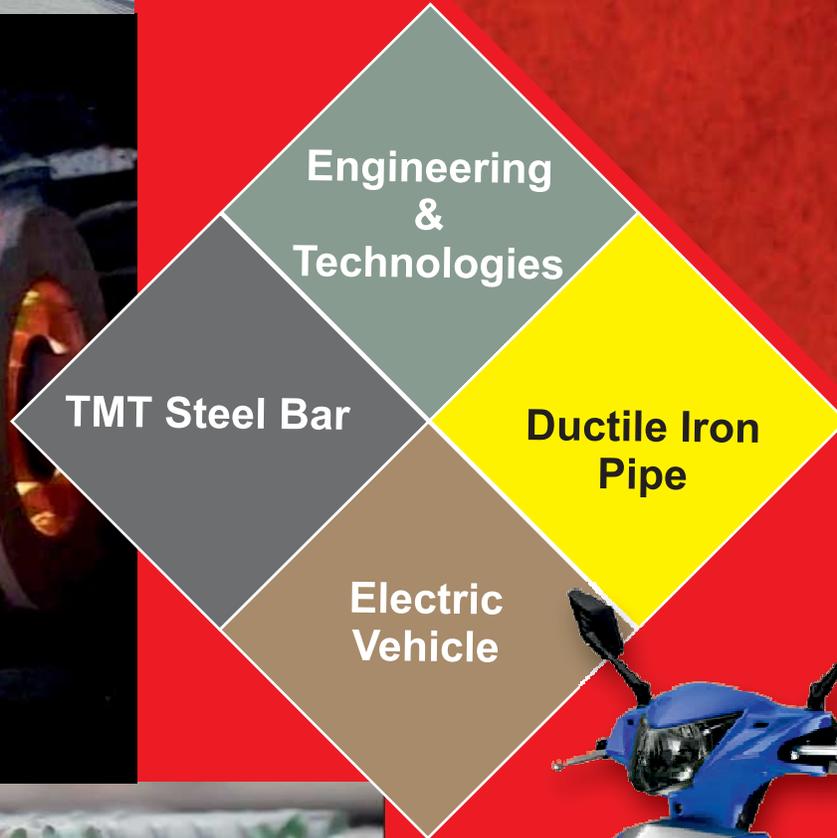


**ELECTROTHERM<sup>®</sup>**

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



**33<sup>rd</sup>** ANNUAL REPORT  
**2018-19**



## CORPORATE INFORMATION

### Board of Directors

Mr. Mukesh Bhandari	Chairman
Mr. Shailesh Bhandari	Managing Director
Mr. Siddharth Bhandari	Whole Time Director
Mr. Dinesh Mukati	Independent Director
Mr. Pratap Mohan	Independent Director
Mr. Arun Kumar Jain	Independent Director
Ms. Nivedita Sarda	Independent Director

### Key Managerial Personnel

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

### Auditors

Hitesh Prakash Shah & Co.	Statutory Auditors
Bharat Prajapati & Co.	Secretarial Auditor
V. H. Savaliya & Associates	Cost Auditor
RSM Astute Consulting (Guj.) Pvt. Ltd.	Internal Auditor

### Banks / Financial Institutions

Edelweiss Asset Reconstruction Company Limited  
 Invent Assets Securitisation & Reconstruction Pvt. Ltd.  
 Rare Asset Reconstruction 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

### 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

### Registrar & Transfer Agent

Link Intime India Private Limited  
 5<sup>th</sup> Floor, 506 to 508, Amarnath Business Centre-I, Beside Gala  
 Business Centre, Nr. St. Xavier's College Corner, Off. C G Road,  
 Navrangpura, Ahmedabad - 380 009  
 Tel No. & Fax. No. : +91-79-2646 5179  
 Email : ahmedabad@linkintime.co.in  
 Website: www.linkintime.co.in

### 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

**CONTENTS**

<b>Particulars</b>		<b>PAGE NO.</b>
<b>1.</b>	Chairman's Message to Stakeholders	03
<b>2.</b>	Notice of Annual General Meeting	04
<b>3.</b>	Boards' Report	08
<b>4.</b>	Management Discussion and Analysis Report	32
<b>5.</b>	Report on Corporate Governance	36
<b>6.</b>	Standalone Financial Statements	52
<b>7.</b>	Consolidate Financial Statements	111
<b>8.</b>	Attendance Slip & Proxy Form	171

## CHAIRMAN'S MESSAGE

Dear Shareholders,

The evolution of Steel making through Induction Furnace (IF) Route in India is extremely interesting and needs a relook at this critical juncture, when India is at an inflexion point in terms of new capacity creation and steel production. The Country recently overtook Japan to become the 2<sup>nd</sup> Largest Steel Producing Nation and is looking to build a total Steelmaking Capacity of 300 Million Tons by 2030.



Steelmaking through Induction Furnace Route was introduced in early 80s when India's Steel production was barely 10–15 MTPA, mostly through Blast Furnace (BF) – Basic Oxygen Furnace (BOF) route. Since then, India's production increased about 10 times, out of which a good portion of the capacity addition happened through Induction Furnace Route – around 30 Million Ton out of 95 Million Ton of capacity addition. Today, about 30% of India's steel production comes from Induction Furnace Route while balance is produced through BF-BOF and Electric Arc Furnace Routes. However, major capacity addition through IF route has happened in last 5 – 10 years, when appropriate technologies and processes have evolved for making this route competent and capable on quality, cost and environmental aspects.

Not only has the size of an Induction Furnace increased from 3 Tons in mid 80s to 60 Tons currently, the power density has also increased substantially. Such gradually increasing Furnace capacity, together with drastic improvement in efficiency of the Induction Furnace has made the operating cost as competitive as any other route, in fact more competitive than EAF route. As more and more Sponge Iron capacity has been added in the Country, Scrap which was the primary raw material for this route, has majorly been replaced by Sponge Iron, especially in Iron Ore Belts.

Almost 60% of the Steel produced through Induction Furnace Route in the Country is produced using Sponge Iron. Also, with a sizeable Pelletisation capacity in the Country of 100 MTPA by 2020, which is further expected to increase to about 250 MTPA by 2030, and the draft of Scrap Policy of Ministry of Steel already in place, raw material availability will not be a problem for the Induction Furnace Route in the foreseeable future.

The technological challenges, specifically with reference to reducing Sulphur and Phosphorus in Steel produced through IF route aggravated due to higher usage of Sponge Iron, has also been resolved fully. The Invent of improvised version of Ladle Refining Furnace (LRF), with appropriate process has eventually made it possible to reduce Phosphorus, besides Sulphur, Gas and Solid Inclusions, enabling integrated route of IF – LRF to produce Construction Grade Steel, whose quality is absolutely at par (in terms of chemical composition and physical & mechanical properties) with BF-BOF or EAF route for TMT bars and other long products like Angles & Channels.

Direct rolling of hot billets from Continuous Casting Machine without cooling and reheating, a Novel Concept adopted in 2012 with availability of High Speed Casters, further revolutionized IF based Steelmaking.

An Integrated Plant based on Induction Furnace Route, comprising of Beneficiation-Pelletisation-Sponge Iron- Power Generation-IF-LRF and Rolling Mill of 1MT capacity will only cost Rs.2500 Crores as against a CAPEX of Rs.6000 Crores per Million needed to commission a plant through the BF-BOF route.

Under these circumstances, wherein integrated IF – LRF route offers several distinct advantages over BF-BOF-LRF or EAF-LRF route, for Construction Grade Steelmaking on one hand and Government of India committed to put the Country on its fastest ever growth path over next one decade or so on the other hand, IF – LRF technology is ideally positioned to contribute maximum in this Steel Journey of the Country. Considering Government of India's intent to spend about Rs.100 Lakh Crores on Infrastructure Development, with intense focus on development of roads & highways, railways, airports, seaports, smart cities, and 1.95 crore houses to be built by the Government in next 2 years and many more Steel-Intensive Projects initiated during last five years, it becomes evident that India will have an installed capacity of 300 MTPA for Steelmaking and actual production in excess of about 255 MTPA by financial year 2030. This is also envisaged by National Steel Policy 2017 of India.

About 40% Steel products are consumed by Construction and Infrastructure Sectors, which is expected to reach 60% by 2030. Therefore, it would be prudent that an atmosphere is created where almost complete Housing Construction and Critical Infrastructure Sectors' requirements are met by Steel produced through Integrated Route of IF – LRF conforming to BIS norms, while Flat Products for automobiles, white goods, electrical grades and other value added grades are produced by Integrated BF-BOF/EAF based plants.

Considering current balance between the three processes of Steelmaking in India, capability of Integrated IF – LRF route to meet all BIS quality norms, lower CAPEX and OPEX, difficulties in getting coking coal for BF, and considerably long gestation period needed for building BF-BOF and EAF based steelmaking plants, we see no reason, why a substantial portion of the new capacity to be added for long products, over the next 10 years, should not be through the Integrated IF-LRF Route.

In view of the above, we believe that the Engineering and Projects Division, which is a major supplier to the Steel Industry, will continue to grow at a rapid pace even from here. Newer products like LRF, APCS and Scrap Processing Machines are expected to contribute more to the total sales of the E&P division starting this year.

The Steel & Pipe Division of the Company continues to do well. ET TMT, the TMT brand of Company, has further consolidated its market share in Gujarat and continues to command a Price Premium. The Company has, during the year, received approvals from a few Key Government Organizations for supply of TMT. This should augur well as Company commissioned its third TMT Rolling Mill. The Company is seeing more demand coming for its TMT products from the fast growing Infrastructure Sector. The Pipe Division also sustained its performance during the year with an increased focus on Exports.

The Company has achieved an overall increase of 32% in its gross consolidated sales and an increase of 97% in its EBIDTA over last year. The gross consolidated sales touched Rs.4681 Crores during the year. The cash flow generated from operations is allowing the Company to meet all its banking repayment obligations.

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

**Mukesh Bhandari**  
Chairman  
(DIN: 00014511)

## NOTICE

NOTICE is hereby given that the **33<sup>rd</sup> Annual General Meeting** of Members of **Electrotherm (India) Limited** will be held on Monday, 30<sup>th</sup> September, 2019 at 11.00 a.m. at Ahmedabad Management Association (AMA), ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380015 to transact the following business :

### ORDINARY BUSINESS:

1. To consider and adopt audited standalone and consolidated financial statements of the Company for the financial year ended on 31<sup>st</sup> March, 2019 together with report of Board of Directors and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Siddharth Bhandari (DIN : 01404674), 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 31<sup>st</sup> March, 2020:

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 ₹ 2,00,000 (Rupees Two Lakhs Only) to M/s V. H. Savaliya & Associates, Cost Accountants (Membership No.13867) for conducting the audit of cost records of the Company for the financial year ending on 31<sup>st</sup> March, 2020.”

By Order of the Board  
For Electrotherm (India) Limited

Date : 31<sup>st</sup> August, 2019

Place: Palodia

### Registered Office:

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

**Fageshkumar R. Soni**  
Company Secretary

### NOTES:

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

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

CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER MEMBER.

2. A body corporate intending to send their authorized representative(s) to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of resolution of the Board of Directors or other governing body authorizing such representative(s) to attend and vote on their behalf at the Meeting.
3. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to special business in respect of Item No. 3 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 7<sup>th</sup> 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 31<sup>st</sup> Annual General Meeting, held on 5<sup>th</sup> September, 2017 for a period of five years.
7. Members are requested to bring their copy of the Annual Report to the Meeting.
8. There is no money lying to unpaid / unclaimed dividend account pertaining to any of the previous years with the Company. As such the Company is not required to transfer such amount to the Investor Education and Protection Fund established by the Central Government.
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](http://www.electrotherm.com) as well as website of the Investor Education and Protection Fund Authority, Ministry of Corporate Affairs (MCA) [www.iepf.gov.in](http://www.iepf.gov.in).
10. Electronic copy of the Notice convening the 33<sup>rd</sup> AGM of the Company, Annual Report along with Attendance Slip and Proxy Form are being sent to the members who have registered their email ids with the Company/Depository Participant(s), RTA. For members who have not registered their email ids, physical copies of the aforementioned documents are being sent in

**NOTICE**

the permitted mode. Also the copy of full Annual Report 2018-2019 is available on the Company's website viz. [www.electrotherm.com](http://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) working 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. Monday, 23<sup>rd</sup> September, 2019.
16. Mr. Arvind Gaudana, Practising Company Secretary of M/s Gaudana & Gaudana 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 electronic voting system or 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 electronic voting system or ballot or polling 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](http://www.electrotherm.com). The Company shall simultaneously forward the result to BSE Limited (BSE), National Stock Exchange of India Limited (NSE) and CDSL website where the Equity Shares of the Company are listed.

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

The instructions for members for voting electronically are as under:

- (i) The voting period begins on Friday, 27<sup>th</sup> September, 2019 at 9:00 a.m. and ends on Sunday, 29<sup>th</sup> September, 2019 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 Monday, 23<sup>rd</sup> September, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

**NOTICE**

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

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

(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](http://www.evotingindia.com) and register themselves as Corporates.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- After receiving the login details, user would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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

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

Name 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](mailto:helpdesk.evoting@cdslindia.com)

Phone No. : 1800225533

## NOTICE

## 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 28<sup>th</sup> May, 2019, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. V. H. Savaliya & Associates, Cost Accountants (Membership No.13867), Ahmedabad, to conduct the audit of the cost accounting records of the Company for the financial year ending on 31<sup>st</sup> March, 2020 at a remuneration of ₹ 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 Auditor for the financial year ending on 31<sup>st</sup> March, 2020.

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.

By Order of the Board  
For Electrotherm (India) Limited

Fageshkumar R. Soni  
Company Secretary

Date : 31<sup>st</sup> August, 2019  
Place: Palodia

**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**

<b>Name of Director</b>	<b>Mr. Siddharth Bhandari</b>
Director Identification Number (DIN)	01404674
Age	37 years
Date of First Appointment on the Board	26/04/2017
Qualification	BE (Electrical) & MS in Power Engineering
Experience / Expertise in functional areas	He is having 10 years of experience in the field of renewable Energy, manufacturing of Transformers, Transmission Line towers and Electric Vehicle
Terms and conditions of appointment / re-appointment	He retires by rotation at 33 <sup>rd</sup> AGM and being eligible offers himself for re-appointment.
Remuneration sought to be paid and the remuneration last drawn	NIL
No. of Shares held in the Company	65100
Relationship with other Directors, Manager and other KMP	Mr. Siddharth Bhandari is a son of Mr. Mukesh Bhandari
Number of Meetings of the Board held & attended during the year	6/6
Directorships held in other public companies (excluding foreign companies and Section 8 companies)	1. Etain Renewables Limited 2. Electrotherm Solar Limited 3. ET Elec-Trans Limited 4. Etain Electric Vehicles Limited 5. Etain Energy Holdings Limited
Memberships / Chairmanships of committees of other public companies (excluding foreign companies and Section 8 companies)	None

## BOARDS' REPORT

To,  
The Members  
**Electrotherm (India) Limited**

Your Directors have pleasure in presenting the 33<sup>rd</sup> Annual Report on the business and operations of the Company and Audited Financial Statements for the year ended on 31<sup>st</sup> March, 2019.

### 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 standalone financial performance of the Company for the year ended on 31<sup>st</sup> March, 2019 is summarized below:

(₹ In Crores)

Particulars	2018-2019	2017-2018
Total Income	3475.75	2778.23
Total Expenses	3334.98	2767.03
<b>Profit / (Loss) before Exceptional Items and Tax</b>	<b>140.77</b>	<b>11.20</b>
Less : Exceptional Items	-	-
<b>Profit / (Loss) before Tax</b>	<b>140.77</b>	<b>11.20</b>
Less: Tax Expenses	-	-
<b>Profit / (Loss) for the Year</b>	<b>140.77</b>	<b>11.20</b>
Share of Profit of Joint Venture	0.02	0.00
<b>Profit after share of Joint Venture</b>	<b>140.79</b>	<b>11.20</b>
Other Comprehensive Income	(1.35)	0.58
<b>Total Comprehensive Income</b>	<b>139.44</b>	<b>11.78</b>

### 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 Vehicles, Transformers, Transmission Line Towers etc.

During the year ended on 31<sup>st</sup> March, 2019, the total income of the Company was ₹ 3475.75 Crores compared to ₹ 2778.23 Crores of previous financial year. The net profit for the current financial year was ₹ 140.77 Crores as compared to profit ₹ 11.20 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 31<sup>st</sup> March, 2019.

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

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

### CONSOLIDATED FINANCIAL STATEMENTS:

The Consolidated financial statements of the Company for the financial year 2018-2019 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 31<sup>st</sup> March, 2019:

1. Hans Ispat Limited
2. Electrotherm Services Limited (erstwhile known as 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](http://www.electrotherm.com).

During the financial year 2018-2019, none of the companies have become or ceased to be subsidiaries, joint ventures or associate companies.

**BOARDS' REPORT****NUMBER OF BOARD MEETINGS:**

During the financial year 2018-2019, Six (6) 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. Siddharth Bhandari (DIN: 01404674), retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

❖ **Appointment of Directors:**

During the year, at the 32<sup>nd</sup> Annual General Meeting held on 28<sup>th</sup> September, 2018, the members of the Company regularized/approved the appointment of Mr. Arun Kumar Jain (DIN: 07563704) and Ms. Nivedita Sarda (DIN: 00938666) as a Non-Executive Independent Directors of the Company to hold office for five (5) consecutive years, with effect from 19<sup>th</sup> January, 2018 and 25<sup>th</sup> May, 2018 respectively.

❖ **Cessation of Directors:**

Mr. Avinash Bhandari (DIN: 00058986), Joint Managing Director & CEO retired by rotation at the 32<sup>nd</sup> AGM as he was not re-appointed and as such, he ceased to be a Director as well as Joint Managing Director and CEO of the Company with effect from 28<sup>th</sup> September, 2018.

Ms. Sheetal Manhas (DIN: 07439658) as nominated by M/s. Invent Assets Securitisation & Reconstruction Pvt. Ltd. (Invent), the Secured Creditor of the Company, was appointed as a Nominee Director in the category of Non-Executive Additional Director of the Company with effect from 14<sup>th</sup> August, 2018 and hold office upto the date of 32<sup>nd</sup> Annual General Meeting of the Company. However, she was not appointed as Nominee Director at the 32<sup>nd</sup> AGM and she ceased to be a Nominee Director of the Company with effect from 28<sup>th</sup> September, 2018.

The Board places on record its appreciations for the services rendered by Mr. Avinash Bhandari (DIN: 00058986) as a Director / Joint Managing Director & CEO of the Company and as a Member of various Committees during his tenure. The Board also places on record its appreciations for the services rendered Ms. Sheetal Manhas (DIN: 07439658) as a Nominee Director of the Company.

❖ **Key Managerial Personnel:**

During the year 2018-2019, the Board of Directors of the Company, in their meeting held on 4<sup>th</sup> July, 2018 approved the change of designation of Mr. Mukesh Bhandari from 'Chairman & Managing Director' to 'Chairman'.

At the 32<sup>nd</sup> Annual General Meeting held on 28<sup>th</sup> September, 2018, the members of the Company has not re-appointed Mr. Avinash Bhandari (DIN: 00058986) as a Director and as such he ceased to be a Jt. Managing Director & CEO of the Company.

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

❖ **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; and they have complied with the code of conduct for Independent Directors prescribed in Schedule IV of the Companies Act, 2013.

❖ **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 Nomination and remuneration Committee has carried out the annual evaluation of performance of the Board and its Committee and the Board of Directors has carried out the annual evaluation of the performance of individual directors. The manner in which the evaluation was carried out is provided in the Corporate Governance Report, which is part of this Annual Report.

❖ **Nomination and Remuneration Policy**

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

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT:**

Particulars of investments made, 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](http://www.electrotherm.com). The composition and terms of reference of the Committee are detailed in the enclosed Corporate Governance Report.

Since the Company has incurred losses, the Company is not required to incur any expenditure on CSR activities for the financial year 2018-2019. 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.

## BOARDS' REPORT

### RELATED PARTY TRANSACTIONS:

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

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

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

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

The details of transaction with related parties for the financial year ended on 31<sup>st</sup> March, 2019 is given in Note No. 38 of the financial statements which is part of this Annual Report of the Company.

### FIXED DEPOSIT:

During the financial year 2018-19, the Company has not accepted any deposit within the meaning of section 73 to 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. Further there are no outstanding deposits as on 31<sup>st</sup> March, 2019.

### 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 31<sup>st</sup> March, 2019, 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 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 31<sup>st</sup> Annual General Meeting held on 5<sup>th</sup> September, 2017 for a term of five (5) years

beginning from the conclusion of the 31<sup>st</sup> Annual General Meeting till the conclusion of the 36<sup>th</sup> Annual General Meeting, subject to 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 7<sup>th</sup> 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 ratification 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 33<sup>rd</sup> Annual General Meeting.

#### ❖ Auditors' Report:

In the Independent Auditors' Report for the year ended on 31<sup>st</sup> March, 2019, 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) amounting to ₹ 124.31 Crores for the financial year 2018-2019 and total amount of ₹ 876.35 Crores upto 31<sup>st</sup> March, 2019, 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 Auditor, to conduct the cost audit of the Company for the financial year ending on 31<sup>st</sup> March, 2020, 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.

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.

#### ❖ 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

**BOARDS' REPORT**

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, the Board of Directors submits as under:

- (a) With regard to delay in filing of Cost Audit Report, the Company will ensure to file Cost Auditors Report within the time period as prescribed under the Act.
- (b) With regard to optimum combination of executive and Non-Executive Directors with at least one Woman Director, comprising half Board with Independent Directors, filling up the intermitted vacancy of Woman Director and Independent Director, the same could be not be done immediately due to pending approval of the Board of Directors.
- (c) With regard to non-reconstitution of Audit Committee, the same could not be immediately reconstituted due to pending approval of the Board of Directors. Also, the NSE has considered the application for waiver of fine favourably and application for waiver of fine is in process at BSE.
- (d) With regard to issue of duplicate share certificate, one of the Executive Director had filed his compliant before the SEBI. Thereafter, he also filed a special civil application before the Hon'ble High Court of Gujarat on the ground that no action was taken by SEBI. The Hon'ble Gujarat High Court vide its order dated 26<sup>th</sup> March, 2019 directed SEBI to decide representation within a period of four weeks. The Board of Directors of the Company in their meeting held on 28<sup>th</sup> May, 2019, decided with majority that the duplicate share certificate will be issued if the Company does not receive a restrain order of SEBI or any statutory authority within 15 days from the date of said Board Meeting. On 22<sup>nd</sup> June, 2019, the Company has issued duplicate share certificates.
- (e) With regard to delay in circulation of draft minutes of the Board Meetings within the prescribed time period, the company will ensure to circulate draft minutes within the time line.

**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.

At the beginning of the year, the Audit Committee comprised of Mr. Pratap Mohan, Independent Director (Chairman of Audit

Committee), Mr. Dinesh Mukati, Independent Director (Member) and Mr. Avinash Bhandari, Joint Managing Director & CEO (Member). At the 32<sup>nd</sup> Annual General Meeting (AGM) of the Shareholders of the Company held on Friday, 28<sup>th</sup> September, 2018, the resolution for re-appointment of Mr. Avinash Bhandari (retired by rotation) was not passed with requisite majority. As such, he ceased to be a Director of the Company and consequently he also ceased to be a Member of the Audit Committee.

The Board of Directors of the Company, in their meeting held on 14<sup>th</sup> November, 2018 reconstituted Audit Committee consisting with (i) Mr. Pratap Mohan, Independent Director (Chairman of Audit Committee), (ii) Mr. Dinesh Mukati, Independent Director (Member), (iii) Ms. Nivedita Sarma, Independent Director (Member) and (iv) Mr. Siddharth Bhandari, Whole-time Director (Member).

The National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) have imposed penalty for non-compliance of provisions of Regulation 18(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI Regulations') for the quarter ended on 30<sup>th</sup> September, 2018 and 31<sup>st</sup> December, 2018. The Company, by way of abundant pre-caution and without accepting the non-compliance and imposition of fine for alleged non-compliance of Regulation 18(1) of the SEBI Regulations for the quarter ended 30<sup>th</sup> September, 2018 and 31<sup>st</sup> December, 2018, remitted ₹ 4,720/- and ₹ 1,03,840/- to NSE & BSE respectively. The NSE vide its letter dated 11<sup>th</sup> April, 2019, informed the Company that the relevant committee of the NSE have examined request and considered application for waiver of fine favorably. The Company has not received further communication from the BSE.

**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 impact the operations 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 which may impact company's operations in future as mentioned in Note No. 33 of the standalone financial statements which is part of this Annual Report 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

## BOARDS' REPORT

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

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

### EXTRACT OF ANNUAL RETURN:

Pursuant to section 143(3)(a) and section 92(3) of the Companies Act, 2013, the extract of the Annual Return in Form No. MGT-9 is annexed herewith as "Annexure – F" and forms part of this report and same is also available on the website of the Company at [www.electrotherm.com](http://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.

### SECRETARIAL STANDARDS:

During the year under review, the Company has complied with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India.

### OTHER DISCLOSURES:

- During the year 2018-19, there was no change in authorized share capital, subscribed and paid-up share capital of the Company. Also, there was no reclassification/sub-division in authorized share capital of the Company.
- There was no reduction of share capital or buy back of shares or change in capital traction resulting from restructuring.
- The Company has not issued equity shares with differential rights as to dividend, voting or otherwise.
- The Company has not issued sweat equity shares to its directors or employees.
- The Company does not have any Employees Stock Option Scheme for its Employees/Directors.

- During the year 2018-19, the Company has not made allotment of any securities as such, the requirement for obtaining credit rating was not applicable to the company.
- There is no money lying to unpaid / unclaimed dividend account pertaining to any of the previous years with the Company. As such the Company is not required to transfer such amount to the Investor Education and Protection Fund established by the Central Government.
- The Auditors has not reported any frauds under sub-section (12) of Section 143 of the Companies Act, 2013.
- 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.
- Mr. Siddharth Bhandari, one of the Promoter and Whole-time Director and Dr. Rakesh Bhandari, one of the Promoter of the Company has filed two separate petitions before the Hon'ble National Company Law Tribunal, Ahmedabad ("NCLT") under section 149, 150, 152, 159 and 176 of the Companies Act, 2013 inter alia, for declaring the appointment of four independent directors as null and void from their respective dates of appointment being violative of provisions of section 149 and 150 and other related provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014. All the parties have filed their reply / rejoinder and now the petition is pending before the Hon'ble NCLT for hearing.
- Mr. Mukesh Bhandari – Chairman & Promoter, Mr. Siddharth Bhandari – Whole-time Director & Promoter and Dr. Rakesh Bhandari, Promoter of the Company has filed petition before the Hon'ble National Company Law Tribunal, Ahmedabad ("NCLT") under section 241-242 of the Companies Act, 2013 against the Company, Mr. Shailesh Bhandari & Others inter alia, for removal of Mr. Shailesh Bhandari from the Board and investigation into the ownership of shares by some of the shareholders. The petition is pending before the Hon'ble NCLT for admission as well as maintainability. The financial implication of this petition is not ascertainable at this point of time.

### 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**

Place : Palodia  
Date : 31<sup>st</sup> August, 2019

**Shailesh Bhandari**  
Managing Director  
(DIN: 00058866)

**Pratap Mohan**  
Independent Director  
(DIN: 03536047)

ANNEXURE TO THE BOARDS' REPORT

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	31/12/2018	RMB	2.06	(2.67)	0.37	1.60	0.62	0.01	(0.03)	-	(0.03)	-	100.00
2	Jinhua Jahari Enterprises Limited #	26/06/2007	31/12/2018	RMB	0.54	1.76	5.54	3.24	-	24.05	0.91	-	0.83	-	-
3	ET Elec-Trans Limited	27/11/2008	31/03/2019	INR	0.90	(1.48)	0.00	0.58	-	-	-	-	-	-	80.49
4	Hans Ispat Limited	01/06/2010	31/03/2019	INR	36.42	(121.78)	85.14	170.62	0.12	585.25	0.20	-	0.10	-	100.00
5	Electrotherm Services Limited (erstwhile known as Shree Hans Papers Limited)	01/06/2010	31/03/2019	INR	0.35	(3.54)	0.30	4.18	0.69	-	-	-	-	-	100.00
6	Shree Ram Electro Cast Limited	20/05/2010	31/03/2019	INR	8.19	(23.96)	25.77	41.55	0.01	-	(3.22)	-	(3.22)	-	95.00*

Exchange Rate as on 31/03/2019 1 RMB = ₹ 10.35

1. Electrotherm Services Limited (erstwhile known as Shree Hans Papers Limited) is 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. There is no subsidiary 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 Electrotherm Services Limited (erstwhile known as 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**

(₹ in Crores)

Name of Joint Ventures	Bhaskarpara Coal Company Limited
1. Latest audited Balance Sheet Date	31/03/2019
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 ₹ 10 each
- Amount of Investment in Joint Venture	₹ 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	₹ 6.93
7. Profit / (Loss) for the year	0.02
(i) Considered in Consolidation	0.01
(ii) Not Considered in Consolidation	0.01

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

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

**Shailesh Bhandari**  
Managing Director  
(DIN: 00058866)

**Pratap Mohan**  
Independent Director  
(DIN: 03536047)

Place : Palodia  
Date : 31<sup>st</sup> August, 2019

**Pawan Gaur**  
Chief Financial Officer

**Fageshkumar R. Soni**  
Company Secretary

## ANNEXURE TO THE BOARDS' REPORT

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

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

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

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

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

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

1. Mr. Shailesh Bhandari - Chairman
2. Mr. Pratap Mohan - Member
2. Mr. Siddharth Bhandari - Member

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

The Company has incurred losses during three immediately preceding financial years

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

Not Applicable

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

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

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

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

Place : Palodia  
Date : 31<sup>st</sup> August, 2019

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

**Pratap Mohan**  
Independent Director  
(DIN: 03536047)

**ANNEXURE TO THE BOARDS' REPORT**
**ANNEXURE – C  
FORM NO. MR-3**
**SECRETARIAL AUDIT REPORT**
**FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2019**

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

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

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

Based on my verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2019** ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Electrotherm (India) Limited** for the financial year ended on **31<sup>st</sup> March, 2019** 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 and amendment thereof;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the amendment thereof;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (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, 2018 (Not applicable to the Company during the Audit Period);
- (vi) Following laws specifically applicable to the Company:-
  1. Air (Prevention and Control of Pollution) Act, 1981 and the rules and standards made thereunder;
  2. Water (Prevention and Control of Pollution) Act, 1974 and Water (Prevention and Control of Pollution) Rules, 1975;
  3. Environment Protection Act, 1986 and the rules, notifications issued thereunder;
  4. Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008
  5. Motor Vehicles Act, 1988 to the extent of product certification before production and from time to time primarily in respect of vehicles manufactured by the Company.

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

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

## ANNEXURE TO THE BOARDS' REPORT

- (a) *Cost Audit Report was not filled by the Company within the period prescribed under the section 148(6) of the Companies Act, 2013 read with Rule 6(5) of the Companies (Cost Records and Audit) Rules, 2014.*
- (b) *The optimum combination of Executive and Non-Executive Directors were not as per provisions of section 149(1) of the Companies Act, 2013 and Regulation 17(1)(a) & (b) of the SEBI (LODR) Regulations, 2015 with at least one Woman Director and half of the Board of Directors had not comprised of Independent Directors for the period from 8<sup>th</sup> February, 2018 to 24<sup>th</sup> May, 2018 and intermittent vacancy of Woman Director was not filled within time specified under Rule 3 of the Companies (Appointment and Qualification of Directors Rules, 2014 i.e. upto 6<sup>th</sup> May, 2018.*
- (c) *Intermittent vacancy of Independent Director caused by resignation of Woman Independent Director was not filled up within time as specified under Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 25(6) of the SEBI (LODR) Regulations, 2015 i.e. upto 6<sup>th</sup> May, 2018.*
- (d) *The composition of Audit Committee was not as per the provisions of Section 177 of the Companies Act, 2013 and Regulation 18(1) of the SEBI (LODR) Regulations, 2015 for the period from 28<sup>th</sup> September, 2018 to 13<sup>th</sup> November, 2018. BSE and NSE has issued the notices and imposed fine for non-composition of Audit Committee for the period from 28<sup>th</sup> September, 2018 to 13<sup>th</sup> November, 2018.*
- (e) *The Company has not issued duplicate share certificate within the time period prescribed under section 46 of the Companies Act, 2013 read with Rule 6(2)(c) of the Companies (Share Capital and Debentures) Rules, 2014 and Regulation 39(2) of the SEBI (LODR) Regulations, 2015 and Castleshine Pte Ltd. has filed complaint with SCORES, SEBI and NSE for delay in issuance of duplicate share certificate.*
- (f) *The draft minutes of the Board Meetings were not circulated to all the members of the Board within the time period prescribed under the clause 7.4 of the Secretarial Standard on meetings of the Board of Directors (SS-1).*

**I further report that**

Except the period mentioned above, 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, there was no specific events/actions having major bearing on the Company's affairs except the following:

- (a) Mr. Siddharth Bhandari, one of the Promoter and Whole-time Director and Dr. Rakesh Bhandari, one of the Promoter of the Company has filed two separate petitions before the Hon'ble National Company Law Tribunal, Ahmedabad ("NCLT") under section 149, 150, 152, 159 and 176 of the Companies Act, 2013 inter alia, for declaring the appointment of four independent directors as null and void from their respective dates of appointment being violative of provisions of section 149 and 150 and other related provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014. All the parties have filed their reply / rejoinder and now the petition is pending before the Hon'ble NCLT for hearing.
- (b) Mr. Mukesh Bhandari – Chairman & Promoter, Mr. Siddharth Bhandari – Whole-time Director & Promoter and Dr. Rakesh Bhandari, Promoter of the Company has filed petition before the Hon'ble National Company Law Tribunal, Ahmedabad ("NCLT") under section 241-242 of the Companies Act, 2013 against the Company, Mr. Shailesh Bhandari & Others inter alia, for removal of Mr. Shailesh Bhandari from the Board and investigation into the ownership of shares by some of the shareholders. The petition is pending before the Hon'ble NCLT for admission as well as maintainability. The financial implication of this petition is not ascertainable at this point of time.
- (c) Ministry of Corporate Affairs, Office of the Regional Director, North-Western Region, Ahmedabad has in October, 2018 initiated inspection of books of accounts and other records under section 206(5) of the Companies Act, 2013.

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

**Bharat Prajapati**  
Proprietor

Date : 31<sup>st</sup> August, 2019  
Place: Ahmedabad

F.C.S. NO. : 9416  
C. P. NO. : 10788

**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 TO THE BOARDS' 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 applicable laws such as direct and indirect tax laws and maintenance of financial records and books of account have not been review in this audit since the same have been subject to review by the statutory financial auditor, tax auditors and other designated Professionals.
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  
F.C.S. NO. : 9416  
C. P. NO. : 10788

Date : 31<sup>st</sup> August, 2019  
Place: Ahmedabad

## ANNEXURE TO THE BOARDS' REPORT

## ANNEXURE – D

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

## A. CONSERVATION OF ENERGY:

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

- Secondary air nozzle modification at CPP to improve combustion efficiency in Boiler Furnace in AFBC-1
- Secondary air nozzle modification at CPP to improve combustion efficiency in Boiler Furnace in AFBC-2
- Auto CBD valve installation in all boilers at CPP
- Vacuum improvement at CPP from -0.800KSC to -0.870KSC by chemical cleaning & water jetting of condenser tubes
- CPP AFBC-1 PA leg chute replacement for eliminating coal loss
- CPP AFBC-2 PA leg chute replacement for eliminating coal loss
- CPP AFBC-1 Bed temperature maintained in range 800 Deg C to 850 Deg C

## (ii) Awards received on Energy Conservation

- Rolling Mill is awarded 2<sup>nd</sup> prize for energy conservation by Ministry of Power, Government of India in 2018.
- CPP is awarded Best Boiler User Industry by SteamTech in 2018 organized by Saket Project and Gujarat Boiler Board.

## (iii) The Steps taken for utilizing alternate sources of energy

No step has been taken for utilizing alternate sources of energy

## (iv) 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	Secondary air nozzle modification to improve combustion efficiency in Boiler Furnace in AFBC-1	CPP	1.0	1.47 million	180727.34	kCal	Coal
2	Secondary air nozzle modification to improve combustion efficiency in Boiler Furnace in AFBC-2	CPP	1.0	1.47 million	179994.9	kCal	Coal
3	Auto CBD valve in-stallation in all boilers	CPP	1.5	1.51 million	177882.4	kCal	Coal
4	Vacuum improve-ment from -0.800KSC to -0.870KSC by chemical cleaning & water jetting of condenser tubes	CPP	14.1	8.09 million	954688.7	kCal	Coal
5	AFBC-1 PA leg chute replacement for eliminating coal loss	CPP	2.5	0.15 million	18589	kCal	Coal
6	AFBC-2 PA leg chute replacement for eliminating coal loss	CPP	2.5	0.15 million	18514	kCal	Coal
7	AFBC-1 Bed temperature maintained in range 800 Deg C to 850 DegC	CPP	0	0.18 million	23236	kCal	Coal

## ANNEXURE TO THE BOARDS' REPORT

### B. TECHNOLOGY ABSORPTION:

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

- Production of new grades of steel like Fe 550 & others application has been established in steel melting shop.
- Installation of new rolling mill – 2.
- Induction furnace pollution dust was collected from scrap based steel making plant which uses 90% scrap in charge mix. The collected pollution dust was characterized and found 30% Zn compounds in it. The dust sample was leached and then electrolyzed in NaOH alkaline medium solution. The process resulted in the recovery of 60 – 70% of Zn of purity 95%. The process can further developed and offered to end customer having scrap based SMS.
- Work Done in Metallurgical Testing Laboratory during the FY 2018-19
  - 1) For Grate Kiln Technology of pelletization, developed the binders other than bentonite to get cold crushing strength more than 500 Nm after drying and preheating of pellet to a temp of 1000 – 1100C.
  - 2) Lab scale trials on reduction of dried and preheated pellets were conducted to study the various parameters like reduction time, degree of metallization, strength after reduction, etc.

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

- Dowel Bars (Round Bars) is a new value added commercial product.
- Development of 40 mm diameter TMT Bars.
- Installation of 15 MW Captive Power Plant for low cost power generation.
- Development of TMT bars conforming to requirements of IS 13920:2016 para no. 5.3.

#### 2) Imported Technology: None

#### 3) Expenditure incurred on Research and Development: ₹ 5.49 Cr.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Foreign exchange Earning : ₹ 303.36 Cr.
2. Foreign Exchange Out Go : ₹ 300.84 Cr.

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

Place : Palodia  
Date : 31<sup>st</sup> August, 2019

**Shailesh Bhandari**  
Managing Director  
(DIN: 00058866)

**Pratap Mohan**  
Independent Director  
(DIN: 03536047)

## ANNEXURE TO THE BOARDS' REPORT

ANNEXURE – E  
PARTICULARS OF EMPLOYEESDisclosures 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 &amp; 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 2018-2019
1	Mr. Mukesh Bhandari	Chairman	4.93	As per Note (i)
2	Mr. Shailesh Bhandari	Managing Director	4.93	
3	Mr. Avinash Bhandari*	Jt. Managing Director & CEO	4.93	
4	Mr. Siddharth Bhandari	Whole-time Director	As per Note (ii)	As per Note (ii)
5	Mr. Dinesh Shankar Mukati#	Independent Director	1.23	Not Applicable
6	Mr. Pratap Mohan#	Independent Director	1.23	
7	Mr. Arun Kumar Jain#	Independent Director	1.23	
8	Ms. Nivedita Sarada#	Independent Director	0.41	
9	Mr. Pawan Gaur	Chief Financial Officer (CFO)	Not Applicable	NIL
10	Mr. Fageshkumar R. Soni	Company Secretary	Not Applicable	15.26

# Reflects sitting fees.

\* Mr. Avinash Bhandari, Jt. Managing Director &amp; CEO of the Company ceased to be Director with effect from 28th September, 2018.

