. Managing Director & CEO	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 31st March, 2018 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 *except non-composition of Nomination & Remuneration Committee as per Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period from 5th September, 2017 to 18th January, 2018.*

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
FCS No. 9416
CP No. 10788

Place : Ahmedabad
Date : 13th August, 2018

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 comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including the Statement of Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Financial Statements").

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 of these Standalone Financial Statements that give a true and fair view of the State of Affairs (Financial Position), Profit or Loss (Financial Performance including Other Comprehensive Income), Cash Flows and Statement of Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 of the Standalone Financial Statements 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 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these Standalone Financial Statements.

Basis for Qualified Opinion

1. *We draw attention to Note No. 34(e) of non- provision of interest on NPA accounts of banks of ₹ 192.70 Crores (Previous Year ₹ 219.63 Crore), for the year under consideration and the total amount of such unprovided interest till date is ₹ 752.04 Crore (Previous Year ₹ 801.76 Crore).The exact amounts of the said non provisions of interest are not determined and accounted for by the Company and to that extent Bankers loan liabilities are understated and profit is overstated.*

Qualified 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, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, 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, including Ind AS specified under Section 133 of the Act, of the State of Affairs (Financial Position) of the Company as at 31 March 2018, and it's the Statement of Profit and Loss (Financial Performance including Other Comprehensive Income), its Cash Flows and the Changes in Equity for the year ended on that date.

Matter of Emphasis

1. *We draw attention to Note No. 33 of the accompanying Standalone Financial Statements in respect of Winding up petitions and recovery cases against the Company.*

INDEPENDENT AUDITOR'S REPORT

2. *We draw attention to Note No. 34 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.*
3. *We draw attention to Note No. 35(h) of the accompanying Standalone Financial Statements in respect of treatment in the books of accounts of the assignment / settlement of Debts of various Banks and the financial institutions.*
4. *We draw attention to Note No. 35(l) of the accompanying Standalone Financial Statements, in respect of a Charge sheet filed by the Central Bureau of Investigation (CBI) against the Company and its few Directors.*
5. *We draw attention to Note No. 39(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.*

Other Matter

The Comparative financial information of the Company for the year ended 31st March 2017 included in the statement, is based on the previously issued statutory Financial Statements for the year ended 31st March 2017 were audited by the predecessor auditor vide their audit report dated 23rd May 2017. The Adjustment to those Financial Statements for the difference in accounting principles adopted by the Company on transition to IND AS have been audited by us.

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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity 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 Ind AS specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015
   (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Financial Statements 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 (as amended), 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. 30,34 and 35(k) to the Standalone 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 disclosure requirements relating to holdings as well as dealings in the specified bank notes were applicable for the period from 8th November 2016 to 30th December 2016 which are not relevant to these Standalone Financial Statements. Hence, reporting under clause is not applicable.

For, Hitesh Prakash Shah & Co
(Firm Regd.no: 127614W)
Chartered Accountants

Hitesh P Shah
Proprietor
Membership No. 124095

Place : Ahmedabad
Date : 25th May, 2018

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 March 31, 2018, 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 periodic manner. In accordance with this programme fixed assets of Engineering 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 (which are included under the note 3- 'Property, plant and equipment'), are held in the name of the Company.

ii. The physical verification of inventory has been conducted at reasonable intervals by the Management during the year, except for goods-in-transit. 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 loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act')

(a) In respect of the aforesaid loans, the terms and conditions on which such loans were granted are not prejudicial to the Company's Interest.

(b) In respect of the aforesaid loans, the schedule of repayment of principal and Interest has not been stipulated. However, the repayments or receipts are regular.

(c) In respect of the aforesaid loans, there is no amount overdue for more than ninety days.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

v. In our opinion, and according to the information and explanations given to us, during the year under consideration, the Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues, as applicable, with the appropriate authorities.

There are no undisputed amounts payable in respect of above dues which were in arrears as at March 31, 2018 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, Goods and Service Tax, Sales 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 Statue	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	2005-06	Commissioner, Central Excise, Gandhidham
	Excise Duty	11.65	Dec-05 To Dec-08	CESTAT, Ahmedabad
	Excise Duty	175.00	Apr-05 To Mar-10	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
	Sub Total	338.27		
Finance Act,1994	Service Tax	1.84	Apr-07 To Mar-08	Commissioner, Central Excise, Gandhidham
	Service Tax	0.16	May-07 To Aug-07	CESTAT, Ahmedabad
	Service Tax	0.20	Apr-09 To Aug-10	CESTAT, Ahmedabad
	Sub Total	2.20		
Customs Act,1962	CVD	7.27	Mar-11 To Dec-11	CESTAT, Ahmedabad
	Interest	6.40	May-07 To Feb-08	CESTAT, Ahmedabad
	Interest	4.74	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
	Sub Total	19.26		
Gujarat VAT Act 2005	VAT	10.35	Fy 2010-11	Joint Commissioner,Rajkot
	VAT	6.13	Fy 2013-14	Joint Commissioner,Rajkot
Central Sales Tax Act, 1956	CST	9.65	Fy 2010-11	Joint Commissioner,Rajkot
	Sub Total	26.13		
	Grand Total	**385.86**		

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 31/03/2018* (₹ in Crores)			Default From
	Principal	Interest	Total	
Corporation Bank	116.73	Nil	116.73	April 2012
Central Bank of India	428.94	7.19	436.13	March 2012
Indian Overseas Bank	200.00	0.01	200.01	August 2011
Syndicate Bank	24.45	9.50	33.95	October 2011
Standard Chartered Bank	8.41	Nil	8.41	December 2011
International Finance Corporation	143.75	14.01	157.76	June 2011

* The above table does not include the interest which bank has not provided after the account has been Classified Non Performing Assets and the amount which has been assigned/settled by the 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. According to the information and explanation given by the Company, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the Provisions of section 197 read with Schedule V of the Companies Act 2013.

xii. In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly paragraph 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Financial Statements as required by the applicable Ind AS-24, Related Party Disclosures.

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 reporting requirements under clause 3(xiv) are not applicable to the Company and not commented upon.

xv. According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly paragraph 3(xv) of the Order is not applicable to the Company.

xvi. According to the information and explanations provided to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the paragraph 3(xvi) of the Order is not applicable to the Company.

For, Hitesh Prakash Shah & Co
(Firm Regd.no: 127614W)
Chartered Accountants

Hitesh P Shah
Proprietor
Membership No. 124095

Place : Ahmedabad
Date : 25th May, 2018

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

[ANNEXURE B REFERRED TO IN PARAGRAPH 2 OF REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT OF OUR REPORT OF EVEN DATE FOR THE YEAR ENDED ON MARCH 31s, 2018]

Report on the Internal Financial Controls under Clause (I) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("The Act")

We have audited the internal financial controls over financial reporting of ELECTROTHERM (INDIA) LIMITED ("the Company") as of March 31, 2018 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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 Companies Act, 2013.

Auditors' Responsibility

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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

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

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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

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, 2018, 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, Hitesh Prakash Shah & Co
(Firm Regd.no: 127614W)
Chartered Accountants

Hitesh P Shah
Proprietor
Membership No. 124095

Place : Ahmedabad
Date : 25th May, 2018

Standalone Balance Sheet as at 31st March 2018

Particular	Note	As at March 31, 2018 (Rs In Crore)	As at March 31, 2017 (Rs In Crore)	As at April 1, 2016 (Rs In Crore)
ASSETS				
Non Current Assets				
a) Property, plant and equipment	3	938.36	1,025.04	1,148.85
b) Capital Work in progress	3	15.93	20.34	11.22
c) Intangible Assets	4	0.44	0.46	0.54
d) Financial assets				
i) Investments	5	46.06	45.99	46.21
ii) Loans	6	-	-	-
iii) Other financial assets	7	37.19	42.46	49.44
e) Other non current assets	8	14.69	17.15	32.93
Total Non- Current Assets (A)		**1,052.67**	**1,151.44**	**1,289.19**
Current assets				
a) Inventories	9	427.48	332.77	240.97
b) Financial assets				
i) Trade receivables	10	390.30	342.81	299.18
ii) Cash and Cash Equivalents	11	26.82	13.44	28.96
iii) Bank balance other than above	11	22.00	19.51	15.86
iv) Other Financial Assets	7	1.95	0.94	0.93
c) Current Tax assets	12	2.01	1.31	4.11
d) Other Current Assets	8	382.30	294.89	257.15
Total Current Assets (B)		**1,252.86**	**1,005.67**	**847.16**
TOTAL ASSETS (A+B)		**2,305.53**	**2,157.11**	**2,136.35**
EQUITY AND LIABILITIES				
Equity				
a) Equity Share capital	13	12.74	12.74	40.07
b) Other Equity	14	(1,273.20)	(1,284.98)	(1,271.32)
Total Equity (A)		**(1,260.46)**	**(1,272.24)**	**(1,231.25)**
Liabilities				
Non-current Liabilities				
a) Financial Liabilities				
i) Borrowings	15	1,570.69	1,779.19	1,682.02
b) Provisions	16	8.61	8.66	5.40
Total Non Current Liabilities (B)		**1,579.30**	**1,787.85**	**1,687.42**
Current liabilities				
a) Financial Liabilities				
i) Short Term Borrowings	17	211.68	216.44	279.65
ii) Trade payables	18	420.37	332.48	231.38
iii) Other financial liabilities	19	1,202.91	973.38	1,086.72
b) Other current liabilities	20	139.33	110.99	74.10
c) Provisions	16	12.40	8.21	8.33
Total Current Liabilities (C)		**1,986.69**	**1,641.50**	**1,680.18**
TOTAL EQUITY AND LIABILITIES (A+B+C)		**2,305.53**	**2,157.11**	**2,136.35**

Summary of Significant accounting policies

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

As per our report of even date

For & on behalf of the Board of Directors of
Electrotherm (India) Ltd.

For Hitesh Prakash Shah & Co.
Firm Registration No.: 127614W
Chartered Accountants

Hitesh P. Shah
Proprietor
Membership No. 124095
Place : Ahmedabad
Date : May 25, 2018

MUKESH BHANDARI
Chairman & Managing Director
(DIN : 00014511)

SHAILESH BHANDARI
Managing Director
(DIN : 00058866)

AVINASH BHANDARI
Jt. Managing Director & CEO
(DIN : 00058986)

FAGESHKUMAR R. SONI
Company Secretary

PAWAN GAUR
Chief Financial Officer

Place : Palodia
Date : May 25, 2018

Standalone Statement of Profit and Loss for the year ended March 31, 2018

Particular	Note	Year Ending March 31, 2018 (Rs In Crore)	Year Ending March 31, 2017 (Rs In Crore)
Income			
Revenue from operations	21	2,771.86	2,099.44
Other income	22	6.12	5.20
Total Income		**2,777.98**	**2,104.64**
Expenses			
Cost of Raw Materials and components consumed	23	1,814.54	1,337.01
Purchases of Stock in Trade		95.09	7.96
Changes in Inventories of Finished Goods, Work in process and Stock in Trade	24	(31.50)	(83.05)
Excise Duty on Sales		37.34	129.59
Employee benefit expense	25	136.93	120.04
Finance costs	26	4.89	4.10
Depreciation and amortisation expense	3,4	144.90	144.10
Other expenses	27	564.59	507.21
Total expenses		**2,766.78**	**2,166.96**
Profit / (Loss) before exceptional items and tax		**11.20**	**(62.32)**
Exceptional item	28	-	(14.45)
Profit / (Loss) before tax		**11.20**	**(76.77)**
Tax expenses:			
Current Tax	29	-	-
Total tax expenses		**-**	**-**
Profit / (Loss) for the Year		**11.20**	**(76.77)**
Other comprehensive income			
A. Other comprehensive income not to be reclassified to profit or loss in subsequent period			
Re-measurement gain / (loss) on defined benefit plans		0.58	(1.24)
Income tax effect relating to these items	29	-	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent period		0.58	(1.24)
Other comprehensive income/(loss) for the year (Net of Tax)		**0.58**	**(1.24)**
Total comprehensive income/(loss) for the year		**11.78**	**(78.01)**
Earnings per equity share (nominal value of shares Rs 10) (Basic & Diluted)	41	8.79	(60.26)

Summary of Significant accounting policies
The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

For Hitesh Prakash Shah & Co.
Firm Registration No.: 127614W
Chartered Accountants

Hitesh P. Shah
Proprietor
Membership No. 124095
Place : Ahmedabad
Date : May 25, 2018

For & on behalf of the Board of Directors of
Electrotherm (India) Ltd.

MUKESH BHANDARI
Chairman & Managing Director
(DIN : 00014511)

SHAILESH BHANDARI
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(DIN : 00058986)

FAGESHKUMAR R. SONI
Company Secretary

PAWAN GAUR
Chief Financial Officer

Place : Palodia
Date : May 25, 2018

Standalone Cash Flow Statement for the Year ended on 31st March, 2018

(Rs in Crore)

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
A:	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit / (Loss) Before Tax	11.20	(76.77)
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation on property, plant, equipment & Amortisation of Assets	144.90	144.10
	Finance income (including fair value changes in financial instruments)	(4.83)	(4.20)
	Net Sundry Balances Written Off	15.51	4.09
	Provision For Doubtful Trade Receivables & Advances	15.34	9.42
	Investment Written Off	-	0.01
	Profit on Sale/Discard of assets (Net)	-	(0.13)
	Profit on Sale of Units of Mutual Fund	-	(0.05)
	Provision For Warranty	4.63	-
	Finance costs (including fair value changes in financial instruments)	4.89	4.10
	Re-measurement loss on defined benefit plans	-	-
	Operating Profit before working capital changes	**191.64**	**80.57**
	Working capital adjustments:		
	Decrease/(Increase) in trade receivables	(70.94)	(54.83)
	Decrease/(Increase) in inventories	(94.71)	(91.80)
	Decrease/(Increase) in other non-current financial assets	5.27	6.98
	(Decrease)/Increase in trade payables	88.75	103.88
	(Decrease)/Increase in other current liabilities	30.97	37.31
	(Decrease)/Increase in other current financial liabilities	20.35	3.09
	(Decrease)/Increase in other current financial assets	0.03	(0.03)
	Decrease/(Increase) in other non current Asset	(0.28)	17.81
	Decrease/(Increase) in other current Asset	(98.27)	(39.93)
	(Decrease)/Increase in provisions	0.09	1.90
	Cash generated from operations	**72.90**	**64.95**
	Direct taxes paid (net)	(0.70)	(0.52)
	Net Cash (used in) generated from operating activities	**72.20**	**64.43**
B:	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets, including CWIP and capital advances	(49.98)	(31.48)
	Proceeds from sale of Property Plant & Equipment	-	0.26
	Purchase of Units of Mutual fund	(0.05)	(6.06)
	Sale of Units of Mutual fund	-	6.12
	Redemption/maturity of bank deposits (having original maturity of more than three months)	(3.03)	(3.28)
	Interest income	4.31	4.05
	Net Cash (used in) generated from investing activities	**(48.75)**	**(30.39)**
C:	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Repayment of long term borrowings (Net)	(4.76)	(45.85)
	Payment of Dividend/ Transfer to Investor Education Fund	(0.02)	(0.01)
	Finance Cost (Net)	(5.29)	(3.70)
	Net Cash (used in) generated from financing activities	**(10.07)**	**(49.56)**
	Net (Decrease)/ Increase in Cash and Cash Equivalents	**13.38**	**(15.52)**
	Cash and Cash Equivalents at the beginning of the year	**13.44**	**28.96**
	Cash and Cash Equivalents at the end of the year	**26.82**	**13.44**

As per the recent amendment by MCA in "IND AS-7 Statement of Cash Flows: Disclosure initiative" effective from April 1, 2017 disclosure of change in liabilities arising from financing activities, does not have any material non-cash changes.

As per our report of even date

For & on behalf of the Board of Directors of
Electrotherm (India) Ltd.

For Hitesh Prakash Shah & Co.
Firm Registration No.: 127614W
Chartered Accountants

Hitesh P. Shah
Proprietor
Membership No. 124095
Place : Ahmedabad
Date : May 25, 2018

MUKESH BHANDARI
Chairman & Managing Director
(DIN : 00014511)

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(DIN : 00058986)

FAGESHKUMAR R. SONI
Company Secretary

PAWAN GAUR
Chief Financial Officer

Place : Palodia
Date : May 25, 2018

Statement of Change in Equity for the year ended March 31, 2018

A. Equity Share Capital

	Numbers	(Rs In Crore)
Equity shares of Rs. 10 each issued, subscribed and fully paid		
As at April 1, 2016	11,476,374	11.48
Add: Issue of Equity Share Capital	1,266,440	1.27
As at March 31, 2017	12,742,814	12.74
Add: Issue of Equity Share Capital	-	-
As at March 31, 2018	**12,742,814**	**12.74**

B. Partially Convertible Partially Redeemable Preference Shares

	Numbers	(Rs In Crore)
Preference shares of Rs. 10 each issued, subscribed and fully paid		
As at April 1, 2016	**28,590,000**	**28.59**
Add: Issue of Preference Shares	-	-
Less: Converted to equity shares	(28,590,000)	(28.59)
As at March 31, 2017	**-**	**-**
Add: Issue of Preference Share Capital	-	-
As at March 31, 2018	**-**	**-**

C. Other Equity

(Rs In Crore)

Particulars	Other Equity				
	Capital Reserve	Securities Premium	General Reserves	Retained Earnings	Total Other Equity
As at April 1, 2016	14.07	212.69	316.84	(1,814.92)	(1,271.32)
Profit / (Loss) for the year	-	-	-	(76.77)	(76.77)
Other Comprehensive Income (Re-measurement loss on defined benefit plans)	-	-	-	(1.24)	(1.24)
Total Comprehensive Income	**-**	**-**	**-**	**(78.01)**	**(78.01)**
Waiver of Loan Amount on settlement	37.03	-	-	-	37.03
Premium on Issue of Shares	-	27.32	-	-	27.32
Transfer to General Reserves on Revaluation of Property, Plant & Equipment	-	-	(3.34)	3.34	-
As at March 31, 2017	**51.10**	**240.01**	**313.50**	**(1,889.59)**	**(1,284.98)**
Profit / (Loss) for the year	**-**	**-**	**-**	**11.20**	**11.20**
Other Comprehensive Income (Re-measurement loss on defined benefit plans)	-	-	-	0.58	0.58
Total Comprehensive Income	**-**	**-**	**-**	**11.78**	**11.78**
Transfer to General Reserves on Revaluation of PPE	-	-	(3.26)	3.26	-
As at March 31, 2018	**51.10**	**240.01**	**310.24**	**(1,874.55)**	**(1,273.20)**

As per our report of even date

For & on behalf of the Board of Directors of
Electrotherm (India) Ltd.

For Hitesh Prakash Shah & Co.
Firm Registration No.: 127614W
Chartered Accountants

Hitesh P. Shah
Proprietor
Membership No. 124095
Place : Ahmedabad
Date : May 25, 2018

MUKESH BHANDARI
Chairman & Managing Director
(DIN : 00014511)

SHAILESH BHANDARI
Managing Director
(DIN : 00058866)

AVINASH BHANDARI
Jt. Managing Director & CEO
(DIN : 00058986)

FAGESHKUMAR R. SONI
Company Secretary

PAWAN GAUR
Chief Financial Officer

Place : Palodia
Date : May 25, 2018

Notes to the standalone financial statements for the year ended 31 March 2018

1. **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 shares are listed on two stock exchanges in India. The registered office of the Company is located at A-1, Skylark Appartment, Satellite Road, Satellite, Ahmedabad, Gujarat. The Company is engaged in the manufacturing of Electronic Furnace, Sponge and Pig Iron, Ferrous and Non-Ferrous Billets/ bars/ Ingots, Duct Iron Pipes, Battery Operated Vehicles and Services relating to Electric Furnace and Other Capital equipment and battery operated vehicles.

The financial statements were authorized for issue in accordance with a resolution passed in Board Meeting held on 25th May 2018.

2. **BASIS OF PREPARATION:**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended March 31, 2017, the company prepared its financial statements in accordance with Accounting Standards notified under Section 133 of the Companies Act, 2013 (the "Act") read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended March 31, 2018 are the first the Company has prepared in accordance with Ind AS.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which have been measured at fair value. Refer accounting policy regarding financial instruments.

The financial statements are presented in Rupees in crore and all values are rounded to the nearest Crore, except where otherwise indicated.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. CURRENT VERSUS NON-CURRENT CLASSIFICATION:

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

The operating cycle is the time between acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

B. FOREIGN CURRENCIES:

The Company's financial statements are presented in Rupees in Crore, which is also the company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rates prevailing on the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are restated in the functional currency at the exchange rates prevailing on the reporting date of financial statements.

Exchange differences arising on settlement of such transactions and on translation of monetary items are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates on the dates of the initial transactions.

C. FAIR VALUE MEASUREMENT:

The Company measures financial instruments, such as, derivatives at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Management determines the policies and procedures for both recurring fair value measurement, such as unquoted financial assets measured at fair value, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Management after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

Disclosures for valuation methods, significant accounting judgements, estimates and assumptions, Quantitative disclosures of fair value measurement hierarchy and the Financial instruments (including those carried at amortised cost), are stated by way the note at the appropriate place of the accounts.

D. PROPERTY, PLANT AND EQUIPMENT (PPE):

On the date of transition the Company has elected to continue with the previous GAAP's carrying amount as deemed cost to measure all the items of property, plant and equipment.

PPE and Capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and borrowing costs if capitalization criteria are met, the cost of replacing part of the fixed assets and directly attributable cost of bringing the asset to its working condition for the intended use. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of fixed assets are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major overhauling is performed, its cost is recognized in the carrying amount of the PPE as a replacement if the recognition criteria are satisfied. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of PPE is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing PPE, including day-to-day repair and maintenance expenditure and cost of parts replaced, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

CWIP comprises of cost of PPE that are yet not installed and not ready for their intended use at the Balance Sheet date.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if applicable.

The Company calculates depreciation on items of property, plant and equipment on a straight-line basis using the rates arrived at based on the useful lives defined under Schedule II of the Companies Act, 2013, except in respect of following fixed assets:

- Long Term Lease hold land is amortised over a period of 99 years, being the lease term.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

E. INTANGIBLE ASSETS:

Intangible Assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost, less any accumulated amortisation and accumulated impairment losses, if any.

Intangible assets in the form of software are amortised over a period of six years and trademarks over a period of five years as per their respective useful life based on a straight-line method. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of profit or loss when the asset is derecognised.

F. IMPAIRMENT OF NON-FINANCIAL ASSETS:

The Company assesses at each reporting 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 asset. If such recoverable amount of the asset 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 reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

G. BORROWING COSTS:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

H. LEASES:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. A leased asset is depreciated over the useful life of the asset.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

I. FINANCIAL INSTRUMENTS:

A Financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Debt instruments - measured at amortised cost
- Debt instruments, derivatives and equity instruments - measured at fair value through Profit or Loss (FVTPL)
- Equity instruments - measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade, loans and other receivables.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Equity investments

Investments in subsidiaries are measured at cost as per Ind AS 27 - Separate Financial Statements. All equity investments in scope of Ind AS 109 are measured at fair value. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's Balance Sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

b) Financial guarantee contracts which are not measured at FVTPL.

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables. Under the simplified approach the Company does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original EIR. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

The Balance Sheet presentation for various financial instruments is described below:

Financial assets measured at amortised cost:

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through Statement of Profit and Loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including cash credit facilities from banks.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through Statement of Profit and Loss.

Financial liabilities at fair value through Profit or Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through Profit or Loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through statement of Profit and Loss are designated as such at the initial date of recognition and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability at FVTPL.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to borrowings.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value through Statement of Profit and Loss (FVTPL), adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

J. INVENTORIES:

Inventories are valued at the lower of cost and net realisable value after providing for obsolescence and other losses, wherever considered necessary. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Scrap is valued at net realisable value. Cost is determined on a Weighted Average method.

Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, incurred in bringing them in their respective present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated costs necessary to make the sale.

K. REVENUE:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) and goods and service tax are not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

i) Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of VAT/CST/GST, trade discounts & other taxes, adjustments for late delivery charges and material returned/rejected.

ii) The Company accounts for pro forma credits, refunds of duty of customs or excise, or refunds of sales tax in the year of admission of such claims by the concerned authorities. Benefits in respect of Export Licenses are recognised on application. Export benefits are accounted for as other operating income in the year of export based on eligibility and when there is no uncertainty on receiving the same.

iii) Dividend is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

iv) Interest Income is recognized on time proportion basis taking into account the amounts outstanding and the rates applicable. Interest income is included under the head "other income" in the Statement of Profit and Loss.

L. RETIREMENT AND OTHER EMPLOYEE BENEFITS:

Retirement benefits in the form of provident fund and superannuation fund are defined contribution plans. The Company has no obligation, other than the contributions payable to provident fund and superannuation fund. The Company recognises contribution payable to these funds as an expense, when an employee renders the related service.

In respect of gratuity liability, the Company operates defined benefit plan wherein contributions are made to a separately administered fund. The costs of providing benefits under this plan are determined on the basis of actuarial valuation at each reporting date being carried out using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to Statement of profit and loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising current service costs; and
- Net interest expense or income

The liability in respect of unused leave entitlement of the employees as at the reporting date is determined on the basis of an independent actuarial valuation carried out and the liability is recognized in the Statement of Profit and Loss. Actuarial gain and loss is recognise in full in the period in which they occur in the Statement of Profit and Loss.

M. TAXES:

Current income tax:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable Profit or Loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

  Deferred tax assets are recognised for all deductible temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, except:
- When the deferred tax asset arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

N. PROVISIONS:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

O. 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, if any.

P. CASH AND CASH EQUIVALENT:

Cash and cash equivalents in the Balance Sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of charges in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

Q. CASH DIVIDEND

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Companies Act, 2013, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.2 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS:

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for India.