**Note:**

- (i) The Company has received approval from Central Government pursuant to Section 196 and 197 of the Companies Act, 2013 for payment of remuneration of ₹ 1,50,000/- per month to Mr. Mukesh Bhandari, Mr. Shailesh Bhandari and Mr. Avinash Bhandari for the period from 1<sup>st</sup> February, 2017 to 31<sup>st</sup> January, 2020. During the year 2018-2019, there was no increase in remuneration.
  - (ii) During the year 2018-2019, the Company has received letter from the Central Government intimating the Company that the provisions of Section 196 and Section 197 of the Companies Act, 2013 were amended by the Companies (Amendment) Act, 2017 which have come into force with effect from 12th September, 2018 and as such, the application made to the Central Government under the provisions of Section 197 for payment of remuneration to Mr. Siddharth Bhandari, Whole-time Director shall abate. In view of the said letter, the Company has not paid any remuneration to Mr. Siddharth Bhandari, Whole-time Director, during the financial year 2018-2019.
2. The percentage increase in the median remuneration of employees in the financial year was 8.85%.
  3. There were 2352 permanent employees on the rolls of the company as on 31<sup>st</sup> March, 2019.
  4. The average annual increase in the salaries of the employees, other than managerial personnel was 10.58% whereas there was no increase/decrease in remuneration to the 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 ₹ 8.50 Lacs per month or ₹ 1.02 Crore per financial year. The statement containing the names of the top ten employees in terms of remuneration drawn as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate annexure forming part of this report. In terms of section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

For and on behalf of the Board of Directors  
Electrotherm (India) LimitedShailesh Bhandari  
Managing Director  
(DIN: 00058866)Pratap Mohan  
Independent Director  
(DIN: 03536047)Place : Palodia  
Date : 31<sup>st</sup> August, 2019

**ANNEXURE TO THE BOARDS' REPORT**

**ANNEXURE – F**  
**FORM NO. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31st March, 2019**  
**[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1)**  
**of the Companies (Management and Administration) Rules, 2014]**

**I. REGISTRATION AND OTHER DETAILS**

(i)	CIN	L29249GJ1986PLC009126
(ii)	Registration Date	29/10/1986
(iii)	Name of the Company	Electrotherm (India) Limited
(iv)	Category / Sub-Category of the Company	Company limited by shares Indian Non-Government Company
(v)	Address of the Registered of the Company and contact details	A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380015 Contact details: Tel: 02717-234553-7 / 660550 Fax: 02717-660600 Email: <a href="mailto:sec@electrotherm.com">sec@electrotherm.com</a>
(vi)	Whether listed company	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt. Ltd. 5 <sup>th</sup> Floor, 506 to 508, Amarnath Business Centre-I, Beside Gala Business Centre, Nr. St. Xavier's College Corner, Off. C G Road, Navrangpura, Ahmedabad - 380 009. Contact No. (079) 26465179 Fax No.(079) 26465179 E-mail : 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	27.18%
2	Steel	24100	71.91%

## 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 : Room B1116 Shenhua Building, No.1113 Danxi Rd, Jinhua, Zhejiang Province, China	NA	Step-down Subsidiary Company	100% by Jinhua Indus Enterprises Limited	Section 2(87)
3	Bhaskarpara Coal Company Limited Address: Crystal Tower, 1 <sup>st</sup> Floor, G. E. Road Opp. Minocha Petrol Pump, Telibandha Raipur, Chhattisgarh – 492006	U10100CT2008PLC020943	Subsidiary Company / 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	Electrotherm Services Limited (erstwhile known as 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 Electrotherm Services Limited (erstwhile known as 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	
<b>A.</b>	<b>Promoters</b>									
	<b>(1) Indian</b>									
	(a) Individual / HUF	2454625	0	2454625	19.26	2502825	0	2502825	19.64	0.38
	(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
	<b>Sub-Total (A)(1)</b>	<b>3429625</b>	<b>0</b>	<b>3429625</b>	<b>26.91</b>	<b>3477825</b>	<b>0</b>	<b>3477825</b>	<b>27.29</b>	<b>0.38</b>
	<b>(2) Foreign</b>									
	(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
	<b>Sub-Total (A)(2)</b>	<b>512500</b>	<b>0</b>	<b>512500</b>	<b>4.02</b>	<b>512500</b>	<b>0</b>	<b>512500</b>	<b>4.02</b>	<b>0</b>
	<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>3942125</b>	<b>0</b>	<b>3942125</b>	<b>30.94</b>	<b>3990325</b>	<b>0</b>	<b>3990325</b>	<b>31.31</b>	<b>0.38</b>
<b>B.</b>	<b>Public Shareholding</b>									
	<b>1. Institutions</b>									
	(a) Mutual Funds	0	9800	9800	0.08	0	9800	9800	0.08	0
	(b) Banks/ FI	0	100	100	0.00	44195	100	44295	0.35	0.35
	(c) Central Govt.	0	0	0	0	0	0	0	0	0
	(d) State Govt.(s)	0	0	0	0	0	0	0	0	0
	(e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
	(f) Insurance Companies	0	0	0	0	0	0	0	0	0
	(g) FIs	0	0	0	0	0	0	0	0	0
	(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
	(i) Others (Specify)	0	0	0	0	0	0	0	0	0
	Foreign Portfolio Investor	565128	0	565128	4.43	576093	0	576093	4.52	0.92
	<b>Sub-Total (B)(1)</b>	<b>565128</b>	<b>9900</b>	<b>575028</b>	<b>4.51</b>	<b>620288</b>	<b>9900</b>	<b>630188</b>	<b>4.95</b>	<b>0.44</b>

**ANNEXURE TO THE BOARDS' REPORT**

Category of Shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2.</b>	<b>Non-Institutions</b>									
	(a)	Bodies Corp.								
		(i) Indian	3523110	1700	3524810	27.66	3196667	1700	3198367	25.10 (2.56)
		(ii) Overseas	0	2000000	2000000	15.70	0	2000000	2000000	15.70 0
	(b)	Individuals								
		(i) Individual Shareholders holding nominal share capital upto ₹ 1 Lakh	1026094	31657	1057751	8.30	977499	28757	1006256	7.90 (0.40)
		(ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 Lakh	1200874	71200	1272074	9.98	1430327	71200	1501527	11.78 1.80
	(c)	Others (Specify)								
		Clearing Member	147222	0	147222	1.16	149563	0	149563	1.17 0.01
		Non-Resident Indians	138855	500	139355	1.09	162747	500	163247	1.28 0.19
		HUF	84449	0	84449	0.66	102541	0	102541	0.80 0.14
		Trust	0	0	0	0	0	0	0	0 0.00
		NBFC registered with RBI	0	0	0	0	0	800	800	0.01 0.01
		<b>Sub-Total (B)(2)</b>	<b>6120604</b>	<b>2105057</b>	<b>8225661</b>	<b>64.55</b>	<b>6020144</b>	<b>2102157</b>	<b>8122301</b>	<b>63.74 (0.82)</b>
		<b>Total Public Shareholder (B) = (B)(1) + (B)(2)</b>	<b>6685732</b>	<b>2114957</b>	<b>8800689</b>	<b>69.06</b>	<b>6640432</b>	<b>2112057</b>	<b>8752489</b>	<b>68.69 (0.38)</b>
<b>C.</b>	<b>Shares held by Custodian for GDRs &amp; ADRs</b>		<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Grand Total (A+B+C)</b>			<b>10627857</b>	<b>2114957</b>	<b>12742814</b>	<b>100.00</b>	<b>10630757</b>	<b>2112057</b>	<b>12742814</b>	<b>100.00 0.00</b>

**ANNEXURE TO THE BOARDS' REPORT**
**(ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Western India Speciality Hospital Ltd.	975000	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	----	81100	0.64	----	0.00
13	Siddharth Bhandari	48700	0.38	----	65100	0.51	----	0.13
14	Anurag Bhandari	44250	0.35	----	76050	0.60	----	0.25
	<b>Total</b>	<b>3942125</b>	<b>30.94</b>	<b>2.35</b>	<b>3990325</b>	<b>31.31</b>	<b>2.35</b>	<b>0.38</b>

**(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	Anurag Bhandari	At the beginning of the year				44250	0.35
		04/05/2018	16300	0.13	Purchase from Market	60550	0.48
		07/06/2018	15500	0.12		76050	0.60
		At the end of the year				76050	0.59
2	Siddharth Bhandari	At the beginning of the year				48700	0.38
		04/06/2018	16400	0.13	Purchase from Market	65100	0.51
		At the end of the year				65100	0.51

Except above, there was no change in Promoter's Shareholding.

**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	Castleshine PTE Limited	At the beginning of the year			1000000	7.85
		At the end of the year			1000000	7.85
2	Leadhaven PTE Limited	At the beginning of the year			1000000	7.85
		At the end of the year			1000000	7.85
3	Edelweiss Asset Reconstruction Company Ltd.	At the beginning of the year			1048074	8.22
		06/04/2018	(40334)	(0.32)	1007740	7.91
		20/04/2018	(15532)	(0.12)	992208	7.79
		01/06/2018	(100000)	(0.78)	892208	7.00
		At the end of the year			892208	7.00
4	Jagdishkumar Amrutlal Akhani	At the beginning of the year*			829350	6.51
		13/04/2018	(2000)	(0.02)	827350	6.49
		20/04/2018	(11500)	(0.09)	815850	6.40
		27/04/2018	13508	0.11	829358	6.51
		25/05/2018	15942	0.13	845300	6.63
		01/06/2018	(2150)	(0.02)	843150	6.62
		20/07/2018	3608	0.03	846758	6.65
		10/08/2018	(4000)	(0.03)	842758	6.61
		17/08/2018	(800)	(0.01)	841958	6.61
		29/09/2018	(12913)	(0.10)	829045	6.51
		05/10/2018	(5850)	(0.05)	823195	6.46
		12/10/2018	36564	0.29	859759	6.75
		26/10/2018	(5483)	(0.04)	854276	6.70
		04/01/2019	24749	0.19	879025	6.90
		18/01/2019	(3822)	(0.03)	875203	6.87
		25/01/2019	(28000)	(0.22)	847203	6.65
		01/02/2019	(30000)	(0.24)	817203	6.41
		15/02/2019	(1010)	(0.01)	816193	6.41
01/03/2019	(70000)	(0.55)	746193	5.86		
At the end of the year			746193	5.86		
5	Aspire Emerging Fund	At the beginning of the year			565128	4.43
		31/08/2018	(19035)	(0.15)	546093	4.29
		At the end of the year			546093	4.29
6	Arjun Leasing And Finance Pvt. Ltd.	At the beginning of the year			366340	2.87
		05/10/2018	(28311)	(0.22)	338029	2.65
		31/12/2018	31898	0.25	370018	2.90
		01/03/2019	773	0.01	370791	2.91
		At the end of the year			370791	2.91
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			219162	1.72
		22/02/2019	(2487)	(0.02)	216675	1.70
		15/03/2019	44480	0.35	261155	2.05
		22/03/2019	(5000)	(0.04)	256155	2.01
		At the end of the year			256155	2.01

**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		
9	Froid Finance & Investment Private Limited	At the beginning of the year			231250	1.81
		07/09/2018	(1000)	(0.01)	230250	1.81
		At the end of the year			230250	1.81
10	S J Infratech Private Limited	At the beginning of the year			230182	1.81
		01/06/2015	(6000)	(0.05)	224182	1.76
		31/08/2018	(16900)	(0.13)	207282	1.63
		At the end of the year			207282	1.63

Note :

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

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

Sr. No.	For each of the Directors and KMP	Date wise increase / decrease				Cumulative Shareholding	% of total share capital
		Date	Increase / Decrease	% of total share capital	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	Siddharth Bhandari (Whole-time Director)	At the beginning of the year				48700	0.38
		04/06/2018	16400	0.13	Purchase from Market	65100	0.51
		At the end of the year				65100	0.51
4	Dinesh Shankar Mukati (Independent Director)	At the beginning of the year				150	0.00
		06/12/2018	1000	0.01	Purchase from Market	1150	0.01
		17/12/2018	1000	0.01		2150	0.02
		09/01/2019	850	0.01		3000	0.02
		At the end of the year				3000	0.02
5	Pratap Mohan (Independent Director)	At the beginning of the year				100	0.00
		At the end of the year				100	0.00
6	Arun Kumar Jain (Independent Director)	At the beginning of the year				0	0.00
		At the end of the year				0	0.00
7	Nivedita R. Sarda (Independent Director)	At the beginning of the year				0	0.00
		At the end of the year				0	0.00
8	Pawan Gaur <sup>#</sup> (Chief Financial Officer)	At the beginning of the year				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

<sup>#</sup> 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

(₹ in Crores)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposit	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	2619.27	104.16	-	2723.42
(ii) Interest due but not paid	As per Note	As per Note	-	As per Note
(iii) Interest accrued but not due	As per Note	As per Note	-	As per Note
<b>Total (i+ii+iii)</b>	<b>2619.27</b>	<b>104.16</b>	<b>-</b>	<b>2723.42</b>
<b>Change in Indebtedness during the financial year</b>				
- Addition	-	-	-	-
- Reduction	(190.05)	(40.74)	-	(230.79)
<b>Net Change</b>	<b>(190.05)</b>	<b>(40.74)</b>	<b>-</b>	<b>(230.79)</b>
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	2429.22	63.41	-	2492.63
(ii) Interest due but not paid	As per Note	As per Note	-	As per Note
(iii) Interest accrued but not due	As per Note	As per Note	-	As per Note
<b>Total (i+ii+iii)</b>	<b>2429.22</b>	<b>63.41</b>	<b>-</b>	<b>2492.63</b>

Note: Loan accounts of the company have been classified as Non-Performing Assets by the Central Bank of India, Indian Overseas Bank and Standard Chartered Bank and the Bankers have not charged interest on the said accounts and therefore provision for Interest (Other than upfront charges) has not been provided 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 is ₹ 124.31 Crores for the financial year 2018-2019 and total amount of ₹ 876.35 Crores upto 31<sup>st</sup> March, 2019.

Previous year figures has been regrouped and/or reclassified to confirm to the classification of the current period.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Crores)

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager				Total Amount
		Mr. Mukesh Bhandari (Chairman)	Mr. Shailesh Bhandari (Managing Director)	Mr. Avinash Bhandari (Jt. Managing Director & CEO)*	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	0.18	0.18	0.09	-	0.45
	(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)	0.18	0.18	0.09	-	0.45
	Ceiling as per the Act (₹)	Within the ceiling limit prescribed under Companies Act, 2013 read with Schedule V of the Companies Act, 2013				

\* Mr. Avinash Bhandari, Jt. Managing Director & CEO of the Company ceased to be a Director with effect from 28<sup>th</sup> September, 2018.

# During the year 2018-2019, the Company has received letter from the Central Government intimating the Company that the provisions of Section 196 and Section 197 of the Companies Act, 2013 were amended by the Companies (Amendment) Act, 2017 which have come into force with effect from 12<sup>th</sup> September, 2018 and as such, the application made to the Central Government under the provisions of Section 197 for payment of remuneration shall abate. In view of the said letter, the Company has not paid any remuneration to Whole-time Director, during the financial year 2018-2019.

**ANNEXURE TO THE BOARDS' REPORT**
**B. Remuneration to other directors:- Non-Executive Independent Directors** (₹ In Crores)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Dinesh Shankar Mukati	Mr. Pratap Mohan	Mr. Arun Kumar Jain	Ms. Nivedita R. Sarda	
1.	Independent Directors					
	• Fee for attending board / committee meetings	0.045	0.045	0.045	0.015	0.150
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (1)	0.045	0.045	0.045	0.015	0.150
2.	Other Non-Executive Directors					
	• Fee for attending board / committee meetings	-	-	-	-	-
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B) = (1+2)	0.045	0.045	0.045	0.015	0.150
	Total Managerial Remuneration	0.045	0.045	0.045	0.015	0.150
	Overall Ceiling as per the Act (₹)	Within the ceiling limit prescribed under Companies Act, 2013				

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

**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD** (₹ 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	0.12	0.38	0.50
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	0.02	0.05	0.07
	(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	0.14	0.44	0.57

**ANNEXURE TO THE BOARDS' REPORT****VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES**

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

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

Place : Palodia  
Date : 31<sup>st</sup> August, 2019

**Shailesh Bhandari**  
Managing Director  
(DIN: 00058866)

**Pratap Mohan**  
Independent Director  
(DIN: 03536047)

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE & DEVELOPMENTS

#### A. ENGINEERING & PROJECTS DIVISION:

##### Enabling High Quality Steelmaking through the Route of Induction Furnace

Engineering and Project (the "E&P") Division of the Electrotherm (India) Limited has been catering to the needs of steelmaking, foundry and heat treatment industry for over three decades. Over the period of time, Company has become synonymous with steel making through induction furnace route by making significant contributions to the industry around the globe. The E&P Division has consistently grown over last 5 years and achieved its highest ever sales in financial year 2018-19 recording 22.2% growth over previous year. Pleasantly, India also became the world's 2<sup>nd</sup> largest crude steel producer attaining 106.5 million tons of production in year 2018.

Company's strategy and commitment to deliver best in the class product and best in the industry services to its customer by consistently improving its current products and innovating customer-centric new products and process technologies have provided it cutting edge over the competition. A steady growth of steel sector, foundry and heat treatment industry too supplemented consistent and robust growth of the Company.

Successful launch of DIFOC based DTi series of induction furnaces, the world's most energy efficient ones by the Company a couple of years back, improved profitability of its induction furnace based steel making customers. Company's improvisation of ladle refining process through ERF<sup>®</sup> coupled with ELdFOS<sup>®</sup> technology for dephosphorization and desulphurization has ensured production of construction grade steel whose quality is at par with that through any other route of steel making, consistently and cost effectively, independent of raw materials. Success of high speed casters enabling direct rolling of hot billets has benefitted customers by substantially reducing the process cost, besides reducing the carbon footprint. Further, customized air pollution control system, specifically engineered for induction furnace application, has helped plants meet pollution norms which are becoming gradually stringent. In turn, the Company has harnessed rich dividends in terms of improved market share for its entire range of products.

Industry focused continuous developments and innovations by the Company have provided the Indian steelmakers through integrated route of induction furnace – ladle furnace an opportunity to participate in infrastructure growth story of the country, going beyond catering to the needs of small housing projects, or at the most some high rise buildings. The steel making industry through induction furnace route has really banked upon your Company, and the Company has consistently delivered by steadily upgrading itself from being a single product company to multi-product manufacturer to turnkey project supplier to total solutions provider.

Besides steel industry, the Company also developed more efficient technologies and products for foundry and heat treatment industry this year and launched DTi-Smart model of induction furnaces for foundry and IGBT based advance power supplies in the frequency range of 0.5 KHz to 30 KHz meeting critical requirements of most of the heat treatment and through heating applications. It has given an edge to the Company consolidating its position in both the segments. The Company has recorded healthy year-on-year growth in both these verticals and is sure to garner significant contribution to its revenue from them going forward.

Going beyond Indian territory, the Company has extended its presence to 58 countries while also consolidating its position in several countries like Iran, Saudi Arabia, Nigeria, Algeria and many other countries where induction furnace route has become preferred route for steel making. This year your Company brought about one third of its revenue from exports besides winning some healthy overseas contracts which will be executed in the following years.

Considering Government of India's intent to spend about ₹100 lakhs crore on infrastructure development, with intense focus on development of roads & highways, railways, airports, seaports, smart cities, and 1.95 crore houses to be built by the government in next 2 years, and many more steel-intensive projects initiated during last five years, it seems quite pragmatic that India will have an installed capacity of 300 MTPA for steel making and actual production in excess of about 255 MTPA by financial year 2030-2031 as envisaged by National Steel Policy (NSP 2017) of India. Your Company will continue to make significant contribution to the nation by providing state of the art technologies and products needed for creating additional steelmaking capacity through integrated route of induction furnace – ladle furnace in India and overseas, further consolidating its leadership position with improved market share, sales revenue and EBIDTA over next decade.

#### B. STEEL & PIPE DIVISION:

The formation of the BJP government with full majority once again is a big positive for the Indian economy. This will ensure continuation of all major policies which were being implemented in the last 5 years.

While the economy has slowed down a bit, we remain confident that things will pick up from here on. Lower crude prices and low inflation augers well for the Indian economy. The BJP manifesto is extremely aggressive on the infrastructure development in the country. The budget also reflects this aggression. Focus of the government on road building, housing and water infrastructure is only going to increase from here. All this is extremely positive for the steel sector demand. More and more new capacity is also being created in the country for steel making which will result in an all-round development of the steel sector including new capacities for pellets and sponge iron.

The Steel and Pipe Division of the Company achieved substantial growth in the financial year 2018-2019 as compared to previous year 2017-2018.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Company's key product *i.e.* ET TMT, continues to enjoy leadership position in the market. The Company has not only strengthened its presence in the housing segment, but has also substantially improved its sale and presence in the infrastructure project segment. The Company received many approvals during the year which will help the company to sell more in the projects/Infrastructure segment. The cut & bend TMT segment is also seeing a good traction in the market and more & more customers have shown willingness to shift from normal TMT bars to C&B TMT. The Company sold 5,26,781 Tons of finished steel products (billets and TMT bars) during the year as compared to 3,63,277 Tons previous year, a growth of 45.01 %. The Company started its third rolling mill for production of TMT bars in the month of March 2019. This will further allow the Company to consolidate its leadership position in the market.

The Pipe Division of the Company also did well during the year. The Company has started to focus on the export market. The export sales increased to touch ₹ 44 crores during the year. The Company will look to increase its exports further during the current year. With increased focus of the government on water infrastructure in the country, the Pipe Division is expected to do well in the coming years.

The division continued on its path of operational excellence by improving employee involvement and sense of belonging. The plant teams won 7 Kaizen Awards and 2 Energy Conservation Awards at National Level during the year.

One suggestion per month from every employee for his work place improvement ensures culture of continuous improvement, employee engagement and a safe work place in the organization. Environment sustainability and employee safety is the core of our focus area. Project-Kavach, an initiative to match Global Safety Standards, exemplifies the rigor of team commitment towards safe and happy workplace.

Operational excellence lays its main emphasis to continuously improve human resource quality, identifying areas of improvement and putting processes in place to cross our own bench marks regularly. Our vision to transform managers into leaders and aligning KPI's at all levels toward business goals improved our OEE at par with the best in the industry. The team remains committed to the customers for providing cost effective quality products with the fastest delivery time.

Motivated employees - our biggest assets are more likely to go the additional mile. Taking care of our employees, rewarding their achievements, and celebrating key milestones has become strong company culture.

**C. ELECTRIC VEHICLE DIVISION:**

The Electric Vehicle Division witnessed growth in terms of revenue in the FY 2018-2019 visa vis 2017-18. Rollout of 'YO DRIFT' in the two wheeler segment along with attractive features in the first quarter of 2018-19, along with 'YO EDGE' saw strong customer demand leading to sales uptake. With government unveiling a host of incentives for electric vehicles in form of income tax rebates for buyers, lower custom duties on spare parts along with introduction of second phase of FAME India scheme from 1<sup>st</sup> April 2019; electric vehicles are becoming an attractive alternative for the consumers.

The two-wheeler and three-wheeler segments will continue to 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 commute and cargo transportation. Vehicle segments like scooters, three wheelers, small commercial vehicles and public transportation are seeing faster EV penetration.

Our focus shall continue to remain on products in two and three-wheeler segment as well as initiating manufacturing of electric drive train in India which is in line with government's indicated direction on mobility electrification.

**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 Limited ("Rare ARC") (formerly known as Raytheon Asset Reconstruction Private Limited) and Company has entered into settlement with EARC, Invent and Rare ARC for payment of said debts. During the year, the Company has entered into settlement with Vijaya Bank, Rare ARC for liability of Dena Bank and International Finance Corporation (IFC). The Company has also entered into settlement with Syndicate Bank and repaid the whole settlement amount.

**SEGMENT-WISE PERFORMANCE:**

The Business segment of the Company comprises of Engineering & Project Division, Special Steel Division and Electric Vehicle Division. The Segment wise performance of the Company for all the three divisions for the year ended on 31<sup>st</sup> March, 2019 is as under:

(₹ In Crores)

Particulars	Engineering & Projects Division	Special Steel Division	Electric Vehicle Division
Revenue from operations	943.47	2,496.26	31.68
Segment Profit / (Loss) Before Financial Cost & Other Unallocable Item	84.90	106.46	(12.26)
Capital employed	(131.66)	377.60	35.57

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

#### Revenue from operations:

The revenue from operations (Gross) of the Company for the financial year ended on 31st March, 2019 was ₹ 3462.37 Crores as compared to ₹ 2772.11 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, 2019 was ₹ 2500.01 Crores as compared to ₹ 1984.39 Crores of previous financial year.

#### Depreciation and amortization:

Depreciation and amortization for the financial year ended on 31st March, 2019 is ₹ 138.46 Crores as compared to ₹ 144.90 Crores of the previous financial year.

#### Finance Costs:

Finance costs for the financial year ended on 31st March, 2019 is of ₹ 38.33 Crores as compared to ₹ 4.89 Crores of previous financial year.

Loan accounts of the company have been classified as Non-Performing Assets by the Central Bank of India and Standard Chartered Bank and the Bankers have not charged interest on the said accounts and therefore provision for Interest (Other than upfront charges) has not been provided 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 is ₹ 124.31 Crores for the financial year 2018-2019 and total amount of ₹ 876.35 Crores upto 31st March, 2019.

#### Profit Analysis:

Net Profit for the financial year period ended on 31st March, 2019 is ₹ 140.77 as compared to profit of ₹ 11.20 Crores of previous financial year.

#### Key Ratios:

The details of changes in the key financial ratios as compared to previous year are stated below:

Sr. No	Ratio	Financial Year 2018-2019	Financial Year 2017-2018	Change (%)	Reason significant changes of 25% or more as compared to previous year
1.	Debtors Turnover (Days)	37.67	51.39	(26.70)	Company has changed its credit policy.
2.	Inventory Turnover (Days)	61.55	61.06	0.80	-
3.	Interest Coverage Ratio	4.67	3.29	42.02	Profitability of the company is improved in FY 2018-2019 as compared to previous year
4.	Current Ratio	0.61	0.59	4.64	-
5.	Debt Equity Ratio	(1.26)	(1.25)	0.93	-
6.	Operating Profit Margin (%)	9.17%	5.81%	57.93	Increased in revenue by 25% is the reason for improvement in operational as well as net profit margin.
7.	Net Profit Margin (%)	4.05%	0.40%	904.76	
8.	Return on Net Worth	(12.44)	(0.93)	(1,230.49)	Negative as the Company's networth has been eroded

#### RISK AND CONCERNS:

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

At present, the Company is at risk with regards to winding up petitions, recovery proceedings and attachment of properties 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

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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 2018-2019 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 2018-19. 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 31<sup>st</sup> March, 2019, there were 2352 permanent employees employed by the company.

One of the key initiatives of the company is to provide training on environment, health and safety also provide training on soft skill up-gradation to improve their skills as may be relevant to the respective functions.

### 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

### HEALTH & SAFETY

We value the human life and believe, all injuries are preventable. Our aim is zero accident. We are committed to conduct all our operations in a manner, so as to avoid harm to employees, contractors, workmen, visitors, local public and the environment. This responsibility starts with each one of us. We Provide safe machines and need based Personal Protective Equipments to employees to reduce risk at work place. We Create awareness among employees / Vendors / contractors through training and partner to demonstrate our commitment and involvement, responsibility and accountability to archive HSE performance and provide a safe and healthy work environment for all employees.

### CORPORATE SOCIAL RESPONSIBILITY

The management of the Company believes in the philosophy of beyond profit and engages in the CSR activities with an aim to Invest – To benefit generations, Educate – for self-reliance & growth, Encourage – for self-help, Care – for those who need its most and sustain natural resources. 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**
**REPORT ON CORPORATE GOVERNANCE**
**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:**

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

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

The Company is in compliance with Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and ("the Listing Regulations") as wherever applicable, with regard to Corporate Governance.

**2. BOARD OF DIRECTORS:**

The Board of Directors of the Company is having optimum combination of Executive and Non-Executive Directors. As on 31<sup>st</sup> March, 2019, the Board of Directors comprises of seven (7) Directors, out of which three are Executive Directors and four are Non-Executive & Independent Directors (including a Woman Directors).

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

Sr. No.	Name of Director	Category & Position	Number of other Directorship and Other Committee Membership / Chairmanship			Particulars of Directorship in other Listed Entities	
			Directorship	Committee Membership	Committee Chairmanship	Name of the Company	Category of Directorship
1.	Mr. Mukesh Bhandari	Promoter & Executive Chairman	5	-	-	-	-
2.	Mr. Shailesh Bhandari	Promoter & Managing Director	10	-	-	-	-
3.	Mr. Siddharth Bhandari	Promoter & Whole-time Director	11	-	-	-	-
4.	Mr. Pratap Mohan	Independent & Non-Executive Director	1	-	-	-	-
5.	Mr. Dinesh Shankar Mukati	Independent & Non-Executive Director	-	-	-	-	-
6.	Mr. Arun Kumar Jain	Independent & Non-Executive Director	4	1	1	GHCL Limited	Independent & Non-Executive Director
7.	Ms. Nivedita Sarda	Independent & Non-Executive Woman Director	3	-	-	-	-

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

**CORPORATE GOVERNANCE REPORT**❖ **Shareholding of Non-Executive / Independent Directors as on 31<sup>st</sup> March, 2019:**

Name of Non-Executive Director	No. of Equity Shares
Mr. Pratap Mohan	100
Mr. Dinesh Shankar Mukati	3000
Mr. Arun Kumar Jain	Nil
Ms. Nivedita Sarda	Nil

❖ **Board Meetings:**

In compliance with Regulation 17 of the Listing Regulations and as required under the Companies Act, 2013, the Board of Directors meet at least four times a year and the time gap between any two Board meetings is not more than 120 days. During the financial year ended on 31<sup>st</sup> March, 2019, six (6) Board Meetings were held on 25<sup>th</sup> May, 2018, 4<sup>th</sup> July, 2018, 14<sup>th</sup> August, 2018, 14<sup>th</sup> November, 2018, 13<sup>th</sup> February, 2019 and 29<sup>th</sup> March, 2019.

Attendances of Directors at the Board Meetings and at the Last Annual General Meeting held on 28<sup>th</sup> September, 2018 are as under:

Name of Director	Total Board Meetings held during tenure	Attendance	
		Board Meetings	AGM held on 28 <sup>th</sup> September, 2018
Mr. Mukesh Bhandari	6	4	Yes
Mr. Shailesh Bhandari	6	6	Yes
Mr. Avinash Bhandari <sup>@</sup>	3	3	Yes
Mr. Siddharth Bhandari	6	6	Yes
Mr. Dinesh Shankar Mukati	6	6	Yes
Mr. Pratap Mohan	6	6	Yes
Mr. Arun Kumar Jain	6	6	Yes
Ms. Nivedita Sarda	5	2	No
Ms. Sheetal Manhas*	-	-	No

@ Mr. Avinash Bhandari, Jt. Managing Director & CEO was not re-appointed as Director and ceased to be a Director with effect from 28<sup>th</sup> September, 2018.

\* Ms. Sheetal Manhas, Nominee Director was not re-appointed as Director and ceased to be a Director with effect from 28<sup>th</sup> September, 2018.

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

The Board of Directors confirms that in the opinion of the majority of Board, the Independent Directors fulfil the conditions specified in Listing Regulations and are independent of the management.

❖ **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 has carried out the annual evaluation of performance of the Board and its Committee and the Board of Directors has carried out the annual evaluation of the performance of individual directors in their meeting held on 29<sup>th</sup> March, 2019 respectively.

The performance of the Board is evaluated based on composition of the Board, its committees, performance of duties and obligations, governance issues etc. The performance of the committees is evaluated based on adequacy of terms of reference of the Committee, fulfilment of key responsibilities, frequency and effectiveness of meetings etc. The 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.

❖ **Meeting of Independent Directors:**

During the year under review, a separate meeting of the Independent Directors of the Company was held on 13<sup>th</sup> February, 2019 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. Three out of Four independent directors of the Company were present at the said meeting.

## CORPORATE GOVERNANCE REPORT

### ❖ Familiarisation Programme for Independent Directors:

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

### ❖ A chart or a matrix setting out the skills/expertise/competence of the Board of Directors:

The Board of Directors of the Company comprises qualified members with the required skills, expertise and competence for the effective contribution to the Board and the Committees. The Board of Directors are committed to ensure that the Company is in compliance with the Corporate Governance. Your Company's Board of Directors have identified the following skills/expertise/competence to function and discharge their responsibilities effectively:

- Operation and Production
- Risk Management;
- Legal & Compliance;
- Marketing;
- Strategic expertise;
- Financial expertise;
- Human Resource Development; and
- General Management

### 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 four directors as members and two thirds of the members of Audit Committee are independent directors. At the beginning of the year 2018-2019, the Audit Committee comprised of Mr. Pratap Mohan, an Independent Director as a Chairman and Mr. Dinesh Mukati and Mr. Avinash Bhandari as Members.

Mr. Avinash Bhandari, Jt. Managing Director & CEO and Member of the Audit Committee of the Company ceased to be a Director with effect from 28<sup>th</sup> September, 2018.

The Board of Director of the Company has re-constituted Audit Committee w.e.f. 14<sup>th</sup> November, 2018. Now, the Audit Committee comprises of following Members:

1. Mr. Pratap Mohan - Chairman (Non-Executive & Independent Director)
2. Mr. Dinesh Mukati - Member (Non-Executive & Independent Director)
3. Ms. Nivedita Sarda - Member (Non-Executive & Independent Director)
4. Mr. Siddharth Bhandari - Member (Executive Director)

The Company Secretary acts as the Secretary to the Committee.

##### (iii) Meetings and Attendance:

During the financial year ended on 31<sup>st</sup> March, 2019, Four (4) Meetings of the Audit Committee were held on 25<sup>th</sup> May, 2018, 14<sup>th</sup> August, 2018, 14<sup>th</sup> November, 2018 and 13<sup>th</sup> February, 2019. The time gap between any two meetings was not more than 120 days. The Chairman of the Audit Committee Mr. Pratap Mohan was present at the 32<sup>nd</sup> Annual General Meeting.

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

Name of Committee Members	Designation	Attendance
Mr. Pratap Mohan	Chairman	4 / 4
Mr. Avinash Bhandari	Member	2 / 2
Mr. Dinesh Shankar Mukati	Member	4 / 4
Ms. Nivedita Sarda	Member	2 / 2
Mr. Siddharth Bhandari	Member	2 / 2

**CORPORATE GOVERNANCE REPORT****B. NOMINATION AND REMUNERATION COMMITTEE:**

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

**(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) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- (f) Recommend to the board, all remuneration, in whatever form, payable to senior management.

**(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.

The Nomination and Remuneration Committee comprises as following Members:

1. Mr. Dinesh Mukati - Chairman (Non-Executive & Independent Directors)
2. Mr. Arun Kumar Jain - Member (Non-Executive & Independent Directors)
3. Mr. Mukesh Bhandari - Member (Executive Chairman)

The Company Secretary acts as Secretary of the Committee.

**(iii) Meetings and attendance:**

During the financial year ended on 31<sup>st</sup> March, 2019, four Meeting of the Nomination and Remuneration Committee was held on 25<sup>th</sup> May, 2018, 4<sup>th</sup> July, 2018, 13<sup>th</sup> February, 2019 and 29<sup>th</sup> March, 2019.

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

Name of Committee Members	Designation	Attendance
Mr. Dinesh Mukati	Chairman	4 / 4
Mr. Arun Kumar Jain	Member	4 / 4
Mr. Mukesh Bhandari	Member	3 / 4

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

**(a) Director/ Managing Director:**

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

**(b) Non-executive Independent Directors:**

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

## CORPORATE GOVERNANCE REPORT

Directors at their meeting held on 25<sup>th</sup> May 2018 approved the sitting fees of ₹ 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 Director:**

**(a) Criteria of making payments to Non-Executive /Independent Directors:**

The Non-Executive Directors are entitled to sitting fees for attending the meetings of Board of Directors or Committees thereof. Sitting fees paid to Non-Executive Directors are within the prescribed limits under the Companies Act, 2013 and as determined by the Board of Directors time to time.

The details of sitting fees paid to Non-Executive Independent Directors for the financial year 2018-2019 are as under:

Name of Non-Executive Independent Director	Sitting Fees (Amount in ₹)
Mr. Pratap Mohan	4,50,000
Mr. Dinesh Mukati	4,50,000
Mr. Arun Kumar Jain	4,50,000
Ms. Nivedita Sarda	1,50,000

**(b) Managing Director & Whole-time Director:**

The Company has paid remuneration to its Managing Directors and Chairman by way of salary and perquisites within the limits stipulated under the Companies Act, 2013 and as per the approval received from Central Government pursuant to the provisions of Section 196, 197 read with Schedule V of the Companies Act, 2013.

Details of the remuneration paid to the Chairman, Managing Director and Whole-time Director of the Company during the financial year 2018-2019 are as follows:

Name of Executive Directors	Designation	Basic Salary (₹)	Allowances & PF Contribution (₹)	Total (₹)
Mr. Mukesh Bhandari	Chairman	15,00,000	3,00,000	18,00,000
Mr. Shailesh Bhandari	Managing Director	15,00,000	3,00,000	18,00,000
Mr. Avinash Bhandari*	Jt. Managing Director & CEO	7,50,000	1,50,000	9,00,000
Mr. Siddharth Bhandari#	Whole-time Director	NIL	NIL	NIL

\* Mr. Avinash Bhandari, Jt. Managing Director & CEO of the Company ceased to be a Director with effect from 28<sup>th</sup> September, 2018.

# The shareholders of the Company at the 31<sup>st</sup> Annual General Meeting held on 5<sup>th</sup> September, 2017 approved the appointment of Mr. Siddharth Bhandari, Whole-time Director of the Company for a period of three years with effect from 26<sup>th</sup> April, 2017 to 25<sup>th</sup> April, 2020 with monthly remuneration of ₹ 2,00,000/-. During the year 2017-2018, the Company had made an application to Central Government for approval of payment of remuneration to Mr. Siddharth Bhandari for a period of three years. During the year 2018-2019, the Company has received letter from the Central Government intimating the Company that the provisions of Section 196 and Section 197 of the Companies Act, 2013 were amended by the Companies (Amendment) Act, 2017 which have come into force with effect from 12<sup>th</sup> September, 2018 and as such, the application made to the Central Government under the provisions of Section 197 for payment of remuneration shall abate. In view of said letter, the Company has not paid any remuneration to Whole-time Director, during the financial year 2018-2019.

The performance criteria of the above-mentioned Directors are laid down by the Nomination and Remuneration Committee in accordance with the Nomination and Remuneration Policy of the Company.

**C. STAKEHOLDERS RELATIONSHIP COMMITTEE:**

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

The Committee specifically look into the mechanism of redressal of grievances including related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meeting etc. and other terms of reference in the nature of role, power and review of information by the Stakeholders Relationship Committee are in compliance with the provisions of Regulation 20 of the Listing Regulations and Section 178 of the Companies Act, 2013. Minutes of the Stakeholders' Relationship Committee are circulated and discussed at the Board Meeting.

**CORPORATE GOVERNANCE REPORT****(ii) Composition of the Committee:**

The Stakeholders Relationship Committee comprises in compliance with the provisions of Regulations 20 of the Listing Regulations and Section 178 of the Companies Act, 2013. Chairman of the Committee is Non-Executive Independent Director and two Executive Directors are Members of the Committee.

The Stakeholders Relationship Committee comprises of following Members:

1. Mr. Arun Kumar Jain - Chairman (Non-Executive & Independent Directors)
2. Mr. Shailesh Bhandari - Member (Executive Director)
3. Mr. Siddharth Bhandari - Member (Executive Director)

Mr. Fageshkumar R. Soni, Company Secretary of the Company is the Compliance Officer pursuant to Regulation 6 of the Listing Regulations.

During the year under review, four meetings of the Stakeholders Relationship Committee were held on 25<sup>th</sup> May, 2018, 14<sup>th</sup> August, 2018, 14<sup>th</sup> November, 2018 and 13<sup>th</sup> February, 2019.

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

Name of Committee Members	Designation	Attendance
Mr. Arun Kumar Jain	Chairman	4 / 4
Mr. Shailesh Bhandari	Member	4 / 4
Mr. Siddharth Bhandari	Member	4 / 4

**Details of Shareholders Complaints received during the year 2018-2019:**

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

Complaint as on 01.04.2018	Received during the year	Resolved during the year	Pending as on 31.03.2019
NIL	1	NIL	1

**SEBI Complaints Redress Systems (SCORES)**

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

**D. OTHER COMMITTEES****(i) SECURITIES ALLOTMENT COMMITTEE**

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

Presently, the Securities Allotment Committee comprises of as following Members:

1. Mr. Shailesh Bhandari - Chairman (Executive Director)
2. Mr. Siddharth Bhandari - Member (Executive Director)
3. Mr. Arun Kumar Jain - Member (Non-Executive & Independent Directors)

During the financial year ended on 31<sup>st</sup> March, 2019, no meeting of the Securities allotment Committee was held.

**(ii) MANAGEMENT COMMITTEE**

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

At the beginning of the year 2018-2019, the Management Committee was constituted with Mr. Shailesh Bhandari, Chairman and Mr. Avinash Bhandari and Mr. Dinesh Mukati Members of the Committee. Mr. Avinash Bhandari, Jt. Managing Director &

## CORPORATE GOVERNANCE REPORT

CEO and Member of the Management Committee of the Company ceased to be a Director with effect from 28<sup>th</sup> September, 2018.

The Board of Directors of the Company at their meeting held on 14<sup>th</sup> November, 2018 had re-constituted the Management Committee. Now, the Management Committee comprises as following Members:

1. Mr. Mukesh Bhandari - Chairman (Executive Director)
2. Mr. Dinesh Mukati - Member (Non-Executive & Independent Directors)
3. Mr. Shailesh Bhandari - Member (Executive Director)

During the financial year ended on 31<sup>st</sup> March, 2019, seven (7) Meetings of the Management Committee were held.

### (iii) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE):

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

At the beginning of the year 2018-2019, the CSR Committee comprised of Mr. Shailesh Bhandari as Chairman and Mr. Avinash Bhandari and Mr. Pratap Mohan, Members of the CSR Committee. Mr. Avinash Bhandari, Jt. Managing Director & CEO and Member of the CSR Committee of the Company ceased to be a Director with effect from 28<sup>th</sup> September, 2018.