(b) Fair value measurement for financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

3 **Property, plant and equipment**

Particulars	Freehold Land	Leasehold Land	Building	Plant and Machinery	Computer	Furniture and Fixtures	Office Equipment	Vehicles	Total	Capital Work in Progress
Cost/Deemed Cost										
As at April 1, 2016	**149.47**	**0.96**	**268.65**	**720.69**	**2.52**	**2.86**	**1.17**	**2.53**	**1,148.85**	**11.22**
Additions	0.54	-	1.30	14.34	1.83	0.39	0.91	0.93	20.24	9.12
Deductions / Capitalisation	-	-	-	0.12	-	-	-	0.01	0.13	-
As at March 31, 2017	**150.01**	**0.96**	**269.95**	**734.91**	**4.35**	**3.25**	**2.08**	**3.45**	**1,168.96**	**20.34**
Additions	0.11	-	3.43	51.83	1.03	0.87	0.63	0.30	58.20	2.60
Deductions / Capitalisation	-	-	-	-	-	-	-	-	-	7.01
As at March 31, 2018	**150.12**	**0.96**	**273.38**	**786.74**	**5.38**	**4.12**	**2.71**	**3.75**	**1,227.16**	**15.93**
Depreication / Amortization and Impairment										
As at April 1, 2016	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreication / Amortization for the Year	-	0.01	13.85	127.15	1.06	0.82	0.39	0.64	143.92	-
Deductions	-	-	-	-	-	-	-	-	-	-
As at March 31, 2017	**-**	**0.01**	**13.85**	**127.15**	**1.06**	**0.82**	**0.39**	**0.64**	**143.92**	**-**
Depreication / Amortization for the Year	-	0.01	13.94	127.81	1.31	0.67	0.49	0.65	144.88	-
Deductions	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	**-**	**0.02**	**27.79**	**254.96**	**2.37**	**1.49**	**0.88**	**1.29**	**288.80**	**-**
Net Block										
As at April 1, 2016	**149.47**	**0.96**	**268.65**	**720.69**	**2.52**	**2.86**	**1.17**	**2.53**	**1,148.85**	**11.22**
As at March 31, 2017	**150.01**	**0.95**	**256.10**	**607.76**	**3.29**	**2.43**	**1.69**	**2.81**	**1,025.04**	**20.34**
As at March 31, 2018	**150.12**	**0.94**	**245.59**	**531.78**	**3.01**	**2.63**	**1.83**	**2.46**	**938.36**	**15.93**

Notes to the standalone financial statements for the year ended 31 March 2018

4 Intangible Assets (Rs In Crore)

Particulars	Software	Trademark	Total
Cost/Deemed Cost			
As at April 1, 2016	**0.54**	**-**	**0.54**
Addition	0.08	0.02	0.10
As at March 31, 2017	**0.62**	**0.02**	**0.64**
Addition	-	-	-
As at March 31, 2018	**0.62**	**0.02**	**0.64**
Depreciation/amortisation			
As at April 1, 2016	**-**	**-**	**-**
Addition	0.18	-	0.18
As at March 31, 2017	**0.18**	**-**	**0.18**
Addition	0.02	-	0.02
As at March 31, 2018	**0.20**	**-**	**0.20**
Net Block			
At April 1, 2016	**0.54**	**-**	**0.54**
At March 31, 2017	0.44	0.02	0.46
At March 31, 2018	0.42	0.02	0.44

Notes to the standalone financial statements for the year ended 31 March 2018

5 Investments (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non-Trade Investments - Investments in Mutual Funds (Quoted) (at fair value through profit and loss)			
- NIL (March 31, 2017: Nil and on April 1, 2016: 64,288.778) Units of Rs. 10 each of Punjab National Bank Mutual Fund	-	-	0.41
- 23,299.564 (March 31, 2017: 23,299.564 and on April 1, 2016: Nil) Units of Rs. 10 each of PNB PRINCIPAL EMERGING BLUE CHIP-REGULAR PLAN GROWTH	0.24	0.22	-
- 49,990 (March 31, 2017: Nil and on 1 April 1, 2016: Nil) Units of Rs. 10 each Union Focussed Largecap Fund-Regular Plan-Growth	0.05	-	-
Other unquoted investments in Government Securities (At Amortised Cost)			
- National Saving Certificates	-	-	-
Investment in Equity Instruments (UnQuoted) : (at Cost less provision for impairment)			
(a) Investment in unquoted Equity Share of other Company			
Nil (March 31, 2017: Nil and on April 1, 2016: 6,540) Shares of Rs. 25 each of Siddhi Co.Op Bank Ltd.	-	-	0.02
(b) Investment in unquoted Equity Share of Joint Ventures			
90,45,127 (March 31, 2017 and on April 1, 2016: 90,45,127) Equity Shares of Rs. 10 each of Bhaskarpara Coal Company Limited	9.05	9.05	9.05
(c) Investment in unquoted Equity Share of Subsidiary Company			
7,24,400 (March 31, 2017 and on April 1, 2016: 7,24,400) Equity Shares of Rs. 10 each of ET Elec-Trans Limited	0.72	0.72	0.72
38,00,000 (March 31, 2017 and on April 1, 2016: 38,00,000) Shares of Rmb 1 each of Jinhua Indus Enterprise Limited	2.04	2.04	2.04
3,64,20,000 (March 31, 2017 and on April 1, 2016:3,64,20,000) Equity Shares of Rs. 10/- each of Hans Ispat Limited	36.46	36.46	36.46
3,50,000 (Mach 31, 2017 and on April 1, 2016: 3,50,000) Equity Shares of Rs. 10/- each of Shree Hans Papers Limited	0.35	0.35	0.35
7,78,000 (March 31,2017 and on April 1,2016: 7,78,000) Equity Shares of Rs. 100/- each At a Premium of Rs. 909/- of Shree Ram Electrocast Limited	-	-	-
Nil (March 31, 2017 Nil and on April 1, 2016: 100) Shares of CFA 10,000 each of Electrotherm Mali Sarl	-	-	0.01
Less: Accumulated Impairement:			
Bhaskarpara Coal Company Limited	(2.13)	(2.13)	(2.13)
ET Elec-Trans Limited	(0.72)	(0.72)	(0.72)
Total	**46.06**	**45.99**	**46.21**
Aggregate Book Value of Unquoted Investments	48.62	48.62	48.65
Aggregate Book Value of quoted Investments	0.12	0.07	0.06
Aggregate amount of impairment in value of investments in unquoted equity shares	2.85	2.85	2.85

(a) The Company holds investment in equity shares of Shree Ram Electrocast Limited and in Electrotherm Mali SARI as subsidiary company. Due to heavy losses and non operation of Shree Ram Electrocast Limited the amount of Investment of Rs. 78.68 Crore has been written off during the financial year 2015-2016 and Electrotherm Mali SARI ceases to the subsidary of the company on 27th March 2017, as the company has been wound up and therefore the company has written off its investment of Rs. 0.01 Crore

Notes to the standalone financial statements for the year ended 31 March 2018

(b) The company holds an investment in equity shares of ET Elec-Trans Limited as subsidary company and Bhaskarpara Coal Company Limited as a joint venture. These Companies have incurred heavy losses and/or are non-operating and therefore the fate of said Companies is uncertain. Provision for impairement of Rs. Nil (March 31, 2017 Rs. Nil and on April 1, 2016 Rs. 2.13 Crore) in the value of investment in joint ventures namely Bhaskarpara Coal Company Limited and in the value of investment in subsidiary namely ET Elec-Trans Limited Rs. Nil (March 31, 2017 Rs. Nil and on April 1, 2016 Rs. 0.72 Crore) has been provided.

6 Loans (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, Considered doubtful			
Loans to subsidiaries	4.18	4.18	4.18
Less: Provision based on expected credit loss method	(4.18)	(4.18)	(4.18)
Total	-	-	-

(a) Loans to subsidiaries comprise (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Shree Hans Paper Limited	4.18	4.18	4.18

Particulars	MAXIMUM AMOUNT OUTSTANDING AT ANY TIME DURING THE YEAR ENDED		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Shree Hans Paper Limited	4.18	4.18	4.18

(b) The settlement of loans and advances to subsidiaries is neither planned nor likely to occur in the next twelve months and are given as interest free.

(c) Loans and advances to subsidiaries are given for business purpose.

(d) Provision for the Expected Credit Loss on amount recoverable from Shree Hans Papers Limited has been made of as at March 31, 2018 Rs. Nil (As at March 31, 2017 Rs. Nil and on April 1, 2016 Rs. 4.18 Crore) due to uncertainity of it's recovery.

7 Other financial assets (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, Considered Good			
Sundry Deposits (Includes Bank Fixed Deposit of Rs.10.66 Crore (March 31, 2017: 10.76 crore;April 1, 2016 Rs. 8.91 crore) given as EMD & Rs. Nil crore as Margin Money.(March 31, 2017: Rs 3.79 Crore, April 1, 2016 Rs. 0.07 crore))	29.56	24.38	25.05
In term deposit accounts (marked as lien against the LC/BG) (remaining maturity more than 12 months)	7.63	18.08	24.39
Loan to Employees	0.26	0.29	0.26
Interest receivable	1.69	0.65	0.67
Total	**39.14**	**43.40**	**50.37**
Current	1.95	0.94	0.93
Non Current	37.19	42.46	49.44

Notes to the standalone financial statements for the year ended 31 March 2018

8 Other Assets (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, Considered Good			
Product Development Cost	14.66	14.38	32.19
Capital Advance	0.03	2.77	0.74
Advance to subsidiaries	5.13	13.57	11.62
Advance to Relative of Key Management personnel	0.06	0.08	0.03
Enterprises owned or Significatly influenced by key management personnel or their relative	0.09	-	-
Advances Recoverable In Cash or Kind (Net)	247.52	159.09	103.21
Advances to Staff	0.49	0.57	0.58
Advance to Suppliers and Other Parties	113.55	87.68	110.89
Prepaid Expenses	1.17	2.21	1.45
Balance with Revenue Authorities	14.29	31.69	29.37
Unsecured, Considered Doubtful			
Advance to Suppliers and Other Parties	32.29	26.83	28.78
Provision For Doubtful debts	(32.29)	(26.83)	(28.78)
Total	**396.99**	**312.04**	**290.08**
Current	382.30	294.89	257.15
Non Current	14.69	17.15	32.93

(a) Advances to Subsidiaries (Rs In Crore)

Particulars	BALANCE AS AT		
	March 31, 2018	March 31, 2017	April 1, 2016
Jinhua Jahari Enterprises Ltd	2.14	1.12	0.96
Jinhua Indus Enterprises Ltd	1.54	1.53	1.42
Shree Ram Electro Cast Ltd	1.45	10.92	9.24
Total	**5.13**	**13.57**	**11.62**

Particulars	MAXIMUM AMOUNT OUTSTANDING AT ANY TIME DURING THE YEAR ENDED		
	March 31, 2018	March 31, 2017	April 1, 2016
Jinhua Jahari Enterprises Ltd	7.48	3.41	7.53
Jinhua Indus Enterprises Ltd	1.54	1.53	1.42
Shree Ram Electro Cast Ltd	18.50	18.92	19.85
Total	**27.52**	**23.86**	**28.80**

(b) The settlement of loans and advances to subsidiaries and related parties is not planned but is likely to occur with in twelve months and are given interest free.

(c) Loans and advances to subsidiaries are given for the business purpose.

Notes to the standalone financial statements for the year ended 31 March 2018

9 Inventories {Refer Note No 40(b)} (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a. Raw Material [including goods in transit of Rs.9.06 Crore] (March 31, 2017 Rs. 2.72 Crore & April 1, 2016 Rs. 3.36 Crore)	168.70	124.19	112.74
b. Work-In-Process	102.97	51.94	51.46
c. Finished Goods [Including goods in transit of Rs. 58.94 Crore] (March 31, 2017 Rs. 45.98 Crore & April 1, 2016 Rs. Nil)	98.13	117.28	35.09
d. Trading Goods (Including stock in transit of Rs.Nil) (March 31, 2017 Rs. 0.38 Crore & April 1, 2016 Rs. Nil)	-	0.38	-
e. Stores and Spares [including goods in transit of Rs.Nil Crore] (March 31, 2017 Rs. 0.29 Crore & April 1, 2016 Rs. Nil)	57.68	38.98	41.68
Total	**427.48**	**332.77**	**240.97**

10 Trade Receivables {Refer Note No 39(b)} (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(A) Trade receivables from other parties			
Secured Considered Good	190.56	190.57	82.79
Unsecured Considered Good	162.45	81.50	138.21
Unsecured Considered Doubtful	91.99	82.10	72.68
Less: Expected credit loss allowance	(91.99)	(82.10)	(72.68)
(B) Due to Related Parties			
(Unsecured, Considered Good)			
- Enterprises owned or Significatly influenced by key management personnel or their relative	9.82	15.23	13.77
- Subsidiary Company	27.47	55.51	64.41
(Unsecured, Considered Douthful)			
- Subsidiary Company	0.51	0.51	0.51
Less: Expected credit loss allowance	(0.51)	(0.51)	(0.51)
Total	**390.30**	**342.81**	**299.18**

Provision for the Expected Credit Loss on amount due from subsidary has been made of as at March 31, 2018 Rs. Nil (As at March 31, 2017 Rs. Nil and on April 1, 2016 Rs. 0.51 Crore) due to uncertainity of it's recovery.

Movement in expected credit loss allowance (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at beginning of the year	82.61	73.19
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	9.89	9.42
Balance at end of the year	**92.50**	**82.61**

A formal credit policy has been framed and credit facilities are given to customer within the framework of the credit policy. As per credit risk management mechanism, a policy for doubtful debt has been formulated and risk exposure related to receivables are identified based on criteria mentioned in the policy and provided for credit loss allowance.

Notes to the standalone financial statements for the year ended 31 March 2018

11 Cash and Cash Equivalents (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Cash and Cash Equivalents			
a. Balances with Bank			
- In Current Account	26.39	13.02	28.23
- In Deposit accounts (original maturity less than 3 months)	0.07	-	-
b. Other bank Balances			
- Unclaimed Dividend Account	-	0.02	0.03
c. Cash on hand (As certified by the Management)	0.36	0.40	0.70
Total Cash and Cash Equivalents	**26.82**	**13.44**	**28.96**
Other bank balances			
- Fixed Deposits with original maturity of more than 3 months but less than 12 months	21.01	17.98	14.70
- Interest accrued but not due	0.99	1.53	1.16
Total	**22.00**	**19.51**	**15.86**

12 Current Tax assets (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Income Tax Asset	2.01	1.31	4.11
Total	**2.01**	**1.31**	**4.11**

13 Equity share capital (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Authorised:			
2,50,00,000 (March 31, 2017: 2,50,00,000 and April 1, 2016: 2,50,00,000) Equity Shares of Rs.10/- each	25.00	25.00	25.00
2,50,00,000 (March 31, 2017: 2,50,00,000 and April 1, 2016: 2,50,00,000) 6% Non-Cumulative Redeemable Preference Shares of Rs.10/- each	25.00	25.00	25.00
2,85,90,000 (March 31, 2017: 2,85,90,000 and April 1, 2016: 2,85,90,000) Partially Convertible Partially Redeemable Preference Shares of Rs. 10/- each	28.59	28.59	28.59
	78.59	78.59	78.59
Issued, subscribed and paid up:			
(a) Equity Shares			
1,27,42,814 (March 31, 2017: 1,27,42,814 and April 1, 2016: 1,14,76,374) Equity Shares of Rs.10/- each Fully paid up	12.74	12.74	11.48
(b) Preference Shares (Refer Note No. h)			
Nil (March 31, 2017: Nil and April 1, 2016: 2,85,90,000) Partially Convertible Partially Redeemable Preference Shares	-	-	28.59
	12.74	**12.74**	**40.07**

Notes to the standalone financial statements for the year ended 31 March 2018

a) Details of reconciliation of the number of equity shares outstanding:

Particulars	As at March 31, 2018		As at March 31, 2017	
	No of shares	(Rs In Crore)	No of shares	(Rs In Crore)
Equity Shares :				
At the beginning of the year	12,742,814	12.74	11,476,374	11.48
Add: Shares issued during the year	-	-	1,266,440	1.26
At the end of the year	**12,742,814**	**12.74**	**12,742,814**	**12.74**

Details of reconciliation of the number of preference shares outstanding:

Particulars	As at March 31, 2018		As at March 31, 2017	
	No of shares	(Rs In Crore)	No of shares	(Rs In Crore)
Preference Shares :				
At the beginning of the year	-	-	28,590,000	28.59
Add: Converted to equity shares issued during the year	-	-	(28,590,000)	(28.59)
At the end of the year	**-**	**-**	**-**	**-**

b) 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.

c) Rights, preference and restriction attached to Preference Shares

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

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

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

e) Details of share holders holding more than 5% equity shares in the company

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Edelwess Asset Reconstruction Company Ltd	1,048,074	8.22	1,266,440	9.94
Castleshine PTE Limited	1,000,000	7.85	1,000,000	7.85
Leadhaven PTE Limited	1,000,000	7.85	1,000,000	7.85
Western India speciality Hospital Limited	975,000	7.65	975,000	7.65
Mr. Shailesh Bhandari	848,275	6.66	848,275	6.66
Mr. Mukesh Bhandari	809,500	6.35	809,500	6.35
Jagdishkumar Amrutlal Akhani	829,350	6.51	692,249	5.43

Notes to the standalone financial statements for the year ended 31 March 2018

f) The Company has calls in arrears / unpaid calls of Rs. Nil (March 31, 2017: Nil and April 1, 2016: Nil)

g) Details of Shares alloted as fully paid up persuant to contract(s) without payment being received in cash. (during 5 years immediately preceeding March 31, 2018).

As per the terms and conditions of the settlement with Edelweiss Asset Reconstruction Company Limited (EARC), the company has issued and alloted 2,85,90,000 partially redeemable preference shares (PCPRPS) to EARC on 22nd August 2015.

h) As per the terms and conditions of the settlement with Edelweiss Asset Reconstruction Company Limited (EARC), the company has allotted 2,85,90,000 Partially convertible and Partially Redeemable Preference Shares (PCPRPS) of Rs.10 Each of amounting to Rs 28.59 Crore on August 22, 2015 and against the said PCPRPS, 12,66,440/- Equity shares of Rs. 10/- each at the price of Rs. 225.75 per equity share (inclusive of Share premium amount of Rs. 215.75 per equity share) were allotted during F.Y. 2016-17. As equity shares were allotted against such PCPRPS the entire amount of preference Share Capital of Rs. 28.59 Crore has been treated as part of Equity Share Capital as on April 1, 2016

14 Other equity

Particulars	(Rs In Crore)
Capital Reserve	
As at April 1, 2016	**14.07**
Increase/(decrease) during the Year	37.03
As at March 31, 2017	**51.10**
Increase/(decrease) during the Year	-
As at March 31, 2018	**51.10**
Securities Premium	
As at April 1, 2016	**212.69**
Increase/(decrease) during the Year	27.32
As at March 31, 2017	**240.01**
Increase/(decrease) during the Year	-
As at March 31, 2018	**240.01**
General Reserves	
As at April 1, 2016	**316.84**
Increase/(decrease) during the Year	(3.34)
As at March 31, 2017	**313.50**
Increase/(decrease) during the Year	(3.26)
As at March 31, 2018	**310.24**
Retained Earnings	
As at April 1, 2016	**(1,814.92)**
Increase/(decrease) during the Year	(74.67)
As at March 31, 2017	**(1,889.59)**
Increase/(decrease) during the Year	15.04
As at March 31, 2018	**(1,874.55)**
Total Other Equity	
As at April 1, 2016	**(1,271.32)**
As at March 31, 2017	**(1,284.98)**
As at March 31, 2018	**(1,273.20)**

a. Capital Reserve

Capital Reserve is not available for distribution of profits.

b. Securities Premium

Securities Premium is used to record the premium on issue of shares and is utilised in accordance with the provisions of the Companies Act, 2013.

Notes to the standalone financial statements for the year ended 31 March 2018

c. **General Reserve**
General Reserve is used from time to time to transfer profits to/from Retained Earnings for appropriation purposes including the amount arising due to past revaluation of land and building under previous GAAP. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

d. **Retained Earnings**
Retained Earnings are the profits of the Company earned till date and net of appropriations.

15 Borrowings (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured			
Term Loans from Banks {Refer Note No. (a), (b) below and Note No. 35(h)}			
- Rupee Term Loan	727.12	727.12	798.22
Loans from Asset Reconstruction Companies {Refer Note No. (a) below and Note No. 35(h)}			
- Rupee Term Loan	1,853.85	1,853.85	1,802.41
Term Loan from Financial Institutions {Refer Note No. (a) below}			
- Foreign Currency Term Loan	90.13	90.13	90.13
Hire Purchase Finance for Vehicles (Secured By Hypothecation of Specific Vehicles)	-	-	0.01
Unsecured Term Loan From Financial Institution {Refer Note No. (a) below}			
- Foreign Currency Term Loan	67.63	67.63	67.63
Less: Current Maturity on Long Term Borrowing	(1,168.04)	(959.54)	(1,076.38)
Total	**1,570.69**	**1,779.19**	**1,682.02**

(a) Rupee term loan and foreign currency loan are 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 of the Company.

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

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

Name of the Lenders	Principal	Interest	Default From
International Finance Corporation	143.75	14.01	June-2011
Corporation Bank	62.00	-	April-2012
Central Bank of India	428.94	7.19	March-2012
Indian Overseas Bank	100.00	-	August-2011
Total	**734.69**	**21.20**	

(d) **Repayment Schedule as per original Sanction is as under: -** (Rs In Crore)

Particular	0-1 Year	1 - 3 Year	3 and More Year
Secured			
Term Loans from Banks			
- Rupee Term Loan	674.68	37.62	14.82
Loans from Asset Reconstruction Company			
- Rupee Term Loan	335.60	783.86	734.39
Term Loan from Financial Institutions			
- Foreign Currency Term Loan	90.13	0.00	0.00
Unsecured Term Loan From Financial Institution			
- Foreign Currency Term Loan	67.63	-	-
Total	**1,168.04**	**821.48**	**749.21**

Notes to the standalone financial statements for the year ended 31 March 2018

16 Provisions (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for Employee Benefits*	16.38	16.87	13.73
Provision for Others	4.63	-	-
Total	**21.01**	**16.87**	**13.73**
Current	12.40	8.21	8.33
Non Current	8.61	8.66	5.40

* Provision for Employee Benefits includes Provision for Leave Encashment, Gratuity and Bonus.

In pursuance of Ind AS 37 - 'Provisions, contingent liabilities and contingent assets, the provisions required have been incorporated in the books of account in the following manner:

Particulars	Warranty
Opening Balance	-
Additions during the year	4.63
Utilisation	-
Reversal	-
Closing balance	**4.63**

17 Short Term Borrowings (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured Loan from Banks			
Term Loan {Refer Note No (a) below}	0.02	0.02	0.02
Working Capital Facilities {Refer Note No (a) below}	163.13	167.04	198.25
Unsecured			
Loans repayable on demand from: -			
Loans repayable on demand from: -			
Enterprises owned or Significatly influenced by key management personnel or their relative	1.75	1.75	1.75
Relative of Key Management personnel	0.17	0.17	0.19
Other Body Corporates	0.34	0.34	0.34
Directors	0.32	1.17	0.70
Term Loan from Banks			
- Rupee Term Loan	33.95	33.95	66.40
	199.68	**204.44**	**267.65**
1,20,00,000 (31 March 2017: 1,20,00,000 and on 1 April 2016: 1,20,00,000) 6 % Non-Cumulative Redeemable Preference Shares Of Rs.10/- each Fully Paid Up, Redeemable At Par.	12.00	12.00	12.00
Total	**211.68**	**216.44**	**279.65**

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

Notes to the standalone financial statements for the year ended 31 March 2018

(b) Company has defaulted in repayment of borrowing from the Lenders. Details of default are as follows: - (Rs In Crore)

Name of the Lenders	Principal	Interest	Default From
Corporation Bank	54.73	-	April-2012
Standard Chartered Bank	8.41	-	December-2011
Indian Overseas Bank	100.00	0.01	August-2011
Syndicate Bank	24.45	9.50	October-2011
Total	**187.59**	**9.51**	

18 Trade Payables (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Micro, Small and Medium Enterprises {Refer Note No 35(k)}	1.21	0.62	0.49
Others	419.16	331.86	230.89
Total	**420.37**	**332.48**	**231.38**

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-

(Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Supreme Metallurgical Services (P). Ltd.	1.20	0.49	0.49
Prima Automation Private Limited	0.01	0.13	-
Total	**1.21**	**0.62**	**0.49**

19 Other Financial Liabilities (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Creditors for Capital expenditure	1.12	0.04	0.03
Current Maturities of Long term borrowings {Refer Note No 35(h)}	1,168.04	959.54	1,076.38
Interest acrrued and due	-	0.40	-
Amount Payable to Key Management personnel	0.05	0.03	0.07
Others (including cheques overdrawn)	33.70	13.37	10.24
Total	**1,202.91**	**973.38**	**1,086.72**

20 Other current liabilities (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advance from Customers	115.20	98.93	67.14
Advance from enterprise owned or significantly influenced by Key Management personnel	0.06	-	-
Advance from Subsidiaries	0.26	-	-
Unclaimed Dividend	-	0.02	0.03
Statutory Liabilities			
Provident Fund & Other Contribution	0.96	0.91	0.83
Tax Deducted and Collected at Source	2.51	1.84	1.48
Value Added Tax, Central Sales Tax and GST (Net)	20.34	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
Total	**139.33**	**110.99**	**74.10**

Notes to the standalone financial statements for the year ended 31 March 2018

21 Revenue from operations (Rs In Crore)

Particulars	Year ending March 31, 2018	Year ending March 31, 2017
Sale of Products (Includes Export Incentives of Rs 4.68 Crore (March 31, 2017: Rs 2.17 Crore)	2,765.71	2,092.60
Service income	6.15	6.84
Total	**2,771.86**	**2,099.44**

The revenue from operations for the year ended March 31, 2017 and part of the financial year ended March 31, 2018 (upto June 30, 2017) are inclusive of excise duty. As the Goods and Service Tax ("GST") has been implemented with effect from July 1, 2017 and which replaced excise duty and other input taxes. In view of the said fact the revenue for the part of the year ended March 31, 2018 is reported net of GST and accordingly, is not comparable with earlier year.

22 Other income (Rs In Crore)

Particulars	Year ending March 31, 2018	Year ending March 31, 2017
Interest from Bank Fixed Deposits & Others	4.81	4.40
Rent Income	0.01	0.01
Profit on Sale of Asset (Net)	-	0.13
Profit on Sale of Units of Mutual Fund	-	0.05
Fair Value gain/(loss) on financial instruments at fair value through Profit & Loss	0.02	(0.20)
Miscellaneous Income	1.28	0.81
Total	**6.12**	**5.20**

23 Cost of Raw Materials and components consumed (Rs In Crore)

Particulars	Year ending March 31, 2018	Year ending March 31, 2017
Opening Inventory	124.19	112.74
Add: Purchases & Other Expenses	1,859.05	1,348.46
Total	**1,983.24**	**1,461.20**
Less: Closing Inventory	168.70	124.19
Cost of Raw Material Consumed	**1,814.54**	**1,337.01**

24 Changes in Inventories of Finished Goods, Work in process and Stock in Trade (Rs In Crore)

Particulars	Year ending March 31, 2018	Year ending March 31, 2017
Inventories (At Commencement)		
-Work In process	51.94	51.46
-Stock In Trade	0.38	-
-Finished Goods	117.28	35.09
Total	**169.60**	**86.55**
Inventories (At end)		
-Work In process	102.97	51.94
-Stock In Trade	-	0.38
-Finished Goods	98.13	117.28
Total	**201.10**	**169.60**
Total	**(31.50)**	**(83.05)**

Notes to the standalone financial statements for the year ended 31 March 2018

25 Employee Benefit Expenses (Rs In Crore)

Particulars	Year ending March 31, 2018	Year ending March 31, 2017
Salaries, Wages, Allowances and Bonus	128.68	112.07
Contribution to Provident and other funds	5.81	5.53
Staff Welfare and amenities	2.44	2.44
Total	**136.93**	**120.04**

26 Finance Cost (Rs In Crore)

Particulars	Year ending March 31, 2018	Year ending March 31, 2017
Interest Expenses on Bank and Other Loan (Net of Reversal)	(0.23)	0.40
Other Borrowing Cost & Charges	5.12	5.32
LC interest recovered	-	(1.62)
Total	**4.89**	**4.10**

27 Other Expenses (Rs In Crore)

Particulars	Year ending March 31, 2018	Year ending March 31, 2017
Power & Fuel	162.72	130.04
Stores & Spares	123.52	139.21
Job Charges	93.41	80.69
Machinery Repairs	1.05	0.96
Building Repairs	0.95	1.12
Other Repairs	3.92	3.19
Water Charges	4.48	4.02
Excise duty (on account of Duty on Finished Good Stocks & Stock In Transit)	(7.90)	4.07
Hire-Lease-Rent Charges	5.27	4.68
Rates & Taxes	4.17	2.17
Insurance Premium (Net)	2.81	2.00
Postage Telegram & Telephone Expenses	1.71	1.70
Conveyance Expenses	1.00	1.00
Travelling Expenses	9.88	9.75
Printing & Stationery	1.11	0.88
Vehicle Expenses	1.60	1.03
Security Expenses	1.82	1.46
CSR Activity	0.35	0.63
Subscription & Membership	0.32	0.29
Net Sundry Balances Written Off	15.51	4.09
Provision For Doubtful Debtors & Advances	15.34	9.42
Investment Written Off	-	0.01
Auditors' Remuneration:		
- Audit Fees	0.20	0.20
- Other Matters	0.02	0.03
Legal & Professional Charges	13.14	20.92
Warranty Expenses	4.74	0.02
Guest House Expenses	1.45	0.90
Miscellaneous Expenses	2.17	2.11
Research & Development Expenses	0.07	18.23
Foreign Exchange Fluctuation	2.22	(4.41)
Donation	0.27	0.21
Advertisement & Sales Promotion	13.23	15.54
Commission Expenses	11.23	24.21
Freight Outward & other Expenses (Net)	72.81	26.84
Total	**564.59**	**507.21**

Notes to the standalone financial statements for the year ended 31 March 2018

28 Exceptional Item (Rs In Crore)

Particulars	Year ending March 31, 2018	Year ending March 31, 2017
Waiver of interest on account of settlement with ICICI Bank	-	6.44
Interest paid to UCO bank	-	(20.89)
Total	**-**	**(14.45)**

29 INCOME TAX (Rs In Crore)

The Major component of income tax expense for the year ended

March 31, 2018 & March 31, 2017 are:	As at March 31, 2018	As at March 31, 2017
Current Tax		
Current Income Tax	-	-
Deferred Tax		
Defered Tax Expenses/(Benefit)	-	-
Tax in Respect of earlier years	-	-
Income tax expense reported in the Statement of Profit & Loss	-	-
Other Comprehensive Income (OCI)		
Deferred tax related to items recognised in OCI during the year	-	-
Re-measurement loss on defined benefit Plans	-	-
Deferred Tax credited to OCI	-	-

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2018 & March 31, 2017:

(Rs In Crore)

Particulars	Year ending March 31, 2018	Year ending March 31, 2017
Accounting profit before tax	11.20	(76.77)
Enacted income tax rate in India applicable to the company	30.90%	30.90%
Tax using the Company's domestic tax rate		
Tax effects of:	3.46	(23.72)
Income Tax allowances	(24.04)	(25.86)
Non-Deductible expenses	51.80	51.81
Unused Tax Loss	(30.87)	(8.05)
Others	(0.35)	5.82
At the effective income tax rate of March 31, 2018	0.00	0.00

30 Contingent Liabilities and Other Commitments

Claims against the Company not acknowledged as debts towards: (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
i) Income Tax Matters	-	-	31.55
ii) VAT & CST Matters	26.13	59.19	59.19
iii) Service Tax Matters	2.20	2.20	2.00
iv) Custom Duty Matters	19.26	19.78	20.31
v) Excise Duty Matters	338.27	338.44	338.64
vi) Estimated amount of contracts remaining to be executed on capital account (net off advances) and not provided for	2.90	2.93	-
vii) Guarantees / Counter Guarantees (including un-utilized Letters of Credit)	23.09	30.21	26.96

Notes to the standalone financial statements for the year ended 31 March 2018

viii) Claims against the Company not acknowledged as debts amounting to Rs.0.70 Crore (As at March 31, 2017: Rs.0.70 Crore and on April 1, 2016: 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 Crore (As at March 31, 2017: Rs. 1.06 Crore)and the counter claim of the respondent is Rs.0.72 Crore (As at March 31, 2017: Rs.0.72 Crore).

ix) 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.5.37 Crore (including interest) (As at March 31, 2017: Rs.5.02 Crore and on April 1, 2016: Rs. 4.66 Crore) as import duty.

Note:-

i. Future cash flows in respect of above, if any, is determinable only on receipt of judgement/ decisions pending with relevant authorities.

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

31 Employee benefit obligations

The Company has classified the various employee benefits provided to employees as under:

I Defined Contribution Plans

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss–

(Rs In Crore)

Particulars	Year ending March 31, 2018	Year ending March 31, 2017
Employers' Contribution to Provident Fund (including contribution to Employees' Pension Scheme 1995)	5.51	5.20

II Defined Benefit Plans

(Rs In Crore)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Gratuity			
Current	2.56	2.41	2.07
Non-Current	5.93	5.31	3.32
Total	**8.49**	**7.72**	**5.39**

Significant assumptions :

The significant actuarial assumptions were as follows :

Particulars	March 31, 2018	March 31, 2017
Discount rate	7.86% p.a.	7.57 % p.a.
Salary escalation rate	6% p.a.	6% p.a.

Mortality rate	**Indian Assured Lives Mortality (2006-08) Ultimate**	**Indian Assured Lives Mortality (2006-08) Ultimate**
Attrition rate	2%	2%

31.1 Gratuity

i) The amounts recognised in balance sheet and movements in the net benefit obligation over the year are as follows:

(Rs In Crore)

Particulars	Present value of obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
April 1, 2016	**9.79**	**4.40**	**5.39**
Current service cost	1.30	-	1.30
Interest expense/(income)	0.79	0.36	0.43
Total amount recognised in Profit or Loss	**2.09**	**0.36**	**1.74**
Return on plan assets expense/(income)	-	(0.01)	0.01
(Gain)/loss from change in Demographic assumption - experience changes	0.51	-	0.51
(Gain)/loss from change in financial assumptions	0.71	-	0.71
Total amount recognised in Other Comprehensive Income	**1.22**	**(0.01)**	**1.24**
Employer's contribution	-	0.51	(0.51)
Benefits paid	(0.59)	(0.46)	(0.13)
March 31, 2017	**12.52**	**4.80**	**7.72**

(Rs In Crore)

Particulars	Present value of obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
April 1, 2017	**12.52**	**4.80**	**7.72**
Current service cost	1.57	-	1.57
Past Service Cost	0.32	-	0.32
Interest expense/(income)	0.94	0.36	0.58
Total amount recognised in Profit or Loss	**2.83**	**0.36**	**2.47**
Return on plan assets expense/(income)	-	-	-
(Gain)/loss from change in Demographic assumption - experience changes	(0.08)	-	(0.08)
(Gain)/loss from change in financial assumptions	(0.50)	-	(0.50)
Total amount recognised in Other Comprehensive Income	**(0.58)**	**-**	**(0.58)**
Employer's contribution	-	0.92	(0.92)
Benefits paid	(0.73)	(0.53)	(0.20)
March 31, 2018	**14.03**	**5.54**	**8.49**

ii) **The net liability disclosed above relates to funded plans are as follows:** (Rs In Crore)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Present value of funded obligation	14.03	12.52	9.79
Fair value of plan assets	5.54	4.80	4.40
Surplus of funded plan	**8.49**	**7.72**	**5.39**

Notes to the standalone financial statements for the year ended 31 March 2018

iii) Sensitivity analysis

The sensitivity of defined obligation to changes in the weighted principal assumptions is: (Rs In Crore)

Assumption	Impact on defined benefit obligation	
	March 31, 2018	March 31, 2017
Discount rate		
1.0% increase	(1.38)	(1.34)
1.0% decrease	1.65	1.61
Future salary increase		
1.0% increase	1.61	1.62
1.0% decrease	(1.38)	(1.37)
Rate of Employee Turnover		
1.0% increase	0.28	0.21
1.0% decrease	(0.32)	(0.25)

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

iv) Maturity Analysis of benefits payable (Rs In Crore)

Projected benefits payable in future years from the date of reporting:	March 31, 2018	March 31, 2017
1st Following Year	1.47	0.93
2nd Following Year	0.46	0.50
3rd Following Year	0.65	0.50
4th Following Year	0.70	0.56
5th Following Year	0.71	0.59
Sum of Years 6 to 10	5.43	4.43
Sum of Years 11 and above	33.43	31.50

i. The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

ii. The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

iii. Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet.

iv. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

31.2 Risks associated with defined benefit plan

Gratuity is a defined benefit plan and company is exposed to the Following Risks:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of assest.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality Risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Concentration Risk: Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

32 Segment Reporting

The segment report is given in consolidated financial statements.

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

(a) Winding Up Petitions:

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 and which are pending before them. Winding up petition by UCO Bank and Syndicate bank has been withdrawn/ disposed off.

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

(i) Syndicate Bank, Central Bank of India, Corporation Bank and Vijaya Bank had filed Original Applications against the Company before the Hon'ble 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 adinterim injunction order. The Company had filed its reply/written statement/interim application and the said matters are pending for judgment/further hearing before DRT/DRAT.

(ii) In view of settlement/consent terms filed with DRT, the original application filed by Invent asset securitization and reconstruction Private Limited (being the assignee of debts of Allahabad Bank) was disposed of on 21st March 2018.

(iii) In view of settlement/consent terms filed with DRT, the original application filed by Union Bank of India of India was disposed of on 28th April 2018.

(iv) Subject to final terms to be agreed upon and provisional settlement with Vijaya Bank, the bank has agreed to withdrawn the original application filed with DRT.

(v) The Indian Overseas Bank and Dena Bank have assigned the debts associated with the company to Rare Asset Reconstruction Private Limited (formerly known as Raytheon Asset Reconstruction Private Limited) and the original application filed by them are pending before DRT, with some ad–interim injunction order in the matter of India Overseas Bank.

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

Syndicate Bank, Indian Overseas Bank and Vijaya 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.

(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) 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. Dena Bank has assigned the debt associated with the company to Rare Asset Reconstruction Private Limited (formerly known as Raytheon Asset Reconstruction Private Limited).

(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 : JuniJithardi, Tal : Karjan, Dist : Vadodara on 08/05/2012, 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 Securitization Application before DRT-1, Ahmedabad against the said action of symbolic possession and the matter is pending before DRT-1 Ahmedabad for further hearing.

34. Non Provisions of Disputed Advances and Claims/Liability

(a) The Company has VAT tax liability (including interest) of Rs. Nil (March 31, 2017: 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 Balance with Revenue authority under the head Other Current Asset. The company has filed an appeal against the said order before the Appellate Authority and the appellate Authority has set aside the matter for fresh assessment. On account of the said order presently the liability of the company has become Rs. Nil (March 31, 2017: Rs. 35.84 Crore).

(b) During the Previous Year, VAT/CST Assessment for the financial year 2010-11 was completed and assessing officer has determined the tax liability of 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 Balance with Revenue authority under the head Other Current Asset. 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 30.09.2018. The Appellate Authority vides order dated 27.04.2018 has passed the refund order of Rs. 7.35 Crore for financial year 2009-10 and ordered for adjustment against demand for next financial year. On account of the said order the VAT liability for financial year 2010-11 has reduced to Rs. 13.60 Crore and is subject to order of the Appellate Authority.

(c) In current year VAT/CST assessment for financial year 2013-14 was completed and the assessing officer has determined the tax liability of Rs. 6.13 Crore and against the said order company is under the process of filling appeal before the Appellate Authority.

(d) In view of the non-provision of the above items 34(a), 34(b) and 34(c) the Profit of the company are overstated by Rs. 30.88 Crore (Losses as on March 31, 2017 of Rs. 67.94 Crore are understated) and to that extent advances are overstated or the respective liabilities are understated.

(e) 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 profit has been overstated 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 {Refer Note No. 35(h)}, Union Bank of India, UCO Bank, Vijaya Bank and loans which are assigned to Edelweiss Assets Reconstruction Company Limited (EARC), Invent Assets Securitization & Reconstruction Private Limited (Invent) and Rare Asset Reconstruction Private Limited (formerly known as Raytheon Asset Reconstruction Private Limited) is as under:-

(Rs. In Crore)

Particulars	Up to March 31, 2017	Reduction on Debt assignment / Settlement	From April 1, 2017 to March 2018	Up to March 31, 2018
Interest on Corporate Loan and working Capital Loan	801.76	(242.42)	192.70	752.04

35. Additional Disclosures

(a) Power and Fuel expenses are inclusive of duties and taxes of Rs. 14.91 Crore (March 31, 2017: Rs. 12.45 Crore) paid towards power generation.

(b) During the year, old non-recoverable amount of Rs. 18.96 Crore {which includes an amount of Rs. 5.61 Crore pertaining to related party} (March 31, 2017: Rs. 7.27 Crore) and the unclaimed amount of Rs. 3.45 Crore (March 31, 2017: Rs. 3.18 Crore) have been written off/ back on account of non-realization and payment. Its' net balance of Rs. 15.51 Crore (March 31, 2017: Rs. 4.09 Crore) has been charged to the Statement of Profit and loss.

(c) During the previous 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 by Rs. 43.47 Crore which has been accounted for as under:

(Rs. In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Waiver of principal amount Credited to Capital Reserve	-	37.03
Reduction in Interest Shown netted off in exceptional item	-	6.44

Notes to the standalone financial statements for the year ended 31 March 2018

(d) Product Development Cost includes total Research and Development expenses of Rs. 14.66 Crore (March 31, 2017: Rs. 14.38 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. During the previous year, 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. Nil (March 31, 2017: 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. 1.92 Crore (March 31, 2017 Rs. 2.04 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 Edelweiss Asset Reconstruction Company Limited. 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. 403.90 Crore.

  The Management is of the opinion that Fixed Deposit of Rs. 12.45 Crore held by Bank of Baroda will be adjusted against the outstanding liability payable to Edelweiss Asset Reconstruction Company Limited at the time of last installment. Accordingly, the said amount has been shown as advance recoverable in cash or kind under the head Other Current Asset.

- The amount of installments paid to Edelweiss Asset Reconstruction Company Limited, up to the balance sheet date are shown as part of other current asset and to that extent the amount of Loans from Asset Reconstruction Companies (Current Maturity of Long term Borrowings of Rs. 179.50 Crore and Non-Current Borrowings of Rs. 12.45 Crore)(March 31, 2017: Current Maturity of Long term Borrowings of Rs. 114.50 Crore and Non-Current of Rs. 12.45Crore) and the amount of advance recoverable in cash or kind are overstated by Rs. 191.95 Crore (March 31, 2017: Rs. 126.95 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 Invent Assets Securitization and Reconstruction Pvt. Ltd. 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 other current asset 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.13.14 Crore (March 31, 2017: Rs. 5.89 Crore).

- The company, subject to some terms, agreed for repayment of debts of Union Bank of India and in pursuance to the same, the company has made payment of Rs. 12.35 Crore (March 31, 2017: Rs. 1.50 Crore) and the said amount has been shown as part of other current asset 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.12.35 Crore (March 31, 2017: Rs. 1.50 Crore).

- The company was informed vide letter dated 7th April 2017 of Dena Bank and letter dated 27th March 2017 of Rare Asset Reconstruction Pvt. Ltd. (formerly known as Raytheon Asset Reconstruction Private Limited), Dena Bank has assigned debt to Rare Asset Reconstruction Pvt. Ltd. on 18th March 2017. However on account of non-finalization of repayment terms and condition the entire loan amount has been shown as current maturities of long term borrowings.

- The company was informed vide letter dated 12th October 2017 of Indian Overseas Bank, that the bank has assigned debt to Rare Asset Reconstruction Pvt. Ltd. (formerly known as Raytheon Asset Reconstruction Private Limited). However on account of non-finalization of repayment terms and condition the entire loan amount has been shown as current maturities of long term borrowings.

- During the year the Company has deposited Rs. 7.70 Crore in corporation bank and Rs. 7.25 Crore in Central Bank of India subject to settlement with the banks which is shown under the head Cash and Cash Equivalents.

- The company, subject to some terms, agreed for repayment of debts of Vijaya Bank and in pursuance to the same, the company has made payment of Rs. 10.00 Crore (March 31, 2017: Rs. Nil) and the said amount has been shown as part of other current asset and to that extent the amount of current maturities of long term borrowings from Vijaya Bank and the amount of advance recoverable in cash or kind are overstated.

Notes to the standalone financial statements for the year ended 31 March 2018

- The company has received and accepted settlement terms with International Finance Corporation. But the payment schedule has been revised due to delay in obtaining required RBI permission for restructuring of External Commercial Borrowings and Foreign Currency Convertible Bonds. The company has been informed by Bank of India [Authorized Dealer] vide letter dated April 16, 2018 that required RBI permission has been received. Final terms of settlement agreement with IFC is in process and company expect it to be signed in the month of June-2018.

(i) The balances of Central Bank of India, Syndicate Bank, Indian Overseas Bank and International Financial Corporation are not being confirmed / reconciled by the borrowers, as these borrowers have treated the loan accounts as non performing assets account.

(j) 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 March 31, 2018.

(k) Dispute with Micro, Small & Medium Enterprise

(i) There was dispute with Supreme Metallurgical Services Pvt. Ltd. (“Supreme Metallurgical”) in relation to material supplied by the said party and there was litigation pending before Hon’ble Gujarat High Court. However, the company entered into settlement with Supreme Metallurgical and it has agreed to withdraw the pending litigation from 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”). In view of settlement with Prime Automation, they have withdrawn its application from SLIFC on 1st November 2017.

(l) 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.

(m) The Ahmedabad Zonal Office of the Directorate of Enforcement (“ED”) has recorded a case under the provisions of the Prevention of Money Laundering Act, 2002 and during the course of investigation, the ED has passed an order dated 28th March, 2018 under sub-section (1) of section 5 of the Prevention of Money Laundering Act, 2012 for provisional attachment of certain properties comprising Land having total area of 4,90,621 square meter at chhavada and samkhiyali of steel Plant, Building and Plant & Machinery for a period of 180 days. Thereafter, a complaint under sub-section (5) of section 5 of the Prevention of Money Laundering Act, 2012 was filed by ED before the Adjudicating Authority, New Delhi and the same is pending for hearing.

(n) The Company has filed recovery case against Victory Rich Trading Limited (“VRTL”) & its director for non-payment of amount in the High Court of Hong Kong and the High Court of Hong Kong has passed judgment for payment of recovery amount. Thereafter, VRTL has challenged the said order and the same is pending before the High Court of Hong Kong.

36. DIRECTOR’S REMUNERATION:

As per the approval of shareholders of the company at the 30th annual general meeting held on 30th September 2016 and approval of Central Government vide letter dated 21st November 2017, the company has paid remuneration of Rs. 1,50,000/- per month to Mr. Mukesh Bhandari, Mr. Shailesh Bhandari and Mr. Avinash Bhandari with effect from 1st February 2017. The central government has approved the remuneration of Rs.1,50,000/- per month for the said three appointees for a period from 1st February 2017 to 31st January 2020.

37. Account of Receivables / Payables in respect of Goods and Service Tax, Service Tax, CENVAT, and Vat are subject to reconciliation, submission of its return for its claim and/or its Audit/ Assessment, if any.

38. RELATED PARTY DISCLOSURE

As required by Indian Accounting Standard-24 “RELATED PARTY DISCLOSURE”, the disclosure of transaction with related parties are given below (with whom transaction taken place during the year):-

A. List of Related Parties

I) SUBSIDIARY COMPANIES

1. Jinhua Indus Enterprises Limited
2. Jinhua Jahari Enterprises Limited
3. ET Elec-Trans Limited
4. Hans Ispat Limited
5. Shree Ram Electro Cast Limited
6. Shree Hans Papers Limited

II) JOINT VENTURE COMPANY

1. Bhaskarpara Coal Company Limited

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

1. EIL Software Services Offshore Pvt. Ltd.
2. Etain Electric Vehicles Limited
3. ETAIN Renewables Ltd.
4. Electrotherm Solar Ltd.
5. Bhandari Charitable Trust

IV) Key Management Personnel/Director of Companies

1.	Mr. Mukesh Bhandari	(Chairman & Managing Director)
2.	Mr. Shailesh Bhandari	(Managing Director)
3.	Mr. Avinash Bhandari	(Joint Managing Director & CEO)
4.	Mr. Siddharth Bhandari	(Whole time Director)
5.	Mr. Pawan Gaur	(Chief Financial Officer)
6.	Mr. Fagesh R Soni	(Company Secretary)

V) Relatives of Key Management Personnel

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

Notes to the standalone financial statements for the year ended 31 March 2018

B. Related Parties Transaction as Identified by the Company from its records **(Rs. in Crores)**

SR. NO.		NAME	SALES (Incl.Store Spare & Others)		PURCHASE		EXPENSES/(INCOME)		PAYMENT OF LIABILITY		PURCHASE(SALE) OF FIXED ASSET		LOAN RECEIVED		LOAN GIVEN/REPAID		INTEREST PAID		RENT PAID		SALARY		CLOSING BALANCE	
			Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year
(I)		Subsidiary Companies																						
	1	Jinhua Indus Enterprises Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.54	1.53
	2	Jinhua Jahari Enterprises Ltd.	-	-	21.67	15.49	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.88	1.11
	3	ET Elec-Trans Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.51	0.51
	4	Shree Ram Electro Cast Ltd	-	-	-	-	-	-	-	-	-	-	53.52	36.50	44.04	38.17	-	-	-	-	-	-	1.45	10.92
	5	Hans Ispat Ltd	112.43	39.86	99.57	14.85	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27.47	55.51
	6	Shree - Hans Papers Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.18	4.18
(II)		Enterprises Owned or Significantly Influenced by Key Management Personnel or their relatives *(Except Foreign Companies)																						
	1	ETAIN Renewables Limited	-	-	-	0.03	-	0.00	0.01	-	-	-	0.06	0.80	-	0.79	-	-	-	-	-	-	2.13	2.56
	2	EIL Software Services Offshore Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.75)	(1.75)
	3	Bhandari Charitable Trust	-	-	-	-	3.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.20	5.02
	4	Electrotherm Solar Limited	0.04	-	0.00	0.01	2.46	-	0.03	-	-	-	-	0.02	0.09	0.28	-	-	-	-	-	-	3.71	6.01
	5	ETAIN Electric Vehicles Limited	0.26	5.72	0.02	-	-	-	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	1.81	1.64
(III)		KEY MANAGEMENT PERSONNEL :																						
	1	Mr. Mukesh Bhandari	-	-	-	-	-	-	-	-	-	-	-	0.24	0.64	-	-	-	-	0.11	0.21	-	(0.24)	(0.88)
	2	Mr. Shailesh Bhandari	-	-	-	-	(0.02)	-	-	-	-	-	-	0.23	0.21	0.08	-	-	0.05	0.05	0.21	-	(0.13)	(0.32)
	3	Mr. Avinash Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.21	-	-	-
	4	Mr. Pawan Gaur	-	-	-	-	-	-	-	-	-	-	-	-	0.00	-	-	-	-	-	0.42	0.36	0.06	0.08
	5	Mr. Fageshkumr R. Soni	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.12	-	(0.00)	-
	6	Mr. Siddharth Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV)		RELETIVES OF KEY MANAGEMENT PERSONNEL : (With whom Transaction has been taken Place during the year)																						
	1	Mrs. Indubala Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.06	0.06	-	-	(0.00)	(0.00)
	2	Mrs. Jyoti Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.04	0.03	0.27	0.24	(0.15)	(0.15)
	3	Mr. Rakaesh Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.02)	(0.02)
	4	Ms.Shivani Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01	0.05	-	-
	5	Mr. Anurag Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.06	-	-	-	(0.00)	(0.00)
	6	Mrs. Panna Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01	0.05	-	-

Notes to the standalone financial statements for the year ended 31 March 2018

39. (a) In the opinion of the Management, the Other Assets and Financial Assets 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", "Advances Recoverable In Cash or Kind", "Advance to Suppliers and Other Parties" 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.0.72 Crore (March 31, 2017: Rs.0.89 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 its reconciliation and confirmations are pending.