The Board of Directors of the Company, at their meeting held on 14<sup>th</sup> November, 2018, re-constituted the CSR Committee. Now, the CSR Committee comprises of following Members:

1. Mr. Shailesh Bhandari - Chairman (Executive Director)
2. Mr. Pratap Mohan - Member (Non-Executive & Independent Directors)
3. Mr. Siddharth Bhandari - Member (Executive Director)

During the financial year ended on 31<sup>st</sup> March, 2019, 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
32 <sup>nd</sup>	2017-18	Ahmedabad Management Association (AMA), AITRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	28 <sup>th</sup> September, 2018 10:00 a.m.	<ul style="list-style-type: none"> <li>• No Special Resolution was passed.</li> </ul>
31 <sup>st</sup>	2016-17	Ahmedabad Management Association (AMA), AITRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	5 <sup>th</sup> September, 2017 10:00 a.m.	<ul style="list-style-type: none"> <li>• Raise funds in the form of equity and / or convertible securities.</li> <li>• Appointment of Mr. Siddharth Bhandari as Whole-time Director.</li> </ul>
30 <sup>th</sup>	2015-16	Ahmedabad Management Association (AMA), AITRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	30 <sup>th</sup> September, 2016 11:00 a.m.	<ul style="list-style-type: none"> <li>• Re-appointment of Mr. Mukesh Bhandari as a Managing Director designated as a Chairman</li> <li>• Re-appointment of Mr. Shailesh Bhandari as a Managing Director</li> <li>• Re-appointment of Mr. Avinash Bhandari as a Joint Managing Director &amp; CEO</li> </ul>

### (ii) Extra Ordinary General Meetings

No Extra Ordinary General Meeting was held during the financial year ended on 31<sup>st</sup> March, 2019.

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

During the financial year ended on 31<sup>st</sup> March, 2019, 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

**CORPORATE GOVERNANCE REPORT**

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 is posted on the Company's website and submitted to the Stock Exchanges where the shares of the Company are listed. The result is generally published in the Financial Express (English and Gujarati) Newspapers.

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

**5. DISCLOSURES:****(i) Related Party Transactions:**

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

**(ii) Code of Conduct:**

The Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management of the Company. In compliance with the Code, Directors and Senior Management of the Company have affirmed compliance with the Code for year ended on 31<sup>st</sup> March, 2019. The declaration of compliance of Code of Conduct by the Managing Director is part of this Annual Report. The Code of Conduct is available on the website of the Company viz. [www.electrotherm.com](http://www.electrotherm.com).

**(iii) Prohibition of Insider Trading:**

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended by SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Company has adopted the Insider Trading Code to regulate, monitor and report trading by the directors, officers and designated employees who are expected to have access to the unpublished price sensitive information relating to the Company. The said Insider Trading Code is available on the website of the Company viz. [www.electrotherm.com](http://www.electrotherm.com).

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

Following non-Compliances observed during last three years.

- (i) During the year 2018-2019, the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) have imposed penalty for non-compliance of provisions of Regulation 18(1) of the Listing Regulations related to composition of audit committee for the quarter ended on 30<sup>th</sup> September, 2018 and 31<sup>st</sup> December, 2018. The Company, by way of abundant pre-caution and without accepting the non-compliance and imposition of fine for alleged non-compliance of Regulation 18(1) of the SEBI Regulations for the quarter ended 30<sup>th</sup> September, 2018 and 31<sup>st</sup> December, 2018, remitted ₹ 4,720/- and ₹ 1,03,840/- to NSE & BSE. The NSE vide its letter dated 11<sup>th</sup> April, 2019, informed the Company that the relevant committee of the NSE have examined request and considered application for waiver of fine favorably. The Company has not received further communication from the BSE.
- (ii) Non-compliance with (i) the composition of Nomination & Remuneration Committee as per the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations for the period from 5<sup>th</sup> September, 2017 to 18<sup>th</sup> January, 2018, (ii) composition of board with atleast one woman director and filing of intermittent vacancy of woman Independent director caused due to resignation of Woman Independent director for the period from 8<sup>th</sup> February, 2018 to 24<sup>th</sup> May, 2018 as per the provisions of section 149 of the Companies Act, 2013 and Regulation 17 & 25 Listing Regulations and issue of duplicate share certificates to the shareholders within the time period prescribed under the section 46 of the Companies Act, 2013 read with Rule 6 of the Companies (Shares and Debentures) Rules, 2014 and Regulation 39 of the Listing Regulations.

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

## CORPORATE GOVERNANCE REPORT

### (vi) Compliance with discretionary 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 discretionary 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 at [www.electrotherm.com](http://www.electrotherm.com).
3. The auditors have qualified the financial statement for the financial year 2018-2019. 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](http://www.electrotherm.com). The Company has complied with the corporate governance requirements with respect to subsidiary / unlisted material subsidiary as per Regulation 24 of the Listing Regulations.

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

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

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

The Company does not have material exposure of any commodity and accordingly, no hedging activities for the same are carried out. Therefore, there is no disclosure to offer in terms of SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated November 15, 2018.

### (ix) CEO and CFO Certification:

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

## 6. Means of Communication:

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

The Company has not made any presentations to the institutional investors or to the analysts during the financial year ended on 31<sup>st</sup> March, 2019.

## 7. General Shareholder Information:

Day, Date & Time of 33 <sup>rd</sup> AGM	Monday, 30 <sup>th</sup> September, 2019 at 11.00 am
Venue of AGM	Ahmedabad Management Association (AMA), ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 3800015
Email for Investor Complaint	<a href="mailto:sec@electrotherm.com">sec@electrotherm.com</a>
Website	<a href="http://www.electrotherm.com">www.electrotherm.com</a>
Financial Year	1 <sup>st</sup> April, 2018 to 31 <sup>st</sup> March, 2019
Dividend Payment Date	Not Applicable, as the Board of Directors has not recommended divided for the financial year ended on 31 <sup>st</sup> March, 2019.
ISIN with NSDL & CDSL	INE822G01016

### Tentative Financial Calendar for 2019-2020 (from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2020):

Quarter ending on 30 <sup>th</sup> June, 2019	On or before 14 <sup>th</sup> August, 2019
Quarter ending on 30 <sup>th</sup> September, 2019	On or before 14 <sup>th</sup> November, 2019
Quarter ending on 31 <sup>st</sup> December, 2019	On or before 14 <sup>th</sup> February, 2020
Quarter ending on 31 <sup>st</sup> March, 2020	On or before 30 <sup>th</sup> May, 2020

**CORPORATE GOVERNANCE REPORT**

**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 2019-2020 has been paid to both Stock Exchanges.

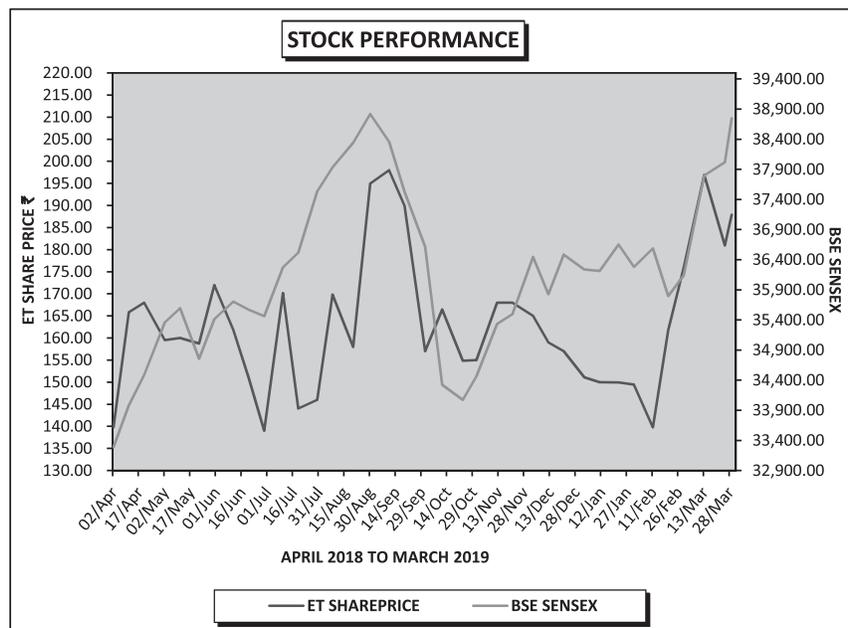
**B. Market Price Data:**

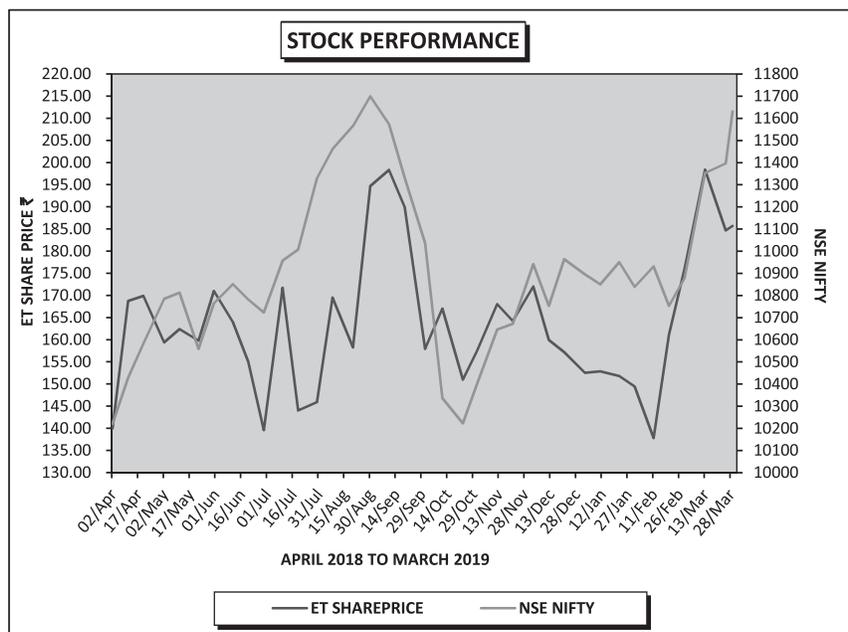
Market price data of equity shares of the Company having face value of ₹ 10/- on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) for the financial period 2018-2019 are given below:

Month	BSE – Share Price		BSE Monthly Volume	NSE – Share Price		NSE Monthly Volume
	High	Low		High	Low	
April, 2018	187.00	133.00	147945	189.95	131.00	624359
May, 2018	196.25	148.10	139769	199.00	151.40	602057
June, 2018	168.30	128.00	36547	171.50	130.00	243680
July, 2018	182.00	138.15	50961	179.65	131.60	270054
August, 2018	215.90	141.05	237410	216.40	141.00	1371723
September, 2018	215.00	154.50	186145	218.90	154.00	967472
October, 2018	174.00	136.30	51817	167.00	135.00	490659
November, 2018	182.00	143.00	51554	179.30	148.00	228806
December, 2018	165.00	146.25	26990	172.00	147.00	159367
January, 2019	165.00	138.75	36674	163.05	139.85	216423
February, 2019	183.00	130.35	129233	184.00	129.00	679405
March, 2019	217.00	164.40	131223	209.75	167.15	678836

**C. Stock Performance:**

Performances of share price of the Company in comparison to BSE Sensex and Nifty for the financial year 2018-2019 are as under:



**CORPORATE GOVERNANCE REPORT**

**D. Registrar and Share Transfer Agent:**

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

**LINK INTIME INDIA PVT. LTD.**

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

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

**E. Share Transfer System:**

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

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

**F. Distribution of shareholding as on 31<sup>st</sup> March, 2019:**

Category			No. of Shareholders		No. of Shares	
			Total	% of Shareholders	Total	% of Shares
1	-	500	5567	91.34	500102	3.92
501	-	1000	226	3.71	175965	1.38
1001	-	2000	120	1.97	180509	1.42
2001	-	3000	33	0.54	82928	0.65
3001	-	4000	28	0.46	99229	0.78
4001	-	5000	19	0.31	90814	0.71
5001	-	10000	25	0.41	190838	1.50
10001	&	Above	77	1.26	11422429	89.64
Total			6095	100.00	12742814	100.00

**CORPORATE GOVERNANCE REPORT****G. Categories of Shareholding as on 31<sup>st</sup> March, 2019:**

Sr. No.	Category	No. of Shares	% to Share Capital
<b>A.</b>	<b>PROMOTERS SHAREHOLDING</b>		
1.	Promoters and Promoters Group	39,90,325	31.31
<b>B.</b>	<b>PUBLIC SHAREHOLDING</b>		
2.	Mutual Funds / UTI	9,800	0.08
3.	FII/FPIs	5,76,093	4.52
4.	Banks/Financial Institutions	44,295	0.35
5.	Bodies Corporate	31,98,367	25.10
6.	NRIs	1,63,247	1.28
7.	Foreign Companies	20,00,000	15.70
8.	Clearing Members	1,49,563	1.17
9.	NBFCs Registered with RBI	800	0.01
10.	Indian Public & HUF	26,10,324	20.48
	<b>Total</b>	<b>1,27,42,814</b>	<b>100.00</b>

**H. Dematerialisation of Shares and Liquidity:**

The Shares of the Company are under compulsory trading in demat form. The details of dematerialisation of shares as on 31<sup>st</sup> March, 2019 is as under:

Sr. No.	Particulars	No. of Shares	% of Paid up Capital
1.	Held in Physical form	21,12,057	16.57
2.	Held in Demat form	1,06,30,757	83.43
	<b>Total</b>	<b>1,27,42,814</b>	<b>100.00</b>

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

As on 31<sup>st</sup> March, 2019, the Company does not have any GDRs/ADRs/Warrants or any convertible instruments.

**J. Plant Locations:**

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

**L. List of all Credit Ratings obtained by the Company along with any revisions thereto during the relevant financial year:**

During the relevant financial year, the Company has not issue any securities or debt instruments, as such the requirement of obtaining a credit ratings was not applicable to the Company.

**8. OTHER DISCLOSURES:****A. Details of utilization of funds raised through Preferential Allotment or Qualified Institutions Placement:**

During the year, the Company did not raise any funds by way of preferential allotment or qualified institutions placement.

**B. Certificate from a Company Secretary in practice:**

A Certificate from CS Bharat Prajapati, Practicing Company Secretary confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of the companies by the Board/ Ministry of Corporate Affairs or any such statutory authority is attached with this Annual Report.

## CORPORATE GOVERNANCE REPORT

**C. Total fees for all services paid by your Company and its Subsidiaries, on a consolidated basis, to the Statutory Auditor:**

Total fees for all services paid by Company and its subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/network entity of which the Statutory Auditors are a part is ₹ 0.214 crores.

**D. Disclosures in Relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

The Company is committed to provide a friendly working environment that ensures every employee get equal treatment. The details of the same have been disclosed in the Boards' Report forming part of the Annual Report. During the year 2018-2019, the Company has not received any complaint in Relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**E. Non-compliance of any requirement of Corporate Governance Report:**

Except mentioned hereinabove, there was no instances of non-compliance of any requirement of the Corporate Governance Report as prescribed by the Listing Regulations.

**F. Equity shares under suspense account**

The Company has no equity shares under Suspense Account and hence disclosure relating to the same is not applicable.

**G. During the financial year, there was no instance where the board had not accepted any recommendation of any committee of the board which is mandatorily required.**

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## DECLARATION OF CODE OF CONDUCT

I hereby confirm that the Company has obtained from all the Board Members and Senior Management Personnel, affirmation that they have complied with the Code of Conduct for the financial year ended on 31<sup>st</sup> March, 2019.

Date: 31<sup>st</sup> August, 2019  
Place: Palodia

**Shailesh Bhandari**  
Managing Director  
(DIN: 00058866)

## CORPORATE GOVERNANCE REPORT

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

To  
**The Board of Directors**  
**Electrotherm (India) Limited**

#### COMPLIANCE CERTIFICATE UNDER REGULATION 17(8) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

We hereby certify that:

- A. We have reviewed the financial statements and the cash flow statement for the year ended on 31st March, 2019 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 any employee having a significant role in the Company's internal control system over financial reporting.

Date : 27<sup>th</sup> May, 2019  
Place : Palodia

**Shailesh Bhandari**  
Managing Director

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

**CORPORATE GOVERNANCE REPORT****COMPLIANCE CERTIFICATE OF CORPORATE GOVERNANCE**

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

We have examined the compliance of conditions of Corporate Governance by Electrotherm (India) Limited ('the Company') for the year ended on 31<sup>st</sup> March, 2019 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 of the following:*

- (a) *The optimum combination of Executive and Non-Executive Directors were not as per provisions of Regulation 17(1)(a) & (b) of the SEBI (LODR) Regulations, 2015 with at least one Woman Director and half of the Board of Directors had not comprised of Independent Directors for the period from 8th February, 2018 to 24th May, 2018;*
- (b) *Intermittent vacancy of Independent Director caused by resignation of Woman Independent Director was not filled up within time as specified Regulation 25(6) of the SEBI (LODR) Regulations, 2015 i.e. upto 6th May, 2018.*
- (c) *The composition of Audit Committee was not as per the provisions of Regulation 18(1) of the SEBI (LODR) Regulations, 2015 for the period from 28<sup>th</sup> September, 2018 to 13<sup>th</sup> November, 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 : 31<sup>th</sup> August, 2019

## CORPORATE GOVERNANCE REPORT

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members,  
**ELECTROTHERM (INDIA) LIMITED**  
A-1, Skylark Apartment, Satellite Road,  
Satellite, Ahmedabad – 380015

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **ELECTROTHERM (INDIA) LIMITED** having CIN **L29249GJ1986PLC009126** and having registered office at A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380015 (hereinafter referred to as “the Company”), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **31<sup>st</sup> March, 2019** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Mr. Mukesh Bhandari	00014511	01/03/1994
2	Mr. Shailesh Bhandari	00058866	27/06/1989
3	Mr. Siddharth Bhandari	01404674	26/04/2017
4	Mr. Dinesh Mukati	07909551	05/09/2017
5	Mr. Pratap Mohan	03536047	05/09/2017
6	Mr. Arun Kumar Jain	07563704	19/01/2018
7	Ms. Nivedita R. Sarda	00938666	25/05/2018

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

**Bharat A. Prajapati**  
Proprietor  
FCS No. 9416  
CP No. 10788

Place : Ahmedabad  
Date : 31<sup>st</sup> August, 2019

## INDEPENDENT AUDITOR'S REPORT

TO  
THE MEMBERS OF  
ELECTROTHERM (INDIA) LTD.

### Report on the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone Ind AS financial statements of **ELECTROTHERM (INDIA) LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity, Statement of Cash Flows for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements").

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 section of our report the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

#### Basis for Qualified Opinion

*We draw attention to Note No. 34(d) of non-provision of interest on NPA accounts of banks of Rs 124.31 Crore (Net of Reversal on settlement), for the year under consideration and the total amount of such unprovided interest till date is Rs 876.35 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 is understated, and profit is overstated.*

We conducted our audit in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Standalone Ind AS Financial Statements.

#### Emphasis of Matter

- We draw attention to point no. 1(b) of the accompanying Standalone Financial Statements in respect of reclassification /restatement of the repayment of installments to the banks & financial institutions and reclassification of consumption of coal.*
- We draw attention to Note No. 33(a) of the accompanying Standalone Ind AS Financial Statements in respect of Winding up petitions.*
- We draw attention to Note No. 33(b) 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 and its payment by the company and effect of reduction of loan amount.*
- We draw attention to Note No. 33(b)(i)(d) 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.*
- We draw attention to Note No. 34(a),(b),(c) of the accompanying Standalone Financial Statements, in respect of non-provision of long disputed claims/liability of various Government agency against the Company.*
- We draw attention to Note No. 35 of the accompanying Standalone Financial Statements in respect of third parties balance confirmations, its classification in respect of nature of realization of the amount, provision thereof and in respect of the various other disclosures.*
- We draw attention to Note No. 37 of the accompanying Standalone Financial Statements in respect of other cases before various authorities.*

*In our opinion, in respect of the above matters emphasized we do not provide any modified opinion as these are not material.*

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

**INDEPENDENT AUDITOR'S REPORT**

Key Audit Matters	How the matter was addressed in our audit
<p>Recoverability of Trade Receivable balances - Trade receivables (as described in note 10 of the Standalone Ind AS Financial Statements)</p> <ul style="list-style-type: none"> <li>Year-end outstanding trade receivables represent balance outstanding from domestic and export customers.</li> <li>Trade receivables by nature carry certain risks in general which include overdue balances, customers in weaker economic and geopolitical environment, customer's ability to pay, provision in relation to expected credit loss, assessment of recovery process and compliance with risk management controls.</li> <li>Procedures to mitigate such risks includes element of management judgment and are important to access recoverability of trade receivables.</li> <li>Trade receivable has been considered a key audit matter in the audit due to size of the outstanding balance of trade receivables.</li> </ul>	<p>Our audit procedures among other things, included the following:</p> <ul style="list-style-type: none"> <li>Understood and tested on a sample basis the design and operating effectiveness of management control over the customer acceptance process, collection and the assessment of the recoverability of receivables;</li> <li>tested on a sample basis the ageing of trade receivables at year end;</li> <li>in respect of material trade receivables balances, inspected relevant contracts and correspondence with the customers;</li> <li>In respect of material trade receivables balances which are past due, additional procedures were performed to evaluate their historical payment trends, terms &amp; conditions of customer contracts, assessed whether the customers are experiencing financial difficulties, and assessed expected credit loss assessment provided by the management;</li> <li>Compared the collateral in the nature of bank guarantees/letter of credits provided by customers as applicable, and;</li> <li>Evaluated the level of provisions made by management for trade receivables.</li> </ul>

**Other Information**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the standalone Ind AS financial statements and our auditors' report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements**

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit (including other comprehensive income), changes in equity and cash flows 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.

In preparing the standalone Ind AS financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

## INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- o Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- o Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- o Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- o Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the adoption of the accounts of the Company by the Board of the Directors in their meeting on 28th May 2019. However, future events or conditions may cause the Company to cease to continue as a going concern.
- o Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

- (A) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (B) 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 statement of changes in equity and the cash flow statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act; and
  - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in '**Annexure B**'.

## INDEPENDENT AUDITOR'S REPORT

- (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (C) With respect to the other matters to be included in the Auditors' 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 - Mainly Refer Note No. 30, 34 and 37 to the Standalone Financial Statement;
  - (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 disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended March 31, 2019.

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

**Hitesh Shah**  
Partner

Membership No. 124095

Place : Ahmedabad  
Date : 31<sup>st</sup> August, 2019

## 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, 2019**, we broadly report that for the year under consideration:

- (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) (a) The Company has granted loans to 1 company covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest.
- (b) In respect of the aforesaid loans, the term of repayment of principal and Interest has not been stipulated. However, the repayments or receipts are regular.
- (c) In respect of the aforesaid loans, in view of above, there is no amount overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, mainly provisions of sections 185 and 186 of the Act in respect of loans to directors including entities in which they are interested and in respect of loans given and investments made have been complied with by the Company. The Company has not granted any guarantees & security in terms of sections 185 and 186 of the Act.
- (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, Duty of Customs, Cess and other material statutory dues, as applicable, with the appropriate authorities though there has been a slight delay in a few cases.

There are no undisputed amounts payable in respect of above dues which were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

**ANNEXURE B TO INDEPENDENT AUDITORS' 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 Statute	Nature Of Dues	Amount (In Crore Rupees)	Period To Which The Amount Relates	Forum Where Dispute Is Pending
Central Excise Act,1944	Excise Duty	0.004	2005-06	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
	Excise Duty (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	2.40	2008-09	CESTAT, Ahmedabad
	Excise Duty	57.38	Apr-09 To Mar-10	Commissioner, Central Excise, Gandhidham
	Excise Duty	6.82	February 2014 to March 2015	Commissioner of Central GST Audit, Rajkot
<b>Sub Total</b>		<b>344.40</b>		
Finance Act,1994	Service Tax	1.84	Apr-07 To Mar-08	Commissioner, Central Excise, Gandhidham
	Service Tax	0.19	Apr-09 To Aug-10	CESTAT, Ahmedabad
<b>Sub Total</b>		<b>2.03</b>		
Customs Act,1962	CVD	7.27	Mar-11 To Dec-11	CESTAT, Ahmedabad
	Interest	6.09	May-07 To Feb-08	CESTAT, Ahmedabad
	Custom Duty	0.83	Mar-12 To Jan-13	CESTAT, Ahmedabad
	Custom Duty	0.02	Apr-11	Commissioner Of Customs (Preventive), Jamnagar
<b>Sub Total</b>		<b>14.21</b>		
Maharashtra VAT Act, 2002	VAT	6.28	2009-10	Assistant Commissioner of MVAT, Mazgaon
	VAT	23.93	2010-11	Assistant Commissioner of MVAT, Mazgaon
<b>Sub Total</b>		<b>30.21</b>		
Gujarat VAT Act 2005	VAT	10.35	Financial Year (2010-11)	Joint Commissioner,Rajkot
<b>Sub Total</b>		<b>10.35</b>		
Central Sales Tax Act, 1956	CST	9.65	Financial Year (2010-11)	Joint Commissioner,Rajkot
	CST	4.91	Financial Year (2013-14)	Joint Commissioner,Rajkot
<b>Sub Total</b>		<b>14.65</b>		
<b>Grand Total</b>		<b>415.76</b>		

- (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 March 31, 2019* (₹ in Crore)			Default From
	Principal	Interest	Total	
Central Bank of India	428.94	7.19	436.13	March 2012
Indian Overseas Bank	200.00	0.01	200.01	August 2011
Standard Chartered Bank	15.31	-	15.31	December 2011

The above table only includes the banks which are not settled as on March 31, 2019.

\* 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.

**ANNEXURE B TO INDEPENDENT AUDITORS' REPORT**

- (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) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to 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) 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 Shah**  
Partner

Membership No. 124095

Place : Ahmedabad  
Date : 31<sup>st</sup> August, 2019

**Annexure B referred to paragraph B of Report on Other Legal Regulatory Requirements of Independent Auditor's report of even date for year ended March 31, 2019.**

**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, 2019 in conjunction with our audit of the Standalone IND AS 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. 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 with reference to these Standalone Ind AS Financial Statements 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 as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, 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 with reference to these Standalone Ind AS Financial Statements was established and maintained and if such controls operated effectively in all material respects.

**ANNEXURE B TO INDEPENDENT AUDITORS' REPORT**

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Standalone Ind AS Financial Statements.

**Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements**

A company's internal financial control over financial reporting with reference to these Standalone Ind AS Financial Statements 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 with reference to these Standalone Ind AS Financial Statements 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 un-authorized 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 with Reference to these Standalone Ind AS Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Standalone Ind AS Financial Statements, 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 with reference to these Standalone Ind AS Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Standalone Ind AS Financial Statements 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 stated otherwise or reported to the company, adequate internal financial controls over financial reporting with reference to these Standalone Ind AS Financial Statements and such internal financial controls over financial reporting with reference to these Standalone Ind AS Financial Statements were operating effectively as at March 31, 2019, 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

Place : Ahmedabad  
Date : 31<sup>st</sup> August, 2019

**Hitesh Shah**  
Partner  
Membership No. 124095

**PS:** It is clarified that financial statements were approved, and two Directors & Other Signatories were authorized to sign the financial statement in the Board of the Director's Meeting held on 28th May 2019. Now these financial statements, have been signed by the another Authorized Directors and Other signatories, in pursuance to partly modification resolution passed by the Board of Directors in their meeting held on 31st August 2019 and accordingly, this report and financial statement are signed by us on 31st August 2019, on the basis of the accounts adopted in the Board of Directors Meeting and events up to 28th May 2019.

**Standalone Balance Sheet as at 31st March 2019**

Particular	Notes	As at March 31, 2019 (Rs In Crore)	As at March 31, 2018 (Rs In Crore)
<b>ASSETS</b>			
<b>Non Current Assets</b>			
a) Property, plant and equipment	3	860.33	938.36
b) Capital Work in progress	3	27.43	15.93
c) Intangible Assets	4	2.06	0.44
d) Financial assets			
i) Investments	5	46.06	46.06
ii) Loans	6	-	-
iii) Other financial assets	7	47.53	37.21
e) Other non current assets	8	15.20	14.69
<b>Total Non- Current Assets (A)</b>		<b>998.61</b>	<b>1,052.69</b>
<b>Current assets</b>			
a) Inventories	9	525.94	427.48
b) Financial assets			
i) Trade receivables	10	357.34	390.30
ii) Cash and Cash Equivalents	11	42.95	26.82
iii) Bank Balance Other than (ii) Above	11	15.88	21.03
iv) Other Financial Assets	7	1.43	1.85
c) Current Tax assets	12	1.36	2.01
d) Other Current Assets	8	167.29	168.86
<b>Total Current Assets (B)</b>		<b>1,112.19</b>	<b>1,038.35</b>
<b>TOTAL ASSETS (A+B)</b>		<b>2,110.80</b>	<b>2,091.04</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity Share capital	13	12.74	12.74
b) Other Equity	14	(1,133.76)	(1,273.20)
<b>Total Equity (A)</b>		<b>(1,121.02)</b>	<b>(1,260.46)</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
a) Financial Liabilities			
Borrowings	15	1,405.22	1,570.69
b) Provisions	16	12.49	8.61
<b>Total Non Current Liabilities (B)</b>		<b>1,417.71</b>	<b>1,579.30</b>
<b>Current liabilities</b>			
a) Financial Liabilities			
i) Short Term Borrowings	17	122.00	211.68
ii) Trade payables	18		
Total Outstanding Dues Of :			
- Micro Enterprises & Small Enterprises		25.37	1.33
- Other than Micro Enterprises & Small Enterprises		410.05	419.54
iii) Other financial liabilities	19	998.42	986.95
b) Other current liabilities	20	244.65	140.30
c) Provisions	16	13.62	12.40
<b>Total Current Liabilities (C)</b>		<b>1,814.11</b>	<b>1,772.20</b>
<b>TOTAL EQUITY AND LIABILITIES (A+B+C)</b>		<b>2,110.80</b>	<b>2,091.04</b>
Summary of Significant accounting policies	2.1		

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 Shah**  
Partner  
Membership No. 124095  
Place : Ahmedabad  
Date : August 31, 2019

**Pratap Mohan**  
Independent Director  
(DIN : 03536047)

**Pawan Gaur**  
Chief Financial Officer

Place : Palodia  
Date : August 31, 2019

**Shailesh Bhandari**  
Managing Director  
(DIN : 00058866)

**Fageshkumar R. Soni**  
Company Secretary

**Standalone Statement of Profit and Loss for the year ended March 31, 2019**

Particular	Notes	Year Ended March 31, 2019 (Rs In Crore)	Year Ended March 31, 2018 (Rs In Crore)
<b>Income</b>			
Revenue From Operations	21	3,462.37	2,772.11
Other Income	22	13.38	6.12
<b>Total Income</b>		<b>3,475.75</b>	<b>2,778.23</b>
<b>Expenses</b>			
Cost of Raw Materials and Components Consumed	23	2,340.63	1,889.30
Purchases of Stock in Trade	23	159.38	95.09
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	24	(70.63)	(31.50)
Excise Duty on Sales		-	37.34
Employee Benefit Expense	25	156.84	136.93
Finance Costs	26	38.33	4.89
Depreciation and Amortisation Expense	27	138.46	144.90
Other Expenses	28	571.97	490.08
<b>Total expenses</b>		<b>3,334.98</b>	<b>2,767.03</b>
<b>Profit Before Exceptional Items And Tax</b>		<b>140.77</b>	<b>11.20</b>
Exceptional item		-	-
<b>Profit Before Tax</b>		<b>140.77</b>	<b>11.20</b>
<b>Tax Expense:</b>			
Income Tax	29	-	-
<b>Total Tax Expense</b>		<b>-</b>	<b>-</b>
<b>Profit From Joint Venture</b>		<b>0.02</b>	<b>-</b>
Profit for the Year		140.79	11.20
<b>Other comprehensive income / (loss)</b>			
A. Other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent period			
Re-measurement gain / (loss) on defined benefit plans		(1.35)	0.58
Income tax effect relating to these items		-	-
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent period		(1.35)	0.58
<b>Total Other comprehensive income/(loss) for the year, net of tax</b>		<b>(1.35)</b>	<b>0.58</b>
<b>Total comprehensive income for the year</b>		<b>139.44</b>	<b>11.78</b>
<b>Earnings per equity share (nominal value of shares Rs 10) (Basic &amp; Diluted)</b>	39	110.49	8.79
Summary of Significant accounting policies	2.1		

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

As per our report of even date

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Managing Director  
(DIN : 00058866)

**Fageshkumar R. Soni**  
Company Secretary

**Standalone Cash Flow Statement for the Year ended on 31st March, 2019**

(Rs in Crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>A: CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	140.77	11.20
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation on property, plant, equipment & Amortization of Assets	138.46	144.90
Finance income (including fair value changes in financial instruments)	(4.84)	(4.83)
Net Sundry Balances Written Off	0.06	15.51
Net Sundry Balances Written Back	(7.84)	-
Provision For Doubtful Trade Receivables & Advances	(12.32)	15.34
Profit on Sale/Discard of assets (Net)	(0.01)	-
Profit on Sale of Units of Mutual Fund	(0.01)	-
Provision For Warranty	1.62	4.63
Profit From Joint Venture	0.02	-
Finance costs (including fair value changes in financial instruments)	33.41	4.89
Unrealized foreign exchange (gain)/loss	(6.22)	2.40
<b>Operating Profit before working capital changes</b>	<b>283.10</b>	<b>194.04</b>
<b>Working capital adjustments:</b>		
Decrease/(Increase) in trade receivables	34.74	(68.69)
Decrease/(Increase) in inventories	(98.46)	(94.71)
Decrease/(Increase) in other non-current financial assets	(5.19)	(5.28)
(Decrease)/Increase in trade payables	26.50	84.10
(Decrease)/Increase in other current liabilities	97.39	30.97
(Decrease)/Increase in other current financial liabilities	(14.78)	20.35
Decrease/(Increase) in other current financial assets & others	1.14	0.03
Decrease/(Increase) in other non current Asset	-	(0.28)
Decrease/(Increase) in other current Asset	9.95	(5.18)
(Decrease)/Increase in provisions	2.13	0.09
<b>Cash generated from operations</b>	<b>336.52</b>	<b>155.44</b>
Direct taxes paid (net)	(0.61)	(0.70)
<b>Net Cash (used in) generated from operating activities</b>	<b>335.91</b>	<b>154.74</b>
<b>B: CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets, including CWIP and capital advances	(72.41)	(49.98)
Proceeds from sale of Property Plant & Equipment	0.25	-
Purchase of Units of Mutual fund	(13.10)	(0.05)
Sale of Units of Mutual fund	13.11	-
Redemption/ (maturity) of bank deposits (Net)	-	7.52
Interest income	5.40	4.31
<b>Net Cash (used in) generated from investing activities</b>	<b>(66.75)</b>	<b>(38.20)</b>

**Standalone Cash Flow Statement for the Year ended on 31st March, 2019**

(Rs in Crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>C: CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long term borrowings (Net)	(225.87)	(97.85)
Payment of Dividend/ Transfer to Investor Education Fund	-	(0.02)
Finance Cost (Net)	(27.16)	(5.29)
<b>Net Cash (used in) generated from financing activities</b>	<b>(253.03)</b>	<b>(103.16)</b>
<b>Net (Decrease)/ Increase in Cash and Cash Equivalents</b>	<b>16.13</b>	<b>13.38</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>26.82</b>	<b>13.44</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>42.95</b>	<b>26.82</b>

**Notes:-**

- a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard 7 "Cash Flow Statement".
- b) 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, are given below :-

Particular	As at 31st March, 2017	Cash Flow	Foreign exchange movement	As at 31st March, 2018
Current Maturity of Long Term Borrowing	157.76			157.76

Particular	As at 31st March, 2018	Cash Flow	Foreign exchange movement	As at 31st March, 2019
Current Maturity of Long Term Borrowing	157.76	(20.55)	4.92	142.13

As per our report of even date

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

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Membership No. 124095  
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Place : Palodia  
Date : August 31, 2019

**Shailesh Bhandari**  
Managing Director  
(DIN : 00058866)

**Fageshkumar R. Soni**  
Company Secretary

## Statement of Change in Equity for the year ended March 31, 2019

### A. Equity Share Capital

Particulars	No. of Shares	(Rs In Crore)
<b>Equity shares of Rs. 10 each issued, subscribed and fully paid</b>		
<b>As at April 1, 2017</b>	12,742,814	12.74
Add: Issue of Equity Share Capital	-	-
<b>As at March 31, 2018</b>	12,742,814	12.74
Add: Issue of Equity Share Capital	-	-
<b>As at March 31, 2019</b>	<b>12,742,814</b>	<b>12.74</b>

### B. Other Equity

(Rs In Crore)

Particulars	Other Equity				
	Capital Reserve	Securities Premium	General Reserves	Retained Earnings	Total Other Equity
As at April 1, 2017	51.10	240.01	313.50	(1,889.59)	(1,284.98)
Profit 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 from General Reserves on Revaluation of Property, Plant & Equipment	-	-	(3.26)	3.26	-
<b>As at March 31, 2018</b>	<b>51.10</b>	<b>240.01</b>	<b>310.24</b>	<b>(1,874.55)</b>	<b>(1,273.20)</b>
Profit for the year	-	-	-	140.79	140.79
Other Comprehensive Income/(Loss) (Re-measurement loss on defined benefit plans)	-	-	-	(1.35)	(1.35)
Total Comprehensive Income	-	-	-	139.44	139.44
Transfer from General Reserves on Revaluation of Property, Plant & Equipment	-	-	(3.26)	3.26	-
<b>As at March 31, 2019</b>	<b>51.10</b>	<b>240.01</b>	<b>306.98</b>	<b>(1,731.85)</b>	<b>(1,133.76)</b>

As per our report of even date

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**Fageshkumar R. Soni**  
Company Secretary

**Notes to the standalone financial statements for the year ended 31 March 2019****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 Apartment, 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 approved and two Directors & Other signatories were authorised to sign the financial statement, in the Board of Director's Meeting held on May 28, 2019. Now these financial statements, have been signed by another authorised Directors and Other signatories, in pursuance to partial modification resolution passed by the Board of Directors in their Meeting held on August 31, 2019.

**2. BASIS OF PREPARATION AND BASIS OF MEASUREMENT OF FINANCIAL STATEMENTS:****a) 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. (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the standalone financial statements.

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.

Certain comparative figures appearing in these financial statements have been regrouped and/or reclassified to better reflect the nature of those items.

All financial information presented in Indian Rupee has been rounded off to the nearest Crore. Amounts less than 0.01 Crore have been presented as "0".

**b) Major Reclassification/Restatement**

- i) The Company has revised the presentation of the repayment of Instalments of the loan as per the term and condition of the settlement agreement. This revised presentation more appropriately reflect the substance that the repayment of the Instalments is towards the outstanding loan. As a result of the change, repayment of instalments of the loan of Rs.214.99 Crore (year ended March 31, 2019: Rs 347.25 Crore) has been reduced from 'Other Currents Assets' & 'Other financial liabilities' for the comparative year ended March 31, 2018. Similarly, net cash flows from operating activities in the statement of cash flows has been reduced by an equivalent amount with corresponding effect on the net cash used in financing activities.
- ii) The company has revised the presentation of the consumption of coal during the year by transferring the expense from power & fuel (other expense) to consumption of raw material and components consumed. As a result of the change, consumption of coal of Rs.74.73 Crore has been reclassified from 'Other Expense' to 'Raw material and components consumed' for the comparative year ended March 31, 2018.

**2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:****a CURRENT VERSUS NON-CURRENT CLASSIFICATION:**

The Company presents assets and liabilities in the standalone 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.

## Notes to the standalone financial statements for the year ended 31 March 2019

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 Standalone 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 derivative financial instruments and unquoted financial assets measured at fair value, and for non-recurring fair value measurement.

External valuers are involved for valuation of unquoted financial assets. 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

**Notes to the standalone financial statements for the year ended 31 March 2019**

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
- Financial instruments (including those carried at amortised cost)

d. **Revenue from contract with customer (Applied from 1 April 2018)**

Revenue is recognized 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.

However, sales tax/ value added tax (VAT)/ Goods and Service tax (GST) is 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

**Sale of Goods:**

Revenue is recognized when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as sales tax or other taxes directly linked to sales. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue from product sales are recorded net of allowances for estimated rebates, cash discounts and estimates of product returns, all of which are established at the time of sale.

**Variable Considerations:**

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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

**Dividends:**

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

**Interest income and expense:**

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.

**Contract assets:**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

## Notes to the standalone financial statements for the year ended 31 March 2019

### **Trade receivables:**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

### **Contract liabilities:**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

### **Refund liabilities:**

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

### **e. PROPERTY, PLANT AND EQUIPMENT (PPE):**

Property Plant and Equipment 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 Standalone 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 Standalone 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 Standalone 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 Standalone Statement of profit or loss when the asset is derecognised.

### **g. 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

**Notes to the standalone financial statements for the year ended 31 March 2019**

recognized in the Standalone 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.

**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 Standalone 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 Standalone 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 Standalone Statement of 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 Standalone Statement of Profit and Loss. The losses arising from impairment are recognised in the Standalone 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 Standalone Statement of Profit and Loss.

**Equity investments**

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

## Notes to the standalone financial statements for the year ended 31 March 2019

dividends, are recognized in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to Standalone 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 Standalone 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 and advance to suppliers. 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 Standalone 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 Standalone 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

**Notes to the standalone financial statements for the year ended 31 March 2019**

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 Standalone 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 Standalone Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through Standalone 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 Profit and Loss. 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 Standalone 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 Standalone 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 Standalone 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, 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 Standalone 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.

**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

## Notes to the standalone financial statements for the year ended 31 March 2019

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. 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.