40. (a) The amount of current maturity of Long Term Liability of Rs. 1168.04 Crore (March 31, 2017: Rs.959.54 Crore) shown under the head "Other Financial 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) The management is of the opinion that the uncompleted projects shown as Capital Work in Progress of Rs.10.45 Crore (March 31, 2017: 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.

(e) 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.

41. EARNINGS PER SHARE (EPS):

The basic Earnings per Share is calculated by dividing the Profit/ (Loss) attributable to the existing Equity Shares outstanding:-

Particulars		2017-18	2016-17
Profit/(Loss) for the year	(Rs. In Crore)	11.20	(76.77)
Weighted Average No. of Shares for the Earning Per Share Computation for Basic and Diluted	(Nos. in Crore)	1.27	1.27
Earning Per Share (Basic & Diluted)	(In Rs.)	8.79	(60.26)
Nominal Value of Shares	(In Rs.)	10.00	10.00

42 Financial Instruments, Fair Value Mesurements, Financial Risks & Capital Management

42.1 Categorywise Classification of Financial Instruments (Rs In Crore)

Particulars	March 31, 2018		
	FVPL	Amortised cost	Carrying Value
Financial assets			
Trade receivables	-	390.30	390.30
Cash and Cash Equivalents	-	26.82	26.82
Other Bank balances	-	22.00	22.00
Investments in mutual fund units	0.29	-	0.29
Investments in Unquoted Equity of other Company/Joint Venture/ Subsidiary Company net of Accumulated Impairment	-	45.77	45.77
Other financial assets	-	39.14	39.14
Total financial assets	**0.29**	**524.03**	**524.32**
Financial liabilities			
Trade payables	-	420.37	420.37
Short term Borrowings	-	211.68	211.68
Non-Current Borrowings	-	1,570.69	1,570.69
Other financial liabilities	-	1,202.91	1,202.91
Total financial liabilities	**-**	**3,405.65**	**3,405.65**

Notes to the standalone financial statements for the year ended 31 March 2018

(Rs In Crore)

Particulars	March 31, 2017		
	FVPL	Amortised cost	Carrying Value
Financial assets			
Trade receivables	-	342.81	342.81
Cash and Cash Equivalents	-	13.44	13.44
Other Bank balances	-	19.51	19.51
Investments in mutual fund units	0.22	-	0.22
Investments in Unquoted Equity of other Company/Joint Venture/ Subsidiary Company net of Accumulated Impairment	-	45.77	45.77
Other financial assets	-	43.40	43.40
Total financial assets	**0.22**	**464.93**	**465.15**
Financial liabilities			
Trade payables	-	332.48	332.48
Short term Borrowings	-	216.44	216.44
Non-Current Borrowings	-	1,779.19	1,779.19
Other financial liabilities	-	973.38	973.38
Total financial liabilities	**-**	**3,301.49**	**3,301.49**

(Rs In Crore)

Particulars	April 1, 2016		
	FVPL	Amortised cost	Carrying Value
Financial assets			
Trade receivables	-	299.18	299.18
Cash and Cash Equivalents	-	28.96	28.96
Other Bank balances	-	15.86	15.86
Investments in mutual fund units	0.41	-	0.41
Investments in Unquoted Equity of other Company/Joint Venture/ Subsidiary Company net of Accumulated Impairment	-	45.80	45.80
Other financial assets	-	50.37	50.37
Total financial assets	**0.41**	**440.17**	**440.58**
Financial liabilities			
Trade payables	-	231.38	231.38
Short term Borrowings	-	279.65	279.65
Non-Current Borrowings	-	1,682.02	1,682.02
Other financial liabilities	-	1,086.72	1,086.72
Total financial liabilities	**-**	**3,279.77**	**3,279.77**

42.2 Category-wise Classification of Financial Instruments

i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements:

(Rs In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Investments in quoted mutual fund					
As at March 31, 2018	5	0.29	-	-	0.29
As at March 31, 2017	5	0.22	-	-	0.22
As at April 1, 2016	5	0.41	-	-	0.41

Level 1:Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

iii) Valuation process

The Company obtains valuation results from external valuers for level 2 measurements. Inputs to level 2 measurements are verified by the Company's treasury department

iv) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, security deposits, cash and cash equivalents, interest accrued on fixed deposits, loans, unbilled revenue and trade payables are considered to be the same as their fair values, due to their short-term nature.

43 Financial Instrumet Risk, Management, Objectives & Policies

43.1 Financial risk management

The management of the Company has implemented a risk management system that is monitored by the Board of Directors. The general conditions for compliance with the requirements for proper and future-oriented risk management within the Company are set out in the risk management principles. These principles aim at encouraging all members of staff to responsibly deal with risks as well as supporting a sustained process to improve risk awareness. The guidelines on risk management specify risk management processes, compulsory limitations, and the application of financial instruments. The risk management system aims at identifying, analyzing, managing, controlling and communicating risks promptly throughout the Company. Risk management reporting is a continuous process and part of regular Group reporting. In addition, our Corporate Function Internal Auditing regularly checks whether Company complies with risk management system requirements.

The Company is exposed to credit, liquidity and market risks (interest rate risk, foreign currency risk and other price risk) during the course of ordinary activities. The aim of risk management is to limit the risks arising from operating activities and associated financing requirements by applying selected derivative and non-derivative hedging instruments.

43.2 Credit risk

The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments. The balances with banks and security deposits are subject to low credit risk since the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.

Trade receivables, Loans and Advances to Suppliers & Others

Credit risk arises from the possibility that customer/borrowers will not be able to settle their obligations as and when agreed. To manage this, the Company periodically assesses the financial reliability of customers and the borrowers, taking into account the financial condition, current economic trends, analysis of historical bad debts, ageing of accounts receivable and forward looking information.

The provision on trade receivables for expected credit loss is recognised on the basis of life-time expected credit losses (simplified approach). Trade receivables are evaluated separately for balances towards progress billings and retention money due from customers. An expected loss rate is calculated at each year-end, based on combination of rate of default and rate of delay. The Company considers the rate of default and delay upon initial recognition of asset, based on the past experience and forward-looking information, wherever available. The provision on loans for expected credit loss is recognised on the basis of 12-month expected credit losses and assessed for significant increase in the credit risk.

Notes to the standalone financial statements for the year ended 31 March 2018

Expected credit loss:

i) As at March 31,2018 (Rs In Crore)

Particulars	Trade Receivables	Loans	Advances to Suppliers & Others	Total
Gross carrying amount	482.80	4.18	145.84	632.82
Expected loss rate	19.16%	100.00%	22.14%	20.38%
Expected credit losses (loss allowance provision)	92.50	4.18	32.29	128.97
Carrying amount	**390.30**	**-**	**113.55**	**503.85**

ii) As At March 31, 2017 (Rs In Crore)

Particulars	Trade Receivables	Loans	Advances to Suppliers & Others	Total
Gross carrying amount	425.42	4.18	114.51	544.11
Expected loss rate	19.42%	100.00%	23.43%	20.88%
Expected credit losses (loss allowance provision)	82.61	4.18	26.83	113.62
Carrying amount	**342.81**	**-**	**87.68**	**430.49**

iii) As At April 1, 2016 (Rs In Crore)

Particulars	Trade Receivables	Loans	Advances to Suppliers & Others	Total
Gross carrying amount	372.37	4.18	139.67	516.22
Expected loss rate	19.66%	100.00%	20.61%	20.56%
Expected credit losses (loss allowance provision)	73.19	4.18	28.78	106.15
Carrying amount	**299.18**	**-**	**110.89**	**410.07**

Reconciliation of expected credit loss / loss allowance provision (Rs In Crore)

Particulars	Trade Receivables	Loans	Advances to Suppliers & Others	Total
Loss allowance as on April 1, 2016	(73.19)	(4.18)	(28.78)	(106.15)
Changes in loss allowance	(9.42)	-	1.95	(7.47)
Loss allowance as on March 31, 2017	(82.61)	(4.18)	(26.83)	(113.62)
Changes in loss allowance	(9.89)	-	(5.46)	(15.35)
Loss allowance as on March 31, 2018	(92.50)	(4.18)	(32.29)	(128.97)

43.3 Liquidity risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended March 31, 2018 and March 31, 2017. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and mutual funds with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

Maturities of financial liabilities

The table below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities:

(Rs In Crore)

As at March 31, 2018	Upto 1 year/ repayable on demand	1 to 3 years	More than 3 years
Trade Payables	420.37	-	-
Borrowings	1,168.04	821.48	749.21
Short term Borrowings	199.68	-	-
Preference Shares	12.00	-	-
Other Financial liabilities	34.87	-	-
Total	**1,834.96**	**821.48**	**749.21**

(Rs In Crore)

As at March 31, 2017	Upto 1 year/ repayable on demand	1 to 3 years	More than 3 years
Trade Payables	332.48	-	-
Borrowings	959.54	455.01	1,324.18
Short term Borrowings	204.44	-	-
Preference Shares	12.00	-	-
Other Financial liabilities	13.84	-	-
Total	**1,522.30**	**455.01**	**1,324.18**

(Rs In Crore)

As at April 1, 2016	Upto 1 year/ repayable on demand	1 to 3 years	More than 3 years
Trade Payables	231.38	-	-
Borrowings	1,076.38	163.76	1,518.26
Short term Borrowings	267.65	-	-
Preference Shares	12.00	-	-
Other Financial liabilities	10.34	-	-
Total	**1,597.75**	**163.76**	**1,518.26**

43.4 Market risk

Market risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. Financial instruments affected by market risk includes borrowings, deposits, investments, trade and other receivables, trade and other payables and derivative financial instruments.

The potential economic impact, due to these assumptions, is based on the occurrence of adverse / inverse market conditions and reflects estimated changes resulting from the sensitivity analysis. Actual results that are included in the Statement of Profit and Loss may differ materially from these estimates due to actual developments in the global financial markets. The company is mainly exposed to interest rate risk and foreign currency risk.

i) Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market rates. Since the borrowing of the company are classified as non performing assets or are transfer to assets reconstruction company or the settlement agreement have been executed, the borrowers are not charging interest, therefore the exposure to risk of changes in market interest rates is minimal.

ii) Foreign currency risk

The international nature of the Company's business activities generates numerous cash flows in different currencies -especially in USD and EURO. To contain the risks of numerous payment flows in different currencies- in particular in USD and EURO- the Company follows groupwide policies for foreign currency management.

The Company's exposure to foreign currency risk at the end of reporting period are as follows: (In Crores)

Particulars	As at March 31, 2018	
	USD	Euro
Financial assets		
Trade receivables	1.41	-
Net exposure to foreign currency risk (assets)	1.41	-
Financial liabilities		
Trade payables	0.06	0.28
Net exposure to foreign currency risk (liabilities)	0.06	0.28
Net exposure to foreign currency risk	1.35	-0.28
Net Exposure In Indian Currency	87.81	-22.57

(In Crores)

Particulars	As at March 31, 2017	
	USD	Euro
Financial assets		
Trade receivables	0.54	0.05
Net exposure to foreign currency risk (assets)	0.54	0.05
Financial liabilities		
Trade payables	0.07	0.28
Net exposure to foreign currency risk (liabilities)	0.07	0.28
Net exposure to foreign currency risk	0.47	-0.23
Net Exposure In Indian Currency	30.47	-15.93

(In Crores)

Particulars	As at April 1, 2016	
	USD	Euro
Financial assets		
Trade receivables	0.35	0.05
Net exposure to foreign currency risk (assets)	0.35	0.05
Financial liabilities		
Trade payables	0.05	0.28
Net exposure to foreign currency risk (liabilities)	0.05	0.28
Net exposure to foreign currency risk	0.30	-0.23
Net Exposure In Indian Currency	19.88	-17.31

The above table represent only total major exposure of the company towards foreign exchange denominated trade receivables and trade payables.

The company is mainly exposed to change in USD and Euro. The below table demonstrates the sensitivity to a 5% increase or decrease in the USD and Euro against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 5% represents management's assessment of resonably possible change in foreign exchange rate.

The sensitivity of Profit or loss to changes in USD and Euro exchange rate are as follows: (Rs. In Crores)

Particulars	As at March 31, 2018	
	Rupee / USD	Rupee / Euro
Impact on Profit or loss		
Increase by 5%	4.39	(1.13)
Decrease by 5%	(4.39)	1.13

(Rs. In Crores)

Particulars	As at March 31, 2017	
	Rupee / USD	Rupee / Euro
Impact on Profit or loss		
Increase by 5%	1.52	(0.80)
Decrease by 5%	(1.52)	0.80

(Rs. In Crores)

Particulars	As at April 1, 2016	
	Rupee / USD	Rupee / Euro
Impact on Profit or loss		
Increase by 5%	0.99	(0.87)
Decrease by 5%	(0.99)	0.87

44 Capital Management:

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholders value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders. The Capital structure of the Company is as follows:

(Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Equity share capital	12.74	12.74	40.07
Other Equity	(1,273.20)	(1,284.98)	(1,271.32)
Total Equity	**(1,260.46)**	**(1,272.24)**	**(1,231.25)**

45 First-time adoption of Indian Accounting Standards (IND AS)

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of the opening Ind AS balance sheet at April 1, 2016 (the Company's date of transition) subject to certain exemptions and exceptions provided in Ind AS 101 with respect to transition date (refer note below). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

Notes to the standalone financial statements for the year ended 31 March 2018

I Exemptions availed

a) The Company has elected to measure investments in subsidiaries as per the statement of financial position prepared in accordance with previous GAAP as a deemed cost (Net off Impariment) at the date of transition as per exemption available under Ind AS 101

b) Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its Property, plant and equipment and Intangible assets as recognised in its Indian GAAP financial as deemed cost at the transition date.

II Exceptions applied

a) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for Impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

b) De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition "requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

c) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

III Reconciliation with previous GAAP

a) Reconciliation of total equity as at March 31, 2017 and April 1, 2016

(Rs In Crore)

Description	Notes to first time adoption	As at March 31, 2017	As at April 1, 2016
Total equity as per previous GAAP*		(1,223.83)	(1,202.74)
Ind AS Adjustments [Increase in equity/ (decrease in equity)]			
1. On account of Expected Credit Loss on Financial Assets	a	(23.53)	(14.11)
2. On account of Reclassification of Redeemable Preference Shares as financial liability	b	(12.00)	(12.00)
3. Ind AS Impact on revenue recognition and corresponding cost	c	(9.75)	(0.00)
4. Fair Valuation/ Impariment adjustment under Ind AS	d	(2.70)	(2.50)
5. Other Ind AS adjustments		(0.43)	0.10
Total Ind AS adjustments		**(48.41)**	**(28.51)**
Total Equity as per Ind AS		**(1,272.24)**	**(1,231.25)**

*Partially Convertible Partially Redeemable Preference Shares has been treated as equity

Notes to the standalone financial statements for the year ended 31 March 2018

b) Reconcilition of total comprehensive income for the year ended

(Rs In Crore)

Description	Notes to first time adoption	March 31, 2017
Net Profit/(loss) as per previous GAAP		(58.11)
Ind AS Adjustments [Increase/ (decrease) in profits]		
1. Net Effect on revenue recognition net of related cost	c	(9.75)
2. Actuarial loss on defined benefit liabilty recognised in OCI	e	1.24
3. Impact on account of Expected Credit Loss provision	a	(9.42)
4. Others		(0.73)
Net Profit/ (Loss) after Tax as per IND AS		**(76.77)**
Actuarial loss on defined benefit liabilty recognised in Other Comprehensive Income		(1.24)
Total Comprehensive Income/(loss) for the year		**(78.01)**

Notes to First time adoption:-

a **Expected credit loss provision**

As per Ind AS 109, the Company is required to apply expected credit loss model for recognising the allowance for doubtful debts on financial assets.

b **Reclassification of Redeemable Preference Shares**

As per Ind AS, redeemable preference shares are classified as financial liabilties.

c **Deferral of Sales and related costs**

Under Ind AS 18, revenue and related costs are recognised when the risks and rewards are passed to the customers and the Company retains no continuing managerial involvement.

d **Fair Valuation/ Impariment adjustment under Ind AS**

Under Ind AS, investments in units of mutual funds are measured at fair value and Impariment of the Investment of the subsidaries due to heavy losses and/or are non-operating.

e **Remeasurement of post-employment benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability, are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

f **Material Adjustment to Statement of Cash flow**

No material adjustments have been identified to the Statement of Cash flows on account of transition to Indian Accounting Standards.

g **Bhaskarpara Coal Company Limited considered as Joint Venture**

Bhaskarpara Coal Company Limited is Jointly control by two different entities having the same power, exposure, rights, returns, etc.

46 Disclosure of Significant Interest in Subsidaries as per Paragraph 17 of IND AS 27

Name of Entity	Relationship	Place of Business	Ownership in % as at March 31, 2018
Jinhua Indus Enterprises Limited	Foreign Subsidary	China	100.00%
Jinhua Jahari Enterprises Limited	Subsidary of the Foreign Subsidary	China	0.00%
ET Elec-Trans Limited	Domestic Subsidary	India	80.49%
Hans Ispat Limited	Domestic Subsidary	India	100.00%
Shree Ram Electro Cast Limited*	Domestic Subsidary	India	95.00%
Shree Hans Papers Limited	Domestic Subsidary	India	100.00%
Bhaskarpara Coal Company Limited	Joint Venture Company	India	52.63%

*5% Shares of Shree Ram Electrocast are held by Shree Hans Paper Limited,Subsidiary Company.

Notes to the standalone financial statements for the year ended 31 March 2018

47 Events occurred after the Balance Sheet Date

The Company evaluates events and transactions that occur subsequent to the Balance Sheet date but prior to the approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of 25th May 2018, there were no subsequent events to be recognized or reported that are not already disclosed elsewhere in the financial statements.

48 Previous year amount has been regrouped/re-casted/re-arranged/ re-classified/re-determined, wherever necessary, to make the figure of the current year comparable with the previous year.

As per our report of even date

For & on behalf of the Board of Directors of
Electrotherm (India) Ltd.

For Hitesh Prakash Shah & Co.
Firm Registration No.: 127614W
Chartered Accountants

Hitesh P. Shah
Proprietor
Membership No. 124095
Place : Ahmedabad
Date : May 25, 2018

MUKESH BHANDARI
Chairman & Managing Director
(DIN : 00014511)

SHAILESH BHANDARI
Managing Director
(DIN : 00058866)

AVINASH BHANDARI
Jt. Managing Director & CEO
(DIN : 00058986)

FAGESHKUMAR R. SONI
Company Secretary

PAWAN GAUR
Chief Financial Officer

Place : Palodia
Date : May 25, 2018

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To
The Members of
ELECTROTHERM (INDIA) LTD.

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of **ELECTROTHERM (INDIA) LTD** (hereinafter referred to as "the Holding Company"), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter mentioned as "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 requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the Consolidated Financial Position, Consolidated Financial Performance including other comprehensive income, Consolidated Cash Flows and Consolidated Statement of Changes in Equity of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) (Amendment) Rules, 2015, as amended. 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 of 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 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 also 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 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 the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Basis for Qualified Opinion

We draw attention to note no 33(e) of non-provision of total Interest on NPA accounts of banks of Rs.828.35 Crore. The exact amounts of the said non-provisions are not determined and accounted for by the Company but to the extent Bankers loan liabilities and Retained Earnings (Loss) are understated and profit for the year are overstated by Rs. 227.09 Crores.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditors on separate Financial Statements and on the other financial information of the Subsidiaries, except for the effect of the matter described in the "Basis for Qualified Opinion" paragraph above, 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 March 31, 2018, their Consolidated Profit including other comprehensive income, their Consolidated Cash Flows and Consolidated statement of changes in equity for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Matter of Emphasis

1. *We draw attention to Note No. 32(a) 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.33(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. 35(i) of the accompanying Consolidated Financial Statements in respect of treatment in the books of accounts of the assignment / settlement of Debts of various Banks and the financial institutions.*
4. *We draw attention to Note No. 35(m) of the accompanying Consolidated Financial Statements, in respect of a Charge sheet filed by the Central Bureau of Investigation (CBI) against the Company and its few Directors.*
5. *We draw attention to Note No. 39(b) of the accompanying Consolidated Financial Statements in respect of third party balance confirmations, its classification in respect of nature of realization of the amount and provision thereof.*

Other Matter

a. We did not audit the Financial Statements of **Hans Ispat Limited** and **ET Elec-Trans Limited** (The Subsidiary Companies) included in the Consolidated Financial Statements which constitute total assets of Rs.71.13 Crore, total revenue of Rs.413.42 Crore, Net Loss of Rs.4.76 Crore and Net cash outflows amounting to Rs. 0.76 Crore for the year ended as at March 31, 2018. 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.

b. We have relied on the unaudited Financial Statements of **Jinuha Indus Enterprises Limited** and **Jinhua Jahari Enterprises Limited** (The Subsidiary Companies, Incorporated outside India) wherein the group's share of profit aggregate Rs.0.20 Crore. These unaudited Financial Statements are as approved by the respective Board of Directors of these companies and our report in so far as it relates to the amounts included in respect to these Subsidiary companies is based solely on such approved unaudited Financial Statements.

c. The comparative financial information of the Group for the year ended March 31, 2017 and the transition date opening Balance Sheet as at April 01, 2016 included in these Consolidated Financial Statements, are based on the previously issued statutory Consolidated Financial Statements for the years ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate Financial Statements and the other financial information of Subsidiaries as noted in the 'Other Matter' paragraph, we report, to the extent applicable, that:

a. We / the 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 purpose 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 Consolidation of the Financial Statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

c. The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the 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 Indian Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended;

e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company, refer to our separate report in **"Annexure A"** to this report;

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditors on separate Financial Statements as also the other financial information of the Subsidiary, as noted in the 'Other Matter' paragraph:

   1 The Consolidated Financial Statements disclose the impact of pending litigations on its Consolidated financial position of the Group – Refer Note 29 to the Consolidated Financial Statements;

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

2 The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2018;

3 There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2018 and

4 The disclosure requirements relating to holdings as well as dealings in the specified bank notes were applicable for the period from 8th November 2016 to 30th December 2016 which are not relevant to these Consolidated Financial Statements. Hence, reporting under clause is not applicable.

For, Hitesh Prakash Shah & Co
(Firm Regd.no: 127614W)
Chartered Accountants

Hitesh P Shah
Proprietor
Membership No. 124095

Place : Ahmedabad
Date : 25th May, 2018

ANNEXURE A TO THE AUDITOR'S REPORT

[REFERRED TO IN PARAGRAPH (f) OF REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT OF OUR REPORT OF EVEN DATE FOR THE YEAR ENDED ON MARCH 31, 2018]

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **ELECTROTHERM (INDIA) LIMITED** ("the Company") as of March 31, 2018 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

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 Companies Act, 2013.

Auditors' Responsibility

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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

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

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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

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, 2018, 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.

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, Hitesh Prakash Shah & Co
(Firm Regd.no: 127614W)
Chartered Accountants

Hitesh P Shah
Proprietor
Membership No. 124095

Place : Ahmedabad
Date : 25th May, 2018

Consolidated Balance Sheet as at 31st March 2018

Particular	Note	As at March 31, 2018 (Rs In Crore)	As at March 31, 2017 (Rs In Crore)	As at April 1, 2016 (Rs In Crore)
ASSETS				
Non Current Assets				
a) Property, plant and equipment	3	989.74	1,080.69	1,208.73
b) Capital Work in progress	3	17.38	21.78	12.69
c) Goodwill		36.46	36.46	36.46
d) Intangible Assets	4	0.44	0.46	0.54
e) Financial assets				
i) Investment in Joint Venture		6.91	6.91	6.90
ii) Other Investments	5	0.42	0.35	0.54
iii) Other financial assets	6	40.08	52.38	59.76
e) Other non current assets	7	15.24	17.70	33.49
Total Non- Current Assets		**1,106.67**	**1,216.73**	**1,359.11**
Current assets				
a) Inventories	8	448.10	352.70	270.81
b) Financial assets				
i) Other Investments	5	-	-	1.51
ii) Trade receivables	9	369.19	303.13	250.61
iii) Cash and cash equivalents	10	32.69	23.50	42.33
iv) Bank balance other than above	10	22.01	16.83	15.86
v) Other Financial Assets	6	2.16	4.19	1.47
c) Current Tax assets	11	3.28	2.36	4.80
d) Other Current Assets	7	390.09	299.90	262.33
Total Current Assets		**1,267.52**	**1,002.61**	**849.72**
TOTAL ASSETS		**2,374.19**	**2,219.34**	**2,208.83**
EQUITY AND LIABILITIES				
Equity				
a) Equity Share capital	12	12.74	12.74	40.07
b) Other Equity	13	(1,375.12)	(1,378.66)	(1,350.44)
Total Equity		**(1,362.38)**	**(1,365.92)**	**(1,310.37)**
Liabilities				
Non-current Liabilities				
a) Financial Liabilities				
i) Borrowings	14	1,607.38	1,827.72	1,733.25
ii) Other financial liabilities	15	0.03	0.03	0.03
b) Provisions	16	9.10	9.33	6.16
Total Non Current Liabilities		**1,616.51**	**1,837.08**	**1,739.44**
Current liabilities				
a) Financial Liabilities				
i) Short Term Borrowings	17	241.95	246.71	309.92
ii) Trade payables	18	475.11	366.75	261.49
iii) Other financial liabilities	15	1,253.07	1,012.50	1,124.87
b) Other current liabilities	19	137.24	113.72	74.82
c) Provisions	16	12.69	8.50	8.66
Total Current Liabilities		**2,120.06**	**1,748.18**	**1,779.76**
TOTAL EQUITY AND LIABILITIES		**2,374.19**	**2,219.34**	**2,208.83**

Summary of Significant accounting policies **2.1**

The explanatory notes form an integral part of these consolidated financial statements.