For the defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. 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 recognised in full in the period in which they occur in the Statement of Profit and Loss.

### m. TAXES:

Tax expense comprises of current income tax and deferred tax

#### 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 Standalone Statement of Profit and Loss is recognised outside the Standalone 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 recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, 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

**Notes to the standalone financial statements for the year ended 31 March 2019**

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.

r. **CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

**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.

## Notes to the standalone financial statements for the year ended 31 March 2019

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.

Further details about gratuity obligations are given in Note 31.

### 2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

#### New and amended standards

##### Ind AS 115 Revenue from Contracts with Customers

The Company applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Ind AS 115 Revenue from Contracts with Customers was issued on March 28, 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures. The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of April 1, 2018. The adoption of the standard did not have any material impact on the financial statements.

Several other amendments and interpretations apply for the first time in March 2019, but do not have an impact on the standalone financial statements of the company. The company has not early adopted any standards or amendments that have been issued but are not yet effective.

#### Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards if applicable, when they become effective. The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Second Amendment Rules, 2019 applicable from April 1, 2019 amending the following standard.

##### Impact of Ind AS 116 - Leases

On March 30, 2019, Ministry of Corporate Affairs has notified IND AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. lessee and the lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying assets is of low value. Currently, operating lease expenses are charges to the statements of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective - Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimation and Errors.
- Modified retrospective - Retrospectively, with the cumulative effect of initially applying the standard recognized at the date of initial application. Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use assets either as:
  - Its carrying amount as if the standard has been applied since the commencement date, but discounting at lessee's incremental borrowing rate at the date of initial application or
  - An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application. Certain practical expedients are available under both the methods.

The Company intends to adopt these standard, as applicable and they become effective. As the Company does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its financial statements.

Notes to the standalone financial statements for the year ended 31 March 2019

Particulars	(Rs In Crore)										
	Freehold Land	Leasehold Land	Building	Plant and Machinery	Computer	Furniture and Fixtures	Office Equipment	Vehicles	Total	Capital Work in Progress	
<b>Cost</b>											
<b>As at April 1, 2017</b>	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	
Disposals / Capitalization	-	-	-	-	-	-	-	-	-	7.01	
<b>As at March 31, 2018</b>	150.12	0.96	273.38	786.74	5.38	4.12	2.71	3.75	1,227.16	15.93	
Additions	0.23	-	7.82	46.09	2.42	1.71	1.83	0.37	60.47	14.08	
Disposals / Capitalization	-	-	-	0.27	-	-	-	0.35	0.62	2.58	
<b>As at March 31, 2019</b>	150.35	0.96	281.20	832.56	7.80	5.83	4.54	3.77	1,287.01	27.43	
<b>Depreciation / Amortization and Impairment</b>											
<b>As at 01 April 2017</b>	-	0.01	13.85	127.15	1.06	0.82	0.39	0.64	143.92	-	
Depreciation for the Year	-	0.01	13.94	127.81	1.31	0.67	0.49	0.65	144.88	-	
Disposals	-	-	-	-	-	-	-	-	-	-	
<b>As at March 31, 2018</b>	-	0.02	27.79	254.96	2.37	1.49	0.88	1.29	288.80	-	
Depreciation for the Year	-	0.01	14.05	120.92	1.56	0.58	0.66	0.47	138.25	-	
Disposals	-	-	-	0.04	-	-	-	0.33	0.37	-	
<b>As at March 31, 2019</b>	-	0.03	41.84	375.84	3.93	2.07	1.54	1.43	426.68	-	
<b>Net Block</b>											
<b>As at March 31, 2018</b>	150.12	0.94	245.59	531.78	3.01	2.63	1.83	2.46	938.36	15.93	
<b>As at March 31, 2019</b>	150.35	0.93	239.36	456.72	3.87	3.76	3.00	2.34	860.33	27.43	

Notes:-

- Various Assets appearing in Capital Work in Progress and Capitalized during the year 31 March, 2019 Rs. 2.58 crore (31 March, 2018 Rs. 7.01 crore) have been shown in addition in respective class of property, plant and equipments and as transfers in CWIP.
- There is a pari-pasu charge by way of Registered Mortgage on Immovable Property, Plant and Equipments & hypothecation on all Movable Property, Plant & Equipments.
- Cost of the Property, Plant & Equipments includes carrying value recognized as deemed cost as of 1st April 2016, measured as per previous GAAP and cost of subsequent additions.

**Notes to the standalone financial statements for the year ended 31 March 2019**
**4 Intangible Assets**

(Rs In Crore)

Particulars	Software	Trademark	Total
<b>Cost</b>			
<b>As at April 1, 2017</b>	<b>0.62</b>	<b>0.02</b>	<b>0.64</b>
Additions	-	-	-
<b>As at March 31, 2018</b>	<b>0.62</b>	<b>0.02</b>	<b>0.64</b>
Additions	1.83	-	1.83
<b>As at March 31, 2019</b>	<b>2.45</b>	<b>0.02</b>	<b>2.47</b>
<b>Amortization and Impairment</b>			
<b>As at April 1, 2017</b>	<b>0.18</b>	-	<b>0.18</b>
Amortization for the Year	0.02	-	0.02
<b>As at March 31, 2018</b>	<b>0.20</b>	-	<b>0.20</b>
Amortization for the Year	0.21	-	0.21
<b>As at March 31, 2019</b>	<b>0.41</b>	-	<b>0.41</b>
<b>Net Block</b>			
<b>As at March 31, 2018</b>	<b>0.42</b>	<b>0.02</b>	<b>0.44</b>
<b>As at March 31, 2019</b>	<b>2.04</b>	<b>0.02</b>	<b>2.06</b>

## Notes to the standalone financial statements for the year ended 31 March 2019

## 5 Non-Current Financial Assets

## Investments

(Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Non-Trade Investments - Investments in Mutual Funds (Quoted) (at fair value through profit and loss)</b>		
- Nil (March 31, 2018: 23,299.564 ) Units of Rs. 10 each of PNB PRINCIPAL EMERGING BLUE CHIP-REGULAR PLAN GROWTH	-	0.24
- 21,503.949 (March 31, 2018 : Nil) Units of IDFC STERLING VALUE FUND - REGULAR PLAN GROWTH	0.11	-
- 13,027.83 (March 31, 2018 : Nil) Units of CANARA ROBECO EMERGING EQUITIES - REGULAR PLAN GROWTH	0.12	-
- 49,990 (March 31, 2018: 49,990) Units of Rs. 10 each UNION FOCUSED LARGE CAP FUND-REGULAR PLAN-GROWTH	0.05	0.05
<b>Other unquoted investments in Government Securities (At Amortized Cost)</b>		
- National Saving Certificates	-	-
<b>Investment in Equity Instruments (UnQuoted) : (at Cost less provision for impairment)</b>		
<b>(a) Investment in unquoted Equity Share of Joint Ventures</b>		
- 90,45,127 (March 31, 2018: 90,45,127) Equity Shares of Rs. 10 each of Bhaskarpara Coal Company Limited	9.06	9.05
Less:- Accumulated Impairment	(2.13)	(2.13)
<b>(b) Investment in unquoted Equity Share of Subsidiary Company (at Cost)</b>		
- 7,24,400 (31 March 2018 7,24,400) Equity Shares of Rs. 10 each of ET Elec-Trans Limited	-	-
- 38,00,000 (31 March 2018: 38,00,000) Shares of Rmb 1 each of Jinhua Indus Enterprise Limited	2.04	2.04
- 3,64,20,000 (31 March 2018:3,64,20,000) Equity Shares of Rs. 10/- each of Hans Ispat Limited	36.46	36.46
- 3,50,000 (31 Mach 2018: 3,50,000) Equity Shares of Rs. 10/- each of Electrotherm Services Limited (earlier known as Shree Hans Papers Limited)	0.35	0.35
- 7,78,000 (31 March 2018: 7,78,000) Equity Shares of Rs. 100/- each At a Premium of Rs. 909/- of Shree Ram Electrocast Limited	-	-
- 7,24,400 (31 March 2018 7,24,400) Equity Shares of Rs. 10 each of ET Elec-Trans Limited	0.72	0.72
Less: Accumulated Impairment:	(0.72)	(0.72)
<b>Total</b>	<b>46.06</b>	<b>46.06</b>
Aggregate Book Value of Unquoted Investments	48.63	48.62
Aggregate Book Value of quoted Investments	0.30	0.12
Aggregate amount of impairment in value of investments in unquoted equity shares	2.85	2.85

(a) The Company holds investment in equity shares of Shree Ram Electrocast Limited 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.

(b) The company holds an investment in equity shares of ET Elec-Trans Limited as subsidiary 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 impairment of Rs. 2.13 Crore (March 31, 2018 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. 0.72 Crore (March 31, 2018 Rs. 0.72 Crore) has been provided as on April 1, 2016.

**Notes to the standalone financial statements for the year ended 31 March 2019**
**6 Loans** (Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Unsecured, Considered doubtful</b>		
Loan Receivable from Subsidiary- Credit Impaired	4.18	4.18
Less: Allowance for doubtful Receivable	(4.18)	(4.18)
<b>Total</b>	-	-

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

Particulars	As at March 31, 2019	As at March 31, 2018
Electrotherm Services Limited (earlier known as Shree Hans Papers Limited)	4.18	4.18

Particulars	MAXIMUM AMOUNT OUTSTANDING AT ANY TIME DURING THE YEAR ENDED	
	March 31, 2019	March 31, 2018
Electrotherm Services Limited (earlier known as Shree Hans Papers Limited)	4.18	4.18

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

(c) Loans and advances to subsidiary is given for business purpose.

(d) Provision for the Expected Credit Loss on amount recoverable from Electrotherm Services Limited has been made as at March 31, 2019 of Rs. 4.18 Crore (As at March 31, 2018 of Rs. 4.18 Crore ) due to uncertainty of it's recovery.

**7 Other financial assets** (Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Unsecured, Considered Good</b>		
Sundry Deposits Includes Bank Fixed Deposit of Rs.12.89 Crore ( March 31, 2018: 10.66 crore) given as EMD)	36.98	29.56
In term deposit accounts (marked as lien against the LC/BG) (remaining maturity more than 12 months)	10.55	7.65
Loan to Employees	0.38	0.26
Interest receivable	1.05	1.59
<b>Total</b>	<b>48.96</b>	<b>39.06</b>
Current	1.43	1.85
Non Current	47.53	37.21
<b>Total</b>	<b>48.96</b>	<b>39.06</b>

## Notes to the standalone financial statements for the year ended 31 March 2019

## 8 Other Assets

(Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Unsecured, Considered Good</b>		
Product Development Cost	14.66	14.66
Capital Advance	0.54	0.03
Advance to subsidiaries	28.53	5.13
Advance to Key Management Personnel	0.02	0.06
Enterprises owned or Significantly influenced by key management personnel or their relative	0.29	0.09
Advances Recoverable In Cash or Kind (Net)	33.53	34.08
Advances to Staff	0.79	0.49
Advance to Suppliers and Other Parties	85.26	113.55
Prepaid Expenses	3.17	1.17
Balance with Revenue Authorities	15.70	14.29
<b>Unsecured, Considered Doubtful</b>		
Advance to Suppliers and Other Parties - Credit Impaired	19.97	32.29
Allowance for Doubtful Receivable	(19.97)	(32.29)
<b>Total</b>	<b>182.49</b>	<b>183.55</b>
Current	167.29	168.86
Non Current	15.20	14.69
<b>Total</b>	<b>182.49</b>	<b>183.55</b>

## Movement in Provision For Doubtful Receivable

(Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at beginning of the year	32.29	26.83
Movement in Provision For Doubtful Receivable on Advance to suppliers and other Parties	(12.32)	5.46
<b>Balance at end of the year</b>	<b>19.97</b>	<b>32.29</b>

## (a) Advances to Subsidiaries

(Rs In Crore)

Particulars	BALANCE AS AT	
	March 31, 2019	March 31, 2018
Jinhua Jahari Enterprise	2.11	2.14
Jinhua Indus Enterprise Ltd	1.40	1.54
Shree Ram Electrocast Ltd	1.75	1.45
Hans Ispat Limited	23.27	-
<b>Total</b>	<b>28.53</b>	<b>5.13</b>

Particulars	MAXIMUM AMOUNT OUTSTANDING AT ANY TIME DURING THE YEAR ENDED	
	March 31, 2019	March 31, 2018
Jinhua Jahari Enterprise	2.11	7.48
Jinhua Indus Enterprise Ltd	1.52	1.54
Shree Ram Electrocast Ltd	24.48	18.50
Hans Ispat Limited	33.50	-

- (b) The settlement of advances to subsidiaries and related parties is not planned but is likely to occur within twelve months.  
(c) Advances to subsidiaries are given for the business purpose.

**Notes to the standalone financial statements for the year ended 31 March 2019**
**9 Inventories {Refer Note No 35(f)} (Rs In Crore)**

Particulars	As at March 31, 2019	As at March 31, 2018
a. Raw Material [including goods in transit of Rs.4.64 Crore ] (March 31, 2018 Rs. 9.06 Crore)	197.60	168.70
b. Work-In-Progress	208.92	102.97
c. Finished Goods / Stock in Trade [ Including goods in transit of Rs. 7.87 Crore ] (March 31, 2018 Rs. 58.94 Crore )	62.81	98.13
d. Stores and Spares [including goods in transit of Rs.1.77 Crore] (March 31, 2018 Rs. Nil)	56.61	57.68
<b>Total</b>	<b>525.94</b>	<b>427.48</b>

**10 Trade Receivables {Refer Note No 35(e)} (Rs In Crore)**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>(A) Trade receivables from other parties</b>		
Secured Considered Good	99.34	190.56
Unsecured Considered Good	220.54	162.45
Unsecured Considered Doubtful- Credit Impaired	91.99	91.99
Less: Allowance for Doubtful Receivable	(91.99)	(91.99)
<b>(B) Due to Related Parties</b> (Unsecured, Considered Good)		
- Enterprises owned or Significantly influenced by key management personnel or their relative	9.54	9.82
- Subsidiary Company (Unsecured, Considered Doubtful)	27.92	27.47
- Subsidiary Company - Credit Impaired	0.51	0.51
Less: Allowance for Doubtful Receivable	(0.51)	(0.51)
<b>Total</b>	<b>357.34</b>	<b>390.30</b>

**Movement in expected credit loss allowance (Rs In Crore)**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Balance at beginning of the year</b>	92.50	82.61
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	-	9.89
<b>Balance at end of the year</b>	<b>92.50</b>	<b>92.50</b>

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 2019

## 11 Cash and Cash Equivalents

(Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Cash and Cash Equivalents (At Amortized Cost)</b>		
<b>a. Balances with Bank</b>		
- In Current Account	42.02	26.39
- In Deposit accounts (original maturity less than 3 months)	0.40	0.07
<b>b. Cash on hand</b>	0.53	0.36
<b>Total Cash and Cash Equivalents</b>	<b>42.95</b>	<b>26.82</b>
<b>Bank Balance Other than Cash and Cash Equivalents (At Amortized Cost)</b>		
- Fixed Deposits with original maturity of more than 3 months but less than 12 months	15.88	21.01
- Interest accrued but not due	-	0.02
<b>Total</b>	<b>15.88</b>	<b>21.03</b>

## 12 Current Tax assets

(Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Income Tax Asset	1.36	2.01
<b>Total</b>	<b>1.36</b>	<b>2.01</b>

## 13 Equity share capital

(Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
<b>Authorized Share Capital:</b>			
2,50,00,000 (March 31, 2018: 2,50,00,000 and April 1, 2017: 2,50,00,000) Equity Shares of Rs.10/- each	25.00	25.00	25.00
2,50,00,000 (March 31, 2018: 2,50,00,000 and April 1, 2017: 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, 2018: 2,85,90,000 and April 1, 2017: 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
<b>Issued, subscribed and fully paid up:</b>			
<b>(a) Equity Shares</b>			
1,27,42,814 (March 31, 2018: 1,27,42,814 and April 1, 2017: 1,27,42,814) Equity Shares of Rs.10/- each Fully paid up	12.74	12.74	12.74
	<b>12.74</b>	<b>12.74</b>	<b>12.74</b>

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

Particulars	As at March 31, 2019		As at March 31, 2018	
	No of shares	(Rs In Crore)	No of shares	(Rs In Crore)
<b>Equity Shares :</b>				
<b>At the beginning of the year</b>	12,742,814	12.74	12,742,814	12.74
Add: Shares issued during the year	-	-	-	-
<b>At the end of the year</b>	<b>12,742,814</b>	<b>12.74</b>	<b>12,742,814</b>	<b>12.74</b>

## 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.

## Notes to the standalone financial statements for the year ended 31 March 2019

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 shareholders 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 shareholders 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, 2019		As at March 31, 2018	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Edelweiss Asset Reconstruction Company Ltd	892,208	7.00	1,048,074	8.22
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
Mr. Jagdishkumar Amrutlal Akhani	746,193	5.86	829,350	6.51

**f)** As per Records of the Company, including its register of Shareholder/members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent legal ownership of shares.

**g)** The Company has calls in arrears / unpaid calls of Rs. Nil (March 31, 2018: Nil)

**h)** Details of Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash. ( during 5 years immediately preceding March 31, 2019).

As per the terms and conditions of the settlement with Edelweiss Asset Reconstruction Company Limited (EARC), the company has issued and allotted 2,85,90,000 Partially convertible and Partially Redeemable Preference Shares (PCPRPS) to EARC on 22nd August 2015.

**i)** 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

## Notes to the standalone financial statements for the year ended 31 March 2019

## 14 Other equity

Particulars	(Rs In Crore)
<b>(a) Capital Reserve</b>	
As at April 1, 2017	51.10
Increase/(decrease) during the Year	-
As at March 31, 2018	51.10
Increase/(decrease) during the Year	-
As at March 31, 2019	51.10
<b>(b) Securities Premium</b>	
As at April 1, 2017	240.01
Increase/(decrease) during the Year	-
As at March 31, 2018	240.01
Increase/(decrease) during the Year	-
As at March 31, 2019	240.01
<b>(c) General Reserves</b>	
As at April 1, 2017	313.50
Increase/(decrease) during the Year	(3.26)
As at March 31, 2018	310.24
Increase/(decrease) during the Year	(3.26)
As at March 31, 2019	306.98
<b>Retained Earnings</b>	
As at April 1, 2017	(1,889.59)
Profit for the year	11.20
<b>Other Comprehensive Income (Re-measurement loss on defined benefit plans)</b>	0.58
Transfer from General Reserves on Revaluation of Property, Plant & Equipment	3.26
As at March 31, 2018	(1,874.55)
Profit for the year	140.79
<b>Other Comprehensive Income (Re-measurement loss on defined benefit plans)</b>	(1.35)
Transfer from General Reserves on Revaluation of Property, Plant & Equipment	3.26
As at March 31, 2019	(1,731.85)
<b>Total Other Equity</b>	
As at March 31, 2018	(1,273.20)
As at March 31, 2019	(1,133.76)

**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.

**Notes to the standalone financial statements for the year ended 31 March 2019**
**15 Borrowings {Refer Note No. 33(b)} (Rs In Crore)**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Secured</b>		
Term Loans from Banks {Refer Note No. (a) below}		
- Rupee Term Loan	677.80	704.77
Loans from Asset Reconstruction Companies {Refer Note No. (a) below }		
- Rupee Term Loan	1,562.70	1,661.21
Term Loan from Financial Institutions {Refer Note No. (b) below}		
- Foreign Currency Term Loan	81.29	90.13
<b>Unsecured Term Loan From Financial Institution {Refer Note No. (a) below}</b>		
- Foreign Currency Term Loan	60.84	67.63
Less: Current Maturity of Long Term Borrowing	(977.41)	(953.05)
<b>Total</b>	<b>1,405.22</b>	<b>1,570.69</b>

- (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) Borrowings from few banks carries interest in the range of 9.65% to 12.00%.
- (d) Company has defaulted in repayment of borrowings from Lenders. Details of the amount outstanding as on March 31, 2019 are as follows:

Name of the Bank	Principal	Interest	Default From
Central Bank of India	428.94	7.19	March- 2012
Indian Overseas Bank	100.00	-	August -2011
<b>Total</b>	<b>528.94</b>	<b>7.19</b>	

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

Particular	0-1 Year	1 - 3 Year	3 and More Year
<b>Secured</b>			
<b>Term Loans from Banks</b>			
- Rupee Term Loan	611.98	58.41	7.41
<b>Loans from Asset Reconstruction Company</b>			
- Rupee Term Loan	223.30	765.00	574.40
<b>Term Loan from Financial Institutions</b>			
- Foreign Currency Term Loan	81.29	-	-
<b>Unsecured Term Loan From Financial Institution</b>			
- Foreign Currency Term Loan	60.84	-	-
<b>Total</b>	<b>977.41</b>	<b>823.41</b>	<b>581.81</b>

**16 Provisions (Rs In Crore)**

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Employee Benefits*	19.86	16.38
Provision for Others	6.25	4.63
<b>Total</b>	<b>26.11</b>	<b>21.01</b>
Current	13.62	12.40
Non Current	12.49	8.61
<b>Total</b>	<b>26.11</b>	<b>21.01</b>

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

**Notes to the standalone financial statements for the year ended 31 March 2019**

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	March 31, 2019	March 31, 2018
Opening Balance of Warranty	4.63	-
Net Additions during the year	1.62	4.63
<b>Closing balance</b>	<b>6.25</b>	<b>4.63</b>

**17 Short Term Borrowings**

(Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Secured Loan from Banks {Refer Note No. 33(b) }</b>		
Term Loan {Refer Note No (a) below}	-	0.02
Working Capital Facilities {Refer Note No (a) below}	107.43	163.13
<b>Unsecured</b>		
<b>Loans repayable on demand from: -</b>		
Relatives of Key Managerial Personnel	0.17	0.17
Other Body Corporates	0.34	0.34
Enterprise Owned or significantly influenced by Key Management Personnel or Their Relative	1.75	1.75
Key Managerial Personnel	0.31	0.32
<b>Term Loan from Banks {Refer Note No. 33(b) }</b>		
- Rupee Term Loan	-	33.95
	<b>110.00</b>	<b>199.68</b>
1,20,00,000 (March 31, 2018: 1,20,00,000 ) 6 % Non-Cumulative Redeemable Preference Shares Of Rs.10/- each Fully Paid Up, Redeemable At Par.	12.00	12.00
<b>Total</b>	<b>122.00</b>	<b>211.68</b>

- (a) Secured by first charge by way of hypothecation of all stocks of raw material, packing materials, fuel, stock in process, semi finished and finished goods, stores and spares not relating to the plant and machinery and stock in trade & receivables and second charge on all movable fixed assets & second and subservient charge by way of equitable mortgage of all immovable properties situated at Vatva, Palodia, Dhank, Samakhali- Kutch and Chhadawada -Bhachau. Further the loans are guaranteed by the personal guarantees of some of the Directors of the company.
- (b) Company has defaulted in repayment of borrowing from the Lenders. Details of amount outstanding as on March 31, 2019 are as follows: -

(Rs In Crore)

Name of Borrowers	Principal	Interest	Default From
Indian Overseas Bank	100.00	0.01	Aug-11
Standard Chartered Bank	7.42	-	Dec-11
<b>Total</b>	<b>107.42</b>	<b>0.01</b>	

**18 Trade Payables {Refer Note No 35(e) & 37(b)}**

(Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Total Outstanding dues of Micro and Small Enterprises	25.37	1.33
Total Outstanding dues of creditors other than Micro and Small Enterprises		
Others	409.47	419.54
Dues to Enterprise Owned or Significantly Influence by Key Managerial Personnel or Their Relative	0.17	-
Dues to Key Managerial Personnel	0.03	-
Dues to Subsidiaries	0.38	-
<b>Total</b>	<b>435.42</b>	<b>420.87</b>

## Notes to the standalone financial statements for the year ended 31 March 2019

Amount due to micro and small enterprises as defined in the “The Micro, Small and Medium Enterprises Development Act, 2006” has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to micro and small enterprises is as below:-

(Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	25.37	1.33
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-

### 19 Other Financial Liabilities

(Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Creditors for Capital expenditure	3.01	1.12
Current Maturities of Long term borrowings {Refer Note No 33(b)}	977.41	953.05
Amount Payable to Key Management Personnel	-	0.05
Amount Payable to Relative of Key Management Personnel	-	-
Others	18.00	32.73
<b>Total</b>	<b>998.42</b>	<b>986.95</b>

### 20 Other current liabilities

(Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Advance from Customers ( Contract Liabilities)	213.10	116.17
Advance from enterprise owned or significantly influenced by Key Management Personnel	-	0.06
Advance from Subsidiaries	0.26	0.26
Interest accrued and due	1.98	-
Interest accrued but not due	4.27	-
Other Miscellaneous Liabilities	0.25	-
Statutory Dues Payable	24.79	23.81
<b>Total</b>	<b>244.65</b>	<b>140.30</b>

**Notes to the standalone financial statements for the year ended 31 March 2019****21 Revenue from operations**

(Rs In Crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>Revenue From Contracts With Customers</b>		
Sales of Products (Finished Goods & Traded Goods)	3,450.16	2,761.20
Revenue From Service Contracts	7.81	6.15
<b>Total Revenue from Contracts with Customers</b>	<b>3,457.97</b>	<b>2,767.35</b>
Export Incentives	4.40	4.76
<b>Total Revenue From Operation</b>	<b>3,462.37</b>	<b>2,772.11</b>
<b>i) Disaggregated revenue Information</b>		
Types of Goods & Services		
(a) Engineering & Project Division	935.65	742.38
(b) Special Steel Division	2,496.26	2,013.56
(c) Electric Vehicle Division	31.68	26.81
(d) Revenue From Service Contracts with Customers	7.81	6.15
<b>Gross Revenue Company as a Whole</b>	<b>3,471.40</b>	<b>2,788.90</b>
Less:- Inter Segment Revenue	(9.03)	(16.79)
<b>Total Revenue From Operation</b>	<b>3,462.37</b>	<b>2,772.11</b>
India	3,203.23	2,505.96
Outside India	259.14	266.15
<b>Total Revenue From Contracts with Customers</b>	<b>3,462.37</b>	<b>2,772.11</b>

**Set Out below is the amount of revenue recognised from:-**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Amount of Contract Liability (Including Advance From Customers) at the beginning of the year	116.49	100.10
Performance obligation satisfied during the Previous year	65.59	63.41

**Performance Obligation :-**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Within one Year	973.65	531.76
More than One Year	148.02	342.24

**Contract Balances As At:**

Particulars	March 31, 2019	March 31, 2018
Trade Receivables	357.34	390.30
Contract Liabilities (Including Advance from Customers)	213.36	116.49

**Reconciliation the amount of Revenue recognised in the statement of Profit and Loss with the contract price**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Revenue as per Contract Price	3,470.35	2,779.48
Adjustments for Discounts & Rebates	7.98	7.37
<b>Revenue From Contracts with Customers</b>	<b>3,462.37</b>	<b>2,772.11</b>

Revenue from sale of products are recorded at a point of time of Rs 3450.16 Crore (March 31, 2018 Rs. 2761.20 Crore) and those from sale of services are recognised over a period of time of Rs. 7.81 Crore (March 31, 2018 Rs. 6.15 Crore).

The Revenue from contracts with customers for the part of Financial Year ended March 31, 2018 (Up to 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. The company collects GST on behalf of the Government. Hence GST is not Included in revenue from operations. In view of the aforesaid change in indirect taxes, the revenue from operations for the year ended on March 31, 2019 is not comparable with March 31, 2018.

**Notes to the standalone financial statements for the year ended 31 March 2019**
**22 Other income** (Rs In Crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest from Bank Deposits & Others	4.85	4.81
Net Sundry Balances Written Back	7.84	-
Miscellaneous Income	0.69	1.31
<b>Total</b>	<b>13.38</b>	<b>6.12</b>

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

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Opening Inventory	168.70	124.19
Add: Purchases & Other Expenses	2,369.53	1,933.81
<b>Total</b>	<b>2,538.23</b>	<b>2,058.00</b>
Less: Closing Inventory	197.60	168.70
<b>Cost of Raw Material Consumed</b>	<b>2,340.63</b>	<b>1,889.30</b>
Purchase of Stock in Trade		
Trading Purchase	159.38	95.09

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

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>Inventory at the beginning of the year</b>		
- Work In Progress	102.97	51.94
- Stock In Trade	-	0.38
- Finished Goods	98.13	117.28
<b>Total</b>	<b>201.10</b>	<b>169.60</b>
<b>Inventory at the end of the Year</b>		
- Work In Progress	208.92	102.97
- Finished Goods	62.81	98.13
<b>Total</b>	<b>271.73</b>	<b>201.10</b>
<b>Total</b>	<b>(70.63)</b>	<b>(31.50)</b>

**25 Employee Benefit Expenses** (Rs In Crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, Wages, Allowances and Bonus	148.22	128.68
Contribution to Provident and other funds (Refer Note No. 31 )	5.92	5.81
Staff Welfare and amenities	2.70	2.44
<b>Total</b>	<b>156.84</b>	<b>136.93</b>

**26 Finance Cost** (Rs In Crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest Expenses on Bank and Other Loan (Net of Reversal)	-	(0.23)
Other Interest	5.39	1.09
Interest Expenses on Account of Settlement of Loans with Banks	23.57	-
Interest on Statutory Dues	3.03	0.10
Applicable loss on foreign currency transactions and translation	4.92	-
Bank Charges	1.42	3.93
<b>Total</b>	<b>38.33</b>	<b>4.89</b>

**Notes to the standalone financial statements for the year ended 31 March 2019****27 Depreciation and Amortisation Expense**

(Rs In Crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation and Amortization of tangible assets (Refer note - 3)	138.25	144.88
Amortization of intangible assets (Refer note - 4)	0.21	0.02
<b>Total</b>	<b>138.46</b>	<b>144.90</b>

**28 Other Expenses**

(Rs In Crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Power & Fuel	109.27	87.99
Consumption of Stores & Spares	154.99	123.52
Labour & Job Charges	115.80	98.68
Machinery Repairs	5.01	1.05
Building Repairs	0.63	0.95
Other Repairs	3.51	3.92
Water Charges	4.98	4.48
Increase/ (Decrease) in Excise duty on Inventory	-	(7.90)
Rates & Taxes	2.93	4.17
Insurance Premium (Net)	2.81	2.81
Delay Payment Charges of Custom Duty	6.25	-
Postage Telegram & Telephone Expenses	1.59	1.71
Conveyance Expenses	1.11	1.00
Travelling Expenses	11.22	9.88
Printing & Stationery	1.63	1.11
Vehicle Expenses	1.56	1.60
Security Expenses	2.20	1.82
CSR Activity	0.40	0.35
Subscription & Membership	0.34	0.32
Net Sundry Balances Written Off	0.06	15.51
Provision For Doubtful Debtors & Advances and reversal of Provisions (Net)	(12.32)	15.34
Auditors' Remuneration:		
- Audit Fees	0.20	0.20
- Other Matters	0.01	0.02
Legal & Professional Charges	13.27	13.14
Warranty Expenses	2.77	4.74
Guest House Expenses	1.37	1.45
Miscellaneous Expenses	3.07	2.17
Research & Development Expenses	5.49	0.07
Foreign Exchange Fluctuation	(5.50)	2.22
Donation	0.06	0.27
Advertisement & Sales Promotion	14.04	13.45
Commission Expenses	18.02	11.23
Freight Outward & other Expenses (Net)	105.20	72.81
<b>Total</b>	<b>571.97</b>	<b>490.08</b>

**Notes to the standalone financial statements for the year ended 31 March 2019**
**29 INCOME TAX** (Rs In Crore)
**a Component of Income tax**

The Major component of income tax expense for the year ended March 31, 2019 & March 31, 2018 are:	Year Ended March 31, 2019	Year Ended March 31, 2018
<b>Current Tax</b>		
Current Income Tax	-	-
<b>Deferred Tax</b>		
Deferred Tax Expenses/(Benefit)	-	-
Tax in Respect of earlier years	-	-
Income tax expense reported in the Statement of Profit & Loss	-	-
<b>Other Comprehensive Income (OCI)</b>		
Deferred tax related to items recognised in OCI during the year	-	-
Re-measurement loss on defined benefit Plans	-	-
Deferred Tax credited to OCI	-	-

**b. Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2019 & March 31, 2018:**
(Rs In Crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Accounting profit before tax	140.77	11.20
Enacted income tax rate in India applicable to the company	31.20%	30.90%
Tax using the Company's domestic tax rate	43.92	3.46
Tax effects of:		
Income Tax allowances	(26.84)	(24.04)
Non-Deductible expenses	46.30	51.80
Unused Tax Loss	(61.20)	(30.87)
Others	(2.18)	(0.35)
At the effective income tax Nil rate as at March 31, 2019 (Nil Rate as at March 31, 2018)	-	-

**c Details of carry forward losses and unused credit**

Unabsorbed depreciation can be carried forward indefinitely. Business loss can be carried forward for a period for 8 years from the year in which losses arose. MAT credit can be carried forward up to a period of 15 years. The company has incurred loss in all the consecutive years starting from Financial Year 2009-10 till 2015-16.

**d Deferred Tax**
**Movement in deferred tax Assets (net) for the year ended 31st March, 2019**
(Rs In Crore)

Particulars	Opening Balance As at March 31, 2018	To be Recognized in Profit & Loss Account*	Closing Balance as at March 31, 2019
<b>Tax effect of items constituting deferred tax liabilities :</b>			
Property, plant and equipment	94.37	(19.63)	74.74
<b>Total</b>	<b>94.37</b>	<b>(19.63)</b>	<b>74.74</b>
<b>Tax effect of items constituting deferred tax assets</b>			
Asset on expenses allowed in year of payment	2.00	0.93	2.93
Unabsorbed Depreciation / Carried Forward Losses under Tax Laws & MAT Credit	456.81	(56.24)	400.57
Other adjustments	38.40	(3.47)	34.93
<b>Total</b>	<b>497.21</b>	<b>(58.78)</b>	<b>438.43</b>
<b>Net Deferred Tax Assets</b>	<b>402.84</b>	<b>(39.15)</b>	<b>363.69</b>

**Notes to the standalone financial statements for the year ended 31 March 2019****Movement in deferred tax Assets (net) for the year ended 31st March, 2018**

(Rs In Crore)

Particulars	Opening Balance As at March 31, 2017	To be Recognized in Profit & Loss Account*	Closing Balance as at March 31, 2018
<b>Tax effect of items constituting deferred tax liabilities :</b>			
Property, plant and equipment	115.58	(21.21)	94.37
<b>Total</b>	<b>115.58</b>	<b>(21.21)</b>	<b>94.37</b>
<b>Tax effect of items constituting deferred tax assets</b>			
Asset on expenses allowed in year of payment	2.81	(0.81)	2.00
Unabsorbed Depreciation / Carried Forward Losses under Tax Laws & MAT Credit	487.92	(31.11)	456.81
Other adjustments	27.84	10.56	38.40
<b>Total</b>	<b>518.57</b>	<b>(21.36)</b>	<b>497.21</b>
<b>Net Deferred Tax Assets</b>	<b>402.99</b>	<b>(0.15)</b>	<b>402.84</b>

\* Deferred tax assets have not been recognized, as it is not probable that sufficient taxable income will be available in the future against which such deferred tax assets can be realized in the normal course of business of the company.

**30 Contingent Liabilities and Other Commitments****(a) Claims against the Company not acknowledged as debts towards:**

(Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
i) VAT & CST Matters	55.12	26.13
ii) Service Tax Matters	2.03	2.20
iii) Custom Duty Matters	14.21	19.26
iv) Excise Duty Matters	344.40	338.27
v) Estimated amount of contracts remaining to be executed on capital account (net off advances) and not provided for	-	2.90
vi) Guarantees / Counter Guarantees (including un-utilized Letters of Credit)	27.29	23.09

vii) Claims against the Company not acknowledged as debts amounting to Rs.1.09 Crore (As at March 31, 2018: Rs.0.70 Crore), are pending before various courts, authorities, arbitration, Consumer Dispute Redressal Forum etc.

viii) 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.5.18 Crore (including interest) (As at March 31, 2018: Rs.5.37 Crore) as import duty.

**Note:-**

- Future cash flows in respect of above, if any, is determinable only on receipt of judgment/ decisions pending with relevant authorities.
- The above amounts are without the amount involved in the appeal preferred by the Department, if any, and further applicable interest on the demand

**(b) Operating Lease : Company as lessee**

The Company has taken industrial premises, residential building, etc. under various lease agreements and its breakup for future rent payable by the company is as under:-

Future minimum rentals payable under non-cancellable operating leases are as follows :	Year Ended March 31, 2019	Year Ended March 31, 2018
Expenses for the year	2.78	1.18
Within one year	3.32	0.94
After one year but not more than five years	3.82	0.66
More than five years	-	0.08

## Notes to the standalone financial statements for the year ended 31 March 2019

### 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 ended March 31, 2019	Year ended March 31, 2018
Employers' Contribution to Provident Fund (including contribution to Employees' Pension Scheme 1995)	5.85	5.51

#### II Defined Benefit Plans

The Company operates gratuity plan in the nature of defined benefit plan wherein every employee is entitled to the benefit as per scheme of the Company, for each completed year of service. The same is payable on retirement or termination whichever is earlier. The benefit vests only after five years of continuous service. The gratuity plan is governed by the payment of Gratuity Act, 1972. Company's Furnace and Auto Division having a gratuity plan is funded with Life Insurance Corporation of India and HDFC Bank while Steel division is not maintaining such fund in any gratuity scheme.

Amount recognised in the Balance Sheet (Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Gratuity</b>		
Current	3.30	2.56
Non-Current	9.20	5.93
<b>Total</b>	<b>12.50</b>	<b>8.49</b>

#### Significant assumptions :

The significant actuarial assumptions were as follows :

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate	7.64% and 7.79%	7.86%
Salary escalation rate	6% p.a.	6% p.a.
<b>Mortality rate</b>	<b>Indian Assured Lives Mortality (2006-08) Ultimate</b>	<b>Indian Assured Lives Mortality (2006-08) Ultimate</b>
Attrition rate	2% and 10%	2%

#### 31.1 Gratuity

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

(a) Funded Plan (Rs In Crore)

Particulars	Present value of obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
<b>April 1, 2017</b>	<b>8.26</b>	<b>4.79</b>	<b>3.47</b>
Current service cost	0.88	-	0.88
Past Service Cost	0.32	-	0.32
Interest expense/(income)	0.62	0.36	0.26
<b>Total amount recognized in Profit or Loss</b>	<b>1.82</b>	<b>0.36</b>	<b>1.46</b>
Return on plan assets expense/(income)	-	0.00	(0.00)
(Gain)/loss from change in Demographic assumption - experience changes	(0.12)	-	(0.12)
(Gain)/loss from change in financial assumptions	(0.32)	-	(0.32)
<b>Total amount recognized in Other Comprehensive Income</b>	<b>(0.44)</b>	<b>0.00</b>	<b>(0.44)</b>
Employer's contribution	-	0.92	(0.92)
Benefits paid	(0.53)	(0.53)	-
<b>March 31, 2018</b>	<b>9.11</b>	<b>5.54</b>	<b>3.57</b>

## Notes to the standalone financial statements for the year ended 31 March 2019

(Rs In Crore)

Particulars	Present value of obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
<b>April 1, 2018</b>	<b>9.11</b>	<b>5.54</b>	<b>3.57</b>
Current service cost	0.86	-	0.86
Interest expense/(income)	0.72	0.44	0.28
<b>Total amount recognized in Profit or Loss</b>	<b>1.58</b>	<b>0.44</b>	<b>1.14</b>
Return on plan assets expense/(income)	-	(0.22)	0.22
(Gain)/loss from change in Demographic assumption - experience changes	(0.12)	-	(0.12)
(Gain)/loss from change in financial assumptions	0.07	-	0.07
<b>Total amount recognized in Other Comprehensive Income</b>	<b>(0.05)</b>	<b>(0.22)</b>	<b>0.17</b>
Employer's contribution	(0.48)	(1.09)	0.61
Benefits paid	(0.22)	(0.22)	-
<b>March 31, 2019</b>	<b>9.94</b>	<b>4.45</b>	<b>5.49</b>

Categories of Assets	As at March 31, 2019	As at March 31, 2018
Life Insurance Corporation of India	1.46	1.35
HDFC	2.99	0.92
State Bank of India	-	3.27
<b>Total</b>	<b>4.45</b>	<b>5.54</b>

## (b) Non-Funded Plan

(Rs In Crore)

Particulars	Present value of obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
<b>April 1, 2017</b>	<b>4.25</b>	<b>-</b>	<b>4.25</b>
Current service cost	0.69	-	0.69
Interest expense/(income)	0.32	-	0.32
<b>Total amount recognized in Profit or Loss</b>	<b>1.01</b>	<b>-</b>	<b>1.01</b>
(Gain)/loss from change in Demographic assumption - experience changes	0.04	-	0.04
(Gain)/loss from change in financial assumptions	(0.18)	-	(0.18)
<b>Total amount recognized in Other Comprehensive Income</b>	<b>(0.14)</b>	<b>-</b>	<b>(0.14)</b>
Benefits paid	(0.20)	-	(0.20)
<b>March 31, 2018</b>	<b>4.92</b>	<b>-</b>	<b>4.92</b>

(Rs In Crore)

Particulars	Present value of obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
<b>April 1, 2018</b>	<b>4.92</b>	<b>-</b>	<b>4.92</b>
Current service cost	0.72	-	0.72
Interest expense/(income)	0.39	-	0.39
<b>Total amount recognized in Profit or Loss</b>	<b>1.11</b>	<b>-</b>	<b>1.11</b>
(Gain)/loss from change in Demographic assumption	0.71	-	0.71
(Gain)/loss from change in Demographic assumption - experience changes	0.38	-	0.38
(Gain)/loss from change in financial assumptions	0.09	-	0.09
<b>Total amount recognized in Other Comprehensive Income</b>	<b>1.18</b>	<b>-</b>	<b>1.18</b>
Liability Transferred In/Acquisitions	0.07	-	0.07
Employer's contribution	(0.27)	-	(0.27)
Benefits paid	-	-	-
<b>March 31, 2019</b>	<b>7.01</b>	<b>-</b>	<b>7.01</b>

**Notes to the standalone financial statements for the year ended 31 March 2019**

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

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Funded Plan</b>		
- Present value of funded obligation	9.94	9.11
- Fair value of plan assets	4.45	5.54
<b>(Surplus) / Shortfall of funded plan</b>	<b>5.49</b>	<b>3.57</b>
<b>Unfunded Plan</b>		
- Present value of funded obligation	7.01	4.92
- Fair value of plan assets	-	-
<b>(Surplus) / Shortfall of unfunded plan</b>	<b>7.01</b>	<b>4.92</b>
<b>Company as a Whole</b>		
- Present value of funded obligation	16.95	14.03
- Fair value of plan assets	4.45	5.54
<b>(Surplus) / Shortfall of plan</b>	<b>12.50</b>	<b>8.49</b>

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	
	As at March 31, 2019	As at March 31, 2018
<b>Discount rate</b>		
1.0% increase	(1.26)	(1.38)
1.0% decrease	1.48	1.65
<b>Future salary increase</b>		
1.0% increase	1.42	1.61
1.0% decrease	(1.26)	(1.38)
<b>Rate of Employee Turnover</b>		
1.0% increase	0.21	0.28
1.0% decrease	(0.24)	(0.32)

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

Projected benefits payable in future years from the date of reporting:	As at March 31, 2019	As at March 31, 2018
1st Following Year	1.33	1.10
2nd Following Year	0.36	0.27
3rd Following Year	0.53	0.48
4th Following Year	0.48	0.52
5th Following Year	0.69	0.48
Sum of Years 6 to 10	4.24	3.81
Sum of Years 11 and above	19.53	19.24

## Notes to the standalone financial statements for the year ended 31 March 2019

(Rs In Crore)

From the Employer	As at March 31, 2019	As at March 31, 2018
1st Following Year	1.07	0.37
2nd Following Year	0.72	0.19
3rd Following Year	0.71	0.17
4th Following Year	0.71	0.19
5th Following Year	0.65	0.22
Sum of Years 6 to 10	3.08	1.62
Sum of Years 11 and above	5.66	14.20

- 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.
- 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.
- 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.
- 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 assets.

**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 for outstanding claim amount of Rs. 0.05 Crore (includes principal amount of Rs. 0.02 Crore and interest of Rs. 0.03 Crore) and Rs.0.51 Crore (includes principal amount of Rs.0.25 Crore and interest of Rs.0.26 Crore). Both the petitions have been disposed off as dismissed for default on April 4, 2019.

**(b) Default in repayment of loan, its settlement terms, accounting treatments, Cases before Debt Recovery Tribunal (DRT) / DRAT / Hon'ble Metropolitan Magistrates, declaring the company and directors as willful defaulter and notice under SARFAESI Act by the bankers:****i. Central Bank of India****Default in Repayment of Loan and its settlement terms and conditions: -**

- The company has defaulted in March 2012 in repayment of the loan. The amount of default is Rs. 436.13 Crore (Principal of Rs. 428.94 Crore and Interest of Rs. 7.19 Crore). The company is in negotiation with the banker for the Settlement.

## Notes to the standalone financial statements for the year ended 31 March 2019

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

- (b) Central Bank of India had filed Original Application against the Company & its guarantors (Mr. Mukesh Bhandari, Mr. Shailesh Bhandari and Mr. Avinash Bhandari) before the Debt Recovery Tribunal-1, Ahmedabad ("DRT") under section 19 of the Recovery of Debts due to Banks and Financial Institutions Act, 1993. The Hon'ble DRT vide judgement dated October 9, 2018 allowed the original application filed by the Bank and issued recovery certificate against the Company and guarantors to the tune of Rs.577.89 Crore and future interest on the amount due @10% p.a. with monthly rests from the date of filing of Original Application till the recovery of amount. The Hon'ble Recovery Officer of the DRT has initiated recovery proceedings and passed order / issued warrant for attachment of hypothecated / mortgaged properties. Further action / hearing is pending before Hon'ble Recovery Officer.

### Wilful Defaulters:

- (c) 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.

### Central Bureau of Investigation (CBI)

- (d) 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, its directors i.e. Mr. Mukesh Bhandari, Mr. Shailesh Bhandari, Mr. Avinash Bhandari and few officers of Central Bank of India before the Hon'ble CBI Court, Ahmedabad on October 6, 2015 and now the matter is pending before Hon'ble CBI Court for hearing.

## ii. Rare Asset Reconstruction Private Limited (being assignee of debts of Indian Overseas Bank)

### Default in Repayment of Loan and its settlement terms and conditions: -

- (a) The company has defaulted in August 2011 in repayment of the loan from Indian Overseas Bank. The amount of default is Rs.200.01 Crore (Principal of Rs. 200.00 Crore and Interest of Rs. 0.01 Crore). The Bank has assigned its debt to Rare Asset Reconstruction Private Limited on September 28, 2017. The company is in the process of entering into a settlement agreement with Rare Asset Reconstruction Private Limited.

### Accounting Treatment in Books

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

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

- (c) Rare Asset Reconstruction Private Limited (being assignee of debts of Indian Overseas Bank) had filed Original Application against the Company & Mr. Mukesh Bhandari, Mr. Shailesh Bhandari and Mr. Avinash Bhandari (Guarantors) before the Debt Recovery Tribunal-1, Ahmedabad ("DRT") under section 19 of the Recovery of Debts due to Banks and Financial Institutions Act, 1993. The Hon'ble DRT vide judgment dated 20th September, 2018 allowed the original application filed by the Bank / Financial Institution and issued recovery certificate against the Company and Guarantors to the tune of Rs.315.64 Crore and future interest on the amount due @12.75% p.a. with monthly rests from the date of filing of Original Application till the recovery of amount. The Hon'ble Recovery Officer of the DRT has initiated recovery proceedings and passed order / issued warrant for attachment of hypothecated / mortgaged properties. Further action / hearing for its execution is pending before Hon'ble Recovery Officer.

### Cases Under section 138 of the Negotiable Instruments Act, 1881

- (d) Indian Overseas Bank had filed criminal complaints against the company and its Directors/officers under section 138 of Negotiable Instruments Act, 1881 for dishonor of cheques of Rs. 103.00 Crore 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.

## iii. Syndicate Bank

### Default in Repayment of Loan and its settlement terms and conditions: -

- (a) The company has defaulted in October 2011 in repayment of the loan. The amount of default is Rs. 33.95 Crore (Principal of Rs. 24.45 Crore and Interest of Rs. 9.50 Crore). The company has entered into settlement agreement for the repayment of loan on October 29, 2018. As per the settlement agreement the company has agreed to make the repayment of loan on or before March 31, 2019 and it has been paid.

### Accounting Treatment in Books

- (b) As per the terms and conditions of the settlement agreement for the repayment of debts with Syndicate Bank, the company has made full payment against the outstanding amount of Rs. 33.95 Crore as per the terms of settlement.

**Notes to the standalone financial statements for the year ended 31 March 2019****Cases before Debt Recovery Tribunal (DRT)/DRAT:**

- (c) In view of settlement / consent terms filed with DRT or otherwise after completion of pleadings and hearing, the Original Applications filed by Syndicate Bank has been disposed on February 14, 2019 and the recovery proceedings by the Recovery Officer of the Hon'ble DRT is being adjourned.

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

- (d) Syndicate Bank had filed criminal complaint against the company and its Directors/officers under section 138 of Negotiable Instruments Act, 1881 for dishonor of cheques of Rs. 25.00 Crore issued by the Company and the Company is contesting the said case and the matter is pending for further hearing before the Hon'ble Metropolitan Magistrates, Ahmedabad. In compliance with the settlement terms, the criminal complaint filed by Syndicate Bank will be withdrawn / disposed off.

**iv. Corporation Bank****Default in Repayment of Loan and its settlement terms and conditions: -**

- (a) The company has defaulted in April 2012 in repayment of the loan. The principal amount of default is Rs. 116.73 Crore. The company has entered into settlement agreement for the repayment of loan on November 13, 2018. As per the settlement agreement the company has agreed to make the repayment of loan by September 2021.

**Accounting Treatment in Books**

- (b) The amount of repayment of debt to Corporation Bank, up to the balance sheet date of Rs. 40.96 Crore (March 31, 2018: Rs. 8.70 Crore) has been adjusted against the total outstanding liability of the debt.
- (c) As per the settlement agreement with corporation bank if all the terms and conditions are fully complied up to September 2021, there will be a reduction in debt by Rs. Nil.

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

- (d) In view of settlement / consent terms filed with DRT or otherwise after completion of pleadings and hearing, the Original Applications filed by Corporation Bank has been disposed on August 25, 2018 and the recovery proceedings by the Recovery Officer of the Hon'ble DRT is being adjourned.

**v. Vijaya Bank****Default in Repayment of Loan and its settlement terms and conditions: -**

- (a) The company has defaulted in March 2012 in repayment of the loan. The amount of default is Rs. 79.60 Crore (Principal of Rs 59.94 Crore and Interest of Rs 19.66 Crore). The company has entered into settlement agreement for the repayment of loan on May 4, 2018. As per the settlement agreement the company has agreed to make the repayment of loan by September 30, 2019.

**Accounting Treatment in Books**

- (b) The amount of repayment of debt to Vijaya Bank, up to the balance sheet date of Rs. 43.33 Crore (March 31, 2018: Rs. 10 Crore) has been adjusted against the total outstanding liability of the debt.
- (c) As per settlement agreement with Vijaya Bank, if all the terms and conditions of the settlement are fully complied upto September 2019, there will be reduction in debt by Rs. 13.73 Crore.

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

- (d) In view of settlement / consent terms filed with DRT or otherwise after completion of pleadings and hearing, the Original Applications filed by Vijaya Bank has been disposed on September 5, 2018 and the recovery proceedings by the Recovery Officer of the Hon'ble DRT is being adjourned.

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

- (e) The Bank had filed criminal complaints against the company and its Directors/officers under section 138 of Negotiable Instruments Act, 1881 for dishonor of cheques of Rs.50.00 Crore (two cases of Rs. 25.00 Crore each) 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. On payment of part settlement amount as per the terms, the bank has withdrawn one complaint and the Hon'ble Metropolitan Magistrate vide order dated March 9, 2019 disposed of the said criminal complaint. The second complaint of the bank will be withdrawn on payment of full settlement amount as per the settlement terms.

**Notice under SARFAESI Act, 2002**

- (f) In view of settlement with Vijaya Bank, the Securitization Application filed before DRT-1, Ahmedabad against the action of symbolic possession by Vijaya Bank has been withdrawn from the DRT-1, Ahmedabad and the same has been disposed of on August 2, 2018.

**vi. Rare Asset Reconstruction Private Limited (being assignee of debts of Dena Bank)****Default in Repayment of Loan and its settlement term and condition: -**

- (a) The company has defaulted in September 2011 in repayment of the loan. The amount of default is Rs 51.44 Crore (Principal of Rs 51.44 Crore). The bank has assigned the loan to Rare Assets Reconstruction Private Limited. The company has entered into settlement agreement with Rare Asset Reconstruction Private Limited for the repayment of loan on June 28, 2018. As per the settlement agreement the company has agreed to make the repayment of loan by March 15, 2022.

## Notes to the standalone financial statements for the year ended 31 March 2019

### Accounting Treatment in Books

- (b) The amount of repayment of debt to Rare Asset Reconstruction Private Limited, up to the balance sheet date of Rs. 7 Crore (March 31, 2018 is Rs.Nil) has been adjusted against the total outstanding liability of the debt.
- (c) If all the terms and conditions of the settlement are fully complied upto March 2022, there will be reduction in debt by Rs. 23.44 Crore.

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

- (d) In view of settlement / consent terms filed with DRT or otherwise after completion of pleadings and hearing, the Original Applications filed by Rare Asset Reconstruction Private Limited. (Being assignee of debts of Dena Bank) has been disposed on October 15, 2018 and the recovery proceedings by the Recovery Officer of the Hon'ble DRT is being adjourned.

### Wilful Defaulters:

- (e) 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. However, Dena Bank has assigned the debt associated with the company to Rare Asset Reconstruction Private Limited (Formerly Raytheon Asset Reconstruction Private Limited) and the company has entered into settlement terms with Rare Asset Reconstruction Private Limited and Rare Asset Reconstruction Private Limited has agreed for withdrawal of wilful defaulter on receipt of entire settlement amount.

## vii. Union Bank of India

### Default in Repayment of Loan and its settlement terms and conditions: -

- (a) The company has defaulted in May 2012 in repayment of the loan. The amount of default is Rs. 49.40 Crore (Principal of Rs. 49.40 Crore and Interest Rs. Nil). The company has entered into settlement agreement with the bank for the repayment of loan in March 2017. As per the settlement agreement the company has agreed to make the repayment of loan by March 2023.

### Accounting Treatment in Books

- (b) The amount of repayment of debt to Union Bank of India, up to the balance sheet date of Rs. 19.76 Crore (March 31, 2018: Rs. 12.35 Crore), has been adjusted against the total outstanding liability of the debt.
- (c) As per the settlement agreement with Union Bank of India, if all the terms and conditions of the settlement are fully complied upto March 2023, there will be reduction in debt by Rs. Nil Crore.

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

- (d) In view of settlement / consent terms filed with DRT or otherwise after completion of pleadings and hearing, the Original Applications filed by Union Bank of India has been disposed on April 27, 2018 and the recovery proceedings by the Recovery Officer of the Hon'ble DRT is being adjourned.

## viii. International Financial Corporation

### Default in Repayment of Loan and its settlement term and condition: -

- (a) The company has defaulted in June 2011 in repayment of the loan. The amount of default as on the balance sheet dated is USD 23.00 Million (Principal of USD 23.00 Millions). The Company has entered into settlement agreement with the bank for the repayment of loan in July 2018. As per the settlement agreement the company has agreed to make the repayment of loan by September 2019.

### Accounting Treatment in Books

- (b) As per the terms and conditions of the settlement agreement for the repayment of debts with International Finance Corporation, the company has made payment of USD 2.874 Million (March 31, 2018: USD Nil), and which has been adjusted against the total outstanding liability of the debt.
- (c) If all the terms and conditions of the settlement are fully complied upto Sept 2019, there will be reduction in debt by USD 16.8 Million.
- (d) The company has restated the outstanding loan amount which is required to be paid as per the terms and conditions of the settlement agreement at the rate prevailing as on the balance sheet date.

## ix. Edelweiss Asset Reconstruction Company Limited (being assignee of debts of Bank of India, Bank of Baroda, State Bank of India, Canara Bank and State Bank of Travancore)

### Default in Repayment of Loan and its settlement term and condition: -

- (a) The company has defaulted in repayment of the loan from Bank of India in December 2012 of Rs. 628.04 Crore (Principal of Rs. 628.04 Crore), Bank of Baroda in September 2012 of Rs. 31.23 Crore (Principal of Rs. 31.23 Crore), Canara Bank in

**Notes to the standalone financial statements for the year ended 31 March 2019**

September 2012 of Rs. 232.97 Crore (Principal of Rs. 190.18 Crore and Interest of Rs. 42.79 Crore), State Bank of India in December 2011 of Rs. 323.27 Crore (Principal of Rs. 323.27 Crore) and State Bank of Travancore in September 2011 of Rs. 91.98 Crore (Principal of Rs. 85.04 Crore and Interest of Rs. 6.94 Crore). All these loans were assigned to Edelweiss Asset Reconstruction Company Limited. The company has entered into settlement agreement with Edelweiss Asset Reconstruction Company Limited on March 10, 2015. As per the settlement agreement the company has agreed to make the repayment of loan by March 2023.

**Accounting Treatment in Books**

- (b) 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.
- (c) The amount of repayment of debt (including issue of shares) to Edelweiss Asset Reconstruction Company Limited, up to the balance sheet date of Rs. 259.50 Crore (March 31, 2018 is Rs. 179.50 Crore) has been adjusted against the total outstanding liability of the loan.
- (d) If all the terms and conditions of settlement are fully complied upto March 2023, there will be reduction in debt by Rs.403.90 Crore.

**x. Invent Assets Securitization and Reconstruction Private Limited (being assignee of debts of Oriental Bank of Commerce, Punjab National Bank and Allahabad Bank)**

**Default in Repayment of Loan and its settlement term and condition: -**

- (a) The company has defaulted in repayment of the loan from Oriental Bank of Commerce in June 2012 of Rs. 55.19 Crore (Principal of Rs. 42.64 Crore and Interest of Rs.12.55 Crore), Punjab National Bank in October 2011 of Rs. 184.69 Crore (Principal of Rs. 184.69 Crore) and Allahabad Bank in July 2012 of Rs. 283.62 Crore (Principal of Rs. 278.22 Crore and interest of Rs. 5.40 Crore). All these loans were assigned to Invent Assets Securitization and Reconstruction Private Limited. The company has entered into settlement agreement with Invent Assets Securitization and Reconstruction Private Limited in August 2015, July 2016 and July 2016 for Oriental Bank of Commerce, Allahabad Bank and Punjab National Bank respectively. As per the settlement agreement the company has agreed to make the repayment of loan by June 2020 for Oriental Bank of Commerce and March 2021 for Allahabad Bank and Punjab National Bank respectively.

**Accounting Treatment in Books**

- (b) The amount of repayment of debt to Invent Assets Securitization and Reconstruction Private Limited, up to the balance sheet date of Rs. 24.66 Crore (March 31, 2018 is Rs. 13.14 Crore) has been adjusted against the total outstanding liability of the debt.
- (c) If all the terms and conditions of the settlements are fully complied, there would be a reduction in debt by Rs. 325.01 Crore.

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

- (d) In view of settlement / consent terms filed with DRT or otherwise after completion of pleadings and hearing, the Original Applications filed by Invent Assets Securitization & Reconstruction Private Limited (being assignee of debts of Allahabad Bank) has been disposed on March 21, 2018 and the recovery proceedings by the Recovery Officer of the Hon'ble DRT is being adjourned.

**xi. Standard Chartered Bank**

**Default in Repayment of Loan and its settlement term and condition: -**

- (a) The company has defaulted in December 2011 in repayment of the loan and Letter of Credit. The amount of default is Rs. 15.31 Crore (Principal of Rs. 15.31 Crore).

**Accounting Treatment in Books**

- (b) The amount of repayment of debt to Standard Chartered Bank, up to the balance sheet date of Rs. 12.20 Crore (March 31, 2018 is Rs. 7.45 Crore) has been adjusted against the total outstanding liability of the debt.

**34. Non Provisions of Disputed Advances and Claims/Liability**

- (a) During the year Goods and Service Tax Department of Maharashtra has re-determined VAT tax liability (including interest and penalty) of Rs.6.28 Crore for the financial year 2009-10 (March 31, 2018 Rs. Nil) and Rs. 23.93 Crore for the financial year 2010-11 (March 31, 2018 Rs. Nil) after adjustment of Rs. 4.00 Crore paid by the company under protest. The company is in process of filing an appeal against the said order before the Appellate Authority. On account of the said order presently the liability of the company is of Rs. 30.21 Crore (March 31, 2018: Rs. Nil). The provision for impugned disputed tax liability has not been accounted for as the company is hopeful of matter being decided in its favor by appellate authority.
- (b) During the financial year 2015-16, Value Added Tax /Central Sales Tax assessment for the financial year 2010-11 was completed and assessing officer has determined the tax liability of Rs.20.95 Crore (March 31, 2018 Rs.20.95 Crore) of Value Added Tax and Rs.11.15 Crore (March 31, 2018 Rs.11.15 Crore) of Central Sales Tax. The company has made part payment of Rs.3.25

## Notes to the standalone financial statements for the year ended 31 March 2019

Cre (March 31, 2018 Rs.3.25 Crore) for Value Added Tax and Rs.1.50 Crore (March 31, 2018 Rs.1.50 Crore) for Central Sale Tax 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 August 31, 2019. The Appellate Authority vide order dated April 27, 2018 has passed the refund order of Rs.7.35 Crore (March 31, 2018 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 (March 31, 2018 Rs. 13.60 Crore) and is subject to order of the Appellate Authority.

- (c) During the financial year 2017-18, Value Added Tax /Central Sales Tax assessment for financial year 2013-14 was completed and the assessing officer had determined the tax liability of Rs.6.13 Crore (March 31, 2018 Rs. 6.13 Crore) and against the said order company had filed appeal before the Appellate Authority. The company has paid Rs.1.22 Crore (March 31, 2018 Rs. Nil Crore) 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 June 30, 2019.
- (d) Loan accounts of the company have been classified as Non-Performing Assets by the Central Bank of India, Indian Overseas Bank and Standard Chartered Bank and the Bankers have not charged interest on the said accounts and therefore provision for Interest (Other than upfront charges) has not been provided 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 is as under:-

(Rs. In Crore)

Particulars	Up to March 31, 2018	Reduction on Debt assignment / Settlement	From April 1, 2018 to March 31, 2019	Up to March 31, 2019
Interest on Corporate Loan and working Capital Loan	752.04	(33.43)	157.74	876.35

### 35. Additional Disclosures

- (a) Power and Fuel expenses are inclusive of duties and taxes of Rs. 16.70 Crore (March 31, 2018: Rs. 14.91 Crore) paid towards power generation.
- (b) Product Development Cost disclosed under other Non Current Assets includes total Research and Development expenses of 14.66 Crore (March 31, 2018: Rs. 14.66 Crore) incurred on development of CONTIFUR Project, which is still in progress and said expenses, would be written off in five years from the year of completion of the project.
- (c) The Company is engaged in the manufacture of electric two and three wheelers. The company has carried out research activity for development of MCF – Carbon foam battery and Tubular battery for use in its electric vehicles. However as the same could not meet the technical requirements/specifications and could not be used in the electric vehicles the entire expenditure of Rs. 5.46 Crore has been charged to Statement of Profit & Loss during the year under consideration.
- (d) 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).
- (e) (i) Few 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 and in these accounts there are journal entries for the transfer of amount from one account to another account.
- (ii) The amount of "Advance from Customers" includes Rs.0.83 Crore (March 31, 2018: Rs. 0.72 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.
- (iv) 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.
- (f) 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.

**Notes to the standalone financial statements for the year ended 31 March 2019**

- (g) The classification/grouping of items of the accounts are made by the management, on the basis of the available data with the company.
- (h) In the Capital Work in Progress of Rs. 27.43 Crore (March 31, 2018 RS. 15.93 Crore) the management believes that the uncompleted projects of Rs. 10.45 Crore (March 31, 2018: 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.
- (i) 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.
- (j) During the year the company has not accounted for benefit related to MEIS of Rs. 14.80 Crore. At present there are pending default of interest with the respective authority and therefore the claim are not admissible with them. Once the litigations are settled, the company will be eligible for claim of MEIS benefit. The claim of MEIS will be accounted as and when the claim will be admissible with the respective authority.
- (k) The income of the Joint Venture (Bhaskarpara Coal Company Limited) for the current and previous year have been accounted in the year under consideration and same has been added to the amount of the investment.
- (l) In the opinion of the Management, the current assets, Loans and advances are approximately of the value stated, if realized in the ordinary course of the business and there is no contingent liability other than stated above and provision for all known liabilities is adequate.

**36. DIRECTOR'S REMUNERATION:**

The Company has as per the approval of the shareholders of the Company at the 30<sup>th</sup> Annual General Meeting held on September 30, 2016 and approval of the Central Government vide Letters dated November 21, 2017 paid remuneration of Rs. 1,50,000/- per month to Mr. Mukesh Bhandari, Mr. Shailesh Bhandari and Mr. Avinash Bhandari with effect from February 1, 2017. The Central Government has approved the remuneration of Rs. 1,50,000/- per month for the said three appointees for the period from February 1, 2017 to January 31, 2020. Mr. Avinash Bhandari has been paid remuneration up to September 28, 2018 as Joint Managing Director and CEO, after which he ceased to be Director.

**37. OTHER CASES:**

- (a) Some of the creditors have filed cases of recovery before the various Civil Courts/ commercial courts for Rs. 1.32 Crore (March 31, 2018: Rs. 1.92 Crore). The said amounts are excluding interest.
- (b) Dispute with Micro, Small & Medium Enterprise  
There was dispute with Supreme Metallurgical Services Private Limited ("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 has entered into settlement and Supreme Metallurgical has withdrawn the petition from Hon'ble Gujarat High Court on July 3, 2018.
- (c) 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 March 28, 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 Adjudicating Authority, New Delhi vide order dated September 5, 2018 confirmed the attachment of above said properties. The Company has filed an appeal before the Hon'ble Appellate Tribunal, PMLA, New Delhi and the Hon'ble Appellate Tribunal, PMLA, New Delhi vide order dated December 10, 2018 passed an order for maintaining status quo and no coercive action by ED and the same is now pending for reply by ED / hearing.
- (d) 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.
- (e) The Assistant Director, Directorate of Enforcement, Ahmedabad has filed a PMLA – Special Case No 20/2018 on 1st Dec 2018 before Principal District Judge, Ahmedabad against the company, Mr. Mukesh Bhandari, Mr. Shailesh Bhandari and Mr. Avinash Bhandari under section 3 and 4 of the Prevention of Money Laundering Act, 2002 and the same is pending for hearing.
- (f) The Special Director, Directorate of Enforcement Mumbai has issued a show cause notice dated September 26, 2018 to the Company and Mr. Shailesh Bhandari, based on complaint under section 16(3) of Foreign Exchange Management Act, 1999 and for holding adjudicating proceedings as contemplated under Rule 4(1) of Foreign Exchange Management (Adjudicating Proceedings and Appeal) Rules, 2000.
- (g) Mr. Siddharth Bhandari, one of the Promoter and Whole-time Director and Dr. Rakesh Bhandari, one of the Promoter of the Company have filed two separate petitions before the Hon'ble National Company Law Tribunal, Ahmedabad ("NCLT") under section 149, 150, 152, 159 and 176 of the Companies Act, 2013 inter alia, for declaring the appointment of four independent directors as null and void from their respective dates of appointment being violative of provisions of section 149 and 150 and other related provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014. All the parties have filed their reply / rejoinder and now the petition is pending before the Hon'ble NCLT for hearing.

## Notes to the standalone financial statements for the year ended 31 March 2019

- (h) Mr. Mukesh Bhandari – Chairman & Promoter, Mr. Siddharth Bhandari – Whole-time Director & Promoter and Dr. Rakesh Bhandari, Promoter of the Company have filed petition before the Hon’ble National Company Law Tribunal, Ahmedabad (“NCLT”) under section 241-242 of the Companies Act, 2013 against the Company, Mr. Shailesh Bhandari & Others inter alia, for removal of Mr. Shailesh Bhandari from the Board and investigation into the ownership of shares by some of the shareholders. The petition is pending before the Hon’ble NCLT for admission as well as maintainability. The financial implication of this petition is not ascertainable at this point of time.
- (i) Ministry of Corporate Affairs, Office of the Regional Director, North-Western Region, Ahmedabad has in October, 2018 initiated inspection of books of accounts and other records under section 206(5) of the Companies Act, 2013. The Company has provided the necessary information / documents to the office of the Regional Director as requested from time to time.
- (j) Ministry of Corporate Affairs, Registrar of Companies, Ahmedabad has in November, 2018 issued letter related to complaint against affairs of the company received from Institute of Chartered Accountants of India for accounting irregularities in the general purpose financial statements of the Company for the year ended October 1, 2012 to September 30, 2013. The Company has replied to the said letter on January 2, 2019.
- (k) The Integrated Surveillance Department, Forensic Accounting Cell, Securities and Exchange Board of India has in October 2018 requested for certain documents and the Company has provided the same to Securities and Exchange Board of India.
- (l) The Investigation Department, Securities and Exchange Board of India has in April, 2019 requested for certain details in relation of examination into the trading by certain entities and the Company has provided the necessary details to SEBI as requested from time to time.

### 38 RELATED PARTY DISCLOSURE

As required by Indian Accounting Standard-24 “RELATED PARTY DISCLOSURE”, the disclosure of transaction with related parties are given below: -

#### A. List of Related Parties

##### I) SUBSIDIARY COMPANIES

- |                                     |  |
|-------------------------------------|--|
| 1. Jinhua Indus Enterprises Limited | 2. Jinhua Jahari Enterprises Limited (Step-down subsidiary Company)            |
| 3. ET Elec-Trans Limited            | 4. Hans Ispat Limited  |
| 5. Shree Ram Electro Cast Limited   | 6. Electrotherm Services Limited (formerly known as Shree Hans Papers Limited) |

##### II) JOINT VENTURE COMPANY

- Bhaskarpara Coal Company Limited

##### III) Enterprises owned or significantly influenced by key management personnel or their relatives

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

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

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

\*(Ceased to be Director from September 28, 2018)

##### V) Non-Executive/Independent Directors

- |                              |   |
|------------------------------|---|
| 1. Mr. Arun Kumar Jain       | (Independent Director)  |
| 2. Mr. Dinesh Shankar Mukati | (Independent Director)  |
| 3. Ms. Nivedita R. Sarda     | (Independent Director)  |
| 4. Mr. Pratap Mohan          | (Independent Director)  |
| 5. Ms. Sheetal Manhas        | (Nominee Director) (Appointed w.e.f August 14, 2018 & ceases to be nominee director w.e.f September 28, 2018) |

##### VI) 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 Chairman)               |
| 5. Ms. Shivani Bhandari   | (Daughter of Managing Director) |
| 6. Ms. Panna Bhandari     | (Daughter of Managing Director) |

Notes to the standalone financial statements for the year ended 31 March 2019

(Rs. in Crores)

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

SR. NO.	NAME	SALES (Ind.Store Spare & Others)		PURCHASE		EXPENSES/(INCOME)		PAYMENT OF LIABILITY		PURCHASE/SALE OF FIXED ASSET		LOAN/ADVANCE RECEIVED		LOAN/ADVANCE GIVEN/REPAID		INTEREST PAID		RENT PAID		SITTING FEE		SALARY		CLOSING BALANCE			
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year		
(i) Subsidiary Companies																											
1	Jinhua Indus Enterprises Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.40	1.54	
2	Jinhua Jahari Enterprises Ltd.	-	-	24.28	21.67	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.47	1.88	
3	ET Elec-Trans Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.51	0.51	
4	Shree Ram Electro Cast Ltd.	-	-	-	-	-	-	-	-	-	-	90.00	53.52	44.04	90.30	-	-	-	-	-	-	-	-	-	1.75	1.45	
5	Hans Ispat Ltd.	2.86	112.43	4.81	99.57	-	-	-	-	(0.19)	-	-	-	23.27	-	-	-	-	-	-	-	-	-	51.20	27.47		
6	Electrotherm Services Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.18	4.18		
(ii) Enterprises Owned Or Significantly Influenced by Key Management Personnel or their relatives																											
1	ETAM Renewables Limited	-	-	-	-	-	-	0.00	0.01	-	-	-	0.06	-	-	-	-	-	-	-	-	-	-	-	2.13	2.13	
2	ELI Software Services Offshore Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.75)	(1.75)	
3	Bhandari Charitable Trust	-	-	-	-	-	3.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.20	2.20	
4	Electrotherm Solar Limited	-	0.04	0.57	0.00	0.00	2.46	0.02	0.03	0.86	-	0.10	-	0.20	0.09	-	-	-	-	-	-	-	-	-	3.57	3.71	
5	ETAM Electric Vehicles Limited	-	0.26	0.00	0.02	-	-	0.00	0.01	-	-	0.06	-	0.01	-	-	-	-	-	-	-	-	-	-	1.76	1.81	
(iii) KEY MANAGEMENT PERSONNEL :																											
1	Mr. Mukesh Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	0.64	-	0.11	-	-	-	-	-	-	-	0.18	0.21	(0.24)	(0.24)
2	Mr. Shalish Bhandari	-	-	-	(0.02)	-	-	-	-	-	-	-	0.21	0.06	0.06	-	-	-	-	-	-	-	-	0.18	0.21	(0.07)	(0.13)
3	Mr. Avinash Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.18	0.21	-	-	
4	Mr. Pawan Gaur	-	-	-	-	-	-	-	-	-	-	-	0.00	-	-	-	-	-	-	-	-	-	0.44	0.42	0.02	0.06	
5	Mr. Egeshtumir R. Soni	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.14	0.12	(0.00)	(0.00)	
6	Mr. Siddharth Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Mr. Arun Kumar Jain	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05	-	-	-	-	-	-	(0.01)	-
8	Mr. Dinesh Shankar Mukati	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05	-	-	-	-	-	-	(0.01)	-
9	Ms. Nivedita Revindra Sarda	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-	-	-	-	-
10	Mr. Pratap Mohan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05	-	-	-	-	-	-	(0.01)	-



## Notes to the standalone financial statements for the year ended 31 March 2019

(Rs. in Crores)

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

SR. NO.	NAME	SALES (Ind.Store Spare & Others)		PURCHASE		EXPENSES/(INCOME)		PAYMENT OF LIABILITY		PURCHASE/SALE OF FIXED ASSET		LOAN/ADVANCE RECEIVED		LOAN/ADVANCE GIVEN/REPAID		INTEREST PAID		RENT PAID		SITTING FEE		SALARY		CLOSING BALANCE		
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	
(iv)	RELATIVES OF KEY MANAGEMENT PERSONNEL : (With whom Transaction has been taken Place during the year)																									
1	Mrs. Indubala Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.00)
2	Mrs. Jyoti Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.00)
3	Mr. Rakesh Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.15)
4	Ms. Shivani Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.02)
5	Mr. Anurag Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.00)
6	Mrs. Panna Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.00)

**Terms and conditions of transactions with related parties**

Outstanding balances at the year end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The company has recorded impairment of receivables relating to amounts owned by related parties of Rs.7.54 Crore (March 31, 2018 of Rs. 7.54 Crore ). This assessment is undertaken at each financial year through examining the financial position of the related party and the market in which the related party operates.

**Notes to the standalone financial statements for the year ended 31 March 2019****39. EARNINGS PER SHARE (EPS):**

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

Particulars		2018-19	2017-18
Profit/(Loss) for the year	(Rs. In Crore)	140.79	11.20
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.)	110.49	8.79
Nominal Value of Shares	(In Rs.)	10.00	10.00

**40 Financial Instruments, Fair Value Measurements, Financial Risks & Capital Management****40.1 Categorywise Classification of Financial Instruments**

(Rs In Crore)

Particulars	March 31, 2019		
	FVPL	Amortised cost	Carrying Value
<b>Financial assets</b>			
Trade receivables	-	357.34	357.34
Cash and Cash Equivalents	-	42.95	42.95
Other Bank balances	-	15.88	15.88
Investments in mutual fund units	0.28	-	0.28
Investments in Unquoted Equity of other Company/Joint Venture/ Subsidiary Company net of Accumulated Impairment	-	45.78	45.78
Other financial assets	-	48.96	48.96
<b>Total financial assets</b>	<b>0.28</b>	<b>510.91</b>	<b>511.19</b>
<b>Financial liabilities</b>			
Trade payables	-	435.42	435.42
Short term Borrowings	-	122.00	122.00
Non-Current Borrowings	-	1,405.22	1,405.22
Other financial liabilities	-	998.42	998.42
<b>Total financial liabilities</b>	<b>-</b>	<b>2,961.06</b>	<b>2,961.06</b>

(Rs In Crore)

Particulars	March 31, 2018		
	FVPL	Amortised cost	Carrying Value
<b>Financial assets</b>			
Trade receivables	-	390.30	390.30
Cash and Cash Equivalents	-	26.82	26.82
Other Bank balances	-	21.03	21.03
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	-	39.06	39.06
<b>Total financial assets</b>	<b>0.29</b>	<b>522.98</b>	<b>523.27</b>
<b>Financial liabilities</b>			
Trade payables	-	420.87	420.87
Short term Borrowings	-	211.68	211.68
Non-Current Borrowings	-	1,570.69	1,570.69
Other financial liabilities	-	986.95	986.95
<b>Total financial liabilities</b>	<b>-</b>	<b>3,190.19</b>	<b>3,190.19</b>

**40.2 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

## Notes to the standalone financial statements for the year ended 31 March 2019

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
<b>Investments in quoted mutual fund</b>					
As at March 31, 2019	5	0.28	-	-	0.28
As at March 31, 2018	5	0.29	-	-	0.29

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

Financial instruments are initially recognized and subsequently re-measured at fair value as described below :

The fair value of investment in quoted Mutual Funds is measured at quoted price or NAV.

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/internal 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 management assessed that cash and cash equivalents, trade receivables, trade payables, other bank balance, investments in unquoted equity of other company/joint venture/subsidiary company, other financial assets, short term borrowings, non current borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

## 41 Financial Instrument Risk, Management, Objectives & Policies

### 41.1 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.

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.

### 41.2 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 recognized 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

**Notes to the standalone financial statements for the year ended 31 March 2019**

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 recognized on the basis of 12-month expected credit losses and assessed for significant increase in the credit risk.

**Allowance for Doubtful Debts/ Credit Impaired:**i) **As at March 31, 2019** (Rs In Crore)

Particulars	Trade Receivables	Loans	Advances to Suppliers & Others	Total
Gross carrying amount	449.84	4.18	105.23	559.25
Credit loss rate	20.56%	100.00%	18.98%	20.86%
Expected credit losses (loss allowance provision)	92.50	4.18	19.97	116.65
<b>Carrying amount</b>	<b>357.34</b>	<b>-</b>	<b>85.26</b>	<b>442.60</b>

ii) **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
Credit loss rate	19.16%	100.00%	22.14%	20.38%
Expected credit losses (loss allowance provision)	92.50	4.18	32.29	128.97
<b>Carrying amount</b>	<b>390.30</b>	<b>-</b>	<b>113.55</b>	<b>503.85</b>

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

Particulars	Trade Receivables	Loans	Advances to Suppliers & Others	Total
<b>Loss allowance as on March 31, 2017</b>	(82.61)	(4.18)	(26.83)	(113.62)
Changes in loss allowance	(9.89)	-	(5.46)	(15.35)
<b>Loss allowance as on March 31, 2018</b>	(92.50)	(4.18)	(32.29)	(128.97)
Changes in loss allowance	-	-	12.32	12.32
<b>Loss allowance as on March 31, 2019</b>	(92.50)	(4.18)	(19.97)	(116.65)

**41.3 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.

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 used for the repayment of loan, invested in interest bearing term deposits and mutual funds with appropriate maturities to optimize 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.

## Notes to the standalone financial statements for the year ended 31 March 2019

### 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, 2019	Upto 1 year/ repayable on demand	1 to 3 years	More than 3 years
Trade Payables	435.42	-	-
Borrowings	977.41	823.41	581.81
Short term Borrowings	110.00	-	-
Preference Shares	12.00	-	-
Other Financial liabilities	21.01	-	-
<b>Total</b>	<b>1,555.84</b>	<b>823.41</b>	<b>581.81</b>

(Rs In Crore)

As at March 31, 2018	Upto 1 year/ repayable on demand	1 to 3 years	More than 3 years
Trade Payables	420.87	-	-
Borrowings	953.05	821.48	749.21
Short term Borrowings	199.68	-	-
Preference Shares	12.00	-	-
Other Financial liabilities	33.90	-	-
<b>Total</b>	<b>1,619.50</b>	<b>821.48</b>	<b>749.21</b>

### 41.4 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 transferred to assets reconstruction company or the settlement agreement have been executed and few lenders are not charging interest at fix rate of 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 group wise 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, 2019	
	USD	Euro
<b>Financial assets</b>		
Trade receivables	0.89	-
Net exposure to foreign currency risk (assets)	0.89	-
<b>Financial liabilities</b>		
Trade payables	0.04	0.01
Borrowings	0.33	-
Net exposure to foreign currency risk (liabilities)	0.37	0.01
Net exposure to foreign currency risk	0.52	(0.01)
Net Exposure In Indian Currency	35.77	(0.73)

## Notes to the standalone financial statements for the year ended 31 March 2019

(In Crores)

Particulars	As at March 31, 2018	
	USD	Euro
<b>Financial assets</b>		
Trade receivables	1.41	-
Net exposure to foreign currency risk (assets)	1.41	-
<b>Financial liabilities</b>		
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)

The borrowings in foreign currency as on 31st March 2018 has not been stated as the company has defaulted in making the repayment of the loan and the company has not entered into settlement of the loan.

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

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 reasonably 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, 2019	
	Rupee / USD	Rupee / Euro
<b>Impact on Profit or loss</b>		
Increase by 5%	1.79	(0.04)
Decrease by 5%	(1.79)	0.04

(Rs. In Crores)

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

**42 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, 2019	As at March 31, 2018
Equity share capital	12.74	12.74
Other Equity	(1,133.76)	(1,273.20)
<b>Total Equity</b>	<b>(1,121.02)</b>	<b>(1,260.46)</b>

## Notes to the standalone financial statements for the year ended 31 March 2019

### 43 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 28th May 2019, there were no subsequent events to be recognized or reported that are not already disclosed elsewhere in the financial statements.