As per our report of even date

For & on behalf of the Board of Directors of **Electrotherm (India) Ltd.**

For Hitesh Prakash Shah & Co.
Firm Registration No.: 127614W
Chartered Accountants

MUKESH BHANDARI
Chairman & Managing Director
(DIN : 00014511)

SHAILESH BHANDARI
Managing Director
(DIN : 00058866)

AVINASH BHANDARI
Jt. Managing Director & CEO
(DIN : 00058986)

Hitesh P. Shah
Proprietor
Membership No. 124095
Place : Ahmedabad
Date : May 25, 2018

FAGESHKUMAR R. SONI
Company Secretary

PAWAN GAUR
Chief Financial Officer

Place : Palodia
Date : May 25, 2018

Consolidated Statement of Profit and Loss for the year ended March 31, 2018

Particular	Note	Year Ending 2017-18 (Rs In Crore)	Year Ending 2016-17 (Rs In Crore)
Income			
Revenue from operations	20	2,976.34	2,433.14
Other income	21	8.81	15.59
Total Income		**2,985.15**	**2,448.73**
Expenses			
Cost of Raw Materials and components consumed	22	1,969.52	1,560.01
Purchases of Stock in Trade		94.04	7.96
Changes in Inventories of Finished Goods and Work in Process & Stock in Transit	23	(31.54)	(78.66)
Excise Duty on Sales		49.14	174.62
Employee benefit expense	24	142.61	128.29
Finance costs	25	5.08	4.39
Depreciation and amortisation expense	3,4	149.25	148.47
Other expenses	26	604.06	580.42
Total expenses		**2,982.16**	**2,525.50**
Profit / (Loss) before exceptional items and tax		**2.99**	**(76.77)**
Exceptional item	27	-	(14.48)
Profit / (Loss) before tax		**2.99**	**(91.25)**
Tax expenses:	**28**		
Current Tax		0.03	0.03
Deferred Tax		-	-
Total tax expenses		**-**	**-**
Profit / (Loss) for the Year		**2.96**	**(91.28)**
Share of Profit of Joint Venture		-	0.01
Profit/(Loss) After Share Of Profit Of Joint Venture		**2.96**	**(91.27)**
Other comprehensive income			
Re-measurement gains / (losses) on defined benefit plans		0.58	(1.30)
Income tax effect relating to these items		-	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent year		0.58	(1.30)
Other comprehensive income/(loss) for the year, net of tax		**0.58**	**(1.30)**
Total comprehensive income/(loss) for the year		**3.54**	**(92.57)**
Earnings per equity share (nominal value of shares Rs 10)	41	2.32	(71.65)
Summary of Significant accounting policies	**2.1**		

The explanatory notes form an integral part of these consolidated financial statements.

As per our report of even date

For & on behalf of the Board of Directors of
Electrotherm (India) Ltd.

For Hitesh Prakash Shah & Co.
Firm Registration No.: 127614W
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FAGESHKUMAR R. SONI
Company Secretary

PAWAN GAUR
Chief Financial Officer

Place : Palodia
Date : May 25, 2018

Consolidated Cash Flow Statement for the Year ended on 31st March, 2018

(Rs in Crore)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A: CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) Before Tax	2.99	(91.25)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation on property, plant, equipment & Amortisation of Assets	149.25	148.47
Finance income (including fair value changes in financial instruments)	(7.23)	(7.74)
Net Sundry Balances Written Off	15.52	4.44
Provision For Doubtful Trade Receivables & Advances	18.62	9.42
Profit on Sale/Discard of assets (Net)	-	(0.12)
Profit on Sale of Units of Mutual Fund	(0.04)	(0.62)
Provision For Warranty	4.63	-
Profit From Joint Venture	-	0.01
Finance costs (including fair value changes in financial instruments)	5.08	4.39
Re-measurement loss on defined benefit plans		
Operating Profit before working capital changes	**188.82**	**67.00**
Working capital adjustments:		
Decrease/(Increase) in trade receivables	(92.82)	(64.09)
Decrease/(Increase) in inventories	(95.40)	(81.89)
Decrease/(Increase) in other non-current financial assets	12.30	7.38
(Decrease)/Increase in trade payables	109.22	108.04
(Decrease)/Increase in other current liabilities	26.14	39.33
(Decrease)/Increase in other current financial liabilities	22.26	3.09
(Decrease)/Increase in other current financial assets	0.03	(0.03)
Decrease/(Increase) in other non current Asset	(0.28)	17.81
Decrease/(Increase) in other current Asset	(101.05)	(39.78)
(Decrease)/Increase in provisions	(0.09)	1.71
Cash generated from operations	**69.13**	**58.57**
Direct taxes paid (net)	(0.92)	(0.88)
Net Cash (used in) generated from operating activities	**68.21**	**57.69**
B: CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including CWIP and capital advances	(50.06)	(31.72)
Proceeds from sale of Property Plant & Equipment	-	0.39
Purchase of Units of Mutual fund	(6.55)	(23.07)
Sale of Units of Mutual fund	6.54	25.20
Increase in Investemnt in Joint Venture	-	(0.01)
Redemption/maturity of bank deposits (having original maturity of more than three months)	(5.18)	(0.97)
Interest income	9.20	5.24
Net Cash (used in) generated from investing activities	**(46.05)**	**(24.94)**
C: CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term borrowings (Net)	(7.47)	(47.58)
Payment of Dividend/ Transfer to Investor Education Fund	(0.02)	(0.01)
Finance Cost (Net)	(5.48)	(3.99)
Net Cash (used in) generated from financing activities	**(12.97)**	**(51.58)**
Net (Decrease)/ Increase in Cash and Cash Equivalents	**9.19**	**(18.83)**
Cash and Cash Equivalents at the beginning of the year	**23.50**	**42.33**
Cash and Cash Equivalents at the end of the year	**32.69**	**23.50**

As per the recent amendment by MCA in “IND AS-7 Statement of Cash Flows: Disclosure initiative” effective from April 1, 2017 disclosure of change in liabilities arising from financing activities, does not have any material non-cash changes.

As per our report of even date

For & on behalf of the Board of Directors of
Electrotherm (India) Ltd.

For Hitesh Prakash Shah & Co.
Firm Registration No.: 127614W
Chartered Accountants

Hitesh P. Shah
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FAGESHKUMAR R. SONI
Company Secretary

PAWAN GAUR
Chief Financial Officer

Place : Palodia
Date : May 25, 2018

Consolidated Statement of Change in Equity for the year ended March 31, 2018

A. Equity Share Capital

	Numbers	(Rs In Crore)
Equity shares of Rs. 10 each issued, subscribed and fully paid		
As at April 1, 2016	11,476,374	11.48
Add: Issue of Equity Share Capital	1,266,440	1.27
As at March 31, 2017	12,742,814	12.74
Add: Issue of Equity Share Capital	-	-
As at March 31, 2018	**12,742,814**	**12.74**

B. Partially Convertible Partially Redeemable Preference Shares

	Numbers	(Rs In Crore)
Preference shares of Rs. 10 each issued, subscribed and fully paid		
As at April 1, 2016	**28,590,000**	**28.59**
Add: Issue of Preference Shares	-	-
Less: Converted to equity shares	(28,590,000)	(28.59)
As at March 31, 2017	**-**	**-**
Issue of Preference Share Capital	-	-
As at March 31, 2018	**-**	**-**

C. Other Equity

Particulars	Other Equity				
	Capital Reserve	Securities Premium	General Reserves	Retained Earnings	Total Other Equity
As at April 1, 2016	14.23	226.47	359.63	(1,950.77)	(1,350.44)
Profit / (Loss) for the year	-	-	-	(91.27)	(91.27)
Other Comprehensive Income (Re-measurement loss on defined benefit plans)	-	-	-	(1.30)	(1.30)
Total Comprehensive Income	**14.23**	**226.47**	**359.63**	**(2,043.34)**	**(1,443.01)**
Transfer to Retained Earning on Revaluation of Property, Plant & Equipment	-	-	(3.48)	3.48	-
Waiver of Loan Amount on settlement	37.03	-	-	-	37.03
Premium on Issue of Shares	-	27.32	-	-	27.32
As at March 31, 2017	**51.26**	**253.79**	**356.15**	**(2,039.86)**	**(1,378.66)**
Profit / (Loss) for the year	**-**	**-**	**-**	**2.96**	**2.96**
Other Comprehensive Income (Re-measurement loss on defined benefit plans)	-	-	-	0.58	0.58
Total Comprehensive Income	**-**	**-**	**-**	**3.54**	**3.54**
Transfer to Retained Earning on Revaluation of Property, Plant & Equipment	**-**	**-**	**(3.39)**	**3.39**	**-**
As at March 31, 2018	**51.26**	**253.79**	**352.76**	**(2,032.93)**	**(1,375.12)**

As per our report of even date

For & on behalf of the Board of Directors of
Electrotherm (India) Ltd.

For Hitesh Prakash Shah & Co.
Firm Registration No.: 127614W
Chartered Accountants

Hitesh P. Shah
Proprietor
Membership No. 124095
Place : Ahmedabad
Date : May 25, 2018

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FAGESHKUMAR R. SONI
Company Secretary

PAWAN GAUR
Chief Financial Officer

Place : Palodia
Date : May 25, 2018

Notes to the consolidated financial statements for the year ended 31 March 2018

1. **CORPORATE INFORMATION:**

The consolidated financial statements comprise consolidated financial statements of Electrotherm (India) Limited (the "Company") and its subsidiary and Joint Venture (collectively the "Group") for the year ended March 31, 2018. The Principal business of the Group is the manufacturing of Electronic Furnace, Sponge and Pig Iron, Ferrous and Non-Ferrous Billets/ bars/ Ingots, Duct Iron Pipes, Battery Operated Vehicles and Services relating to Electric Furnace and Other Capital equipment and battery operated vehicles.

The consolidated financial statements were authorized for issue in accordance with a resolution passed in Board Meeting held on 25th May 2018.

2. **BASIS OF PREPARATION:**

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended March 31, 2017, the group prepared its consolidated financial statements in accordance with Accounting Standards notified under Section 133 of the Companies Act, 2013 (the "Act") read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These consolidated financial statements for the year ended March 31, 2018 are the Group's first financial statement under IND-AS.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which have been measured at fair value. Refer accounting policy regarding financial instruments.

The consolidated financial statements are presented in Rupees in crore and all values are rounded to the nearest Crore, except where otherwise indicated.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the consolidated financial statements of the Company and its subsidiaries, for the year ended March 31, 2018. In the preparation of consolidated financial statements, investment in subsidiary has been accounted for in accordance with Ind AS 110 on 'Consolidated financial statements (CFSs)'. The consolidated financial statements have been prepared on the following basis:-

i) Subsidiary is fully consolidated from the date of incorporation, being the date on which the Company and its subsidiaries obtains control and continues to be consolidated until the date that such control ceases (including through voting rights). Subsidiary has been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances and intra-group transactions. The unrealized profits resulting from intra-group transactions that are included in the carrying amount of assets are eliminated in full.

ii) Consolidated financial statements of the subsidiary are prepared for the same reporting year as the parent Group, using consistent accounting policies. As far as possible, the consolidated financial statements have been prepared using uniform accounting policies, consistent with the Group's stand-alone consolidated financial statements for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Group's standalone consolidated financial statements. Any deviation in accounting policies is disclosed separately.

iii) On consolidation, the assets and liabilities of foreign operations are translated into Rupees at the exchange rate prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the date of transactions. For practical reasons, the Group uses a monthly average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of transactions.

iv) 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 Group's separate consolidated financial statements.

v) The subsidiary considered in the consolidated financial statements are:

Name of the Group	Country of Incorporation	% of Owership Interest as at 31st March, 2018
Jinhua Indus Enterprises Limited	Republic of China	100.00%
Jinhua Jahari Enterprise Limited (fellow subsidiary)	Republic of China	100% Jinhua Indus Enterprises Limited
ET Elec-Trans Limited	India	80.49%
Hans Ispat Limited	India	100.00%
Shree Ram Electro Cast Limited	India	95.00%*
Shree Hans Papres Limited	India	100.00%

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

vi) Equity accounted investees

The Group's interests in equity accounted investees comprise interest in joint venture. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interest in joint venture is accounted for using equity method. They are initially recognized at cost which includes transaction costs. Subsequent to initial recognition, consolidated financial statements include the Group's share of profit or loss and OCI of equity accounted investees until the date on which significant influence or joint control ceases.

vii) The joint venture considered in the consolidated financial statements is:

Name of the Group	Country of Incorporation	% of Ownership Interest as at 31st March, 2018
Bhaskarpara Coal Group Limited	India	52.63%

B. CURRENT VERSUS NON-CURRENT CLASSIFICATION:

The Group presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

The operating cycle is the time between acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

C. FOREIGN CURRENCIES:

The Group's consolidated financial statements are presented in Rupees in Crore, which is also the Group's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the Group's functional currency at the exchange rates prevailing on the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are restated in the functional currency at the exchange rates prevailing on the reporting date of consolidated financial statements.

Exchange differences arising on settlement of such transactions and on translation of monetary items are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates on the dates of the initial transactions.

D. FAIR VALUE MEASUREMENT:

The Group measures financial instruments, such as, derivatives at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's Management determines the policies and procedures for both recurring fair value measurement, such as unquoted financial assets measured at fair value, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Management after discussion with and approval by the Group's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

Disclosures for valuation methods, significant accounting judgements, estimates and assumptions, Quantitative disclosures of fair value measurement hierarchy and the Financial instruments (including those carried at amortised cost), are stated by way the note at the appropriate place of the accounts.

E. PROPERTY, PLANT AND EQUIPMENT (PPE):

On the date of transition the Group has elected to continue with the previous GAAP's carrying amount as deemed cost to measure all the items of property, plant and equipment.

PPE and Capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and borrowing costs if capitalization criteria are met, the cost of replacing part of the fixed assets and directly attributable cost of bringing the asset to its working condition for the intended use. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of fixed assets are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major overhauling is performed, its cost is recognized in the carrying amount of the PPE as a replacement if the recognition criteria are satisfied. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of PPE is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing PPE, including day-to-day repair and maintenance expenditure and cost of parts replaced, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

CWIP comprises of cost of PPE that are yet not installed and not ready for their intended use at the Balance Sheet date.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if applicable.

The Group (except Shree Ram Electro Cast Limited) calculates depreciation on items of property, plant and equipment on a straight-line basis, where as Shree Ram Electro Cast Limited calculate depreciation on items of property, plant and equipment on the written down basis, using the rates arrived at based on the useful lives defined under Schedule II of the Companies Act, 2013, except in respect of following fixed assets:

- Long Term Lease hold land is amortised over a period of 99 years, being the lease term.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

F. INTANGIBLE ASSETS:

Intangible Assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost, less any accumulated amortisation and accumulated impairment losses, if any.

Intangible assets in the form of software are amortised over a period of six years and trademarks over a period of five years as per their respective useful life based on a straight-line method. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of profit or loss when the asset is derecognised.

G. IMPAIRMENT OF NON-FINANCIAL ASSETS:

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset 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 reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

H. BORROWING COSTS:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

I. LEASES:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. A leased asset is depreciated over the useful life of the asset.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

J. FINANCIAL INSTRUMENTS:

A Financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Debt instruments - measured at amortised cost
- Debt instruments, derivatives and equity instruments - measured at fair value through Profit or Loss (FVTPL)
- Equity instruments - measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade, loans and other receivables.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Equity investments

Investments in subsidiaries are measured at cost as per Ind AS 27 - Separate Consolidated financial statements . All equity investments in scope of Ind AS 109 are measured at fair value. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's Balance Sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

b) Financial guarantee contracts which are not measured at FVTPL.

The Group follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables. Under the simplified approach the Group does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original EIR. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

The Balance Sheet presentation for various financial instruments is described below:

Financial assets measured at amortised cost:

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through Statement of Profit and Loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including cash credit facilities from banks.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through Statement of Profit and Loss.

Financial liabilities at fair value through Profit or Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through Profit or Loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through statement of Profit and Loss are designated as such at the initial date of recognition and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Group has not designated any financial liability at FVTPL.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to borrowings.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value through Statement of Profit and Loss (FVTPL), adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

K. INVENTORIES:

Inventories are valued at the lower of cost and net realisable value after providing for obsolescence and other losses, wherever considered necessary. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Scrap is valued at net realisable value. Cost is determined on a Weighted Average method.

Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, incurred in bringing them in their respective present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated costs necessary to make the sale.

L. REVENUE:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Group has assumed that recovery of excise duty flows to the Group on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) and goods and service tax are not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

i) Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of VAT/CST/GST, trade discounts & other taxes, adjustments for late delivery charges and material returned/rejected.

ii) The Group accounts for pro forma credits, refunds of duty of customs or excise, or refunds of sales tax in the year of admission of such claims by the concerned authorities. Benefits in respect of Export Licenses are recognised on application. Export benefits are accounted for as other operating income in the year of export based on eligibility and when there is no uncertainty on receiving the same.

iii) Dividend is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

iv) Interest Income is recognized on time proportion basis considering the amounts outstanding and the rates applicable. Interest income is included under the head "other income" in the Statement of Profit and Loss.

M. RETIREMENT AND OTHER EMPLOYEE BENEFITS:

Retirement benefits in the form of provident fund and superannuation fund are defined contribution plans. The Group has no obligation, other than the contributions payable to provident fund and superannuation fund. The Group recognises contribution payable to these funds as an expense, when an employee renders the related service.

In respect of gratuity liability, the Group operates defined benefit plan wherein contributions are made to a separately administered fund. The costs of providing benefits under this plan are determined on the basis of actuarial valuation at each reporting date being carried out using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to Statement of profit and loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising current service costs; and
- Net interest expense or income

The liability in respect of unused leave entitlement of the employees as at the reporting date is determined on the basis of an independent actuarial valuation carried out and the liability is recognized in the Statement of Profit and Loss. Actuarial gain and loss is recognised in full in the period in which they occur in the Statement of Profit and Loss.

N. TAXES:

Current income tax:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable Profit or Loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

  Deferred tax assets are recognised for all deductible temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, except:

- When the deferred tax asset arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

O. PROVISIONS:

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

P. 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, if any.

Q. CASH AND CASH EQUIVALENT:

Cash and cash equivalents in the Balance Sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of charges in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

R. CASH DIVIDEND

The Group recognises a liability to make cash or non-cash distributions to equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the Companies Act, 2013, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.2 **SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS:**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the Grouping disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for India.

(b) Fair value measurement for financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

3 **Property, plant and equipment**

Particulars	Freehold Land	Leasehold Land	Building	Plant and Machinery	Computer	Furniture and Fixtures	Office Equipment	Vehicles	Total	Capital Work in Progress
Cost/Deemed Cost										
As at April 1, 2016	**168.37**	**0.96**	**276.91**	**752.31**	**2.53**	**2.90**	**1.23**	**3.52**	**1,208.73**	**12.69**
Addition	0.54	-	1.41	14.47	1.85	0.40	0.92	0.93	20.52	9.12
Deductions / Adjustment	-	-	-	0.27	-	-	-	0.01	0.28	0.03
As at March 31, 2017	**168.91**	**0.96**	**278.32**	**766.51**	**4.38**	**3.30**	**2.15**	**4.44**	**1,228.97**	**21.78**
Addition	0.11	-	3.43	51.86	1.03	0.87	0.68	0.30	58.28	2.60
Deductions / Adjustment	-	-	-	-	-	-	-	-	-	7.00
As at March 31, 2018	**169.02**	**0.96**	**281.75**	**818.37**	**5.41**	**4.17**	**2.83**	**4.74**	**1,287.25**	**17.38**
Accumulated Depreciation										
As at April 1, 2016	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Addition	-	0.01	14.38	130.78	1.07	0.83	0.40	0.82	148.29	-
Deduction	-	-	-	0.01	-	-	-	-	0.01	-
As at March 31, 2017	**-**	**0.01**	**14.38**	**130.77**	**1.07**	**0.83**	**0.40**	**0.82**	**148.28**	**-**
Addition	-	0.01	14.45	131.47	1.32	0.68	0.50	0.80	149.23	-
Deduction	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	**-**	**0.02**	**28.83**	**262.24**	**2.39**	**1.51**	**0.90**	**1.62**	**297.51**	**-**
Net Block										
At April 1, 2016	**168.37**	**0.96**	**276.91**	**752.31**	**2.53**	**2.90**	**1.23**	**3.52**	**1,208.73**	**12.69**
At March 31, 2017	**168.91**	**0.95**	**263.94**	**635.74**	**3.31**	**2.47**	**1.75**	**3.62**	**1,080.69**	**21.78**
At March 31, 2018	**169.02**	**0.94**	**252.92**	**556.13**	**3.02**	**2.66**	**1.93**	**3.12**	**989.74**	**17.38**

Notes to the consolidated financial statements for the year ended 31 March 2018

4 Intangible Assets (Rs In Crore)

Particulars	Software	Trademark	Total
Cost/Deemed Cost			
As at April 1, 2016	**0.54**	**-**	**0.54**
Addition	0.08	0.02	0.10
As at March 31, 2017	**0.62**	**0.02**	**0.64**
Addition	-	-	-
As at March 31, 2018	**0.62**	**0.02**	**0.64**
Depreciation/amortisation			
As at April 1, 2016	**-**	**-**	**-**
Addition	0.18	-	0.18
As at March 31, 2017	**0.18**	**-**	**0.18**
Addition	0.02	-	0.02
As at March 31, 2018	**0.20**	**-**	**0.20**
Net Block			
At April 1, 2016	**0.54**	**-**	**0.54**
At March 31, 2017	0.44	0.02	0.46
At March 31, 2018	0.42	0.02	0.44

Notes to the consolidated financial statements for the year ended 31 March 2018

5 Other Investments (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non-Trade Investments - Investments in Mutual Funds (Quoted) (at fair value through profit and loss)			
- NIL (March 31, 2017: Nil and on April 1, 2016: 64,288.778) Units of Rs. 10 each of Punjab National Bank Mutual Fund	-	-	0.41
- 23,299.564 (March 31, 2017: 23,299.564 and on April 1, 2016: Nil) Units of Rs. 10 each of PNB PRINCIPAL EMERGING BLUE CHIP-REGULAR PLAN GROWTH	0.24	0.22	
- 49,990 (March 31, 2017: Nil and on 1 April 1, 2016: Nil) Units of Rs. 10 each Union Focussed Largecap Fund-Regular Plan-Growth	0.05	-	-
Nil (March 31, 2017: Nil and on April 1, 2016: 51,549.635) units of Birla Sun Life Cash Plus-Growth-Direct Plan	-	-	1.51
1,00,000 (March 31, 2017: 1,00,000 and on April 1, 2016: 1,00,000) units of Axis Hybrid Series 27 (1351 Days) Growth	0.12	0.12	0.10
Other unquoted investments in Government Securities (At Amortised Cost)			
- National Saving Certificates	0.01	0.01	0.01
Investment in Equity Instruments (UnQuoted) : (at Cost less provision for impairment)			
(a) Investment in unquoted Equity Share of other Company			
Nil (March 31, 2017: Nil and on April 1, 2016: 6,540) Shares of Rs. 25 each of Siddhi Co.Op Bank Ltd.	-	-	0.02
Total	**0.42**	**0.35**	**2.05**
Current	**-**	**-**	**1.51**
Non current	**0.42**	**0.35**	**0.54**
Aggregate Book Value of Unquoted Investments	0.01	0.01	0.03
Aggregate Book Value of quoted Investments	0.22	0.17	1.66

(a) The group hold an investment in equity shares of Bhaskarpara Coal Company Limited as a joint venture. Bhaskarpara Coal Company Limited is non-operating and therefore the fate of said company is uncertain. Value of investement in joint venture namely Bhaskarpara Coal Company Limited of Rs. 6.91 Crore (March 31, 2017: Rs. 6.91 Crore and on April 1, 2016: Rs. 6.90 Crore) is after providing impariment in value of investement by Rs. 2.13 Crore (March 31, 2017: Rs. 2.13 Crore and on April 1, 2016: Rs. 2.13 Crore).

6 Other financial assets (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, Considered Good			
Sundry Deposits [Includes Bank Fixed Deposit of Rs.10.66 Crore (March 31, 2017: 10.76 Crore;April 1, 2016 Rs. 8.91 Crore) given as EMD & Rs. Nil as Margin Money.(March 31, 2017: Rs 3.79 Crore, April 1, 2016 Rs. 0.07 Crore)]	32.45	34.30	34.70
In term deposit accounts (marked as lien against the Letter of Credit /Bank Gaurantee) (remaining maturity more than 12 months)	7.63	18.08	25.06
Loan to Employees	0.26	0.29	0.26
Interest receivable	1.90	3.90	1.21
Total	**42.24**	**56.57**	**61.23**
Current	2.16	4.19	1.47
Non Current	40.08	52.38	59.76

Notes to the consolidated financial statements for the year ended 31 March 2018

7 Other Assets (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, Considered Good			
Product Development Cost	14.66	14.38	32.19
Capital Advance	0.58	3.32	1.30
Advances Recoverable In Cash or Kind (Net)	249.33	159.21	103.36
Advance to Relative of key management personnel	0.06	0.08	0.03
Enterprises owned or Significatly influenced by key management personnel or their relative	0.09	-	-
Advances to Staff	0.49	0.57	0.58
Advance to Suppliers and Other Parties	123.70	101.88	124.76
Prepaid Expenses	1.38	2.31	1.56
Balance with Revenue Authorities	15.04	35.85	32.04
Unsecured, Considered Doubtful			
Advance to Suppliers and Other Parties	32.29	26.83	28.78
Provision For Doubtful debts	(32.29)	(26.83)	(28.78)
Total	**405.33**	**317.60**	**295.82**
Current	**390.09**	**299.90**	**262.33**
Non Current	**15.24**	**17.70**	**33.49**

8 Inventories {Refer Note No 40(b)} (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a. Raw Material [including goods in transit of Rs.9.06 Crore (March 31, 2017 Rs. 3.14 Crore and April 1, 2016 Rs.3.36 Crore)]	171.03	126.16	117.92
b. Work-In-Process	104.69	53.59	53.16
c. Finished Goods [Including goods in transit of Rs. 59.77 Crore (March 31, 2017 Rs. 45.98 Crore & April 1, 2016 Rs. 0.09 Crore)]	106.96	126.21	48.49
d. Trading Goods [Including stock in transit of Rs.Nil (March 31, 2017 Rs. 0.38 Crore & April 1, 2016 Rs. Nil)]	0.56	0.87	0.36
e. Stores and Spares [including goods in transit of Rs.Nil (March 31, 2017 Rs. 0.29 Crore & April 1, 2016 Rs. Nil)]	64.86	45.87	50.88
Total	**448.10**	**352.70**	**270.81**

9 Trade Receivables (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(A) Trade receivables from other parties			
Secured Considered Good	190.56	190.57	82.79
Unsecured Considered Good	168.81	97.33	154.05
Unsecured Considered Doubtful	98.55	85.38	75.96
Less: Expected credit loss allowance	(98.55)	(85.38)	(75.96)
(B) Due to Related Parties			
(Unsecured, Considered Good)			
- Enterprises owned or Significatly influenced by key management personnel or their relative	9.82	15.23	13.77
Total	**369.19**	**303.13**	**250.61**

Notes to the consolidated financial statements for the year ended 31 March 2018

Movement in expected credit loss allowance (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at beginning of the year	85.38	75.96
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	13.17	9.42
Balance at end of the year	**98.55**	**85.38**

A formal credit policy has been framed and credit facilities are given to customer within the framework of the credit policy. As per credit risk management mechanism, a policy for doubtful debt has been formulated and risk exposure related to receivables are identified based on criteria mentioned in the policy and provided for credit loss allowance.