### 44 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 Shah**  
Partner  
Membership No. 124095  
Place : Ahmedabad  
Date : August 31, 2019

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

**Pratap Mohan**  
Independent Director  
(DIN : 03536047)

**Pawan Gaur**  
Chief Financial Officer

Place : Palodia  
Date : August 31, 2019

**Shailesh Bhandari**  
Managing Director  
(DIN : 00058866)

**Fageshkumar R. Soni**  
Company Secretary

**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

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

**Opinion**

We have audited the accompanying consolidated Ind AS financial statements of **Electrotherm (India) Limited** (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its Joint venture, comprising of the consolidated Balance sheet as at March 31, 2019, 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 notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint venture as at March 31, 2019, and their consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year ended on that date.

**Basis for Qualified Opinion**

*We draw attention to Note No. 33(iv) of non-provision of interest on NPA accounts of banks of Rs.149.52 Crore (Net of Reversal on Settlement), for the year under consideration and the total amount of such unprovided interest till March 31, 2019 is Rs. 977.87Crore. The exact amounts of the said non provisions of interest are not determined and accounted for by the Group and to that extent Bankers loan liabilities is understated, and the profits are overstated.*

**Material Uncertainty Related to Going Concern of its Subsidiary and Joint Venture**

1. We draw attention on Note No 37(a) relating to the actions taken by Ministry of Coal, Government of India for de-allocation of the Coal block in Joint venture Bhaskarpara Coal Company Limited, affecting the going concern of the said company.
2. We draw attention on Note No 37(b) relating to the actions taken by State Bank of India under SARFAESI Act, 2002 and subsequent action of the sale through auction of the assets of the Company by Bank and non-repayment of loans taken from Bank and non-provision of interest on the said loans in subsidiary Shree Ram Electrocast Limited, affecting the going concern.

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its joint venture in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Emphasis of Matter**

1. *We draw attention to point no. 1(b) of the accompanying Consolidated Financial Statements in respect of reclassification /restatement of the repayment of installments to the banks and financial institutions and reclassification of consumption of coal.*
2. *We draw attention to Note No. 32(a) of the accompanying Consolidated Financial Statements in respect of Winding up petitions.*
3. *We draw attention to Note No. 32(b) 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, its payment by the company, effect of reduction of loan amount and a Charge sheet filed by the Central Bureau of Investigation (CBI) against the Company and its few Directors.*
4. *We draw attention to Note No. 33 of the accompanying Consolidated Financial Statements, in respect of non-provision of long disputed claims/liability of various Government agencies against the Company.*
5. *We draw attention to Note No. 34(e)(i) of the accompanying Consolidated Financial Statements in respect of third parties balance confirmations, its classification in respect of nature of realization of the amount and provision thereof and in respect of the various other disclosures.*
6. *We draw attention to Note No. 36 of the accompanying Consolidated Financial Statements in respect of other cases filed before various authorities.*

*In our opinion, in respect of the above matters emphasized we do not provide any modified opinion as these are not material.*

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statement as a

## INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion and Material Uncertainty Related to Going Concern of its Subsidiary and Joint Venture section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How the matter was addressed in our audit
<p>Recoverability of Trade Receivable balances - Trade receivables (as described in note 9 of the Consolidated Ind AS Financial Statements)</p> <ul style="list-style-type: none"> <li>Year-end outstanding trade receivables represent balance outstanding from domestic and export customers.</li> <li>Trade receivables by nature carry certain risks in general which include overdue balances, customers in weaker economic and geopolitical environment, customer's ability to pay, provision in relation to expected credit loss, assessment of recovery process and compliance with risk management controls.</li> <li>Procedures to mitigate such risks includes element of management judgment and are important to access recoverability of trade receivables.</li> <li>Trade receivable has been considered a key audit matter in the audit due to size of the outstanding balance of trade receivables.</li> </ul>	<p>Our audit procedures among other things, included the following:</p> <ul style="list-style-type: none"> <li>Understood and tested on a sample basis the design and operating effectiveness of management control over the customer acceptance process, collection and the assessment of the recoverability of receivables;</li> <li>tested on a sample basis the ageing of trade receivables at year end;</li> <li>in respect of material trade receivables balances, inspected relevant contracts and correspondence with the customers;</li> <li>In respect of material trade receivables balances which are past due, additional procedures were performed to evaluate their historical payment trends, terms &amp; conditions of customer contracts, assessed whether the customers are experiencing financial difficulties, and assessed expected credit loss assessment provided by the management;</li> <li>Compared the collateral in the nature of bank guarantees/letter of credits provided by customers as applicable, and;</li> <li>Evaluated the level of provisions made by management for trade receivables.</li> </ul>

### Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's Annual Report but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of Group and its joint venture 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 consolidated Ind AS 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.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group and its joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and its Joint venture is responsible for overseeing the financial reporting process of each entity.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement

**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of adoption of the accounts of the company by the Board of the Directors in their meeting dated 28th May 2019. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint venture of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matter**

- a) We did not audit the Financial Statements of two Subsidiary Companies included in the Consolidated Financial Statements which constitute total assets of Rs.85.26 Crore, total revenue of Rs.586.22 Crore, Net Profit of Rs.3.38 Crore and Net cash inflows amounting to Rs. 7.57 Crore for the year ended as at March 31, 2019. 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 two Subsidiaries Companies (Including Step Down Subsidiary), Incorporated outside India, whose financial statements reflect total assets of Rs. 6.43 Crore as at March31, 2019, total revenues of Rs.24.19Crore and net cash inflows amounting to Rs.0.88Crore for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements of the aforesaid subsidiaries are unaudited and have been furnished to us by the Management of the Company and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries is based solely on such unaudited financial statements.

## INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

### Report on Other Legal and Regulatory Requirements

- (A) As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on standalone financial statements, as applicable, of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable for the year under consideration:
- 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;
  - 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;
  - The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Consolidated 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 Ind AS Financial Statements;
  - In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act.
  - On the basis of the written representations received from the directors of the Company as on March 31, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies, and joint venture, none of the directors of the Group companies and joint venture is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
  - With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements of the Holding Company, refer to our separate Report in "Annexure A" to this report;
- (B) With respect to the other matters to be included in the Auditors' 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:
- 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;
  - The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2019;
  - There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended March 31, 2019.
  - The disclosure requirements relating to holdings as well as dealings in the specified bank notes were applicable for the period from November 8, 2016 to December 30, 2016 which is not relevant to these Consolidated Financial Statements for the year under consideration and hence, reporting under clause has not been made.
- (C) With respect to the matter to be included in the Auditor's report under section 197(16):
- In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies, to its directors is in accordance with the provisions of Section 197 read with Schedule V of the Act. The remuneration paid to any director by the Holding Company, its subsidiary companies is not in excess of the limit laid down under Section 197 read with Schedule V of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

**Hitesh Shah**  
Partner

Membership No. 124095

Place : Ahmedabad  
Date : 31<sup>st</sup> August, 2019

**ANNEXURE A TO THE CONSOLIDATED 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, 2019]**

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

In conjunction with our audit of the Consolidated Ind AS Financial Statements of Electrotherm (India) Limited as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Electrotherm (India) Limited (hereinafter referred to as the "Holding Company") as of that date.

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

The respective Board of Directors of the Holding Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements 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, both issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements 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 over financial reporting with reference to these Consolidated Ind AS Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial report in included obtaining an understanding of internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements.

**Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements**

A company's internal financial control over financial reporting with reference to these Consolidated Ind AS Financial Statements 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 with reference to these Consolidated Ind AS Financial Statements 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements, 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 with reference to these Consolidated Ind AS Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Consolidated Ind AS Financial Statements 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 Holding Company has maintained in all material respects, except stated otherwise or reported to the company adequate internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements and such internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Holding 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 Shah**  
Partner

Place : Ahmedabad  
Date : 31<sup>st</sup> August, 2019

Membership No. 124095

**Consolidated Balance Sheet as at 31st March 2019**

Particular	Notes	As at March 31, 2019 (Rs In Crore)	As at March 31, 2018 (Rs In Crore)
<b>ASSETS</b>			
<b>Non Current Assets</b>			
a) Property, plant and equipment	3	910.19	989.74
b) Capital Work in progress	3	28.89	17.38
c) Goodwill		36.46	36.46
d) Intangible Assets	4	2.06	0.44
e) Financial assets			
i) Investment in Joint Venture	5	6.93	6.91
ii) Other Investments	5	0.43	0.42
iii) Other financial assets	6	55.48	40.10
e) Other non current assets	7	15.76	15.24
<b>Total Non- Current Assets (A)</b>		<b>1,056.20</b>	<b>1,106.69</b>
<b>Current assets</b>			
a) Inventories	8	563.12	448.10
b) Financial assets			
i) Trade receivables	9	333.72	369.09
ii) Cash and cash equivalents	10	47.18	32.69
iii) Bank Balance Other than (ii) Above	10	15.88	21.04
iv) Other Financial Assets	6	1.82	2.06
c) Current Tax assets	11	2.39	3.31
d) Other Current Assets	7	148.18	176.68
<b>Total Current Assets (B)</b>		<b>1,112.29</b>	<b>1,052.97</b>
<b>TOTAL ASSETS (A+B)</b>		<b>2,168.49</b>	<b>2,159.66</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity Share capital	12	12.74	12.74
b) Other Equity	13	(1,234.71)	(1,375.12)
<b>Total Equity (A)</b>		<b>(1,221.97)</b>	<b>(1,362.38)</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
a) Financial Liabilities			
i) Borrowings	14	1,419.93	1,607.38
ii) Other financial liabilities	15	0.03	0.03
b) Provisions	16	13.06	9.10
<b>Total Non Current Liabilities (B)</b>		<b>1,433.02</b>	<b>1,616.51</b>
<b>Current liabilities</b>			
a) Financial Liabilities			
i) Short Term Borrowings	17	175.55	241.95
ii) Trade payables	18		
Total Outstanding Dues Of :			
- Micro Enterprises & Small Enterprises		25.74	1.33
- Other than Micro Enterprises & Small Enterprises		450.56	473.96
iii) Other financial liabilities	15	1,041.34	1,037.11
b) Other current liabilities	19	250.26	138.49
c) Provisions	16	14.00	12.69
<b>Total Current Liabilities (C)</b>		<b>1,957.45</b>	<b>1,905.53</b>
<b>TOTAL EQUITY AND LIABILITIES (A+B+C)</b>		<b>2,168.49</b>	<b>2,159.66</b>

Summary of Significant accounting policies

2.1

The accompanying notes are an integral part of the 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

**Hitesh Shah**  
 Partner  
 Membership No. 124095  
 Place : Ahmedabad  
 Date : August 31, 2019

**Pratap Mohan**  
 Independent Director  
 (DIN : 03536047)

**Pawan Gaur**  
 Chief Financial Officer

 Place : Palodia  
 Date : August 31, 2019

**Shailesh Bhandari**  
 Managing Director  
 (DIN : 00058866)

**Fageshkumar R. Soni**  
 Company Secretary

**Consolidated Statement of Profit and Loss for the year ended March 31, 2019**

Particular	Notes	Year ended March 31, 2019 (Rs In Crore)	Year ended March 31, 2018 (Rs In Crore)
<b>Income</b>			
Revenue from operations	20	4,040.18	2,976.58
Other income	21	14.56	8.81
<b>Total Income</b>		<b>4,054.74</b>	<b>2,985.39</b>
<b>Expenses</b>			
Cost of Raw Materials and components consumed	22	2,837.46	2,043.23
Purchases of Stock in Trade	22	159.38	95.08
Changes in Inventories of Finished Goods and Work in Process & Stock in Transit	23	(81.45)	(31.54)
Excise Duty on Sales		-	49.14
Employee benefit expense	24	164.46	142.61
Finance costs	25	38.42	5.08
Depreciation and amortisation expense	26	142.82	149.25
Other expenses	27	651.74	529.55
<b>Total expenses</b>		<b>3,912.83</b>	<b>2,982.40</b>
<b>Profit Before Tax</b>		<b>141.91</b>	<b>2.99</b>
<b>Tax expenses:</b>	28		
Income Tax		(0.08)	(0.03)
<b>Total Tax Expense</b>		<b>(0.08)</b>	<b>(0.03)</b>
<b>Profit for the Year</b>		<b>141.83</b>	<b>2.96</b>
Profit From Joint Venture		0.02	-
<b>Profit for the Year</b>		<b>141.85</b>	<b>2.96</b>
<b>Other comprehensive income / (loss)</b>			
<b>A. Other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent period</b>			
Re-measurement gain / (loss) on defined benefit plans		(1.44)	0.58
Income tax effect relating to these items		-	-
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent period		(1.44)	0.58
Total Other comprehensive income/(loss) for the year, net of tax		(1.44)	0.58
Total comprehensive income for the year		140.41	3.54
<b>Profit for the year attributable to :</b>			
Equity holders of the parent		141.85	2.96
Non Controlling interest		-	-
<b>Total comprehensive income attributable to :</b>			
Equity holders of the parent		140.41	3.54
Non Controlling interest		-	-
Earnings per equity share (nominal value of shares Rs 10) (Basic & Diluted)	39	111.33	2.33
Summary of Significant accounting policies	2.1		

The accompanying notes are an integral part of the 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

**Hitesh Shah**  
Partner  
Membership No. 124095  
Place : Ahmedabad  
Date : August 31, 2019

**Pratap Mohan**  
Independent Director  
(DIN : 03536047)

**Pawan Gaur**  
Chief Financial Officer

Place : Palodia  
Date : August 31, 2019

**Shailesh Bhandari**  
Managing Director  
(DIN : 00058866)

**Fageshkumar R. Soni**  
Company Secretary

**Consolidated Cash Flow Statement for the Year ended on 31st March, 2019**

(Rs in Crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>A: CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	141.91	2.99
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation on property, plant, equipment & Amortization of Assets	142.82	149.25
Finance income (including fair value changes in financial instruments)	(5.42)	(7.23)
Net Sundry Balances Written Off	(6.61)	15.52
Provision For Doubtful Trade Receivables & Advances	(15.51)	18.62
Profit on Sale of Units of Mutual Fund	(0.01)	(0.04)
Provision For Warranty	-	4.63
Profit From Joint Venture	0.02	-
Finance costs (including fair value changes in financial instruments)	38.42	5.08
<b>Operating Profit before working capital changes</b>	<b>295.62</b>	<b>188.82</b>
<b>Working capital adjustments:</b>		
Decrease/(Increase) in trade receivables	43.74	(92.82)
Decrease/(Increase) in inventories	(115.02)	(95.40)
Decrease/(Increase) in other non-current financial assets	(15.38)	12.30
(Decrease)/Increase in trade payables	13.12	109.22
(Decrease)/Increase in other current liabilities	104.81	26.14
(Decrease)/Increase in other current financial liabilities	(16.69)	22.26
(Decrease)/Increase in other current financial assets	(0.12)	0.03
Decrease/(Increase) in other non current Asset	-	(0.28)
Decrease/(Increase) in other current Asset	35.26	(7.96)
(Decrease)/Increase in provisions	3.83	(0.09)
<b>Cash generated from operations</b>	<b>349.17</b>	<b>162.22</b>
Direct taxes paid (net)	(0.88)	(0.92)
<b>Net Cash (used in) generated from operating activities</b>	<b>348.29</b>	<b>161.30</b>
<b>B: CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets, including CWIP and capital advances	(78.02)	(50.06)
Proceeds from sale of Property Plant & Equipment	0.25	-
Purchase of Units of Mutual fund	(13.10)	(6.55)
Sale of Units of Mutual fund	13.11	6.54
Increase in Investment in Joint Venture	0.02	-
Redemption/maturity of bank deposits (having original maturity of more than three months)	5.14	(5.18)
Interest income	5.80	9.20
<b>Net Cash (used in) generated from investing activities</b>	<b>(66.80)</b>	<b>(46.05)</b>

**Consolidated Cash Flow Statement for the Year ended on 31st March, 2019**

(Rs in Crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>C: CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long term borrowings (Net)	(234.83)	(100.56)
Payment of Dividend/ Transfer to Investor Education Fund	-	(0.02)
Finance Cost (Net)	(32.17)	(5.48)
<b>Net Cash (used in) generated from financing activities</b>	<b>(267.00)</b>	<b>(106.06)</b>
<b>Net (Decrease)/ Increase in Cash and Cash Equivalents</b>	<b>14.49</b>	<b>9.19</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>32.69</b>	<b>23.50</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>47.18</b>	<b>32.69</b>

**Notes:-**

- a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard 7 "Cash Flow Statement".
- b) 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, are given below :-

Particular	As at 31st March, 2017	Cash Flow	Foreign exchange movement	As at 31st March, 2018
Current Maturity of Long Term Borrowing	157.76	-	-	157.76

Particular	As at 31st March, 2018	Cash Flow	Foreign exchange movement	As at 31st March, 2019
Current Maturity of Long Term Borrowing	157.76	(20.55)	4.92	142.13

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 Shah**  
Partner  
Membership No. 124095  
Place : Ahmedabad  
Date : August 31, 2019

**Pratap Mohan**  
Independent Director  
(DIN : 03536047)

**Pawan Gaur**  
Chief Financial Officer

Place : Palodia  
Date : August 31, 2019

**Shailesh Bhandari**  
Managing Director  
(DIN : 00058866)

**Fageshkumar R. Soni**  
Company Secretary

**Consolidated Statement of Change in Equity for the year ended March 31, 2019**
**A. Equity Share Capital**

	No. of Share	(Rs In Crore)
<b>Equity shares of Rs. 10 each issued, subscribed and fully paid</b>		
<b>As at April 1, 2017</b>	12,742,814	12.74
Add:- Issue of Equity Share Capital	-	-
<b>As at March 31, 2018</b>	12,742,814	12.74
Add:- Issue of Equity Share Capital	-	-
<b>As at March 31, 2019</b>	<b>12,742,814</b>	<b>12.74</b>

**B. Other Equity**

Particulars	Other Equity				
	Capital Reserve	Securities Premium	General Reserves	Retained Earnings	Total Other Equity
As at April 1, 2017	51.26	253.79	356.15	(2,039.86)	(1,378.66)
Profit for the year	-	-	-	2.96	2.96
Other Comprehensive Income (Re-measurement loss on defined benefit plans)	-	-	-	0.58	0.58
<b>Total Comprehensive Income</b>	-	-	-	<b>3.54</b>	<b>3.54</b>
Transfer from General Reserves on Revaluation of Property, Plant & Equipment	-	-	(3.39)	3.39	-
<b>As at March 31, 2018</b>	<b>51.26</b>	<b>253.79</b>	<b>352.76</b>	<b>(2,032.93)</b>	<b>(1,375.12)</b>
<b>Profit for the year</b>	-	-	-	<b>141.85</b>	<b>141.85</b>
Other Comprehensive Income (Re-measurement loss on defined benefit plans)	-	-	-	(1.44)	(1.44)
<b>Total Comprehensive Income</b>	-	-	-	<b>140.41</b>	<b>140.40</b>
<b>Transfer from General Reserves on Revaluation of Property, Plant &amp; Equipment</b>	-	-	<b>(3.39)</b>	<b>3.39</b>	-
<b>As at March 31, 2019</b>	<b>51.26</b>	<b>253.79</b>	<b>349.37</b>	<b>(1,889.13)</b>	<b>(1,234.71)</b>

As per our even date report attached

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

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

**Hitesh Shah**  
Partner  
Membership No. 124095  
Place : Ahmedabad  
Date : August 31, 2019

**Pratap Mohan**  
Independent Director  
(DIN : 03536047)

**Pawan Gaur**  
Chief Financial Officer

Place : Palodia  
Date : August 31, 2019

**Shailesh Bhandari**  
Managing Director  
(DIN : 00058866)

**Fageshkumar R. Soni**  
Company Secretary

## Notes to the consolidated financial statements for the year ended 31 March 2019

### 1. CORPORATE INFORMATION:

The consolidated financial statements comprise financial statements of Electrotherm (India) Limited (the "Company") and its subsidiary and Joint Venture (collectively the "Group") for the year ended March 31, 2019. 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 financial statements were approved, and two Directors & Other signatories were authorised to sign the financial statement, in the Board of Director's Meeting held on May 28, 2019. Now these financial statements, have been signed by the another Authorised Directors and Other signatories, in pursuance to partial modification resolution passed by the Board of Directors in their Meeting held on August 31, 2019.

### 2. BASIS OF PREPARATION AND BASIS OF MEASUREMENT OF FINANCIAL STATEMENTS:

#### a) 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 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the consolidated financial statements.

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.

Certain comparative figures appearing in these financial statements have been regrouped and/or reclassified to better reflect the nature of those items.

All financial information presented in Indian Rupee has been rounded off to the nearest Crore. Amounts less than 0.01 Crore have been presented as "0".

#### b) Major Reclassification/Restatement

- i. The group has revised the presentation of the repayment of Instalments of the loan as per the term and condition of the settlement agreement. This revised presentation more appropriately reflect the substance that the repayment of the Instalments is towards the outstanding loan. As a result of the change, repayment of instalments of the loan of Rs.214.99 Crore (year ended March 31, 2019: Rs 347.25 Crore) have been reduced from 'Other Currents Assets' & 'Other financial liabilities' for the comparative year ended March 31, 2018. Similarly, net cash flows from operating activities in the statement of cash flows has been reduced by an equivalent amount with corresponding effect on the net cash used in financing activities.
- ii. The group has revised the presentation of the consumption of coal during the year by transferring the expense from power & fuel (other expense) to consumption of raw material and components consumed. As a result of the change, consumption of coal of Rs.74.73 Crore has been reclassified from 'Other Expense' to 'Raw material and components consumed' for the comparative year ended March 31, 2018.

### 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, 2019. 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 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) The financial statements of the subsidiary are prepared for the same reporting year as the parent company, using consistent accounting policies. As far as possible, the consolidated financial statements have been prepared using uniform accounting policies, consistent with the Company's standalone financial statements for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone 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 Company's separate financial statements.

**Notes to the consolidated financial statements for the year ended 31 March 2019**

v) The subsidiaries considered in the consolidated financial statements are:

Name of the Group	Country of Incorporation	% of Ownership Interest as at March 31, 2019
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%*
Electrotherm Services Limited (Earlier known as Shree Hans Papers Limited)	India	100.00%

\* 5% shares of Shree Ram Electro Cast Limited are held by Electrotherm Services Limited (Earlier known as Shree Hans Papers Limited), Subsidiary Group.

**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 of equity accounted investees until the date on which significant influence or joint control ceases.

The joint venture considered in the consolidated financial statements is:

Name of the Group	Country of Incorporation	% of Ownership Interest as at March 31, 2019
Bhaskarpara Coal Company Limited	India	52.63%

**B. CURRENT VERSUS NON-CURRENT CLASSIFICATION:**

The Group presents assets and liabilities in the Consolidated 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.

Deferred Tax Assets and liabilities are classified 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 financial statements.

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

**Notes to the consolidated financial statements for the year ended 31 March 2019**

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 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 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 derivative financial instruments and unquoted financial assets measured at fair value, and for non-recurring fair value measurement.

External valuers are involved for valuation of Unquoted Financial Asset. 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
- Financial instruments (including those carried at amortised cost)

**E. PROPERTY, PLANT AND EQUIPMENT (PPE):**

Property Plant and Equipment 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

## Notes to the consolidated financial statements for the year ended 31 March 2019

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 Consolidated 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 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.

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,

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 Consolidated 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 Consolidated 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 Consolidated 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 Consolidated 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.

**Notes to the consolidated financial statements for the year ended 31 March 2019**

Operating lease payments are recognised as an expense in the Consolidated 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 Consolidated 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 Consolidated Statement of 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 Consolidated Statement of Profit and Loss. The losses arising from impairment are recognised in the Consolidated 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 Consolidated Statement of Profit and Loss.

**Equity investments**

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 Consolidated 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 Consolidated 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

## Notes to the consolidated financial statements for the year ended 31 March 2019

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 and advance to suppliers. 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 Consolidated 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 Consolidated 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 Consolidated 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 Consolidated Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through Consolidated 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 Profit and Loss. 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 Consolidated Statement of Profit and Loss. The Group has not designated any financial liability at FVTPL.

**Notes to the consolidated financial statements for the year ended 31 March 2019****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 Consolidated 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 Consolidated 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, 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 Consolidated 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 FROM CONTRACT WITH CUSTOMERS:**

Revenue is recognized 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.

However, sales tax/ value added tax (VAT)/ Goods and Service tax (GST) is 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

## Notes to the consolidated financial statements for the year ended 31 March 2019

### **Sale of Goods:**

Revenue is recognized when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as sales tax or other taxes directly linked to sales. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue from product sales are recorded net of allowances for estimated rebates, cash discounts and estimates of product returns, all of which are established at the time of sale.

### **Variable Considerations**

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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.

### **Dividends:**

Dividend is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

### **Interest income and expense:**

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

### **Contract balance**

#### **Contract assets:**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

#### **Trade receivables:**

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

#### **Contract liabilities:**

A contract liability is the obligation to transfer goods or services to a customer for which the group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the group performs under the contract.

#### **Refund liabilities:**

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the group ultimately expects it will have to return to the customer. The group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

### **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.

For the defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. 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

**Notes to the consolidated financial statements for the year ended 31 March 2019**

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:**

Tax expense comprises of current income tax and deferred tax

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 Consolidated Statement of Profit and Loss is recognised outside the Consolidated 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 recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, 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.

## Notes to the consolidated financial statements for the year ended 31 March 2019

### 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.

### S. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

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 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 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.

### 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.

## 2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

### New and amended standards

#### Ind AS 115 Revenue from Contracts with Customers

The Group applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

**Notes to the consolidated financial statements for the year ended 31 March 2019**

Ind AS 115 Revenue from Contracts with Customers was issued on March 28, 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures. The Group adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of April 1, 2018. The adoption of the standard did not have any material impact on the financial statements.

Several other amendments and interpretations apply for the first time in March 2019, but do not have an impact on the financial statements of the Group. The Group has not early adopted any standards or amendments that have been issued but are not yet effective.

**Standards issued but not yet effective**

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards if applicable, when they become effective. The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Second Amendment Rules, 2019 applicable from April 1, 2019 amending the following standard.

**Impact of Ind AS 116 - Leases**

On March 30, 2019 Ministry of Corporate Affairs has notified IND AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. lessee and the lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying assets is of low value. Currently, operating lease expenses are charges to the statements of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- a) Full retrospective - Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimation and Errors.
- b) Modified retrospective - Retrospectively, with the cumulative effect of initially applying the standard recognized at the date of initial application. Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use assets either as:
  - c) Its carrying amount as if the standard has been applied since the commencement date, but discounting at lessee's incremental borrowing rate at the date of initial application or
  - d) An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application. Certain practical expedients are available under both the methods.

The Group intends to adopt these standard, as applicable and they become effective. As the Group does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its financial statements.



## Notes to the consolidated financial statements for the year ended 31 March 2019

## 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
<b>Cost</b>										
<b>As at April 1, 2017</b>	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
Disposals / Capitalization	-	-	-	-	-	-	-	-	-	7.00
<b>As at March 31, 2018</b>	169.02	0.96	281.75	818.37	5.41	4.17	2.83	4.74	1,287.25	17.38
Addition	0.23	-	7.82	48.84	2.43	1.71	1.83	0.45	63.31	14.09
Disposals / Capitalization	-	-	-	0.27	-	-	-	0.35	0.62	2.58
<b>As at March 31, 2019</b>	169.25	0.96	289.57	866.94	7.84	5.88	4.66	4.84	1,349.94	28.89
<b>Depreciation / Amortization and Impairment</b>										
<b>As at April 1, 2017</b>	-	0.01	14.38	130.77	1.07	0.83	0.40	0.82	148.28	-
Depreciation and impairment for the Year	-	0.01	14.45	131.47	1.32	0.68	0.50	0.80	149.23	-
Disposals	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2018</b>	-	0.02	28.83	262.24	2.39	1.51	0.90	1.62	297.51	-
Depreciation and impairment for the Year	-	0.01	14.53	124.65	1.57	0.59	0.66	0.60	142.61	-
Disposals	-	-	-	0.04	-	-	-	0.33	0.37	-
<b>As at March 31, 2019</b>	-	0.03	43.36	386.85	3.96	2.10	1.56	1.89	439.75	-
<b>Net Block</b>										
<b>At March 31, 2018</b>	169.02	0.94	252.92	556.13	3.02	2.66	1.93	3.12	989.74	17.38
<b>At March 31, 2019</b>	169.25	0.93	246.21	480.09	3.88	3.78	3.10	2.95	910.19	28.89

(a) Various Assets appearing in Capital Work in Progress and Capitalized during the year March 31, 2019 Rs. 2.58 crore (March 31, 2018 Rs. 7.00 crore) have been shown in addition in respective class of property, plant and equipments and as transfers in CWIP.

(b) There is a pari-pasu charge by way of Registered Mortgage on Immovable Property, Plant and Equipments & hypothecation on all Movable Property, Plant & Equipments.

(c) Cost of the Property, Plant & Equipments includes carrying value recognized as deemed cost as of 1st April 2016, measured as per previous GAAP and cost of subsequent additions.

(d) No borrowing costs are capitalized on Property Plant and Equipment during the current and previous years as the company has not borrowed fund for the purpose of acquisition of Property Plant and Equipment.

(e) In Subsidiary Shree Ram Electrocast Limited Property, plant and equipment were tested for impairment as on April 1, 2016, where indicators of impairment existed. Based on an assessment of external market conditions relating to input costs and final product realization, non operation of the company and evaluation of physical working conditions for items of property, plant and equipment, indicators of impairment were identified and therefore, the group has recognized impairment charge as on April 1, 2016 of Rs. 29.89 Crore.

**Notes to the consolidated financial statements for the year ended 31 March 2019****4 Intangible Assets**

(Rs In Crore)

Particulars	Software	Trademark	Total
<b>Cost</b>			
<b>As at April 1, 2017</b>	<b>0.62</b>	<b>0.02</b>	<b>0.64</b>
Addition	-	-	-
<b>As at March 31, 2018</b>	<b>0.62</b>	<b>0.02</b>	<b>0.64</b>
Addition	1.83	-	1.83
<b>As at March 31, 2019</b>	<b>2.45</b>	<b>0.02</b>	<b>2.47</b>
<b>Amortization and Impairment</b>			
<b>As at April 1, 2017</b>	<b>0.18</b>	-	<b>0.18</b>
Amortization for the Year	0.02	-	0.02
<b>As at March 31, 2018</b>	<b>0.20</b>	-	<b>0.20</b>
Amortization for the Year	0.21	-	0.21
<b>As at March 31, 2019</b>	<b>0.41</b>	-	<b>0.41</b>
<b>Net Block</b>			
<b>At March 31, 2018</b>	0.42	0.02	0.44
<b>At March 31, 2019</b>	<b>2.04</b>	<b>0.02</b>	<b>2.06</b>

**Notes to the consolidated financial statements for the year ended 31 March 2019**
**5 Non-Current Financial Assets**
**Investments**

(Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Non-Trade Investments - Investments in Mutual Funds (Quoted) (at fair value through profit and loss)</b>		
- Nil (March 31, 2018: 23,299.564 ) Units of Rs. 10 each of PNB PRINCIPAL EMERGING BLUE CHIP-REGULAR PLAN GROWTH	-	0.24
- 21,503.949 (March 31, 2018 : Nil) Units of IDFC STERLING VALUE FUND - REGULAR PLAN GROWTH	0.11	-
- 13,027.83 (March 31, 2018 : Nil) Units of CANARA ROBECO EMERGING EQUITIES - REGULAR PLAN GROWTH	0.12	-
- 49,990 (March 31, 2018: 49,990) Units of Rs. 10 each UNION FOCUSED LARGE CAP FUND-REGULAR PLAN-GROWTH	0.05	0.05
- 1,00,000 (March 31, 2018: 1,00,000) units of Axis Hybrid Series 27 (1351 Days) Growth	0.14	0.12
<b>Other unquoted investments in Government Securities (At Amortized Cost)</b>		
- National Saving Certificates	0.01	0.01
<b>Total</b>	<b>0.43</b>	<b>0.42</b>
<b>(a) Investment in unquoted Equity Share of Joint Ventures</b>		
- 90,45,127 (March 31, 2018: 90,45,127) Equity Shares of Rs. 10 each of Bhaskarpara Coal Company Limited	9.06	9.04
Less:- Accumulated Impairment	(2.13)	(2.13)
<b>Total</b>	<b>6.93</b>	<b>6.91</b>
Aggregate Book Value of Unquoted Investments	9.07	9.05
Aggregate Book Value of quoted Investments	0.40	0.22
Aggregate amount of impairment in value of investments in unquoted equity shares	2.13	2.13

The group holds an investment in equity shares of Bhaskarpara Coal Company Limited as a joint venture. This company have incurred heavy losses and/or are non-operating and therefore the fate of company is uncertain. Provision for impairment of Rs. 2.13 Crore (March 31, 2018 Rs. 2.13 Crore) in the value of investment in joint ventures namely Bhaskarpara Coal Company Limited has been provided as on April 1, 2016

**6 Other financial assets**

(Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good		
Sundry Deposits	44.93	32.45
Includes Bank Fixed Deposit of Rs.12.89 Crore ( March 31, 2018: 10.66 crore) given as EMD)		
In term deposit accounts (marked as lien against the LC/BG) (remaining maturity more than 12 months)	10.55	7.65
Loan to Employees	0.38	0.26
Interest receivable	1.44	1.80
<b>Total</b>	<b>57.30</b>	<b>42.16</b>
Current	1.82	2.06
Non Current	55.48	40.10

**Notes to the consolidated financial statements for the year ended 31 March 2019****7 Other Assets** (Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Unsecured, Considered Good</b>		
Product Development Cost	14.66	14.66
Capital Advance	1.10	0.58
Advances Recoverable In Cash or Kind (Net)	34.35	35.90
Advance to Relative of key management personnel	0.02	0.06
Enterprises owned or Significantly influenced by key management personnel or their relative	0.29	0.09
Advances to Staff	0.79	0.49
Advance to Suppliers and Other Parties	92.69	123.74
Prepaid Expenses	3.25	1.35
Balance with Revenue Authorities	16.79	15.05
Unsecured, Considered Doubtful		
Advance to Suppliers and Other Parties - Credit Impaired	19.97	32.29
Allowance for Doubtful Receivable	(19.97)	(32.29)
<b>Total</b>	<b>163.94</b>	<b>191.92</b>
Current	148.18	176.68
Non Current	15.76	15.24

**Movement in Provision For Doubtful Receivable** (Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at beginning of the year	32.29	26.83
Movement in Provision For Doubtful Receivable on Advance to suppliers and other Parties	(12.32)	5.46
<b>Balance at end of the year</b>	<b>19.97</b>	<b>32.29</b>

**8 Inventories {Refer Note No.34(f)}** (Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
a. Raw Material [including goods in transit of Rs.4.64 Crore] (March 31, 2018 Rs. 9.06 Crore)	205.02	171.03
b. Work-In-Progress	212.87	104.69
c. Finished Goods / Stock in Trade [ Including goods in transit of Rs. 7.87 Crore ] (March 31, 2018 Rs. 59.77 Crore )	80.43	106.96
d. Trading Goods	0.36	0.56
e. Stores and Spares [including goods in transit of Rs.1.77 Crore] (March 31, 2018 Rs. Nil)	64.44	64.86
<b>Total</b>	<b>563.12</b>	<b>448.10</b>

**Notes to the consolidated financial statements for the year ended 31 March 2019**
**9 Trade Receivables** (Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>(A) Trade receivables from other parties</b>		
Secured Considered Good	99.34	190.56
Unsecured Considered Good	224.84	168.71
Unsecured Considered Doubtful- Credit Impaired	95.36	98.55
Less: Allowance for Doubtful Receivable	(95.36)	(98.55)
<b>(B) Due to Related Parties</b> (Unsecured, Considered Good)		
- Enterprises owned or Significantly influenced by key management personnel or their relative	9.54	9.82
<b>Total</b>	<b>333.72</b>	<b>369.09</b>

**Movement in expected credit loss allowance** (Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Balance at beginning of the year</b>	98.55	85.38
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	(3.19)	13.17
<b>Balance at end of the year</b>	<b>95.36</b>	<b>98.55</b>

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, 2019	As at March 31, 2018
<b>Cash and Cash Equivalents (At Amortized Cost)</b>		
<b>a. Balances with Bank</b>		
- In Current Account	46.21	32.22
- In Deposit accounts (original maturity less than 3 months)	0.40	0.07
<b>b. Cash on hand</b>	0.57	0.40
<b>Total Cash and Cash Equivalents</b>	<b>47.18</b>	<b>32.69</b>
<b>Other bank balances</b>		
- Fixed Deposits with original maturity of more than 3 months but less than 12 months	15.88	21.02
- Interest accrued but not due	-	0.02
<b>Total</b>	<b>15.88</b>	<b>21.04</b>

**11 Current Tax assets** (Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Income Tax Asset	2.39	3.31
<b>Total</b>	<b>2.39</b>	<b>3.31</b>

**Notes to the consolidated financial statements for the year ended 31 March 2019****12 Equity share capital**

(Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
<b>Authorized Share Capital:</b>			
2,50,00,000 (March 31, 2018: 2,50,00,000 and April 1, 2017: 2,50,00,000) Equity Shares of Rs.10/- each	25.00	25.00	25.00
2,50,00,000 (March 31, 2018: 2,50,00,000 and April 1, 2017: 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, 2018: 2,85,90,000 and April 1, 2017: 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
<b>Issued, subscribed and fully paid up:</b>			
<b>(a) Equity Shares</b>			
1,27,42,814 (March 31, 2018: 1,27,42,814 and April 1, 2017: 1,27,42,814) Equity Shares of Rs.10/- each Fully paid up	12.74	12.74	12.74
<b>Total</b>	<b>12.74</b>	<b>12.74</b>	<b>12.74</b>

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

Particulars	As at March 31, 2019		As at March 31, 2018	
	No of shares	(Rs In Crore)	No of shares	(Rs In Crore)
<b>Equity Shares :</b>				
<b>At the beginning of the year</b>	12,742,814	12.74	12,742,814	12.74
Add: Shares issued during the year	-	-	-	-
<b>At the end of the year</b>	<b>12,742,814</b>	<b>12.74</b>	<b>12,742,814</b>	<b>12.74</b>

**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 shareholders 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 shareholders 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 2019**
**e) Details of shareholders holding more than 5% equity shares in the company**

Name of Shareholder	As at March 31, 2019		As at March 31, 2018	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Edelweiss Asset Reconstruction Company Ltd	892,208	7.00	1,048,074	8.22
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	746,193	5.86	829,350	6.51

f) As per Records of the Company, including its register of Shareholder/members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent legal ownership of shares.

g) The Company has calls in arrears / unpaid calls of Rs. Nil (March 31, 2018: Nil)

h) Details of Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash. ( during 5 years immediately preceding March 31, 2019).

As per the terms and conditions of the settlement with Edelweiss Asset Reconstruction Company Limited (EARC), the company has issued and allotted 2,85,90,000 Partially convertible and Partially Redeemable Preference Shares (PCPRPS) to EARC on 22nd August 2015.

i) 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)
<b>(a) Capital Reserve</b>	
As at April 1, 2017	51.26
Increase/(decrease) during the Year	-
As at March 31, 2018	51.26
Increase/(decrease) during the Year	-
As at March 31, 2019	51.26
<b>(b) Securities Premium</b>	
As at April 1, 2017	253.79
Increase/(decrease) during the Year	-
As at March 31, 2018	253.79
Increase/(decrease) during the Year	-
As at March 31, 2019	253.79
<b>(c) General Reserves</b>	
As at April 1, 2017	356.15
Increase/(decrease) during the Year	(3.39)
As at March 31, 2018	352.76
Increase/(decrease) during the Year	(3.39)
As at March 31, 2019	349.37

## Notes to the consolidated financial statements for the year ended 31 March 2019

Particulars	(Rs In Crore)
<b>Retained Earnings</b>	
<b>As at April 1, 2017</b>	<b>(2,039.86)</b>
Profit for the year	2.96
Other Comprehensive Income (Re-measurement loss on defined benefit plans)	0.58
Transfer from General Reserves on Revaluation of Property, Plant & Equipment	3.39
<b>As at March 31, 2018</b>	<b>(2,032.93)</b>
<b>Profit for the year</b>	<b>141.85</b>
Other Comprehensive Income (Re-measurement loss on defined benefit plans)	(1.44)
Transfer from General Reserves on Revaluation of Property, Plant & Equipment	3.39
<b>As at March 31, 2019</b>	<b>(1,889.13)</b>
<b>Total Other Equity</b>	
<b>As at March 31, 2018</b>	<b>(1,375.12)</b>
<b>As at March 31, 2019</b>	<b>(1,234.71)</b>

**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 {Refer Note No. 32(b)}**

(Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Secured</b>		
Term Loans from Banks {Refer Note No. (a) & (b) below}		
- Rupee Term Loan	714.21	741.18
Loans from Asset Reconstruction Companies {Refer Note No. (a) & (d) below }		
- Rupee Term Loan	1,607.14	1,709.70
Term Loan from Financial Institutions {Refer Note No. (c) below}		
- Foreign Currency Term Loan	81.29	90.13
Hire Purchase Finance for Vehicles (Secured By Hypothecation of Specific Vehicles)	-	0.02
<b>Unsecured</b>		
Term Loan From Financial Institution		
- Foreign Currency Term Loan	60.84	67.63
Term Loan From Other		
- Loans from Key Managerial Personnel	0.03	0.02
Less: Current Maturity on Long Term Borrowing	(1,043.58)	(1,001.30)
<b>Total</b>	<b>1,419.93</b>	<b>1,607.38</b>

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

## Notes to the consolidated financial statements for the year ended 31 March 2019

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 Securitization & Reconstruction 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 is secured by Pari Passu Charge over the movable assets and first Pari Passu Charge on immovable assets of the company.
- (d) The Loan from State Bank of India have been assigned to Invent Assets Securitization & Reconstruction Private Limited (refer as ARC) and thereafter settlement agreement dated 15th June 2015 entered for the repayment of loan with ARC. On 17th January 2019, the company has requested to re-schedule the repayment term which was agreed by the ARC vide its sanction letter dated 15th March 2019. The ARC is not charging Interest on the debt due to them.
- (e) Borrowings from few banks carries interest in the range of 9.65% to 12.00%.

### 15 Other Financial Liabilities

(Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Creditors for Capital expenditure	3.01	1.12
Current Maturities of Long term borrowings	1,020.32	1,001.30
Others	18.03	34.72
<b>Total</b>	<b>1,041.36</b>	<b>1,037.14</b>
Current	1,041.34	1,037.11
Non Current	0.03	0.03

### 16 Provisions

(Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Employee Benefits*	20.79	17.14
Provision for Other	6.25	4.63
Provision for Income Tax	0.02	0.02
<b>Total</b>	<b>27.06</b>	<b>21.79</b>
Current	14.00	12.69
Non Current	13.06	9.10

\* 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	March 31, 2019	March 31, 2018
Opening Balance	4.63	-
Net Additions during the year	1.62	4.63
<b>Closing balance</b>	<b>6.25</b>	<b>4.63</b>

**Notes to the consolidated financial statements for the year ended 31 March 2019****17 Short Term Borrowings**

(Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Secured Loan from Banks {Refer Note No. 32(b)}</b>		
Term Loan (Refer Note No (a) for security purpose)	-	0.02
Working Capital Facilities (Refer Note No (a) for security purpose) (including Current Maturity on Long Term Borrowing of Rs. 23.26 Crore)	160.98	193.40
<b>Unsecured</b>		
<b>Loans repayable on demand from: -</b>		
Enterprises owned or Significantly influenced by key management personnel or their relative	1.75	1.75
Relative of key management personnel	0.17	0.17
Other Body Corporates	0.34	0.34
Key Managerial Personnel	0.31	0.32
<b>Term Loan from Banks</b>		
- Rupee Term Loan	-	33.95
<b>Total</b>	<b>163.55</b>	<b>229.95</b>
1,20,00,000 (March 31, 2018: 1,20,00,000) 6 % Non-Cumulative Redeemable Preference Shares Of Rs.10/- each Fully Paid Up, Redeemable At Par.	12.00	12.00
<b>Total</b>	<b>175.55</b>	<b>241.95</b>

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

**18 Trade Payables**

(Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Total Outstanding dues of Micro and Small Enterprises	25.74	1.33
Total Outstanding dues of creditors other than Micro and Small Enterprises		
Others	450.36	473.96
Dues to Enterprise Owned or Significantly Influence by Key Managerial Personnal or Their Relative	0.17	-
Dues to Key Managerial Personnel	0.03	0.14
<b>Total</b>	<b>476.30</b>	<b>475.29</b>

Amount due to micro and small enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to micro and small enterprises is as below:

(Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	25.74	1.33
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-

**Notes to the consolidated financial statements for the year ended 31 March 2019**
**19 Other current liabilities**

(Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Advance from Customers ( Contract Liabilities)	216.00	114.03
Advance from enterprise owned or significantly influenced by Key Management Personnel	-	0.06
Amount Payable to Key Management Personnel	-	0.05
Interest accrued and due	1.98	-
Interest accrued but not due	4.27	-
Other Miscellaneous Liabilities	0.57	0.34
Statutory Dues Payable	27.44	24.01
<b>Total</b>	<b>250.26</b>	<b>138.49</b>

**20 Revenue from operations**

(Rs In Crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>Revenue From Contracts With Customers</b>		
Sales of Products (Finished Goods & Traded Goods)	4,027.97	2,965.67
Revenue From Service Contracts	7.81	6.15
<b>Total Revenue from Contracts with Customers</b>	<b>4,035.78</b>	<b>2,971.82</b>
Export Incentives	4.40	4.76
<b>Total Revenue From Operation</b>	<b>4,040.18</b>	<b>2,976.58</b>
<b>i) Disaggregated revenue Information</b>		
Types of Goods & Services		
(a) Engineering & Project Division	935.65	742.38
(b) Special Steel Division	2,496.26	2,013.56
(c) Electric Vehicle Division	31.68	26.81
(d) Other	577.80	204.47
(e) Revenue From Service Contracts with Customers	7.81	6.15
<b>Gross Revenue Company as a Whole</b>	<b>4,049.20</b>	<b>2,993.37</b>
Less:- Inter Segment Revenue	(9.03)	(16.79)
<b>Total Revenue From Operation</b>	<b>4,040.17</b>	<b>2,976.58</b>
India	3,781.04	2,710.43
Outside India	259.14	266.15
<b>Total Revenue From Contracts with Customers</b>	<b>4,040.18</b>	<b>2,976.58</b>

Set Out below is the amount of revenue recognised from:-

Particulars	As at March 31, 2019	As at March 31, 2018
Contract Liability (Advance From Customers) at the beginning of the year	114.09	102.36
Performance obligation satisfied during the Previous year	65.73	65.65

**Performance Obligation :-**

Particulars	As at March 31, 2019	As at March 31, 2018
Within one Year	973.67	531.78
More than One Year	148.02	342.24

**Contract Balances As At:**

Particulars	March 31, 2019	March 31, 2018
Trade Receivables	333.72	369.09
Contract Liabilities (Including Advance from Customers)	216.00	114.09

**Notes to the consolidated financial statements for the year ended 31 March 2019****Reconciliation the amount of Revenue recognised in the statement of Profit and Loss with the contract price**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Revenue as per Contract Price	4,053.89	2,988.87
Adjustments for Discounts & Rebates	13.71	12.28
<b>Revenue From Contracts with Customers</b>	<b>4,040.18</b>	<b>2,976.58</b>

Revenue from sale of products are recorded at a point of time of Rs 4027.97 Crore (March 31, 2018 Rs. 2965.67 Crore) and those from sale of services are recognized over a period of time of Rs. 7.81 Crore (March 31, 2018 Rs. 6.15 Crore).

The Revenue from contracts with customers for the part of Financial Year ended March 31, 2018 (Up to 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. The company collects GST on behalf of the Government. Hence GST is not Included in revenue from operations. In view of the aforesaid change in indirect taxes, the revenue from operations for the year ended on March 31, 2019 is not comparable with March 31, 2018.

**21 Other income** (Rs In Crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest from Bank Fixed Deposits & Others	5.41	7.20
Net Sundry Balance Written off / Round off	7.84	-
Miscellaneous Income	1.31	1.61
<b>Total</b>	<b>14.56</b>	<b>8.81</b>

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

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Opening Inventory	171.03	126.16
Add: Purchases & Other Expenses	2,871.45	2,088.10
<b>Total</b>	<b>3,042.48</b>	<b>2,214.26</b>
Less: Closing Inventory	205.02	171.03
<b>Cost of Raw Material Consumed</b>	<b>2,837.46</b>	<b>2,043.23</b>
<b>Details of Raw Material Consumed</b>		
Purchase of Stock in Trade		
Trading Purchase	159.38	95.08

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

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>Inventory at the beginning of the year</b>		
- Work In Progress	104.69	53.59
- Stock In Trade	0.56	0.87
- Finished Goods	106.96	126.21
<b>Total</b>	<b>212.21</b>	<b>180.67</b>
<b>Inventory at the end of the Year</b>		
- Work In Progress	212.87	104.69
- Stock In Trade	0.36	0.56
- Finished Goods	80.43	106.96
<b>Total</b>	<b>293.66</b>	<b>212.21</b>
<b>Total</b>	<b>(81.45)</b>	<b>(31.54)</b>

**24 Employee Benefit Expenses** (Rs In Crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, Wages and Allowances and Bonus	155.31	134.07
Contribution to Provident and other funds (Refer Note No. 30)	6.31	6.07
Staff Welfare and amenities	2.84	2.47
<b>Total</b>	<b>164.46</b>	<b>142.61</b>

**Notes to the consolidated financial statements for the year ended 31 March 2019**
**25 Finance Cost** (Rs In Crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest Expenses on Bank and Other Loan (Net of Reversal)	0.08	(0.04)
Other Interest	5.39	1.09
Interest Expenses on Account of Settlement of Loans with Banks	23.57	-
Interest on Statutory Dues	3.03	0.10
Applicable loss on foreign currency transactions and translation	4.92	-
Other Borrowing Cost & Charges	1.43	3.93
<b>Total</b>	<b>38.42</b>	<b>5.08</b>

**26 Depreciation and Amortisation Expense** (Rs In Crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation and Amortization of tangible assets (Refer note - 3)	142.61	149.23
Amortization of intangible assets (Refer note - 4)	0.21	0.02
<b>Total</b>	<b>142.82</b>	<b>149.25</b>

**27 Other Expenses** (Rs In Crore)

Particulars	Year ending March 31, 2019	Year ending March 31, 2018
Power and Fuel	159.04	105.50
Consumption of Stores & Spares	164.31	122.37
Labour & Job Charges	123.99	102.85
Machinery Repairs	5.06	1.06
Building Repairs	0.63	0.95
Other Repairs	3.84	4.09
Water Charges	5.01	4.48
Increase/ (Decrease) in Excise duty on Inventory	-	(8.89)
Rates & Taxes	3.56	4.60
Insurance Premium ( Net )	2.98	3.04
Delay Payment Charges of Custom Duty	6.25	-
Postage Telegram & Telephone Expenses	1.63	1.74
Conveyance Expenses	1.11	1.01
Travelling Expenses	11.24	9.91
Printing and Stationery	1.65	1.13
Vehicle Expenses	1.57	1.63
Security Expenses	2.20	1.95
CSR Activity	0.40	0.35
Subscription & Membership	0.37	0.33
Net Sundry Balances Written Off	1.23	15.52
Provision For Doubtful Debtors & Advances and reversal of Provisions (Net)	(15.51)	18.62
Auditors' Remuneration:		
- Audit Fees	0.24	0.20
- Tax Audit Fees	0.01	-
- Other Matters	0.02	0.03
Legal and Professional Charges	14.12	13.41
Warranty Expenses	2.77	4.74
Guest House Expenses	1.37	1.47
Miscellaneous Expenses	3.87	2.88
Research & Development Expenses	5.49	0.07
Foreign Exchange Fluctuation (Gain)/ Loss	(5.49)	2.36
Donation	0.06	0.27
Advertisement & Sales Promotion	14.16	18.46
Commission Expenses	18.29	11.82
Freight Outward and other Expenses (Net)	116.27	81.61
<b>Total</b>	<b>651.74</b>	<b>529.55</b>

## Notes to the consolidated financial statements for the year ended 31 March 2019

## 28 INCOME TAX

## a Component of Income tax

(Rs In Crore)

The Major component of income tax expense for the year ended March 31, 2019 & March 31, 2018 are:	Year ended March 31, 2019	Year ended March 31, 2018
<b>Current Tax</b>		
Current Income Tax	0.08	0.03
<b>Deferred Tax</b>		
Deferred Tax Expenses/(Benefit)	-	-
Tax in Respect of earlier years	-	-
<b>Income tax expense reported in the Statement of Profit &amp; Loss</b>	<b>0.08</b>	<b>0.03</b>
<b>Other Comprehensive Income (OCI)</b>		
Deferred tax related to items recognised in OCI during the year	-	-
Re-measurement loss on defined benefit Plans	-	-
Deferred Tax credited to OCI	-	-

## b. Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2019 &amp; March 31, 2018:

(Rs In Crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Accounting profit before tax	141.91	2.99
Enacted income tax rate in India applicable to the company	31.20%	30.90%
Tax using the Company's domestic tax rate	44.28	0.92
Tax effects of:		
Income Tax allowances	(26.92)	(24.09)
Non-Deductible expenses	46.78	52.21
Unused Tax Loss	(63.09)	(29.16)
Loss and Unabsorbed Depreciation of the Current Year to be Carried forward	0.51	0.12
Others	-1.48	0.03
At the effective income tax rate of March 31, 2019 is 0.56% (March 31, 2018 is 1.00%)	0.08	0.03

## c Details of carry forward losses and unused credit

Unabsorbed depreciation can be carried forward indefinitely. Business loss can be carried forward for a period for 8 years from the year in which losses arose. MAT credit can be carried forward up to a period of 15 years. The group has incurred loss in all the consecutive years starting from Financial Year 2009-10 till 2016-17.

## d Deferred Tax

## Movement in deferred tax Assets (net) for the year ended 31st March, 2019

(Rs In Crore)

Particulars	Opening Balance As at March 31, 2018	To be Recognized in Profit & Loss Account*	Closing Balance as at March 31, 2019
Tax effect of items constituting deferred tax liabilities :			
Property, plant and equipment	98.53	(20.10)	78.43
<b>Total</b>	<b>98.53</b>	<b>(20.10)</b>	<b>78.43</b>
Tax effect of items constituting deferred tax assets			
Asset on expenses allowed in year of payment	2.07	1.01	3.08
Unabsorbed Depreciation / Carried Forward Losses under Tax Laws & MAT Credit	498.91	(59.49)	439.42
Other adjustments	39.41	(3.43)	35.98
<b>Total</b>	<b>540.39</b>	<b>(61.91)</b>	<b>478.48</b>
Net Deferred Tax Assets	441.86	(41.81)	400.05

**Notes to the consolidated financial statements for the year ended 31 March 2019**
**Movement in deferred tax Assets (net) for the year ended 31st March, 2018**

(Rs In Crore)

Particulars	Opening Balance As at March 31, 2017	To be Recognized in Profit & Loss Account*	Closing Balance as at March 31, 2018
Tax effect of items constituting deferred tax liabilities :			
Property, plant and equipment	120.23	(21.70)	98.53
<b>Total</b>	<b>120.23</b>	<b>(21.70)</b>	<b>98.53</b>
Tax effect of items constituting deferred tax assets			
Asset on expenses allowed in year of payment	3.08	(1.01)	2.07
Unabsorbed Depreciation / Carried Forward Losses under Tax Laws & MAT Credit	529.06	(30.15)	498.91
Other adjustments	27.84	11.57	39.41
<b>Total</b>	<b>559.98</b>	<b>(19.59)</b>	<b>540.39</b>
<b>Net Deferred Tax Assets</b>	<b>439.75</b>	<b>2.11</b>	<b>441.86</b>

\* Deferred tax assets have not been recognized, as it is not probable that sufficient taxable income will be available in the future against which such deferred tax assets can be realized in the normal course of business of the company.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

**29 Contingent Liabilities and Other Commitments**

Claims against the Group not acknowledged as debts towards:

(Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
i) Income Tax Matters	0.69	0.69
ii) VAT & CST Matters	55.12	26.13
iii) Service Tax Matters	2.03	2.20
iv) Custom Duty Matters	14.21	19.26
v) Excise Duty Matters	344.40	338.27
vi) Estimated amount of contracts remaining to be executed on capital account (net off advances) and not provided for	-	2.90
vii) Guarantees / Counter Guarantees (including un-utilized Letters of Credit)	27.34	23.14
viii) Amount Payable to supplier of Creditors (Refer Note (iii) Below)	1.03	1.03

ix) Claims against the Company not acknowledged as debts amounting to Rs.1.20 Crore (As at March 31, 2018: Rs.0.81 Crore), are pending before various courts, authorities, arbitration, Consumer Dispute Redressal Forum etc.

x) 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.5.18 Crore (including interest) (As at March 31, 2018: Rs.5.37 Crore) as import duty.

**Note:-**

- i. Future cash flows in respect of above, if any, is determinable only on receipt of judgment/ 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 Subsidiary 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 Company 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 Hon'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 Company came to know about the above said facts when the Company was served with Commercial Execution Petition No. 2/2018 before the Commercial Court at Rajkot in March, 2018. The Company has filed appeal before the Hon'ble Gujarat High Court and the Hon'ble Gujarat High Court vide order dated 30th July, 2018 quashed and set aside the order of Hon'ble Commercial Court and remitted the matter to Hon'ble Commercial Court, Rajkot for fresh decision. Now the matter is pending before Hon'ble Commercial Court, Rajkot for further hearing.

**Notes to the consolidated financial statements for the year ended 31 March 2019****(b) Operating Lease : Group as lessee**

The Company has taken industrial premises, residential building, etc. under various lease agreements and its breakup for future rent payable by the group as under:-

Future minimum rentals payable under non-cancellable operating leases are as follows :	Year Ended March 31, 2019	Year Ended March 31, 2018
Expenses for the year	2.78	1.18
Within one year	3.32	0.94
After one year but not more than five years	3.82	0.66
More than five years	-	0.08

**30 Employee benefit obligations**

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

**I Defined Contribution Plans**

During the year, the Group has recognised the following amounts in the Statement of Profit and Loss-

(Rs In Crore)

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Employers' Contribution to Provident Fund (including contribution to Employees' Pension Scheme 1995)	6.24	5.79

**II Defined Benefit Plans**

The Group operates gratuity plan in the nature of defined benefit plan wherein every employee is entitled to the benefit as per scheme of the Group, for each completed year of service. The same is payable on retirement or termination whichever is earlier. The benefit vests only after five years of continuous service. The gratuity plan is governed by the payment of Gratuity Act, 1972. Company's Furnace Division and Auto Division having a gratuity plan is funded with Life Insurance Corporation of India and HDFC Bank while Steel division & its subsidiaries are not maintaining such fund in any gratuity scheme.

(Rs In Crore)

Defined Benefit Plans	As at March 31, 2019	As at March 31, 2018
<b>Gratuity</b>		
Current	3.38	2.56
Non-Current	9.67	6.38
<b>Total</b>	<b>13.05</b>	<b>8.94</b>

**Significant assumptions :**

The significant actuarial assumptions were as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate	7.64% and 7.79%	7.86% p.a.
Salary escalation rate	6% p.a.	6% p.a.
<b>Mortality rate</b>	<b>Indian Assured Lives Mortality (2006-08) Ultimate</b>	<b>Indian Assured Lives Mortality (2006-08) Ultimate</b>
Attrition rate	2% and 10%	2%

**Notes to the consolidated financial statements for the year ended 31 March 2019**
**30.1 Gratuity**

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

**(a) Funded Plan**

(Rs In Crore)

Particulars	Present value of obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
<b>April 1, 2017</b>	<b>8.26</b>	<b>4.79</b>	<b>3.47</b>
Current service cost	0.88	-	0.88
Past Service Cost	0.32	-	0.32
Interest expense/(income)	0.62	0.36	0.26
<b>Total amount recognized in Profit or Loss</b>	<b>1.82</b>	<b>0.36</b>	<b>1.46</b>
Return on plan assets expense/(income)	-	0.00	(0.00)
(Gain)/loss from change in Demographic assumption - experience changes	(0.12)	-	(0.12)
(Gain)/loss from change in financial assumptions	(0.32)	-	(0.32)
<b>Total amount recognized in Other Comprehensive Income</b>	<b>(0.44)</b>	<b>0.00</b>	<b>(0.44)</b>
Employer's contribution	-	0.92	(0.92)
Benefits paid	(0.53)	(0.53)	-
<b>March 31, 2018</b>	<b>9.11</b>	<b>5.54</b>	<b>3.57</b>

(Rs In Crore)

Particulars	Present value of obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
<b>April 1, 2018</b>	<b>9.11</b>	<b>5.54</b>	<b>3.57</b>
Current service cost	0.86	-	0.86
Interest expense/(income)	0.72	0.44	0.28
<b>Total amount recognized in Profit or Loss</b>	<b>1.58</b>	<b>0.44</b>	<b>1.14</b>
Return on plan assets expense/(income)	-	(0.22)	0.22
(Gain)/loss from change in Demographic assumption - experience changes	(0.12)	-	(0.12)
(Gain)/loss from change in financial assumptions	0.07	-	0.07
<b>Total amount recognized in Other Comprehensive Income</b>	<b>(0.05)</b>	<b>(0.22)</b>	<b>0.17</b>
Employer's contribution	(0.48)	(1.09)	0.61
Benefits paid	(0.22)	(0.22)	-
<b>March 31, 2019</b>	<b>9.94</b>	<b>4.45</b>	<b>5.49</b>

Categories of Assets	As at March 31, 2019	As at March 31, 2018
Life Insurance Corporation of India	1.46	1.35
HDFC	2.99	0.92
State Bank of India	-	3.27
<b>Total</b>	<b>4.45</b>	<b>5.54</b>

## Notes to the consolidated financial statements for the year ended 31 March 2019

## (b) Non-Funded Plan

(Rs In Crore)

Particulars	Present value of obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
<b>April 1, 2017</b>	<b>4.69</b>	-	<b>4.69</b>
Current service cost	0.76	-	0.76
Interest expense/(income)	0.35	-	0.35
<b>Total amount recognized in Profit or Loss</b>	<b>1.11</b>	-	<b>1.11</b>
(Gain)/loss from change in Demographic assumption - experience changes	0.07	-	0.07
(Gain)/loss from change in financial assumptions	(0.19)	-	(0.19)
<b>Total amount recognized in Other Comprehensive Income</b>	<b>(0.12)</b>	-	<b>(0.12)</b>
Benefits paid	(0.31)	-	(0.31)
<b>March 31, 2018</b>	<b>5.37</b>	-	<b>5.37</b>

(Rs In Crore)

Particulars	Present value of obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
<b>April 1, 2018</b>	<b>5.37</b>	-	<b>5.37</b>
Current service cost	0.79	-	0.79
Interest expense/(income)	0.42	-	0.42
<b>Total amount recognized in Profit or Loss</b>	<b>1.21</b>	-	<b>1.21</b>
(Gain)/loss from change in Demographic assumption	0.72	-	0.72
(Gain)/loss from change in Demographic assumption - experience changes	0.46	-	0.46
(Gain)/loss from change in financial assumptions	0.10	-	0.10
<b>Total amount recognized in Other Comprehensive Income</b>	<b>1.28</b>	-	<b>1.28</b>
Liability Transferred In/Acquisitions	0.07	-	0.07
Employer's contribution	(0.27)	-	(0.27)
Benefits paid	(0.10)	-	(0.10)
<b>March 31, 2019</b>	<b>7.56</b>	-	<b>7.56</b>

## ii) The net liability disclosed above relates to funded plans are as follows:

(Rs In Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Funded Plan</b>		
- Present value of funded obligation	9.94	9.11
- Fair value of plan assets	4.45	5.54
<b>(Surplus) / Shortfall of funded plan</b>	<b>5.49</b>	<b>3.57</b>
<b>Unfunded Plan</b>		
- Present value of funded obligation	7.56	5.37
- Fair value of plan assets	-	-
<b>(Surplus) / Shortfall of unfunded plan</b>	<b>7.56</b>	<b>5.37</b>
<b>Company as a Whole</b>		
- Present value of funded obligation	17.50	14.48
- Fair value of plan assets	4.45	5.54
<b>(Surplus) / Shortfall of plan</b>	<b>13.05</b>	<b>8.94</b>

**Notes to the consolidated financial statements for the year ended 31 March 2019**
**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, 2019	March 31, 2018
<b>Discount rate</b>		
1.0% increase	(1.32)	(1.43)
1.0% decrease	1.54	1.71
<b>Future salary increase</b>		
1.0% increase	1.49	1.67
1.0% decrease	(1.31)	(1.43)
<b>Rate of Employee Turnover</b>		
1.0% increase	0.22	0.29
1.0% decrease	(0.25)	(0.33)

**iv) Maturity Analysis of benefits payable**

(Rs In Crore)

**Projected benefits payable in future years from the date of reporting:**

From the Fund	March 31, 2019	March 31, 2018
1st Following Year	1.33	1.10
2nd Following Year	0.36	0.27
3rd Following Year	0.53	0.48
4th Following Year	0.48	0.52
5th Following Year	0.69	0.48
Sum of Years 6 to 10	4.24	3.81
Sum of Years 11 and above	19.53	19.24

From the Employer	March 31, 2019	March 31, 2018
1st Following Year	1.15	0.42
2nd Following Year	0.74	0.21
3rd Following Year	0.73	0.18
4th Following Year	0.73	0.20
5th Following Year	0.67	0.24
Sum of Years 6 to 10	3.26	1.72
Sum of Years 11 and above	6.95	15.52

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

**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 asset.

**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.

**Notes to the consolidated financial statements for the year ended 31 March 2019**

**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.

**Primary Reportable Segment (Business Segment)**

(Rs In Crore)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
<b>SEGMENT REVENUE</b>		
Engineering & Projects Division	943.47	748.53
Special Steel Division	2,496.26	2,013.56
Electric Vehicle Division	31.68	26.81
Others	577.80	204.47
<b>Total Sales</b>	<b>4,049.21</b>	<b>2,993.37</b>
Less : Inter segment Revenue	9.03	16.79
<b>Net Sale</b>	<b>4,040.18</b>	<b>2,976.58</b>
<b>SEGMENT PROFIT BEFORE TAX AND INTEREST</b>		
Engineering & Projects Division	84.90	23.00
Special Steel Division	106.46	8.19
Electric Vehicle Division	(12.26)	(15.10)
Others	1.23	(9.16)
Profit Before Interest, Tax & Prior Period Adjustment	180.33	6.93
Less: FINANCIAL EXPENSES	38.42	5.08
Add:- Other Unallocable items net of Unallocable Income (Including Exceptional Items)	-	1.14
<b>Net Profit After Tax</b>	<b>141.91</b>	<b>2.99</b>
<b>OTHER INFORMATION</b>		
Particulars	As at March 31, 2019	As at March 31, 2018
<b>Segment Assets</b>		
Engineering & Projects Division	658.34	553.30
Special Steel Division	1,402.63	1,483.38
Electric Vehicle Division	49.83	54.36
Others	57.69	68.62
<b>Total Segment Assets</b>	<b>2,168.49</b>	<b>2,159.66</b>

**Notes to the consolidated financial statements for the year ended 31 March 2019**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Segment Liabilities</b>		
Engineering & Projects Division	780.72	735.03
Special Steel Division	2,436.81	2,602.53
Electric Vehicle Division	14.28	13.95
Others	158.65	170.53
<b>Total Segment Liabilities</b>	<b>3,390.46</b>	<b>3,522.04</b>

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
<b>Segment Depreciation</b>		
Engineering & Projects Division	6.48	6.02
Special Steel Division	130.24	137.14
Electric Vehicle Division	1.74	1.74
Others	4.36	4.35
<b>Total Depreciation</b>	<b>142.82</b>	<b>149.25</b>
<b>Other Non Cash Expenses/ (Income)</b>		
Engineering & Projects Division	6.60	16.33
Special Steel Division	(11.03)	14.39
Electric Vehicle Division	0.01	0.14
Others	(2.02)	3.28
<b>Total</b>	<b>(6.44)</b>	<b>34.14</b>

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Segment Capital Expenditure</b>		
Engineering & Projects Division	14.72	7.85
Special Steel Division	57.62	45.84
Electric Vehicle Division	0.06	0.11
Others	5.62	0.08
<b>Total Capital Expenditure (Net)</b>	<b>78.02</b>	<b>53.88</b>

Note: The business of the Subsidiaries have been grouped under the "Others segment".

**Secondary Reportable Segment (Geographically Segment)**

(Rs. In Crore)

Segment Revenue	Year Ended March 31, 2019	Year Ended March 31, 2018
- Within India	3,781.04	2,710.43
- Outside India	259.14	266.15
<b>Total Revenue</b>	<b>4,040.18</b>	<b>2,976.58</b>

Segment Assets	As at March 31, 2019	As at March 31, 2018
- Within India	2,083.11	2,069.05
- Outside India	85.38	90.61
<b>Total Revenue</b>	<b>2,168.49</b>	<b>2,159.66</b>

**32. Details of the 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 for outstanding claim amount of Rs. 0.05 Crore (includes

**Notes to the consolidated financial statements for the year ended 31 March 2019**

principal amount of Rs. 0.02 Crore and interest of Rs. 0.03 Crore) and Rs.0.51 Crore (includes principal amount of Rs. 0.25 Crore and interest of Rs. 0.26 Crore). Both the petitions have been disposed off as dismissed for default on April 4, 2019.

- (b) **Default in repayment of loan, its settlement terms, accounting treatments, Cases before Debt Recovery Tribunal (DRT) / DRAT / Hon'ble Metropolitan Magistrates, declaring the company and directors as wilful defaulter and notice under SARFAESI Act by the bankers:**

- **In the Case of Electrotherm (India) Limited:-**

- i. **Central Bank of India:-**

**Default in Repayment of Loan and its settlement terms and conditions: -**

- (a) The company has defaulted in March 2012 in repayment of the loan. The amount of default is Rs. 436.13 Crore (Principal of Rs. 428.94 Crore and Interest of Rs. 7.19 Crore). The company is in negotiation with the banker for the Settlement.

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

- (b) Central Bank of India had filed Original Application against the Company & its guarantors (Mr. Mukesh Bhandari, Mr. Shailesh Bhandari and Mr. Avinash Bhandari ) before the Debt Recovery Tribunal-1, Ahmedabad ("DRT") under section 19 of the Recovery of Debts due to Banks and Financial Institutions Act, 1993. The Hon'ble DRT vide judgement dated October 9, 2018 allowed the original application filed by the Bank and issued recovery certificate against the Company and guarantors to the tune of Rs. 577.89 Crore and future interest on the amount due @10% p.a. with monthly rests from the date of filing of Original Application till the recovery of amount. The Hon'ble Recovery Officer of the DRT has initiated recovery proceedings and passed order / issued warrant for attachment of hypothecated / mortgaged properties. Further action / hearing is pending before Hon'ble Recovery Officer.

**Wilful Defaulters:**

- (c) 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.

**Central Bureau of Investigation (CBI)**

- (d) 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, its directors i.e. Mr. Mukesh Bhandari, Mr. Shailesh Bhandari, Mr. Avinash Bhandari and few officers of Central Bank of India before the Hon'ble CBI Court, Ahmedabad on October 6, 2015 and now the matter is pending before Hon'ble CBI Court for hearing.

- ii. **Rare Asset Reconstruction Private Limited (being assignee of debts of Indian Overseas Bank)**

**Default in Repayment of Loan and its settlement terms and conditions: -**

- (a) The company has defaulted in August 2011 in repayment of the loan from Indian Overseas Bank. The amount of default is Rs. 200.01 Crore (Principal of Rs. 200.00 Crore and Interest of Rs. 0.01 Crore). The Bank has assigned its debt to Rare Asset Reconstruction Private Limited on September 28, 2017. The company is in the process of entering into a settlement agreement with Rare Asset Reconstruction Private Limited.

**Accounting Treatment in Books**

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

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

- (c) Rare Asset Reconstruction Private Limited (being assignee of debts of Indian Overseas Bank) had filed Original Application against the Company & Mr. Mukesh Bhandari, Mr. Shailesh Bhandari and Mr. Avinash Bhandari (Guarantors) before the Debt Recovery Tribunal-1, Ahmedabad ("DRT") under section 19 of the Recovery of Debts due to Banks and Financial Institutions Act, 1993. The Hon'ble DRT vide judgment dated 20th September, 2018 allowed the original application filed by the Bank / Financial Institution and issued recovery certificate against the Company and Guarantors to the tune of Rs.315.64 Crore and future interest on the amount due @12.75% p.a. with monthly rests from the date of filing of Original Application till the recovery of amount. The Hon'ble Recovery Officer of the DRT has initiated recovery proceedings and passed order / issued warrant for attachment of hypothecated / mortgaged properties. Further action / hearing for its execution is pending before Hon'ble Recovery Officer.

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

- (d) Indian Overseas Bank had filed criminal complaints against the company and its Directors/officers under section 138 of Negotiable Instruments Act, 1881 for dishonor of cheques of Rs. 103.00 Crore issued by the Company and the Company

## Notes to the consolidated financial statements for the year ended 31 March 2019

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

### iii. Syndicate Bank

#### **Default in Repayment of Loan and its settlement terms and conditions: -**

- (a) The company has defaulted in October 2011 in repayment of the loan. The amount of default is Rs. 33.95 Crore (Principal of Rs.24.45 Crore and Interest of Rs. 9.50 Crore). The company has entered into settlement agreement for the repayment of loan on October 29, 2018. As per the settlement agreement the company has agreed to make the repayment of loan on or before March 31, 2019 and it has been paid.

#### **Accounting Treatment in Books**

- (b) As per the terms and conditions of the settlement agreement for the repayment of debts with Syndicate Bank, the company has made full payment against the outstanding amount of Rs 33.95 Crore as per the terms of settlement.

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

- (c) In view of settlement / consent terms filed with DRT or otherwise after completion of pleadings and hearing, the Original Applications filed by Syndicate Bank has been disposed on February 14, 2019 and the recovery proceedings by the Recovery Officer of the Hon'ble DRT is being adjourned.

#### **Cases Under section 138 of the Negotiable Instruments Act, 1881**

- (d) Syndicate Bank had filed criminal complaint against the company and its Directors/officers under section 138 of Negotiable Instruments Act, 1881 for dishonor of cheques of Rs. 25.00 Crore issued by the Company and the Company is contesting the said case and the matter is pending for further hearing before the Hon'ble Metropolitan Magistrate, Ahmedabad. In compliance with the settlement terms, the criminal complaint filed by Syndicate Bank will be withdrawn / disposed off.

### iv. Corporation Bank

#### **Default in Repayment of Loan and its settlement terms and conditions: -**

- (a) The company has defaulted in April 2012 in repayment of the loan. The principal amount of default is Rs 116.73 Crore. The company has entered into settlement agreement for the repayment of loan on November 13, 2018. As per the settlement agreement the company has agreed to make the repayment of loan by September 2021.

#### **Accounting Treatment in Books**

- (b) The amount of repayment of debt to Corporation Bank, up to the balance sheet date of Rs. 40.96 Crore (March 31, 2018: Rs. 8.70 Crore) has been adjusted against the total outstanding liability of the debt.
- (c) As per the settlement agreement with corporation bank if all the terms and conditions are fully complied up to September 2021, there will be a reduction in debt by Rs. Nil.

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

- (d) In view of settlement / consent terms filed with DRT or otherwise after completion of pleadings and hearing, the Original Applications filed by Corporation Bank has been disposed on August 25, 2018 and the recovery proceedings by the Recovery Officer of the Hon'ble DRT is being adjourned.

### v. Vijaya Bank

#### **Default in Repayment of Loan and its settlement terms and conditions: -**

- (a) The company has defaulted in March 2012 in repayment of the loan. The amount of default is Rs. 79.60 Crore (Principal of Rs 59.94 Crore and Interest of Rs 19.66 Crore). The company has entered into settlement agreement for the repayment of loan on May 4, 2018. As per the settlement agreement the company has agreed to make the repayment of loan by September 30, 2019.

#### **Accounting Treatment in Books**

- (b) The amount of repayment of debt to Vijaya Bank, up to the balance sheet date of Rs. 43.33 Crore (March 31, 2018: Rs. 10 Crore) has been adjusted against the total outstanding liability of the debt.
- (c) As per settlement agreement with Vijaya Bank, if all the terms and conditions of the settlement are fully complied upto September 2019, there will be reduction in debt by Rs. 13.73 Crore.

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

- (d) In view of settlement / consent terms filed with DRT or otherwise after completion of pleadings and hearing, the Original Applications filed by Vijaya Bank has been disposed on September 5, 2018 and the recovery proceedings by the Recovery Officer of the Hon'ble DRT is being adjourned.

**Notes to the consolidated financial statements for the year ended 31 March 2019****Cases Under section 138 of the Negotiable Instruments Act, 1881**

- (e) The Bank had filed criminal complaints against the company and its Directors/officers under section 138 of Negotiable Instruments Act, 1881 for dishonor of cheques of Rs.50.00 Crore (two cases of Rs. 25.00 Crore each) 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. On payment of part settlement amount as per the terms, the bank has withdrawn one complaint and the Hon'ble Metropolitan Magistrate vide order dated March 9, 2019 disposed of the said criminal complaint. The second complaint of the bank will be withdrawn on payment of full settlement amount as per the settlement terms.

**Notice under SARFAESI Act, 2002**

- (f) In view of settlement with Vijaya Bank, the Securitization Application filed before DRT-1, Ahmedabad against the action of symbolic possession by Vijaya Bank has been withdrawn from the DRT-1, Ahmedabad and the same has been disposed of on August 2, 2018.

**vi. Rare Asset Reconstruction Private Limited (being assignee of debts of Dena Bank)****Default in Repayment of Loan and its settlement term and condition: -**

- (a) The company has defaulted in September 2011 in repayment of the loan. The amount of default is Rs 51.44 Crore (Principal of Rs 51.44 Crore). The bank has assigned the loan to Rare Assets Reconstruction Private Limited. The company has entered into settlement agreement with Rare Asset Reconstruction Private Limited for the repayment of loan on June 28, 2018. As per the settlement agreement the company has agreed to make the repayment of loan by March 15, 2022.

**Accounting Treatment in Books**

- (b) The amount of repayment of debt to Rare Asset Reconstruction Private Limited, up to the balance sheet date of Rs. 7 Crore (March 31, 2018 is Rs. Nil) has been adjusted against the total outstanding liability of the debt.
- (c) If all the terms and conditions of the settlement are fully complied upto March 2022, there will be reduction in debt by Rs. 23.44 Crore.

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

- (d) In view of settlement / consent terms filed with DRT or otherwise after completion of pleadings and hearing, the Original Applications filed by Rare Asset Reconstruction Private Limited. (being assignee of debts of Dena Bank) has been disposed on October 15, 2018 and the recovery proceedings by the Recovery Officer of the Hon'ble DRT is being adjourned.

**Wilful Defaulters:**

- (e) 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. However, Dena Bank has assigned the debt associated with the company to Rare Asset Reconstruction Private Limited (Formerly Raytheon Asset Reconstruction Private Limited) and the company has entered into settlement terms with Rare Asset Reconstruction Private Limited and Rare Asset Reconstruction Private Limited has agreed for withdrawal of wilful defaulter on receipt of entire settlement amount.

**vii. Union Bank of India****Default in Repayment of Loan and its settlement terms and conditions: -**

- (a) The company has defaulted in May 2012 in repayment of the loan. The amount of default is Rs. 49.40 Crore (Principal of Rs 49.40 Crore and Interest Rs. Nil). The company has entered into settlement agreement with the bank for the repayment of loan in March 2017. As per the settlement agreement the company has agreed to make the repayment of loan by March 2023.

**Accounting Treatment in Books**

- (b) The amount of repayment of debt to Union Bank of India, up to the balance sheet date of Rs. 19.76 Crore (March 31, 2018: Rs. 12.35 Crore), has been adjusted against the total outstanding liability of the debt.
- (c) As per the settlement agreement with Union Bank of India, if all the terms and conditions of the settlement are fully complied upto March 2023, there will be reduction in debt by Rs. Nil Crore.

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

- (d) In view of settlement / consent terms filed with DRT or otherwise after completion of pleadings and hearing, the Original Applications filed by Union Bank of India has been disposed on April 27, 2018 and the recovery proceedings by the Recovery Officer of the Hon'ble DRT is being adjourned.

## Notes to the consolidated financial statements for the year ended 31 March 2019

### viii. International Financial Corporation

#### Default in Repayment of Loan and its settlement term and condition: -

- (a) The company has defaulted in June 2011 in repayment of the loan. The amount of default as on the balance sheet dated is USD 23.00 Millions (Principal of USD 23.00 Millions). The Company has entered into settlement agreement with the bank for the repayment of loan in July 2018. As per the settlement agreement the company has agreed to make the repayment of loan by September 2019.

#### Accounting Treatment in Books

- (b) As per the terms and conditions of the settlement agreement for the repayment of debts with International Finance Corporation, the company has made payment of USD 2.874 Millions (March 31, 2018: USD Nil), and which has been adjusted against the total outstanding liability of the debt.
- (c) If all the terms and conditions of the settlement are fully complied upto Sept 2019, there will be reduction in debt by USD 16.8 Millions.
- (d) The company has restated the outstanding loan amount which is required to be paid as per the terms and conditions of the settlement agreement at the rate prevailing as on the balance sheet date.

### ix. Edelweiss Asset Reconstruction Company Limited (being assignee of debts of Bank of India, Bank of Baroda, State Bank of India, Canara Bank and State Bank of Travancore)

#### Default in Repayment of Loan and its settlement term and condition: -

- (a) The company has defaulted in repayment of the loan from Bank of India in December 2012 of Rs. 628.04 Crore (Principal of Rs.628.04 Crore), Bank of Baroda in September 2012 of Rs. 31.23 Crore (Principal of Rs. 31.23 Crore), Canara Bank in September 2012 of Rs. 232.97 Crore (Principal of Rs.190.18 Crore and Interest of Rs.42.79 Crore), State Bank of India in December 2011 of Rs.323.27 Crore (Principal of Rs.323.27 Crore) and State Bank of Travancore in September 2011 of Rs. 91.98 Crore (Principal of Rs.85.04 Crore and Interest of Rs. 6.94 Crore). All these loans were assigned to Edelweiss Asset Reconstruction Company Limited. The company has entered into settlement agreement with Edelweiss Asset Reconstruction Company Limited on March 10, 2015. As per the settlement agreement the company has agreed to make the repayment of loan by March 2023.