10 Cash and Cash Equivalents (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Cash and Cash Equivalents			
a. Balances with Bank			
- In Current Account	32.22	23.05	41.56
- In Deposit accounts (original maturity less than 3 months)	0.07	-	-
b. Other bank Balances			
- Unclaimed Dividend Account	-	0.02	0.03
c. Cash on hand (As certified by the Management)	0.40	0.43	0.74
Total Cash and Cash Equivalents	**32.69**	**23.50**	**42.33**
Other bank balances			
- Fixed Deposits with original maturity of more than 3 months but less than 12 months (Includes Interest accrued but not due)	22.01	16.83	15.86
Total	**22.01**	**16.83**	**15.86**

11 Current Tax assets (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Income Tax Asset	3.28	2.36	4.80
Total	**3.28**	**2.36**	**4.80**

12 Equity share capital (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Authorised:			
2,50,00,000 (March 31, 2017: 2,50,00,000 and April 1, 2016: 2,50,00,000) Equity Shares of Rs.10/- each	25.00	25.00	25.00
2,50,00,000 (March 31, 2017: 2,50,00,000 and April 1, 2016: 2,50,00,000) 6% Non-Cumulative Redeemable Preference Shares of Rs.10/- each	25.00	25.00	25.00
2,85,90,000 (March 31, 2017: 2,85,90,000 and April 1, 2016: 2,85,90,000) Partially Convertible Partially Redeemable Preference Shares of Rs. 10/- each	28.59	28.59	28.59
	78.59	**78.59**	**78.59**

Notes to the consolidated financial statements for the year ended 31 March 2018

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Issued, subscribed and paid up:			
(a) Equity Shares			
1,27,42,814 (March 31, 2017: 1,27,42,814 and April 1, 2016: 1,14,76,374) Equity Shares of Rs.10/- each Fully paid up	12.74	12.74	11.48
(b) Preference Shares (Refer Note No. h)			
Nil (March 31, 2017: Nil and April 1, 2016: 2,85,90,000) Partially Convertible Partially Redeemable Preference Shares	-	-	28.59
	12.74	**12.74**	**40.07**

a) Details of reconciliation of the number of equity shares outstanding:

Particulars	As at March 31, 2018		As at March 31, 2017	
	No of shares	(Rs In Crore)	No of shares	(Rs In Crore)
Equity Shares :				
At the beginning of the year	12,742,814	12.74	11,476,374	11.48
Add: Shares issued during the year	-	-	1,266,440	1.26
At the end of the year	**12,742,814**	**12.74**	**12,742,814**	**12.74**

Details of reconciliation of the number of Partially Convertible Partially Redeemable Preference Shares outstanding:

Particulars	As at March 31, 2018		As at March 31, 2017	
	No of shares	(Rs In Crore)	No of shares	(Rs In Crore)
Preference Shares :				
At the beginning of the year	-	-	28,590,000	28.59
Add: Converted to equity shares issued during the year	-	-	(28,590,000)	(28.59)
At the end of the year	**-**	**-**	**-**	**-**

b) 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.

c) Rights, preference and restriction attached to Preference Shares

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

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

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

Notes to the consolidated financial statements for the year ended 31 March 2018

e) Details of share holders holding more than 5% equity shares in the company

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Edelweiss Asset Reconstruction Company Ltd	10,48,074	8.22	12,66,440	9.94
Castleshine PTE Limited	10,00,000	7.85	10,00,000	7.85
Leadhaven PTE Limited	10,00,000	7.85	10,00,000	7.85
Western India speciality Hospital Limited	9,75,000	7.65	9,75,000	7.65
Mr. Shailesh Bhandari	8,48,275	6.66	8,48,275	6.66
Mr. Mukesh Bhandari	8,09,500	6.35	8,09,500	6.35
Jagdishkumar Amrutlal Akhani	8,29,350	6.51	6,92,249	5.43

f) The Company has calls in arrears / unpaid calls of Rs. Nil (March 31, 2017: Nil and April 1, 2016: Nil)

g) Details of Shares alloted as fully paid up persuant to contract(s) without payment being received in cash (during 5 years immediately preceeding March 31, 2018).

As per the terms and conditions of the settlement with Edelweiss Asset Reconstruction Company Limited (EARC), the company has issued and alloted 2,85,90,000 partially redeemable preference shares (PCPRPS) to EARC on 22nd August 2015.

h) As per the terms and conditions of the settlement with Edelweiss Asset Reconstruction Company Limited (EARC), the company has allotted 2,85,90,000 Partially convertible and Partially Redeemable Preference Shares (PCPRPS) of Rs.10 Each of amounting to Rs 28.59 Crore on August 22, 2015 and against the said PCPRPS, 12,66,440/- Equity shares of Rs. 10/- each at the price of Rs. 225.75 per equity share (inclusive of Share premium amount of Rs. 215.75 per equity share) were allotted during F.Y. 2016-17. As equity shares were allotted against such PCPRPS the entire amount of preference Share Capital of Rs. 28.59 Crore has been treated as part of Equity Share Capital as on April 1, 2016

13 Other equity

Particulars	(Rs In Crore)
Capital Reserve	
As at April 1, 2016	**14.23**
Increase/(decrease) during the Year	37.03
As at March 31, 2017	**51.26**
Increase/(decrease) during the Year	-
As at March 31, 2018	**51.26**
Securities Premium	
As at April 1, 2016	**226.47**
Increase/(decrease) during the Year	27.32
As at March 31, 2017	**253.79**
Increase/(decrease) during the Year	-
As at March 31, 2018	**253.79**
General Reserves	
As at April 1, 2016	**359.63**
Increase/(decrease) during the Year	(3.48)
As at March 31, 2017	**356.15**
Increase/(decrease) during the Year	(3.39)
As at March 31, 2018	**352.76**

Notes to the consolidated financial statements for the year ended 31 March 2018

Particulars	(Rs In Crore)
Retained Earnings	
As at April 1, 2016	**(1,950.77)**
Less: Transferred from General Reserve	3.48
Add: Profit / (Loss) for the Year	(92.57)
As at March 31, 2017	**(2,039.86)**
Less: Transferred from General Reserve	3.39
Add: Profit / (Loss) for the Year	3.54
As at March 31, 2018	**(2,032.93)**
Total Other Equity	
As at April 1, 2016	(1,350.44)
As at March 31, 2017	(1,378.66)
As at March 31, 2018	**(1,375.12)**

a. Capital Reserve
Capital Reserve is not available for distribution of profits.

b. Securities Premium

Securities Premium is used to record the premium on issue of shares and is utilised in accordance with the provisions of the Companies Act, 2013.

c. General Reserve
General Reserve is used from time to time to transfer profits to/from Retained Earnings for appropriation purposes including the amount arising due to past revaluation of land and building under previous GAAP. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

d. Retained Earnings
Retained Earnings are the profits of the Company earned till date and net of appropriations.

14 Borrowings (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured			
Term Loans from Banks {Refer Note No. (a), (b) below and Note No. 35 (i)}			
- Rupee Term Loan	763.53	763.53	834.63
Loans from Asset Reconstruction Companies {Refer Note No. (a) below and Note No. 35 (i)}			
- Rupee Term Loan	1,902.34	1,904.87	1,855.01
Term Loan from Financial Institutions {Refer Note No. (a) below}			
- Foreign Currency Term Loan	90.13	90.13	90.13
Hire Purchase Finance for Vehicles (Secured By Hypothecation of Specific Vehicles)	0.02	0.20	0.36
Unsecured			
Term Loan From Financial Institution {Refer Note No. (a) below}			
- Foreign Currency Term Loan	67.63	67.63	67.63
Term Loan From Other			
- Loans from directors	0.02	0.02	0.02
Less: Current Maturity on Long Term Borrowing	(1,216.29)	(998.66)	(1,114.53)
Total	**1,607.38**	**1,827.72**	**1,733.25**

(a) Secured by first Charge by way of Equitable mortgage of all immovable properties and hypothecation of specified movable assets

Notes to the consolidated financial statements for the year ended 31 March 2018

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

Secured by First Pari-passu charge on the entire fixed assets & immovable properties of the company situated at Village : Budharmora, Bhuj-Bhachau Highway, Tal : Anjar, Dist : Kutch and personal guarantee of some of the directors of the company. Further Loan from Invent Assets Securitisation & Reconstution Pvt Ltd are secured by all present and future goods, books debts and all other Movable Assets. First charge on the entire currents assets of the Company, both present and future. Equitable Mortgage over factory land & factory building at Siriguppa, Dist : Bellary and Hypothecation of entire plant & machinery and other fixed assets of the Company.

Further the loans are guaranteed by the personal guarantees of some of the Directors.

(b) On 31 July 2014 the debt due to Bank of Baroda are declared as NPA by the Bank and the account has been transferred to Bank of Baroda, Asset Recovery Branch, New Delhi.”

(c) External Commercial Borrowings Loan is secured by Pari Passu Charge over the movable assets and first Pari Passu Charge on immovable assets of the company.

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

Name of the Lenders	**Principal**	**Interest**	**Default From**
International Financial Corporation	143.75	14.01	June-2011
Corporation Bank	62.00	-	April-2012
Central Bank of India	428.94	7.19	March-2012
Indian Overseas Bank	100.00	-	August-2011
Bank of Baroda	20.42	-	April-2014
State Bank of India	15.99	-	January-2012
Total	**771.10**	**21.20**	

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

Particular	0-1 Year	1 - 3 Year	3 and More Year
Secured			
Term Loans from Banks			
- Rupee Term Loan	711.09	37.62	14.82
Loans from Asset Reconstruction Companies			
- Rupee Term Loan	347.42	820.53	734.39
Term Loan from Financial Institutions			
- Foreign Currency Term Loan	90.13	-	-
Hire Purchase Finance for Vehicles	0.02	-	-
Unsecured			
Term Loan From Financial Institution			
- Foreign Currency Term Loan	67.63	-	-
Term Loan From Other			
- Loans from directors	-	-	0.02
Total	**1,216.29**	**858.15**	**749.23**

Notes to the consolidated financial statements for the year ended 31 March 2018

15 Other Financial Liabilities (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Creditors for Capital expenditure	1.12	0.04	0.03
Current Maturities of Long term borrowings	1,216.29	998.66	1,114.53
Interest acrrued and due	-	0.40	-
Amount Payable to Key Management Personnal	-	0.03	0.07
Others (including cheques overdrawn)	35.69	13.40	10.27
Total	**1,253.10**	**1,012.53**	**1,124.90**
Current	1,253.07	1,012.50	1,124.87
Non Current	0.03	0.03	0.03

16 Provisions (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for Employee Benefits*	17.14	17.81	14.80
Provision for Other	4.63	-	-
Provision for Income Tax	0.02	0.02	0.02
Total	**21.79**	**17.83**	**14.82**
Current	12.69	8.50	8.66
Non Current	9.10	9.33	6.16

* Provision for Employee Benefits includes Provision for Leave Encashment, Gratuity and Bonus.

In pursuance of Ind AS 37 - 'Provisions, contingent liabilities and contingent assets, the provisions required have been incorporated in the books of account in the following manner:

Particulars	Warranty
Opening Balance	-
Additions during the year	4.63
Utilisation	-
Reversal	-
Closing balance	**4.63**

17 Short Term Borrowings (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured Loan from Banks			
Term Loan (Refer Note No (a) for security purpose)	0.02	0.02	0.02
Working Capital Facilities (Refer Note No (a) for security purpose)	193.40	197.31	228.52
Unsecured			
Loans repayable on demand from: -			
Enterprises owned or Significatly influenced by key management personnel or their relative	1.75	1.75	1.75
Relative of key management personnel	0.17	0.17	0.19
Other Body Corporates	0.34	0.34	0.34
Key Managerial Personnel	0.32	1.17	0.70
Term Loan from Banks			
- Rupee Term Loan	33.95	33.95	66.40
	229.95	**234.71**	**297.92**
1,20,00,000 (31 March 2017: 1,20,00,000 and on 1 April 2016: 1,20,00,000) 6 % Non-Cumulative Redeemable Preference Shares Of Rs.10/- each Fully Paid Up, Redeemable At Par.	12.00	12.00	12.00
Total	**241.95**	**246.71**	**309.92**

Notes to the consolidated financial statements for the year ended 31 March 2018

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

(b) Company has defaulted in repayment of borrowing from the Lenders. Details of default are as follows: - (Rs In Crore)

Name of the Lenders	Principal	Interest	Default From
Corporation Bank	54.73	-	April-2012
Standard Chartered Bank	8.41	-	December-2011
Indian Overseas Bank	100.00	0.01	August-2011
Syndicate Bank	24.45	9.50	October-2011
Bank Of Baroda	6.50	-	April-2014
State Bank of India	23.77	-	December-2011
Total	**217.86**	**9.51**	

18 Trade Payables (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Micro, Small and Medium Enterprises {Refer Note No 35(l)}	1.21	0.62	0.49
Others	473.90	366.10	260.98
Dues to Director	-	0.03	0.02
Total	**475.11**	**366.75**	**261.49**

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-

(Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Supreme Metallurgical Services (P). Ltd.	1.20	0.49	0.49
Prima Automation Private Limited	0.01	0.13	-
Total	**1.21**	**0.62**	**0.49**

19 Other current liabilities (Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advance from Customers	113.16	100.54	65.91
Advance from enterprise owned or significantly influenced by Key Management personnel	0.06	-	-
Amount Payable to Key Management Personnal	0.05	-	-
Unclaimed Dividend	-	0.02	0.03
Other Liablilites	0.01	-	-
Statutory Liabilities			
Provident Fund & Other Contribution	1.02	0.96	0.91
Tax Deducted and Collected at Source	2.58	1.90	1.56
Value Added Tax, Central Sales Tax, GST and other Tax (Net)	20.36	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	5.31
Total	**137.24**	**113.72**	**74.82**

Notes to the consolidated financial statements for the year ended 31 March 2018

20 Revenue from operations (Rs In Crore)

Particulars	Year ending March 31, 2018	Year ending March 31, 2017
Sale of Products (Includes Export Incentives of Rs 4.68 Crore (as at March 31, 2017: Rs 2.17 Crore)	2,970.19	2,426.30
Service income	6.15	6.84
Total	**2,976.34**	**2,433.14**

The revenue from operations for the year ended March 31, 2017 and part of the financial year ended March 31, 2018 (upto 30 June 2017) are inclusive of excise duty. As the Goods and Service Tax ("GST") has been implemented with effect from July 1, 2017 and which replaced excise duty and other input taxes. In view of the said fact the revenue for the part of the year ended March 31, 2018 is reported net of GST and accordingly, is not comparable with earlier year.

21 Other income (Rs In Crore)

Particulars	Year ending March 31, 2018	Year ending March 31, 2017
Interest from Bank Fixed Deposits & Others	7.20	7.93
Rent Income	0.01	0.01
Foreign Exchange Gain	0.14	0.10
Net Sundry Balance Written off / Round off	-	5.95
Profit on Sale of Asset (Net)	-	0.13
Net Discount and Claims and net amounts written back	0.08	0.15
Profit on Sale of Units of Mutual Fund	0.04	0.62
Fair Valuation gain/(loss) on Financial Instruments at the fair value through Profit & Loss	0.03	(0.19)
Miscellaneous Income	1.31	0.89
Total	**8.81**	**15.59**

22 Cost of Raw Materials and components consumed (Rs In Crore)

Particulars	Year ending March 31, 2018	Year ending March 31, 2017
Opening Inventory	126.16	117.92
Add: Purchases & Other Expenses	2,014.39	1,568.25
Total	**2,140.55**	**1,686.17**
Less: Closing Inventory	171.03	126.16
Cost of Raw Material Consumed	**1,969.52**	**1,560.01**

23 Changes in Inventories of Finished Goods, Work in process and Stock in Trade (Rs In Crore)

Particulars	Year ending March 31, 2018	Year ending March 31, 2017
Inventories (At Commencement)		
-Work In process	53.59	53.16
-Stock In Trade	0.87	0.36
-Finished Goods	126.21	48.49
Total	**180.67**	**102.01**
Inventories (At end)		
-Work In process	104.69	53.59
-Stock In Trade	0.56	0.87
-Finished Goods	106.96	126.21
Total	**212.21**	**180.67**
Total	**(31.54)**	**(78.66)**

Notes to the consolidated financial statements for the year ended 31 March 2018

24 Employee Benefit Expenses

(Rs In Crore)

Particulars	Year ending March 31, 2018	Year ending March 31, 2017
Salaries, Wages, Allowances and Bonus	134.07	119.64
Contribution to Provident and other funds	6.07	6.07
Staff Welfare and amenities	2.47	2.58
Total	**142.61**	**128.29**

25 Finance Cost

(Rs In Crore)

Particulars	Year ending March 31, 2018	Year ending March 31, 2017
Interest Expenses on Bank and Other Loan (Net of Reversal)	(0.04)	0.68
Other Borrowing Cost & Charges	5.12	5.33
Total	**5.08**	**4.39**

26 Other Expenses

(Rs In Crore)

Particulars	Year ending March 31, 2018	Year ending March 31, 2017
Power and Fuel	180.23	174.43
Stores and Spares	122.37	146.02
Job Charges	97.58	87.04
Machinery Repairs	1.06	1.03
Building Repairs	0.95	1.12
Other Repairs	4.09	3.37
Water Charges	4.48	4.02
Excise duty (on account of Duty on Finished Good Stocks and Stock In Transit)	(8.89)	3.58
Hire-Lease-Rent Charges	5.27	4.68
Rates & Taxes	4.60	2.64
Insurance Premium (Net)	3.04	2.15
Postage Telegram & Telephone Expenses	1.74	1.75
Conveyance Expenses	1.01	1.01
Travelling Expenses	9.91	9.76
Printing and Stationery	1.13	0.92
Vehicle Expenses	1.63	1.05
Security Expenses	1.95	1.62
CSR Activity	0.35	0.63
Subscription & Membership	0.32	0.30
Net Sundry Balances Written Off	15.52	4.44
Provision For Doubtful Debtors and Advances	18.62	9.42
Auditors' Remuneration:		
- Audit Fees	0.20	0.22
- Other Matters	0.03	0.04
Legal and Professional Charges	13.41	21.20
Warranty Expenses	4.74	0.02
Guest House Expenses	1.47	0.90
Miscellaneous Expenses/roc exp	2.88	3.18
Research & Development Expenses	0.07	18.23
Foreign Exchange Fluctuation	2.36	(4.31)
Donation	0.27	0.20
Loss on Sale/Discard/Reduction in Value of Fixed Assets (net)	-	0.01
Advertisement & Sales Promotion	18.24	15.54
Commission	11.82	24.71
Freight Outward and other Expenses (Net)	81.61	39.50
Total	**604.06**	**580.42**

Notes to the consolidated financial statements for the year ended 31 March 2018

27 Exceptional Item

(Rs In Crore)

Particulars	Year ending March 31, 2018	Year ending March 31, 2017
Waiver of interest on account of settlement with ICICI Bank	-	6.44
Interest paid to UCO bank	-	(20.89)
Differ Revenue Expenditure	-	(0.03)
Total	**-**	**(14.48)**

28 INCOME TAX

(Rs In Crore)

The Major component of income tax expense for the year ended March 31, 2018 & March 31, 2017 are:	As at March 31, 2018	As at March 31, 2017
Current Tax		
Current Income Tax	0.03	0.03
Deferred Tax		
Defered Tax Expenses/(Benefit)	-	-
Tax in Respect of earlier years	-	-
Income tax expense reported in the Statement of Profit & Loss	**0.03**	**0.03**
Other Comprehensive Income (OCI)		
Deferred tax related to items recognised in OCI during the year	-	-
Re-measurement loss on defined benefit Plans	-	-
Deferred Tax credited to OCI	-	-

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2018 & March 31, 2017:

(Rs In Crore)

Particulars	Year ending March 31, 2018	Year ending March 31, 2017
Accounting profit before tax	2.99	(91.25)
Enacted income tax rate in India applicable to the company	30.90%	30.90%
Tax using the Company's domestic tax rate		
Tax effects of:	0.92	(28.21)
Income Tax allowances	(24.09)	(28.08)
Non-Deductible expenses	52.21	52.63
Unused Tax Loss	(29.16)	(2.43)
Others	0.15	6.12
At the effective income tax rate of March 31, 2018 is 1.00% (March 31, 2017 is -0.03%)	0.03	0.03

29 Contingent Liabilities and Other Commitments

Claims against the Company not acknowledged as debts towards:

(Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
i) Income Tax Matters	0.69	0.69	32.24
ii) VAT & CST Matters	26.13	59.19	59.19
iii) Service Tax Matters	2.20	2.20	2.00
iv) Custom Duty Matters	19.26	19.78	20.31
v) Excise Duty Matters	338.27	338.44	338.64
vi) Estimated amount of contracts remaining to be executed on capital account (net off advances) and not provided for	2.90	2.93	-
vii) Guarantees / Counter Guarantees (including un-utilized Letters of Credit)	23.14	30.21	27.27
viii) Amount Payable to supplier of Creditors (Refer Note (iii) Below)	1.03	-	-

Notes to the consolidated financial statements for the year ended 31 March 2018

viii) Claims against the Group not acknowledged as debts amounting to Rs.0.81 Crore (As at March 31, 2017: Rs.0.81 Crore and on April 1, 2016: 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 Group has claimed an amount of Rs.1.06 Crore (As at March 31, 2017: Rs. 1.06 Crore) and the counter claim of the respondent is Rs.0.72 Crore (As at March 31, 2017: Rs.0.72 Crore).

ix) 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 Group may be liable to pay Rs.5.37 Crore (including interest) (As at March 31, 2017: Rs.5.02 Crore and on April 1, 2016: Rs. 4.66 Crore) as import duty.

Note:-

i. Future cash flows in respect of above, if any, is determinable only on receipt of judgement/ decisions pending with relevant authorities.

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

iii. In Case of Subsidary Company Hans Ispat Limited- M/s Krishna Fuels, a supplier of scrap has filed a Civil Suit in the year 2009 before the Court of Principal Senior Civil Judge, Gandhidham against the Hans Ispat Limited for recovery of Rs. 1.03 Crore (Principal outstanding amount of Rs. 0.84 Crore and Interest thereon). Thereafter, the matter was transferred to the Hone'ble Commercial Court, Rajkot and the Hon'ble Commercial Court, Rajkot has ex-parte passed an order dated 23rd December, 2017 for decree amount of Rs. 0.84 Crore and interest at the rate of 8% per annum and costs. The Hans Ispat Limited is taking necessary action for filing appeal / defend the same before the appropriate court.

30 Employee benefit obligations

The Company has classified the various employee benefits provided to employees as under:

I Defined Contribution Plans

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss–

(Rs In Crore)

Particulars	Year ending March 31, 2018	Year ending March 31, 2017
Employers' Contribution to Provident Fund (including contribution to Employees' Pension Scheme 1995)	5.79	5.63

II Defined Benefit Plans (Rs In Crore)

	March 31, 2018	March 31, 2017	April 1, 2016
Gratuity			
Current	2.56	2.41	2.07
Non-Current	6.41	5.87	3.96
Total	**8.97**	**8.28**	**6.03**

Significant assumptions :
The significant actuarial assumptions were as follows*:

Particulars	March 31, 2018	March 31, 2017
Discount rate	7.86% p.a.	7.57 % p.a.
Salary escalation rate	6% p.a.	6% p.a.
Mortality rate	**Indian Assured Lives Mortality (2006-08) Ultimate**	**Indian Assured Lives Mortality (2006-08) Ultimate**
Attrition rate	2%	2%

* AS considered the Holding Company Rate

30.1 Gratuity

i) **The amounts recognised in balance sheet and movements in the net benefit obligation over the year are as follows:#**

(Rs In Crore)

Particulars	Present value of obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
April 1, 2016	**9.79**	**4.40**	**5.39**
Current service cost	1.30	-	1.30
Interest expense/(income)	0.79	0.36	0.43
Total amount recognised in Profit or Loss	**2.09**	**0.36**	**1.73**
Return on plan assets expense/(income)	-	(0.01)	0.01
(Gain)/loss from change in Demographic assumption - experience changes	0.51	-	0.51
(Gain)/loss from change in financial assumptions	0.72	-	0.72
Total amount recognised in Other Comprehensive Income	**1.23**	**(0.01)**	**1.24**
Employer's contribution	-	0.51	(0.51)
Benefits paid	(0.59)	(0.46)	(0.13)
March 31, 2017	**12.52**	**4.80**	**7.72**

#The above table includes an amount of Electrotherm (India) Limited Only.

(Rs In Crore)

Particulars	Present value of obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
April 1, 2017	**12.95**	**4.80**	**8.16**
Current service cost	1.64	-	1.64
Past Service Cost	0.35	-	0.32
Interest expense/(income)	1.05	0.36	0.62
Total amount recognised in Profit or Loss	**3.04**	**0.36**	**2.58**
Return on plan assets expense/(income)			-
(Gain)/loss from change in Demographic assumption - experience changes	(0.05)	-	(0.05)
(Gain)/loss from change in financial assumptions	(0.52)	-	(0.52)
Total amount recognised in Other Comprehensive Income	**(0.57)**	**-**	**(0.57)**
Employer's contribution	-	0.92	(0.92)
Benefits paid	(0.85)	(0.53)	(0.31)
March 31, 2018	**14.57**	**5.55**	**8.94**

The above table includes an amount of Electrotherm (India) Limited & its subsidarycompany Hans Ispat Limited Only.

ii) **The net liability disclosed above relates to funded plans are as follows:** (Rs In Crore)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Present value of funded obligation	14.57	12.52	9.79
Fair value of plan assets	5.55	4.80	4.40
Surplus of funded plan	**9.02**	**7.72**	**5.39**

iii) Sensitivity analysis

The sensitivity of defined obligation to changes in the weighted principal assumptions is: (Rs In Crore)

Assumption	Impact on defined benefit obligation	
	March 31, 2018	March 31, 2017
Discount rate		
1.0% increase	(1.43)	(1.34)
1.0% decrease	1.71	1.61
Future salary increase		
1.0% increase	1.67	1.62
1.0% decrease	(1.43)	(1.37)
Rate of Employee Turnover		
1.0% increase	0.29	0.21
1.0% decrease	(0.33)	(0.25)

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

iv) Maturity Analysis of benefits payable (Rs In Crore)

Projected benefits payable in future years from the date of reporting:	March 31, 2018	March 31, 2017
1st Following Year	1.52	0.93
2nd Following Year	0.48	0.50
3rd Following Year	0.66	0.50
4th Following Year	0.71	0.56
5th Following Year	0.73	0.59
Sum of Years 6 to 10	5.53	4.43
Sum of Years 11 and above	34.75	31.50

i. The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

ii. The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

iii. Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet.

iv. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

v. Note: Previous year figure have not been reported by the subsidaries as during the pervious year the management of the subsidaries Group have made provision on the basis of his own estimation.

30.2 Risks associated with defined benefit plan

Gratuity is a defined benefit plan and company is exposed to the Following Risks:

Interest rate Risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of assest.

Notes to the consolidated financial statements for the year ended 31 March 2018

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality Risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Concentration Risk: Plan is having a concentration risk as all the assets are invested with the insurance Group and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

31 SEGMENT WISE REVENUE, RESULTS, ASSETS & LIABILITIES

Operating Segments:

The Group is engaged in the business of Engineering & Project , Special Steel, Electric Vehicle and Others. In accordance with the requirements of Ind AS 108 “”Operating Segments”” Group has identified these four segments as reportable segments.

Identification of Segments:

The chief operational decision maker monitors the operating results of its Business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements, Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108.

Summary of segment information is given below:

Primary Reportable Segment (Business Segment) (Rs In Crore)

Sr. No.	Particulars	As at March 31, 2018 Audited	As at March 31, 2017 Audited
1	**Segment Revenue**		
	(a) Engineering and Projects Division	756.96	599.61
	(b) Special Steel Division	2041.87	1484.69
	(c) Electric Vehicle Division	27.16	25.13
	(d) Others	167.14	333.69
	Total	**2993.13**	**2443.13**
	Less: Inter Segment Revenue	16.79	9.99
	Gross Sales / Revenue from Operations	**2976.34**	**2433.14**
2	**Segment Results Profit / (Loss) Before Finance Cost and Tax**		
	(a) Engineering and Projects Division	23.81	39.86
	(b) Special Steel Division	8.37	(82.42)
	(c) Electric Vehicle Division	(15.11)	(30.63)
	(d) Others	(7.86)	(23.05)
	Total	**9.21**	**(96.24)**
	Less:(i) Finance Costs	5.08	4.39
	(ii) Other Unallocable items net of Unallocable income (including Exceptional items)	1.14	(9.38)
	Total Profit/Loss Before Tax	**2.99**	**(91.25)**
3	**Segment Assets**		
	(a) Engineering and Projects Division	542.57	480.22
	(b) Special Steel Division	1710.45	1617.50
	(c) Electric Vehicle Division	54.94	61.81
	(d) Others	67.13	127.22
	Total (Refer Note No. i(a) Below)	**2375.10**	**2286.76**

Notes to the consolidated financial statements for the year ended 31 March 2018

Sr. No.	Particulars	As at March 31, 2018 Audited	As at March 31, 2017 Audited
4	**Segment Liabilities**		
	(a) Engineering and Projects Division	723.03	613.99
	(b) Special Steel Division	2817.01	2785.04
	(c) Electric Vehicle Division	13.93	18.02
	(d) Others	20.99	155.91
	Total (Refer Note No. i(b) below)	**3574.96**	**3572.96**
5	**Segment Depreciation**		
	(a) Engineering and Projects Division	6.02	6.12
	(b) Special Steel Division	137.14	136.26
	(c) Electric Vehicle Division	1.74	1.72
	(d) Others	4.34	4.37
	Total	**149.25**	**148.47**
6	**Segment Capital Expenditure**		
	(a) Engineering and Projects Division	7.85	2.08
	(b) Special Steel Division	45.84	26.90
	(c) Electric Vehicle Division	0.11	0.48
	(d) Others	0.08	0.25
	Total	**53.88**	**29.71**
7	**Other Non Cash Expenses**		
	(a) Engineering and Projects Division	16.33	15.28
	(b) Special Steel Division	14.39	(1.82)
	(c) Electric Vehicle Division	0.14	0.05
	(d) Others	3.28	0.34
	Total	**34.14**	**13.86**
Note No. i Reconciliation Statement of Segment Assets & Segment Liabilities			
a.	**Total Segment Assets**	**2375.10**	**2286.76**
	Further Unallocable Corporate Assets Determined	(0.91)	(67.42)
	Total Assets as per Balance Sheet	**2374.19**	**2219.34**
b.	**Total Segment Liabilities**	**3574.96**	**3572.96**
	Further Unallocable Corporate Liabilities Determined	161.61	12.30
	Total Liabilities as per Balance Sheet	**3736.57**	**3585.26**

32. Details of the pending Cases of Winding Up and Recovery by the Lenders / Creditors

(a) Winding Up Petitions:

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 and which are pending before them. Winding up petition by UCO Bank and Syndicate bank has been withdrawn/ disposed off.

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

(i) Syndicate Bank, Central Bank of India, Corporation Bank and Vijaya Bank had filed Original Applications against the Company before the Hon'ble 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 adinterim injunction order. The Company had filed its reply/written statement/interim application and the said matters are pending for judgment/further hearing before DRT/DRAT.

(ii) In view of settlement/consent terms filed with DRT, the original application filed by Invent asset securitization and reconstruction Private Limited (being the assignee of debts of Allahabad Bank) was disposed of on 21st March 2018.

(iii) In view of settlement/consent terms filed with DRT, the original application filed by Union Bank of India of India was disposed off on 28th April 2018.

(iv) Subject to final terms to be agreed upon and provisional settlement with Vijaya Bank, the bank has agreed to withdrawn the original application filed with DRT.

(v) The Indian Overseas Bank and Dena Bank have assigned the debts associated with the company to Rare Asset Reconstruction Private Limited (formerly known as Raytheon Asset Reconstruction Private Limited) and the original application filed by them are pending before DRT, with some ad–interim injunction order in the matter of India Overseas Bank.

(vi) In the Subsidiary Hans Ispat Limited, 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 Company has filed written statements before the DRT and now the said original application is pending before DRT.

(vii) In the Subsidiary Shree Ram Electro Cast Limited, State Bank of India has filed Original Application against the Company & Guarantors before the Debt Recovery Tribunal, Bangalore ("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 and Guarantors have filed review application before DRT and the said review application was disposed off on 06.11.2017 with some observations / remarks.

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

i. Syndicate Bank, Indian Overseas Bank and Vijaya 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.

ii. In the Subsidiary Company 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 cheques 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 the provision for the doubtful debt has been provided in the books as on 1st April 2016.

Name of the Parties	Amounts Involved in Court Case (Amount in Crores)
Shivamy Enterprise (India) Pvt Ltd.	1.19
Shree Balram Steel Traders	0.03
Kailash Ispat	1.05
Jupiter Business Ltd.	0.43
Total	**2.70**

(d) Wilful Defaulters:

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

(ii) Dena Bank has declared the Company as awilful 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. Dena Bank has assigned the debt associated with the company to Rare Asset Reconstruction Private Limited (formerly known as Raytheon Asset Reconstruction Private Limited).

(iii) In the subsidiary Hans Ispat Limited, Bank of Baroda has declared the company and its directors as willful defaulter and reported the same to Reserve Bank of India / CIBL and the Company has challenged the said action before the Hon'ble Gujarat High Court and the Hon'ble Gujarat High Court vide order dated 1st August, 2017 granted stay on the identification as willful defaulter till the hearing and final disposal of the petition.

(iv) In the Subsidiary Shree Ram Electro Cast Limited, State Bank of India has issued a show cause notice in October, 2016 to the Company & guarantors / directors for declaring them as willful 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 :JuniJithardi, Tal : Karjan, Dist : Vadodara and thereafter the Bank has taken the symbolic possession of the movable and immovable properties of TLT division of the Company. The Company has filed Securitization 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 and the Bank has taken physical possession and issued newspaper publications calling for tenders for sale of movable and immovable assets through E – Auction. However, as per the available information, there was no bidder in the E-Auction at the reserve price and therefore its relevant accounting treatment has not been given and it will be given on its finalization / settlement. The amount of the said loan has been treated as short term borrowings.

33. Non Provisions of Disputed Advances and Claims/Liability

(a) The Company has VAT tax liability (including interest) of Rs. Nil (March 31, 2017: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 Balance with Revenue authority under the head Other Current Asset. The company has filed an appeal against the said order before the Appellate Authority and the appellate Authority has set aside the matter for fresh assessment. On account of the said order presently the liability of the company has become Rs. Nil (March 31, 2017: Rs. 35.84 Crore).

(b) During the Previous Year, VAT/CST Assessment for the financial year 2010-11 was completed and assessing officer has determined the tax liability of 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 Balance with Revenue authority under the head Other Current Asset. 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 30.09.2018. The Appellate Authority vides order dated 27.04.2018 has passed the refund order of Rs.7.35 Crore for financial year 2009-10 and ordered for adjustment against demand for next financial year. On account of the said order the VAT liability for financial year 2010-11 has reduced to Rs.13.60 Crore and is subject to order of the Appellate Authority.

(c) In current year VAT/CST assessment for financial year 2013-14 was completed and the assessing officer has determined the tax liability of Rs.6.13 Crore and against the said order company is under the process of filing appeal before the Appellate Authority.

(d) In view of the non-provision of the above items 33(a), 33(b) and 33(c) the Profit of the company are overstated by Rs.30.88 Crore(Losses as on March 31, 2017 of Rs.67.94 Crore are understated)and to that extent advances are overstated or the respective liabilities are understated.

(e) Loan accounts of the group 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 following extent, total 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, Vijaya Bank and the loans which are assigned to Edelweiss Assets Reconstruction Company Limited (EARC), Invent Assets Securitization & Reconstruction Private Limited (Invent) and Rare Asset Reconstruction Private Limited (formerly known as Raytheon Asset Reconstruction Private Limited)} is as under:-

(Rs. In Crore)

Particulars	Up to March 31, 2017	Reduction on Debt assignment / Settlement	From April 1, 2017 to March 2018	Up to March 31, 2018
Interest on Corporate Loan and working Capital Loan.	843.68	(242.42)	227.09	828.35

34. Going Concern:

(a) (i) In the Joint Venture Company 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 of Rs. 1.65 Crore 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. Subsequently Supreme Court of India vide its order dated 24.09.2014 ordered the cancellation of coal block allotted to the Company. In view of this de-allocation matter before Chhattisgarh High Court has become in fructuous.

The High Court of Chhattisgarh has passed final order on 15.11.2017 and upheld MoC demand to invoke the bank guarantee to the extent of the amount of Rs. 1.65 Crore with accruals as may be due thereon. The company has filed SLP 35575/2017 in Hon'ble Supreme Court and stay granted on invocation of the bank guarantee.

In view of the order of the Supreme Court of India for cancellation of coal block allotted to the Company, the Company does not have any business to carry on. Hence these accounts are prepared on the basis that the Company is not a going concern.

The Government of India has promalgated 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 Crores 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 are actually payable.

(ii) Bhaskarpara Coal Company Limited is Jointly control by two different entities having the same power, exposure, rights, returns, etc. and therefore it has been treated as Joint Venture for the years under consideration and accordingly to the extent possible, consolidated financial statements has been prepared.

(b) 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 taken physical possession of movable and immovable property and therefore the concept of the going concern of the Company may be seriously adversely affected.

35. Additional Disclosures

(a) Power and Fuel expenses are inclusive of duties and taxes of Rs.14.91 Crore (March 31, 2017:Rs. 12.45 Crore) paid towards power generation.

(b) During the year, old non-recoverable amount of Rs. 18.97 Crore {which includes an amount of Rs. 5.61 Crore pertaining to related party} (March 31, 2017:Rs. 7.68 Crore) and the unclaimed amount of Rs. 3.45 Crore (March 31, 2017:Rs. 3.24 Crore) have been written off/ back on account of non-realization and payment. Its' net balance of Rs. 15.52 Crore (March 31, 2017:Rs. 4.44 Crore) has been charged to the Statement of Profit and loss.

(c) During the previous 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 by Rs. 43.47 Crore which has been accounted for as under:

(Rs. In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Waiver of principal amount Credited to Capital Reserve	-	37.03
Reduction in Interest Shown netted off in extraordinary item	-	6.44

(d) Product Development Cost includes total Research and Development expenses of Rs. 14.66 Crore (March 31, 2017: Rs. 14.38 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. During the previous year, 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. Nil (March 31, 2017: 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 group.

(g) Some of the creditors have filed cases of recovery against the company before the various Hon'ble Courts/Forums for Rs.1.92 Crore (March 31, 2017 Rs.2.04 Crore). The said amounts are excluding interest.

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

(i) 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 Edelweiss Asset Reconstruction Company Limited.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.403.90 Crore.

The Management is of the opinion that Fixed Deposit of Rs. 12.45 Crore held by Bank of Baroda will be adjusted against the outstanding liability payable to Edelweiss Asset Reconstruction Company Limited at the time of last installment. Accordingly, the said amount has been shown as advance recoverable in cash or kind under the head Other Current Asset.

- The amount of installments paid to Edelweiss Asset Reconstruction Company Limited, up to the balance sheet date are shown as part of other current asset and to that extent the amount of Loans from Asset Reconstruction Companies (Current Maturity of Long term Borrowings of Rs. 179.50 Crore and Non-Current Borrowings of Rs. 12.45 Crore)(March 31, 2017: Current Maturity of Long term Borrowings of Rs. 114.50 Crore and Non-Current of Rs. 12.45Crore) and the amount of advance recoverable in cash or kind are overstated by Rs.191.95 Crore (March 31, 2017 Rs.126.95 Crore).
- Oriental Bank of Commerce, Punjab National Bank and Allahabad Bank have assigned their debts to Invent Assets Securitization and Reconstruction Pvt. Ltd. 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 other current asset 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.13.14 Crore (March 31, 2017 Rs. 5.89 Crore).
- The company, subject to some terms, agreed for repayment of debts of Union Bank of India and in pursuance to the same, the company has made payment of Rs. 12.35 Crore(March 31, 2017 Rs.1.50 Crore)and the said amount has been shown as part of other current asset 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.12.35 Crore (March 31, 2017 Rs. 1.50 Crore).
- The company was informed vide letter dated 7th April 2017 of Dena Bank and letter dated 27th March 2017 of Rare Asset Reconstruction Pvt. Ltd.(formerly known as Raytheon Asset Reconstruction Private Limited), Dena Bank has assigned debt to Rare Asset Reconstruction Pvt. Ltd. on 18th March 2017. However on account of non-finalization of repayment terms and condition the entire loan amount has been shown as current maturities of long term borrowings.
- The company was informed vide letter dated 12th October 2017 of Indian Overseas Bank, that the bank has assigned debt to Rare Asset Reconstruction Pvt. Ltd. (formerly known as Raytheon Asset Reconstruction Private Limited). However on account of non-finalization of repayment terms and condition the entire loan amount has been shown as current maturities of long term borrowings.
- During the year the Company has deposited Rs. 7.70 Crore in Corporation Bank and Rs. 7.25 Crore in Central Bank of India subject to settlement with the banks and which is shown under the head Cash and Cash Equivalents.
- The company, subject to some terms, agreed for repayment of debts of Vijaya Bank and in pursuance to the same, the company has made payment of Rs. 10.00 Crore (March 31, 2017 Rs. Nil) and the said amount has been shown as part of other current asset and to that extent the amount of current maturities of long term borrowings from Vijaya Bank and the amount of advance recoverable in cash or kind are overstated.
- The company has received and accepted settlement terms with International Finance Corporation. But the payment schedule has been revised due to delay in obtaining required RBI permission for restructuring of External Commercial Borrowings and Foreign Currency Convertible Bonds. The company has been informed by Bank of India [Authorized Dealer] vide letter dated April 16, 2018 that required RBI permission has been received. Final terms of settlement agreement with IFC are in process and company expects it to be signed in the month of June-2018.
- In Subsidiary Company Hans Ispat Limited,during the December 2014, State Bank of India has assigned its entire debts alongwith 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 5th March 2015, if the all terms and conditions are fully complied with by the company upto 30th September 2019, there will be reduction in debts of IASRPL by Rs 8.83 Crore.

(j) The balances of Central Bank of India, Syndicate Bank,Indian Overseas Bank and International Financial Corporation are not being confirmed/ reconciled by the borrowers, as these borrowers have treated the loan accounts as non performing assetsaccount.

(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 March 31, 2018.

(l) **Dispute with Micro, Small & Medium Enterprise**

(i) There was dispute with Supreme Metallurgical Services Pvt. Ltd. in relation to material supplied by the said party and there was litigation pending before Hon’ble Gujarat High Court. However, the company entered into settlement with Supreme Metallurgical and it has been agreed to withdraw the pending litigation from 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

Notes to the consolidated financial statements for the year ended 31 March 2018

Council ("SLIFC"). In view of settlement with Prime Automation, they have withdrawn its application from SLIFC on 1st November 2017.

(m) 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.

(n) The Ahmedabad Zonal Office of the Directorate of Enforcement ("ED") has recorded a case under the provisions of the Prevention of Money Laundering Act, 2002 and during the course of investigation, the ED has passed an order dated 28th March, 2018 under sub-section (1) of section 5 of the Prevention of Money Laundering Act, 2012 for provisional attachment of certain properties comprising Land having total area of 4,90,621 square meter at Chhavada and Samkhiyali of steel Plant, Building and Plant & Machinery for a period of 180 days. Thereafter, a complaint under sub-section (5) of section 5 of the Prevention of Money Laundering Act, 2012 was filed by ED before the Adjudicating Authority, New Delhi and the same is pending for hearing.

(o) The Company has filed recovery case against Victory Rich Trading Limited, Hongkong ("VRTL") & its Director for non-payment of amount before the Hon'ble High Court of Hong Kong and the High Court of Hong Kong has passed judgment for payment of recovery amount. Thereafter, VRTL has challenged the said order and the same is pending before the High Court of Hong Kong.

(p) The Subsidiary companies Shree Ram Electro Cast Limited, and Hans Ispat Limited are in process of filling the vacancy of Company Secretary as per requirement of section 203 of Companies Act, 2013. Further Hans Ispat Limited is in process of appointing a Woman Director.

(q) In Subsidiary company Shree Ram Electro Cast Limited,on account of non recoverability of service tax receivable, has written off Rs. Nil/- (March 31, 2017 Rs 0.03 Crore)

(r) The Subsidiary company Shree Ram Electro Cast Limited during the year, after taking necessary confirmations, Rs. 8.02 Crore due from M/s. Liberty Commodities Asia PTE LTD of Trade Receivable, has been transferred to the holding company M/s. Electrotherm (India) Limited under the head borrowings.

(s) In the Subsidiary Company Shree Ram Electro Cast Limited, provision for Bonus, Gratuity and compensated absences has been provided on basis of the estimation made by the management.

(t) The Subsidiary Company Hans Ispat Limited in view of non-recovery of the amounts or non-settlement of the accounts, the company has determined Rs. Nil /- (on 31 March 2017 Rs Nil, 01 April 2016 Rs. 3.28 Crore) as doubtful Trade receivables and in view of business prudence the company has made provision for the same.

(u) In the Subsidiary Company Hans Ispat Limited audit fees will be accounted on the adoption of accounts at the annual general meeting of the members.

(v) The Goodwill, arising on consolidation represents the excess of cost to the Group of its investment in a subsidiary company over the Group's portion of net worth of the subsidiary.

(w) Impairment analysis was performed for the goodwill on consolidation. In case of indication of impairment, the recoverable amount was determined using value in use of the cash generating units. In the opinion of the management, the recoverable amount exceeds the carrying value, accordingly no impairment charge is required for the year ended March 31, 2018 (March 31, 2017: Nil).

36. DIRECTOR'S REMUNERATION:

As per the approval of shareholders of the company at the 30th annual general meeting held on 30th September 2016 and approval of Central Government vide letter dated 21st November 2017, the company has paid remuneration of Rs.1,50,000/- per month to Mr. Mukesh Bhandari, Mr. Shailesh Bhandari and Mr. Avinash Bhandari with effect from 1st February 2017. The central government has approved the remuneration of Rs.1,50,000/- per month for the said three appointees for a period from 1st February 2017 to 31st January 2020.

37. Account of Receivables / Payables in respect of Goods and Service Tax, Service Tax, CENVAT, balance with government authorities and Vat are subject to reconciliation, submission of its return for its claim and/or its Audit/ Assessment, if any.

Notes to the consolidated financial statements for the year ended 31 March 2018

38. RELATED PARTY DISCLOSURE

As required by Indian Accounting Standard-24 "RELATED PARTY DISCLOSURE", the disclosure of transaction with related parties are given below (with whom transaction has taken place during the year):-

A. List of Related Parties

I) Joint Venture Company

1. Bhaskarpara Coal Company Limited

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

1. EIL Software Services Offshore Pvt. Ltd.
2. Etain Electric Vehicles Limited
3. ETAIN Renewables Ltd.
4. Electrotherm Solar Ltd.
5. Bhandari Charitable Trust

III) Key Management Personnel/Director of Group

1.	Mr. Mukesh Bhandari	(Chairman& Managing Director)
2.	Mr. Shailesh Bhandari	(Managing Director)
3.	Mr. Avinash Bhandari	(Joint Managing Director & CEO)
4.	Mr. Siddharth Bhandari	(Whole Time Director)
5.	Mr. Pawan Gaur	(Chief Financial Officer)
6.	Mr. Fagesh R Soni	(Company Secretary)
7.	Mr. MahendrakumarRamniklal Patira	(Director cum Manager)

IV) Relatives of Key Management Personnel

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

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

(Rs. in Crores)

SR. NO.		NAME	SALES (Incl.Store Spare & Others)		PURCHASE		EXPENSES/(INCOME)		PAYMENT OF LIABILITY		PURCHASE(SALE) OF FIXED ASSET		LOAN RECEIVED		LOAN GIVEN/REPAID		INTEREST PAID		RENT PAID		SALARY		CLOSING BALANCE	
			Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year	Current Period	Previous Year
(I)	Enterprises Owned or Significantly Influenced by Key Management Personnel or their relatives *(Except Foreign Companies)																							
	1	ETAIN Renewables Limited	-	-	-	0.03	-	0.00	0.01	-	-	-	0.06	0.80	-	0.79	-	-	-	-	-	-	2.13	2.56
	2	EIL Software Services Offshore Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.75)	(1.75)
	3	Bhandari Charitable Trust	-	-	-	-	3.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.20	5.02
	4	Electrotherm Solar Limited	0.04	-	0.00	0.01	2.46	-	0.03	-	-	-	-	0.02	0.09	0.28	-	-	-	-	-	-	3.70	6.01
	5	ETAIN Electric Vehicles Limited	0.26	5.72	0.02	-	-	-	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	1.81	1.64
(II)	KEY MANAGEMENT PERSONNEL :																							
	1	Mr. Mukesh Bhandari	-	-	-	-	-	-	-	-	-	-	-	0.24	0.64	-	-	-	-	0.11	0.21	-	(0.24)	(0.88)
	2	Mr. Shailesh Bhandari	-	-	-	-	(0.02)	-	-	-	-	-	-	0.23	0.21	0.08	-	-	0.05	0.05	0.21	-	(0.13)	(0.32)
	3	Mr. Avinash Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.21	-	-	-
	4	Mr. Pawan Gaur	-	-	-	-	-	-	-	-	-	-	-	-	0.00	-	-	-	-	-	0.42	0.36	0.06	0.08
	5	Mr. Fageshkumr R. Soni	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.12	-	(0.00)	-
	6	Mr. Siddharth Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02	0.02
	7	Mr. Mahendrakumar Ramniklal Patira	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.36	0.36	-	0.03
(III)	RELETIVES OF KEY MANAGEMENT PERSONNEL : (With whom Transaction has been taken Place during the year)																							
	1	Mrs. Indubala Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.06	0.06	-	-	(0.00)	(0.00)
	2	Mrs. Jyoti Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.04	0.03	0.27	0.24	(0.15)	(0.15)
	3	Mr. Rakaesh Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.02)	(0.02)
	4	Ms.Shivani Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01	0.05	-	-
	5	Mr. Anurag Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.06	-	-	-	(0.00)	(0.00)
	6	Mrs. Panna Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01	0.05	-	-

Notes to the consolidated financial statements for the year ended 31 March 2018

39. (a) In the opinion of the Management, the current assets, loans and advances, Other Assets and Financial Assets 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","Advances Recoverable In Cash or Kind", "Advance to Suppliers and Other Parties"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.0.72 Crore (March 31, 2017: Rs.0.89 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 its reconciliation and confirmations are pending.