#### Accounting Treatment in Books

- (b) 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.
- (c) The amount of repayment of debt (including issue of shares) to Edelweiss Asset Reconstruction Company Limited, up to the balance sheet date of Rs. 259.50 Crore (March 31, 2018 is Rs. 179.50 Crore) has been adjusted against the total outstanding liability of the loan.
- (d) If all the terms and conditions of settlement are fully complied upto March 2023, there will be reduction in debt by Rs.403.90 Crore.

### x. Invent Assets Securitization and Reconstruction Private Limited (being assignee of debts of Oriental Bank of Commerce, Punjab National Bank and Allahabad Bank)

#### Default in Repayment of Loan and its settlement term and condition: -

- (a) The company has defaulted in repayment of the loan from Oriental Bank of Commerce in June 2012 of Rs. 55.19 Crore (Principal of Rs.42.64 Crore and Interest of Rs.12.55 Crore), Punjab National Bank in October 2011 of Rs.184.69 Crore (Principal of Rs.184.69 Crore) and Allahabad Bank in July 2012 of Rs. 283.62 Crore (Principal of Rs. 278.22 Crore and interest of Rs. 5.40 Crore). All these loans were assigned to Invent Assets Securitization and Reconstruction Private Limited. The company has entered into settlement agreement with Invent Assets Securitization and Reconstruction Private Limited in August 2015, July 2016 and July 2016 for Oriental Bank of Commerce, Allahabad Bank and Punjab National Bank respectively. As per the settlement agreement the company has agreed to make the repayment of loan by June 2020 for Oriental Bank of Commerce and March 2021 for Allahabad Bank and Punjab National Bank respectively.

#### Accounting Treatment in Books

- (b) The amount of repayment of debt to Invent Assets Securitization and Reconstruction Private Limited, up to the balance sheet date of Rs 24.66 Crore (March 31, 2018 is Rs 13.14 Crore) has been adjusted against the total outstanding liability of the debt.
- (c) If all the terms and conditions of the settlements are fully complied, there would be a reduction in debt by Rs. 325.01 Crore.

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

- (d) In view of settlement / consent terms filed with DRT or otherwise after completion of pleadings and hearing, the Original Applications filed by Invent Assets Securitization & Reconstruction Private Limited (being assignee of debts of Allahabad

**Notes to the consolidated financial statements for the year ended 31 March 2019**

Bank) has been disposed on March 21, 2018 and the recovery proceedings by the Recovery Officer of the Hon'ble DRT is being adjourned.

**xi. Standard Chartered Bank****Default in Repayment of Loan and its settlement term and condition: -**

- (a) The company has defaulted in December 2011 in repayment of the loan and Letter of Credit. The amount of default is Rs. 15.31 Crore (Principal of Rs. 15.31 Crore).

**Accounting Treatment in Books**

- (b) The amount of repayment of debt to Standard Chartered Bank, up to the balance sheet date of Rs. 12.20 Crore (March 31, 2018 is Rs. 7.45 Crore) has been adjusted against the total outstanding liability of the debt.

**xii. In the Case of Shree Ram Electro Cast Limited****State Bank of India:-****Default in Repayment of Loan and its settlement term and condition: -**

- (a) The company has defaulted in repayment of Corporate loan from January 2012, WCTL from April, 2012 and Cash Credit from December 2011 aggregating to Rs 39.76 Crore.

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

- (b) The 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. Hon'ble DRT vide order dated January 20, 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 November 6, 2017 with some observations / remarks. The recovery proceedings are now pending before the Recovery Officer, DRT, Bangalore.

**Wilful Defaulters:-**

- (c) State Bank of India ("SBI") has issued a show cause notice on October 25, 2016 to the Company & guarantors / directors for declaring them as willful defaulter. The Company has filed its reply to the said show cause notice. After personal hearing before the Identification Committee, State Bank of India vide letter dated October 25, 2018 declared the Company & guarantors / directors as willful defaulter.

**Notice under SARFAESI Act, 2002:-**

State Bank of India ("SBI") has issued notice dated 7th May, 2013 under section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act, 2002") for assets of the Company secured by hypothecation and mortgage. SBI vide letter dated September 13, 2013 has given pre intimation notice to the Company for possession of the assets under section 13(4)(a) of SARFAESI Act, 2002 and taken symbolic possession of the assets of the Company. Thereafter, District Magistrate, Bellary vide order dated 22nd November, 2017 authorized Tahasildar, Siruguppa to handover the physical possession of immovable and movable properties to SBI and Tahasildar, Siruguppa has vide letter dated 19th December, 2017 intimated about the taking of physical possession on 30th December, 2017. SBI has issued newspaper publications calling for tenders for sale of movable and immovable assets through E – Auction on March 14, 2015, May 23, 2015, September 11, 2015, August 23, 2016, February 1, 2018, March 9, 2018, August 30, 2018, January 5, 2019 and February 4, 2019. However, as per the available information, there was no bidder in the E-Auction at the reserve price and thereafter no action has been taken by the Bank and therefore its relevant accounting treatment will be given on its finalization / settlement and further these are treated as short term borrowings.

**xiii. In the Case of Hans Ispat Limited****i. Invent Assets Securitization and Reconstruction Private Limited (being assignee of debts of State Bank of India)****Default in Repayment of Loan and its settlement term and condition: -**

State Bank of India has assigned its entire debts along with all its securities and rights to Invent Assets Securitization & Reconstruction Private Limited (Hereinafter referred as "IASRPL") and as per the terms and conditions of the Settlement Agreement dated March 5, 2015 which was further revised vide on sanction letter dated March 15, 2019, and if the all terms and conditions are fully complied with by the company up to December 31, 2022, there will be reduction in debts of IASRPL by Rs 8.83 Crore.

**ii. Bank of Baroda****Default in Repayment of Loan and its settlement term and condition: -**

The company has defaulted in repayment of loan from April 2014 aggregating to Rs 26.92 Crore.

## Notes to the consolidated financial statements for the year ended 31 March 2019

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

Bank 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 Hon'ble DRT vide judgement dated April 15, 2019 allowed the original application filed by the Bank of Baroda and for issue of recovery certificate against the Company and guarantors.

### Wilful Defaulters:

Bank has issued a show cause notice to the Company & guarantors / directors for declaring them as wilful defaulter. The Company has replied to the said show cause notice. Thereafter, the Company has requested for some other suitable date for hearing before committee and there is no communication in respect of the same. When the Company came to know that the Bank of Baroda has declared the Company and its Directors as wilful defaulter and reported the same to Reserve Bank of India / CIBIL, 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 wilful defaulter till the hearing and final disposal of the petition. The said petition is pending before Hon'ble Gujarat High Court for further hearing.

### Notice under SARFAESI Act, 2002:-

Bank 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 January 15, 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 April 16, 2016 issued notice demanding possession of secured assets and the Company has replied to the said possession notice.

### 33. Non Provisions of Disputed Advances and Claims/Liability

- i. During the year Goods and Service Tax Department of Maharashtra has re-determined VAT tax liability (including interest and penalty) of Rs. 6.28 Crore for the financial year 2009-10 (March 31, 2018 Rs. Nil) and Rs.23.93 Crore for the financial year 2010-11 (March 31, 2018 Rs. Nil) after adjustment of Rs. 4.00 Crore paid by the company under protest. The company is in process of filing an appeal against the said order before the Appellate Authority. On account of the said order presently the liability of the company is of Rs. 30.21 Crore (March 31, 2018: Rs. Nil). The provision for impugned disputed tax liability has not been accounted for as the company is hopeful of matter being decided in its favor by appellate authority.
- ii. During the financial year 2015-16, Value Added Tax /Central Sales Tax assessment for the financial year 2010-11 was completed and assessing officer has determined the tax liability of Rs. 20.95 Crore (March 31, 2018 Rs. 20.95 Crore) of Value Added Tax and Rs. 11.15 Crore (March 31, 2018 Rs. 11.15 Crore) of Central Sales Tax. The company has made part payment of Rs. 3.25 Crore (March 31, 2018 Rs. 3.25 Crore) for Value Added Tax and Rs. 1.50 Crore (March 31, 2018 Rs. 1.50 Crore) for Central Sale Tax 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 August 31, 2019. The Appellate Authority vides order dated April 27, 2018 has passed the refund order of Rs. 7.35 Crore (March 31, 2018 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 (March 31, 2018 Rs. 13.60 Crore) and is subject to order of the Appellate Authority.
- iii. During the financial year 2017-18, Value Added Tax /Central Sales Tax assessment for financial year 2013-14 was completed and the assessing officer had determined the tax liability of Rs. 6.13 Crore (March 31, 2018 Rs. 6.13 Crore) and against the said order company had filed appeal before the Appellate Authority. The company has paid Rs. 1.22 Crore (March 31, 2018 Rs. Nil Crore) 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 June 30, 2019.
- iv. Loan accounts of the group have been classified as Non-Performing Assets by the Central Bank of India, State Bank of India, Indian Overseas Bank, Bank of Baroda & Standard Chartered Bank and the Bankers have not charged interest on the said accounts and therefore provision for Interest (Other than upfront charges) has not been provided 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 group, the amount of unprovided interest, on approximate basis, on the said loans is as under:-

(Rs. In Crore)

Particulars	Up to March 31, 2018	Reduction on Debt assignment / Settlement	From April 1, 2018 to March 2019	Up to March 31, 2019
Interest on Corporate Loan and working Capital Loan	828.35	(33.43)	182.95	977.87

**Notes to the consolidated financial statements for the year ended 31 March 2019****34. Additional Disclosures**

- (a) Power and Fuel expenses are inclusive of duties and taxes of Rs.16.70 Crore (March 31, 2018: Rs. 14.91 Crore) paid towards power generation.
- (b) Product Development Cost disclosed under other Non-Current Assets includes total Research and Development expenses of 14.66 Crore (March 31, 2018: Rs. 14.66 Crore) incurred on development of CONTIFUR Project, which is still in progress and said expenses, would be written off in five years from the year of completion of the project.
- (c) The Company is engaged in the manufacture of electric two and three wheelers. The company has carried out research activity for development of MCF – Carbon foam battery and Tubular battery for use in its electric vehicles. However as the same could not meet the technical requirements/specifications and could not be used in the electric vehicles the entire expenditure of Rs. 5.46 Crore has been charged to Statement of Profit & Loss during the year under consideration.
- (d) 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).
- (e) (i) Few 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 /classifications in these accounts. There are journal entries for the transfer of amount from one account to another account.
- (ii) 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.
- (iii) The amount of “Advance from Customers “includes Rs.0.83 Crore (March 31, 2018: Rs. 0.72 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.
- (iv) 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.
- (f) 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.
- (g) The classification/grouping of items of the accounts are made by the management, on the basis of the available data with the management.
- (h) In the Capital Work in Progress of Rs. 28.89 Crore (March 31,2018 Rs. 17.38 Crore) the management believes that the uncompleted projects of Rs. 10.45 Crore (March 31, 2018: 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.
- (i) 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.
- (j) During the year the company has not accounted for benefit related to MEIS of Rs 14.80 Crore. At present there are pending default of interest with the respective authority and therefore the claim are not admissible with them. Once the litigations are settled, the company will be eligible for claim of MEIS benefit. The claim of MEIS will be accounted as and when the claim will be admissible with the respective authority.
- (k) The subsidiaries companies, Shree Ram Electrocast Limited and Hans Ispat Limited are in the process of filling the Vacancy of Company Secretary as per the requirement of section 203 of Company’s Act, 2013. Further Hans Ispat Limited is in process of appointing a Woman Director.
- (l) The subsidiary company, Shree Ram Electro Cast Limited, company has acquired Land at Halekote-25 Village, Siruguppa Hobli or Firka, Siruguppa Taluka, District Bellary and Honnarahalli Village, Hactchholli Hobali, Siruguppa Taluka, Bellary District and its Legal Document for transfer of the property in the name of the Company is in process.
- (m) In the opinion of the Management, the current assets, Loans and advances are approximately of the value stated, if realized in the ordinary course of the business and there is no contingent liability other than stated above and provision for all known liabilities is adequate.
- (n) The subsidiary company, Shree Ram Electro Cast Limited, during the year, the company has written off the inventories and other advances, as in the opinion of the company the net realizable value is Rs Nil.

## Notes to the consolidated financial statements for the year ended 31 March 2019

- (o) In the case of subsidiary company, Hans Ispat Limited, criminal complain u/s 138 read with Section 142 of the Negotiable instrument Act, 1881 has been filed before the Hon'ble Judicial Magistrate First Class Ahmedabad for dishonor of cheque issued to the following parties and are shown as doubtful and the provision for the doubtful debt has been provided in the books.

(Rs. In Crore)

Name of the Parties	Amounts Involved in Court Case
Shivamy Enterprise (India) Private Limited	1.19
Shree Balram Steel Traders	0.03
Kailash Ispat	1.05
Jupiter Business Limited	0.43
<b>Total</b>	<b>2.70</b>

### 35. DIRECTOR'S REMUNERATION:

The Company as per the approval of the shareholders of the Company at the 30<sup>th</sup> Annual General Meeting held on September 30, 2016 and approval of the Central Government vide Letters dated November 21, 2017 paid remuneration of Rs. 1,50,000/- per month to Mr. Mukesh Bhandari, Mr. Shailesh Bhandari and Mr. Avinash Bhandari with effect from February 1, 2017. The Central Government has approved the remuneration of Rs. 1,50,000/- per month for the said three appointees for the period from February 1, 2017 to January 31, 2020. Mr. Avinash Bhandari has been paid remuneration up to September 28, 2018 as Joint Managing Director and CEO, after which he ceased to be Director.

### 36. OTHER CASES:

- (a) Some of the creditors have filed cases of recovery before the various Civil Courts/ commercial courts for Rs.1.32 Crore (March 31, 2018: Rs.1.92 Crore). The said amounts are excluding interest.
- (b) Dispute with Micro, Small & Medium Enterprise
- There was dispute with Supreme Metallurgical Services Private Limited ("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 has entered into settlement and Supreme Metallurgical has withdrawn the petition from Hon'ble Gujarat High Court on July 3, 2018.
- (c) 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 March 28, 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 Adjudicating Authority, New Delhi vide order dated 5<sup>th</sup> September, 2018 confirmed the attachment of above said properties. The Company has filed an appeal before the Hon'ble Appellate Tribunal, PMLA, New Delhi and the Hon'ble Appellate Tribunal, PMLA, New Delhi vide order dated December 10, 2018 passed an order for maintaining status quo and no coercive action by ED and the same is now pending for reply by ED / hearing.
- (d) 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.
- (e) The Assistant Director, Directorate of Enforcement, Ahmedabad has filed a PMLA – Special Case No 20/2018 on 1st Dec 2018 before Principal District Judge, Ahmedabad against the company, Mr. Mukesh Bhandari, Mr. Shailesh Bhandari and Mr. Avinash Bhandari under section 3 and 4 of the Prevention of Money Laundering Act, 2002 and the same is pending for hearing.
- (f) The Special Director, Directorate of Enforcement Mumbai has issued a show cause notice dated September 26, 2018 to the Company and Mr. Shailesh Bhandari based on complaint under section 16(3) of Foreign Exchange Management Act, 1999 and for holding adjudicating proceedings as contemplated under Rule 4(1) of Foreign Exchange Management (Adjudicating Proceedings and Appeal) Rules, 2000.
- (g) Mr. Siddharth Bhandari, one of the Promoter and Whole-time Director and Dr. Rakesh Bhandari, one of the Promoter of the Company have filed two separate petitions before the Hon'ble National Company Law Tribunal, Ahmedabad ("NCLT") under section 149, 150, 152, 159 and 176 of the Companies Act, 2013 inter alia, for declaring the appointment of four independent directors as null and void from their respective dates of appointment being violative of provisions of section 149 and 150 and other related provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014. All the parties have filed their reply / rejoinder and now the petition is pending before the Hon'ble NCLT for hearing.

**Notes to the consolidated financial statements for the year ended 31 March 2019**

- (h) Mr. Mukesh Bhandari – Chairman & Promoter, Mr. Siddharth Bhandari – Whole-time Director & Promoter and Dr. Rakesh Bhandari, Promoter of the Company have filed petition before the Hon'ble National Company Law Tribunal, Ahmedabad (“NCLT”) under section 241-242 of the Companies Act, 2013 against the Company, Mr. Shailesh Bhandari & Others inter alia, for removal of Mr. Shailesh Bhandari from the Board and investigation into the ownership of shares by some of the shareholders. The petition is pending before the Hon'ble NCLT for admission as well as maintainability. The financial implication of this petition is not ascertainable at this point of time.
- (i) Ministry of Corporate Affairs, Office of the Regional Director, North-Western Region, Ahmedabad has in October, 2018 initiated inspection of books of accounts and other records under section 206(5) of the Companies Act, 2013. The Company has provided the necessary information / documents to the office of the Regional Director as requested from time to time.
- (j) Ministry of Corporate Affairs, Registrar of Companies, Ahmedabad has in November, 2018 issued letter related to complaint against affairs of the company received from Institute of Chartered Accountants of India for accounting irregularities in the general purpose financial statements of the Company for the year ended October 1, 2012 to September 30, 2013. The Company has replied to the said letter on January 2, 2019.
- (k) The Integrated Surveillance Department, Forensic Accounting Cell, Securities and Exchange Board of India has in October 2018 requested for certain documents and the Company has provided the same to Securities and Exchange Board of India.
- (l) The Investigation Department, Securities and Exchange Board of India has in April, 2019 requested for certain details in relation of examination into the trading by certain entities and the Company has provided the necessary details to SEBI as requested from time to time.

**37. Going Concern of the Subsidiary & Joint Venture**

- (a) (i) In the Joint venture Bhaskarpara Coal Company Limited, Ministry of Coal, Government of India vide their letter No: 13016/54/2008-CA-I Vol.III dated November 15, 2012 has ordered de-allocation of Bhaskarpara Coal block and invocation of partial amount of Bank Guarantee of Rs. 1.6513 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 Hon'ble Supreme Court of India vide its order dated September 24, 2014 ordered the cancellation of coal block allotted to the Company. In view of this de-allocation matter before Chhattisgarh High Court has become infructuous.
  - (ii) The Hon'ble High Court of Chhattisgarh has passed final order on November 15, 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.
  - (iii) In view of the order of the Hon'ble Supreme Court of India for cancellation of coal block allotted to the Company, the Company does not have any business to carry on. Hence the accounts of the said joint venture are prepared on the basis that the joint venture is not a going concern.
  - (iv) The Government of India has promulgated the Coal mines (Special provisions) ordinance, 2014. As per clause 16 of the ordinance, being a prior allottee, the Company is entitled to reimbursement of cost of land and mine infrastructure expenses. Consequently, out of project expenses of Rs. 11.36 Crore, the company made impairment of Rs. 3.48 Crore in respect of non-recoverable expenditure in year closing 31.03.2015. Further all other assets are stated at realizable value and liabilities at which are actually payable.
- (b) In the Subsidiary Company Shree Ram Electro Cast Limited, company has discontinued its operation since April 2011 because of the non-availability of Iron Ores due to limited banned by the Hon'ble Supreme Court's order in the state of the Karnataka and further the State Bank of India has issued notice dated May 7, 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 vide order dated November 22, 2017 of District Magistrate, Bellary the bank has taken physical possession of movable and immovable property and therefore the concept of the going concern of the Company may be adversely affected.

## Notes to the consolidated financial statements for the year ended 31 March 2019

### 38 RELATED PARTY DISCLOSURE

As required by Indian Accounting Standard-24 "RELATED PARTY DISCLOSURE", the disclosure of transaction with related parties are given below: -

#### 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

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

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

1. Mr. Mukesh Bhandari (Chairman)
2. Mr. Shailesh Bhandari (Managing Director)
3. Mr. Siddharth Bhandari (Whole time Director)
4. Mr. Narendra Dalal (Director)
5. Mr. Avinash Bhandari (Director)
6. Mr. Mahendrakumar Ramniklal Patira# (Director cum Manager)
7. Mr. Ravindra Mundrika Singh^ (Director cum Manager)
8. Mr. Pawan Gaur (Chief Financial Officer)
9. Mr. Fagesh R Soni (Company Secretary)

#(Resigned to be a director cum Manager on August 10, 2018)

^(Appointed as a Manager from November 14, 2018)

##### IV) Non-Executive/Independent Directors

1. Mr. Arun Kumar Jain (Independent Director)
2. Mr. Dinesh Shankar Mukati (Independent Director)
3. Ms. Nivedita R. Sarda (Independent Director)
4. Mr. Pratap Mohan (Independent Director)
5. Mr. Chaitanyapratap Sharma (Independent Director)
6. Ms. Sheetal Manhas (Nominee Director) (Appointed w.e.f August 14, 2018 & ceases to be nominee director w.e.f September 28, 2018)

##### 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 Chairman)
5. Ms. Shivani Bhandari (Daughter of Managing Director)
6. Ms. Panna Bhandari (Daughter of Managing Director)

## Notes to the consolidated financial statements for the year ended 31 March 2019

(Rs. in Crores)

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

SR. NO.	NAME	SALES (Ind.Store Spare & Others)		PURCHASE		EXPENSES/(INCOME)		PAYMENT OF LIABILITY		PURCHASE/SALE OF FIXED ASSET		LOAN/ADVANCE RECEIVED		LOAN/ADVANCE GIVEN/REPAID		INTEREST PAID		RENT PAID		SITTING FEE		SALARY		CLOSING BALANCE			
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year		
(I)	Enterprises Owned Or Significantly Influenced by Key Management Personnel or their relatives																										
1	ETAIN Renewables Limited	-	-	-	-	-	-	0.00	0.01	-	-	-	0.06	-	-	-	-	-	-	-	-	-	-	-	2.13	2.13	
2	EIL Software Services Offshore Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.75)	(1.75)	
3	Bhandari Charitable Trust	-	-	-	-	3.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.20	2.20	
4	Electrotherm Solar Limited	-	0.04	0.57	0.00	0.00	2.46	0.02	0.03	0.86	-	0.10	0.20	0.09	-	-	-	-	-	-	-	-	-	-	3.57	3.71	
5	ETAIN Electric Vehicles Limited	-	0.26	0.00	0.02	-	-	0.00	0.01	-	-	0.06	0.01	-	-	-	-	-	-	-	-	-	-	-	1.76	1.81	
(II)	KEY MANAGEMENT PERSONNEL :																										
1	Mr. Mukesh Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	0.64	-	-	-	-	0.11	-	-	-	-	0.18	0.21	(0.24)	(0.24)
2	Mr. Shalish Bhandari	-	-	-	-	(0.02)	-	-	-	-	-	-	0.21	-	0.06	-	-	-	0.06	-	-	-	-	0.18	0.21	(0.07)	(0.13)
3	Mr. Avinash Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.18	0.21	-	-	
4	Mr. Pawan Gaur	-	-	-	-	-	-	-	-	-	-	-	-	0.00	-	-	-	-	-	-	-	-	0.44	0.42	0.02	0.06	
5	Mr. Fageshkumar R. Soni	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.14	0.12	(0.00)	(0.00)	
6	Mr. Siddharth Bhandari	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Mr. Mahendrakumar Rammiklal Patila	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.36	-	0.14
8	Mr. Arun Kumar Jain	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05	-	-	-	-	(0.01)	-
9	Mr. Dinesh Shankar Mukati	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05	-	-	-	-	(0.01)	-
10	Ms. Nivedita Ravindra Sarda	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-	-	-
11	Mr. Pratap Mohan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05	-	-	-	-	(0.01)	-



**Notes to the consolidated financial statements for the year ended 31 March 2019****39. EARNINGS PER SHARE (EPS):**

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

Particulars		2018-19	2017-18
Profit/(Loss) for the year	(Rs. In Crore)	141.85	2.96
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.)	111.33	2.33
Nominal Value of Shares	(In Rs.)	10.00	10.00

**40 Financial Instruments, Fair Value Measurements, Financial Risks & Capital Management****40.1 Categorywise Classification of Financial Instruments**

(Rs In Crore)

Particulars	March 31, 2019		
	FVPL	Amortised cost	Carrying Value
<b>Financial assets</b>			
Trade receivables	-	333.72	333.72
Cash and Cash Equivalents	-	47.18	47.18
Other Bank balances	-	15.88	15.88
Investments in mutual fund units	0.42	-	0.42
Investments in Joint Venture net of Accumulated Impairment	-	6.93	6.93
Investments in Unquoted Government Securities	-	0.01	0.01
Other financial assets	-	57.30	57.30
<b>Total financial assets</b>	<b>0.42</b>	<b>461.01</b>	<b>461.43</b>
<b>Financial liabilities</b>			
Trade payables	-	476.30	476.30
Short term Borrowings	-	175.55	175.55
Non-Current Borrowings	-	1,419.93	1,419.93
Other financial liabilities	-	1,041.36	1,041.36
<b>Total financial liabilities</b>	<b>-</b>	<b>3,113.14</b>	<b>3,113.14</b>

(Rs In Crore)

Particulars	March 31, 2018		
	FVPL	Amortised cost	Carrying Value
<b>Financial assets</b>			
Trade receivables	-	369.09	369.09
Cash and Cash Equivalents	-	32.69	32.69
Other Bank balances	-	21.04	21.04
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	-	42.16	42.16
<b>Total financial assets</b>	<b>0.41</b>	<b>471.90</b>	<b>472.31</b>
<b>Financial liabilities</b>			
Trade payables	-	475.29	475.29
Short term Borrowings	-	241.95	241.95
Non-Current Borrowings	-	1,607.38	1,607.38
Other financial liabilities	-	1,037.14	1,037.14
<b>Total financial liabilities</b>	<b>-</b>	<b>3,361.76</b>	<b>3,361.76</b>

## Notes to the consolidated financial statements for the year ended 31 March 2019

### 40.2 Fair Value Measurement

#### i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized 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 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
<b>Investments in quoted mutual fund</b>					
As at March 31, 2019	5	0.42	-	-	0.42
As at March 31, 2018	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.

## 41 Financial Instrument Risk, Management, Objectives & Policies

### 41.1 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.

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.

### 41.2 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

**Notes to the consolidated financial statements for the year ended 31 March 2019**

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, 2019** (Rs In Crore)

Particulars	Trade Receivables	Advances to Suppliers & Others	Total
Gross carrying amount	429.08	112.66	541.74
Expected loss rate	22.22%	17.73%	21.29%
Expected credit losses (loss allowance provision)	95.36	19.97	115.33
<b>Carrying amount</b>	<b>333.72</b>	<b>92.69</b>	<b>426.41</b>

**ii) As At March 31, 2018** (Rs In Crore)

Particulars	Trade Receivables	Advances to Suppliers & Others	Total
Gross carrying amount	467.64	156.03	623.67
Expected loss rate	21.07%	20.69%	20.98%
Expected credit losses (loss allowance provision)	98.55	32.29	130.84
<b>Carrying amount</b>	<b>369.09</b>	<b>123.74</b>	<b>492.83</b>

**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, 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
Changes in loss allowance	(3.19)	(12.32)	(15.51)
<b>Loss allowance as on March 31, 2019</b>	<b>95.36</b>	<b>19.97</b>	<b>115.33</b>

**41.3 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, 2019 and March 31, 2018. 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 optimize 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, 2019	Upto 1 year/ repayable on demand	1 to 3 years	More than 3 years
Trade Payables	476.30	-	-
Borrowings	1,160.63	840.53	602.64
Preference Shares	12.00	-	-
Other Financial liabilities	21.04	-	-
<b>Total</b>	<b>1,669.97</b>	<b>840.53</b>	<b>602.64</b>

**Notes to the consolidated financial statements for the year ended 31 March 2019**

(Rs In Crore)

As at March 31, 2018	Upto 1 year/ repayable on demand	1 to 3 years	More than 3 years
Trade Payables	475.29	-	-
Borrowings	1,231.27	858.15	749.21
Preference Shares	12.00	-	-
Other Financial liabilities	35.84	-	-
<b>Total</b>	<b>1,754.40</b>	<b>858.15</b>	<b>749.21</b>

**41.4 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 Group 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.

The Group's exposure to foreign currency risk at the end of reporting period are as follows:

(In Crores)

Particulars	As at March 31, 2019	
	USD	Euro
<b>Financial assets</b>		
Trade receivables	0.89	-
Net exposure to foreign currency risk (assets)	0.89	-
<b>Financial liabilities</b>		
Trade payables	0.04	0.01
Borrowings	0.33	-
Net exposure to foreign currency risk (liabilities)	0.37	0.01
Net exposure to foreign currency risk	0.52	(0.01)
Net Exposure In Indian Currency	35.72	(0.78)

(In Crores)

Particulars	As at March 31, 2018	
	USD	Euro
<b>Financial assets</b>		
Trade receivables	1.41	-
Net exposure to foreign currency risk (assets)	1.41	-
<b>Financial liabilities</b>		
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)

**Notes to the consolidated financial statements for the year ended 31 March 2019**

The borrowings in foreign currency as on 31st March 2018 has not been stated as the company has defaulted in making the repayment of the loan and the company has not entered into settlement of the loan.

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

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 reasonably 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, 2019	
	Rupee / USD	Rupee / Euro
<b>Impact on Profit or loss</b>		
Increase by 5%	1.79	(0.04)
Decrease by 5%	(1.79)	0.04

(Rs. In Crores)

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

**42 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, 2019	As at March 31, 2018
Equity share capital	12.74	12.74
Other Equity	(1,234.71)	(1,375.12)
<b>Total Equity</b>	<b>(1,221.96)</b>	<b>(1,362.38)</b>

**43 i) Disclosure of Significant Interest in Subsidiaries as per Paragraph 17 of IND AS 27**

Name of Entity	Relationship	Place of Business	Ownership in % as at March 31, 2019
Jinhua Indus Enterprises Limited	Foreign Subsidiary	China	100.00%
Jinhua Jahari Enterprises Limited	Subsidiary of the Foreign Subsidiary	China	0.00%
ET Elec-Trans Limited	Domestic Subsidiary	India	80.49%
Hans Ispat Limited	Domestic Subsidiary	India	100.00%
Shree Ram Electro Cast Limited*	Domestic Subsidiary	India	95.00%
Electrotherm Services Limited (earlier known as Shree Hans Papers Limited)	Domestic Subsidiary	India	100.00%
Bhaskarpara Coal Company Limited	Joint Venture Company	India	52.63%

(a) \*5% Shares of Shree Ram Electrocast are held by Electrotherm Services Limited (earlier known as Shree Hans Papers Limited), Subsidiary Company.

(b) Method of Accounting investment in subsidiaries is at cost.

**Notes to the consolidated financial statements for the year ended 31 March 2019**

ii) Information for Consolidated Financial Statement pursuant to Schedule III of the Companies Act, 2013

Particulars	Year	Net Assets i.e, Total Assets- Total Liabilities		Share in Profit or Loss for the Year		Share in other comprehensive Income / (Loss)		Share in Total Comprehensive Income	
		Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount
<b>Parent</b>									
Electrotherm (India) Limited	Current Year	91.74%	(1121.02)	99.25%	140.79	93.75%	(1.35)	99.31%	139.44
	Previous Year	92.52%	(1260.46)	378.38%	11.20	100.00%	0.58	332.77%	11.78
<b>Subsidiaries</b>									
<b>-Indian</b>									
Hans Ispat Limited	Current Year	9.96%	(121.69)	2.45%	3.48	6.25%	(0.09)	2.41%	3.39
	Previous Year	9.19%	(125.26)	-271.62%	(8.04)	-	-	-227.12%	(8.04)
Electrotherm Services Limited	Current Year	0.29%	(3.54)	0.00%	0.00	-	-	-	-
	Previous Year	0.26%	(3.54)	-0.68%	(0.02)	-	-	-0.56%	(0.02)
Shree Ram Electro cast Limited	Current Year	1.96%	(23.96)	-2.27%	(3.22)	-	-	-2.29%	(3.22)
	Previous Year	1.52%	(20.74)	-13.18%	(0.39)	-	-	-11.02%	(0.39)
ET Elec-Trans Limited	Current Year	0.12%	(1.48)	-	-	-	-	-	-
	Previous Year	0.11%	(1.47)	-	-	-	-	-	-
<b>-Foreign</b>									
Jinhua Indus Enterprises Limited	Current Year	0.22%	(2.67)	-0.02%	(0.03)	-	-	-0.02%	(0.03)
	Previous Year	0.19%	(2.64)	-4.39%	(0.13)	-	-	-3.67%	(0.13)
Jinhua Jahari Enterprises Limited	Current Year	-0.14%	1.76	0.59%	0.83	-	-	0.59%	0.83
	Previous Year	-0.07%	0.94	11.49%	0.34	-	-	9.60%	0.34
<b>Joint Venture</b>									
Bhaskarpara Coal Company Limited	Current Year	-0.57%	6.93	-	-	-	-	-	-
	Previous Year	-0.51%	6.91	-	-	-	-	-	-
Elimination	Current Year	-3.58%	43.70	-	-	-	-	-	-
	Previous Year	-3.22%	43.88	-	-	-	-	-	-
Group as a Whole	Current Year	100.00%	(1221.97)	100.00%	141.85	100.00%	(1.44)	100.00%	140.41
	Previous Year	100.00%	(1362.38)	100.00%	2.96	100.00%	0.58	100.00%	3.54

**44 Events occurred after the Balance Sheet Date**

The Group evaluates events and transactions that occur subsequent to the Balance Sheet date but prior to the approval of the consolidated financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of 28th May 2019, there were no subsequent events to be recognized or reported that are not already disclosed elsewhere in the consolidated financial statements.

**45** 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 even date report attached

 For & on behalf of the Board of Directors of  
**Electrotherm (India) Ltd.**
**For Hitesh Prakash Shah & Co.**  
 Firm Registration No.: 127614W  
 Chartered Accountants

**Hitesh Shah**  
 Partner  
 Membership No. 124095  
 Place : Ahmedabad  
 Date : August 31, 2019

**Pratap Mohan**  
 Independent Director  
 (DIN : 03536047)

**Pawan Gaur**  
 Chief Financial Officer

 Place : Palodia  
 Date : August 31, 2019

**Shailesh Bhandari**  
 Managing Director  
 (DIN : 00058866)

**Fageshkumar R. Soni**  
 Company Secretary

**Attendance Slip / Proxy Form**
**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 33rd Annual General Meeting of the Company held on Monday, 30th September, 2019 at 11.00 a.m. at Ahmedabad Management Association (AMA), ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380015.

<b>DP ID</b>		<b>Folio No.</b>	
<b>Client ID</b>		<b>No. of Shares</b>	
<b>Name of the Shareholder (In Block Letters)</b>			
<b>Signature of Shareholder</b>			
<b>Name of the Proxy (In Block Letters)</b>			
<b>Signature of the Proxy</b>			

**NOTES:**

- This attendance is valid only in case shares are held on the date of this Annual General Meeting.
- You are requested to sign and hand over this slip at the entrance of the Meeting hall.

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

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

Name of the member(s):			
Registered Address:			
E-mail Id:			
Folio No. / Client Id:		DP ID No.	

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

- Name : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 E-mail Id : \_\_\_\_\_ Signature \_\_\_\_\_ or failing him / her:
- Name : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 E-mail Id : \_\_\_\_\_ Signature \_\_\_\_\_ or failing him / her:
- Name : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 E-mail Id : \_\_\_\_\_ Signature \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company, to be held on Monday, 30th September, 2019 at 11.00 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:

**Attendance Slip / Proxy Form**

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

Resolution No.	Particulars of Resolution	Optional*	
		For	Against
<b>Ordinary Business</b>			
1	Consider and adopt audited standalone and consolidated financial statements of the Company for the financial year ended on 31st March, 2019 together with report of Board of Directors and Auditors' Report thereon.		
2	Appoint a Director in place of Mr. Siddharth Bhandari (DIN: 01404674), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.		
<b>Special Business</b>			
3	Ratification of Cost Auditors' remuneration		

Signed this ..... day of ..... 2019

\_\_\_\_\_  
Signature of Shareholder

Affix a  
Re.1/-  
Revenue  
Stamp

\_\_\_\_\_  
Signature of Proxy holder(s)

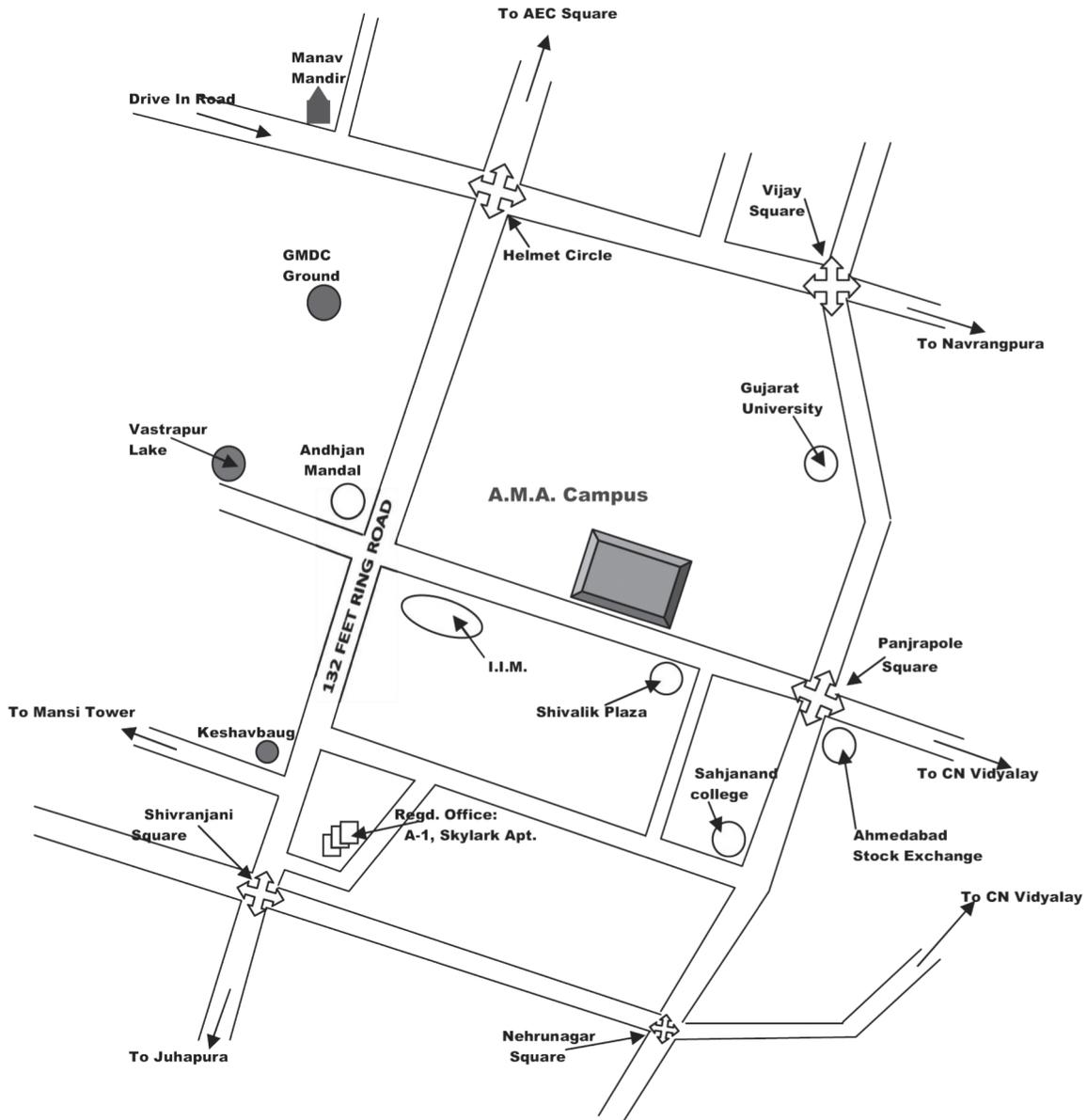
**NOTES:**

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

### Route MAP to the Venue of the Annual General Meeting

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

Land Mark : IIM, Ahmedabad





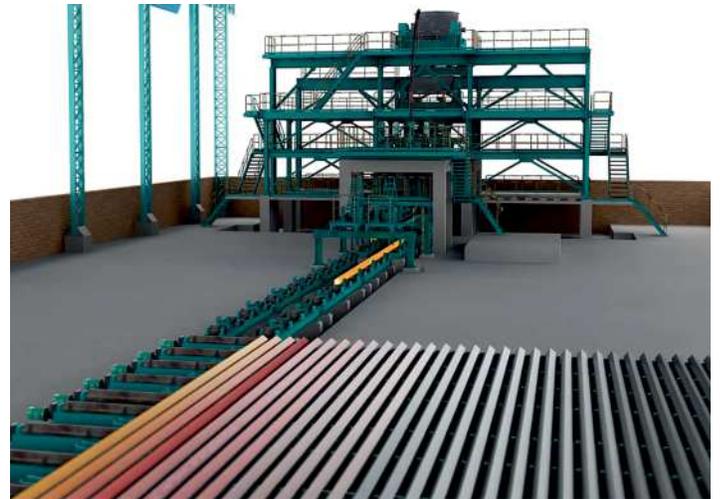






- Melting equipments for Steel Plants & Foundries
- Continuous Casting Machine
- Metal Refining Konverter & Electrotherm Refining Furnace
- Air Pollution Control Equipment
- Arc Furnace
- Induction Heating Equipment

- 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 OFFICE: A-1 Skylark Apartment, Satellite Road  
Satellite, Ahmedabad-380015, Gujarat (India)

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

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