40. (a) The amount of current maturity of Long Term Liability of Rs. 1216.29 Crore (March 31, 2017:Rs.998.65 Crore) shown under the head "Other Financial 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 group.

(d) The management is of the opinion that the uncompleted projects shown under the head Capital Work in Progress of Rs.10.45 Crore (March 31, 2017: 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.

(e) 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.

41. EARNINGS PER SHARE (EPS):

Particulars		2017-18	2016-17
Profit/(Loss) for the year	(Rs. In Crore)	2.96	(91.28)
Weighted Average No. of Shares for the Earning Per Share Computation for Basic and Diluted	(Nos. in Crore)	1.27	1.27
Earning Per Share (Basic & Diluted)	(In Rs.)	2.32	(71.65)
Nominal Value of Shares	(In Rs.)	10	10

42 Financial Instruments, Fair Value Mesurements, Financial Risks & Capital Management

42.1 Categorywise Classification of Financial Instruments (Rs In Crore)

Particulars	March 31, 2018		
	FVPL	Amortised cost	Carrying Value
Financial assets			
Trade receivables	-	369.19	369.19
Cash and Cash Equivalents	-	32.69	32.69
Other Bank balances	-	22.01	22.01
Investments in mutual fund units	0.41	-	0.41
Investments in Joint Venture net of Accumulated Impairment	-	6.91	6.91
Investments in Unquoted Government Securities	-	0.01	0.01
Other financial assets	-	42.24	42.24
Total financial assets	**0.41**	**473.05**	**473.46**
Financial liabilities			
Trade payables	-	475.11	475.11
Short term Borrowings	-	241.95	241.95
Non-Current Borrowings	-	1,607.38	1,607.38
Other financial liabilities	-	1,253.10	1,253.10
Total financial liabilities	**-**	**3,577.54**	**3,577.54**

Notes to the consolidated financial statements for the year ended 31 March 2018

(Rs In Crore)

Particulars	March 31,2017		
	FVPL	Amortised cost	Carrying Value
Financial assets			
Trade receivables	-	303.13	303.13
Cash and Cash Equivalents	-	23.50	23.50
Other Bank balances	-	16.83	16.83
Investments in mutual fund units	0.34	-	0.34
Investments in Joint Venture net of Accumulated Impairment	-	6.91	6.91
Investments in Unquoted Government Securities	-	0.01	0.01
Other financial assets	-	56.57	56.57
Total financial assets	**0.34**	**406.95**	**407.29**
Financial liabilities			
Trade payables	-	366.75	366.75
Short term Borrowings	-	246.71	246.71
Non-Current Borrowings	-	1,827.72	1,827.72
Other financial liabilities	-	1,012.53	1,012.53
Total financial liabilities	**-**	**3,453.71**	**3,453.71**

(Rs In Crore)

Particulars	April 1, 2016		
	FVPL	Amortised cost	Carrying Value
Financial assets			
Trade receivables	-	250.61	250.61
Cash and Cash Equivalents	-	42.33	42.33
Other Bank balances	-	15.86	15.86
Investments in mutual fund units	2.02	-	2.02
Investments in Joint Venture net of Accumulated Impairment	-	6.90	6.90
Investments in Unquoted Government Securities & Equity Shares	-	0.03	0.03
Other financial assets	-	61.23	61.23
Total financial assets	**2.02**	**376.96**	**378.98**
Financial liabilities			
Trade payables	-	261.49	261.49
Short term Borrowings	-	309.92	309.92
Non-Current Borrowings	-	1,733.25	1,733.25
Other financial liabilities	-	1,124.90	1,124.90
Total financial liabilities	**-**	**3,429.56**	**3,429.56**

42.2 Fair Value Mesurement

i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the the reliability of the inputs used in determining fair value, the Group Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements: (Rs In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Investments in quoted mutual fund					
As at March 31, 2018	5	0.41	-	-	0.41
As at March 31, 2017	5	0.34	-	-	0.34
As at April 1, 2016	5	2.02	-	-	2.02

Level 1:Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date

iii) Valuation process

The Company obtains valuation results from external valuers for level 2 measurements. Inputs to level 2 measurements are verified by the Company's treasury department

iv) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, security deposits, cash and cash equivalents, interest accrued on fixed deposits, loans, unbilled revenue and trade payables are considered to be the same as their fair values, due to their short-term nature.

43 Financial Instrumet Risk, Management, Objectives & Policies

43.1 Financial risk management

The management of the Group has implemented a risk management system that is monitored by the Board of Directors. The general conditions for compliance with the requirements for proper and future-oriented risk management within the Group are set out in the risk management principles. These principles aim at encouraging all members of staff to responsibly deal with risks as well as supporting a sustained process to improve risk awareness. The guidelines on risk management specify risk management processes, compulsory limitations, and the application of financial instruments. The risk management system aims at identifying, analyzing, managing, controlling and communicating risks promptly throughout the Group. Risk management reporting is a continuous process and part of regular Group reporting. In addition, our Corporate Function Internal Auditing regularly checks whether Group complies with risk management system requirements.

The Group is exposed to credit, liquidity and market risks (interest rate risk, foreign currency risk and other price risk) during the course of ordinary activities. The aim of risk management is to limit the risks arising from operating activities and associated financing requirements by applying selected derivative and non-derivative hedging instruments.

43.2 Credit risk

The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments. The balances with banks and security deposits are subject to low credit risk since the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.

Trade receivables, Loans and Advances to Suppliers & Others

Credit risk arises from the possibility that customer/borrowers will not be able to settle their obligations as and when agreed. To manage this, the Group periodically assesses the financial reliability of customers and the borrowers, taking into account the financial condition, current economic trends, analysis of historical bad debts, ageing of accounts receivable and forward looking information.

The provision on trade receivables for expected credit loss is recognised on the basis of life-time expected credit losses (simplified approach). Trade receivables are evaluated separately for balances towards progress billings and retention money due from customers. An expected loss rate is calculated at each year-end, based on combination of rate of default and rate of delay. The Group considers the rate of default and delay upon initial recognition of asset, based on the past experience and forward-looking information, wherever available. The provision on loans for expected credit loss is recognised on the basis of 12-month expected credit losses and assessed for significant increase in the credit risk.

Expected credit loss:

i) As at March 31,2018 (Rs In Crore)

Particulars	Trade Receivables	Advances to Suppliers & Others	Total
Gross carrying amount	467.74	155.99	623.73
Expected loss rate	21.07%	20.70%	20.98%
Expected credit losses (loss allowance provision)	98.55	32.29	130.84
Carrying amount	**369.19**	**123.70**	**492.89**

ii) As At March 31, 2017 (Rs In Crore)

Particulars	Trade Receivables	Advances to Suppliers & Others	Total
Gross carrying amount	388.51	128.71	517.22
Expected loss rate	21.98%	20.84%	21.69%
Expected credit losses (loss allowance provision)	85.38	26.83	112.21
Carrying amount	**303.13**	**101.88**	**405.01**

iii) As At April 1, 2016 (Rs In Crore)

Particulars	Trade Receivables	Advances to Suppliers & Others	Total
Gross carrying amount	326.57	153.54	480.11
Expected loss rate	23.26%	18.75%	21.82%
Expected credit losses (loss allowance provision)	75.96	28.78	104.74
Carrying amount	**250.61**	**124.76**	**375.37**

Reconciliation of expected credit loss / loss allowance provision (Rs In Crore)

Particulars	Trade Receivables	Advances to Suppliers & Others	Total
Loss allowance as on April 1, 2016	**75.96**	**28.78**	**104.74**
Changes in loss allowance	9.42	(1.95)	7.47
Loss allowance as on March 31, 2017	**85.38**	**26.83**	**112.21**
Changes in loss allowance	13.17	5.46	18.63
Loss allowance as on March 31, 2018	**98.55**	**32.29**	**130.84**

43.3 Liquidity risk

Liquidity risk is the risk that the Group will face in meeting its obligations associated with its financial liabilities. The Group's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Group maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended March 31, 2018 and March 31, 2017. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The Group regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and mutual funds with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The following table shows the maturity analysis of the Group's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

Maturities of financial liabilities

The table below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities:

(Rs In Crore)

As at March 31, 2018	Upto 1 year/ repayable on demand	1 to 3 years	More than 3 years
Trade Payables	475.11	-	-
Borrowings	1,216.29	858.15	749.23
Short term Borrowings	229.95	-	-
Preference Shares	12.00	-	-
Other Financial liabilities	36.81	-	-
Total	**1,970.16**	**858.15**	**749.23**

(Rs In Crore)

As at March 31, 2017	Upto 1 year/ repayable on demand	1 to 3 years	More than 3 years
Trade Payables	366.75	-	-
Borrowings	998.66	503.51	1,324.21
Short term Borrowings	234.71	-	-
Preference Shares	12.00	-	-
Other Financial liabilities	13.87	-	-
Total	**1,625.99**	**503.51**	**1,324.21**

(Rs In Crore)

As at April 1, 2016	Upto 1 year/ repayable on demand	1 to 3 years	More than 3 years
Trade Payables	261.49	-	-
Borrowings	1,114.53	214.97	1,518.28
Short term Borrowings	297.92	-	-
Preference Shares	12.00	-	-
Other Financial liabilities	10.37	-	-
Total	**1,696.31**	**214.97**	**1,518.28**

43.4 Market risk

Market risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. Financial instruments affected by market risk includes borrowings, deposits, investments, trade and other receivables, trade and other payables and derivative financial instruments.

The potential economic impact, due to these assumptions, is based on the occurrence of adverse / inverse market conditions and reflects estimated changes resulting from the sensitivity analysis. Actual results that are included in the Statement of Profit and Loss may differ materially from these estimates due to actual developments in the global financial markets. The company is mainly exposed to interest rate risk and foreign currency risk.

i) Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market rates. Since the borrowing of the group are classified as non performing assets or are transfer to assets reconstruction company or the settlement agreement have been executed, the borrowers are not charging interest, therefore the exposure to risk of changes in market interest rates is minimal.

ii) Foreign currency risk

The international nature of the Company's business activities generates numerous cash flows in different currencies -especially in USD and EURO. To contain the risks of numerous payment flows in different currencies- in particular in USD and EURO- the Group follows groupwide policies for foreign currency management.

Notes to the consolidated financial statements for the year ended 31 March 2018

The Group's exposure to foreign currency risk at the end of reporting period are as follows: (In Crores)

Particulars	As at March 31, 2018	
	USD	Euro
Financial assets		
Trade receivables	1.41	-
Net exposure to foreign currency risk (assets)	1.41	-
Financial liabilities		
Trade payables	0.06	0.28
Net exposure to foreign currency risk (liabilities)	0.06	0.28
Net exposure to foreign currency risk	1.35	(0.28)
Net Exposure In Indian Currency	87.81	(22.57)

(In Crores)

Particulars	As at March 31, 2017	
	USD	Euro
Financial assets		
Trade receivables	0.54	0.05
Net exposure to foreign currency risk (assets)	0.54	0.05
Financial liabilities		
Trade payables	0.07	0.28
Net exposure to foreign currency risk (liabilities)	0.07	0.28
Net exposure to foreign currency risk	0.47	(0.23)
Net Exposure In Indian Currency	30.47	(15.93)

(In Crores)

Particulars	As at April 1, 2016	
	USD	Euro
Financial assets		
Trade receivables	0.35	0.05
Net exposure to foreign currency risk (assets)	0.35	0.05
Financial liabilities		
Trade payables	0.05	0.28
Net exposure to foreign currency risk (liabilities)	0.05	0.28
Net exposure to foreign currency risk	0.30	(0.23)
Net Exposure In Indian Currency	19.88	(17.31)

The above table represent only total major exposure of the group towards foreign exchange denominated trade receivables and trade payables.

The Group is mainly exposed to change in USD and Euro. The below table demonstrates the sensitivity to a 5% increase or decrease in the USD and Euro against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Group as at the reporting date. 5% represents management's assessment of resonably possible change in foreign exchange rate.

The sensitivity of Profit or loss to changes in USD and Euro exchange rate are as follows: (Rs. In Crores)

Particulars	As at March 31, 2018	
	Rupee / USD	Rupee / Euro
Impact on Profit or loss		
Increase by 5%	4.39	(1.13)
Decrease by 5%	(4.39)	1.13

(Rs. In Crores)

Particulars	As at March 31, 2017	
	Rupee / USD	Rupee / Euro
Impact on Profit or loss		
Increase by 5%	1.52	(0.80)
Decrease by 5%	(1.52)	0.80

(Rs. In Crores)

Particulars	As at April 1, 2016	
	Rupee / USD	Rupee / Euro
Impact on Profit or loss		
Increase by 5%	0.99	(0.87)
Decrease by 5%	(0.99)	0.87

44 Capital Management:

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the Group's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholders value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders. The Capital structure of the Group is as follows:

(Rs In Crore)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Equity share capital	12.74	12.74	40.07
Other Equity	(1,375.12)	(1,378.66)	(1,350.44)
Total Equity	**(1,362.38)**	**(1,365.92)**	**(1,310.37)**

45 First-time adoption of Indian Accounting Standards (IND AS)

Transition to Ind AS

These are the Group's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 2.1 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of the opening Ind AS balance sheet at April 1, 2016 (the Group's date of transition) subject to certain exemptions and exceptions provided in Ind AS 101 with respect to transition date (refer note below). In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

I Exemptions availed

a) The Group has elected to measure investments in subsidiaries as per the statement of financial position prepared in accordance with previous GAAP as a deemed cost (Net off Impairment) at the date of transition as per exemption available under Ind AS 101

b) Since there is no change in the functional currency, the Group has elected to continue with the carrying value for all of its Property, plant and equipment and Intangible assets as recognised in its Indian GAAP financial as deemed cost at the transition date.

Notes to the consolidated financial statements for the year ended 31 March 2018

II Exceptions applied

a) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for Impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

b) De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

c) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

III Reconciliation with previous GAAP

a) Reconciliation of total equity as at March 31, 2017 and April 1, 2016 (Rs In Crore)

Description	Notes to first time adoption	As at March 31, 2017	As at April 1, 2016
Total equity as per previous GAAP*		(1,251.37)	(1,206.95)
Ind AS Adjustments [Increase in equity/ (decrease in equity)]			
1. On account of Expected Credit Loss on Financial Assets	a	(22.12)	(12.70)
2. On account of Reclassification of Redeemable Preference Shares as financial liability	b	(12.00)	(12.00)
3. On account of Reclassification of Subsidiary under Previous GAAP to Joint Venture under Ind AS	g	(8.69)	(8.71)
4. Ind AS Impact on revenue recognition and corresponding cost	c	(9.75)	-
5. Impact due to restatement of past business combinations	g	(38.24)	(38.24)
6. Fair Valuation adjustment under Ind AS	d	(24.06)	(29.53)
7. Other Ind AS adjustments		0.31	(2.24)
Total Ind AS adjustments		**(114.55)**	**(103.42)**
Total Equity as per Ind AS		**(1,365.92)**	**(1,310.37)**

*Partially Convertible Partially Redeemable Preference Shares has been treated as equity

b) Reconcilition of total comprehensive income for the year ended (Rs In Crore)

Description	Notes to first time adoption	Year Ending March 31, 2017
Net Profit/(loss) as per previous GAAP		(81.44)
Ind AS Adjustments [Increase/ (decrease) in profits]		
1 Net Effect on revenue recognition net of related cost	c	(9.75)
2 Actuarial loss on defined benefit liabilty recognised in OCI	e	1.30
3 Fair Valuation Adjustments under Ind AS	d	5.47
4 Impact on account of Expected Credit Loss provision	a	(9.42)
5 Others		2.57
Net Profit/ (Loss) after Tax as per IND AS		**(91.27)**
Actuarial loss on defined benefit liabilty recognised in Other Comprehensive Income		(1.30)
Total Comprehensive Income/(loss) for the year		**(92.57)**

Notes to the consolidated financial statements for the year ended 31 March 2018

Notes to First time adoption:-

a Expected credit loss provision

As per Ind AS 109, the Group is required to apply expected credit loss model for recognising the allowance for doubtful debts on financial assets.

b Reclassification of Redeemable Preference Shares

As per Ind AS, redeemable preference shares are classified as financial liabilties.

c Deferral of Sales and related costs

Under Ind AS 18, revenue and related costs are recognised when the risks and rewards are passed to the customers and the Group retains no continuing managerial involvement.

d Fair Valuation/ Impariment adjustment under Ind AS

Under Ind AS, investments in units of mutual funds are measured at fair value and Impariment of the Investment of the subsidaries due to heavy losses and/or are non-operating.

e Remeasurement of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability, are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

f Material Adjustment to Statement of Cash flow

No material adjustments have been identified to the Statement of Cash flows on account of transition to Indian Accounting Standards.

g Bhaskarpara Coal Company Limited considered as Joint Venture

Bhaskarpara Coal Company Limited is Jointly control by two different entities having the same power, exposure, rights, returns, etc.

46 Events occurred after the Balance Sheet Date

The Company evaluates events and transactions that occur subsequent to the Balance Sheet date but prior to the approval of the financial statements by the Board of Directors, to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of 25th May 2018, there were no subsequent events to be recognized or reported that are not already disclosed elsewhere in the financial statements.

47 Previous year amount has been regrouped/re-casted/re-arranged/ re-classified/re-determined, wherever necessary, to make the figure of the current year comparable with the previous year.

As per our report of even date

For Hitesh Prakash Shah & Co.
Firm Registration No.: 127614W
Chartered Accountants

Hitesh P. Shah
Proprietor
Membership No. 124095
Place : Ahmedabad
Date : May 25, 2018

For & on behalf of the Board of Directors of
Electrotherm (India) Ltd.

MUKESH BHANDARI
Chairman & Managing Director
(DIN : 00014511)

SHAILESH BHANDARI
Managing Director
(DIN : 00058866)

AVINASH BHANDARI
Jt. Managing Director & CEO
(DIN : 00058986)

FAGESHKUMAR R. SONI
Company Secretary

PAWAN GAUR
Chief Financial Officer

Place : Palodia
Date : May 25, 2018

ELECTROTHERM (INDIA) LIMITED

CIN : L29249GJ1986PLC009126
Registered Office : A-1, Skylark Appartment, 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 32nd Annual General Meeting of the Company held on Friday, 28th September, 2018 at 10.00 a.m. at Ahmedabad Management Association (AMA), ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380015.

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

Name of the Shareholder (In Block Letters)	
Signature of Shareholder	
Name of the Proxy (In Block Letters)	
Signature of the Proxy	

NOTES:
1. This attendance is valid only in case shares are held on the date of this Annual General Meeting.
2. You are requested to sign and hand over this slip at the entrance of the Meeting hall.

ELECTROTHERM (INDIA) LIMITED

CIN : L29249GJ1986PLC009126
Registered Office : A-1, Skylark Appartment, 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:

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 32nd Annual General Meeting of the Company, to be held on Friday, 28th September, 2018 at 10.00 a.m. at Ahmedabad Management Association (AMA), ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380015 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 31st March, 2018 together with report of Board of Directors and Auditors' Report thereon.		
2	Appoint a Director in place of Mr. Avinash Bhandari (DIN: 00058986), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.		
	Special Business		
3	Ratification of Cost Auditors' remuneration		
4	Appointment of Mr. Arun Kumar Jain (DIN: 07563704) as an Independent Director		
5	Appointment of Ms. Nivedita Sarda (DIN: 00938666) as an Independent Director		
6	Appointment of Ms. Sheetal Manhas (DIN: 07439658) as a Nominee Director		

Signed this ……………………………….. day of ………………… 2018

Affix a Re.1/- Revenue Stamp

Signature of Shareholder

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.

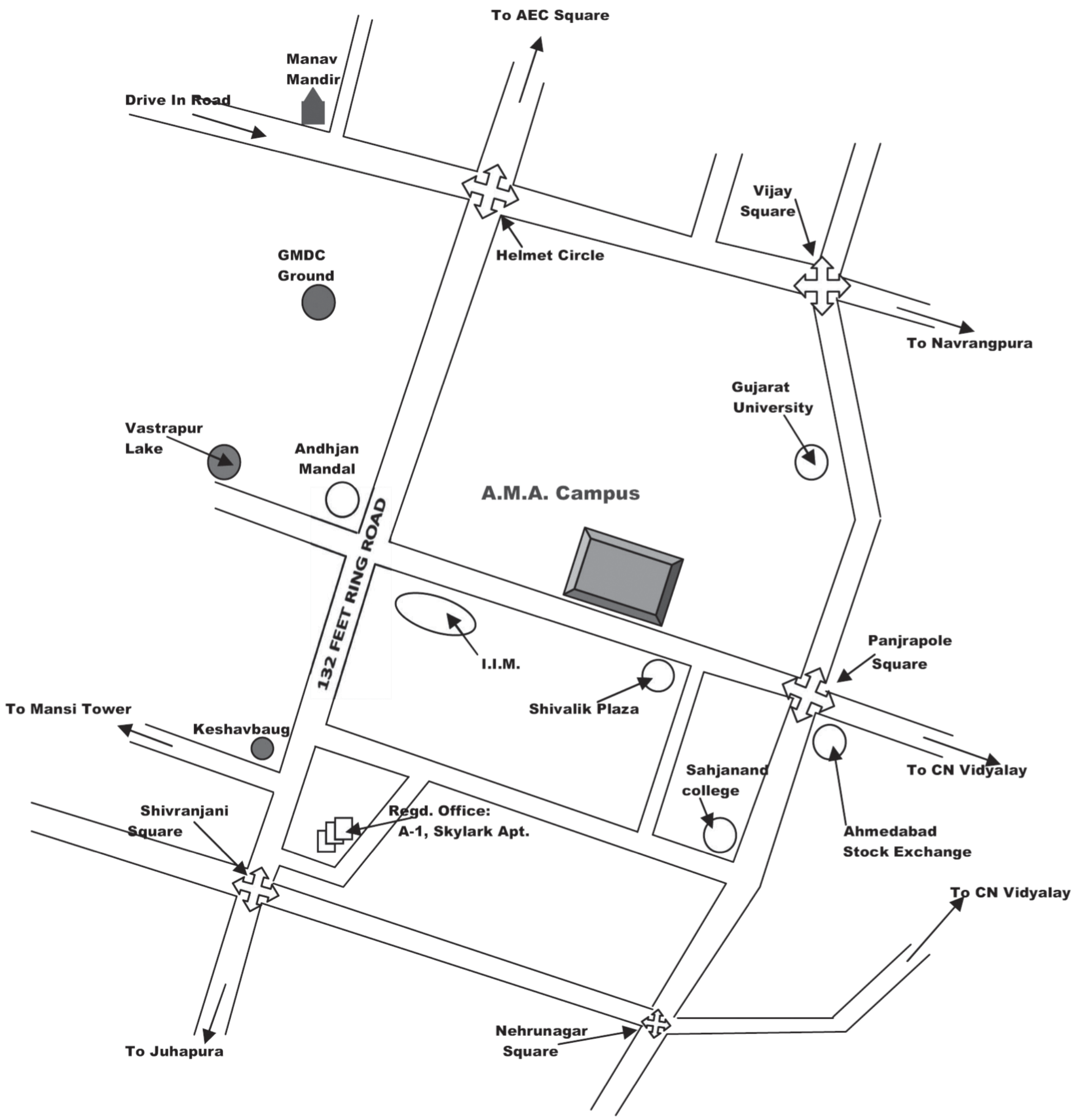
3 Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.

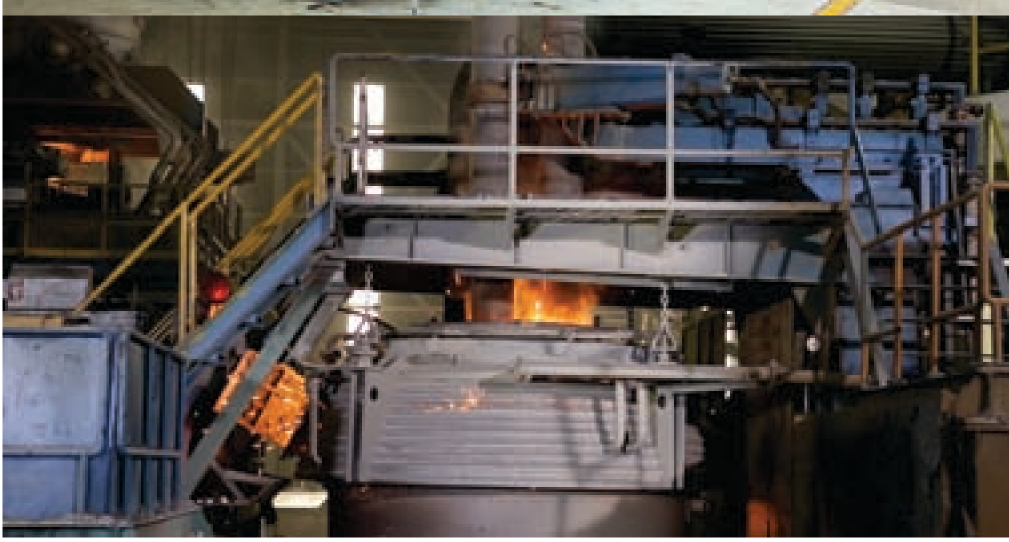
4 Please complete all details including details of member(s) in the above box before submission.

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





Melting equipments for Steel Plants & Foundries

Continuous Casting Machine

Metal Refining Konverter & Electrotherm Refining Furnace

Pollution Control Equipment

Arc Furnace

Induction Heating Equipment

Coal Based DRI Plant & Power Plants (WHR)

Steel & Stainless Steel

Ductile Iron Pipe

Transmission Line Tower

Transformers

Electric Bikes & Electric Rikshaw

ELECTROTHERM INDIA LIMITED

REGISTERED OFICE: A-1 Skylark Apartment, Satellite Road
Satellite, Ahmedabad-380015, Gujarat (India)

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

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www.electrotherm.com CIN: L29249GJ1986PLC009126

ELECTROTHERM®
Engineering & Projects Division

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